

THE OBAMA ADMINISTRATION AND CHINA: POSITIVE BUT FRAGILE EQUILIBRIUM

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The Obama administration's initially positive and constructive engagement with China comes amid continuing differences and mutual suspicions. The priorities and pragmatism of U.S. and Chinese leaders and enduring U.S. leadership in Asia demonstrate that the positive equilibrium in relations between the two administrations is likely to continue, though it will remain fragile because of different interests and suspicions.

Key words: U.S.-China relations, U.S. policy in Asia, Obama administration, engagement, mutual suspicions

Initial Encounters: Signs of Convergence and Divergence

The course of Sino-American relations one year after the nomination of Senator Barack Obama to be the Democratic Party nominee for president of the United States has been smooth. There has been a notable absence of substantial debate in the United States over China policy both during the U.S. presidential election campaign and the initial months of the Obama presidency. This stands in contrast to the last three transfers of U.S. presidential power from one party to the other: from Jimmy

Carter to Ronald Reagan, from George H. W. Bush to Bill Clinton, and from Bill Clinton to George W. Bush. Those major turning points in American politics saw issues in U.S. China policy figure prominently in the election campaigns and in the early years of each incoming U.S. government. The changes in presidential power were accompanied by contentious U.S. debates and U.S. government positions strongly at odds with those of China over U.S. relations with Taiwan (especially from Carter to Reagan), human rights, trade practices, Taiwan policy (Bush to Clinton), and the security threat posed to the United States, Taiwan, and U.S. allies in Asia by rising Chinese economic, political, and especially military power (Clinton to Bush).¹

Some Chinese and U.S. advocates of close U.S. engagement with China were initially wary of the incoming Democratic president.² During the campaign, Senator Obama and Hillary Clinton, his main opponent in the Democratic Party presidential primaries and his choice as Secretary of State, had at times voiced strong views on protecting American jobs from unfair Chinese and other international competition. They also were close to Democratic Party leaders in the Congress, House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, who had long records strongly opposing Chinese policies and practices over human rights, trade, Tibet, and support for so-called rogue

1. On changes in U.S. China policy, see James Mann, *About Face* (New York: Knopf, 1999); Harry Harding, *A Fragile Relationship* (Washington, D.C.: Brookings Institution, 1992); Robert S. Ross, *Negotiating Cooperation* (Stanford, Calif.: Stanford University Press, 1995); David Michael Lampton, *Same Bed Different Dreams* (Berkeley, Calif.: University of California Press, 2001); Robert Suettinger, *Beyond Tiananmen* (Washington, D.C.: Brookings Institution, 2003); Jean Garrison, *Making China Policy* (Boulder, Colo.: Lynne Rienner, 2005); and Nancy Bernkopf Tucker, *Strait Talk: United States-Taiwan Relations and the Crisis with China* (Cambridge, Mass.: Harvard University Press, 2009).

2. The findings of this section are based on the author's presentations and participation in seven day-long conferences with groups of Chinese and American government and non-government specialists on the status and outlook of U.S.-China relations under the Obama administration. The conferences took place between April and July 2009 in Washington, D.C., Shanghai, and Beijing.

regimes such as Sudan, Iran, Zimbabwe, Myanmar, and North Korea.³

After coming to power, the Obama government took steps to reassure Chinese leaders, notably during Secretary of State Clinton's initial visit to China in February 2009 and during President Obama's initial meeting with Chinese President Hu Jintao at the sidelines of the G-20 summit on the international economic crisis in London in April. Over the course of a few months, U.S. and Chinese leaders reached agreement on positive terms such as "constructive" and "cooperative" that they then used consistently to characterize their relationship. They began top-level exchanges between U.S. and Chinese leaders at international meetings and planned Sino-U.S. summits in China and the United States. A more comprehensive dialogue between top economic and international affairs leaders of both countries was established. Military exchanges, suspended by China on account of a U.S. announcement of a large sale of arms to Taiwan in 2008, were resumed. The two governments were in agreement on the need to address salient issues such as the global economic crisis, climate change, and energy, and a variety of regional hotspots in Asia ranging from North Korea to Southwest Asia and the Middle East.⁴

The prevailing positive interaction between U.S. and Chinese leaders in these months failed to hide assessments among many U.S. and Chinese officials, specialists, and other observers about important differences and concerns that continued to hamper improvement in U.S.-China relations. The differences not only served as a drag on forward movement in relations;

3. To track recent developments in U.S.-China relations, see the quarterly reviews by Bonnie Glaser in the e-journal *Comparative Connections* (www.csis.org/pacfor). For assessments of the Obama administration's approach to China, see Jacques deLisle, *China Policy Under Obama* (Foreign Policy Research Institute, February 15, 2009), available at www.fpri.org; and David Shambaugh, "Early Prospects of the Obama Administration's Strategic Agenda with China," Foreign Policy Research Institute, *E-Notes* (April, 2009).

