

## The United States and the Asia-Pacific: Issues for 2009<sup>1</sup>

US presidential and congressional candidates in 2008 are riding a wave in American opinion emphasizing change. The protracted primary process, especially the competition to become the Democratic Party's presidential candidate, has featured close races and widespread media coverage and popular involvement including varied social, economic, and age groups. The 2008 presidential election campaign represents a remarkable point in the development of American politics and society. The United States has never before come close to choosing an African American or a woman as its president. Whether the Democratic Party candidate will win the election in November remains very uncertain. The Republican nominee has strong credentials as an independent thinker who is also prepared to change what he views as misguided policies of the current government. Meanwhile, the make-up of the 111<sup>th</sup> Congress is sure to shift more in favor of the Democratic Party, strengthening the majorities led by Speaker of the House of Representatives Nancy Pelosi, the first woman to occupy this post, and Senate Majority Leader Harry Reid.

The changes sought by the presidential and congressional candidates generally do not give high priority to the Asia-Pacific. In foreign affairs, new US leaders will be expected to come up with plans acceptable to Congress and American public opinion to deal with the war in Iraq. Other festering issues in southwest Asia demanding continuing close attention involve the confrontation over Iran's nuclear programs and the collapsed Middle East peace process. Depending on how one defines the Asia-Pacific, it could include the deteriorating situations in Afghanistan and Pakistan, which also will be at the top of a new US government's list of foreign policy problems. Adding to the complicated mix of priorities will be the decline in the US economy and the need for the US government to take effective actions to deal with adverse consequences at home and abroad.<sup>2</sup>

Under these circumstances, leaders in a new US government very likely will have little time left over for significant changes elsewhere, including in the Asia-Pacific region. North Korea is among regional hot spots likely to force US leaders into action, if as seems likely the problems posed by the North Korean nuclear weapons program are not resolved by the George Bush administration. Given the broad antipathy in the United States toward the junta ruling Myanmar, the costs for even an administration of such a forward looking leader as Senator Barak Obama of significant moderation in the longstanding US hard line seem high and appear to outweigh possible benefits.

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<sup>2</sup> Thomas Pickering, Chester Crocker and Casimir Yost, *America's Role in the World: Foreign Policy Choices for the Next President* Washington, D.C.: Institute for the Study of Diplomacy, Georgetown University 2008. *An Emerging East Asia and the Next American Administration* Washington, D.C.: The Brookings Institution Center for Northeast Asia Policy Studies May 1, 2008 [www.brookings.edu/cnaps.aspx](http://www.brookings.edu/cnaps.aspx) (accessed May 1, 2008)

Future US government remedies for the economy may involve trade restrictions which will have important implications for the export oriented economies of Asia. The presidential candidates all emphasize a strong US military but the Democratic challengers and the Republican candidate differ strongly on the future direction of US policy in the war in Iraq. The status and outlook of the US military as a result of the protracted conflicts in Iraq and other fronts in the war on terror, and US leader's decisions to stay involved in or to withdraw from Iraq probably will figure in the calculations of Asian leaders assessing changing security dynamics in the region.<sup>3</sup> Likely shifts from Bush administration policies on climate change will be welcomed in the region but will pose new challenges for large regional polluters, notably China.<sup>4</sup>

The Bush administration in its later years has moved away from its earlier unilateralism and arrogant posturing on foreign policy issues sensitive to Asia-Pacific governments and public opinion. It has consulted more with and listened more carefully to regional leaders, and has endeavored to integrate the United States constructively with multilateral forums popular with Asia-Pacific regional leaders. US presidential candidates advocate further steps in this direction. They also emphasize the need to remedy the negative image of the United States in the region and the world caused by repeated controversies over excesses and malfeasance in the US conduct of the war in Iraq and the broader war on terrorism.

While some Republican Party and Democratic Party foreign policy leaders fully understand the complexities of the US relationship with the Asia-Pacific region, the new US government also may feature leaders inexperienced with these foreign policy questions. The new administration also may have leading foreign policy officials with clashing views about North Korea, China, trade issues, and other sensitive subjects. This situation could result in difficulty in sorting out differences over the new administration's policy regarding contentious issues.

