The Perch Pod Episode 21
Stephen Nagy - Japan

Jacob Shapiro:

You're listening to The Perch Pod from Perch Perspectives. Hello listeners, and welcome to another episode of The Perch Pod. As usual, I'm Jacob Shapiro. I'm your host. I'm also the founder and chief strategist of Perch Perspectives, which is a human centric business and political consulting firm. I'm really excited about this week's episode, because joining us is Stephen Nagy. Stephen is a Canadian from Calgary. He's also a distinguished fellow at Canada's Asia Pacific Foundation, and a senior associate professor in the Department of Politics and International Studies at the International Christian University in Tokyo.

Jacob Shapiro:

On the podcast, we talk about Japan. Japan is a pretty inscrutable county from the outside and one that I think is going to be increasingly more important in geopolitical affairs and affairs in the Indo-Pacific. This is true in general in international politics, where folks tend to rely on stereotypes or things that they learned in history to understand the country. I think in the English speaking world, and especially in the United States, this is doubly so for Japan. That's why I was so excited that Stephen came on, because he really does have a keener eye and has spent a lot of years thinking about Japan, living in Japan. He can give us a fuller perspective as we dive deeper in to this extremely important country.

Jacob Shapiro:

Folks, thank you so much for rating and commenting on the podcast. We're up to 56 ratings, and I promised my producers at Audiographies that we'd get to 75 by the end of the month, so if you haven't done so yet, please rate the podcast five stars or however many stars you want, wherever it is you listen to podcasts. Get your friends to do it too. They don't even have to listen to it. Every rating helps for us. Otherwise, all the usual stuff applies. Write to us as info@perchperspectives.com if you want to talk about what you had or breakfast, what you thought about this podcast, or hopefully what geopolitical services Perch Perspectives might be able to do for you, for your company, or someone that you know.

Jacob Shapiro:

Okay. Without any further ado, let's get to Stephen. Cheers y'all. All right. Stephen, I'm really looking forward to this podcast. I've been looking forward to this for months. We've been circling each other and trying to find ways to work together, and finally we've got you on the podcast. Thanks for coming on.

Stephen Nagy:

Yeah. It's a great way to start 2021, and I think a positive year ahead, so thanks very much for having me, Jacob.

Jacob Shapiro:

Of course, and one of the reasons I'm so interested to have you on is that I find Japan an inscrutable country when it comes to geopolitics. It's incredibly hard to understand, and I don't mean that in the stereotypical way, where everybody says the Japanese love contradictions and everything is anything in Japan. I just mean that as somebody who does geopolitical analysis for a living, it's sometimes hard to parse what the Japanese government is doing and why it's doing it, and you've been doing this now for decades. Do you still have any of that lingering inscrutability, or do you feel like it's fairly clear once you've rolled up your sleeves and gotten down into it?

Stephen Nagy:

I think it would be arrogant to say that there's not questions about what the Japanese are thinking and what they're doing, but I think it's pretty clear that Japan needs to balance its economic partnership with China, its engagement in the broader Indo-Pacific, and its security partnership with the United States. That security partnership is not just a security partnership. It's seven decades of institutions, people, presidents, prime ministers, and parties working together. I call it a comprehensive relationship, not just a security partnership.

Stephen Nagy:

It's that balance; How to continue to integrate within the region, how to create a presence within the Indo-Pacific such that it can balance the grandness of China, and I think China's growing penchant for revisionist regional behavior. At the same time, engage with that China, right? We've seen Japan do that through the Regional Comprehensive Economic Partnership, probably moving forward on a trilateral free trade agreement between South Korea, China, Japan, and other relations. Japan can't just have a zero-sum approach to its geopolitical calculations with the region. That's why I think it's a bit difficult to read its behavior if you're just looking at a superficial.

