

We Must Understand the Reality of “Trump 2.0” and Formulate a Strategy in Response

The Trump administration’s high-tariff policy is generating shockwaves throughout the world. In this issue of *My Vision*, we explore the background to this policy and consider what Japan’s response should be.

About This Issue

We Must Understand the Reality of “Trump 2.0” and Formulate a Strategy in Response -Delineating the Background to the Knotty Problem Posed by the U.S.

Masaki Taniguchi

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The second Trump administration has been in office for several months now, and the direction of “Trump 2.0” has become clearer. Among the administration’s policies, one that has had a broad international impact is the levying of high tariffs. What is the thinking behind these high tariffs that target even U.S. allies? What political processes form the background to this policy? And what strategies should Japan adopt to minimize the negative impact of Trump’s tariff policy? For this issue of *My Vision*, we put these questions to experts with extensive knowledge of U.S. politics, economics, and diplomacy.

Keywords...Ideas behind “Trump 2.0”, reciprocal tariffs, intra-governmental politics

Expert Opinions

We Must Understand the Reality of “Trump 2.0” and Formulate a Strategy in Response

What is the background to President Trump’s high-tariff policy?

What strategy should Japan adopt in response?

Unitary Executive Theory under President Trump: Japan Needs Medium-term Strategic Responses to Uncertainty

Ayako Hiramatsu

Associate Professor, Center for Pacific and American Studies, Institute for Advanced Global Studies, Graduate School of Arts and Sciences, The University of Tokyo

Keywords...“Project 2025” report, unitary executive theory, stifling of diverse and sound policy debate

Hold International Discussions Rather Than Individual Negotiations, and Free Companies from Shareholder Primacy

Toshiyuki Shiga

Chairman and CEO, Innovation Network Corporation of Japan (INCJ), Ltd.

Keywords...Shareholder primacy, contribution to one’s own country, international forums

Japan Must Work with Liberal Democracies to Present a New Global Tariff Strategy

Tsutomu Hashimoto

Professor, Faculty of Economics, Hokkaido University Graduate School

Keywords...Neoconservatism, overarching tariff concept, global justice

Use Trump’s Economic Policies as an Opportunity to Explore New Relationships

Hiroshi Ohashi

Professor, Graduate School of Economics, The University of Tokyo

Keywords...Resurgence of industrial policy, prioritization of own nation, pan-Asian economic zone

With a U.S. Administration That Views the Economy and Security as Linked, Japan Should Take the Initiative to Develop and Propose a Strategic Package

Kenji Minemura

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Keywords...Blocking China’s hegemony in Asia, upgrading of the Japan-U.S. alliance, decoupling from China

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Interviewer: Kazuko Kawamoto (Chief Senior Fellow, NIRA), Yuki Takenaka (Research Coordinator & Research Fellow, NIRA)

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-Delineating the Background to the Knotty Problem Posed by the U.S.



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“Trump 2.0” is sweeping the world. A flurry of presidential decrees and new policies, including withdrawal from the Paris Agreement, an international framework to combat climate change, withdrawal from the World Health Organization (WHO), and a policy that male and female are the only genders have resulted in shock both domestically and abroad.

The Trump administration initiative that has attracted the most attention, however, is the policy of “reciprocal tariffs” announced on April 2. Having, we are told, taken into consideration the tariff rates and non-tariff barriers of trading partners, the U.S. decided to increase tariff rates, imposing tariffs of 24% on Japan, 20% on the EU, and 34% on China (temporarily totaling 145% when combined with other additional tariffs that had been imposed up to March). However, as of this writing (May 2025), the imposition of tariffs has been temporarily suspended to allow for negotiations with other countries.

What is the Trump administration thinking in implementing an external economic policy of this type that lacks all economic rationality? And how should Japan respond to this policy initiative? In this 77th issue of *My Vision*, we put these questions to five experts under the theme of understanding the reality of “Trump 2.0” and formulating a strategy on that basis.

