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UP & DOWN ASIA

Trump Will Make China Great Again

Threats of 45% tariffs, currency wars and America-first rhetoric could play into Beijing's hands.

By
WILLIAM PESEK
November 15, 2016

President-elect, Donald Trump. *Photographer: Patrick T. Fallon/Bloomberg*

Donald Trump doesn't enter the White House for 66 days, but China's leaders are already dancing in their Beijing offices.

That's not the official line. On the surface, Xi Jinping's government is aghast at the protectionist U-turn in Washington, Trump's fiery China-bashing and pledges to shock international trade dynamics. Below it, Xi's Communist Party has big plans for making China great again these next four years - with the unwitting help of America's next leader.

Trump's haste to pull out of the 2015 Paris agreement on climate change is a preview of how it'll work. When Xie Zhenhua, China's veteran climate chief, says "I believe a wise political leader should take policy stances that conform with global trends," he trolled Trump on three levels. One, his grasp of basic science (Trump says climate change is a hoax created by China). Two, his role as global spoiler. Three, the irony of a businessman missing the biggest business opportunity of our day: replacing fossil fuels.

Beijing's poke also demonstrates how Trump is ceding the mantle of environmental leadership to the world's worst polluter. As it takes the moral high ground and looks downright

magnanimous, Beijing shows how it plans to run circles around Trump. Here are three other ways in which China is anxious to profit from the Trump White House.

Antiquated economic views. Trump has ample latitude to disrupt China Inc. should he follow through with threats of 45% tariffs and currency wars. With 6.5% growth becoming harder and harder to maintain, China needs U.S. consumers to buy its goods and corporate America's investment and knowhow to move up market. Amid daunting overcapacity and mounting debt, Trump's policies would cause considerable pain in the short run. But Trump aims to battle a Chinese model that no longer exists. The days of cheap China labor "stealing" millions of U.S. jobs have already given way to designs on inventing smartphones, semiconductors and self-driving cars and letting India and the Philippines have the factories on which Trump obsesses. China is already focused on a post-Wal-Mart era of innovation and apps. Trump understands hardware China, but doesn't seem to grasp its software aspirations to out-Apple Apple and Silicon Valley. There's a reason China's state media took Vladimir Putin's lead and endorsed Trump: as Trump fights the economic wars of the past, Beijing will have space to devise a winning formula for the future.

Political cover to play favorites. With his America-first rhetoric and anti-globalization mindset, the Trump years will play right into Xi's emphasis on lavish subsidies on national companies and giving blank checks to local government or entrepreneurs looking to be/or produce the next Jack Ma of Alibaba fame. Last year, Premier Li Keqiang unveiled a 10-year endeavor called "Made in China 2025" that aims to improve technological and industrial innovation, promote Chinese brands, becoming a leader in green manufacturing techniques that can be sold globally and morph the mainland into the epicenter of robotics, medical devices and high-term transportation. But it also aims to keep out foreign influence and involvement, something that's become increasingly controversial in recent years. A year ago, the talk was about how companies from Qualcomm to Chrysler to GlaxoSmithKline to Johnson & Johnson to Samsung were being hit with massive fines by Chinese regulators for arbitrary reasons. Now, it's about Trump doing the same in the U.S. -- and China having *carte blanche* to steepen its playing field against corporate America.

Asia trade blind spot. This column has never been kind to President Barack Obama's Trans-Pacific Partnership, an opaque 12-nation mess of a deal written by corporate lobbyists and stacked against the common man. But by offering nothing in its place, Trump is ceding influence to an economy he pledged to contain. On Sunday, Pakistan accepted the first massive shipment of Chinese goods via the renovated Gwadar port, a sign that links between China,

Asia and beyond are about to reshape global trade in Xi's direction. As Washington bickers about old enemies from Tehran to Moscow and risks making new ones, China is making its economy great again by seeing to it that all roads lead back to Beijing. "Is it time," asks Carl Weinberg of High Frequency Economics, "to make a good deal so both the U.S. and China can prosper from trade together?" The odds are low. Trump's most ardent supporters, the ones chanting "build the wall" would rebel. It also would get in the way of Xi's plan to outsmart Trump at every turn and to remind his 1.3 billion people democratic elections aren't all they're cracked up to be. China's leaders, as Trump liked to say, are smarter than America's. Don't the Chinese know it!

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UP & DOWN ASIA

Trump Fans Should Consider the Philippines

White House hopeful shares worrying parallels with the leader of Southeast Asia's third largest economy.

By
WILLIAM PESEK
October 10, 2016

Donald Trump, Republican presidential candidate *Photo: Andrew Harvey/Bloomberg*

Economists have long fantasized about a way to track alternative realities.

