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WEBINAR

LIBERAL ORDER UNDONE: JAPAN'S LEADERSHIP ROLE AFTER  
PRIME MINISTER ABE

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## P R O C E E D I N G S

DR. SOLIS: Welcome everyone. I am Mireya Solis, director of the Center for East Asia Policy Studies at the Brookings Institution. Thank you very much for joining us for today's webinar. Liberal order undone? Japan's Leadership Role After Abe. This webinar is a collaboration with the Asia-Pacific Initiative, one of Japan's leading think tanks.

API launched a couple of years ago a project on Japan and the liberal international order which resulted in a book published by Brookings Press earlier this year by the title of "The Crisis of Liberal Internationalism." And I certainly recommend everyone to read the book.

We will, of course, reflect on the insights of that volume but 2020 has been a year of drastic and profound changes that we will be discussing today as well. Besieged by more coercive Chinese diplomacy, a severe inward turn in the United States among dysfunction of the political system and the worst global public health and economic crisis of our lifetimes due to COVID-19 the liberal international order appears to be at a breaking point.

However, one of the objectives of today's session is to do what is perhaps hardest to do at this juncture and that is to find positive trends regarding actors, coalitions, issue areas where rules based order and multilateralism can endure and hopefully expand. With a special focus on how Japan collaborating with like-minded countries can play a constructive role in these efforts.

Today's conversation will be moderated by Dr. Yuichi Hosoya, research director at the Asia Pacific Initiative and professor at Keio University and whom I regard as one of the most insightful experts on Asian security dynamics and Japan's foreign policy. Dr. Hosoya, over to you.

DR. HOSOYA: Thank you very much, Mireya and good morning good morning everyone in the United States and good evening to viewers in Japan and also good afternoon to my friends in Europe. It's my greatest pleasure to be able to introduce such wonderful gorgeous panelists. Today we will discuss on the future of liberal international order in particularly on Japan's role in leading and also defending it.

And I think that we can gather really, really the best panelists on the topic and let me introduce briefly each panelist. First of all, Dr. Yoichi Funabashi, thank you very much for joining us. And

Dr. Funabashi is an award winning Japanese journalist, collaborator and author. He has written extensively on foreign affairs on the U.S.-Japan alliance and he served as a correspondent for the Asahi Shimbun in Beijing and Washington and later as editor in chief. And then after his retirement, he established the Rebuild Japan Initiative Foundation, an independent think tank, a Tokyo based think tank in September 2011 which expanded to become the current Asia Pacific Initiative he is now president.

And then let me introduce Professor John Ikenberry, of course, nationally he's the most suited panelist on this topic. Professor John Ikenberry is the Albert Millbank professor of Politics and International Affairs at Princeton University. And, of course, he is very famous for his books like "Liberal Leviathan" but also, I'm proud to be his translator into Japanese language. I translated his "Liberal Order and Imperial Ambition" into Japanese language which is widely read among Japanese students.

And then let me introduce Dr. Hans Kundnani. Dr. Kundnani is a senior research fellow in the European Program at Chatham House. Before joining Chatham House in 2018, he was senior transatlantic fellow at the German Marshall Fund of the United States. And the research director at the European Council for Relations. Thank you very much, Hans, for joining us.

DR. KUNDNANI: Thank you for having me.

DR. HOSOYA: And then let me introduce Celine Pajon. Celine Pajon is head of Japan's research at the Center for Asian Studies at the French Institute of International Relations in Paris, a leading French think tank. There she has been a research fellow since 2008. She's also senior fellow with the Japan program of Brussels Free University this year. Hello, Celine, thank you very much for joining us.

And I'd like to begin with Dr. Funabashi's remarks, comments. I'd really like to ask him on the reason why you wanted to begin this project of liberal international order, particularly focused on Japanese role. Can you share with them, thank you very much, Funabashi. I'm sorry you are still muted, could you unmute.

DR. FUNABASHI: Well, thank you very much, Professor Hosoya for being the moderator of this session. And first, let me extend my, express my deep gratitude for Dr. Solis and the Brookings Institution for hosting this seminar. I'm very much delighted to be a part of that. I also welcome our European friends for joining this session.

As Mireya graciously mentioned, we published a book titled “The Crisis of Liberal International Japan, The World Order” last February which I authored with John Ikenberry. Exactly it was around exactly the time when COVID-19 started to break out. And I did not expect that far-reaching impact that COVID-19 would have in the following months.

And the COVID-19 really has deteriorated and weakened the rule-based multilateral international order. It has given a good excuse for many countries to pursue a more (inaudible) approach in trade. And also, it has given some pretext for the governments to come up with new measures such as very much strict measures like lockdowns and in which it could threaten and compromise liberty and privacy.

So, you know, certainly it is inevitable and necessary for, it is necessary for governments to resort to those strict measures but it must be temporary and it must be ruled based and based on the rule of law. But some countries such as China actually has resorted to very liberal measures and in some areas in the world, it is gaining more currency. So, that also has posed some serious risks to the rule based multilateral holder.

And also, on top of that, we are witnessing divided politics and divided societies are being very much exposed as we have tried to tackle with the Coronavirus. The COVID-19 does not respect any borders or, you know, any political nature, political regime. They just, you know, respect that efficiency and effectiveness of the measures against virus.

