

ISAS Working Paper

No. 102 – Date: 7 December 2009

469A Bukit Timah Road
#07-01, Tower Block, Singapore 259770
Tel: 6516 6179 / 6516 4239
Fax: 6776 7505 / 6314 5447
Email: isassec@nus.edu.sg
Website: www.isas.nus.edu.sg



President Barack Obama in Asia – Searching the Basis for a Partnership

Shahid Javed Burki¹

Abstract

United States President Barack Obama's visit to Asia took him to four countries – Japan, Singapore, China and South Korea. The trip will have a lasting impact for at least two reasons. The American president gave up on the position taken by George W. Bush, his predecessor in the White House, that America would rule the international waves alone and would not share that space with any other nation. Instead, the new president went out of his way to invite Asia to join his nation to shape a new world order. He defined the twenty-first century as the Pacific century. Second, he singled out China as the United States' partner in this enterprise. Implementing this design will not be easy. Already, the conservatives in his country have signalled their unhappiness with this change in America's strategic thinking. And India, the other major Asian power, did not welcome President Obama's call to China to help bring peace and prosperity to South Asia, a region New Delhi regards as its sphere of influence.

Executive Summary

In an earlier brief for the Institute of South Asian Studies (ISAS), I had set the stage for United States' President Barack Obama's first official visit to Asia.² The visit is now concluded and the American president is back home addressing some of the other problems he faces, including the decision about the size of the American military contingent fighting what, at this time, appears to be a losing war in Afghanistan. Even while in Asia, the President was not able to escape this issue; it was raised by journalists at almost all the press conferences in which he participated. The sluggishness of the economic recovery in the United States also remains an issue. While in Asia, President Obama had to answer questions about the increase in the rate of unemployment in the United States that crossed the psychological threshold of ten percent in October 2009. The fact that the Asian economies, in particular China, have rebounded from the "Great Recession" with surprising vigour, did not

¹ Mr Shahid Javed Burki is a Visiting Senior Research Fellow-designate at the Institute of South Asian Studies, an autonomous research institute at the National University of Singapore. He was the Former Vice President of the World Bank, and the Former Finance Minister of Pakistan. He can be contacted at sjburki@yahoo.com.

² Shahid Javed Burki, "President Obama's first Asian Visit", ISAS Brief No. 138, 9 November 2009 (Accessed at <http://www.isasnus.org/events/backgroundbriefs/139.pdf>).

escape the American visitor. While Asians remained dependent on the American markets for exports, a number of them have begun to rely on regional trade as well as on the increase in domestic consumption in order to maintain high rates of domestic output.

Does this mean that Asia is going through a period of decoupling from the United States economy and, if so, what would its impact be on the American dollar? The Asian central banks had invested most of their reserves in American government bonds which had helped to finance that country's large fiscal deficits. By picking up United States treasuries, the Asians had also made it possible for the United States to maintain low interest rates. Any serious disruption in these trends would have very negative consequences for the United States economy. The United States needs Asia as much as Asia needs the United States. How should this relationship be developed and cemented? This became the central issue of President Obama's first visit in his official capacity to the eastern part of the continent.

The United States had two options in seeking to further strengthen its relations with Asia. It could go the multilateral route and become a more active participant in the various institutions with which it was already associated. The most promising of these was the Asia Pacific Economic Cooperation (APEC), a grouping of 21 countries from both sides of the Pacific. Or it could signal that Washington was opting to carve the world into three slices – the G2, made up of the United States and China; the G20, a grouping of the world's largest nations, including several emerging economies; and the rest. Washington, under President Obama, chose the second option. The enthusiasm with which President Obama approached China and the wide-ranging statement issued by the two sides after the conclusion of the discussions with President Hu Jintao and Prime Minister Wen Jiabao surprised most analysts. Washington invited China to join it in bringing “peace and prosperity” to the world. This phrase appeared several times in the joint statement.

To the even greater surprise of the analysts was the declaration concerning South Asia. One area of cooperation listed in the joint statement was the conflict in South Asia. Beijing was invited to join Washington in its efforts to bring peace to that part of Asia. The invitation to China to enter the murky and turbulent waters of South Asia did not go well with India. President Obama had to spend a good deal of his time in the discussions with Indian Prime Minister Manmohan Singh during the latter's state visit to Washington that followed immediately after the American president's return to his capital. While China was becoming America's strategic ally in world affairs, India was recognised as a “natural ally”. While the meaning of the first phrase was spelt out in some detail in the United States-China joint statement, that of the second remained vague.

There were other significant developments during President Obama's visit to Asia. When in Singapore, he and the Asian leaders recognised that it would not be possible to secure a definitive agreement at the Copenhagen conference on climate change, though the American leader seemed to have persuaded the Chinese to take a more prominent position on carbon emissions. China is now the largest emitter of carbon into the atmosphere. By pumping six billion metric tons of carbon into the atmosphere, it has passed the United States. Indication of action by Beijing and a softening of the stand by India helped President Obama to take the decision to attend the Copenhagen summit of world leaders and present to the conferees that the United States would work on a fairly aggressive policy to cut carbon emissions.

Introduction

United States President Barack Obama set out on his Asian journey on 11 November 2009 and returned home nine days later on 20 November 2009. He visited four countries and five cities during this nine-day trip to Asia, the first visit by him to that part of Asia as the United States president. He began his visit with a 24-hour stay in Japan; flew to Singapore to attend the summit of the Asia Pacific Economic Cooperation (APEC) and spent two days in the city; flew to Shanghai to address a town-hall meeting attended by Chinese youth; spent two days in Beijing holding discussions with the Chinese leadership; and then concluded his visit with a day in Seoul, South Korea. This was, of course, not his first visit to the continent. He had lived as a child in Indonesia with his mother, an experience he described in some detail in his autobiography, *Dreams From My Father*.³ In his only formal address delivered during this visit, President Obama reminded his audience at Tokyo's Suntory Hall that he was "America's first Pacific president". He said that they must look at the United States as a Pacific country. "My own life is a part of that story. I am an American president who was born in Hawaii and lived in Indonesia as a boy. My sister, Maya, was born in Jakarta and later married a Chinese-Canadian. My mother spent a decade working in the villages of Southeast Asia helping women buy a machine or an education that might give them a foothold in the world economy. So the Pacific rim has helped shape my view of the world." He even spoke of his first visit to Japan as a boy. "As a child, I was more focused on the matcha [Green Tea] ice cream", a remark that "drew laughs from the audience, which gave him a standing ovation both before and after his speech".⁴

If we were to look for a statement that would nicely sum up the purpose of President Obama's visit to Asia in November 2009, we should perhaps remember what the American president said in an interview with a Japanese news magazine. If he had the luxury of time, he told the interviewer, he would have liked to have begun his first visit to Japan as the American president by going to Hiroshima and Nagasaki, the two cities destroyed by his country's nuclear bombs in order to hasten the end to the Second World War. That objective was achieved and the bombing pushed the Japanese government towards surrender to the American forces. However, a number of moral issues still remain. That was the first time – and to date the only time – that nuclear bombs were used. And the bombs were dropped on an unsuspecting civilian population. The toll was heavy – 220,000 people were killed – and the misery caused seared the event into the memories of the Japanese people. President Obama seemed to believe that by visiting the two cities, he could somehow bring to closure that part of America's long involvement with Japan. History, in other words, was the main purpose of the visit to Japan, a fact further underscored by the controversy over the stationing of American troops in Okinawa. The future was the reason for the journey to Singapore, China and South Korea.