What if a simulator could've told George W. Bush where the world might be now if the U.S. hadn't invaded Iraq? What if Japan's Shinzo Abe could've seen the benefits had he put priority on structural reform rather than devaluing the yen? What if David Cameron could've gamed out the wreckage Brexit wrought? What if we could accurately foresee the results of something other than sanctions to deal with North Korea?

The good news for Americans contemplating a Donald Trump presidency is that there is indeed a "what if?" they can point to where an erratic authoritarian with the temperament of a schoolyard bully wins the election: the Philippines.

It's hard to remember a better example of conventional wisdom breakdown, of a country moving with such breakneck speed from optimism to near panic, than Southeast Asia's third-biggest economy. In the 102 days since Rodrigo Duterte moved into the presidential palace, talk has swung from credit upgrades to downgrades, from progress to backsliding, from greater transparency to opacity, from good governance to good grief and from vacation mecca to Kevlar-vest-required hot zone.

Filipinos who think that last reference as unfair (the guy has a 76% approval rating, after all) should consider the global optics of President Duterte's violent crackdown on a supposed drug crisis, let alone his genuinely bizarre concept of diplomacy. The bands of hit squads roaming the Philippines - producing more than 3,000 extrajudicial killings so far - make the place feel more like Chile, circa 1973, than the one Benigno Aquino bequeathed Duterte three months ago.

As reports of the daily bloodshed on CNN, BBC and NHK shoot the nation's global standing in one foot, Duterte seems determined to blast away at the other one, too. It's one thing to call U.S. President Barack Obama a "son of bitch" and the Pope a "son of a whore," threaten to leave the United Nations, slap the European Union around, wax poetic about emulating Hitler, brag about womanizing and joke about sexual assault à la Trump. But his Plan B - cozing up to China and Russia - isn't just terrible strategy. It's the diplomatic equivalent of petulance, and threatens everything Aquino achieved to morph the "Sick Man of Asia" into an investment darling.

Just something for pro-Trump voters to consider. Granted, the level of Philippines political development, the quality of its public institutions, the dominance of a handful of dynastic land-owning families, the scourge of poverty and Manila's lack of international influence make the comparison far-fetched. But three important parallels are worth considering for voters in Florida, Ohio and Colorado. One: Duterte rose from the same populist energy fueling Trump's candidacy. Two: like Brexit, few outside observers thought Duterte (or Trump) could ever happen. Three: Trump's bizarre talk of an America in ruins makes Obama's nation sound no better off than Duterte's.

"There are no checks and balances to stop the thin-skinned Trump from undoing - 140 characters at a time - years of diplomatic efforts from Iran to North Korea to France to Japan to Canada."

In my trips to the U.S. this year, fellow Americans reassured me with talk of checks and balances. Don't worry, they argue, the legislative and judicial branches will restrain Trump's worst impulses. These roadblocks, I'm told, will keep Trump from building a giant wall, deporting 16 million people, banning Muslims, closing down parts of the Internet, dismantling press libel laws, dissing NATO, renegeing on security arrangements in Asia, encouraging Japan and South Korea to go nuclear, using nuclear weapons and so on.

That's not even considering the more immediate risk: a @realDonaldTrump account. Imagine what a 70 year-old sexist who never seems to sleep and wages 5 a.m. Twitter wars over beauty queens and sex tapes will say about Germany's Angela Merkel, South Korea's Park Geun-hye, Chile's Michelle Bachelet, Liberia's Ellen Johnson-Sirleaf or China's Peng

Liyuan, wife of President Xi Jinping. There are no checks and balances to stop the thin-skinned Trump from undoing - 140 characters at a time - years of diplomatic efforts from Iran to North Korea to France to Japan to Canada.

Don't expect the Supreme Court to halt executive actions and military adventures once Trump loads the bench with his children, cronies and surrogates. And Republicans in Congress are too afraid to stand against a possible Trump presidency, never mind a real one. These checks and balances, remember, were supposed to stop Duterte from turning the Philippine government into his own little revenge mechanism.

Again, the U.S. and Philippines are a poor comparison on so many levels. But on a recent visit to Manila, I heard the same crack from so many government officials, businesspeople and friends there: Soon, you Americans may elect your own Duterte. Trouble is, President Duterte is a risk to 100 million Filipinos. President Trump could be trouble for 7.4 billion people around the world.

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UP & DOWN ASIA

This Donald Trump Joke Isn't Funny Anymore

*Asian leaders fret the Republican candidate will turn
his fiery rhetoric into a destabilizing reality.*

By
WILLIAM PESEK
August 18, 2016

Donald Trump - 2016 Republican presidential candidate. *Photographer: Patrick T. Fallon/Bloomberg*

It happened again the other day. There I was, interviewing an Asian finance minister. I'd barely asked two questions when he turned the tables on me: "So, Donald Trump - please, please, please explain this to me! It's no longer funny to me and my government."