Combined with all those factors that we are seeing that, the international order, multilateral and rule based being very much frayed and at least very much challenged. Japan actually has managed rather well if not very well. Japan's mortality rate per 1 million people stands at 8, 8 per 1 million. Actually, it is 1/12th of Germany which perhaps has been the best performer among the European countries. And 1/50th of the United States and 1/80th of the United Kingdom. So, perhaps among these seven countries, Japan has perhaps performed most effectively.

Among G20 countries, Japan is ranked third only after China and Korea. Australia is at fourth. Korea has 5 per 1 million death rate and China is 3. So, Japan has managed relatively well even though it's a bit lagging behind somewhat among the more effective East Asian countries.

And so, in a post-Corona world, East Asia perhaps may come forward as more powerful,

a more influential player in the world. But the question should be what kind of rules and norms of order that East Asia is envisioning and also pushing forward. And at this juncture, in this context, I think Japan's role will be very much important and throughout the Abe administration, it seems to me that Japan has evolved two roles, international roles that it has explored.

One is a rule shaper and another one is a proactive stabilizer. A rule shaper is most well exemplified as Japan's effort to lead the push for the CPTPP after the United States withdraw from TPP. And with regard to proactive stabilizer, that means Japan can and should play a balancing role, play a balancer vis a vie with China's challenge to multilateral rule based international order.

And perhaps it is very symbolic for Suga administration which has pledged to continue Abe's foreign policy including those two roles I have described. To host that Quad meeting at the foreign minister level in Tokyo two weeks ago, Quad is composed of Japan, United States, Australia and India. And it was actually envisioned and conceived and put forward in the first administration over 15 years ago. But now, this is gaining more momentum perhaps due to China's aggressiveness and challenge to the (inaudible) international holder. So, those are the pictures that I am now seeing and that also Japan's international role that can be very much I think important.

DR. HOSOYA: Thank you very much, Dr. Funabashi. Thank you particularly for covering so many important issues including, of course, COVID-19 and its impact upon Japanese role. Now I'll move to Professor Ikenberry, John. I'd really like to ask you whether you are more optimistic than before because there are so many crises and difficult challenges now that the United States is confronting.

And in your most recent article entitled, *The Next Liberal Order*, correct me if I'm wrong, I feel that you have become a little bit more optimistic if I compare to your three years before article, *The Plot Against American Foreign Policy*. So, let me ask you your current feeling or your current understanding about the state of liberal international order. Could you also unmute at the bottom please? Thank you very much.

DR. IKENBERRY: Thank you Professor Hosoya. It's great to be here and it's been a real pleasure to work with Dr. Funabashi on this book and to continue what has been several decades of conversations about U.S.-Japan relations, global orders and trilateral relations.

To answer your question, I'll start with the bad news. I do think that since the early period three years ago when we started this conversation, things have gotten worse. I think we do see a continued breakdown in and crisis of the liberal international order. I kind of sense a world historical moment that this is not just another blip in the road that in some sense the long era of experiment by liberal democracies in creating an open world system in which open societies can operate is really being put to the test. Can we still build and recreate open societies operating in an open international order?

The COVID crisis I think has made things worse as Dr. Funabashi said. I think illuminating problems that were already there and making them worse, nationalism, great power politics, the weakening of liberal democracy putting rule of law and Republican constitutional forms of government to the test.

And, of course, the Trump administration has meanwhile been extraordinarily and dramatically weakening the rule based open system with a whole series of ongoing withdrawals and efforts to club and bludgeoned the international institutions that we've taken for granted. From the Paris Agreement to the WHO to Arms Control which we don't talk a lot about. The Iran deal, Open Skies, INF, and, of course, threatening the WTO and NATO and alliances in East Asia.

This is occurring, of course, in a broader context of a kind of general global decline in optimism that there are common solutions to common problems. A kind of lack of confidence that we have solutions to our problems and that we can work together to address them. I think the problems are deeper than Trump. We can point to a kind of decline in internationalist elites in certainly in the United States but I think in other countries tracing it back to various earlier moments, the 2008 financial crisis, the Iraq War. The kind of undermining of you might call it a center right and center left internationalism.

But is all lost and here I would just simply say in the other half of my remarks that there are some glimmerings of hope I would say. And I'll mention four ways in which one might sort of see a pathway forward towards rebuilding reform, reconstruction, re-legitimation of an open rule based system.

One is I think that the current Trump experiment in America first foreign policy is failing. Probably he will be rejected in the polls, we don't know but apart from that there's a sense that the American people and the world has looked at this direction and said maybe we don't want to go there. There's a kind of what I would call a backlash to the backlash that has had some impact in stimulating

new thinking about the next era of multilateral cooperation.

Secondly, the problems keep getting worse. The pandemic is in some ways a poster child for why you can't go it alone, you can't be secure alone, you can only be secure together. The weakest link is everybody's problem, the weakest public health system in the most remote country can generate viruses that can come and attack everybody else. And that's true across the realm, economics as well. One remembers the 1930s when it was not a virus but it was bad economics. It was mercantilism beg or thy neighbor policies.

Thirdly, there have been and this is what our book tries to focus on with a particular focus on Japan. New stakeholders and constituencies for multilateralism kind of new champions, Japan being very important in this but also other what we'll call middle power countries, Canada, Australia, South Korea and Europe in its own way.

I would note last year in the spring of 2019, there was formed, I think, under the leadership of Germany and France, something called the Alliance for Multilateralism. 50 countries have signed up and they have a whole program. So, that's a kind of new it doesn't, they aren't waiting for the United States to shake off this craziness and come back. So, there is a kind of new energy I would say particularly in the democratic world and the newer states in that democratic world looking for ways to make a difference. Rule shapers and stabilizers as Dr. Funabashi said.