4. Bonnie Glaser, "Laying the Groundwork for Greater Cooperation," *Comparative Connections*, vol. 11, No. 2 (July, 2009), pp. 27-34.

they also were seen as capable of prompting a crisis or decline in relations under certain circumstances.⁵

Security Issues

China's rising military power seemed to be moving beyond a strategy designed to thwart or delay the intervention of U.S. forces in a possible military conflict between China and Taiwan. The advent of the Taiwan administration of President Ma Ying-jeou in 2008 abruptly changed Taiwan's approach to China from confrontation to reassurance. The change greatly eased tensions in cross-strait relations. Whether by design or coincidence, Chinese government surface ships and submarines at this juncture became more active in challenging U.S. Navy surveillance activities in international waters near China but distant from Taiwan. The result was a number of incidents and confrontations between Chinese and U.S. ships in the South China Sea and the Yellow Sea. The actions of Chinese ships confronting and harassing the U.S. surveillance ships, and the accompanying Chinese official commentary labeling the U.S. patrols as illegal and unjustified, indicated to many observers heightened Chinese resolve to challenge U.S. access to and control of the seas near China, a primary interest of the U.S. government since the end of World War II.⁶

Concerning Southwest Asia, the Obama government came to power with new emphasis on pursuing the conflict in Afghanistan and dealing with violence and internal instability in Pakistan. Seeking international support for these efforts, high-level U.S. officials pressed China to do more to support the U.S.-led military efforts against the Taliban in Afghanistan and to support improved governance in Pakistan. The Americans were privately disappointed with China's reluctance to work closely with the United States in these areas. The Chinese arguments against more active and substantive support for the American-led efforts varied.

5. In addition to sources noted, these findings come from in-depth discussion at the seven conferences cited in note 2.

6. Scot Marciel, Deputy Assistant Secretary of State, testimony before the Senate Foreign Relations Committee, July 15, 2009, at www.state.gov.

They included Chinese worry about the viability of U.S. strategy and what a failed American effort in Afghanistan and Pakistan would mean for China, a neighbor of both countries. There also were Chinese concerns that, if successful in Afghanistan, the United States might broaden its presence in Central Asia along China's periphery, an outcome opposed by China. And Chinese concerns also focused on disadvantages for China in identifying closely with the U.S.-led assistance effort to Pakistan, which could reduce China's ability to interact with various forces, including those opposed to the United States, in this neighboring state of great strategic importance for China.

Regarding North Korea, the Obama government entered office poised to use the Six Party Talks and bilateral discussions with North Korea in seeking progress in getting Pyongyang to fulfill its obligations under agreements reached in the talks during the previous U.S. administration. North Korea's escalating provocations created a major international crisis in 2009 that forced the Obama government to change priorities and give top-level attention to dealing with Pyongyang. The provocations included a long-range ballistic missile test, a nuclear-weapon test (North Korea's second), withdrawal from the Six Party Talks, and resumption of nuclear weapons development. Escalating North Korean provocations and the Pyongyang regime's strident defiance of UN Security Council resolutions and international condemnation compelled a U.S. policy review. Obama and other government leaders also consulted closely with concerned powers, notably key allies Japan and South Korea, and China, in assuring a firm response from the UN Security Council. In June the Council imposed sanctions in addition to those imposed after North Korea's first nuclear test in 2006, and called for inspections of suspected weapons shipments to and from North Korea. The United States also planned its own unilateral sanctions in order to pressure Pyongyang to halt the provocations and return to negotiations.

The common ground between the United States and China as a result of ongoing Sino-American and other consultations in dealing with the crisis seemed substantial. Nevertheless, differ-

ences continued between the United States and China over such issues as the utility of international pressure against North Korea. Moreover, there was no assurance in either Washington or Beijing that negative and positive incentives from the United States, China, and other concerned powers would lead to improvement in North Korea's behavior. Few were optimistic in mid-2009 that the crisis would subside soon. Further North Korea provocations, especially North Korean moves to transfer nuclear capabilities to terrorists abroad, were seen likely to provoke strong use of force by the United States at odds with China's concern to preserve stability in the neighboring country.⁷

Climate Change

The shift in the U.S. government's policies and practices on climate change has had profound and possibly negative implications for China. The Obama government and the 111th Congress have been much more committed than the previous George W. Bush administration to taking meaningful steps to address global warming via international cooperation. President Obama began to take concrete measures long supported by U.S. and international environmental activists who had been thwarted by and strongly opposed to the Bush administration's approach to climate change and the environment. Against this background, China's position as the world's largest emitter of greenhouse gases and its otherwise poor to mediocre record in protecting the environment loomed larger than in the past in the calculations and debate of U.S. and international environmental activists, associated media, and international governmental organizations.

In the United States, the Obama government and congressional leaders pressed China to join in the new U.S. efforts. Chinese support for and cooperation with these U.S. efforts were deemed important by U.S. leaders in order to convince skeptics in the U.S. Congress and others in the United States to support

7. Victor Cha, "All North Korea, All the Time," *Comparative Connections*, vol. 11, No. 2 (July, 2009), pp. 39-44.

American legislation and other binding U.S. commitments on greenhouse gas emissions and other environmental issues. If China did not join and “do its part” in these environmental efforts, the skeptics argued, U.S. industry would be at a further economic disadvantage in competing with Chinese manufacturers at a time of continued massive U.S. trade deficits with China that were seen by many of these Americans to result from various unfair trading practices by China.⁸

At bottom, the new U.S. policies and practices on climate change ran the risk for the Chinese that they would have to take substantial action on greenhouse gas emissions and other environmental issues. Such actions could create a serious drag on Chinese economic growth—a key priority of Chinese leaders concerned with sustaining healthy employment and improved living standards for the Chinese people. The costs of changing Chinese energy use so as to make it more efficient and less wasteful when compared with developed countries, including the United States, could be enormous. Yet the costs of being seen as an outlier in the broad international discussion of climate change seemed substantial as well. China in recent years has undertaken significant efforts to improve energy efficiency and to reduce the level of growth of its greenhouse gas emissions, but the results have not come very close to meeting the ambitious goals.