Jacob Shapiro:

You say zero-sum. I mean, I'm automatically thinking of Australia, which seems to be taking a much more hard-line stance on China and is willing to stomach some of the economic pain that comes as a result of that. They might have thought that was coming anyway. South Korea does its own thing with China as well. The first question I really wanted to throw at you was, do you see Japan acting especially more independently going froward in the next couple years? If so, or if not, how do you feel that's going to affect Japanese domestic politics, especially as we go into election season here in Japan?

Stephen Nagy:

I think that we've seen Japan step up to the plate over the past 10 years, and particularly under former Prime Minister Abe's administration. This was for several reasons. First, I think that Japan, again, was thinking about how to continue to engage within the region and balance growing revisionism by China, but also develop some kind of positive relationship. Japan can't change its neighbors, which means it has to find a way to engage with China. At the same time, it has to find a way to shape China's behavior over decades, and I think that is really the long term view, is how to shape the bilateral relations over decades so that it's more positive and rules based. Now, is it moving more independently? I think the answer is clearly yes, but that doesn't mean that it's de-linking or decoupling from the US-Japan relationship.

Stephen Nagy:

What I mean by moving more independently is that, in particular under the Trump administration, that Japan has had growing concerns about abandonment, has growing concerns about the hard-line Trump and Pompeo ideological approach to China, calling out the Communist Party of China, and this hard-line decoupling approach to its foreign policies towards China. Japan just can't make that choice, so what it's done is it's started to develop and strengthen what we call strategic partnerships. The latest one, of course, was the defense treaty between Australia and Japan, where Japan and Australia have agreed to what we call a Reciprocal Access Agreement, where Australian and Japanese troops can train on each other's sovereign territory, which I think is a very, very significant agreement.

Stephen Nagy:

Japan's also working with other partners, such as India, Vietnam. We shouldn't forget the EU. Japan signed the Japan-EU Economic Partnership Agreement, but as well the Japan-EU Asian Infrastructure Connectivity Agreement. These are demonstrations of this willingness to go out and engage in multilateral partnerships and bilateral partnerships, which are meant to focus on rules based behavior in the region, not just in terms of the economic domain but also to try to buttress that rules based behavior in the Maritime domain. That's where I think initiatives, such as the Free and Open Indo-Pacific vision, are really critical to how Japan views its position within the region moving forward.

Jacob Shapiro:

I want to hit on the word revisionism, because you've used the word a couple times now. I just want to define it a little bit more clearly, I guess, for listeners. When you say that Japan or the countries in the region in general need to worry about Chinese revisionism, what specifically do you think that Japan is worried about when you're using that phrase?

Stephen Nagy:

I think that what we've seen over the past 10 years is China tried to reshape the Maritime environment in its favor. I think that initial impetus for these changes started back in the early 1990s with Taiwan holding an independent election. We saw Chinese do a weapon testing or missile testing in the streets of Taiwan, and of course

under the Clinton administration. Two aircraft carrier groups sailed through the straights of Taiwan. This had the strongest message to the Chinese that this behavior would be unacceptable. The learning lesson from the Chinese from that experience is that they need to reshape their peripheral environments, such that they can keep the United States out and that they can have free access into the Pacific.

Stephen Nagy:

What they've done is they've created many kinds of asymmetric capabilities to, I think, broadly achieve that objective. I think the first one is of course the Anti-Access/Anti-Denial missile system, which basically raised the cost for the United States to repeat that experience of sending two aircraft carrier groups through the Taiwanese Strait. We've seen the Chinese build artificial islands and militarize those islands in the South China Sea in an attempt to try and establish facts on the ground or facts in the sea. We've seen a very proactive, successful attempt to fracture ASEAN, so it doesn't work in the way it should be to solve regional issues. That's their consensus based decision making within amongst ASEAN members.

Stephen Nagy:

What we see in the East China Sea area is China actively reshape the security environment towards the United States and, of course, Japan. In the South China Sea, we've seen establishing facts on the ground, and even in the Himalayan plateau, we've seen most recently in May 2020 the Chinese and the Indians have a bus stop. I'm not sure what we want to call it, because they wear clubs with spikes on them, but really pushing the boundaries of its peripheral environment during the height of the COVID-19 pandemic, which really strongly suggests that they're trying to reshape, again, the regional environments so that it supports some of China's core interests, which is really territorial integrity as first and foremost in terms of their core interest.