Nor me, as an American on the frontlines of the Republican Party choosing a xenophobic, misogynist who appears to know even less about foreign policy than economics. I'd gotten a bit of this please-translate-your-politics-for-me in 2004 when voters reelected George W. Bush. But it's hard to exaggerate the confusion, angst and genuine fear a possible Trump White House provokes in a region I've called home for a dozen years - not to mention wreaking havoc with my expatriate existence.

Just about everyone I encounter on flights, in airport lounges, in taxis, in bars, in my Tokyo neighborhood, on the subway, in my e-mail inbox, on social media feeds and in formal interviews asks some variation of: "Could this really happen?" or "What is America thinking?" or "Time to buy gold?" At first, these queries were mere sardonic banter. Increasingly, the tone is downright alarmist.

There's a pattern to such exchanges. Trump questions are posed carefully and noncommittally at first. Once my inquisitor senses that I, too, am horrified by the GOP candidate, they relax and

unload. This happens stateside, too. In the last few weeks, I visited Queens (Trump's hometown and mine), Boston, Washington D.C. and Dallas and engaged in the no-I'm-not-voting-for-that-guy shorthand Americans do these days. Like many, I cringe looking at my Facebook feed.

But overseas, this joke just isn't funny anymore. Don't take my word for it. It's not we in the crooked media (in Trump's bizarre world view) warning a Trump presidency would be "ruinous," but Republican Asia experts Michael Green, George W. Bush's top Asia adviser, Patrick Cronin, former senior U.S. Agency for International Development official, James Clad, former deputy assistant secretary of defense, Frank Lavin, former undersecretary of commerce.

Their concern should the reality-show star put his "nostrums" into practice? That Trump's policies, which offer "only bluster or preposterous panaceas" for Asia, would "wreck our country's credibility, economy, and leadership in very short order." Strong words, and ones that, from my own meetings and conversations around this region, are right on.

"In short, if the Trump brand," GOP experts warn, "becomes America's brand, we can expect ruinous marginalization in Asia and unwanted compliance with rules which the Chinese and other challengers set." Such warnings matter because Trump supporters trust that the political novice will surround himself with experts in economics, energy and foreign policy. And here you have a distinguished gang of experts declaring their support for Democratic candidate Hillary Clinton - and probably holding their noses as they do it.

"The reason Asia experts plan to "reluctantly for some, but unavoidably" vote for Clinton is China. They get how a Trump White House would be a godsend for Xi Jinping."

Clinton isn't a particularly beloved option in much of Asia, either. During her days as U.S. senator and secretary of state, Clinton ruffled many a feather by pressing governments on introducing human rights, labor standards and environmental responsibility. In a 2013 poll by Communist Party mouthpiece Global Times, Clinton was voted the "most hated U.S. political figure in China."

Nor do the Japanese recall the Clinton administration years, or Clinton's visits to Tokyo representing Barack Obama, fondly. Even so, Prime Minister Shinzo Abe's Japan is apoplectic about a Trump White House. "Although Hillary Clinton is not all that popular in Japan, where the ruling Liberal Democratic Party has found it easier to work with Republicans, Trump is toxic," Asia expert Jeff Kingston writes in Foreign Policy.

Trump is jaw-droppingly ignorant of decades-old U.S.-Asia security arrangements. The reason the above-mentioned Asia experts plan to “reluctantly for some, but unavoidably” vote for Clinton is China. They get how a Trump White House would be a godsend for Xi Jinping.

Publicly, President Xi has been mum. But as far back as March, Chinese state media were taking a page from Vladimir Putin and endorsing Trump. China relishes winning global clout as Trump shoots the U.S. in the foot. “Trump is not a lunatic,” wrote the Global Times, but rather a “shrewd businessman” accurately reading the pulse of an electorate tired of “imperial hegemony.” Xinhua, meanwhile, took comfort in the “rebirth of American isolationism” and evidence, at least then, of “Trump gaining ground” and “panic in Japan.”

Wherever I am - Bangkok, Hong Kong, Manila, Seoul and my adopted city Tokyo - all anyone wants to talk about is whether this Trumpian moment is fact or fiction. Americans here share tales of brushes with Trump-adverse Asians. At a summer festival in Kyoto recently, a number of Japanese approached me out of the blue to talk about The Donald.

At times, I feel vaguely stalked by the Trump question. Without fail, CEOs and investors voice concerns to me about Trump’s talk of trade wars with China, disdain for immigrants, broadsides against Muslims, obliviousness of global affairs and his empowerment of xenophobes. I have, for better or worse, grown used to my new role as a Trumpsplainer and lament the nice expat life he’s upended. What I still can’t get my head to accept, though, is how my countrymen and women could support a man so wildly unfit for office. A vote for Trump, remember, is one to make China great again.