

Conference Paper

Asia Programme | February 2018

Anglo-Japanese Cooperation in an Era of Growing Nationalism and Weakening Globalization

With an essay by Sir David Warren



**CHATHAM
HOUSE**

The Royal Institute of
International Affairs

Contents

About the UK–Japan Global Seminar Series	2
About the Fifth Seminar	3
The UK–Japan Relationship in an Age of Populism	4
Meeting Summary	17
Agenda	24

About the UK–Japan Global Seminar Series

The UK–Japan Global Seminar Series aims to explore how the UK and Japan can work together more effectively to address a number of critical challenges that the world is currently facing in the economic, security and social spheres, broadly defined.

Both countries are in a position to capitalize more fully on their respective comparative advantages in order to confront these common challenges. Closer cooperation will offer increased scope and opportunity to identify common strategic priorities and to devise appropriate solutions.

To this end, each year, the UK–Japan Global Seminar Series convenes an annual conference, held alternately in London and Tokyo, to discuss these shared concerns and identify practical ways to deepen UK–Japan cooperation. The project also produces a range of publications, and hosts discussion groups to provide opportunities for policy experts, analysts and decision-makers from the UK and Japan to assess their respective approaches to a range of challenges.

The UK–Japan Global Seminar Series is funded by The Nippon Foundation and is held in partnership with The Nippon Foundation and the Great Britain Sasakawa Foundation.

About the Fifth Seminar

The fifth and final event in the UK–Japan Global Seminar series was held at Chatham House in London on 18–19 September 2017, with the title ‘Anglo-Japanese Cooperation in an Era of Growing Nationalism and Weakening Globalization’. It considered UK and Japanese approaches to the risks and opportunities – political and economic – facing Asia and Europe. Topics included Britain and Japan’s respective bilateral relations with the US under President Donald Trump; economic opportunities for Anglo-Japanese cooperation during a potential period of deglobalization; China’s future as a geoeconomic actor; and the impact of populism, including potential limits to regionalism, in both Asia and the West.

This publication brings together a summary of the discussions at the seminar, with an essay by Sir David Warren that draws upon some of the conference themes to discuss the UK–Japan relationship in an age of populism.

The UK–Japan Relationship in an Age of Populism

Sir David Warren

Introduction

Since 2013, the UK–Japan Global Seminar Series of conferences has explored the relationship between the two countries in a volatile world. The aim of these events – co-hosted by Chatham House, The Nippon Foundation and the Great Britain Sasakawa Foundation – has been to think creatively about areas of mutual interest, identify questions on which British and Japanese views might converge, and tease out new themes in the bilateral ‘strategic partnership’.¹

The growth of populism in both the US and Britain threatens this partnership. The social and political revolution under way in those two countries is not, on the whole, being repeated at the moment in Japan. But it directly challenges Japan’s national interests – potentially undermining the US’s reliability as a security ally and guarantor, as well as the UK’s value to Japan as a centre for investment partnerships and as a bridge into the European market.

There is always a tendency for policymakers to invoke the importance of close bilateral relations as an end in themselves. In their February 2016 essay in this series, Bill Emmott and Masayuki Tadokoro warned that the question of how the UK and Japan can work together is ‘more appealing to diplomats than to scholars or journalists’.² Nonetheless, the two governments remain committed to the strategic partnership, which remains the cornerstone of UK policy towards Asia and of Japanese policy in Europe. This paper will explore the impact of populism on this relationship, and the threats and opportunities that the new political agenda presents.

What is populism, and why is it growing?

The recent surge in populism, defined as a political philosophy supporting the rights and interests of the people against elites, is the result of many factors. In the UK, it has a powerful economic driver: wages have been stagnant for over 10 years.³ But it is also fuelled in both the US and the UK by a sense that the social culture of each country has fundamentally changed, with the result that those who see themselves as being on the ‘wrong’ side of the current cultural divide now feel disempowered and stigmatized. At the same time, a shift in educational opportunity has set a generation emerging

¹ The official description of the bilateral relationship is as follows: ‘Japan and the UK are global strategic partners, sharing common interests as outward-looking and free-trading island nations with a global reach, committed to the rules-based international system. We share the fundamental values of freedom, democracy, human rights and the rule of law.’ Japan-UK Joint Vision Statement, signed by both prime ministers during Prime Minister Theresa May’s visit to Japan, 31 August 2017. Full text at <https://www.gov.uk/government/publications/uk-japan-joint-vision-statement>.

² Royal Institute of International Affairs (2016), *The Future of Capitalist Democracy: UK–Japan Perspectives*, Conference Report, p. 3, <https://www.chathamhouse.org/publication/future-capitalist-democracy-uk-japan-perspectives>.

³ Measured on an index in which 2015 equals 100, real average weekly earnings in November 2017 were 101.2 compared with 104.1 in August 2007. See full data at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/supplementaryanalysisofaverageweeklyearnings/previousReleases> (accessed 1 Feb. 2018).

from university with liberal values broadly sympathetic to globalization (although this cohort also has uncertain economic expectations) against an older generation, many of whose members appear uncomfortable with globalization and feel culturally and sometimes economically dispossessed. The US sociologist Arlie Russell Hochschild explains the phenomenon in her 2016 book, *Strangers in Their Own Land: Anger and Mourning on the American Right*.⁴ Hochschild shows how white working-class males⁵ from what are now deeply disadvantaged communities see their cultural position in society eroded. Affirmative action policies and successive waves of legislation and empowerment in favour of minorities defined by ethnicity and sexual orientation, as well as in favour of women,⁶ have led to profound cultural insecurity.

For many of us, the fact that the explosion of populist discontent has come out of the blue should tell us something about our own understanding of the age in which we are living. There is a danger that metropolitan liberals see populism as simply against nature – an aberration that will be corrected in due course – without those against whom it is a revolt re-examining their assumptions about what politics is meant to achieve and why so many people feel disaffected. This is a wrong and dangerous assumption. However distasteful and opportunistic one may find populists' simplification of complex issues, their rejection of the compromises necessary to make international political processes work effectively, and their scapegoating of immigrants, it is not an adequate response to label voters looking for answers in populism as 'wrong' or 'stupid'.

Globalization's positive impacts in developing countries were set out at the 2017 UK–Japan Global Seminar Series conference by Professor Akihiko Tanaka of the National Graduate Institute for Policy Studies. The number of extremely poor people in the world has more than halved in the last 25 years to 836 million.⁷ Infant mortality (deaths of children under five years of age) has also halved to 6 million.⁸ The east/west balance of economic power has radically shifted. In 1950, Western Europe and the US accounted for 53.5 per cent of global wealth, while China, India and the rest of Asia (except Japan) accounted for 15.6 per cent. In 2015 these shares were 35.7 per cent and 38.1 per cent respectively.⁹ This is not simply a restoration of the historical balance.¹⁰ The change has been accompanied by economic polarization within societies, and by a dramatic narrowing of social mobility, as the costs of housing, higher education (deferred by student loan systems) and (in the US) health insurance have increased.

The impact on 'left behind' communities across the developed world has been profound.¹¹ For those in deindustrialized areas, a shift of economic activity to lower-cost and higher-skilled countries, especially in Asia, has compounded a sense of cultural and political betrayal. This is likely to intensify as the rise of artificial intelligence threatens the next generation of employment. The powerful evidence of globalization's benefits, as presented by Professor Tanaka, is cold

⁴ Hochschild, A. R. (2016), *Strangers in Their Own Land: Anger and Mourning on the American Right*, New York, NY: The New Press.

⁵ That said, 53 per cent of white women also voted for Donald Trump in 2016.

⁶ See also Hochschild's interview on the Democracy Now! website, at https://www.democracynow.org/2016/9/28/what_drives_trump_supporters_sociologist_arlie (accessed 1 Feb. 2018).

⁷ United Nations (2015), *The Millennium Development Goals Report 2015*, New York: United Nations, p. 4, <http://www.un.org/millenniumgoals/reports.shtml>.

⁸ World Health Organization (2015), 'Child mortality rates plunge by more than half since 1990 but global MDG target missed by wide margin', news release, 9 September 2015, <http://www.who.int/mediacentre/news/releases/2015/child-mortality-report/en/> (accessed 1 Feb. 2018).

⁹ Tanaka, A. (2017), 'The World Japan and UK Face in 2017', presentation at Chatham House, 18 September 2017. Data drawn from Angus Maddison Project, <https://www.rug.nl/ggdc/historicaldevelopment/maddison/>.

¹⁰ The figures for US/Western European and Indian/Chinese/Asian shares of world GDP in 1700 were 21.9 per cent and 57.8 per cent respectively.