And then finally, we'll call it the China threat. China has galvanized a lot of thinking about whether it's really time to let go of the idea of a liberal international order. It actually looks more attractive to the extent that liberal order is a multifaceted system of coalitions, alliance, alignments, institution, security cooperation and so forth.

So, it may well be the bad news for U.S. China relations, it may be good news for some kind of pragmatic world weary sober effort to reconstruct something that we might loosely call a liberal international order. Thank you.

DR. HOSOYA: Well, thank you very much, Professor Ikenberry. Maybe I was wrong. You are not so optimistic of course but everyone is now pessimists and it's very difficult to be optimistic at this very difficult time. But in the last two or three decades, I have always thought that you try to find something, some glimmering light even during the dark years or dark times.

So, at this time again I thought that you are trying to with many difficulties and challenges you also are trying to find some light during the darkness. So, that's why I thought that I could find some light in your article but anyway, thank you very much for your insight.

Then I move to Hans. Of course, your opinion in Europe is important as Professor Ikenberry mentioned. And I'd really like to know whether the EU can save the Liberal International Order. Can you share with them?

DR. KUNDNANI: Thank you, Yuichi and thank you to API and Funabashi and Brookings for having me on the Webinar and in the project. I'm delighted to be involved in it. So, you know, yes, I'll try to answer that question about the role that the EU can play in defending or rescuing Liberal International Order.

But in order to do that, I want to sort of spend a few minutes just sort of interrogating the concept of the Liberal International Order in this way. So, I hope this won't get too theoretical but I think it's important in terms of trying to understand what kind of role the EU might play.

So, I'm going to talk a little bit about some of the sort of complexities and internal tensions in the idea of the Liberal International Order. It seems to me that there are all kinds of complexities. You know, the Liberal International Order has evolved, it contains different elements and it has functioned differently in different parts of the world.

So, for example, the European Security Order is quite different from the Asian Security Order. The particular complexity though that I want to spend just a few minutes talking about now is the sort of, the liberalism of the Liberal International Order. In other words, you know, in what sense is the Liberal International Order liberal. And it seems to me that when we talk about it being liberal, actually we mean three slightly different senses of the concept of liberalism. And there's a tendency I think in some of the discussions to sort of elide them or at least sort of assume that they go together. I think it's worth sort of breaking them down.

So, the first I think is a sort of an economic sense of liberalism. Liberalism as opposed to protectionism or economic nationalism, in other words, an open trading system. The second is a sort of political idea of liberalism. Liberalism as opposed to authoritarianism. So, the Liberal International Order is kind of seemed to sort of favor democracies.



I think this is a little bit problematic though because it sort of rests on an assumption that liberalism is sort of synonymous with democracy and it's not. You know, in a domestic context, for example, it seems to me that liberalism by which we would normally mean a system of individual rights guaranteed by a constitution, actually constrains democracy understood as populous sovereignty. They're kind of in tension with each other. The liberal element of liberal democracy and the democratic element of liberal democracy.

And I think that one of the causes of the crisis of liberal democracy that we're seeing is the way that the balance between those two elements of liberal democracy has kind of gone. In particular, you know, the sort of constitutional element has become, you know, much more dominant than it used to be. So, some people talk about constitutionalizing or depoliticization. So, that's the sort of political sense of liberalism.

And then the third I think is a sort of IR sense of liberalism. In other words, liberalism as opposed to realism I supposed or other theories of international relations. And so, this is where I think the rules elements comes in. You know, the expansion of rules in international power, international politics replacing power politics. And that, I think, can be thought of as sort of depoliticization at the international level.

But I think, so in other words, just as some constitutions constrain populous sovereignty in the domestic context, these kinds of rules constrain national sovereignty in an international context. And obviously the two things, populous sovereignty and national sovereignty kind of go together in quite an intimate kind of way.

So, this all brings me to the EU because it seems to me that at least in those second and third senses of liberalism, in other words, in the sort of political sense and in the IR sense, it seems to me that the EU is itself even more liberal than the global order is. It's a kind of an extreme form in a regional context of the liberal international order. It's often called a sort of thicker version of the Liberal International Order but I think it's important to say it's more liberal.

And the reason I say that is because I think its liberalism has produced an even more intense backlash than the one you have against the Liberal International Order as a whole. There's an internal backlash against this kind of thicker or more liberal version of the Liberal International Order that

the EU is really struggling with and has been struggling with, you know, especially the last decade or so.

And so, in order to answer the question, you know, whether the EU can do anything, you know, particularly working with Japan to rescue the Liberal International Order or save it or defend it, I think often this internal dimension gets mixed. And that actually, you know, if the EU is going to be able to do that it has to first of all solve these internal problems. And I think probably in the end, that's the biggest contribution that the EU can make as opposed to individual member states like France and the UK that I think can play a different role particularly in terms of Asian security.

But in terms of the EU, I think the biggest contribution that it can make to saving the Liberal International Order is to solve this internal crisis and in particular and this is where I'll end, to show how it's possible to get a balance between on the one hand openness and deep integration and on the other hand sovereignty and democracy.

DR. HOSOYA: Well thank you very much, terrific. And now we are talking about the importance of European role of the European Union. Then I'd like to ask Celine on the importance of EU-Japan partnership. Because now we are seeing the difficulty of the United States in finding a leadership role in defending the Liberal International Order. Then naturally, the European Union and Japan should play a larger role. And you have written many articles about EU-Japan relations. So, I'd like to ask you about the importance of EU-Japan partnership, please.