Consultations with specialists in Washington DC in 2008 suggested that the Asia team of Republican Party candidate John McCain is being led by Richard Armitage and his supporters who favor strong US relations with Japan and other allies along with pragmatic cooperation with China. The Republican nominee seems inclined to follow a free trade policy favored by Asia's exporters. The two leading Democratic candidates have less clearly set teams to deal with Asia. Both candidates have come out in support for positive elements of existing US policies in the region, but they also have taken tough positions on trade issues and human rights questions that have a strong appeal to important constituencies in the Democratic Party.<sup>5</sup> Such trade and human rights policies could complicate US relations in the region, notably with such leading powers as China.

### **Positive but Fragile Equilibrium in US-China Relations**

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<sup>3</sup> Michael Green, "The Iraq War and Asia: Assessing the Legacy," *Washington Quarterly* 31:2 (Spring 2008) 181-200.

<sup>4</sup> Joanna I. Lewis, "China's Strategic Priorities in International Climate Change Negotiations," *Washington Quarterly* 31:1 (Winter 2007-2008) 155-174

<sup>5</sup> Council on Foreign Relations, *US Election 2008* [http://www.cfr.org/issue/480/us\\_election\\_2008.html](http://www.cfr.org/issue/480/us_election_2008.html) (accessed May 1, 2008)

One way to assess the possible shifts in US policies toward the Asia-Pacific is to examine the status and outlook of the US approach to the region's most important strategic development in the 21<sup>st</sup> century—the rise of China. Such an assessment captures many of the salient elements in US policy of interest to governments and people in the Asia-Pacific region.

US-China relations during the first decade of the 21<sup>st</sup> century have evolved toward a positive equilibrium that appears likely to continue into the near future. Both the US 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 provides a basis for greater cooperation over economic and security interests and issues.<sup>6</sup>

However, it is easy to exaggerate the importance of and the prospects for recent US-China cooperation. Specialists in China and the United States have identified a pattern of dualism in US-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. It reflects a mix of converging and competing interests and prevailing leadership suspicions and cooperation.<sup>7</sup>

Chinese and US contingency planning and hedging against one another sometimes involves actions like the respective Chinese and US 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 relationships that have the effect of

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<sup>6</sup> See among others, Wang Jisi, "China's Search for Stability with America," *Foreign Affairs* 84:5 (September-October 2005) 39-48. Rosemary Foot, "Chinese Strategies in a US-Hegemonic Global Order: Accommodating and Hedging," *International Affairs* 82: 1 (2006): 77-94. Michael Swaine, *Reverse Course? The Fragile Turnabout in US-China Relations*. Washington, D.C.: Carnegie Endowment Policy Brief #22 (February 2003). Evan Medeiros and R. Taylor Fravel, "China's New Diplomacy," *Foreign Affairs* 82:6 (November-December 2003) : 22-35. Yong Deng and Thomas Moore, "China Views Globalization: Toward a New Great-Power Politics," *Washington Quarterly* 27:3 (Summer 2004): 117-136. Chu Shulong, "Quanmian jianshe xiaokang shehui shiqi de zhongguo waijiao zhan-lue." *Shijie Jingji yu Zhengzhi* 8 (August 2003). Lu Gang and Guo Xuetang. *Zhongguo weixie shui: jiedu "zhong weixie lun."* Shanghai: Xueling chubanshe, 2004. 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, 29-68.

<sup>7</sup> Foot, "Chinese Strategies in a US-Hegemonic Global Order: Accommodating and Hedging." Evan Medeiros, "Strategic Hedging and the Future of Asia-Pacific Stability," *The Washington Quarterly* 29:1 (2005-2006): 145-167. For background on this US approach, see James Shinn ed. *Weaving the Net: Conditional Engagement with China*. New York: Council on Foreign Relations Press, 1996. Secretary of State Condoleezza Rice, *Remarks at Sophia University Tokyo Japan, March 19, 2005* <http://www.state.gov/secretary/rm/2005/43655.htm> (accessed March 21, 2008)

constraining the other power from taking actions that oppose its interests. While the analogy is not precise, the policies of engagement pursued by the United States and China toward one another have featured respective “Gulliver strategies” that are designed to tie down aggressive, assertive or other negative policy tendencies of the other power through webs of interdependence in bilateral and multilateral relationships.