Jacob Shapiro:

Yeah. As regards to the India/China stuff, the first thing that came to my mind for some reason was that the first rule of Fight Club is that we don't talk about Fight Club, but we will get to India in a second. I guess, one of the ways when I'm thinking about the Asia-Pacific, in general of course, is that the original revisionist in the region is Japan. I think I've struggled with whether Japan is an indicator of what China's future might be, and you can make the argument multiple cases, but to me the one that is most disturbing is the fact that the reason that Japan turns so militaristic at the beginning of the 20th century was because it was dependent on foreign inputs for its industry, which is still true today.

Jacob Shapiro:

It's why Japan relies so much on the global trading order and why the liberal international order is not just lip service for Japan. They depend on it. Their livelihood is dependent on it. China really wasn't that way for most of its history. It didn't have to import the things that it needed for the Chinese people to have good lives that they thought were great, stable, harmonious, or whatever word you want to throw in there. That's really not true anymore, and it hasn't been true roughly since the 80s

and 90s. You see China going out and needing to secure access to more land to grow food, needing to secure access to things like lithium in Argentina, or needing oil from the Middle East. How far would you play the sort of Japan in the first half of the 20th century comparison to what behavior we're seeing out of China today?

Stephen Nagy:

I think the parallels are really, really interesting when we think about Japan's modernization period in the Meiji period. It sent out its ships to Southeast Asian to secure natural resources, and of course during the imperial era it doubled down on this, and it occupied large swathes of China, of course, and Southeast Asia to secure forestry resources, other energy resources, and to try to dominate those sea lanes of communication.

Stephen Nagy:

In this sense, I think that there are parallels with China in terms of how China is building a naval presence and a Maritime presence so that they can at least have some control of sea lanes of communication to ensure that exports can continue to be exported abroad, but importantly imports of natural resources, energy resources, and, as you said, those special materials that go into a lot of the things that China is producing, whether it's lithium or otherwise. I think the major difference is that Japan has been, and I think it's always been a Maritime power. It didn't have the continental aspect to its economy to give it different choices. What we see is China is a continental power, and it's using the continental size, as well as access to build an integrated self into an Eurasian economy through the Belt and Road Initiative; Those five land quarters, and of course there's a Maritime quarter as well.

Stephen Nagy:

These are meant to bring alternatives to China in terms of bringing in resources, to exporting resources, and that includes energy resources. We look at China's strategy moving forward. They're building rail and other transport links through the China-Pakistan Economic Corridor, and this is meant to give it direct access to the sea to allow for energy resources to be imported back into China. We see transport corridors through Southeast Asia to do the same thing to avoid the Malacca Dilemma to avoid those critical choke points that the United States controls now between Singapore and Indonesia, as well as to avoid a potential choke point in the South China Sea. I think there're some parallels between Japan and China, but I think that China has many more options in terms of how it can secure energy resources and other resources to keep its economy growing for the near to mid term.

Jacob Shapiro:

Would you say that makes you more optimistic that China might find a more peaceful way to rise than Japan did in the first half of the 20th century, or are you increasingly worried that China is actually going to follow that Japan path, even if it does have more continental resources at its disposal?

Stephen Nagy:

I think China's preference is to use its economy as a way to shape the behavior of a neighboring state and states that it deems critical to its national security but also its economic security. I think the Belt and Road Initiative is probably representative of that strategy of building roads, infrastructure, and ports with countries throughout China's backyard. It creates a kind of economic interdependence or dependence on the Chinese market, but it opens up the Chinese market to those countries so that they can export, bring capital back to their countries, and improve the quality of their lives.