Thus far, the Obama and Hu governments have been dealing with environmental issues through constructive and usually private dialogues between senior officials. This allows differences to be managed in private and reduces the danger of a public split between the two governments. But the danger of such a split seemed real and could emerge, for example as the result of U.S. frustration with what it might view as lack of substantive cooperation on China’s part, or Chinese frustration with perceived unreasonable demands by the United States.⁹

8. David Pierson and Jim Tankersley, “US, China Try to Reach Accord on Greenhouse Gas Emissions,” *Los Angeles Times*, July 15, 2009, online ed.

9. Kenneth Lieberthal and David Sandalow, *Overcoming Obstacles to US-*

Economic Crisis

Dealing with the global economic crisis and recession of 2008-2009 topped the priority list of both the U.S. and Chinese governments. Though much was said in world media about China playing a role second to the United States in dealing with the international aspects of the crisis, Chinese leaders were careful to lower expectations about what China was prepared to do, apart from the major efforts of the Chinese administration to stimulate and revive economic growth in China that would have indirect benefit for the world economy. Chinese leaders were prominent in meetings in world capitals dealing with the crisis, but their commitments that involved substantial costs to the Chinese economy were limited. Chinese leaders sometimes discussed alternatives to the U.S. dollar for international financial transactions, engaged in some swap arrangements with Asian neighbors, and promised modest amounts of aid to countries along China's periphery. The net effect of such steps had little immediate impact on Chinese and international trade.

Chinese traders continued to rely on the U.S. dollar for international transactions; Chinese merchants and traders in other export-oriented economies in Asia and the world encouraged the United States and European leaders to revive their economies and their demand for imports from abroad. Even with diminished foreign trade, China continued to run a trade surplus, continued to seek foreign investment from the United States and other developed countries; and continued to invest the bulk of its foreign exchange holdings in U.S. government securities. Discussion in China and abroad about the Chinese currency becoming a significant international currency seemed pushed into the future despite some initial Chinese steps with some countries to use the renminbi for their transactions.¹⁰

China Cooperation on Climate Change (Washington, D.C.: Brookings Institution, John L. Thornton China Center Monograph Series No. 1, January 2009).

10. Wayne Morrison, *China-US Trade Issues* (Washington, D.C.: Congressional Research Service, Library of Congress Report R-33536, June 3, 2009).

Chinese complaints about U.S. stewardship of international markets and the negative effect possible U.S. inflation would have on the large Chinese holdings of U.S. securities appeared regularly in official Chinese and other media. Nevertheless, senior Chinese leaders continued to see China's interests better served by cooperation with the United States than by confrontation over these and other issues. One change in Chinese behavior that appeared to have a greater impact on the world stage involved substantive and significant Chinese purchases of resources important for China's own economic growth. Notably, as Chinese leaders continued to accumulate more foreign exchange reserves as a result of continuing foreign trade surpluses and foreign investment inflows, they took steps to take advantage of low commodity prices in order to conclude long-term multi-billion dollar arrangements guaranteeing supplies of energy and other raw materials for China's development.

In sum, the danger in this situation for U.S.-China relations related particularly to expectations and suspected manipulation. The incoming U.S. government might be inclined to call upon China to use its massive foreign exchange reserves in ways that would benefit the world economy without an immediate tangible benefit for China, something the Chinese administration has been reluctant to do, at least up to this point. Meanwhile, Chinese leaders have already seen their stake in U.S. government securities lose value with swings in the value of the U.S. dollar. As the Obama government's dramatic stimulus plan creates a massive increase in U.S. government debt, there is an obvious choice for U.S. policy makers to use inflation and a resulting decline in the value of the U.S. dollar in order to pay back this debt more advantageously. For Chinese holders of U.S. dollar securities, such a turn of events could be disastrous.¹¹

11. Wayne Morrison, *China's Economic Conditions* (Washington, D.C.: Congressional Research Service Report RL-33534, March 5, 2009). See also Elizabeth Economy and Adam Segal, "The G-2 Mirage," *Foreign Affairs*, vol. 88, No. 3 (May-June, 2009), pp. 14-23.