Thinking Behind the Policy / Origins of the President's Support Base

Ayako Hiramatsu, an associate professor at The University of Tokyo, points out that one of the reasons why seemingly irrational policies are being implemented one after another is that conservative Republicans are promoting the concentration of power exclusively in the hands of the president, based on the idea that the president is the only one who can represent the voice of the American people in a unified manner. As a result, simplistic policy ideas presented to Trump continue to be enacted as executive orders without congressional deliberation. Trump considers the introduction of chaos and uncertainty into the existing order as a bargaining chip in itself, and by this means, attempts to extract concessions from his counterparts. Professor Hiramatsu indicates that Japan therefore needs to avoid a hasty response, carefully assess the U.S. position, and adopt a strategic stance.

Toshiyuki Shiga, President and CEO of the Innovation Network Corporation of Japan (INCJ), Ltd., and Hokkaido University Professor Tsutomu Hashimoto both point out that the policy focus of the Trump administration and Republican Party has shifted from Wall Street (large corporations and the financial sector) to workers and small and medium-sized businesses. This change has been clearly stated by Treasury Secretary Scott Bessent, who leads tariff and trade negotiations with other countries. Republican policy advisor Oren Cass, who is close to Vice President Vance and Secretary of State Rubio, and who was reportedly involved in Trump’s tariff policy, also emphasizes this direction.

Mr. Shiga points out that the corporate focus on global markets and shareholders has led to a neglect of social responsibilities such as domestic job creation and payment of taxes. As a result, although the U.S.

has successfully shifted its industrial structure from manufacturing to the IT sector, some workers have been excluded from the benefits of this shift. This contributed to the advent of the Trump administration with its “America First” focus. Japan should learn from this and promote the building of supply chains that emphasize local procurement and a corporate culture that values diverse stakeholders, such as employees, business partners, and local communities, rather than shareholders exclusively.

According to Professor Hashimoto, Trump holds the fundamental belief that “hard-working workers support the nation,” based on a neoconservative ethic. In order to realize this belief, he is willing to introduce high tariffs, even if it results in higher prices for goods, to bring manufacturing back to the U.S. and rebuild the white working class. Professor Hashimoto proposes that Japan should take the lead by presenting a vision of an ideal tariff system that moves away from protectionism and promoting free trade under the rule of law. Furthermore, he believes that Japan should initiate discussion toward the creation of an international framework that imposes high tariffs on non-democratic nations to encourage democratization.

From “Trump 1.0” to Radicalized Nation-first Thinking and a Change in Policy Toward China

With regard to differences and continuities between the first and second Trump administrations, Professor Hiroshi Ohashi of The University of Tokyo focuses on the aspects of continuity, while Kenji Minemura, Senior Research Fellow at the Canon Institute for Global Studies, focuses on the changes.

According to Professor Ohashi, the Trump administration’s policies continue a trend that emerged with the global financial crisis, when industrial policy was used as a tool to support nation-first agendas. He points out that a naïve free market ideology will not be sufficient to protect national interests in the face of Trump’s high tariffs and America-first thinking. He argues that Japan should view the present trend of Asian countries distancing themselves from the U.S. as an opportunity, and accelerate its current efforts to establish a robust economic presence in diverse countries in the region.

On the other hand, Mr. Minemura explains that the “regime change faction” (which sought to overthrow the Chinese Communist Party) that influenced the first Trump administration is no longer present in the second administration; the “resource prioritization faction” now has the major influence. Facing the reality that the U.S. is no longer the sole superpower, the prioritizers believe that the nation must prioritize the investment of national resources in blocking China's rise to hegemony in Asia. Under these circumstances, Mr. Minemura stresses that Japan must look beyond tariff issues, and, as a nation at the forefront of U.S. strategy toward China, must proactively consider possible actions it can take to help avoid a Taiwan contingency, and demonstrate concrete contributions to security.

According to Oren Cass, mentioned above, the Trump administration is currently in the process of forming a coalition, and the interests of various groups align and conflict. Rather than speaking of the “Trump administration” as a single entity, we should look more closely at the administration’s intra-governmental politics, with policy decisions the result of bargaining among multiple actors.