Stephen Nagy:

Part and parcel of that relationship is that when there are political differences between Beijing and those neighbors, the economy will be used as a lever or leverage to pressure those countries to make different choices. We've seen that recently in 2017 with the South Koreans after the installation of the terminal high altitude defense missiles, and what we saw is the Chinese really stop tourism to South Korea, stop the boy bands from coming to South Korea. Those are other forms of informal economic coercion to try and shape South Korean behavior.

Stephen Nagy:

You mentioned at the onset of today's discussion, of Australia. Australia is, I think, having a very, very difficult time with China. China is using its economic relationship with Australia to try to shape its behavior. In my home country, Canada, we experienced this as well after the arrest of Ms. Meng Wanzhou. What we've seen is, of course, the arrest of two Canadian, Michael Kovrig and Michael Spavor, but we've also seen our economic relationships tumble with the increased inspections on Canadian agriculture products coming into China, but also some of those products being banned.

Jacob Shapiro:

I want to be careful, because I can already feel myself drifting into China when the whole point of this is to talk about Japan, so let's put a book end in China for now. I'm sure they'll come up a little bit later in the podcast, but I wanted to turn the page here and talk a little bit about Shinzo Abe, because there was a major political transition in Japan this past year, an unexpected one. In some sense, I view Shinzo Abe as a bit of a tragic figure. He's certainly changed the way the Japanese politics works, but I think he never really got to do everything he promised or wanted to do. Right when he was at the peak of his powers, his body fails him.

Jacob Shapiro:

Now you have Suga in there who is this sort of placeholder until elections come in 2021, in October 2021. I think there is a real question about whether Japan is going to go back to the topsy-turvy revolving door at the top political dynamic that it had before Abe, really redefined the Japanese political map, or whether Suga is the next in this semi-dynasty of politicians who are going to go forward and are going to continue the same sorts of policies that Abe pioneered. Where you're sitting, how does it feel to you? How do you view Abe and his time in office, and do you view

going forward, Suga's first couple of months, and where we're going as we get into the election here in Japan?

Stephen Nagy:

I think his legacy needs to be kind of focused into as domestic legacy and his international legacy. I think at the domestic front, it's mixed. He inherited an economy that was battered by the 3.11 earthquake and tsunami by three years of, I think, poor governance by the DPJ. He fundamentally shifted the direction of Japan's domestic economy as well as its international reputation. He did that through quantitative easing and devaluation of the Yen, as well as some structural reform on the domestic economy. It did accrue benefits, it did accrue growth, and it did accrue praise by domestic stakeholders as well as international stakeholders, in terms of pushing Japan in a different direction. He adopted a so-called Womenomics, and I think Womenomics has had mixed success, but I think it has sent the right message to corporations in Japan and to the international community that Japan is interested in shaping and changing how it views the place of women in its economy. I think that he made some-

Jacob Shapiro:

Can you actually pause there and just explain a little bit more? I think some of my listeners might not understand what a big deal that is, so just kind of break that apart for us.

Stephen Nagy:

Yeah. Womenomics is really to try and bring more women into the Japanese economy to ensure that they're not just, what we call Sakura or Cherry Blossoms in the office, but rather they move up into management positions and upper management positions, and really that they take on a much greater role within the Japanese economy. What we've seen is that more women are moving into management positions. We've seen more women working in the Japanese economy, and I think if I remember the figures right, about 72.9 per cent of Japanese women are working in the economy. That's above the OECD average, which I think is really significant. I think that really the inclusion of women in the economy has been, in some ways, half hearted.

Stephen Nagy:

We've seen that over the past year in terms of COVID-19 and its impact on the economy, is that really women have been the ones that have been laid off first. Women have been the workers that have lost their jobs first to ensure that men remain the major breadwinner in terms of the breadwinners in Japan. That says a lot in terms of the institutionalization or the lack of institutionalization of these Womenomics' principles. Still, corporate Japan and Japanese businesses in general see women as kind of placeholders, or they're shock absorbers if there's an economic downturn instead of real stakeholders and leaders in the economy. I think that, again, on Womenomics, the Abe legacy is somewhat mixed. It's positive in terms of highlighting the importance of women in the economy, but really the institution and

cultural changes haven't been adopted at a deeper level to ensure that women can remain a critical part of the Japanese economy moving forward.