China's "Core" Interests: Taiwan, Tibet, Xinjiang

Taiwan continues to represent what Chinese officials consistently say is the most important issue in U.S.-China relations. Chinese sensitivity did appear to decline somewhat, presumably reflecting the thaw in tensions in cross-strait relations as a result of the reassurances directed at China over the past year by the new Taiwan president, Ma Ying-jeou. Notably, China in 2009 ended its refusal to hold U.S.-Chinese military dialogues on account of the U.S. agreement in 2008 to transfer a large package of arms to Taiwan. China agreed to a very active schedule of meetings between military leaders of the two countries. Nevertheless, Chinese officials and other specialists persist in warning of dire consequences for U.S.-China relations if the Obama government sells arms to Taiwan in the near future or takes other measures that substantially increase U.S. support for Taiwan.¹² The sixtieth anniversary of the People's Republic of China on October 1, 2009 was seen by some Chinese officials and other observers as a focal point of nationalistic Chinese sentiment, similar to the Olympic Games in China in August 2008. The Chinese specialists advised that U.S. arms sales to Taiwan in the lead-up to the October celebration would be particularly difficult for Chinese leaders to handle in ways that did not seriously damage U.S.-China relations.

Tibet is an issue that recently has topped Taiwan as a concern of Chinese officials and specialists. The salience of the issue rose dramatically because of 2008 riots in Tibet and the suppression of Tibetan dissent by Chinese authorities, widespread criticism of the Chinese suppression in West European countries and the United States, and meetings of Germany's and France's leaders with the Dalai Lama that led to crises in Chinese relations with those governments.¹³ In this context, Chinese officials

12. Kerry Dumbaugh, *Taiwan-US Relations: Developments and Policy Implications* (Washington, D.C.: Congressional Research Service Report R-40493, April 2, 2009).

13. Kerry Dumbaugh, *Tibet: Problems, Prospects, and US Policy* (Washington, D.C.: Congressional Research Service Report RL-34445, July 30, 2009);

and specialists warned, a meeting by President Obama or other senior U.S. leaders with the Dalai Lama might lead to a Chinese reaction similar to the harsh Chinese treatment of Germany's and France's leaders after they met with the Tibetan leader in recent years.

It is not yet clear in July 2009 how big an impact the July 5 riot and mass killings in the Chinese city of Urumchi will have on U.S.-China relations. Like Taiwan and Tibet, the Xinjiang Uighur Autonomous Region is a "core" concern of the Chinese administration. Perceived U.S. interference in the issue, even in the form of criticism from American leaders of China's excessive use of force, could lead to a nationalistic Chinese backlash that negatively affects U.S.-China relations.

Mutual Suspicions

Kenneth Lieberthal, a prominent American China specialist with frequent and close contact with high-level American and Chinese policy makers, has been notable in his writings in observing that U.S. and Chinese decision makers remain privately wary and distrustful of one another despite the numerous Sino-American dialogues and positive public discourse between leaders. He advises that there has been little improvement in the mutual suspicion between the two leaderships in recent years.¹⁴ Chinese and American officials and other specialists privately confirm this observation, noting the concerns of each side over differences on salient issues, especially those discussed above.

Kerry Dumbaugh, *China US-Relations: Current Issues and Implications for US Policy* (Washington, D.C.: Congressional Research Service Report R-40457, March 17, 2009).

14. Kenneth Lieberthal, "How Domestic Forces Shape the PRC's Grand Strategy and International Impact," in Ashley Tellis and Michael Wills, eds., *Strategic Asia 2007-2008* (Seattle, Wash.: National Bureau of Asian Research, 2007), p. 63; Lieberthal and Sandalow, *Overcoming Obstacles to US-China Cooperation on Climate Change*, p. ix.

Enduring U.S. Leadership and Positive Stasis in U.S.-China Relations

The Sino-American divergence over sensitive issues underline continued fragility in Sino-American relations. But enduring patterns of pragmatic decision making among the Chinese and American leaders and enduring strengths of sustained U.S. leadership in Asia argue for continuation of the positive equilibrium that has prevailed in U.S.-China relations during the first year of the Obama government.

The Chinese administration of Hu Jintao has set a central foreign and domestic policy goal for the next decade: fostering a continuation of the prevailing international situation seen generally advantageous for China in order to allow for expeditious domestic economic and other modernization. Exploiting this period of perceived "strategic opportunity" in international affairs requires keeping U.S.-China relations and most other important Chinese international relationships on a course of stable development and moving in positive directions. The Hu Jintao administration worked hard in fostering businesslike and constructive relations with the George W. Bush administration. China's pragmatic approach to the United States played an important role in shifting the Bush government from a posture of suspicion and confrontation with China to one of close positive engagement.¹⁵

Against this background, if change is to come in the U.S.-China relationship, it is likely to emerge from the U.S. side, notably from the new Obama administration. However, the U.S. president and his administration seem unlikely to deviate from the positive engagement with China that characterized the latter years of the Bush administration. The U.S. government remains in a strong leadership position in Asia, where engagement with China adds to beneficial U.S. relationships throughout the region. Which changes the new U.S. government will adopt in Asian affairs seem to be in secondary areas, involving probably greater

15. David Michael Lampton, *The Three Faces of Chinese Power* (Berkeley, Calif.: University of California Press, 2008), pp. 1-2.

attention to Southeast Asia, or in areas where the United States has been confronted and provoked, as in the case of the recent crisis with North Korea. Meanwhile, American preoccupation with a variety of other policy priorities at home and abroad seems likely to continue to place a premium on keeping Sino-American relations moving in a positive direction despite differences, suspicions, and possible difficulties.

