The United States and China in Asia:
Positive Equilibrium—Status, and Outlook

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Purpose, Scope and Format. The purpose of this paper is to assess contemporary U.S.-China relations in Asia. This paper does so in two parts. The first part is a series of talking points that outline the main points of the author’s assessment. The second part is a narrative making those same points.

Context for Obama administration

- China issues secondary in U.S. foreign policy to world economic crisis, turmoil in Southwest Asia/Middle East
- U.S.-China meetings—underline continuity with Bush administration’s approach

Recent pattern of positive engagement despite major differences

- What are the major differences?
  U.S. issues—Clusters of issues involving economics, trade, and environment; political values; security; and international affairs.
  Chinese issues—Longstanding disagreement with and opposition to many aspects of U.S. international and regional leadership, U.S. support for Taiwan and Tibet, U.S. support for change in China’s political system of Communist rule.
  1. U.S. concerns and debate over possible negative implications of China’s rise in Asia were resolved for the most part in the later Bush administration and that resolution seems to hold in the Obama administration amid generally more comprehensive and balanced assessments of China’s rise and U.S. strengths in Asia.
  2. Differences in reaction to global economic crisis seem overshadowed by need for cooperation.

- Why have the two governments developed a pattern of positive engagement despite these formidable disagreements?
  1. Both governments gain from cooperative engagement—e.g.: beneficial economic ties; dealing with economic crisis and climate change; cooperation over North Korea, War on Terrorism, Pakistan, and Taiwan. Smaller progress on Iran and even less on Sudan and Myanmar (Burma).
  2. Both governments recognize that, because of ever closer U.S.-China interdependence, focusing on negative aspects in U.S.-China relations would be counter productive to their interests.
  3. Both governments recognize that, because of other major policy preoccupations they both have, focusing on negative aspects in U.S.-China relations would be counter-productive to their interests.

- Will the pattern of positive engagement between the two governments continue? Probably yes, for the reasons (1, 2, 3) noted above.

- Will there be major forward movement in U.S.-China engagement? Probably no, because of the wide range of differences noted above—those differences remain very hard to resolve.
• Will domestic U.S. forces critical of China (media, interest groups, many in Congress, negative public opinion) upset the equilibrium? They seem overwhelmed by the economic crisis for now. Spikes of anti-China activism are possible but they probably will not reverse U.S. policy.

Implications for U.S.-China Cooperation in Asia

• Obama government view of rise of China in Asia likely to continue the relatively sophisticated and balanced view seen in the latter part of the Bush administration—less of an obstacle to U.S. cooperation with China.
• U.S. attention to sustaining American power and leadership in Asia remains strong and is linked to continued active American and regional contingency planning in the face of China’s rise.
• Obama administration emphasis continues later Bush administration emphasis in seeking Chinese cooperation while playing down differences. Early signs are for continuation of recent patterns of cooperation—sometimes limited, sometimes more extensive—in dealing with such salient issues as North Korea, Afghanistan, Pakistan, and Myanmar, and the implications for Asia of the global economic crisis. The easing of tensions in the Taiwan Strait continues to be welcomed by the U.S. government.

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

President Barack Obama came to power facing daunting domestic and foreign crises. The United States led world economies into steep decline in 2008 and continued falling in 2009. Active efforts by U.S. and other governments to deal with the causes and effects of the global financial crisis showed little sign of substantially reversing economic fortunes. A prolonged recession—more serious than any experienced since the depression of the 1930s—seemed likely.¹

Economic calamity overshadowed what had been expected to be the new U.S. government’s most salient 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 would be significantly increased in order to counter the resurgence of Taliban attacks and expanding administrative control that threatened to reverse the overthrown of the oppressive Taliban regime by U.S.-led forces in 2001.²

Pakistan’s weakness compounded U.S. difficulties in shoring up security in Afghanistan. Pakistan’s ungoverned 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. A Pakistani terrorist group was implicated in the dramatic November 2008 terrorist attacks in Mumbai. Without stronger Pakistan government efforts to suppress such groups and stop blatant attacks on India, New Delhi’s retaliation with military and other actions would raise the specter of a major confrontation between the two nuclear armed rivals. Meanwhile, developments in the Middle East stalled prospects for advancing peace amid deep regional and global concerns over Iran’s apparently active pursuit of nuclear weapons.3

Against this background, U.S. relations with the rest of the Asia-Pacific region seemed likely to be of generally secondary importance for U.S. policy makers. The global economic crisis put a premium on close U.S. collaboration with major international economies, notably Asian economies like China and Japan, in promoting domestic stimulus plans, supporting international interventions to rescue failing economies, and avoiding egregiously self-serving economic and trade practices that could prompt protectionist measures seen to encumber any early revival of world economic growth. How cooperative China and other Asian and world economic leaders would be in working with the United States to deal with the crisis remained open to question. On balance, it appeared from an American perspective in the first half of 2009 that no major stakeholder in the international economy, including China and the United States, had much to gain from pushing controversial policies that would further undermine international confidence in the existing economic system and thwart meaningful efforts at economic recovery.