According to most Asian commentators, economics had to be the real purpose of the visit. After all, it was said repeatedly that "the business of Asia is business". Looked at from that perspective, the United States is facing a number of issues. Among them, the value of its currency and the failure to provide leadership in trade are the two most important ones. "When Mr Obama visits Asia, he does so as head of state of a battered superpower", editorialised the *Financial Times*. "No better symptom of the United States frailty can be found than the dollar – the currency in which the Asians have invested so much of their hard-

³ Barack Obama, *Dreams From My Father: A Story of Race and Inheritance*, New York, Three Rivers, 2004.

⁴ Helene Cooper and Martin Fackler, "US is not threatened by the success of China, Obama tells the Japanese", *The New York Times*, 14 November 2009, p. A6.

earned wealth...No better symptom of aversion to the United States currency – managed by a central bank determined to blow new bubbles, critics complain – can apparently be found than the jump in the dollar price of gold. This is up 56 percent over the past year, driven, in part by fears over their financial future.”⁵ Those who had hoarded their wealth in dollars seem to be abandoning it. On 3 November 2009, the Indian government announced with some fanfare that it had purchased 200 tons of gold from the International Monetary Fund (IMF), thus converting US\$6.7 billion of its nearly US\$290 billion of foreign exchange reserves from dollars to gold. It was also revealed that China, the country with the largest foreign exchange reserves, had been doing the same thing, but secretly, in order not to put pressure on the American dollar.⁶

The decision by the American president to touch four countries during the visit was highlighted by the different objectives he wished to achieve in each place. Japan is being economically eclipsed by China. Its new prime minister had come to office by leading his party, the Democratic Party of Japan (DPJ), to a decisive victory over the Liberal Democratic Party (LDP) that had governed the country for most of the time since the end of the Second World War.⁷ China’s rise and Japan’s decline meant that Washington had to re-anchor its Asia policy with much greater strategic attention given to Beijing. That said, President Obama told his audience at Tokyo’s Suntory Hall that he and his administration recognised that “in an interconnected world, power does not need to be a zero-sum game and nations need not fear the success of another.” The reference was obviously to China’s rise and the threat it possibly posed to the United States and Japan. The visit to Singapore served to reinforce America’s commitment to trade even though the country’s political system was not geared towards a rapid ratification of the various treaties and agreements Washington had either concluded with several Asian countries or wished to negotiate. The Chinese visit was yet another step in the formalisation of America’s relations with the new Asian super economic power. This was another step in the division of the world into several tiers, with the top occupied by the G2 – America and China. The visit to Seoul was to continue to partner with the country in the attempt to denuclearise North Korea.

The visit also indicated the United States’ changed approach towards the world. President Obama gave only one formal address and that was in Tokyo at the Suntory Hall – the President projected a conciliatory America, which was trying to break with the past. One example, he said, at the Suntory Hall meeting, was that he would “be the first American leader to meet with all 10 ASEAN leaders”, including Thein Sein, Myanmar’s Prime Minister and a senior member of the ruling junta. The American officials suggested that “the Obama administration had chosen to engage with the Burmese, while maintaining tight economic sanctions on the country in the hope of boosting the chances of restoring democracy to the country when it holds what are expected to be another round of rigged elections in 2010”.⁸ The United States had ignored previous invitations to be present at the Association of Southeast Asian Nations (ASEAN) summits in order not to meet with the leaders of the military junta that governed Myanmar.

⁵ “Mr Obama goes to visit his creditors”, *Financial Times*, 14 November 2009, p. 8.

⁶ Shahid Javed Burki, “Is India making gold return to the reserve system?”, *Dawn, Economic and Business Review*, 16 November 2009.

⁷ I discussed the implication of this event in an earlier ISAS brief. See Shahid Javed Burki, “Japan joins changing Asia” ISAS Brief No. 128, 7 September 2009 (Accessed at <http://www.isasnus.org/events/backgroundbriefs/129.pdf>).

⁸ Kevin Brown and Edward Luce, “Asean talks to bring first meeting with Burma leader”, *Financial Times*, 14 November 2009, p. 2.

24 Hours in Tokyo

President Obama used the United States' deep relationship with Japan as the theme of his visit to that country. That relationship was based on the treaty signed between the two countries in 1950 that brought to an end the five-year long occupation by the United States. During that time, the Americans helped write a new constitution for the country that established a parliamentary form of government. The Japanese also eschewed the use of force as an instrument of state policy and also committed themselves against the development of nuclear weapons. They pledged not to have an army, leaving the defence of the country in the hands of the Americans. The United States government was duty-bound to defend Japan in case of an attack. For that purpose, the United States was allowed to maintain a military presence on the island of Okinawa at the Futenma Marine Airbase, while pulling out its forces from other parts of the mainland. There are 36,000 United States military personnel based in Okinawa.

Over the years, as the Japanese were able to rebuild their economy, economics became the basis of the relationship. For about three decades, from the mid-1960s to the mid-1990s, Japan was one of the fastest growing large economies in the world, successfully playing what economic historians call the "catch up" game. Japan used exports as the driver of growth, relying heavily on the access to the American market to provide an outlet for its rapidly growing industries. By 2009, exports to the United States accounted for 17 percent of the total while Japan received only five percent of American exports.

Japan not only caught up with the United States in terms of its per capita income, but also became the second largest economy in the world. In 2009, its gross domestic product (GDP) was estimated at US\$5 trillion, slightly more than one-third of the United States' US\$14.3 trillion. However, for the last decade, the Japanese economy has been in a slump. If it has grown at all, it has grown slowly. The Japanese economy has faced several problems which the country's political leadership found hard to address. Among them were the rapidly ageing population and the dependence on the state for providing security to the citizenry. Consequently, the government was forced to borrow large sums of money which skyrocketed the debt-to-GDP ratio. At 180 percent, it was the highest among the world's major economies. In a recent report, J.P. Morgan, an American bank, warned that the costs of coping with a shrinking and aging population could push that ratio to 300 percent in a decade, and send debt service costs soaring.