Jacob Shapiro:

Is it fair to say then that Abe has been dealing with a certain level of inertia in the Japanese system and that the reason that you would say that his overall legacy is mixed is because, while he did some really tangible things to push Japan in a new direction and to be more, I would use the word aggressive, on the international stage, and to be more innovative at home in ways that maybe Japan wasn't willing to be, that Abe really pushed it in that direction, but he wasn't able to maybe change Japan fundamentally, or maybe, as you were saying, some of the adoption of some of those reforms were more half-hearted? Is that a fair characterization of what you're saying, or am I going too far?

Stephen Nagy:

I think that maybe you're going a bit too far here. I think that, frankly, he wasted some of his political capital in the first two years on things like constitutional change. I think that this political capital should have been used to try and transform the economy, make those structural changes, and push for more structural change within the economy. If you know anything about Prime Minister Abe's background, he comes from the part of Japan that was really responsible for the Meiji Restoration. The Samurai clan from the Chōshū clan, they understood that to withstand and to push back against the imperial powers from Europe is that Japan needed a strong economy, and it needed to have strong security, but it couldn't have strong security without a strong economy.

Stephen Nagy:

They instigated and they started this rapid modernization program, which allowed Japan to transform and translate its economic power into military power, which made it more secure. It also created the conditions for its march towards imperialism. Prime Minister Abe, in 2012 when he came back as Prime Minister, I think he learned those lessons, but his ideological inclinations towards constitutional revision and some of his revisionist views about history, I think that he focused too much on the first two years in those two areas rather than focusing on the economy. Once he got over that and started focusing on economic reform and his really transformative policy, he really started to accrue momentum. That momentum has, I think, really created a foreign policy legacy that is not only consequential, but I think it will be long lasting and will be inherited not just by Prime Minister Suga, but by success of prime ministers.

Jacob Shapiro:

Then, I would ask let's look forward a little bit at both the domestic and international level. Where does Suga go from here? Is that momentum going to carry forward here, or do you think that things are going to get reversed now that Abe has had to step down?

Stephen Nagy:

I think that the first four visits by Prime Minister Suga is really indicative of the direction that he's going to go in terms of foreign policy, and that was to Vietnam and Indonesia. That sends the strongest signal of continuity between former Prime Minister Abe Shinzō's foreign policy and Prime Minister Suga. Prime Minister Abe, on his first foreign trip in 2013 was to Indonesia, where he talked about these five principles of foreign policy. Really, it was focused on democracy. It was focused on free and open societies. It was focused on developing strong relations with Japan and Southeast Asian countries. With Prime Minister Suga visiting Indonesia and Vietnam on his first foreign visit, and this is during the COVID-19 pandemic, really sends a strong signal that Suga is interested in continuity, in particular with the free and open Indo-Pacific vision.

Stephen Nagy:

You hear that in his domestic speeches, and you hear that in his international speeches. I think that the broader establishment of the Liberal Democratic Party, as well as the other smaller opposition parties, really understand the critical nature of the free and open Indo-Pacific vision and that it focuses on rules based community. It focuses on the maritime domain. It focuses on development in trade, and economy, and I think growingly it's going to focus on building health care infrastructure throughout the Indo-Pacific region, as well as other important aspects of development infrastructure connectivity. I think that this is something that there's consensus within the foreign policy establishment in Japan, but there's also consensus in the LDP, as well as relative consensus within the mainstream political parties in Japan.

Jacob Shapiro:

That all makes sense to me, but how about at the domestic level? Do you think that Suga is the odds on favorite to win his election coming up in October?

Stephen Nagy:

This is a really interesting question. I think that right now in Tokyo we're seeing daily COVID rates at about 800 infections a day, and I know compared to the United States or the UK this seems like nothing. It's a city of 40 million. There's only 800 infections a day, right? It doesn't seem like a lot, but the Japanese voters are incredibly critical of their politicians, and they see this as, in some ways, existential and a clearly irresponsible infection rate that is related to politicians' inactions.