Apart from the deeply troubled Middle East-Southwest Asian region, the other major area of U.S. security concern in Asia is North Korea. Longstanding U.S. concern with the security situation in the Taiwan Strait declined beginning in 2008 as the newly installed government of President Ma Ying-jeou reversed the pro-independence agenda of his predecessor in favor of reassuring China and building closer cross strait exchanges. The Obama administration indicated little change from Bush administration efforts to support the more forthcoming Taiwan approach and avoid U.S. actions that would be unwelcome in Taipei and Beijing as they sought to ease tensions and facilitate communication.4

The North Korean nuclear test of 2006 represented a failure of the Bush administration’s hard line approach in dealing with North Korea’s nuclear weapons program. In response, the administration adopted a much more flexible approach, including frequent bilateral talks with North Korean negotiators, within the broad framework of the Six Party Talks


4 Donald Zagoria, Cross-Strait Relations: Cautious Optimism Report of Conference on Prospects for Relations Across the Taiwan Strait New York: National Committee on American Foreign Policy, January 13-14, 2009
seeking the denuclearization of the Korean peninsula. Important agreements were reached but North Korea has not yet fulfilled obligations to disable and dismantle plutonium-based nuclear facilities. North Korea greeted the new Obama government with a major crisis involving a long range ballistic missile test under the guise of launching a satellite, critical reaction from the UN Security Council, and North Korea’s avowed withdrawal from the Six Party Talks and resumption of nuclear weapons development.5

The Obama administration and the strong Democratic majorities in both Houses of the Congress also gave high priority to promoting international efforts on the environment and climate change. Such efforts appeared ineffective without the participation of Asia’s rising economies, notably China, the world’s largest emitter of greenhouse gases. An American approach of prolonged consultation and dialogue with China to come up with mutually acceptable approaches to these issues seemed likely.6

This paper notes strengths and weaknesses of the United States relative to China and other powers in Asia at the start of the Obama administration, and reviews the new U.S. government’s approach to China. The findings of the paper show that the United States remains in a strong leadership position in Asia. The Obama administration seems intent on correcting some shortcomings in the Bush administration’s efforts in the region. Apart from a possibly significantly higher profile for Southeast Asia and Asian multilateralism in U.S. policy, the new U.S. government’s policy actions seem to reflect adjustments in order to increase benefits for the United States rather than larger scale policy revisions and change.

**Strengths and Weaknesses of U.S. Leadership in Asia**

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 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 and 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.7

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 China’s double digit economic growth in order to broaden influence

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7 Morton Abramowitz and Stephen Bosworth, *Chasing the Sun* New York: Century Foundation, 2006
throughout the region. China also carried out steady and significant increases in military preparations.\(^8\)

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.\(^9\)

Over time, developments showed 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 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 seen today.

Former U.S. officials pushed back against prevailing assessments of U.S. decline with a variety of tracts underlining 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.\(^10\) 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 Robert Zoellick in 2005 arguing 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 behavior as a so-called responsible stakeholder in the international system. This line of approach was continued during the Obama administration. In their public tracts noted above, former Bush administration officials joined a growing contingent of scholars and specialists who looked beyond accounts that inventoried China’s strengths and U.S. weaknesses and carefully considered other factors including Chinese limitations and U.S. strengths before making their overall judgments.\(^11\)

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Several commentators and think tanks that had been prominent in warning of U.S. decline as China rose in Asia revised their calculus to focus more on Chinese weaknesses and U.S. strengths. What has emerged is a broad based and mature effort on the part of a wide range of specialists and commentators to more carefully assess China’s strengths and weaknesses along with those of the United States and other powers in the region.

The basic determinants of U.S. strength and influence in Asia seen in the recent more balanced assessments of China’s rise and U.S. influence in Asia involve the following factors:

**Security.** In most of Asia, governments are strong, viable and make the decisions that determine direction in foreign affairs. Popular, elite, media and other opinions 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. In general, 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.** 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 developed 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, that nonetheless are very important for Asia governments. Obviously, the 2008-2009 global economic crisis is having an enormous impact of 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

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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.  