The Japanese economic downturn came while a number of East Asian countries, most notably China, used more or less the same model of development as Japan's to achieve high rates of GDP growth. Some economists described this process as the "flying geese approach to development", when the bird leading the flock falls back to give its place to the one that is right behind. While the Japanese economy stalled, a number of other East Asian states began to catch up with Japan. In terms of the size of the economy, China is expected to overtake Japan in as soon as 2010, becoming the world's second largest economy.

The American president came calling at the time that a new government and new political party were in the process of settling down. Prime Minister Yukio Hatoyama's DPJ had won a decisive victory over the LDP. One of the important policy planks in the DPJ's manifesto is to follow a more independent foreign policy, concentrating more on its own strategic

interests. A Japan-centric approach is to be pursued even if it meant redefining the relationship with the United States.⁹

President Obama's 24-hour stay in Tokyo included three activities. He met with Prime Minister Hatoyama, gave a joint press conference with the prime minister and addressed a large gathering at Tokyo's Suntory Hall. The meeting with Prime Minister Hatoyama, head of the ten-year old DPJ, was not expected to be an easy one. In the campaign leading up to the election, the Japanese prime minister had promised the electorate that he would rethink the basis of the long relationship with the United States. One important point of contention was the American base on the island of Okinawa. The Japanese wanted the United States to relocate the troops away from the densely populated centre of the island to the outskirts. Discussions between the two countries did not begin well. "During a testy visit to Japan last month by Robert Gates, United States Defense Secretary, the American official upset DPJ leaders by brusquely rejecting talk of a rethink, telling them it was 'time to move on'."¹⁰

The American president did not fare much better. No progress was made in the talks between the two leaders on Okinawa. They agreed to create a working group of high-level officials from their countries to resolve their dispute. However, the leaders disagreed over what the working group is supposed to do. President Obama said at the joint press conference that the group should focus only on implementing a three-year old agreement to allow the air station to be relocated in Okinawa. The Japanese prime minister said the working group must be able to do much more or else it is "meaningless". He said that he wanted the air force base moved off Okinawa or outside Japan.

The White House had built the Suntory Hall address¹¹ as a major policy statement by the American leader on his vision of his country's evolving relations with Asia – a subject on which a number of analysts have spent a great deal of time in recent years.¹² The speech lived up to that expectation. "I am beginning my journey here for a simple reason. Since taking office, I have worked to renew American leadership and pursue a new era of engagement with the world based on mutual interests and mutual respect. And our efforts in the Asia Pacific will be rooted, in no small measure, through an enduring and revitalised alliance between the United States and Japan", President Obama told the audience in the hall. Recognising that some difficulties had risen recently in the relations between the two countries, President Obama indicated that in his discussion with his host, "at this critical moment in history, the two of us have not only reaffirmed our alliance – we've agreed to deepen it. We've agreed to move expeditiously through a joint working group to implement the agreement our two governments reached on restructuring United States forces in Okinawa. And as our alliance adapts for the future, we will always strive to uphold the spirit that President Eisenhower described a long time ago – a partnership of equality and mutual respect". The reference was to the trip President Eisenhower had taken in 1960 to Tokyo. He was the first American president to travel to Japan after the end of the American occupation of the country. However, Japan and the rest of Asia have changed since that time. "Perhaps

⁹ For a discussion of what the victory of the DPJ may mean for Japan's relations with the United States, see Shahid Javed Burki, "Japan joins changing Asia", ISAS Brief No. 128, 7 September 2009.

¹⁰ Mure Dicie and Edward Luce, "Pledges fail to mask divisions over Okinawa", *Financial Times*, 14 November 2009, p. 2.

¹¹ The quotations from the statement are from the text of the statement on the White House website.

¹² Among those who had reflected on this issue are Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power*, New York, Public Affairs, 2009; and Fareed Zakaria, *The Post American World*, New York, W. W. Norton, 2009.

no region has changed as swiftly or dramatically”, continued President Obama. “Controlled economies have given way to open markets. Dictatorships have become democracies. Living standards have risen while poverty has plummeted. And through all these changes, the fortunes of America and the Asia Pacific have become more closely linked than ever before”.

President Obama promised that his country would get fully engaged with all countries on the other side of the Pacific Ocean. “So I want everyone to know, and I want everybody in America to know, that we have a stake in the future of this region, because what happens here has a direct effect on our lives at home. This is where we engage in much of our commerce and buy many of our goods. And this is where we can export more of our own products and create jobs back home in the process. This is a place where the risk of nuclear arms race threatens the security of the wider world and where extremists who defile a great religion plan attacks on both our continents. And there can be no solution to our energy, security and climate challenge without the rising powers of the Asia Pacific. To meet those common challenges, the United States looks to strengthen old alliances and build new partnerships with the nations of this region”.

His country’s involvement in Afghanistan was always on President Obama’s mind as he travelled through the Asia Pacific region. He made two references to it in his Suntory address. The context was the economic help Japan and China were giving to Afghanistan and Pakistan, the two countries his administration had begun to call ‘AfPak’. America’s relationship with Japan has evolved as Tokyo “has played a larger role on the world stage, and made important contributions to stability across the world – from reconstruction in Iraq to combating piracy off the Horn of Africa to assistance for the people of Afghanistan and Pakistan – most recently through its remarkable leadership in providing additional commitments to international developments there”. The last reference was to Tokyo’s involvement in coordinating aid to Pakistan to rescue its highly troubled economy from collapsing altogether. The Americans have come to believe that persistent economic problems in Pakistan would worsen social and political stability in that country, providing an opportunity to the Islamic extremists to strengthen their presence there. Pakistan urgently needs a large infusion of cash into its economy. Japan hosted a “Friends of Democratic Pakistan” conference in July 2009 during which a number of donors pledged large sums of money to help Pakistan. While applauding Japan’s assistance to Pakistan, President Obama also brought China into focus as another source of comfort for Afghanistan and Pakistan. “China has promoted security and stability in Afghanistan and Pakistan”, he told his audience.

Did President Obama’s Japan visit influence the new government in Tokyo to stop the deterioration of relations with Washington? Prime Minister Hatoyama and his party continued to follow its promise to hue an independent course. In late November, the DPJ’s Foreign Minister Katsuya Okada announced that the investigation into a secret agreement with the United States that permitted the latter to carry nuclear weapons was nearing completion and was to be made public. “The pact violates a Japanese law that prohibits nuclear weapons from being made, possessed or stored on its territory”. The existence of the treaty was well known. “Still, the Tokyo government’s insistence on an official investigation of the matter has placed new strain on United States-Japanese relations.”¹³

¹³ Blaine Harden, “Japan says it will soon release details of nuclear pact with US”, *The Washington Post*, 25 November 2009, p. A12.