Stephen Nagy:

I think that Prime Minister Suga will take a big hit despite the numbers not being that high. I think that the political predators within the LDP will start to see, is it an opportunity for them to hold the vote within the party or to push for re-election and see what happens? There's some really strong candidates for a future prime minster. I'm thinking Kono Taro was one. He's an outspoken defense minister today. He's now the minister for the Ministry of Internal Affairs and Communications, which is responsible for transforming the Japanese economy, for digitization of the Japanese economy. He was a former foreign minister, a former defense minister. I mean, he has all the pieces of the puzzle to be a very strong prime minister.

Stephen Nagy:

Above and beyond that, I think that he has that rapport with the international community because of his time in the United States studying at Georgetown University. There's also other strong candidates, and I think the current Foreign Minister, Motegi, is a strong candidate to be the prime minister, as well as others. I think that they're waiting for the time where they can step in and really be a prime minister that is consequential, like Prime Minister Abe or Prime Minister Koizumi, or those other prime ministers that were in the job for more than four or five years that allowed them to actually not only start a policy but implement it, execute it, and then have long-term impact on the domestic front as well as the international front.

Jacob Shapiro:

Absolutely. We've already talked a little bit about Japan and how it's approached China, but you already mentioned Indonesia and Vietnam, and I think those are crucially important. I think India is the other one here, because it seems obvious to me that if Japan is going to be able to have that balanced relationship with China, it can't balance it by itself just in terms of its demographic heft or its numbers. It's going to need to find allies and not just the United States, because the United States is far away and, as we're seeing right now, I think is self absorbed with itself in its down domestic political squabbles. What do you think the most important foreign relations ... I guess let me rewind that a second. Do you agree with me that India is maybe the most important relationship that Japan has to cultivate? If not, or even if so, what are some overlooked relationships that Japan really needs to strengthen in order to buttress its own position in the region?

Stephen Nagy:

Let's start with India, and then I'd like to pivot to Southeast Asian, and then lastly to Australia and the EU. I think when we think about India, the relationship is fundamentally strong at the leadership level but also at the citizen level. When you talk to Indian officials and people in Indian government, they see Japan as their future. They see Japan as being cultural. They see Japan as being modern. They see Japan as being influential and powerful. They see their bilateral relationship is not being securitized. If you know a little bit about World War II, they see Japan as a country that really helped liberate them from the British Empire, so they have this unique historical relationship and a lack of friction that enables them to build their relationship.

Stephen Nagy:

They also have a common challenge, and that is China. I think that they both see each other as complementary to their economies and to the needs of their societies. Japan is capital rich. It's very modern. It is interested in creating alternative production networks and supply chains throughout the Indo-Pacific region, not to replace China but to have an alternative supply chain to ensure that another shock to the Chinese based global production network won't have global repercussions again. India itself sees itself as young, having a big population, being a place where it can receive ODA, oversees development assistance and foreign direct investment. In

many ways, they see each other as complementary as a way to build an economically strong partnership.

Stephen Nagy:

Part of that partnership will include a security element, and we see that through the Quadrilateral Security Dialogue. The question on the security dialogue is how will they define and conceptualize their security partnership? For the Indians, they want to focus on the Indian Ocean, and they want to focus on security as including a developmental side, including supply chains. Japan is looking at security in a broader context in a Maritime domain that extends far beyond the Indian Ocean to include the South China Sea and East China Sea, the areas that I think Japan really thinks about in terms of its own Maritime security environment.

Stephen Nagy:

Where have they gone, and where are they moving? Currently, India is the biggest recipient of Japanese foreign direct investment, as well as ODA, which is very significant. That says a lot about the confidence in the bilateral relations moving forward. Japan has already built infrastructure corridors between Mumbai and Calcutta, and they're building a manufacturing plant in North Eastern New Delhi, which is again trying to recreate some of the experience that Japan had with China in the 1980s and '90s in terms of building a production network and building manufacturing centers. Japan is looking to India to be the next China to some extent, and I think that's going to be really critical moving forward.