**Government Engagement and Asian Contingency Planning.** The Obama administration inherited a U.S. position in Asia buttressed by generally effective Bush administration interaction with Asia’s powers. It is very rare for the United States to enjoy good relations with Japan and China at the same time, but the Bush administration carefully managed relations with both powers effectively. 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 President Ma Ying-jeou in March 2008.

The U.S. Pacific Command and other U.S. military commands and organizations have been at the edge of 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 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.

**Non-government Engagement and Immigration.** For much of its history, the United States exerted influence in Asia much more through business, religious, educational and other interchange than through channels dependent on government leadership and support. Active American non-government interaction with Asia continues today, putting the United States in a unique position where the American non-government sector has such a strong and usually positive impact on the influence the United States exerts in the region. Meanwhile, over 40 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 under gird 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.

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13 “We Should Join Hands: Chinese Premier Interviewed,” *Newsweek* October 6, 2008  
www.newsweek.com  
In sum, the findings of these assessments of U.S. strengths show that the United States is deeply integrated in Asia at the government and non-government level. 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 work to fix various problems in U.S. policy in Asia with confidence that U.S. leadership in the region remains broadly appreciated by Asian governments and unchallenged by regional powers or other forces.

**Relations with China: Positive but Fragile Equilibrium**

U.S.-China relations during the first decade of the 21st century evolved toward a positive equilibrium that appears likely to continue into 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 provides a basis for greater cooperation over economic and security interests and issues.

At the same time, 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. Policy makers in both countries continue to harbor suspicions about each others’ intentions.  

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. It reflects the mix noted above of converging and competing interests and prevailing leadership suspicions and cooperation.

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

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these ties to build interdependencies and webs of relationships that have the effect of constraining the other power from taking actions that oppose its interests.

The sources and importance of differences between the two countries continue out of the limelight of the publicity for the over 60 dialogues and other high-level interaction between the two administrations that tends to emphasize the positive in the relationship. Secretary Clinton’s visit to China in 2009 followed the pattern in the latter years of the Bush administration in calling for deepening dialogue and development of “positive and constructive” relations. This positive tone continued in later high-level U.S.-China meetings. 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, as well as key aspects of U.S. alliances and U.S. security presence and arrangements around China’s periphery and U.S. positions on salient international issues ranging from the military use of space to fostering democratic change.17

The positive features of the relationship tend to outweigh the negatives because:

- Both governments gain from cooperative engagement—the gains include beneficial economic ties, as well as cooperation over North Korea, the War on Terrorism, Pakistan, and even Taiwan. It also includes 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 counter productive to their interests.

- Both governments recognize that, because of other major policy preoccupations they both have, focusing on negative aspects in U.S.-China relations would be counter productive to their interests.

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.18 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 conflict with China over trade, currency, environmental, security, Taiwan, Tibet, human rights and other issues that appear

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counterproductive for what seem to be more important U.S. interests in preserving a collaborative relationship with China and avoiding frictions with such an important economy at a time when international economic cooperation seems of utmost importance.  

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. 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 anti-China media commentary, congressional commentaries and investigations, and other public discussion that 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.

Implications for U.S.-China Cooperation in Asia

This mix of the factors noted above forecasts a continuation in the Obama administration of the patterns of cooperation—sometimes extensive and sometimes limited—in U.S.-China cooperation on relevant Asian issues that prevailed in the latter part of the Bush government.

- North Korea poses an immediate crisis and the U.S. and Chinese governments have cooperated extensively while also reflecting diverging interests and policy approaches in dealing with the crisis.
- The Obama government is devoting much more U.S. attention to Afghanistan and the deteriorating situation in Pakistan. It seeks the help of China in both areas. There is some private disappointment registered by U.S. officials on the level of Chinese cooperation seen thus far; the U.S. government continues to seek greater Chinese cooperation in both areas.
- The Obama government’s newly flexible approach to Myanmar has yet to be explained. Presumably greater U.S. flexibility should broaden the possibility for U.S. cooperation with China on this issue area.
- As differences between Taiwan and China ease, the Obama government welcomes the trends which reduce U.S.-China friction over Taiwan. There seems to be less need than during the past several years for the U.S. government to work in parallel with China to curb pro-independence tendencies in Taiwan. The focus of U.S. government attention seems to be continued support for the current

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Taiwan government’s policies of reassurance of China and support for its efforts to get China to support Taiwan’s participation in international affairs and to ease Chinese military pressure against Taiwan.

- The Obama government’s pragmatic search for economic cooperation with China, Japan, and other Asian and world economic powers in dealing with the global economic crisis should reduce the salience of U.S.-China bilateral economic differences regarding Asia as well as other issue areas.