The recent positive stasis in US-China relations is based on an increasing convergence of these respective engagement policies and Gulliver strategies. But the fact remains that these Gulliver strategies reflect underlying suspicions and conflicting interests that feature prominently in the calculations of both the US and Chinese administrations as they pursue their relations with one another. Most notably, recent Chinese statements and commentary in official Chinese media reflect four categories of Chinese differences with the United States. In priority order, they are: opposition to US support for Taiwan; opposition to US efforts to change China’s political system; opposition to the US playing the dominant role along China’s periphery in Asia; and opposition to many aspects of US leadership in world affairs. Some specific issues in the latter two categories include US policy in Iraq; aspects of the US-backed security presence in the Asia-Pacific; US and allied ballistic missile defenses; US pressure on such governments as Iran, Burma, North Korea, Sudan, Cuba, and Venezuela; US pressure tactics in the United Nations and other international forums, and the US position on global climate change.<sup>8</sup>

US differences with China involve clusters of often very contentious economic, security, political, sovereignty, foreign policy and other issues. Economic issues center on inequities in the US economic relationship with China that include a massive trade deficit, Chinese currency policies and practices, US dependence on Chinese financing US government budget deficits, and Chinese enforcement of intellectual property rights. Security issues focus on the buildup of Chinese military forces and the threat they pose to US interests in Taiwan and the broader Asia-Pacific. Political issues include China’s controversial record on human rights, democracy, religious freedom, and family planning practices. Sovereignty questions involve disputes over the status of Taiwan, Tibet, Xinjiang and Hong Kong. Foreign policy disputes focus on China’s support for such states as Sudan, Burma, Iran, Cuba, Zimbabwe, and Venezuela; and Chinese trade, investment and aid to resource rich and poorly governed states in Africa that undermines Western sanctions and other efforts designed to pressure these governments to reform.<sup>9</sup>

A prudent assessment of the outlook for US-China relations in May 2008 includes efforts by both governments to continue positive engagement involving respective Gulliver strategies to tie down the other power’s possible negative actions or initiatives. Other contingency plans and hedging, notably involving the Chinese and US military build-ups

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<sup>8</sup> See contrasting views of China’s recent approach to the United States and of various differences in China-US relations in Bates Gill, *Rising Star* Washington, D.C.: Brookings Institution, 2007; Susan Shirk, *China: Fragile Superpower* New York: Oxford University Press, 2007, and Sutter, *Chinese Foreign Relations: Power and Policy Since the Cold War* Lanham, Md.: Rowman and Littlefield, 2007.

<sup>9</sup> Kerry Dumbaugh, *China-US Relations: Current Issues and Implications for US Policy* Washington, D.C.: The Congressional Research Service of the Library of Congress Report RL33877 January 7, 2008.

in Asia, appear very likely to continue. Prevailing circumstances indicate that significant advances in cooperation will be modest at best.

General areas of possible improved cooperation include both countries' broad interest in promoting peace and development in Asian and world affairs, and their respective commitments to sustaining and advancing free and open international trade, investments and other economic interchange. The two sides probably will try to continue cooperation to manage North Korea's nuclear weapons program. They will likely continue to cooperate in the war on terrorism and in supporting stability in Pakistan. Eased tensions in Taiwan-China-US relations over cross strait issues could provide an opportunity for greater US-China cooperation, though much depends on how the new administration in Taiwan deals with cross strait issues and how China reacts in adjusting its coercive pressure and positive incentives toward Taiwan.