Professor Taniguchi is NIRA's President and a Professor in The University of Tokyo's Graduate School of Public Policy. Professor Taniguchi specializes in political science and contemporary Japanese politics.

Expert Opinions

Unitary Executive Theory under President Trump: Japan Needs Medium-term Strategic Responses to Uncertainty



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The Trump administration's tariff policy has its origins in the ideas of economist Peter Navarro, who has served as an advisor to the administration. In his "Project 2025" report, published in April 2023 by the Heritage Foundation, a conservative think tank, Navarro entirely rejects the framework of multilateral cooperation and free trade that has heretofore been led by the United States. He believes that other countries are exploitative, lack reciprocity and unfairly drive up the U.S. trade deficit. He argues that bringing back and reviving jobs, particularly in the manufacturing sector, that have been lost to China and other foreign countries will also strengthen U.S. national security. However, it is difficult to understand why raising tariffs is the only effective measure towards achieving these ends, and also why high tariffs are being imposed on allies such as Japan and Canada.

Behind the adoption of this seemingly irrational policy lies a political movement to centralize power in the hands of the president. In interpreting the U.S. Constitution's provisions on the executive power, conservative Republicans have promoted what is known as the unitary executive theory. Based on the premise that the departments and agencies of the federal government and Congress do not adequately represent the voice of the American people, and that the presidency is the only institution that can unitarily represent that voice, this theory seeks to centralize all executive authority under the president and prioritize his personal will.

The second Trump administration is bringing this theory to the forefront. The decision-making process has become one in which simplistic policy ideas are presented by Navarro to Trump, and the President then implements them through executive orders and other unilateral means. The majority of Congress is critical of Trump's policies. However, there is a fear that if they openly criticize Trump, they and their families may be subjected to unpleasant harassment from Trump supporters, creating a situation in which diverse and sound policy discussions are stifled.

Such a highly uncertain situation created by the Trump administration will continue at least until the November 2026 midterm elections, or until January 2029, when his term will be completed. Even if the midterm elections give the Democrats a majority in Congress, unprecedented scenarios, such as Trump seeking to shut down Congress, cancel the elections, or plot to remain in office beyond 2029, cannot be ruled out. Trump will attempt to use the disruption of the established order and uncertainty as bargaining chips to extract concessions favorable to the U.S. At the very least, Japan must keep in mind that this is not a short-term battle, and must carefully assess the uncertainties in U.S. policy and formulate its responses on that basis.

Professor Hiramatsu specializes in the study of contemporary U.S. politics. She analyzes U.S. political trends from the second half of the 20th century from a variety of perspectives, including the U.S. Congress, party reform and the protection of voter rights. She earned her Ph.D. from Johns Hopkins University in 2016. Professor Hiramatsu has held her current position since 2021; she was an assistant professor in Nanzan University's Faculty of Foreign Studies before that. She is a council member of the Japanese Association for American Studies and a member of the Board of Councilors of the Japan Association for Comparative Politics.

Expert Opinions

Hold International Discussions Rather Than Individual Negotiations, and Free Companies from Shareholder Primacy



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Lying behind the Trump administration's high-tariff policy is the claim that the U.S. opening its markets to free trade after World War II and accepting a wide variety of products from around the world resulted in the decline of the U.S. manufacturing sector and the accumulation of huge trade deficits. While there is some truth to this claim, the real cause of the decline of the U.S. manufacturing sector was the widespread adoption of the idea of shareholder primacy among corporate executives. Companies focused only on the global market and the investors who made up their shareholders, opting to manufacture and procure products from outside their own country at low cost to save on taxes, and neglected their contribution to their own country in the form of domestic employment and tax payments. As a result, the U.S. successfully shifted its industrial structure from manufacturing to the IT sector in the 1990s, but this left behind workers in declining domestic industries.