DR. PAJON: Okay, thank you very much Yuichi Hosoya. I would like first to thank the two organizers for having me for this great panel today and taking me on this very exciting project. So, we tried to bring a more rosy or positive light on what you can do on the international scene, especially with Japan. And I think regarding your question on the importance of the significance of the partnership of the Liberal International Order.

Actually, the reply, the response is quite straightforward. Because I believe that despite Japan and EU are quite distinct player if you look at them. Geographically they are, you know, not in the same strategic environment, not the same at all. Despite this distance, actually both actors have devoted a lot of energies in the past years, recent years to build up and to elaborate and organize their partnership.

And they did that precisely because they realized that the Liberal International Order was

challenged and these challenges so affected their interests. And so, they realized that they have many things in common. They were actually like-minded partners in that and they should come together and try to address those challenges. So, I think this is the simple big answer to your question.

And I think there are particularly three developments that pushed the EU and Japan to come closer and walk together and we mentioned that previously in the various interventions. And the first is the Brexit which affected both the EU and Japan in different ways but was strong signals on the international scene on the kind of trends we're going to.

The second development was the election of Donald Trump and one of the only decisions to withdraw from the Transpacific Partnership which was a shock for the Japanese but not only also for the Europeans I believe. And the third, we already mentioned, is a more assertive China, a China that was influence expanded especially through its BI, Belt and Road Initiative all the way not only in Asia but all the way to Europe.

So, I think facing these challenges, the commonality of the two partners, the EU and Japan really became quite obvious. As you know, both Japan and the EU support and uphold democratic and liberal values, the rules based order, multilateralism and free trade system.

And so, despite they belong to very different geostrategic context, I think it was important for them to stand up and play a role as the two pillars for the multilateral rules based world order. And they did that, this from the basis for the partnership. And in recent years, we've seen an acceleration in the way they build up this cooperation.

In particular, through three different treaties are very important documents. The first one being the EPA, the Economic Partnership Agreement. The negotiations started back in 2013 and there was a clear acceleration in 2017 because of the realization of these challenges in the world order.

And the treaty on entered into first last year in February and it is very significant because it's the largest free trade agreement. It's covering a third of the world GDP and not only to make the EU and Japan the flag bureau for the free trade as Yoichi has already put it. But I think it's not only about a liberalization of the trade it's also trying to set the stage and provide some benchmark regarding strong, high level stand out and norm regarding labor, trade, environment protection and so on.

And in this way, we should remember the word of the former EU Commissioner Cecilia

Malmstrom. She labored the EPA a kind of strategy (inaudible) between the EU and Japan and I think it's quite telling of the significance of the agreement. Especially if you look at the EPA along with the CPTPP that you rightly say that Japan pushed or so was very appropriate to promote. So, if you look at the EPA and the CPTPP you can find a very strong solid basis for another stage for the world order on the multilateral basis with ambitious norms.

The second treaty is the SPA, the Strategic Partnership Agreement. And this legally commits the two players to promote the liberal values and principle on the world stage. And it's provided a very comprehensive list of areas for cooperation in getting from maritime security which is very important for the partnership to nonproliferation on environmental protections and so on.

A third important document is the Partnership on Sustainable Connectivity and Equality Infrastructure and this was signed last year, last September. And it created a synergy between Japan's free Indo-Pacific strategy or vision and the EU connectivity strategy. It was designed or so as providing one alternative to the Chinese Belt and Road Initiative regarding connectivity and infrastructure in the Indo-Pacific but or so beyond in Europe, Africa and elsewhere.

So, I think those three documents provide a very strong, a very solid basis to propel the partnership in the years to come. And maybe let me finish with a few words regarding the impact of the COVID crisis. I very much share Professor Ikenberry's opinion that it's getting the things quite worse. Because in a way, it's damaging the multilateral system more and it's so worsening the competition, the strategy collaborators between the U.S. and China.

But I think in this context, it's also providing some space for the third power such as the EU and Japan to come together and try to provide their own way, this third way out of this bilateral competition. And the COVID crisis is also pointing to priority areas for cooperation in a way to show the way for the two partners to work together as governance for example, on the digital data protection, cyber security, disinformation and so on. I think the two players has a lot to share and to promote on the international stage.

And just a last word on the post Abe era, I believe that the Europe and the EU Japan partnership will still be important for the Suga government. Just to mention, the very recent visit from the Prime Minister Modi in Europe and the exchanges with colleagues from France, Germany (inaudible)

Portugal will take the next presidency chairing for the EU. So, this will show the impact for Japan I believe. Thank you.

DR. HOSOYA: Thank you very much, Celine, for deepening and the broadening of a discussion by focusing on the EU Japan relations. I now think that if Japan acts alone, of course Japanese influence is limited. But if Japan use several tools such as EU Japan relations, EPA and U.S. Japan alliance, of course, CPTPP. By using, I think, these tools, Japan can exercise its influence international politics in a positive way. So, in that sense, I'd like to ask Mireya on your view on how Abe administration and Suga administration now can play important role international affairs.

DR. SOLIS: Thank you very much, Yuichi and it's been wonderful to listen to all these presentations. And then let me address that question by focusing on one very important dimension, really a core element of the Liberal International Order and that is the free trading system.

And it has played such a central role as part of an international order because basically what the architects were trying to do was to avoid the mistakes of the past. We had learned, painfully learned that if we were to turn inward, if we were to let rampant protectionism tit for tat trade wars, we knew what the costs of that were, diminished economic opportunities and greatly increased frictions among states.