The improvement in the atmosphere surrounding China-Japan relations and growing interest in these two governments and the United States in closer dialogues with one another has peaked interest in possible official or semi-official trilateral US-Japan-China dialogue. Consultations in Shanghai in December 2007 and Washington DC in March 2008 showed that Chinese and Japanese officials were interested in such a trilateral dialogue, though the US officials were less interested.<sup>10</sup> The situation was seen as fluid. Advantages of such trilateral dialogue were seen as limited and mainly as symbolic. This was in part because the level of trust and strategic closeness among the three governments varies widely. In particular, the United States and Japan have viewed each other as close strategic partners as they have sought to work closely together in order to deal with the adverse and other consequences of China's rising power and influence in Asian and world affairs. Both Washington and Tokyo have had much less trust in their respective relationships with China, and China has appeared to reciprocate.

Prospects for modest advances in US-China cooperation also involve a range of important transnational issues including proliferation of weapons of mass destruction, illegal drugs, peacekeeping, and transnational threats from disease, disasters and crime syndicates. Similarly modest expectations characterize likely US-China cooperation over Sudan, Iran and Burma. Also, there possibly could be progress and more cooperation on issues in environmental protection and climate change,

### **Trouble Ahead?—US Domestic Politics**

Given the projected intention of the Chinese and US governments to eschew major change and thereby to continue to emphasize the positive and play down the negative in US-China relations, the most serious force for significant negative change at present seems to be US domestic debate over China. The Bush administration is preoccupied with many issues and appears tired and reactive. It will have a harder time in its waning days in controlling the consequences of the broad range of US interest groups and

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<sup>10</sup> The author benefited especially from off-the-record conferences featuring representatives of the three countries at Fudan University in December 2007, and Georgetown University and the Henry Stimson Center in Washington DC March 2008.

commentators that are sharply critical of various Chinese administration policies and practices. Such groups and critics also have become more active and prominent as they endeavor to influence the policy agenda of the new US administration as it comes to power. They seek to push forward their various proposals before the incoming government sets its policy agenda.<sup>11</sup>

Projections of the US election in November<sup>12</sup> underline that the Democrats are sure to increase their majorities in both the House of Representatives and the Senate. They could win 30 more seats in the House and 5 or 6 seats in the Senate. Such a Democratically controlled Congress could muster the votes needed to halt filibusters and override presidential vetoes. Reminiscent of the efforts of Speaker Newt Gingrich and his Contract with America in 1995, such a Congress could set the agenda of US policy, including key issues in China policy and in other areas of US policy toward Asia. Of course, if a Democrat were to win the presidential election, the force of the Democratic Party's policy agenda would appear unstoppable.

There are two key areas where this projected trend appears to foreshadow serious problems for US relations with China, with some obvious ramifications for the Asia-Pacific region.

#### *Trade and Economic Relations*

Organized labor and other key groups affiliated with the Democratic Party have been arguing for years that the US economic relationship with China hurts American workers. They assert that many thousands of good-paying manufacturing jobs are lost because of competition from China; they cite the massive US trade deficit with China to underscore this point. Their arguments gain much greater political traction during a US recession when overall unemployment rises.<sup>13</sup>

Organized labor and related groups also are increasingly important politically in the close race for the Democratic Party's presidential nomination. Neither of the leading Democratic contenders can afford to alienate these political forces; they have tended to appeal for their support with pledges to pursue tougher policies than the free trade policies of the Bush administration. They have sometimes sharply criticized China's economic policies as unfair to American workers. Republican candidate John McCain has a stronger record in support of free trade, but he almost certainly will have to adjust his stance to appeal to hard-pressed workers in the expected close race for the presidency.

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<sup>11</sup> It is common for interest groups to mobilize in order to influence policy agendas during a period of leadership transition in US politics. Many interest groups have focused negative attention on China related issues for years, going back particularly to the Tiananmen crisis of 1989. David Michael Lampton, *Same Bed, Different Dreams* Berkeley, Calif.: University of California Press, 2001. Robert Sutter, *US Policy Toward China: An Introduction to the Role of Interest Groups* Lanham, Md.: Rowman and Littlefield, 1998:

<sup>12</sup> In addition to reviewing published sources on Congress and political projections, this author benefited from consultation with three leading political lobbyists in Washington DC on March 17, 2008.