It is shareholders and investors who elect corporate managers, but it is the people who elect the political leader, the President. Looking at a breakdown of the American people, there is a significantly greater number of workers who were not saved by the transformation of the industrial structure than those who gained wealth via the IT sector. It is these workers who are behind the advent of the "America-First" Trump administration. Trump's objective is to address the fundamental contradiction between profit-oriented corporate management against a background of globalization and domestic contribution to the U.S. by supporting the manufacturing sector with high tariffs. Although the tariffs are likely to reduce U.S. industrial competitiveness in the long term, Trump is trying to address deep-seated problems in the U.S. with this policy, and we should not consider it a policy that will be easy to reverse.

In light of the current state of U.S. policy, Japan must also seek to resolve the contradictions brought about by shareholder primacy. First, Japan needs to rethink optimal procurement on a global scale, by which the least expensive parts are procured from all over the world. We should then seek to contribute to local communities by building supply chains that prioritize localization, procuring what can be procured in the region of production. Further, we should transform corporate management culture from a shareholder-first to a stakeholder-first value system. Investors should be encouraged to evaluate companies from the perspective of stakeholder-oriented management that adopts the concept of "local production for local consumption" and produces products in the country where they are consumed, rather than that of the immediate stock price.

In order to respond to the U.S.'s irrational tariff policy, Japan should seek its correction in international forums such as the G7, G20, and WTO, rather than through individual negotiations, which could be disadvantageous to us. In these forums, we should not only discuss U.S. policy, but also press for restrictions on China's export offensive based on its excess production capacity and unfair subsidies, symbolized by "Made in China 2025," which the U.S. feels threatened by. We must bring the U.S. and China into the fold through discussion, seeking to protect free trade and build a cooperative system.

Born in Wakayama City. Joined Nissan Motor Co., Ltd. in 1976 after graduating from Osaka Prefecture University. Mainly in charge of sales in Asia, and from 1991 stationed in Indonesia for about six years. In 1999, he involved in the conclusion of an alliance with Renault. And served as the head of the Planning Office and the Alliance Promotion Office as a liaison between the front line and the company, participated in the planning and implementation of the Nissan Revival Plan. In April 2000, he selected to become Managing Executive Officer. Achieved results in emerging markets, particularly in China. Served as Chief Operating Officer (COO) from April 2005 until November 2013, he appointed as Representative Director and Vice Chairman. In June 2015, became public-private Fund, Innovation Network Corporation of Japan (now INCJ), and served in this position to the present day. Aims to create and foster new industries through open innovation by actively supporting startup companies that propose new technologies and business models in INCJ.

Expert Opinions

Japan Must Work with Liberal Democracies to Present a New Global Tariff Strategy with Activist Investors



Tsutomu Hashimoto

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U.S. President Donald Trump has announced the imposition of U.S. trade deficits. Entrepreneurs Peter Thiel and Elon Musk, both supporters of the Trump administration, oppose the high-tariff policy, but Trump is pushing the policy even as he disavows it. Underlying his thinking is the neoconservative philosophy of restoring the ethic of “hard-working workers supporting the nation” to the United States. The goal is to bring manufacturing back to the U.S. by imposing high tariffs and thus revive the white working class, even if it makes goods more expensive. Neoconservatism has continued to exist in the U.S. in a variety of forms since the 1970s, and Trump's thinking can be positioned among these forms. It is similar to the ideology of neoliberalism, but is characterized by its emphasis on the protestant work ethic, whereas neoliberalism recognizes the diversity of individual moral values.

Trump's scenario of the revival of U.S. manufacturing through high tariffs is unlikely to be realized within his four-year term; realizing this goal would actually require 10-20 years. Trump may be attempting to work over the long term, creating a political landscape that cannot be pulled back from. At the same time, for Japan, which has no natural resources and is highly dependent on trade, Trump's tariff policy will have a significant impact. However, Japan will constantly be at a disadvantage if it reacts to every single thing that Trump says or does. Japan needs to initiate discussions on the concept of what the ideal tariff system should be in order to find a compromise.