¹¹ For a more detailed analysis of the creation of the 'precariat', see Luce, E. (2017), *The Retreat of Western Liberalism*, London: Little, Brown, pp. 29–52. The book contains much valuable statistical material, for example (p. 46): 'In 1970 only about one in seven American families lived in neighbourhoods that were unambiguously 'affluent' or 'poor'. By 2007, that number had risen to almost one in three.'

comfort for those in the developed world who experience structural economic change in effect as a transfer of political power. To such people, the argument that sovereign power must be shared among like-minded nations and communities in order to solve problems that lie beyond the power of any one nation to control seems a highly theoretical justification for policies that push them further down the economic food chain.

But populism is more than anger at the establishment. In his 2016 essay, *What is Populism?*, Jan-Werner Müller argues: ‘Not everyone who criticizes elites is a populist. In addition to being anti-elitist, populists are antipluralist. They claim that they and they alone represent the people... [which] are a moral, homogenous entity whose will cannot err.’¹² Barbara Lippert reflected on this at the 2017 conference, adding that populism ‘feeds on a climate of opposition and requires an opponent to fight against’.¹³ There is a clear distinction between the obvious anti-elitism and anti-pluralism of President Donald Trump and, say, the so far successful attempt by France’s president, Emmanuel Macron, to channel the frustration of French voters with the main orthodox parties of left and right into a new centrist political movement.

Even if populists do not win elections, the actual victors must start to occupy the political space the former have created, and govern in a way that reflects populist values and priorities.

Populism is also inflamed by the echo chamber of social media. This in turn provides a seedbed for ‘fake news’, a fair proportion of which appears to have been funded and generated by hostile intelligence systems trying to destabilize, or at least delegitimize, Western democratic structures. Populism may itself, as Dr Lippert suggested, have only an indirect impact on foreign policy. But it skews political debate away from finding international solutions for global problems and from accepting the value and legitimacy of supranational organizations. Even if populists do not win elections, the actual victors must start to occupy the political space the former have created, and govern in a way that reflects populist values and priorities.

Japan has suffered less in recent years from the destabilizing populist swings exemplified by the election of Trump in the US and, in the UK, by Brexit. The most prominent populist politician has been Shintaro Ishihara, a former governor of Tokyo (and before that a cabinet minister with the Liberal Democratic Party (LDP)). Ishihara has made no secret of views going well beyond the bounds of acceptable political and cultural discourse, not least in his attacks on foreigners in Japan. He was never able to assemble enough support within the LDP to forge a career as one of its national leaders, but his influence in certain areas was undeniable. It was his attempts to purchase the disputed Senkaku Islands in 2012 which prompted the then Democratic Party of Japan (DPJ) government to nationalize them, in turn precipitating a crisis in relations with China.¹⁴

¹² Müller, J.-W. (2016), *What is Populism?*, Philadelphia, PA: University of Pennsylvania Press, p. 101.

¹³ See the meeting summary from the 2017 conference at <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/Meeting%20Summary%20-%20Anglo-Japanese%20Cooperation%20in%20an%20Era%20of%20Growing%20Nationalism%20and%20Weakening%20Globalization%20-%20Final.pdf>.

¹⁴ A good summary of the background to the arguments over the Senkaku Islands is to be found in BBC News (2014), ‘How uninhabited islands soured China-Japan ties’, 10 November 2014, <http://www.bbc.co.uk/news/world-asia-pacific-11341139> (accessed 1 Feb. 2018).

On the whole, however, ultra-populist politicians do not get much traction in Japanese elections. The high-profile extreme nationalist Toshio Tamogami¹⁵ won 12.4 per cent of the vote in the Tokyo governorship election of 2014, coming a poor fourth in the contest. Overt populists such as Toru Hashimoto, a former mayor of Osaka and founder of the *Ishin no Kai* (Restoration Party), have struggled to make the transition to national politics, even in (or perhaps because of) alliance with Ishihara. Even the more mainstream Yuriko Koike, the governor of Tokyo and formerly a senior figure in the governing LDP, made much less impact than expected in the October 2017 general election.

Speaking during the ‘national identity and political change’ session at the 2016 UK–Japan Global Seminar Series conference, Professor Carol Gluck distinguished between populism and nationalism. She observed that Japan had two categories of nationalism: geostrategic (i.e. ‘Japan is back’), dealing with status on the world stage; and ‘patriotic’, sometimes also described as ‘hate’ nationalism, drawing its strength from historical revisionism.¹⁶ Prime Minister Shinzo Abe favours a geostrategic nationalist agenda. He has argued for Japan’s right to develop a more ‘proactive pacifism’, as well as for a more assertive role for the Self-Defense Forces (SDF) in protecting not only Japan but also its allies. While his political hinterland is linked to more ‘patriotic’ nationalist organizations,¹⁷ his statement in August 2015 marking the 70th anniversary of the end of the Second World War, which some had feared might be overtly revisionist, struck a more nuanced note – invoking shared values and the need to ‘squarely face history’ while enabling future generations now to turn the historical page.¹⁸

However, the ‘Abe Doctrine’ goes beyond more assertive Japanese involvement in global security activity and rationalization of the SDF’s role: it favours constitutional reform that would revise the pacifist Article 9 and reshape the balance between individuals’ human rights and societal responsibilities. This is likely to be controversial. Current opinion polls show the country divided on these proposals (37 per cent in favour, 40 per cent against).¹⁹ Constitutional reform proposals command less popular support than making a success of ‘Abenomics’,²⁰ which most Japanese voters want the prime minister to concentrate on. It is therefore hard to see Abe as a populist leader *per se* – and he is of course himself a member of an ‘elite’ political dynasty. But the mixture of nationalism and pragmatism in his political approach may well have helped him to see off more undiluted populist pressures.

Interestingly, when the idea of a ‘strategic partnership’ between the UK and Japan originated in the late 1980s – in addition to Britain wanting to take advantage of the revaluation of the yen following the 1985 Plaza Accord, boost trade and investment flows with Japan, and build closer political contacts – there was a strategic objective. The UK wanted to bind Japan into the world political system at a time of potential volatility so as to avoid the threat posed by what was then seen as a resurgence of nationalism. This resurgence was led, for example, by the 1989 book, *The Japan that can say No*, by Ishihara and the then chairman of Sony, Akio Morita.²¹ In the event, Ishihara

¹⁵ A former chief of the Air Self-Defense Force, sacked by the then prime minister, Taro Aso, in 2008 for writing a revisionist essay disputing Japanese war guilt and responsibility.

¹⁶ See the meeting summary of the 2016 conference at <https://www.chathamhouse.org/sites/files/chathamhouse/events/2016-10-12-challenge-uncertainty-volatile-world-meeting-summary.pdf>.

¹⁷ A full account of this is given in Chapter 2 of Hughes, C. W. (2015), *Japan’s Foreign and Security Policy Under the ‘Abe Doctrine’*, UK: Palgrave Macmillan.

¹⁸ Warren, D. (2015), ‘Abe Navigates History in Anniversary Speech’, Chatham House Expert Comment, 19 August 2015, <https://www.chathamhouse.org/expert/comment/abe-navigates-history-anniversary-speech>.

¹⁹ See Yoshida, R. (2017), ‘Abe emerges stronger with win, but faces nation still divided over constitutional revision’, *Japan Times*, 22 October 2017, <https://www.japantimes.co.jp/news/2017/10/22/national/politics-diplomacy/abe-emerges-stronger-win-faces-nation-still-divided-constitutional-revision/>.

²⁰ ‘Abenomics’ is the term used to describe Abe’s economic policies, based on the ‘three arrows’ of monetary easing, fiscal stimulus and structural reforms, and designed to target 2 per cent inflation and encourage private investment.

²¹ Ishihara, S. and Morita, A. (1989), *No’ to ieru Nihon*, Tokyo: Kobunsha.

and Morita's forecast of an economically dominant Japan playing a more active political role in the world imploded quite quickly with the bursting of the Japanese economic bubble and collapse of the stock market in 1989–90.

And in spite of now nearly three decades of at best moderate economic growth, Japan has effectively insulated itself against the most challenging impacts of globalization. This has not inhibited the growth of internal political movements, for example on environmental issues, such as (most recently) the backlash against nuclear energy after the 2011 Fukushima disaster. But consistently low immigration, very limited foreign penetration of a highly developed and self-sufficient domestic market, and a strongly cohesive social monoculture have all contributed to neutralizing the more nativist forms of populism that have been seen in the US and Europe.²²

Will that situation survive the challenge of a resurgent China or a nuclear-armed and aggressive North Korea? Or will such challenges simply reveal the fundamental divisions of opinion within Japan? The natural impulse for Japan is to continue to hug its key US ally close, however disturbing the current occupant of the White House may be. There will also be those who argue that Japan should develop a more independent and assertive military identity through constitutional and legal change – and others who believe that the country should try to build a 'third way' of multipolar relationships, drawing on the strengths of its alliance with the US while balancing the latter's unpredictability through partnerships with other actors in and beyond the region. The UN-focused internationalism of Ichiro Ozawa, an erstwhile power-broker of Japanese politics in the 1990s and 2000s, was one attempt at a third way; Yukio Hatoyama, the first DPJ prime minister (2009–10), made a chaotic attempt at another, reaching out towards China and attempting to distance Japan from the US. But the record is not strong.