Two Days in Singapore

President Obama adjusted his itinerary and arrived in Singapore earlier than originally scheduled. He decided to attend the dinner in honour of the heads of delegation of the countries attending the meeting of the 21-member APEC summit. One issue faced the American president: a chorus of complaints about United States' trade policies largely drowned out grumblings over China's turbocharged export machine and threatened to put the American president on the defensive. The Chinese had begun to attend to the complaints about their economic policies; President Hu arrived in Singapore two days before President Obama landed and began a series of meetings with those leaders who were concerned with the competition that his nation was offering in the global marketplace by keeping the renminbi, the country's currency, underpriced. President Hu also attempted to shift the focus to the United States by joining the voices that had begun to condemn the perceived shift towards protectionism in the United States. China had been blunt in its criticism of the several measures adopted by Washington to limit imports from the country for items such as tires and steel pipes. "Such complaints mark a curious reversal of roles: The United States established itself as a power in Asia at the end of the nineteenth century by championing free trade with China, a push that President William McKinley dubbed the 'open door' policy."¹⁴ There were now loud complaints by other major trading partners of the United States. The bluntest criticism came from President Felipe Calderón of Mexico who accused the United States of "moving in the opposite sense of free trade".

Once he had taken office, President Obama found himself between a rock and a hard place. During the long campaign for the presidency, he had shown little favour for free trade. Free trade is a toxic issue for many Democrats and voters tend to equate it with the export of jobs overseas. When in office, the new president had focused on keeping Democratic support for his domestic agenda, the cornerstone of which was healthcare. This had created doubts in the Asian minds about President Obama's commitment to free trade. According to a report in *The Wall Street Journal*, "the Obama administration's move to start talks aimed at joining a little known pact involving some of the Asia-Pacific region's smaller economies is more a measure of the extent to which the United States trade policy remains hostage to domestic politics than the long-awaited kick-start to a stalled free trade agenda." The Trans-Pacific Partnership (TPP) bloc is currently made up of Singapore, Chile, New Zealand and Brunei. "Although the TPP is touted by free-trade advocates, the combined size of the four countries in the pact is smaller than Belgium. Washington has a number of large trade deals, with countries such as South Korea, Panama and Colombia that have been negotiated but are blocked by opposition in the United States Congress. These are politically much more significant for the United States economy".¹⁵ The one with South Korea is especially important but is hung up on the issue of trade in cars. If the Korean automobiles are allowed in free of tariff they will pose a serious challenge to Detroit, which is still struggling to revive the America auto industry in spite of the tens of billions of dollars of aid given by the government.

The visit to the city state was to once again signal America's desire to have a close working relationship with Asia, including with the smaller countries of the continent that are members of the 10-nation Association of Southeast Asian Nations (ASEAN). This is a region of 580 million people with a combined GDP bigger than that of India.

¹⁴ Andrew Higgins and Anne E. Kornblut, "On trip to seal ties with Asia, trade policy threatens shift", *The Washington Post*, 15 November 2009, pp. A1 and A14.

¹⁵ Tom Weight, Jonathan Weisman, and Peter Fritsch, Pacific-Trade plans shows constraints on US", *The Wall Street Journal*, 16 November 2009, p. A8.

Singapore also became the venue for the decision by several world leaders not to press for the conclusion of a definitive climate treaty at the international conference scheduled for mid-December 2009 in Copenhagen. Instead, the leaders announced that they would follow a two-step approach. Copenhagen discussions will be used to develop political consensus on the need for a binding international protocol on preventing global warming. The actual agreement in the form of an enforceable treaty would be concluded in 2010. This would allow countries such as the United States, China and India to develop plans of their own that could become part of the treaty.

On the sidelines of the ASEAN summit, President Obama met with Susilo Bambang Yudhoyono, president of Indonesia, a country where the United States president spent four years of his childhood and which he has pledged to visit in 2010. American officials said that President Obama “sees Indonesia as a lynchpin of America’s renewed outreach to Asia against the backdrop of a China that is moving rapidly ahead to forge stronger trade, economic and infrastructure links with countries throughout the region”. Although never stated boldly, the underlying assumption was that the United States needs to take rapid steps to match China’s increasingly tentacular reach following eight years of what officials describe as neglect for the region under President George W. Bush. One such test would be in the evolution of the debate over the creation of an East Asian Community – a body from which China is thought to want to exclude the United States while Japan is pushing for its inclusion.¹⁶ During his visit to China, however, President Obama gave no hint that he was looking to balance the growing influence of China in Asia. He was happy to share the leadership of the new political and economic order with Beijing.

Three Days in China¹⁷

Substance is not the only criterion for determining the quality of relations with China; words also matter. Getting the words right has been the cornerstone of Chinese statecraft and

¹⁶ Murie Dickie and Edward Luce, “Pledges fail to mask differences over Okinawa”, *Op. Cit.*

¹⁷ Some of the more important milestones in China’s relations with the United States include, in more recent times, the 1971 visit to Beijing by President Richard Nixon, Mao Zedong’s death in 1976 that led to the adoption of a more conciliatory approach towards the United States, particularly after Deng Xiaoping became the country’s paramount leader in 1978. In February 1979, Deng visited the United States but the United States Congress complicated the relationship with China by passing the Taiwan Relations Act which pledged to continue arms sales to Taiwan. In July 1985, Chinese President Li Xiannian visited the United States, further cementing relations between the two countries. However, on 4 June 1989, the Chinese army was called in by Deng to suppress student demonstrations in Tiananmen Square that had virtually imprisoned the Chinese leaders in their compound. Hundreds of demonstrators were killed. The administration of President George Bush protested the army’s action and the relationship plunged to its lowest level in decades. In September 1994, President George H. W. Bush, by allowing the sale of F16 planes to Taiwan, further antagonised the Beijing leadership. In May 1995, Taiwanese President Lee Teng-Hui was granted a visa to visit the United States which led to more protests by Beijing. Deng died in February 1997 and in July of the same year, China took control of Hong Kong from the United Kingdom. The World Bank and the IMF held their joint meetings in Hong Kong in September 1997. In October 1997, Jiang Zemin became the first Chinese president to visit the United States in 12 years. In May 1999, the North Atlantic Treaty Organization planes bombed the Chinese Embassy in Belgrade during the Kosovo war. The United States, after calling it an accident, apologised. However, anti-American demonstrations erupted in several Chinese cities. In November 2001, China joined the World Trade Organization (WTO) after protracted negotiations with the United States. The WTO membership led to a sharp increase in trade with the United States which, in turn, resulted in increasing the trade deficit with Washington. President Jiang visited President Bush at his Texas ranch in October 2002 and 14 months later, Prime Minister Wen Jiabao visited the American president in the White House.