This ideal system would be the use of tariff policies to achieve free trade under the rule of law and by this means realize world peace. In the process of globalization in the 21st century, the liberal democracies have lost economically and authoritarian countries such as China have won. It is essential that we seek these countries to realize the rule of law and democracy. However, we cannot directly interfere in their internal affairs, and it would be undesirable to cut off trade with them on grounds such as their authoritarianism, given that this would increase the risk of war. We would therefore impose high tariffs on non-democratic countries and provide an incentive towards the realization of the rule of law and democracy by reducing tariff rates based on the status of realization of these goals.

This is an overarching tariff concept that offers global justice and is a global strategy that the US can use to its advantage. Japan should work with other liberal democracies to make this case to the US.

Dr. Hashimoto specializes in the fields of political philosophy, sociology, liberalism, and economic thought. He has long focused his thinking on the keyword “liberty,” and has published numerous works on the subject. He analyzed the ideology underpinning the Trump administration in a paper entitled “Tekku kigyokatachi no ideogii - Iiron Masuku to Piitaa Teiru” (“The Ideology of Tech Entrepreneurs: Elon Musk and Peter Thiel”), published in the journal Sekai in May 2025. Dr. Hashimoto completed coursework towards a Ph.D. degree in Interdisciplinary Social Sciences in the Graduate School of Arts and Sciences of The University of Tokyo. Prior to taking his present position, he held positions as a full-time lecturer and an associate professor in Hokkaido University's Faculty of Economics & Business Administration. Dr. Hashimoto is also the President of the Synodos Institute of International Studies. He is the author of numerous papers and books.

Expert Opinions

Use Trump's Economic Policies as an Opportunity to Explore New Relationships



Hiroshi Ohashi

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While the Trump administration's economic policies may appear clumsy in their formulation and communication, they seem to continue a trend that began with the global financial crisis in the fall of 2008—a major turning point for the world economy. The shift that occurred at this time was characterized by a resurgence of industrial policy as a tool to support emerging nation-first agendas. Although there were exceptions, such as Japan's support for Japan Airlines, many world leaders at the time—mindful of the painful lessons of the Great Depression—sought to avoid industrial policies that could fuel protectionism.

Later, the first Trump administration, inaugurated in 2017, put forward an openly nation-first policy: it withdrew from the Trans-Pacific Partnership Agreement (TPP) on the grounds that bilateral negotiations would bring more favorable terms. The administration also imposed sanctions against China for intellectual property infringements. The pandemic saw a similar trend spread to other liberal democracies. For example, more than 80 countries implemented export restrictions on products such as medical protective clothing, disrupting global supply chains. Faced with this trend towards nation-first thinking and the realization of national self-sufficiency, Japan also instituted frameworks to realize economic security.

The Biden administration strengthened the shift toward government support for industry and actively introduced subsidies for domestic industries. The current Trump administration aims to boost domestic investment, particularly in manufacturing, by implementing high tariffs to further intensify its nation-first industrial policy.

In the real world, in which the perfect competition projected by economic theory does not exist, free trade is established via relationships of trust among trading nations. Faced with a great power that wields high tariffs and advocates a focus on its own priorities, a naive free market ideology is insufficient to protect our national interests. Japan, a country with limited natural resources—including energy—and a shrinking domestic market, must both secure economic autonomy and become indispensable to its strategic partners. After enduring a prolonged period of economic stagnation, Japan now faces an urgent need to transform its industrial structure and generate new sources of added value. Under the banner of decarbonization, the country is advancing a new industrial policy built on fresh strategic foundations. Central to this effort is the Asia Zero Emissions Community (AZEC), through which Japan seeks to build a pan-Asian economic sphere. As several Asian countries increasingly distance themselves from the United States, Japan should view the current moment as a strategic opportunity to establish a robust economic presence across a diverse set of regional partners—and accelerate these initiatives with consistency and resolve.