The Obama Administration and U.S. Policy in Asia and China

President Barack Obama came to power facing important domestic and foreign crises. The United States economy and most world economies went into steep decline in 2008 and continued falling in 2009. The United States and other governments tried hard to deal with the causes and effects of the global financial crisis and economic slowdown, but a global recession—more serious than any experienced since the depression of the 1930s—ensued.¹⁶

Economic priorities overshadowed what had been expected to be the new U.S. government's most salient foreign-policy preoccupation—the wars in Iraq and Afghanistan and the violence and instability in the broader Middle East-Southwest Asian region. In 2009, continued progress in stabilizing security in Iraq and transitioning responsibilities to the Iraqi government opened the way to anticipated withdrawals of U.S. combat forces from the country within the next two years. However, the deteriorating security situation in Afghanistan meant that U.S. combat forces were significantly increased in order to counter the resurgence of Taliban attacks and their expanding administrative control that threatened to reverse gains following the overthrow of the oppressive Taliban regime by U.S.-led forces in 2001.¹⁷

16. Rupert Neate, "Markets Tumble on World Bank's Global Economy Fears," June 22, 2009 at telegraph.co.uk.

17. Elisabeth Bumiller, "Gates Says US Army's Size will Grow by 22,000,"

Pakistan's weakness compounded U.S. difficulties in shoring up security in Afghanistan. Pakistan's border region with Afghanistan harbored al-Qaeda and Taliban militants working to overthrow the U.S.-backed administration in Kabul. Pakistani terrorists also threatened India: One such group was implicated in November 2008 terrorist attacks in Mumbai. New Delhi's retaliation with military and other actions would raise the specter of a major confrontation between the two nuclear-armed rivals. Nearby developments in the Middle East also stalled prospects for advancing peace, in particular the deep regional and global concerns over Iran's apparently active pursuit of nuclear weapons amid unsettled internal political tensions.¹⁸

U.S. relations with the rest of the Asia-Pacific region seemed likely to be matters of comparatively less immediacy for incoming U.S. policy makers. They were busy with other international issues and a wide range of American domestic priorities, starting with economic conditions, health care, and tax policies. The global economic crisis put a premium on close U.S. collaboration with major international economies, notably China, Japan, and other Asian economies, in promoting domestic stimulus plans, supporting international interventions to rescue failing economies, and avoiding self-serving economic and trade practices that could prompt protectionist measures seen to encumber any early revival of world economic growth.

North Korea remained a major U.S. security concern in Asia. Pyongyang ascended to the top of the Obama government's policy agenda through a string of provocative actions in 2009, culmi-

New York Times, July 21, 2009, online ed.; Kenneth Katzman, *Afghanistan: Post Taliban Governance, Security, and US Policy* (Washington, D.C.: Congressional Research Service, February 9, 2009).

18. Dennis Ross and David Makovsky, *Myths, Illusions and Peace: Finding a New Direction for America in the Middle East* (New York: Viking, 2009); K. Alan Kronstadt and Kenneth Katzman, *Islamist Militancy in Pakistan-Afghanistan Border Region and US Policy* (Washington, D.C.: Congressional Research Service Report RL-34763, November 21, 2008); *America's Role in the World: Foreign Policy Choices for the Next President* (Washington, D.C.: Institute for the Study of Diplomacy, School of Foreign Service, Georgetown University, 2008).

nating in North Korea's withdrawal from the Six Party Talks and its second nuclear weapons test in May. As noted earlier, there was considerable skepticism in mid-2009 that the crisis would subside soon.¹⁹

Meanwhile, longstanding U.S. concern with the security situation in the Taiwan Strait declined. The Obama administration indicated little change from Bush administration efforts to support the more forthcoming approach of Taiwan President Ma Ying-jeou and to avoid U.S. actions that would be unwelcome in Taipei and Beijing as they sought to ease tensions and facilitate communication.²⁰

As to the new U.S. priority on climate change, the Obama administration and congressional leaders judged that U.S. efforts to curb greenhouse gases appeared ineffective without the participation of Asia's rising economies, notably China. Rather than publicly pressure China, the American approach focused on prolonged consultation and dialogue with China to arrive at mutually acceptable approaches to these issues.²¹

Status of U.S. Leadership in Asia

The new U.S. government would be more inclined to shift policy toward China if it judged that prevailing policy and trends were not working well to nurture American interests, notably in the Asia-Pacific region. Media and specialist commentary as well as popular and elite sentiment in Asia tended to emphasize the shortcomings of U.S. policy and leadership in Asia throughout much of the 21st century. Heading the list were widespread complaints with the Bush administration's hard-line

19. Ralph Cossa and Brad Glosserman, "Old Challenges, New Approaches," *Comparative Connections*, vol. 11, No. 2 (July, 2009), pp. 1-5.

20. National Committee on American Foreign Policy, *Making Peace in the Taiwan Strait* (New York: National Committee on American Foreign Policy, May 2009).