The impact of populism on UK–Japan relations – Brexit

The development by British governments since the 1980s of a strategic partnership with Japan has been a success story. Over nearly 30 years, aided by continued surges of job-creating Japanese investment into the UK, successive waves of British trade promotion in Japan and more comprehensive dialogues on foreign and security policy, the relationship has indeed grown deeper. Mark Field MP, the minister of state with responsibility for Asia and the Pacific at the Foreign & Commonwealth Office (FCO), told the 2017 conference that the current partnership was 'the strongest it has ever been'.²³ But the potential impact on bilateral relations of the UK's 2016 referendum vote to leave the European Union remains grave.

British membership of the EU – specifically tariff-free trade and regulatory alignment with the UK's largest market – has been a powerful incentive for foreign investors. A high proportion of the 1,400 or so Japanese companies using the UK as their European base (and, for many trading houses and banks, as their Middle Eastern and African bases as well) decided to invest in the UK because of it. EU membership supplemented the UK's other attractions: a light-touch regulatory regime, and national and local government strongly focused on creating the most sympathetic investment environment.

²²The number of foreign residents of Japan was at an all-time high of 2,382,822 in 2016, nearly half of them either Chinese or Korean. But this represents less than 2 per cent of the overall population. Compare this with the situation in the UK, where 13.5 per cent of the population in 2015 was foreign-born and foreign citizens accounted for 8.9 per cent of the population. See The Migration Observatory (2017), 'Migrants in the UK: An Overview', 21 February 2017, <http://www.migrationobservatory.ox.ac.uk/resources/briefings/migrants-in-the-uk-an-overview/> (accessed 1 Feb. 2018).

²³'Anglo-Japanese Cooperation in an Era of Growing Nationalism and Weakening Globalization', Asia Programme Meeting Summary, <https://www.chathamhouse.org/event/anglo-japanese-cooperation-era-growing-nationalism-and-weakening-globalization>.

The UK's influence within the EU in respect of open-market policies has also been important for Japan. The support that the British government has given to an EU-Japan Economic Partnership Agreement (EPA), in the teeth of opposition from some other member states, has been crucial. The latter status will disappear when the UK leaves the EU, and no one can be clear at this point how much, if any, of the UK's privileged access to the single market or the customs union is likely to be salvaged in the Brexit negotiations.

The Japanese government set out very clearly, in a September 2016 document addressed to both the UK government and the European Commission,²⁴ what it wants to see emerge at the end of the Article 50 process for withdrawal from the EU. Japan has emphasized throughout the need for transparency and predictability. It has been supportive of the idea of working 'quickly to establish a new economic partnership between Japan and the UK based on the final terms of the [EU-Japan] EPA'²⁵ – although salvaging as much as possible of the Trans-Pacific Partnership (TPP), from which President Trump has withdrawn the US, will be a higher trade priority.

Japan sees power projection as heavily dependent on economic clout. Brexit is therefore regarded in Japan as an act of medium- and long-term economic, and therefore political, self-harm.

Privately, Japanese policy analysts are puzzled by British government rhetoric about the global opportunities that will follow the UK's leaving the EU. They observe that such opportunities have always been there: none depend on exit from the EU, whose Common Commercial Policy allows member states to maximize bilateral trade opportunities with other countries (as a glance at German trade statistics reveals). Much of the UK-Japan strategic partnership that developed in the late 1980s and 1990s was rooted in export promotion activities designed to exploit the opening Japanese market and ensure that the UK benefited from increased Japanese investment and technology transfer.²⁶ And with Abe having invested considerable political capital in supporting the campaign of the UK's then prime minister, David Cameron, during the 2016 referendum and corralling the rest of the G7 for that purpose, some Japanese now find British insistence on talking up the UK's attractiveness as the hub of a new set of post-Brexit global networks a little patronizing – the more so because they question whether an independent UK will continue indefinitely to play a top-table role in the world.²⁷

When Japan, or any third country, has questioned the wisdom of Brexit, the response from those in favour of leaving the EU has tended to be to question whether any country would willingly sacrifice its sovereignty, as the UK has been expected to do as a member of the EU. But this is a rhetorical response to a practical question. Japan takes a realist view of national interests and relationships between world powers, tempered by a commitment to values and the rule of law, as Abe made clear in his August 2015 commemorative statement. Japan sees power projection as heavily dependent on economic clout. Brexit is therefore regarded in Japan as an act of medium- and long-term economic, and therefore political, self-harm.

²⁴ The text of the document is at <http://www.mofa.go.jp/files/000185466.pdf>.

²⁵ 'Japan-UK Joint Declaration on Prosperity Cooperation', 31 August 2017, <https://www.gov.uk/government/publications/japan-uk-joint-declaration-on-prosperity-cooperation>.

²⁶ A full account of this activity is given in Taida, H. (2007), 'Anglo-Japanese economic relations since the 1970s', in Towle, P. and Kosuge, N. M. (eds) (2007), *Britain and Japan in the Twentieth Century: One Hundred Years of Trade and Prejudice*, London and New York: I.B. Tauris.

²⁷ That said, the Japanese government welcomes what it perceives as the reduced emphasis on a strategic partnership with China under the Theresa May government, compared with the position of the previous UK government. Rightly or wrongly, there was anger in Japan over the UK's joining the Asian Infrastructure Investment Bank in 2015 – this reflected concerns over a version of the 'global opportunities' narrative that was considered insensitive to East Asian perspectives on the rise of China.

Japan is the third-largest national economy in the world, with gross domestic product (GDP) of nearly \$5 trillion; by comparison, Britain's GDP is a little more than half that. Japan sees the UK as a medium-sized world power effectively able to strengthen its economy by being part of the largest trading bloc for goods (and potentially services) in the world, and prepared to take a pragmatic approach to its sovereignty to reap those benefits. The strengthened economic heft as a result of EU membership in turn supports Britain's political role in the UN, the G7, NATO and elsewhere. The diminished economic expectations which Japan and other trading partners expect to flow from Brexit risk reducing the power of the UK's voice accordingly; its ability to increase its diplomatic weight in the world by acting as part of the EU will disappear. The Japanese often invoke the concepts of *honno* and *tatemaie* – 'true feelings' contrasted with 'surface appearance'. The strategic partnership that the UK has developed with Japan over the past 30 years needs to be re-evaluated against a rigorous and honest examination of the real impact of Brexit. This is a time for plain speaking not rhetoric: *honno* not *tatemaie*.

The impact of populism on UK–Japan relations – Trump

The election of President Trump has created a radically more uncertain international environment in which to do this, but has also created an opportunity for the UK and Japan to work together to influence US thinking.

A number of elements combine to make Trump's presidency challenging and disturbing for the UK and Japan. His election represented a fundamental shift away from a commitment to multilateral alliances and international engagement, towards the assertion of narrowly defined national interests. The decision unilaterally to withdraw the US from the UN Paris Agreement on climate change has been the most obvious example, but the president's rhetoric is unashamedly nationalist, and even his senior advisers have endorsed the 'Westphalian' framework of competing nation states, rather than the international networks of like-minded countries underpinned by US political, military and economic influence.²⁸ As Professor G. John Ikenberry of Princeton University states in his article, 'The end of liberal international order?', in the January 2018 edition of *International Affairs*, 'For the first time since the 1930s, the United States has elected a president who is actively hostile to liberal internationalism. Trade, alliances, international law, multilateralism, environment, torture and human rights—on all these issues, President Trump has made statements that, if acted upon, would effectively bring to an end America's role as leader of the liberal world order.'²⁹

The president's tactics as well as his values are regressive. He prioritizes transactional relationships over strategic assessment of conflicting and overlapping objectives. He rejects the principle of long-term strategic analysis in favour of short-term deal-making. His defenders assert that his strategic choices are clear and coherent – for example, to deal with the nuclear threat posed by North Korea or the regional challenge represented by Iran. But the way in which US policy is articulated remains confusing. The messages are particularly mixed on China and trade. On the one hand, the president appears to have seen possible concessions on China's trading relationship with the US as bargaining counters to leverage greater influence by China over the Kim Jong-un regime.