So, the idea if you will, was to strive for a system where common rules applied to all members where you would mitigate unilateralism and where you would have due process to resolve commercial disputes among members. Now obviously, the politics of trade never really matched the ideal of the Liberal International Order. But I think it's fair to say that we have probably never been farthest away from that ideal as we are today.

So, it is indeed a very complicated picture. Even before COVID-19 shook us all up, protectionism was on the rise. Tariff wars were increasing, the volume of international trade was down. The largest economies in the world were locked in a trade war and were increasingly using defensive measures to battle for terminological supremacy. And the WTO was adrift with its inability to update rules, to deliver new rounds of multilateral trade revitalization and to enforce the rules that were already there in the multilateral system.

Now assessing how we got to this point, this very complicated point obviously will take me far more than my five minutes. But let me just make the point that the actions of the great powers are

of major consequence. And therefore, I would like to point to what I refer to as a China challenge and then talk about the role of the United States.

So, when I bring up the notion of the China challenge what I have in mind is basically the leaderships recommitment to state capitalism model but doubling down on market distorting subsidies and industrial policy. It's much greater ambitions to dominate new technologies and to acquire self-sufficiency in key sectors. Which would also reduce relations of economic interdependence with other partners. And the more brazen use, of course, of diplomacy that we have seen on the part from China, especially during the months of the pandemic.

Now it's not only China. The United States who is also the architect of the system now also poses a major challenge to its survival. The inward turn, the profound political polarization and dysfunction have been decades in the making. But America first trade policy does represent a distinct challenge, unbrittled, unrestrained unilateralism.

In essence, the Trump administration decided to go it alone in taking on the China challenge. Withdrawing from the TPP, resorting to WTO illegal tariffs against China and abusing national security powers to harass allies and partners.

And the results are plain to see, just as John also referred to. What we're seeing is an expansion, not a reduction of the trade deficit. A first stage deal with China that does not get to the concerns of its industrial policy and the inability to put together an effective coalition of likeminded countries to address the China challenge.

But again, as I promised, I'll try also to find aspects where there is promise, where there is hope. It's not just all a bleak picture. And one of the positive trends in these turbulent years is what we have found leadership where very few expected to find it and here, I'm referring to Japan.

I have recently written an article that goes by the title of the underappreciated power. And what I tried to do there is to highlight, of course, leaders matter. And what Prime Minister Abe did in overcoming some of the domestic obstacles to Japan's leadership is very significant.

But what I was trying to capture in that article is also the longer-term trends that also position Japan well to play a more proactive role at this stage. And let me summarize it as this. Mature liberal democracies that have coped successful economic globalization and where liberalism has not

thrived, has not prospered on short supply and Japan is one of them.

And Japan actually has now embarked on a very robust economic stake craft. It is about trade diplomacy, it is about infrastructure finance in developing countries. It is about providing rules for the digital economy and all of this comes together in an ambitious connectivity agenda for the Indo-Pacific. Where the United States, quite frankly, has left a vacuum and where Japan has stepped in to provide alternatives to developing countries so China is not the only show in town.

The record over the past three years is impressive. Japan helped bring to fruition three mega trade agreements, the CPTPP, the agreement with the European Union that Celine just referred to and the regional comprehensive economic partnership which is expected to be signed by all members except India at the end of the month.

And I do expect that Prime Minister Suga will double down on these initiatives because they have been winning initiatives for Japan. And because the whole of government approach is already very much in place but the challenges are still very daunting. And the Suga administration will also have to double down and be very creative given the issues that are now before us.

First of all, it's important to consolidate, to reenergize the CPTPP. This means encouraging countries who have not ratified yet to do so and bring in new members. It's also very important for Japan to offer a blueprint for (inaudible) reform especially what to do about the enforcement of trade rules.

And finally, an issue where I think Japan has actually been quiet and should be far more proactive, we now expect much more from Japan is ensuring that medical supply chains remain open and vibrant to address with the COVID-19 crisis. And let me end with this point. What is being tested, it's not Japan's own capabilities but a larger premise, a larger idea as to where the future order we're transitioning to can be, there can be a rule for middle powers to have the capability, the ability to help shore up the rules based order.

And what I want to finally say is that we are indeed in a transition point and that we are not going back to the status quo ante. So, when we think about rules based order international trade, we're thinking about bilaterals, we're thinking about regional trends, regional agreements. We're thinking about international deals that cover specific functional areas. We're thinking about overlapping

memberships and that is a future that we are now heading where hopefully Japan, the United States elections. We'll see what happens in a couple of weeks here and then the European Union can find ways to sustain this Liberal International Order. So, I end there. Thanks.

MR. HOSOYA: Thank you very much, Mireya for your insightful comments. Within 10 minutes, we will go into Q&A session and to do the Q&A session with audience, we'd like to have a question by either Twitter or email address. Email address is events@Brookings.edu. And the Twitter account is @BrookingsFP using #afterAbe. So, by using either Twitter or email, we are collecting questions. So far, I get many interesting questions.

But before that, I'd like to ask to the co-editors of the book, "Crisis of Liberal Internationalism," Dr. Funabashi and John Ikenberry on how we can avoid the end of Liberal International Order. We have seen so many pessimistic views about the future of Liberal International Order. Some people, scholars are saying the death of Liberal International Order by the current Coronavirus. And I'd like to know whether you agree with that or not. I'd like to know how we can overcome these challenges or difficulties.