21. Pierson and Tankersley, "US, China Try to Reach Accord on Greenhouse Gas Emissions."

policy toward North Korea, its military invasion and occupation of Iraq, and assertive and seemingly unilateral U.S. approaches on wide-ranging issues including terrorism, climate change, the United Nations, and Asian regional organizations. The United States appeared alienated, isolated, and increasingly bogged down with the consequences of its invasion of Iraq and perceived excessively strong emphasis on the so-called war against terrorism.²²

By contrast, Asia's rising powers and particularly China seemed to be advancing rapidly. China used effective diplomacy and rapidly increasing trade and investment relationships backed by double-digit economic growth to broaden influence throughout the region. China also carried out steady and significant increases in military spending and weapons modernization.²³

This basic equation of Chinese strengths and U.S. weaknesses became standard fare in mainstream Asian and Western media. It was the focus of findings of many books and reports of government departments, international study groups, and think tanks authored often by well-respected officials and specialists. The common prediction was that Asia was adjusting to an emerging China-centered order and U.S. influence was in decline.²⁴

Over time, developments showed that the reality in the region was more complex. Japan clearly was not in China's orbit; India's interest in accommodation with China was very mixed and overshadowed by a remarkable upswing in strategic cooperation with the United States; Russian and Chinese interest in

22. Morton Abramowitz and Stephen Bosworth, *Chasing the Sun* (New York: Century Foundation, 2006).

23. David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security*, vol. 29, No. 3 (Winter, 2004/2005), pp. 64-99; Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World* (New Haven, Conn.: Yale University Press, 2007); David Kang, *China Rising: Peace, Power and Order in East Asia* (New York: Columbia University Press, 2007).

24. These findings and trends noted below are reviewed in Robert Sutter, "Assessing China's Rise and U.S. Leadership in Asia—Growing Maturity and Balance," *Pacific Forum/CSIS PacNet*, vol. 6 (January 29, 2009), at www.csis.org/pacfor.

close alignment waxed and waned and appeared to remain secondary to their respective relationships with the West; and South Korea, arguably the area of greatest advance in Chinese influence at a time of major tensions in the U.S.-ROK relationship earlier in the decade, changed markedly beginning in 2004 and evolved to a situation of often wary and suspicious South Korean relations with China today.

Former U.S. officials pushed back against prevailing assessments of U.S. decline with a variety of tracts. These underlined the U.S. administration's carefully considered judgment that China's rise actually was not having a substantial negative effect on U.S. leadership in Asia, which remained healthy and strong.²⁵ Bush administration officials differed in private on how to view the implications of China's rise in Asia, but they increasingly rallied around the public position first articulated by Deputy Secretary of States Robert Zoellick, who argued in 2005 that China's rise was not having substantial negative impact on U.S. interests and that the United States was best served by seeking to work together with China, encouraging China to behave as a so-called "responsible stakeholder" in the international system.

This approach was continued by the Obama administration. It reflects a more balanced and sophisticated assessment of U.S. and Chinese strengths and weaknesses in Asia, coming to the conclusion that enduring U.S. strengths mean that the United States has less to fear from China's rise in Asia than some would believe and that recent policies sustaining U.S. leadership in Asia, including the balance of "engagement" and "hedging" (explained below) in U.S. relations with China, should be continued.²⁶

25. Victor Cha, "Winning Asia: America's Untold Success Story," *Foreign Affairs*, vol. 86, No. 6 (November-December, 2007), pp. 98-113.

26. Evelyn Goh, "Southeast Asia: Strategic Diversification in the 'Asian Century,'" in Ashley Tellis, Mercy Kuo, and Andrew Marble, eds., *Strategic Asia 2008-2009* (Seattle, Wash.: National Bureau of Asian Research, 2008), pp. 261-96; Ralph Cossa, Brad Glosserman, Michael McDevitt, Nirav Patel, James Przystup, and Brad Roberts, *The United States and the Asia Pacific Region: Security Strategy for the Obama Administration* (Washington, D.C.: Center for Strategic and International Studies, February 2009), online at www.csis.org.

Security considerations and trends head the list of determinants of enduring U.S. strengths and influence in Asia.²⁷ In general, Asian governments are strong, viable, and able to make the decisions that determine direction in foreign affairs. Popular, elite, media, and other opinion may influence government officials in policy toward the United States and other countries, but in the end the officials make decisions on the basis of their own calculus.

For the most part, the officials see their governments' legitimacy and success resting on nation building and economic development, which require a stable and secure international environment. Unfortunately, Asia is not particularly stable and most governments privately are wary of and tend not to trust each other. As a result, they look to the United States to provide the security they need to pursue goals of development and nation building in an appropriate environment. They recognize that the U.S. security role is very expensive and involves great risk, including large-scale casualties if necessary, for the sake of preserving Asian security. They also recognize that neither rising China nor any other Asian power or coalition of powers is able or willing to undertake even a fraction of these risks, costs, and responsibilities.

Economic factors also are important determinants of enduring U.S. influence and leadership in Asia. The nation-building priority of most Asian governments depends importantly on export-oriented growth. Chinese officials recognize this, and officials in other Asian countries recognize the rising importance of China in their trade; but they all also recognize that half of China's trade is done by foreign-invested enterprises in China, and half of the trade is processing trade—both features that make Chinese and Asian trade heavily dependent on exports to devel-

27. U.S. strengths and weaknesses in the Asia-Pacific region are explained in detail in Robert Sutter, *The United States in Asia* (Lanham, Md.: Rowman and Littlefield, 2009). For alternative perspectives, see among others, David Shambaugh and Michael Yahuda, eds., *International Relations of Asia* (Lanham, Md.: Rowman and Littlefield, 2008), and Cossa et al., *The United States and the Asia Pacific Region*.

oped countries, notably the United States. In recent years, the United States has run a massive and growing trade deficit with China, and a total trade deficit with Asia valued at over \$350 billion at a time of an overall U.S. trade deficit of over \$700 billion. Asian government officials recognize that China, which runs a large overall trade surplus, and other trading partners of Asia are unwilling and unable to bear even a fraction of the cost of such large trade deficits—deficits that nonetheless are very important for Asian governments.