philosophy since the age of Confucius, the Chinese sage who lived two and half millennia ago. “There must not be arbitrariness in what is said. This matters above everything”, decreed Confucius in the *Analects*, an ancient compilation of his teachings. “If names are not correct, language is not in accordance with the truth of things. If language is not in accordance of truth of things, affairs cannot be carried to success.” It has taken the Americans, always casual about the use of language, many years and many tries to understand this aspect of China’s diplomatic discourse. When President Obama took office, his advisers spent weeks haggling with Chinese officials over what to call their relationship with China which has gone on to become the country’s most important economic partner. “Over the decades, United States leaders have run through a kaleidoscope of terms from ‘tacit allies’ against the Soviet Union in the early 1970s to ‘strategic competitors’ at the start of President George W. Bush’s administration”. The officials in the Obama administration and Beijing “came up with a bland characterisation, declaring their ties ‘positive, cooperative and comprehensive’. This replaced the Bush-era language that had also defined the relationship as ‘candid’, a word Beijing disliked because it suggested that the two sides may criticise each other.”¹⁸

China is about to become the second most powerful economy in the world after the United States which remains by far the world’s largest, with GDP five times that of China. However, the momentum was clearly moving China’s way. While the United States economy was clambering slowly out of a deep slump, Asia, led by China, is rebounding with vigour. The Asian GDP was likely to increase by six percent in 2009 compared with 1.5 percent rate of growth for the United States. China’s economy is set to surge by eight percent in 2009 and is expected to expand by nine percent in 2010. It is expected to overtake Japan as its economy made a much faster recovery from the great recession of the last couple of years.

It was inevitable that President Obama’s first visit to China would invite comparisons between the United States and the Middle Kingdom. Several commentators reflected on the differences in perception about the future on the part of the two citizenries. Faced with a number of seemingly insurmountable problems, the Americans are less sure about their future. The Chinese now have lavish faith in their scientific and technological potential. According to a poll conducted by *Newsweek* and Intel, only 22 percent of Chinese believe their country is an innovation leader now, but 63 percent are confident that their country will be the global technology leader within 30 years. Looking at these numbers, David Brooks, a conservative columnist, suggested that “the Cultural Revolution seems to have produced the same sort of manic drive that the pioneer and immigrant experiences produced among the Americans. The people who endured Mao’s horror have seen the worst life has to offer and are now driven to build some secure footing. At the same time, they and their children seem inflamed by the experience of living through so much progress so quickly.”¹⁹

Weeks before President Obama arrived in China for his first-ever visit, his administration had begun to signal that the United States would use a different basis for the relationship between the two countries. It was termed “strategic reassurance”, first articulated by James B. Steinberg, the United States Deputy Secretary of State. Steinberg has deep roots in the China policy. “Strategic assurance rests on a core, if tacit bargain. Just as we and our allies must make clear that we are prepared to welcome China’s ‘arrival’, the Chinese must reassure the world that its development and growing global role will not come at the expense of security and well being of others.” President Obama picked up on this theme in his first major address

¹⁸ Andrew Higgins and Anne E. Kornblut, “Ties that bind, and labels to keep in mind”, *The New York Times*, 12 November 2009 p. A10.

¹⁹ David Brooks, “The nation of futurity”, *The New York Times*, 17 November 2009, p. A. 29.

of the first Asian visit. At the Suntory Hall meeting in Tokyo, he pointedly singled out the emerging dynamics at play between the United States and China that would inform policymaking during his tenure as president. “The United States does not seek to contain China. On the other hand, China can be a source of strength for the community of nations”, he told his Japanese audience. This was a giant step in a different direction. In the 1950s and 1960s, Washington’s attention to Asia was entirely in the context of containment of Communist China. More recently, under President George W. Bush, Obama’s immediate predecessor, Washington forged a strategic relationship with New Delhi in an attempt to use India to provide some balance to China’s growing influence in Asia. The new American president wanted to deal with China on its own. He could not do otherwise. According to one analysis, “unlike his immediate predecessors who publicly pushed and prodded China to follow the Western model and become more open politically and economically, Mr Obama will be spending less time exhorting Beijing and more time reassuring it.”²⁰ The United States is now as dependent on China for the health of its economy as China is on the United States.

The shift in China policy under President Obama did not win him any favour with the conservative thinkers. In an op-ed article in *The Washington Post*, Robert Kagan and Dan Blumenthal argued that the “strategic assurance” approach to dealing with China had echoes of Europe “ceding the Western Hemisphere to American hegemony a century ago. Lingered behind this concept is an assumption of America’s inevitable decline”. As if to underscore that China could not be trusted as a big power player, *The Washington Post* published the details of a transaction in which Pakistan’s leaders negotiated the transfer of several kilogrammes of enriched uranium, enough to make two nuclear bombs. Beijing also supplied the designs of a crude nuclear device that Pakistan could use to manufacture a bomb.²¹ Such a country, the conservatives suggested, could not be entirely trusted. However, the criticism of the Obama approach was not limited to conservative policy analysts.

Some liberal commentators in the United States took exception to the approach adopted by President Obama in welcoming China to the community of nations and inviting Beijing to cultivate spheres of cooperation around its borders and in other parts of the world rather than spheres of influence. “It’s necessary and right that Mr Obama pragmatically seeks Chinese cooperation”, editorialised *The Washington Post* while the American president was still in Beijing. “But it’s also important to remember that its government, which continues to suppress, sometimes brutally, freedom of expression, religious practice and minority rights will never be much help in confronting other undemocratic regimes.” The newspaper went on to list a number of actions Beijing had taken both inside and outside the country to emphasise that “China’s behaviour around the world during the past decade has often departed democratically from that of the world’s democracies. It has unblushingly backed dictators, including Zimbabwe’s Robert Mugabe and the genocidal regime of Sudan; it has crudely sought to lock up sources of natural resources in Africa and Latin America; it has repeatedly threatened Taiwan with war; and it has systematically taken advantage of the West’s attempts to pressure rogue regimes – vastly increasing trade with Iran, for example.”²²

²⁰ Helene Cooper, Michael Wines and David E. Sanger, “China’s role as lender alters dynamics for Obama’s visit”, *The New York Times*, 15 November 2009, pp. 1 and 12.

²¹ R. Jeffrey Smith and Joby Warrick, “A nuclear power’s act of proliferation”, *The Washington Post*, 13 November 2009, pp. A1 and A13.

²² “Welcome China?”, *The Washington Post*, 17 November 2009, p. A30.