We have only 5 to 10 minutes so it will be difficult for me to collect answers from all the panelists. So, I'd just like to first of all ask Dr. Funabashi and Professor Ikenberry who are co-editors of the book. So, Dr. Funabashi, can I have your view on the future of how to save the Liberal International Order under the current difficulties. Could you also unmute please, thank you very much.

DR. FUNABASHI: Thank you Professor Hosoya, good question. I think the best way to tackle with this challenge to undermine Liberal International Order is to make our society more resilient and cohesive. As John F. Kennedy once wrote just before his death, a nation can be no stronger growth then she's at home. And I think it's really accurately described the challenges how we really should reengage ourselves with the world to rebuild a rule based multilateral order.

First and foremost, you have to put your house in order. And more than that, given that being highly political divided and socially divided, I think it is very much imperative for each country, particularly advanced economies, to really make it that societies more resilient than cohesive.

MR. HOSOYA: Thank you very much, indeed, Dr. Funabashi. Now can I have your view, Professor Ikenberry, John please?



DR. IKENBERRY: Yes. I definitely wholeheartedly agree with Dr. Funabashi that internationalism and liberal order abroad is dependent on some kind of successful liberal democratic system at home. And I think that we can't move forward internationally without our industrial societies retrenching and finding a new way to make the fruits of growth and development widely shared. I think our societies are not functioning as they were during the golden era of liberal internationalism so that certainly is part of the challenge we have.

I think the other challenge is to be more modest and pragmatic about what we mean by building and rebuilding international order. In the aftermath of the cold war, I think there was a sense that the deck of history was stacked in favor of liberal democracy that there was a kind of an inevitable march or liberal democracy. And we now know clearly that's not true and that you have to struggle and there's a kind of long never ending effort to solve problems and secure your principles. And it may not include large parts of the world.

So, I think beyond domestic reform, I think that there needs to be a kind of new sober realization that the liberal democracies have to kind of come back together again. That they have one more effort before the world changes radically and forever to build an order that is built around values of liberal democracy.

And so, I would say in the next cycle when we reach rock bottom and we try to build up again, the liberal democracies have to come back together in some form. They do have shared interests, they do have an unusual capacity to cooperate. And whether it's the old G7 probably not but it might be a D10 or a D12. A group so leading democratic states that want to drive the agenda for reform.

This doesn't mean building a -- circling the wagons and leaving Russia and China on the outside but it does mean that it's going to be a, as I think several of our panelists suggested, a more complicated international order with levels and layers of alignments and subsystems of cooperation.

So, I think the challenge will be to rediscover that set of shared values and interests that liberal democracies have. I think Hans was absolutely right. This will be my final point. Liberal democracies are built around tensions in the values they share. Think about it, liberty and equality coming out of the French Revolution. Individualism and community, sovereignty and interdependence. They are values that can never be maximized without undermining other values that you also care about.

So, it's always balancing and rebalancing.

And the key virtue of a Liberal International Order is it creates a kind of ecosystem, a kind of environment in which liberal democracies can engage in management of their societies so they can balance those competing values. I think in the end, the 21st century is going to be a struggle for what kind of life you want to have.

Do you care about free speech, do you care about accountable government do you want countries that have civil societies, the rule of law, these are all on the table now. They aren't things we can take for granted. And as we rebuild the international order, we should try to create conditions so that we can save values that we want to protect and pass onto our children and grandchildren.

MR. HOSOYA: Well, thank you very much John. Your response is extremely variable. Thank you very much indeed. Before picking up some of the questions which relate to Japanese foreign policy, I'd like to ask Hans to respond to Professor Ikenberry's comment now. Maybe I think that you have some response to his comment.

DR. KUNDNANI: No, I mean I think we agree. I'll just spell out something which I think we agree on and John can tell me if this is incorrect. I mean, I suppose my answer to your question, how do you avoid the end of the Liberal International Order. My slightly flippant answer to that is the best way to -- the most likely way that we're going to destroy the Liberal International Order it seems to me is by refusing to reform it.

You know, in other words, so I think that we should not just be thinking, this would be the central point to me. We shouldn't just be thinking about defending the Liberal International Order, we also need to be thinking about reforming it. And so, in other words, this kind of defensive crouch I think, you know, is actually a little bit counterproductive.

This is why I sort of emphasized at the beginning, you know, the Liberal International Order has evolved and I just think we're at a moment where it needs to evolve again. So, I really liked, you know, Professor Ikenberry's adjectives or verbs rather. You know, you talked about rebuilding, reforming, reconstructing and re-legitimizing. I think that's exactly right and I suppose my, you know, what I'm slightly sort of uncomfortable with in some of the discussions around the Liberal International Order.

It seems to be, you know, there seems to be an impulse to uncritically defend everything rather than say well maybe there are some aspects of the Liberal International Order that it's now clear have gone a bit wrong and we need to reform them. And I would suggest particularly on the economic side and I think you've written this Professor Ikenberry as well. I just think we need to focus as much on reform as on defending the Liberal International Order.

MR. HOSOYA: Thank you very much indeed. Then I'd like to move forward to picking up some questions relating to Japanese foreign policy. And, of course, we have really leading experts on Japanese foreign policy, Celine and Mireya and also Dr. Funabashi. So, I'd like to put some of the questions to you first. I will read several questions. It's really questions from all over the world.