²⁸ See the *Wall Street Journal* op-ed on 30 May 2017 by US National Security Advisor H. R. McMaster and National Economic Council Director Gary Cohn, in which they refer to the president's view that 'the world is not a "global community" but an arena where nations, nongovernmental actors and businesses engage and compete for advantage'. McMaster, H. R. and Cohn, G. (2017), 'America First Doesn't Mean America Alone', *Wall Street Journal*, 30 May 2017.

²⁹ Ikenberry, G. J. (2018), 'The end of liberal international order?', *International Affairs*, January 2018, Vol. 94 No. 1, p. 7.

And when the president visited China in November 2017, he went even further, using the issue to score US party political points by blaming his predecessors for the US/China trade imbalance. Meanwhile, in the words of Gideon Rachman in the *Financial Times*, the big picture is protectionist: ‘The coming year will be a big test of how far the Trump administration is willing to go with the US potentially launching a multi-pronged assault on the international trading system: demanding radical changes to the North American Free Trade Agreement, hobbling the World Trade Organization and slapping tariffs on Chinese goods.’³⁰ Japanese politicians will understand, perhaps even welcome, tough language on China, but they will also be concerned at inconsistencies of tone and content that play into the hands of adversaries whose strategy is to divide the US from its allies.

In addition, in a world driven by instant news and social media, the president’s temperament and style of leadership challenge the assumption of many Western commentators about what executive statesmanship should mean. As one prominent political scientist has written: ‘That the president of the United States speaks with caution and dignity... that he respects the independence of law enforcement, and that, to the extent reasonable politics permit, he speaks truthfully – these are all customs, not laws. Law is powerless to impose them and powerless without them.’³¹ This pattern of behaviour intensifies a fear of unpredictable and unstable judgment leading to conflict. The mode of the Trump presidency is often self-consciously inflammatory (as in the ‘Britain First’ tweets, for example, and Trump’s equivocation over violence by nativist right-wing movements). It is also often derisive (witness his constant references to Kim Jong-un as ‘Little Rocket Man’) and degrading, as in his recent profane language about African countries. On the issue of whether institutional and political checks and balances can mitigate the impact of all this, commentators oscillate between hope and despondency.

Both the UK and Japan take a realist approach to managing the relationship with the US. But despite some evidence in Japanese opinion polls of diminishing trust in the US during Trump’s first year in power,³² it is the UK’s current prime minister, Theresa May, who has come under more pressure to take a firm line with the president over egregious lapses from shared values – for example, in respect of the travel ban on some Muslims, and his re-tweeting of far-right white supremacist videos. She also faces the self-inflicted dilemma of how to deal with the premature invitation to Trump to make a state visit: Trump’s refusal to make even an official visit to open the new US embassy in London suggests that his increasing unpopularity in the UK is having a negative impact on the public face of the ‘special relationship’ (although he denied this at Davos in 2018).

In contrast, Abe has less difficulty adopting a position of public pragmatism in dealing with President Trump, who, despite offending the norms of conventional diplomacy, was able to visit Tokyo without attracting the level of opposition that would certainly accompany even an official-level visit to London. This reflects Abe’s stronger political position compared with that of May, but also a consensus that Japan has little alternative but to embrace ‘Pax Americana’ in the face of the North Korean threat and wider tensions in East Asia, where the US continues to provide the indispensable nuclear security guarantee. For Japan, the US relationship remains the existential alliance.

³⁰ Rachman, G. (2018), ‘America rejects the world it made’, *Financial Times*, 29 January 2018.

³¹ Weiner, G. (2017), ‘The President’s Self-Destructive Disruption’, *New York Times*, 11 October 2017, <https://www.nytimes.com/2017/10/11/opinion/donald-trump-tradition-disruption.html>.

³² A recent Pew Research Center poll showed that while 57 per cent of Japanese hold a favourable view of the US (15 points down from 2016), 62 per cent (with even larger majorities among younger Japanese and women) see US power and influence as a major threat to Japan. Data available at Stokes, B. (2017), ‘Japanese Divided on Democracy’s Success at Home, but Value Voice of the People’, Pew Research Center, 17 October 2017, <http://www.pewglobal.org/2017/10/17/japanese-divided-on-democracys-success-at-home-but-value-voice-of-the-people/> (accessed 1 Feb. 2018).

The emergence of the Trump presidency as a new and potentially destabilizing force in world affairs presents a possible area of cooperation between the UK and Japan. Britain and Japan's respective relationships with the US may be asymmetrical, but they are not *that* asymmetrical – they share the essential objectives of upholding the 1960 US–Japan security alliance and buttressing US membership of, and renewed commitment to, NATO. There is a common purpose: how to tether the US more securely to the multilateral world system in support of the core values – trade liberalization, non-proliferation, collective security, democratic principles and human rights underpinning strong institutions – that are at the heart of both Britain and Japan's international positions.

This is a common purpose that will outlast Trump. His unique presidential style conceals the extent to which he is a reflection of deeper concerns among the electoral constituencies who feel betrayed by the US's east coast/west coast social and economic liberal consensus. Many of his policy priorities would have been pursued by whoever had won the presidency. A Ted Cruz presidency (or perhaps, in time, a Mike Pence one) might well have been (or prove to be) a more fundamentalist administration. Hillary Clinton had already disowned the TPP, and had begun to tack in a more protectionist direction, well before she lost the 2016 presidential election (although, as Matthew Goodman pointed out at the 2016 UK–Japan Global Seminar Series conference in Tokyo, had she won, it is probable that she would have had to make the strategic and economic case for TPP ratification in some form). We are *beginning* to see the Republican Party trying to detach the politics that resonate with the 'left behind' from the psychologically disturbing personality of the president, for instance in the party's unsuccessful attempt to win the governorship of Virginia on a 'Trumpism without Trump' platform.³³ This process is likely to accelerate following the defeat of Roy Moore in the race for the Alabama Senate seat in December 2017. But the assumption that Trump is a rogue figure in political terms is a comforting but misleading liberal notion.

China now stands on the threshold of greater international engagement and power projection at precisely the moment when the US's moral and practical leadership is in question.

The need to build a closer UK–Japan understanding in this area is intensified by the continuing emergence of China as a country of global economic and political significance and influence. The recent 19th Communist Party of China (CPC) plenum established Xi Jinping's position as the commanding figure within both the party and the state. Xi is the general secretary of the CPC as well as national president. His philosophy has been written into the party canon of thought, there is no successor identified (which has intensified speculation that he intends to remain in office beyond the usual two terms), and he appears to be beyond obvious challenge. President Trump has recognized and validated Xi's status, for tactical reasons (leveraging Chinese influence on North Korea and savaging his predecessors' political records) and perhaps temperamental ones (a nod in the direction of the 'big man' theory of world statecraft). China now stands on the threshold of greater international engagement and power projection at precisely the moment when the US's moral and practical leadership is in question.

³³ Tackett, M. (2017), 'Trumpism Without Trump: A Losing Formula in Swing-State Virginia', *New York Times*, 7 November 2017, <https://www.nytimes.com/2017/11/07/us/politics/gillespie-northam-trump-virginia-governor-election.html>.

But it remains unclear precisely what form of Chinese engagement is to be expected, for example on North Korea. Although China's patience with Pyongyang has been running out, it continues to believe that its strategic interests are better served by retaining the buffer state on its border than by facilitating North Korea's destabilization. China has not deviated from its three core principles of peace and stability, denuclearization, and negotiation and dialogue. The calculation of the balance of advantage may change as Xi's position becomes more secure. And the more fundamental question also remains: What does China's rise mean for the liberal democracies of the West, of which the UK and Japan remain among the most politically and economically influential? Does China, with strong if no longer exponential levels of economic growth, represent an increasingly attractive alternative political and business model to other fast-developing industrial powers compared with the inward-looking and divided West?

For both the UK and Japan, trade relations with China are ever more important. In the UK's case, some £16.8 billion worth of exports were sold to China in 2016 (at 3.1 per cent of the total, this was substantially more than the share accounted for by UK exports to Japan). In the same period imports from China into the UK reached a record £42.3 billion, resulting in a £25 billion deficit in overall trade with China (although this included a surplus on the UK's bilateral trade in services).³⁴ In this context, it would be unrealistic to expect the UK, or indeed other Western powers, not to want to exploit as vigorously as possible the economic potential of China's 'One Belt, One Road' plans, international investment activity and growing domestic market. Business voices in Japan feel likewise, with China accounting for 18 per cent of the country's exports and 26 per cent of imports.³⁵ But there is also a strong need to understand the concerns about China from those in the region – chiefly, but not exclusively, in Japan – who see China as a trade and investment partner of existential importance but also as a political and military power now challenging the status quo. Getting a comprehensive perspective on China's development as a regional and global power is integral to any pretensions the UK may have, after Brexit, to play a strategic role in the world. Dialogue with Japan, whose expertise and experience in this area exceed any in Europe, will be central to this.