Stephen Nagy:

Pivoting to Southeast Asia, Indonesia and Vietnam are of course going to be critical partners. As I mentioned, Prime Minister Suga visited these two countries. Former Prime Minister Abe also visited these two countries many times during his tenure as prime minister. We're going to see a continuing investment in these two giant countries, because they have young populations, they're relatively pro-Japan, and they're going to be critical actors in ensuring that ASEAN functions in a constructive way.

Stephen Nagy:

Why Japan sees these countries as important is that if Southeast Asia is going to function more autonomously, more independently of China, is that Japan needs to help build their economies such that they can have alternative choices to China. Japan sees these countries as important partners to strengthen Southeast Asian countries' strategic autonomy so they could function as a more reliable partner for Japan. I mentioned Australia, and Australia is a critical partner for Japan, not just because of the synergy between their economies but because of their alliance relationship with the United States. This partnership is going to continue to be critical.

Stephen Nagy:

Lastly is the EU. Again, I mentioned the Japan-EU Economic Partnership Agreement and the Japan-EU Asian Infrastructure and Connectivity initiative. These are both

meant to put Japan and inculcate Japan into large multilateral agreements, but also to bring those countries back into the Indo-Pacific and to understand that the Indo-Pacific is the region that is going to be the economic engine for global growth. It's going to be the area where the rules of trade are going to be shaped through the next generation of economies in trade. It's also going to be an area of instability and challenges. By bringing those countries into the region through multilateral trade agreements, Japan views these countries as an important counter-way to China's largess within the region.

Jacob Shapiro:

Yeah. It's funny. I Tweeted about this the other day, where Japan is encouraging ... I think it was Germany. Yeah. Japan was encouraging Germany to send a frigate to help them build a free and prosperous Indo-Pacific. I was wondering to myself, "If you were an American in 1944, and I told you that Japan would be urging Germany to dispatch its naval forces to the Indo-Pacific to help make sure that sea lanes change open", I wonder what that American would have said based on that, but that's exactly what we're seeing today. I agree with everything you said. I thought it was pretty indicative that South Korea didn't make your list, and it seems to me that the Japan-South Korea relationship is the fundamental flaw or the weak point in the U.S. security alliance in the region that people aren't necessarily paying enough attention to.

Jacob Shapiro:

You can kind of take both sides of that. You can say that South Korea is just not letting bygones be bygones. You can also say, and you alluded to this earlier about some of the ways that Abe maybe squandered his opportunities or has weird revisionist views of his won, that Japan is sort of condescending towards South Korea and takes South Korea for granted in a way that maybe it shouldn't. Where do you see Japan-South Korea relations, because I've got to think that for Japan keeping South Korea in fold, at least strategically, has to be hugely important, but maybe there are political and even economic limitations to doing what Japan needs to do to keep them in the fold?

Stephen Nagy:

Out of brevity, this is why I didn't mention South Korea or ASEAN in general. I think that if we're thinking about a broader Indo-Pacific vision or strategy to, again, help kind of evolve in a more positive direction, South Korea and ASEAN are both critical area and countries that we need to be thinking about. My view is that, again, the Japan-South Korea relationship, as well as the Japan-South Korea-US relationship, is such a critical partnership that needs to be strengthened within the region.

Stephen Nagy:

For the past five years, of course it's been really fundamentally challenged by domestic politics in Japan and South Korea. I say this, that both countries are responsible for this. Seeing this from Tokyo, you see this clear politicization of the relationship with Japan in Seoul by the Moon administration. It's very clear, right? When he came into power, he openly said that the comfort women agreement that

was signed in September 2015 by Prime Minister Abe, a staunch conservative … I don't think anybody else could signed that agreement at the time or even today. Then, we had the GSOMIA Agreement, the agreement on intelligence shared between South Korea, Japan, and the United States, being reneged upon by the South Koreans. Then, we had an incident where South Korea locked their radar on Japanese fighters.