President Obama began his China visit with a brief stopover in Shanghai, China's largest city and its financial hub. He addressed a town-hall style meeting made up of students pre-selected by the government as his audience. The authorities did not allow the event to be carried live on television, limiting its coverage to a channel with only a small and restricted audience. "No mention was made of the...forum on the country's main national news broadcast Monday night, and news of Obama's arrival was relegated to less than a minute, in the seventh spot...Also, news sites that posted stories about Obama's remarks on Internet deleted them about an hour later."²³ However, that did not seem to matter to the Obama team. His remarks at the forum were meant more for his domestic audience. Human rights activists in the United States were troubled by the fact that the Obama administration was downplaying its concern in the area than was done by some of its predecessors. President Obama had gone to the extent of denying a visit by the Dalai Lama to the White House as was done by the presidents before him in order not to sour his relations with the Chinese leadership.

Presidents Hu and Obama met twice on 16-17 November 2009, the first time over dinner and then for a two hour-long meeting the following morning. They then addressed a joint press briefing at which no questions were allowed from the attending press. President Hu spoke first. He called the talks "candid, constructive and very fruitful" and said the two leaders agreed "to stay in close touch through visits, telephone conversations, correspondence and meetings at international forums". If there was any doubt that Beijing and Washington considered themselves as partners in a G2 type arrangement, Hu pushed them aside. He said that the world economy had "shown some positive signs of stabilising and recovery" and that it was important for both sides to "oppose and reject protectionism in all its forms". The reference here was to the imposition of tariffs by the United States on the Chinese export of tires and steel pipes.

President Obama called climate change and nuclear proliferation "challenges that neither of our nations can solve by acting alone" and to achieve progress in these difficult areas the two countries will continue to "build a positive, cooperative and comprehensive relationship." If the importance of China's role in controlling the emission of greenhouse gases needed any further proof, it was provided in a report issued by the United States government on the day the two leaders met in Beijing. It was revealed that the amount of carbon put into the atmosphere by China in 2009 had increased by two percent while that by the United States had declined by three percent. The United States' decline had occurred largely because of the slowdown in the economy produced by the great recession. China had overtaken the United States as the largest polluter of the atmosphere. Its reluctance to commit itself to a firm target on carbon emission reduction at the forthcoming Copenhagen conference was in part because of its confidence in using technology to solve some of the problems it faced. It relied on coal to meet 80 percent of its energy needs and it was investing heavily in "carbon capture and sequestration" technologies that would make it possible for coal using power plants to somehow produce carbon dioxide and not let it escape into the atmosphere.²⁴

President Obama also said that the two sides agreed to seek a "more balanced economic growth" in the future in which the United States "saves more, spends less and reduced long-

²³ Keith B. Richburg, "Obama, Hu vow to continue to strengthen partnership", *The Washington Post*, 17 November 2009, p. A17.

²⁴ The Chinese are working on a technology that has some promise. It would pump carbon dioxide into the ground and absorbed by algae. The resulting algae slush could be used for producing diesel and the waste from the process could become a rich fertiliser.

term debt”. These were all Chinese demands to ensure that the United States dollar did not lose more value. China held more than US\$1 trillion of United States dollar-dominated assets and was anxious that it should not see any significant erosion in their value. In exchange, the American president said that China agreed to increase its domestic demand, meaning relying less on its cheap currency to drive exports. The United States is now China’s most important export market while China is the largest holder of United States debt.

The United States and China issued a detailed statement after the conclusion of the meetings of the two leaders.²⁵ The statement covered a wide ground. Its preparation took several months of intense negotiations between Washington and Beijing before President Obama left on the Asian visit. There were several path-breaking commitments made by the two sides. The most significant of these was the offer by the American leadership to give an equal status to the Chinese in the new economic and political order that was being spearheaded by President Obama. According to the statement, “The two countries believe that to nurture and deepen bilateral strategic trust is essential to United States-China relations in the new era. During their discussions, the Chinese side said that it resolutely follows the path of peaceful development and a win-win strategy of opening-up, and is committed to the building of a harmonious world of enduring peace and common prosperity. The United States reiterated that it welcomes a strong, prosperous and successful China that plays a greater role in world affairs. The United States stated that it is committed to working with other countries in addressing the most difficult international problems they face. China welcomes the United States as an Asia-Pacific nation that contributes to peace, stability, and prosperity in the region. The two sides reiterated that they are committed to building a positive, cooperative and comprehensive United States-China relationship for the 21st century, and will take concrete actions to steadily build a partnership to address common challenges”.

There was agreement on how the two countries would work with each other in evolving and managing the international system to which they had committed themselves. “The United States and China spoke highly of the important role of the United States-China Strategic and Economic Dialogue and recognised that the Dialogue offers a unique forum to promote understanding, expand common ground, reduce differences, and solutions to common problems. Both sides believed that the first round of the Dialogue held in Washington D. C. in July this year was a fruitful one and agreed to honour in good faith the commitments made and hold the second round in Beijing in the summer of 2010”, read the statement. It was thus that the foundation was laid for the creation of the G2.

The United States clearly stated that it will not pressure China to adopt political and social systems that it favoured. “The United States and China underlined that each country and its people have the right to choose their own path and all countries should respect each other’s choice of a development model. Both sides recognised that the United States and China have differences on the issue of human rights. Addressing these differences in the spirit of equality and mutual respect, as well as promoting human rights consistent with international human rights instruments, the two sides agreed to hold the next round of the official human rights dialogue in Washington D. C. by the end of February 2010.” This constituted a major concession by Beijing.

²⁵ The full text of the statement, “US-China Joint Statement” is available on the official website of the White House. The quotations in the text are from the text available on that site.

The young American president was placing a great deal of faith in bringing together the youth from the two countries in order to bridge the differences that exist among the two people and the two systems. “The two sides were pleased to note that the continued increase in the number of students studying in each other’s country in recent years. Nearly 100,000 Chinese are now studying in the United States, and the United States side will receive more Chinese students and facilitate visa issuance for them. The United States has 20,000 students in China. The United States seeks to encourage more Americans to study in China by launching a new initiative to send 100,000 students to China over the coming years”.

What came as a surprise to many analysts – one that resulted in instant expression of concern for New Delhi and, as discussed below, was to figure prominently in the dialogue between President Obama and Prime Minister Singh soon after the American president returned to Washington D. C. – was the invitation to China to actively involve itself in the affairs in South Asia. According to the joint statement, “the two sides welcomed all efforts conducive to peace, stability and development in South Asia. They support the efforts of Afghanistan and Pakistan to fight terrorism, maintain domestic stability and achieve sustainable economic and social development, and support the improvement and growth of relations between India and Pakistan. The two sides are ready to strengthen communication, dialogue and cooperation on issues related to South Asia and work together to promote peace, stability, and development in that region.” In other words, the United States was inviting China to become its partner in the efforts Washington wanted to make to improve long-strained relations between India and Pakistan. President Obama must have known that this step would not be welcomed by India, which has always opposed any third-party intervention in its relations with Pakistan.