Obviously, the 2008-2009 global economic crisis is having an enormous impact on trade and investment. Some Asian officials are talking about relying more on domestic consumption, but tangible progress seems slow as they appear to be focusing on an eventual revival of world trade that would restore previous levels of export-oriented growth involving continued heavy reliance on the U.S. market. As noted above, how cooperative China actually will be in working with the United States to deal with the crisis remains an open question, though the evidence on balance appears to show great care on the part of the Chinese administration to avoid pushing controversial policies that would further undermine international confidence in the existing economic system and thwart meaningful efforts at economic recovery.²⁸

A third set of factors working to sustain U.S. influence and leadership in Asia involves extensive and ongoing U.S. government engagement in the region and the tendency of Asian governments to engage more closely with the United States as they develop contingency plans (so-called “hedging”) in the face of changing power relations in Asia prompted by the rise of China. The Obama administration inherited a U.S. position in Asia buttressed by generally effective Bush administration interaction with Asia’s powers. It is rare for the United States to enjoy good relations with Japan and China at the same time, but the Bush administration carefully and effectively managed relations with

28. “We Should Join Hands: Chinese Premier Interviewed,” *Newsweek*, October 6, 2008, online at www.newsweek.com; Liu Jinhe, “Little Hope of Soon Replacing Greenback,” *China Business Weekly*, June 29-July 5, 2009, p. 2.

both powers. It is unprecedented for the United States to be the leading foreign power in South Asia and to sustain good relations with both India and Pakistan, but that has been the case since relatively early in the Bush administration. And it is unprecedented for the United States to have good relations with Beijing and Taipei at the same time, but that situation emerged during the Bush years and strengthened with the election of Ma Ying-jeou in 2008.

The U.S. Pacific Command and other U.S. military commands and organizations have been in the lead regarding wide ranging and growing U.S. efforts to build and strengthen webs of military relationships throughout the region. In an overall Asian environment where the United States remains on good terms with major powers and most other governments, building military ties through education programs, on-site training, exercises, and other means enhances U.S. influence in generally quiet but effective ways. Part of the reason for the success of these efforts has to do with active contingency planning (so-called “hedging”) by many Asian governments. As power relations change in the region, notably on account of China’s rise, Asian governments generally seek to work positively and pragmatically with rising China on the one hand; but on the other hand they seek the reassurance of close security, intelligence, and other ties with the United States in case rising China shifts from its current generally benign approach to one of greater assertiveness or dominance. The U.S. government sees its interests well served by balancing U.S. engagement with China with active contingency planning or hedging with a wide variety of partners in the Asia-Pacific.²⁹

A sometimes overlooked source of enduring U.S. influence in Asia is nongovernmental American interaction with the region, and the role immigrants to the United States play in that process. For much of its history, the United States exerted influence in Asia much more through business, religious, educational, and

29. Evan Medeiros, *Pacific Currents: The Responses of US Allies and Security Partners in East Asia to China’s Rise* (Santa Monica, Calif.: RAND Corporation, 2008).

other interchange than through channels dependent on government leadership and support. Active American nongovernmental interaction with Asia continues today, putting the United States in a unique position where the nongovernment sector has such a strong and usually positive influence. Meanwhile, over forty years of generally color-blind U.S. immigration policy since the ending of discriminatory U.S. restrictions on Asian immigration in 1965 has resulted in the influx of millions of Asian migrants who call America home and who interact with their countries of origin in ways that generally undergird and reflect well on the U.S. position in Asia. No other country, with the exception of Canada, has such an active and powerfully positive channel of influence in Asia.

In sum, the findings of these assessments of U.S. strengths show that the United States at the start of the Obama administration is deeply integrated in Asia at the government and nongovernmental levels. U.S. security commitments and trade practices meet fundamental security and economic needs of Asian government leaders and those leaders know it. The leaders also know that no other power or coalition of powers is able or willing to meet even a small fraction of those needs. And Asian contingency planning seems to work to the advantage of the United States, while rising China has no easy way to overcome pervasive Asian wariness of Chinese longer-term intentions. On balance, the assessments show that the Obama administration can deal with various issues in U.S. policy in Asia, including relations with China, with confidence that U.S. leadership in the region remains broadly appreciated by Asian governments and unchallenged by regional powers or other forces. The fundamental directions of U.S. relations with Asia, including relations with China, seem sound, with no need for major change.

Relations with China: Positive but Fragile Equilibrium

Adding to the forces of continuity in U.S. relations with China on the part of the Obama administration is the emergence

of a pattern of positive equilibrium in U.S.-China relations during the first decade of the 21st century. This pattern is likely to continue in the near future. Both the U.S. and Chinese administrations have become preoccupied with other issues and appear reluctant to exacerbate tensions with one another. Growing economic interdependence and cooperation over key issues in Asian and world affairs reinforce each government's tendency to emphasize the positive and pursue constructive relations with one another.