Tackling the root causes of populism through the 'strategic partnership'

The UK–Japan Global Seminar Series conferences have comprehensively rehearsed the full range of bilateral engagement. They have covered foreign policy strategy, defence and security (including cybersecurity), trade and investment, science, innovation and education, international development, and cultural soft power. The joint security and prosperity declarations issued during Prime Minister May's visit to Japan in August 2017 set out areas of existing or prospective cooperation in more detail.

This is all admirable in principle, but for many years there has been a tendency for the two sides to codify rather than develop existing work in such documents. The cooperation agenda needs to be more than just a matter of assembling activity in different areas under an overall umbrella of a 'strategic partnership'. There has to be a clear strategy behind it. It is not enough for the two countries to invoke the relationship as one of intrinsic value, and therefore as a process that needs to be supported; instead, the relationship needs to be framed as something which brings added, and measurable, value.

³⁴ Ward, M. (2017), 'Statistics on UK trade with China', House of Commons Library, Briefing Paper 7379, 10 November 2017, <http://researchbriefings.files.parliament.uk/documents/CBP-7379/CBP-7379.pdf>.

³⁵ Japan External Trade Organization (2017), Japanese Trade and Investment Statistics, December 2016, https://www.jetro.go.jp/ext_images/en/reports/statistics/data/gaikyo201612e.xls (accessed 1 Feb. 2018).

That added value should relate to the concerns of the people whose political disaffection underpins the populist surge through which we are living. The obvious point to be made about populism is that it needs to be taken seriously. It is not an aberration to be disdained by diplomatic elites. It results from more general disassociation from the institutions – not just political – that have governed people’s lives since the Second World War. Its political effects have been more acutely felt in the UK than in Japan, but Japanese policymakers also need to understand the roots of this movement, and that it is a rational response to the feeling that the lives of the ‘just about managing’ matter little to the opinion-formers in the top 1 per cent of the population. They must not simply assume (as those used to working in a more elitist bureaucratic system in a more socially cohesive country tend to do) that, by political sleight of hand, the worst impacts can be magically removed or ignored.

‘Give me 200 million tons of coal,’ Foreign Secretary Ernest Bevin is said to have told British trade unionists in 1947, ‘and I will give you a foreign policy.’³⁶ A country’s diplomatic strength and influence in the world, and the confidence and effectiveness with which it can advance its national interests, depend on how effectively it manages its domestic political economy. Policymakers in both the UK and Japan should be evaluating the impact of their joint activity and relating it to the priorities of their voters. As Sir Simon Fraser, former FCO permanent under-secretary, observed in a speech at Chatham House on 7 November 2017, ‘To have a successful foreign policy, we need to fix the roof back home. That means convincing people that those in positions of power are committed to helping them achieve a better life through fair taxation and investment in infrastructure, housing and education.’³⁷ What mechanisms will be used to evaluate the bilateral work under way following the UK–Japan joint declarations, and how will their social and economic impacts be measured?

In broad terms, the joint declarations do address the threat to liberal international values posed by simplistic and sometimes mendacious populist solutions. Both the UK and Japan should renew their commitment to an open trading system under the World Trade Organization (WTO), and through enhanced bilateral and regional trade agreements. The UK must also recognize that Japan will expect, in a bilateral free-trade agreement, to secure additional advantages from Britain that it was unable to secure in negotiations with the EU28, in return for whatever additional concessions the UK expects to secure from Japan. The UK should renew its commitment to the international system under the UN, where Britain wants not only to maintain its own permanent position on the UN Security Council but to see the council’s permanent membership enlarged to include, among other countries, Japan (although again one must be realistic about the current prospects for reform).

Work is also needed to strengthen the active role that both the UK and Japan play in the UN and its agencies. This means, among other things, continued joint activity within the UN Framework Convention on Climate Change; and closer alignment of the policies designed to realize the 17 Sustainable Development Goals. It also means close cooperation to secure continued global financial stability through the IMF and World Bank (not referenced in the joint declarations), and to reform these institutions. All this activity has to be seen in both countries to contribute to outcomes that improve the quality of life in communities intrinsically suspicious of globalization. This is not straightforward. The impact of globalization on some parts of the poorer developed

³⁶ The reference has been much quoted but it is difficult to identify the source. It may be a reference to a speech he made to the Trades Union Congress at Southport in September 1947, in which he was quoted in *The Times* as telling them, in relation to the British government’s difficulty in playing a role in post-war Europe, ‘It was the first time for 400 years, he said that Britain had not been able to do anything with money, or coal, credit to assist the rehabilitation of devastated areas. Give him the tools and he would change the foreign policy of Europe.’ *The Times* (1947), ‘Customs Union for the Commonwealth’, 4 September 1947.

³⁷ Fraser, S. (2017), ‘In Search of a Role: Rethinking British Foreign Policy’, 7 November 2017, <https://www.chathamhouse.org/sites/files/chathamhouse/images/events/2017-11-07-Fraser.pdf>.

world has been harsh. Those communities depend for their security and prosperity on effective management of global conflict and poverty – issues that, among other things, contribute to the upsurge in migration flows and, in some cases, fuel terrorist challenges to the security of the West.

The UK and Japan invoke common interests and principles in this programme of political dialogue. Both countries aspire to be liberal, democratic, values-driven, and committed to free trade and freedom of speech worldwide. But these values cannot be taken for granted. It is important that politicians, policymakers and other actors in both countries constantly interrogate themselves as to how best to make such values a reality in practical terms. They must also ask how well they understand the political tensions that lie beneath liberal ambitions – for example, the tension between an increase in free trade and the consequent disruption to the economic lives of less competitive industrial communities.

Both the UK and Japan aspire to be liberal, democratic, values-driven, and committed to free trade and freedom of speech worldwide. But these values cannot be taken for granted.

This needs to be done in a context of increasing press and media (including social media) scrutiny. One of the ways in which populism and nationalism damage the discourse is to suggest that there is one truth and that all those opposing it are ‘saboteurs’. The UK has a vibrant but intensely partisan media, some elements of which openly fuel populism. Japan has a more consensual and conformist press culture, with powerful political voices enforcing strict compliance with the party line. The former reflects the deep current divisions within British society, but has helped to create a political culture that is contributing to Britain’s declining international reputation as a centre of stable democracy. The latter reflects Japan’s more cohesive social culture, but helps to muffle genuine diversity within political debate. It has also accentuated the concern in some quarters at Prime Minister Abe’s longer-term plans to reform the constitution, which would not just allow the SDF to play a more proactive role in the world (which many in the West would support), but would also revise the balance between human rights and social responsibilities in the constitution (which many would find much more problematic). But with President Trump actively seeking to undermine the principle of fact-based comment and challenge in a free and open media with his campaign against ‘fake news’, this is likely to become the next front line in the argument against populism. How might both the UK (40th in the 2017 World Press Freedom Index) and Japan (72nd) improve their standing in this developing debate?³⁸

All these areas for continued and strengthened dialogue rest on the assumption that Japan and the UK have the institutional capacity to think strategically on these issues – at a time when the latter is focusing on steering the Brexit negotiations to a conclusion some time in 2018. This is a major assumption. It is also necessary to look at contacts between parliamentarians as well as between governments and executives. Despite the enthusiasm with which low-level links are promoted by some individuals, there is little real understanding in either country’s parliament (other than among a relatively small number of specialists) of the intractable political questions that lie below the public debate: Why has the EU been so toxic in British politics for so long? And why are Japan’s relations with China and South Korea not susceptible simply to an appropriately worded apology for what happened over 70 years ago? This needs correction.

³⁸ See the full index at <https://rsf.org/en/ranking> (accessed 1 Feb. 2018).

Conclusion

The first step to understanding how to deal with this phenomenon is to understand where it has come from, and to accept that it is likely to continue to drive policy reassessment and reorientation until the economic underpinnings of the populist upsurge are addressed. In the UK, where links with Japan, carefully cultivated over more than a quarter of a century, extend across a reasonably wide range of activity, there is potential for the joint undertakings to which both governments have committed themselves to be seen to contribute to this process. The root causes of populism are both economic and cultural; and the world's third- and fifth-largest economies have the responsibility not just to define and promote their own national interests in a way that addresses these issues, but also to align their activities as far as possible to amplify these efforts.

There is still a tendency among political and diplomatic elites to assume that the storm of populism will pass, and that the next generation will be more sympathetic to the values of globalization than the present one. This could be a dangerous misjudgment. Britain and Japan should be revisiting the agenda in their 'strategic partnership' to ensure that it also underpins the strategy that the liberal West will need to develop to combat the threat of populism over the coming years.