A Day in Seoul

Seoul, South Korea, was President Obama’s final stop in his Asian journey. There were two issues the American leader addressed – placing pressure on North Korea to give up its nuclear weapons and allowing better access to South Korean products in the American market. The first was relatively easy for President Obama to handle. There were no policy differences, only some differences on the tactics to be used. The South Koreans were not anxious to increase the economic cost of the sanctions that were already in place fearing that that might lead to a collapse of the economy of North Korea and that, in turn, may result in a mass migration of North Koreans to join their prosperous brethren in the south. However, the trade issue was a delicate one and President Obama decided to bite the bullet in favour of pushing ratification through the United States Senate the trade agreement his predecessor had signed. According to one analyst, “President Obama opened a potentially bruising battle within the Democratic party on Thursday [19 November 2009] when he pledged to complete the long-stalled trade agreement with South Korea that he inherited from President George W. Bush”.²⁶

At a joint press conference in Seoul, the American president and Lee Myung-bak, his South Korean counterpart, declared their desire to renegotiate elements of the agreement and to have both countries ratify it as soon as possible. “I am a strong believer that both countries can benefit from expanding our trade ties”, said President Obama. “I have told President Lee that I am committed to seeing the two countries work together to move this agreement

²⁶ Edmund D. Andrews, “South Korea trade pact is revived by Obama” *The New York Times*, 20 November 2009, p. B3.

forward”. The South Koreans had agreed to change their earlier position when they had argued that there was no need to renegotiate an agreement that had taken years to complete. They were conscious of the fact that the ratification of the agreement with the European Union had strengthened their position. The playing field is now tilted in Europe’s favour and the Americans could not afford to be left out in a market that is expanding rapidly. The Koreans had indicated that they would be prepared to agree to a side agreement that would allow some changes in their trade regime that are of concern to the American producers.

However, within hours of the Seoul declaration, Democrats from big manufacturing states began accusing the president of emulating his Republican predecessor and undermining American workers. The Obama administration could draw some comfort from the fact that Representative Sander Levin, the influential Democratic Chairman of the Trade Subcommittee of the House Ways and Means Committee, had a nuanced reaction to President Obama’s initiative with South Korea. “My hope is that, because of President Obama’s visit, they are serious about opening up”, said Mr Levin.

Some Thoughts on the Asian Trip

If there were any doubts that the global economic and political order is being reshaped they are set aside by the outcome of President Obama’s three day visit to China. That was the high point of the nine-day trip to Asia. It has great significance in terms of charting a new course for American diplomacy, not only in Asia but also the rest of the world. By moving to grant China an equal status, President Obama moved light years away from the approach adopted by President George W. Bush. Under Obama’s predecessor, the United States had proclaimed its intention to remain the world’s sole superpower, declaring formally that it would resist any effort by any other country to claim an equal status. That course was abandoned by President Obama. He invited Beijing to join Washington within a G2 configuration – it was never called that in official or other pronouncements but the meaning was clear – that would take the world towards peace and greater prosperity. According to Geoff Dyer and Edward Luce, who have watched the evolution of America-China relations for years, this signals a shift in America’s “specific approach to China – arguably the first time Washington has acknowledged an equal or near equal partner since the dying days of the cold war. Perhaps counter-intuitively for a candidate who inspired so much youthful idealism on the campaign trail, Mr Obama’s extended hand of friendship to China also ushers in a new era of realist diplomacy in Washington”.²⁷

What is the Chinese response to this initiative? How will it be viewed in the United States? What mechanisms will be used to move this relationship forward? How will some of the other power centres in the world react to this reconfiguration in world politics? The Chinese, ever cautious, have been preparing for the time when their arrival on the stage of international politics and economics would be taken seriously by other powerful states. The discussion about China’s new role should start with Deng’s 1989 slogan, “*taoguang yanghui*”, or “hide the brightness and nourish obscurity”. The highly pragmatic Deng wanted China to concentrate on developing its economy without inviting a great deal of attention from its competitors. He had given his country about 50 years during which it would develop an economy that would begin to have a large presence in the world. This happened sooner than he had envisioned. While obscuring its intention, Deng promised that the country would

²⁷ Geoff Dyer and Edward Luce, “A wary willingness: China and America”, *Financial Times*, 20 November 2009, p. 9.

“accomplish some things” by adding “*yousuo zuowei*” as the second part to his edict. This year, the Chinese added the word “*jiji*”, or “actively”, to the old slogan, meaning they were prepared to actively achieve something.

While the Chinese were moving forward cautiously in establishing themselves as the joint leaders of the international community, the Americans moved in that direction briskly. Since Washington’s move meant reducing its stature in global politics and economics, it was not received with much enthusiasm by various segments of the American population. There were loud criticisms of the way President Obama handled himself in Asia, in particular in China. “The trip was a template for rising American anxieties about the rising Asian power”, wrote *The New York Times* in an editorial assessing President Obama’s China trip. “President Obama went into his meetings with President Hu with a weaker hand than most recent American leaders, and it showed. He is still trying to restore the country’s moral authority and a battered economy dependent on Chinese lending. Yet the United States needs China’s cooperation on important and difficult problems, including stabilising the global financial system, curbing global warming, persuading North Korea to give up its nuclear programme and preventing Iran from building any nuclear weapons.” How did President Obama play this difficult hand? *The New York Times*, reflecting the views of the liberal community in the United States, came up with a mixed review. “President Obama was elected in part because he promised a more cooperative and pragmatic leadership in world affairs. The measure of the success (or failure) of his approach won’t be known for months, and we hope it bears fruit. But the American president must be willing to stand up to Beijing in defense of core American interests and values”.²⁸

A question has been asked at this point in China’s evolving relationship with the United States on whether the country is ready to partner with the Americans in the context of what is being called a G2 arrangement. This is an old relationship; it is mostly based on trade. The first merchant vessel to sail from New York to Canton in 1784 was on a tea buying voyage. For centuries, the Chinese admired America and what it had achieved in a relatively short period of time. However, the American model now seems to the Chinese to have limitations. According to Simon Schama, an old China hand, “the secret truth is that the Chinese have not yet become accustomed to being the strong party in this relationship. The communist oligarchs who have made eyes at the American model for so long can hardly bear to see it as it is: lying in the dust, reduced to just another broken model, no more attractive than the dim and dusty memory of Karl Marx.”²⁹ However, the Chinese were less critical of the American model than were some disillusioned American policy analysts.

The Indian Factor

There were concerns in some places outside America that President Obama was perhaps moving too quickly to bring Beijing into a G2 relationship with Washington. This was especially the case with India. Under President George W. Bush, New Delhi had begun to expect that it would have a special relationship with Washington and a major role in the reconfigured world order. Many influential Indians had convinced themselves that their model based on democracy was more durable than that of China, directed from the top by a small coterie of unelected leaders. They saw China’s remarkable growth as a flash in the pan. China may have achieved very high rates of growth for over two decades, but many Indians

²⁸ “Assessing the China trip”, *The New York Times*, 21 November 2009, p. A16.