One question is relating to TPP. Under a Biden administration, how do you think about the possibility of the United States returning to the TPP? This is one question. The other question is the Trump administration increasingly showing interest in the Quad framework to counter China. That President Trump does not speak enthusiastically about the Quad. Do you find any disconnection here and if so, what would be the impact and do you think a Biden administration will also place emphasis on the Quad? These are questions from (inaudible) news agency.

And then I'd like to pick up some other questions like interesting question is a question from Mexico. Will Japan enter into a new era or Prime Minister succeeded one another for a very short time, maybe every year. Of course, these are concerns many might have felt perhaps.

And the other is how does Japan view Mongolia and other small countries in the regional rivalry with China, a question from Mongolia. Of course, there are many similar countries around China and they really fear, I guess, the regional rivalry between United States and China and Japan and China. So, how do you assess their concerns.

So, first I'd like to ask both Celine and Mireya if you have some answers to these questions. Celine, do you have some response to these questions?

DR. PAJON: Yeah, maybe I will leave the question on the TPP for Mireya. I think it makes sense. But I can speak a few words on the Quad. That was interesting indeed to see the Quad summit taking place in Tokyo very recently. And Mr. Pompeo making a lot of declarations about his willingness to institutionalize, his wish at least, to institutionalize the Quad.

But I'm not sure that this would be actually a good idea. If you look at the actually what came out of the Quad summit this time, there was not one joined communicate. It was still four different collaboration from the four different countries. So, I think even if they share a lot of interests, values and so on, they are of still differing vision for the regional orders.

And I think as Mireya said, we are going to see and we are already in a very fluid environment, a sort of transition from all the old world to the new one, the next one. And all the countries are adjusting their posture all the time, are trying to navigate very unstable and uncertain times.

So, I'm not sure in this context that wanting to formalize or institutionalize one group as a Quad would be very productive actually. Because it would the force the country to take sides and to be more vocal on their position and maybe tougher on their positions. And maybe in our, you know, era, it's good to keep a bit of a kind of strategic ambiguity or strategic posture at some point.

And I'm thinking about, you know, how France is developing its own Indo-Pacific approach. It has a lot in common with Japan and other countries in the region developing its partnership with India, Australia of course with the U.S. too we share a lot. But also, France wants to keep its own kind of strategic autonomy and strategic space in the region. So, so far, it has been reluctant to join or to associate with the Quad for example.

So, I think it would be important to keep flexible mechanism for cooperation. Maybe not (inaudible) institution but de facto on the ground. We see a lot of different kinds of initiatives, a lot of different kind of cooperation going on and I think it will be the way that partnership cooperation and the regional and world order will develop in the future.

MR. HOSOYA: Thank you very much indeed. Then Mireya, the possibility of the United States within the TPP under the Biden administration if not some association.

DR. SOLIS: Yes, thank you for that question. You know, I think that the situation of U.S. China strategic competition is here to stay with us. And that obviously is going to be a key element in thinking about how the Biden administration is going to think about the regional economic architecture.

But even if you come with a diagnosis that China has recommitted to its state capitalism model and it's important that the United States remain a very present actor in the region. You know, the United States under Biden could decide to play the strategic competition very differently and, you know,

avoid using unilateral currents against allies, recommit to multilateral efforts. So, there is more possibilities, I think.

However, we have to be realistic. And a lot has happened to the United States step out of the TPP. For one, countries in the region found it possible for them to relaunch that into the CPTPP. That successor agreement is not identical to the original TPP, it's close to it. It suspended 12 probations on intellectual property. But that's the one that countries ratified and that's the one that realistically the United States would now be seeking accession to.

Second, the United States has then negotiated things, a U.S.-Mexico trade agreement that it's important to note had bipartisan support here in the United States. So, when you think about the politics of trade in the United States and what it's feasible, we have to look at that agreement. And it obviously incorporated many elements of the TPP. It modernized NAFTA during that.

It also had some provisions that are trade restriction and that have, for example, the clause on non-negotiated trade agreements with non-market economies aka China. And I'm not sure how TPP countries or how Asian countries would react to that formulation.

Moreover, what we've seen from, you know, the Biden campaigns documents on trade policy, there's a big emphasis on Made in America and buy in America. And I understand that this is campaign season and that this could change but nevertheless, it's hard to see how these would actually be seen very favorably among many other countries where the idea is that you're promoting onshoring and you're promoting buying American made products first and foremost.

So, there are a lot of issues to be solved. And I would image that in any possible renegotiation that it would allow the United States to come back to the CPTPP. If I were negotiating on the other side, I would certainly have in my mind to introduce some safeguards to prevent the sudden swifts in American trade policy.

And, for example, to make sure that we're not going to have executive agreements that can be dismissed by the next administration. To make sure that Congress gets to say a role and perhaps to have some provisions to make sure that the national security (inaudible) cannot be abused. So again, it's going to be interesting to watch in the next few years.

DR. HOSOYA: Thank you very much indeed. And I have a few more questions. So, of

course, you don't have to answer all of these questions but let me just lead up some of the interesting questions. One is relating to nonproliferation. What kind of role Japan will play in protecting the future of the nuclear nonproliferation and disarmament architecture? How can Japan make China more responsible for incentivize its involvement in nuclear arms control future farther?

I think that the later one is more important. How Japan and international community can encourage China to join in some of the international frameworks, including of course nonproliferation.

And the other question is what will be Japan's role in addressing the climate crisis? Of course, I suppose the Biden administration would be quite interested in promoting some agreements in climate change and of course Japan should be a partner as well as the European Union and Germany or some other leading European countries.