<sup>13</sup> Wayne Morrison, *China-US Trade Issues* Washington, D.C.: The Congressional Research Service of the Library of Congress Report RL33536 February 20, 2008.

Meanwhile, many congressional incumbents and aspirants are focused on adverse economic conditions and see the very unbalanced trade relationship with China as a salient target in their campaign rhetoric.<sup>14</sup>

Charges of unfair Chinese economic practices leading to the massive US trade deficit with China are supported by attacks on Chinese currency policies, intellectual property rights violations, and industrial and national security espionage. There is a real danger of sharp American backlash as Chinese firms move to use some of China's massive foreign exchange reserves to invest in US companies and as they begin to enter sensitive US markets such as autos. Japan faced a strong backlash in the 1980s, but Japanese companies reduced it by showing how their investments added good-paying manufacturing jobs in America. China has not done so and would be wise to learn from Japan in this regard.

Most economists see punitive US laws and restrictions on trade and investment with China as counterproductive for US national interests.<sup>15</sup> Nevertheless, the likelihood of such protectionist actions will surely increase with the anticipated Democratic gains in the Congress and a possible Democratic president.

### *Climate Change*

The Bush administration has been the main target of burgeoning criticism in the United States and the world because of its record on environmental protection and climate change. All the US presidential candidates and the vast majority of congressional contenders promise to shift US policy dramatically. This probably will happen quickly after January 2009 and it means that China will very likely become the new target of US and perhaps international criticism regarding this set of sensitive issues.<sup>16</sup> China's recent diplomatic activism and arguments in international forums dealing with environmental protection and climate change will not assuage broad American anger at China's massively wasteful use of energy in the production of goods and services.<sup>17</sup> China has become the top of green house gas producer. Once the United States faces up to its responsibilities on environmental protection and climate change, American officials and public opinion very likely will expect China to do the same. The United States seems to be prepared to help with the transfer of expertise and technology provided China can safeguard intellectual property rights and pay a fair price. Overall, American demands seem sure to mean greater cost for China either in implementing meaningful efforts to curb green house gases or in bearing the consequences of being seen as an international outlier on this important issue.

### *Other Issues*

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<sup>14</sup> Council on Foreign Relations *US Election 2008*

<sup>15</sup> Morrison, *China-US Trade Issues*

<sup>16</sup> Consultation with lobbyists Washington DC March 17, 2008.

<sup>17</sup> Lewis, "China's Strategic Priorities in International Climate Change Negotiations."

Taiwan. Both China and the United States acknowledge that Taiwan poses the most sensitive issue in the relationship. During his eight years in office, Taiwan President Chen Shui-bian repeatedly pushed pro-independence initiatives that were opposed by Chinese and US leaders. His departure and replacement by President Ma Ying-jeou, who seeks to reach out to Beijing, should help to calm the waters in the strait and thereby reduce US-China discord over Taiwan. However, it is easy to exaggerate how easily and how much progress will be achieved. In particular, Ma's national security plan strongly advocates acquisition of over 60 advanced F-16 aircraft from the United States. The planes are widely reported to be more advanced versions of the F-16s sold to Taiwan by President George H.W. Bush in 1992. (Actually, closer analysis shows that those earlier F-16s were significantly upgraded and the capabilities of the planes now proposed may not be much different).