Professor Ohashi specializes in industrial organization and competition policy. He analyzes business and consumer behavior from the perspective of industrial organization theory, and examines and evaluates competition and industrial policies. He holds a Ph.D. from Northwestern University. Professor Ohashi took his current position in 2012, following terms as an assistant professor in the University of British Columbia's Sauder School of Business and as an associate professor in The University of Tokyo's Graduate School of Economics. He has also served as Vice President of The University of Tokyo since 2022. He received the Ishikawa Prize from the Japanese Economic Association in 2014 and the Nikkei Economy Books and Culture Award for his book *Kyousou seisaku no keizaigaku - Jinkou genshou / dejitaru-ka / sangyou seisaku* ("The Economics of Competition Policy: Population Decline, Digitalization, and Industrial Policy") (Nikkei Publishing Inc., 2021) in 2021.

Expert Opinions

With a U.S. Administration That Views the Economy and Security as Linked, Japan Should Take the Initiative to Develop and Propose a Strategic Package



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Both the first and second Trump administrations have adopted a hard-line policy toward China, but with different thinking. China policy in the first administration was led by a “regime change faction,” which aimed at overthrowing the Chinese Communist Party. However, this faction is not present in the current administration. Instead, prioritizers occupy important positions. They believe that the U.S. is no longer a superpower and that resources should be prioritized toward blocking China’s rise to hegemony in Asia. Undersecretary of Defense Elbridge Colby, the Pentagon’s number three, provides the theoretical underpinning of this faction. Colby seeks to create a coalition against potential Chinese hegemony, centering on Japan and encompassing the Philippines, Australia, and other countries in order to prevent an

invasion of Taiwan. Vice-President J.D. Vance is strongly influenced by Colby. While Vance hews closely to the position that the U.S. should stay out of international affairs, he feels the need to confront the Chinese threat and gives priority to deterring China. The key issue for the Trump administration should be seen as deterring China, based on the goals of the prioritizers.

Given this tough U.S. stance against China, Japan should not focus solely on tariffs. A key feature of President Trump’s foreign policy is the linking of economic and security issues. The fact that in this context Treasury Secretary Bessent, who is responsible for tariff negotiations with Japan, has stated that Japan would “get priority” in upcoming tariff negotiations indicates that the US has reduced its priority on Europe and the Middle East and given a higher priority to Asia, in particular Japan. For the United States, the importance of Japan as a bulwark against China has never been higher. The Japan-U.S. alliance is Japan’s backup in dealing with China; Japan should take the opportunity offered by its increased importance to upgrade the alliance while strengthening its own defense capabilities.

Given this, Japan must proactively define its strategy, build a comprehensive strategic package, and negotiate with the U.S.. In other words, Japan must assess the threat of China’s ever-increasing defense spending and examine its strengths and weaknesses in relation to preventing a Taiwan contingency, including a possible invasion. It must then clarify what it expects the U.S. to do to supplement its efforts. Demonstrating a commitment to regional security in this way would facilitate tariff negotiations.

Looking further into the future, as the U.S. moves toward decoupling from China, Japan will have to choose what kind of relationships it wants to have with the U.S. and China, respectively. The era of enjoying the guarantee of security from the U.S. and economic benefits from China is coming to an end.

Mr. Minemura is a think tank analyst possessing a deep knowledge of U.S. and Chinese domestic and foreign policies, based on years of research in both countries. Following his graduation from the Department of International Politics, Faculty of International Politics and Economics at Aoyama Gakuin University in 1997, he joined the Asahi Shimbun in the same year. He has been a correspondent for the newspaper’s China General Bureau (Beijing) and American General Bureau (Washington), and a senior correspondent (overseeing diplomacy and U.S.-China relations), taking his current position in 2022. He is also a visiting professor in Hokkaido University’s Public Policy School. Mr. Minemura received the Bourne-Ueda Memorial International Press Award in 2011 for his reporting on China’s security and information policies, and the Newspaper Publishers and Editors Association Award in 2021 for his scoop concerning the LINE personal information management issue and related reporting.