The positive stasis of the relationship provides a basis for greater cooperation over economic, security, and other issues. Of course, as noted above, differences in strategic, economic, political, and other interests have remained strong throughout the period and represent substantial obstacles to further cooperation between the two countries.³⁰

Specialists in China and the United States have identified a pattern of dualism in U.S.-China relations that has emerged as part of the ostensibly positive equilibrium in the post-cold war period. The pattern involves constructive and cooperative engagement on the one hand and contingency planning or hedging on the other.³¹

Chinese and U.S. contingency planning and hedging against one another sometimes involves actions like the respective Chinese and U.S. military buildups that are separate from and develop in tandem with the respective engagement policies the two leaderships pursue with each other. At the same time, dualism shows as each government has used engagement to build positive and cooperative ties while at the same time seeking to use these ties to build interdependencies and webs of relation-

30. Kerry Dumbaugh, *China-US Relations: Current Issues and Implications for US Policy* (Washington, D.C.: Congressional Research Service, Report R-33877, March 17, 2009).

31. Evan Medeiros, "Strategic Hedging and the Future of Asia-Pacific Stability," *The Washington Quarterly*, vol. 29, No. 1 (2005-2006), pp. 145-67; Rosemary Foot, "Chinese Strategies in a US-Hegemonic Global Order: Accommodating and Hedging," *International Affairs*, vol. 82, No. 1 (2006), pp. 77-94.

ships that have the effect of constraining the other power from taking actions that oppose its interests.

The Obama government and the Chinese administration have continued a pattern that characterized Sino-American relations during the later years of the George W. Bush administration. That is, differences between the two countries usually continue to be dealt with out of the limelight in over sixty dialogue fora and other high-level interaction between the two administrations. Public discourse between the two administrations tends to emphasize the positive in the relationship. Nonetheless, the differences between the two countries are readily apparent on the U.S. side, where they are repeatedly highlighted by U.S. media and U.S. interest groups concerned about various features of Chinese governance and practice, and where the majority of Americans give an unfavorable rating to the Chinese government. They are less apparent in the more controlled media environment of China, though Chinese officials and government commentaries make clear strong opposition to U.S. efforts to support Taiwan and to foster political change in China. Chinese media also criticize key aspects of U.S. alliances and international security policies, such as the U.S. presence in countries around China's periphery and U.S. positions on salient international issues ranging from the military use of space to fostering democratic change.³²

The positive features of the relationship tend to outweigh the negatives for practical reasons. Both governments gain from cooperative engagement. The gains include beneficial economic ties, as well as cooperation over North Korea, terrorism, Pakistan, and even Taiwan. The gains also include smaller progress on Iran and even less on Sudan and Myanmar (Burma). Both governments recognize that, because of ever closer U.S.-China interdependence, focusing on negative aspects in U.S.-China relations would be counterproductive to their interests. And the two governments recognize that, because of other major policy preoccupations,

32. Information Office of the State Council of the People's Republic of China, *China's National Defense in 2008* (Beijing: January, 2009).

pations they both have, focusing on negative aspects in U.S.-China relations would be counterproductive to their interests.

Conclusion and Outlook

At bottom, it seems fair to conclude that the recent U.S. relationship with China rests upon a common commitment to avoid conflict, cooperate in areas of common interest, and prevent disputes from shaking the overall relationship.³³ Against this background, the Obama government seems most likely to advance relations with China in small ways. It probably will show sufficient resolve to avoid serious conflict with China over trade, currency, environmental, security, Taiwan, Tibet, human rights, and other issues that appear counterproductive in terms of advancing more important U.S. interests. Those are to preserve a collaborative relationship with China and avoid frictions with such an important economy at a time when international economic cooperation seems of utmost importance.³⁴

Those in the United States who seek to give greater prominence to differences with China seem overwhelmed for now, particularly by the salience of the global economic crisis and the perceived U.S. need to be seen to cooperate with China in restoring international economic confidence.³⁵ Events in China or U.S.-China relations could bring their issues to the fore, as they did in last year's Chinese crackdown on dissent and violence in Tibet. In the recent past, events such as China's efforts to purchase a U.S. oil company during a period of rising gasoline prices in the United States and massive product safety issues with Chinese consumer goods exported to the United States saw spikes of

33. Edward Gresser and Daniel Twining, "Shock of the New: Congress and Asia in 2009," *NBR Analysis*, February 2009, p. 21.

34. C. Fred Bergsten, "A Partnership of Equals: How Washington Should Respond to China's Economic Challenge," *Foreign Affairs*, vol. 87, No. 4 (July-August, 2008), pp. 57-69.

35. "Clinton: Chinese Human Rights Can't Interfere with Other Crises," *CNN*, February 21, 2009, at www.cnn.com.

anti-China media commentary, congressional commentaries and investigations, and other public discussion. These reactions damaged China's image among the American public. The U.S. administration remained on the sidelines in those instances as it pursued its private dialogues with the Chinese administration, preserving the positive but still fragile equilibrium in U.S.-China relations.

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