Stephen Nagy:

We've had so many political challenges between the two states that both countries at the domestic level see each other as a threat, which we wouldn't have thought that 10 years ago, but today the countries have a very dysfunctional relationship. I think it's going to allow for other countries like China to really create a wedge in a broader Indo-Pacific strategy to shape China's evolution. Until Japan starts to have a more functional working relationship with South Korea, whether that's bilaterally or within the trilateral context with the United States, it's going to be difficult to have a cohesive strategy within the region that includes South Korea.

Jacob Shapiro:

Yeah. I think you and I are both of the same mind that this is critical, and critical for both sides, to get this right. I would put aside sort of what we want from that grand strategic level and say … Do you think that's going to happen? Where do you think South Korea-Japan relations are going to be five years from now, ten years from now, based on what's happening today? Do you think there will eventually be a softening and pragmatically both sides will understand that they really need each other if they're going to get all of their interests, or do you think that some of those obstacles and constraints are too strong and might actually allow that wedge to be formed?

Stephen Nagy:

I think the Moon administration is probably the fundamental reason why Japan is not willing to shift its position on South Korea at the particular moment, because he's seen as untrustworthy partner for the Japanese because of his reneging on the South Korea comfort woman agreement. Now we have litigation by the Supreme Court in South Korea against Japanese businesses for forced labor. From the Japanese side, these are clear politicization of the relationship that's making it very difficult to build trust. I think here in Tokyo, policy makers are looking beyond the Moon administration to who will be the next president in South Korea, and from that they'll try to build a new relationship. I think the South Koreans felt the same way about Prime Minister Abe, that he wasn't somebody that they could work with. What's interesting though is we have Prime Minister Suga that's coming in September, and the South Koreans I don't think have been as proactive with Prime Minister Suga as they could have been in terms of reshaping the dynamics.

Stephen Nagy:

Again, this reflects the domestic priorities of the Moon administration to really try to focus on the North Korean issue, reunification, denuclearization. Then, working with Japan doesn't win you many points in the South Korean context, and that's the same

in the Japanese context. Building better relations with South Korea doesn't garner a lot of political capital in Japan. Rather, it pulls away the capital, because they're viewed as untrustworthy partners. Whether that's true or not, we're third parties looking at these particular problems. I think that we see that both parties have a responsibility for the deterioration of the relationship, but we need to look at this from how the stakeholders are viewing this and try to understand why relationships continue to deteriorate. I see post-Moon as an opportunity to reshape the relationship. Most likely, the U.S. can play a role here.

Jacob Shapiro:

I hope you're right about that. Stephen, I can talk to you all day, but I don't want to take up too much of your time. I'll get you out of here on this. I asked this of Tony Rinna, who was on the podcast a couple episodes ago, a sort of version of this question. You're a Canadian who's been living in Japan for a while now. What's your favorite Japanese food dish?

Stephen Nagy:

I love sea urchin. This summer, I spent some time on the coast, and I had fresh sea urchin scooped out of a sea urchin body. It was so delicious. I couldn't believe the briny flavor. It was just wonderful.

Jacob Shapiro:

I'm going to have to take your word for that, because I don't know if I can get into that. So, it tastes like a briny, salty kind of thing? What would you compare it to?

Stephen Nagy:

Officially? It's buttery but briny at the same time, and it just melts in your mouth. It's just a really exotic taste.

Jacob Shapiro:

All right. Stephen, thank you so much for joining the podcast. We'll have to have you back on maybe after elections next October in Japan, and see whether things have changed or not.

Stephen Nagy:

That'd be great, Jacob. Thanks so much for having me, and I wish you the best in 2021. Let's hope that the vaccines get out as soon as possible.

Jacob Shapiro:

Amen to that. Cheers.

Stephen Nagy:

Yeah. Cheers.

Jacob Shapiro:

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Jacob Shapiro:

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