So, there are many issues, pressing issues but I think that we have just several minutes. So, I would like to provide you one minute each if you have some response to that. Dr. Funabashi, do you have some response to these questions or just a closing remark? One minute.

DR. FUNABASHI: One minute. I would like to respond to the inquiry about the Quad. Some would like to see Quad evolving into Asia NATO as the Quad being a nucleus of the future agent NATO. Prime Minister Suga is not interested in developing that into a treaty based alliance or semi-alliance system. Perhaps he did not elaborate why he was opposed to that. He actually opposed to that in public.

But it certainly would be very much counterproductive and basically, I think a Quad has been driven by the maritime agents increasingly deepening concern about China's challenge to the maritime security and freedom of navigation and order. So, I think that's a glue, that's a primary driver for countries to get together.

Also, I think that there is something missing in Quad that is joint economic aspect. Because that is where we are now confronted most acutely by China's challenge to the Liberal International Order right now. It's not a nuclear proliferation issue, you know, but economic stake craft issues. So, I think a free and open Indo-Pacific concept and vision I think must be given more flesh to the bones.

DR. HOSOYA: Thank you very much to be very precise and relevant. John, do you

have some final remarks?

DR. IKENBERRY: Some final remarks. I think that if there's going to be another cycle of history that includes a kind of center role of liberal internationalism in the global order, U.S. and Japan are going to need to work very closely together. They have deep alignments of value and interests that just have to be at the center of the next cycle.

Obviously, geostrategic interests, climate change, both countries, I think the United States there's a deep social kind of urge or set of pressures primarily coming from younger people, the next generation on getting serious about climate change. And the U.S. and Japan have a lot to learn from each other and to work together on sustainable energy.

And then I think finally when we reimagine and reform global institutions, both countries have, I think, a set of values they would like to make sure get embedded or remain embedded in those institutions. Transparency, rule of law, peer review, civil society, all these what I would call liberal values that are out there waiting to kind of be defended.

So, I think all roads lead to U.S. Japan cooperation in the context of a very, of a multitude of overlapping larger coalitions. But I think it has to be at the center of the next effort.

DR. HOSOYA: Thank you very much indeed and you two have been the core of the bond with the Asia relations for many decades thank you very much. And Hans, do you have last words.

DR. KUNDNANI: Yeah, I guess I'll just reiterate what I was kind of driving at earlier which I think we need to be careful not to think about this in a very binary way. That it's a very straightforward struggle between liberalism and illiberalism. It seems to me a little bit more complicated than that. Let me just give one example which relates to something we discussed and also the UK which hasn't been mentioned so far.

So, you know, I thought it was interesting when Celine began her remarks, you know, she talked about these two shocks in 2016 that led the EU to sort of, you know, realize there's a threat to the Liberal International Order which were Trump and Brexit. And, you know, she specifically mentioned then, you know, the Trump administration withdrawing from TPP. It's quite interesting, I think, that actually the UK post-Brexit wants to join CPTPP. And I think that sort of illustrates, this is a little complicated.

DR. HOSOYA: Thank you very much indeed again for your sophisticated response to the difficult question. So, Celine, do you have some final comments?

DR. PAJON: Just a few words on the question to encourage China to join the international framework and play by the rules and so on. I believe the way that Prime Minister Abe tried to engage conditionally with China is a good idea. The way he opened the door for possible cooperation on the Belt and Road Initiative for example.

It's quite interesting because he put a lot of condition on that and maybe with the hope of some, at some point if China would need the backing of Japan for project or two when China has to actually take this condition into account and work on the more sustainable quality infrastructure kind of project. So, I think this would be a good way to try to work and engage with China if China wants to be engaged. As the Japanese always say, we cannot China if it doesn't want to do that.

And another point, I think it would be interesting to be very precise in the details about the terminologies that we use with China and what we put behind words. Because we are talking a lot about multilateralism and China is presenting itself as a champion of multilateralism and is reaching out to the Europeans to say well you see we have this in common for multilateralism and free trade and so on. And the U.S., the Trump administration is not on this road at all so we should work together.

But of course, what we have in mind from Europe regarding free trade and multilateralism and what the Chinese have in mind are very different. So, we should be able to really try to figure out and define clearly the term of the debate.

DR. HOSOYA: Thank you very much indeed. So, last Mireya, could you wrap up all the rich discussion in a minute?

DR. SOLIS: That's impossible but just a very important point. How can we generate meaningful effective cooperation among liberal democracies without also triggering a zero-sum competition with authoritarian powers? I would say look at what Japan is doing. Japan's multi track strategy actually has been effective. You know, it has acquired with like-minded democracies and it's an initiative that as we've discussed is expanding.

But also has the CPTPP where there's high level standards with countries at different levels of development and countries that are not liberal democracies. And then also it's tried to generate



incentives for China in infrastructure finance to abide by finance standards that promote rule of law, transparency. And therefore, I think that it's possible to do so if you actually want to be active and engage in different fronts and I think it would be an important trajectory to follow.

DR. HOSOYA: Well, thank you very much, brilliant. With this, we can end today's webinar. And I was the one who was most eager to listen to your views and I'm really satisfied with really rich, insightful comments. And I'd like to end this webinar with by cheering up your excellent jobs in the early morning in the United States and dinner time in Japan.

But anyway, thank you very much. We would like to continue this kind of research and debates because I believe that the Liberal International Order will not die. Thank you very much indeed for your participation. Thank you very much.

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