About the author

Sir David Warren is an associate fellow with the Asia Programme at Chatham House. He was British ambassador to Japan from 2008 to 2012, having served twice before in the British embassy in Tokyo during his career with the FCO. He was also head of the FCO's China Hong Kong department from 1998 to 2000, and a member of the FCO's board of management (as director of human resources) from 2004 to 2007. He retired from the FCO in January 2013. He is now a visiting professor at Sheffield University, and chair of the council of the University of Kent.

He is also chairman of the Japan Society, the leading independent body in the UK dedicated to UK-Japanese cultural, educational and business contacts; a member of the advisory board of Migration Matters, the campaigning group highlighting the benefits of legal migration; and a director of Aberdeen Japan Investment Trust.

Meeting Summary

Anglo-Japanese Cooperation in an Era of Growing Nationalism and Weakening Globalization

18–19 September 2017

Keynote speeches

The Rt Hon. Mark Field MP began with a clear affirmation that the UK–Japan partnership was the strongest it has ever been. Outlining how the strength of the two countries’ relationship has been shaped by their shared values as outward-looking, free-trading nations, he warned that the world now faces unparalleled challenges, including the threats posed to international peace and security from North Korea. To this end, the UK has stood shoulder to shoulder with Japan against the aggression it has faced, and will work with UN partners to de-escalate tensions through diplomatic means.

Field offered that the Japan-UK Joint Declaration on Security Cooperation emphasized the closeness of the relationship both countries have enjoyed, and that this was set to strengthen in the months and years ahead. Moreover, in terms of trade and investment, both countries have been clearer than ever about the need to champion free and fair trade in the context of rising calls for increased protectionism. Pointing to the importance of Japan’s investment in the UK, Field explained that Britain remains one of the strongest supporters of the EU-Japan Economic Partnership Agreement (EPA). To this end, Britain will seek a new free-trade agreement with Japan following the ‘Brexit’ process.

Arguing that the UK and Japan have a history of pursuing scientific and technological innovation, Field expressed hope that barriers to closer collaboration in the field would be reduced further. Concluding his address, the minister offered an optimistic assessment of the bilateral relationship, asserting that a deepened prosperity partnership and advances in innovation would mutually strengthen both countries’ economies and drive industrial productivity forward. The UK–Japan partnership is one for the future, he offered.

Professor Akihiko Tanaka presented an overview of the bilateral relationship, providing the audience with a range of empirical data. Firstly, he suggested that Western dominance was in the process of giving way to the rise of Asia and the rest of the world. Globalization and the increase in global trade had become the drivers of much of the change. Regarding political change, Tanaka highlighted increases in levels of authoritarianism in some regional contexts, as well as concerning upward trends in the levels of global terrorism and instability. Despite a positive assessment of China’s increasing economic fortunes, US political power has remained dominant, particularly in terms of military spending, he explained. The immediate security threat posed by North Korea stands in contrast to globalization, he continued, pointing out that in the wider context of the Indo-Pacific, there were potentially wider opportunities for the UK and Japan to work constructively together to provide stability to the region. Returning to the pressing issue of North Korea, Tanaka explained that robust diplomacy, twinned with a strengthened regime of tougher sanctions, should provide a backdrop to further considerations about whether Japan ought to increase its defence capabilities.

Globalization: the search for survival

Randall Jones began the discussion by outlining that Japan was no longer ‘the weak man of the world economy’, illustrating that the country had managed to escape economic stagnation – a picture that had emerged since 2012. However, the country still faced fundamental problems, including unsustainable levels of government debt, low productivity, and levels of fiscal and monetary policy inadequate for dealing with Japan’s underlying economic realities. Japan fundamentally needs to tackle the challenges associated with historically low labour productivity, Jones offered, particularly in light of the country’s projected population decline and an increase in the size of the ageing population. Therefore, he recommended that greater emphasis be placed on achieving the ‘third arrow’ of Prime Minister Shinzo Abe’s economic policy programme: driving forward structural reforms.

Minister Takao Ochi began his contribution by emphasizing that Japan was ‘flying the flag’ for free trade, particularly since the US had announced its decision to withdraw from the Trans-Pacific Partnership (TPP). He expressed Japan’s firm commitment to the EU-Japan EPA, and described the importance of the TPP-11 – consisting of the 11 remaining signatories after the US’s withdrawal – as an opportunity to bolster efforts to achieve regional economic integration. Ochi also called for greater transparency and predictability from the UK following the country’s decision to leave the EU. He outlined his belief that, following Brexit, the UK and Japan could and should be able to work together to strengthen bilateral relations and achieve mutual economic benefits.

Sir Michael Rake affirmed the need to remake the case for globalization, free trade, capitalism and free markets. At a time when confidence and trust in the establishment had broken down, giving rise to populism, there was a pressing need to address the fact that many people felt left behind and uncertain about their future. Making the case for businesses, politicians and trade unions to work together, Sir Michael argued that while technology would improve efficiency, there needed to be considerable and concerted efforts to deal with how workers would transition to new modes of working. Concluding his comments, he offered a pessimistic assessment of the UK’s position in light of Brexit, arguing that the country would undoubtedly become ‘poorer and meaner’.

Pressed further on the implications of Brexit and US President Donald Trump’s rhetoric about global trade, Jones explained that for Japan, at least, the EU was critical as a trading partner. He expressed optimism about the prospects for the TPP-11 but feared that the lack of access to the US market would become a sticking point in future negotiations. Therefore, he continued, the achievement of the EU-Japan EPA was essential. Further to this, Ochi felt that the US may be able to return to the negotiating table at some point in the future, but that there was a more immediate need to achieve high-level and high-quality agreements through the EU-Japan EPA. Adding his thoughts, Sir Michael felt that the EU-Japan EPA was particularly important in terms of driving forward freer trade.

Asked about the further structural reforms that needed to take place in Japan, Ochi acknowledged the problems associated with low rates of foreign direct investment, and emphasized the need to overcome language, productivity and foreign labour market barriers. He offered that the Japanese government was already attempting to strengthen education provision in the interests of driving forward a wider ‘human revolution’.

On China’s role in globalization and how this was viewed by Japan, Ochi observed that there was a desire for trading relations between the two countries to continue, but cautioned that it was necessary to create a sustainable and fair basis on which these relations could be

conducted. Sir Michael highlighted the need for the US to engage with Europe, China and Russia, as this would provide businesses with the stability and certainty on which investment decisions could be made.

Contributors in the audience also raised the issue of Japan's openness to foreign labour and the free movement of people, in response to which Ochi felt that the solution to productivity growth was twofold: there was a need both to welcome foreigners and improve their integration with society, and to improve the position of domestic labour. On the latter point, he noted that various initiatives designed to improve the economic sustainability of rural communities were taking place, particularly through automation and robotics. Despite this, some audience members felt that these initiatives alone may not be sufficient without further efforts to embrace the benefits afforded by rising levels of immigration.

Regionalism and its limits: the future of Europe and the Asia-Pacific

Ambassador Chan Heng Chee reminded the audience of the limits of the Association of Southeast Asian Nations (ASEAN) in the Asian context, arguing that regionalism in Asia was often misunderstood when likened to the construction and development of the EU. ASEAN had more modest goals when it came to regional integration, and was insistent on the concept of 'being in the driver's seat' when it came to encouraging consensus in the decision-making process. Moreover, ASEAN had a long history of opposition to the supranational approach of the EU, particularly in terms of the level of bureaucracy characterizing relations between member states and institutions such as the European Commission. With an increasing number of stakeholders and factors to be considered, there was a need for ASEAN's members to work harder to reach a consensus over political and security issues, particularly in respect of the South China Sea. In light of this, Chan questioned whether there was an optimal size for regional groupings, and whether ASEAN's ambitions were too broad.

Professor Yorizumi Watanabe assessed the different regional structures in Asia, pointing out that Japan had expressed concerns about China's attitude to transparency, about the effectiveness of the rule of law in China, and about threats to market principles. He felt that despite the US's withdrawal from the TPP, Japan's determination to press ahead with the TPP-11 demonstrated that the initiative could eventually become a way of maintaining momentum and would help to avoid the development of alternative power-orientated trade policies.

Hans Kundnani offered the audience a more pessimistic view of the current state of the EU, arguing that the European project was now in a state of flux and that assumptions of its enduring strength were ultimately misplaced. The EU was once viewed as a model for integration projects around the world. However, contrary to previous assumptions, it has become apparent that the EU has become a source of instability. The EU, he said, had become an example of excessive hyper-globalization – behaving too similarly to the IMF in imposing structural change as a requirement for EU financing to member states. Furthermore, the EU had failed in its core aim of restraining the role of the nation state and overcoming hegemony, instead giving rise to the growing power of Germany. Kundnani posited that EU officials and politicians had invested too much in the importance of rules at the expense of individuals' interests, and that integration had been too top-down in its approach. Kundnani asserted that the entire project was trapped because, within a fragile polity, elites were incapable of admitting that mistakes had been made.