The current Bush government has been under congressional pressure to go forward with the sale but it seemed reluctant to do so prior to the Taiwan presidential election. China remains opposed to all US arms sales to Taiwan and how it would react to such a significant transfer is uncertain. If the Bush administration decides not to go forward with the sale, the pressures for the sale will build and become a significant issue of controversy in the new US government and in its relations with China.<sup>18</sup>

North Korea. As noted above, the problems posed by North Korean nuclear weapon development probably will not be solved by the end of the George W. Bush administration. What this means is that a new US government will have to sort out its position on all the contentious issues involved in US relations with North Korea, including the priority it will give to negotiating with North Korea, the Six Party Talks and other issues. The approach of the Bush government and its lead negotiator Christopher Hill has been remarkably pragmatic and flexible since the North Korean nuclear test in 2006. This represents one side in an ongoing US debate over appropriate policy toward North Korea. A future US government may resort to more sticks and fewer carrots in dealing with the recalcitrant Pyongyang administration. Significant toughening in the US posture toward North Korea could pose serious complications and possible controversy in US relations with China as well as other Asia-Pacific countries over North Korea.<sup>19</sup>

Episodes of US hostility to China. Prevailing attitudes toward China in the United States make episodes of contention likely in the period ahead. Observers are correct in noting that the United States and China have become so interdependent economically and have so many areas of growing cooperation internationally that a significant break between the two countries is unlikely. However, this situation does not preclude episodes of significant friction and contention generated from the United States that can pose substantial problems for China. We have seen spikes of US antagonism toward China

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<sup>18</sup> Shirley Kan, *Taiwan: Major US Arms Sales Since 1980* Washington, D.C.: The Congressional Research Service of the Library of Congress Report RL30957 January 8, 2008. Shirley Kan, *Security Implications of Taiwan's Presidential Election of March 2008* Washington, D.C.: The Congressional Research Service of the Library of Congress Report RL34441 April 4, 2008.

<sup>19</sup> Larry Niksch, *North Korea's Nuclear Weapons Development and Diplomacy* Washington, D.C.: The Congressional Research Service of the Library of Congress Report RL33590 September 10, 2007.



even in periods of otherwise good US relations with China. When a Chinese oil company sought in 2005 to purchase the US oil company UNOCAL, the outpouring of anti-China comment from the US media and the Congress overwhelmed the sale. In 2007, toxic Chinese pet food, toys, health products and other consumer goods produced a storm of media controversy, congressional hearings and other investigations.<sup>20</sup>

Today, the situation in the United States is even more likely to lead to such spikes in anti-China activism. The US media remains focused on reporting about aspects of China that the American public and their officials finds objectionable. This year's Gallup poll of American opinion toward various countries conducted in February showed that 55 percent of Americans polled had an unfavorable view of China. This marked a sharp increase from the previous year when 47 percent had an unfavorable view.<sup>21</sup> As noted earlier, interest groups, including many with an agenda very critical of China's policies and practices, are very active in this US election year. Many of these groups also see an opportunity to push an anti-China agenda at a time when international attention focuses on China in the lead-up to the Beijing Olympic Games in August. The Chinese crackdown against unauthorized and sometimes violent demonstrations by Tibetans in March 2008 provided the latest in what seems likely to be a string of episodes that sour the atmosphere in US relations with China.

### Conclusion

The positive stasis in the US-China relationship probably will continue without substantial break. It will not advance easily. The relationship appears to represent the most important element of the outgoing and incoming US government's broader relationship with the Asia-Pacific region. The US-China relationship seems strong enough to weather various controversies and storms coming particularly from US domestic politics. However, the voyage over the next year or two probably will not be smooth and Asia Pacific leaders should be prepared to deal with possible adverse consequences.

Meanwhile, US leaders' preoccupation with other problems argues for continuity in the incoming US government's policies in the Asia-Pacific. The new US leaders promise to further improve the recent very negative US image and adopt a more consultative diplomatic posture in dealing with regional governments. Possible restrictions on existing US free trade policies, including curbs on free trade agreements with South Korea and other countries, could damage US-regional relations. US regional leadership will also be influenced by how Asia-Pacific leaders assess US military power and strategic resolve in the Asia-Pacific in light of protracted and controversial US military preoccupations in Iraq, Afghanistan and elsewhere.

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<sup>20</sup> Dumbaugh, *China-US Relations*

<sup>21</sup> USC US-China Institute, *Survey: Most Americans now have an unfavorable Impression of China* March 5, 2008 <http://china.usc.edu/Default.aspx> (accessed March 21, 2008)