²⁹ Simon Schama, “China’s on-off American romance”, *Financial Times*, 17 November 2009, p. 13.

believe that they have fewer structural problems than China. At some time in the future, China's political system would not be able to absorb social tensions that inevitably result from high rates of economic growth. With the change in administration in Washington, there is a growing concern in New Delhi's official circles and among many policy analysts working in the country's many think-tanks that Washington is likely to concentrate on building a strong relationship with Beijing even at the expense of India.

President Obama set out to assuage these fears when Prime Minister Singh came calling on him at the White House. The Indian leader was awarded a warm welcome by his host. He spent most of 24 November 2009 at the White House, starting with a formal meeting with the American president and concluding with a state dinner held in a large tent pitched in a lawn outside the White House.³⁰ The dinner was attended by 300 guests, including a large number of Indian-Americans. Music and curries were on offer.³¹ In his formal toast to the Indian prime minister, President Obama described India as a "natural ally of the United States". He found many things that are in common between India and America. They shared many concerns that included "counter-terrorism issues". Some of what he said in his speech echoed the words used by President Bush. "We are the world's two largest democracies and we share in common a belief in human rights and core freedoms enshrined in our founding documents." The American leader indicated that his administration will work closely with the government in India to promote an international system based on values that were dear to both countries.

The United States president, while accepting an invitation to visit India in 2010, also went out of his way to stress the personal warmth of his relations with the Indian leader whom he had met on several occasions, twice on the side-lines of the G20 meetings in London and Pittsburgh and in New York at the time of the United Nations General assembly meeting. He called Prime Minister Singh "at core a man of peace". The evident warmth between the two was viewed by several analysts as a contrast to the stilted exchanges with President Hu and the formality of the way those meetings were conducted by the Chinese side.

President Obama received the visiting India prime minister with warm words. He said he had chosen India for the first state dinner to reflect "the high esteem in which I and the American people hold your wise leadership. It reflects the abiding bonds of respect and friendship between our people, including our friends in the Indian American community who join us here today. But above all, your visit, at this pivotal moment in history, speaks to opportunity before us – to build the relationship between our nations, born in the last century, into one of the defining partnerships of the 21st century". Prime Minister Singh responded with equal warmth stating that, "India and America are separated by distance, but bound together by the values of democracy, pluralism, rule of law and respect for fundamental human freedoms.

³⁰ In the United States, "state dinners" are given to special guests. The practice was begun by President Ulysses Grant in 1874.

³¹ There were many stories about the event in the American press. All mainstream newspapers treated it as the first large social event of the Obama presidency. "For her debut as the first hostess, Michele Obama had eschewed the standard and more manageable gathering of about 130 in the State Dining Room. Instead, she and the President welcomed some 400 guests, who made their way through a receiving line and then on to cocktails and dinner under the tent", wrote the correspondents who cover social events and the society for *The Washington Post*. The First Lady went to some length to please the many Indian eyes that looked at her that evening. "The first lady was the star of the show. She glittered in a strapless silver, embroidered gown by the Indian-born designer Naem Khan. She wore her hair swept back and had piles of sparkling 'churis', traditional Indian bracelets, on her wrist." See Robin Givhan and Roxanne Roberts, "On the White House menu: Prawns and protocol", *The Washington Post*, Style, 25 November 2009, p. C1.

Over the years, we have built upon these values and created a partnership that is based on both principle and pragmatism. I've come to build upon these successes and to strengthen our multifaceted relationship."

Would these words satisfy the Indians? According to Edward Luce, who has written extensively and insightfully about India, "the joint areas of cooperation outlined by the two countries which included deeper counter-terrorism cooperation, clean energy and new funding for science and technology research, were less sweeping and ambitious in scope than the United States-China joint statement issued last week. Even though the United States and China failed to reach common positions on many areas, the breadth of their aspirations far exceeded what Mr Singh and Mr Obama outlined" in their joint news conference and in the exchange of toasts at the state dinner.³²

Among the areas the American and Indian leaders covered in their deliberations, two overlapped with those President Obama had touched upon in his Asian trip. These were America's role in Afghanistan and what India and China were prepared to do in controlling climate change. The third issue concerned what the Indian prime minister described as "crossing the Ts and dotting the Is" in the agreement on giving protection to the American companies that wished to invest in India's programme to develop nuclear energy for peaceful uses. On climate change, the Indian position seems to have softened enough for President Obama to announce that his administration would indicate at the Copenhagen meeting a target of cutting down carbon emissions by 17 percent from the level reached in 2005 by 2020. He also indicated that he would be attending the Copenhagen summit in December en route to Oslo to receive the Nobel Peace Prize. Without China and India committing to play an active role in limiting carbon emissions, it would be politically difficult for President Obama to win support from the Congress on any international treaty that may eventually be concluded. On the nuclear issue there was demand by United States companies that India pass a law providing a liability cap for private investors in the Indian nuclear sector. The Indian government was finding it difficult to get its coalition partners to support such a request from the American investors. In the meantime some French and Russian nuclear manufacturers had managed to establish a toe-hold in what promised to be a lucrative market.

But it was President Obama's evolving Afghan policy that presented him with the greatest challenge in the dialogue with the Indian visitor. Some of the positions adopted by the Indians underscored the reason why their country would find it difficult to graduate to a superpower status. New Delhi remains preoccupied with Pakistan and expressed concerns about the meaning for India of the American build-up in Afghanistan and more aid to Pakistan to improve the capacity of the country's military to fight terrorism. India still has not come to terms with the fact that a country that has problems with its neighbours will not be able to climb the ladder in the repositioning that is taking place in the pecking order in the evolving international and political systems.

Conclusion

President Obama's visit to Asia will go down in history as a defining moment of his presidency. It will also be seen as ushering in a new international economic and political order. Some of the steps he took would not have been possible for an American leader less familiar with the world outside the borders of the United States, or one more willing to

³² Edward Luce, "Obama hails New Delhi as 'natural ally' for US", *Financial Times*, 25 November 2009, p. 5.

position his country differently in the global political and economic space, and one less acquainted with world history. Several decades from now when the history of the Obama presidency is written, he would be remembered for having recognised that America needed to work with China as an equal partner to bring peace to a troubled world and to institute a new economic order. Two Pacific nations, in other words, will lead the world. The centre of gravity had moved from the Atlantic to the Pacific. President Obama concluded his Suntory Hall address in Tokyo with the following words: “As America’s first Pacific President, I promise you that this Pacific nation will strengthen and sustain our leadership in this vitally important part of the world”.

oooOOOooo