Opening up the discussion, Chan sought to define regionalism as countries in a geographical area feeling that they could come together to further their interests. When it came to ASEAN, there was no pretension to achieving common policies or establishing a common currency, but merely an aspiration to develop a relationship of cooperation. She outlined her belief that regionalism counters, rather than prepares for, globalization.

Dr Robin Niblett pressed the panel on disengagement with the rules-based order, in response to which Kundnani asserted that moves towards disintegration would ultimately prove difficult because the European project had developed on the basis of grand bargains which could not be easily unpicked. Chan contrasted the EU's approach to that of ASEAN, explaining that weak institutions might still provide useful opportunities for advancing new initiatives, particularly at a time when individual states might be seen as overly assertive in promoting their own interests.

Foreign policy and domestic politics: the populist wave and the impact of public opinion in both Asia and the West

Dr Barbara Lippert provided an overview of the concept of populism, explaining that this necessarily involves a rejection of pluralism, feeds on a climate of opposition and requires an opponent to fight against. In the European context, many populist movements have been embraced by and even co-opted into the political establishment. She felt that the populist approach lacked a coherent agenda, with populism being a reaction as much to modernization as to globalization. It is therefore important to understand how the movement signifies a dissatisfaction with elites and the democratic process more widely. There are also feelings associated with the loss of political sovereignty, and anger towards technocrats and anonymous institutions, as well as a narrative claiming to bring ordinary people back into the political arena. Lippert felt that the election of President Trump and the UK's decision to leave the EU merely added to the overall sense of uncertainty that had been created. In terms of the effects of the rise of populism on foreign policy, she felt that the impact would be indirect where a strong belief in national sovereignty had given rise to growing public distrust in international corporations and institutions.

Examining the case of Japan, **Professor Kiichi Fujiwara** pointed out that populism, while a general phenomenon, varied from country to country. Some populist leaders had chosen to embrace a statist agenda, as was the case with Japan's Prime Minister Abe or India's Prime Minister Narendra Modi, while President Trump exemplified an anti-statist agenda. Fujiwara pointed to a number of changes taking place under Abe, and to the prime minister's desire to exhibit stronger political leadership. To this end, he outlined how a process of constitutional revision was taking place through the Japanese government's redefinition of delegated powers. He also outlined the limited but nonetheless concerning rise of anti-foreign sentiment in domestic political discourse.

Lord Andrew Lansley began his comments by explaining that populism had existed for many years, but now had to be taken seriously in the context of recent developments. The breakdown of traditional political parties and partisan loyalties had served as an important example of this. Too few traditional political parties had delivered progressive rises in real incomes, facilitating populism's ability to turn discontent into an opportunity to vote against something – a common enemy. The targets for criticism by populist movements were diverse, ranging from immigrants to religious groups to the state, and there was a pressing need to recognize this. To combat this, Lansley felt

that the benefits of liberalism had to be asserted and that individuals needed to feel the benefits of being empowered in taking control of their lives. He asserted that the UK's decision to leave the EU should be read in terms of anti-immigration sentiment, as well as being a result of politicians publicly maligning the European project without forcefully asserting its benefits.

In the discussion that followed, the panel agreed that populism contained a thread of anti-rationalism, with Fujiwara citing the role of social media in simplifying the level of political discourse to a zero-sum, 'us versus them' process. Lippert concurred with this view, explaining that social media plays a role in mobilizing discontent in certain situations. However, it was recognized that social media could be part of the solution as well as the problem – although it can exacerbate inaccuracy, it also provides opportunities to counter the rise of 'fake news'.

On the question of threats that populism poses to foreign policy, Lansley felt that unless populism was challenged, there would be a damaging shift away from internationalism towards isolationism and retreat. He felt that this could conceivably manifest itself in the form of trade wars. Lippert cautioned against a zero-sum approach, suggesting that it was possible for individuals to have multiple forms of identity at different levels, while Fujiwara offered that there was a pressing need to re-establish respect and tolerance in public discourse.

China as an economic actor: opportunity or challenge?

Professor Nicholas Lardy began by affirming his optimism about the Chinese economy, believing that the situation presented considerable opportunities for the global economy. China was making substantial progress towards a more sustainable model of economic growth and was witnessing a period of increased household demand, while the country was unusual in that wages as a share of GDP were increasing. Overall, Lardy felt confident that structural factors would mean that a transition to a new model of growth could be sustained. Turning to the issue of increasing financial risk due to climbing credit-to-GDP ratios, Lardy cited the Chinese government's commitments to tackling the issue, including the tightening of the central bank's interbank lending as evidence that the problem was being taken seriously.

Professor Jia Qingguo concurred that China's economic outlook was sound, and that there was a general consensus that growth was likely to remain stable in the years ahead. China's government had been engaged with supply-side reforms and had placed emphasis on driving up product quality, as well as on affirming its commitment to toughen regulations on financial risk. On US–China relations, Jia felt that while trade disputes and controls were to be expected in the future, the economic impact of these would likely be limited. Turning to other economic threats, he offered the view that at a local government level, public–private partnerships had led local administrations to incur considerable debts, with the risk that these might not be paid back. Moreover, tensions caused by any conflict involving North Korea would undoubtedly have an impact on the Chinese economy.

Ambassador Masato Kitera began by explaining that most Japanese people felt that China's economic outlook presented considerable opportunities, not least because of its sustained growth. However, investors were not looking at Chinese markets in the same way as they looked at the US or the EU, primarily because China's socialist market economy principles presented greater risks. The Japanese government was passionate about improving the investment environment, he emphasized. He also felt that that even at the lowest points in the Japan–China political relationship, business leaders had expressed clear wishes to see economic activity continue. Signalling a note of caution,

Kitera highlighted comments made by President Xi Jinping at the World Economic Forum in Davos in 2017, supporting China's desire to champion free trade. He suggested that anyone who knew of the work of Chinese customs authorities, however, would appreciate that it would take a considerable period of time for this sentiment to become reality. Lastly, the ambassador suggested that observers should be cautious about China's pronouncements of 'win-win' deals with other countries. In terms of Japan and China, he felt that the sentiment instead meant that China would always tend to benefit to a greater extent.

Answering questions about the operating environment for foreign companies in China, Lardy outlined how the country's economy had become increasingly market-driven, and that the recent resurgence in the position of state companies had been limited. Jia challenged previous comments by the ambassador about allegedly underhand Chinese business practices, explaining that Japanese investment in China had been considerable. He held that assertions about trade deals being 'win-win' were genuinely believed to be advantageous to all parties involved.

In response to questions about market access, Lardy stressed that many foreign companies operating in China desired fewer regulations and better environmental protections. However, he suggested that if companies wished to complain about this, they should present their grievances to the World Trade Organization (WTO) for an assessment about whether the country was living up to its international obligations. Pressed on the current US trade position, he felt that President Trump had defined success in impossible terms, particularly around his desire to seek a resurgence in domestic manufacturing.

On the looming crisis with North Korea, Jia recognized that the problem had reached a new level, and that, whatever happened, China and South Korea's contingency planning demonstrated that neither country wanted to make decisions in a state of crisis. Kitera said that he felt China was embarrassed by North Korea's actions, and that the situation facing Japan was one of real and present danger. To this end, solidarity was needed to reduce tensions and keep up the pressure on North Korea.

The UK–Japan alliance and relations with the US

Michael Pillsbury opened the final session by stating that the UK had achieved a 'real strategic breakthrough' in recent relations with Prime Minister Abe. The UK–Japan joint declarations had been met with some scepticism in the Chinese media, with some suggesting that the US might somehow be behind efforts to bypass China and undermine its position. However, Pillsbury explained that he was ultimately bullish about China's economic future, noting that the country's economy already led the world on a purchasing-power-parity basis. He further explained that in terms of US–China relations, views necessarily differed on the relative benefits of cooperation and competition, depending on how individuals perceived their strategic goals. An agreement between the UK and Japan would always attract China's attention because it risked affecting the concept of comprehensive national power.

Professor Rosemary Foot described the main elements of the UK–Japan relationship, including similarities in how the countries dealt with great-power dynamics in their respective regions. Both had played bridging roles – the UK in bridging the relationship between the US and Europe, and Japan doing much the same between the US and Asia. The US's position in abandoning the TPP had seemingly failed to recognize the difficult politics that Japan had had to endure in order to reach that agreement, she argued. Moreover, Japan needed to carefully assess the core beliefs of President Trump, namely his staunch criticisms of the US's security alliances, purported opposition to most contemporary trade deals, and support for 'authoritarian strongmen'. Turning to Brexit, Foot suggested that the idea of a 'global

Britain' was not yet convincing, and that Japan's firmer ties with Australia and India could eventually prove to be more significant than those forged with the UK. She suggested that as Britain left the EU, its importance to China and Japan would diminish in the long term.

Professor Akihiko Tanaka began his comments by outlining the historical development of the UK–Japan alliance to the current day. President Trump's recent declarations suggested a renewed rejection of multilateral institutions, exemplified by the US's withdrawal from the TPP, and a broader recognition that the US would no longer be prepared to take a policing role when it came to international diplomacy. Expressing a belief that the UK and Japan should seek to collaborate in different areas, including building consensus over increased sanctions against North Korea, Tanaka felt that the bilateral relationship could also involve developing constructive relations with rising powers such as China and India, with thought given to realizing the Sustainable Development Goals. He concluded by suggesting that in the longer term the US would modify its identity, return to the negotiating table and once again take ownership of its reputation as a global leader – consistent with its capabilities.

Ambassador Koji Tsuruoka began his comments by explaining that the UK and Japan enjoyed a 'happy' bilateral relationship, devoid of any contentious issues. The basis of the relationship was one of shared common values, including respect for the rules-based international order as a means of providing stability, predictability and a platform for global prosperity. China, too, had benefited from the rules-based regime of WTO membership, and this had ultimately allowed that country to prosper. Overall, Tsuruoka felt that recent bilateral exchanges had demonstrated the strength of the UK–Japan relationship, and that the world was being challenged by those who were dissatisfied with the existing global order. Such challenges had to be handled skilfully, he noted. Turning to Brexit, a significant portion of Japan's EU investment was made in the UK, not least because the country was seen as a gateway to the rest of Europe. Noting that the terms of the EU-Japan EPA were yet to be agreed, and that the UK was yet to leave the EU, the ambassador noted the current difficulties involved in the UK seeking a mandate to negotiate a trade agreement with Japan. He concluded by questioning how the US could conceivably realize its 'America first' vision when no country could afford to live in isolation.

In the Q&A session that followed, Pillsbury suggested that despite accusations of an interregnum since the election of President Trump, the reality of the situation ran contrary to this. Rather, different parts of the State Department had witnessed relatively few, if any, significant personnel changes. He added that the 'deep state' was 'very strong' and had 'never left'. On recent developments in UK–Japan relations, he cautioned that these were relatively short-term in outlook and had not made explicit reference to the positions and interests of China or the US.

Tsuruoka expressed his feeling that multilateralism was 'dead inside the Beltway', and that misplaced rhetorical attachments to US dominance risked threatening once-strong relations with the US's closest international allies. In response, he commented that US allies should act quickly to maintain solidarity between nations and ensure that the rules-based international order was upheld. To this end, he felt that the UK and Japan needed to take a stronger role in facilitating multilateral collaboration within their respective regions, where possible.

Adding to this, Foot criticized the Trump presidency's rejection of multilateralism in favour of 'America first' rhetoric, noting the apparent hypocrisy of the US seeking to use the UN to deliver strong sanctions against North Korea. She suggested that there was clearly a lack of belief in the UN's value on the part of the president, but that working with other nations was the only pathway that the US could effectively pursue in order to further its aims against the North Korean regime.

Agenda

Anglo-Japanese Cooperation in an Era of Growing Nationalism and Weakening Globalization

Day One: Monday 18 September

09:45–10:15 Registration

10:15–10:30 Opening remarks

Yohei Sasakawa, Chairman, The Nippon Foundation

Robin Niblett, Director, Chatham House

10:30–11:45 Keynote speeches

The Rt Hon. Mark Field, Minister of State for Asia and the Pacific,
Foreign & Commonwealth Office

Akihiko Tanaka, President, National Graduate Institute for Policy Studies (GRIPS), Japan

Chair: Akiko Yamanaka, Senior Diplomatic Fellow, Central Asia Forum,
University of Cambridge

11:45–12:45 Lunch | Neill Malcolm Room

12:45–14:15 Session One | *Globalization: the search for survival*

How can the UK and Japan cooperate to avoid a return to protectionism and provide sustainable economic growth? What role might fiscal policy and infrastructure spending play in fostering economic recovery?

Speakers: Sir Michael Rake, Chairman, BT Group

Randall Jones, Head, Japan/Korea Desk, Organisation for Economic Co-operation and Development

Takao Ochi, State Minister, Cabinet Office of Japan

Chair: Rana Foroohar, Global Business Columnist and Associate Editor, *Financial Times*

14:15–14:35 Coffee break

14:35–16:05 Session Two | *Regionalism and its limits: the future of Europe and the Asia-Pacific*

What are the structural, ideological and institutional obstacles to, and opportunities for, reinvigorated Asian and European communities? Does the renewed focus on national interest mark the end of effective regionalism in Europe and Asia?

Speakers: Chan Heng Chee, Chairman, Lee Kuan Yew Centre for Innovative Cities, Singapore University of Technology and Design; Ambassador of Singapore to the United States (1996–2012)

Yorizumi Watanabe, Professor, Faculty of Policy Management, Graduate School of Media and Governance, Keio University

Hans Kundnani, Senior Transatlantic Fellow, Europe Programme, The German Marshall Fund of the United States

Chair: Julie Gilson, Reader in Asian Studies, Department of Political Science and International Studies, University of Birmingham

16:05–16:25 *Coffee break*

16:25–18:00 *Session Three | Foreign policy and domestic politics: the populist wave and the impact of public opinion in both Asia and the West*

What impact will the new populism have on politics in Japan and the UK, both in shaping domestic politics and the foreign policy options of both governments?

Speakers: Barbara Lippert, Director of Research; Member, Executive Board, German Institute for International and Security Affairs

Kiichi Fujiwara, Professor of International Politics, University of Tokyo

The Rt Hon. The Lord Lansley CBE, Chair, UK-Japan 21st Century Group; Leader, House of Commons and Lord Privy Seal (2012–14)

Chair: John Nilsson-Wright, Senior Research Fellow, Asia Programme, Chatham House

18:00–18:45 *Drinks reception*

Day Two: Tuesday 19 September

09:30–10:00 *Registration*

10:00–10:30 *Welcoming remarks and recap of Day One*

John Nilsson-Wright, Senior Research Fellow, Asia Programme, Chatham House

10:30–12:00 *Session Four | China as an economic actor: opportunity or challenge?*

How sustainable is Chinese economic growth? What are the risks of a new US–China trade conflict and how might such a conflict affect the Japanese and UK economies?

Speakers: Nicholas R. Lardy, Anthony M. Solomon Senior Fellow, Peterson Institute for International Economics

Jia Qingguo, Professor and Dean, Department of Diplomacy, School of International Studies, Peking University

Masato Kitera, Ambassador Extraordinary and Plenipotentiary of Japan to France;
Ambassador of Japan to China (2012–16)

Chair: *Isabel Hilton OBE*, CEO and Editor, chinadialogue

12:00–13:00 *Lunch | Neill Malcolm Room*

13:00–14:30 *Concluding Session | The UK–Japan alliance and relations with the US*
What has been the nature of UK–Japan bilateral relations from the Anglo-Japanese
alliance to the present? How have the UK and Japan developed their relations
with the US and Europe through this period? What is the future for these bilateral
alliances in the era of President Trump?

Speakers: *Michael Pillsbury*, Advisor, US Department of Defense

Rosemary Foot, Professor and Senior Research Fellow in International Relations,
Department of Politics and International Relations, University of Oxford

Akihiko Tanaka, President, National Graduate Institute for Policy
Studies (GRIPS), Japan

Koji Tsuruoka, Ambassador Extraordinary and Plenipotentiary of Japan to the
United Kingdom

Chair: *Robin Niblett*, Director, Chatham House

14:30–14:45 *Closing remarks*
Robin Niblett, Director, Chatham House

Independent thinking since 1920



Chatham House, the Royal Institute of International Affairs, is an independent policy institute based in London. Our mission is to help build a sustainably secure, prosperous and just world.

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopying, recording or any information storage or retrieval system, without the prior written permission of the copyright holder. Please direct all enquiries to the publishers.

Chatham House does not express opinions of its own. The opinions expressed in this publication are the responsibility of the author(s).

Copyright © The Royal Institute of International Affairs, 2018

Cover image: Daniel Leal-Olivas/AFP/Getty Images

ISBN 978 1 78413 263 7

This publication is printed on recycled paper.

The Royal Institute of International Affairs
Chatham House
10 St James's Square, London SW1Y 4LE
T +44 (0)20 7957 5700 F +44 (0)20 7957 5710
contact@chathamhouse.org www.chathamhouse.org

Charity Registration Number: 208223