

Luncheon Address

The Future of US-Taiwan Relations

May 19, 2009 -- Washington D.C

Shawn McHale: Henry Nau. If you actually click on the Elliot School webpage, his face is on the webpage. So many of us have seen his face again and again and again. Henry Nau is a professor of political science and international affairs at the George Washington University.

He's also the director of the U.S. Japan South Korea legislative exchange program which has been running for – what is it – 19 years, I think or around that period of time. It's a program which actually brings legislators from East Asia to the U.S. one year and then from the U.S. to Japan and Korea another year.

He teaches – it's been a very successful program, a model example of where academia and the world of policy and congress actually can interact together. He's taught at Williams College, Johns Hopkins, Stanford, Columbia. He has been in government, Department of State as well as the National Security Council, and he is the author of numerous books and articles on U.S. foreign policy and U.S. foreign towards Asia.

His most recent works include *International Relations, Power Institutions and Ideas* which came out this year at *At Home and Aboard, Identity and Power in American Foreign Policy* which came out in 2002 plus others.

He is a fabulous citizen of the Elliott School, but as I said, he's a good example of, in a sense, the interaction between the world of policy and the world of academia.

So without further ado, I'd like to actually turn the podium over to him, and he can tell us his thoughts on what the Obama administration is doing or not doing. Thank you.

Henry Nau: Thank you very much, Shawn. I'm tempted when I hear an introduction like that to ask the speaker if he needs more time. I – what I'd like to try to do is to maybe lend a little perspective to American foreign policy in general with then maybe some hints. I'm not an Asian specialist, but with some hints about what it might mean for the Asian region.

Perspective, I think, is something that is awfully important. It's something I try to teach my students as the title of the book that – the last book that I've done that Sean mentioned, *Perspectives on International Relations*.

I think it's essential for us in understanding the world around us, and it reminds me of a story which I dearly love because it relates to my work as a teacher. It's the story of a young lady who is in college and decides, one day, to write home to her parents. And she begins the letter by saying that, "I'm using somebody else's stationery. I had to borrow the stationery because mine was destroyed in a dorm fire, but don't worry. I'll be out of the hospital soon, and my eyesight should return at any time. But you will – it could have been much, much worse, but for the fact that I met a very wonderful young man who actually saved me from the fire. I have grown very fond of him, and I thought you might like to know that we're planning to be married.

And since you have always wanted grandchildren, I thought I might tell you that we're expecting a child." Then the letter said, "Flip over," and so the parents flipped the letter over. And then it says, "Mom, Dad, none of this is true. Ignore it all, but I did get a D in history and an F in English, and I wanted to make sure you read this letter with perspective." So perspective matters.

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Now it's probably a bit early to put Obama's foreign policy under a microscope. So what I'd like to do is to evaluate it in a somewhat broader context. I'd like to define four broad issue areas in which American foreign policy has an historical tendency to cycle and then to evaluate Obama's initial foreign policy agenda in the context of those cycles. Now, along the way, I'll – as I suggest – take some note of implications of Obama's foreign policy for the Asian region.

The four areas are, first, on foreign policy objective and historical tendency to swing between pushing for freedom and democracy in the world on the one hand and settling for the status quo and stability on the other. Second, on the instruments of foreign policy, a cycling between emphasizing the role of diplomacy and negotiations in U.S. foreign policy on the one hand, and emphasizing the need to use force or the threat of force to back up and maybe even, at times, take over for diplomacy on the other.

Third, on economic policies, a pendulum that swings between liberalizing international markets and promoting free market reforms, on the one hand, and regulating international markets and emphasizing strong state and international institutions on the other. Fourth, on policy processes, a tendency to swing between assertive leadership and unilateralism in American foreign policy on the one hand, and consensus building and multilateralism on the other.

Now, in all of these areas, recent American foreign policy is cycling. On foreign policy objectives, George W. Bush staked his presidency, after 9/11, on ending tyranny in our times and promoting democracy especially in the Middle East and South Asia.

Obama is clearly pulling back from this freedom agenda, and as Richard Haass put it in a recent Washington Post op-ed piece – quote, “Defining success down,” end quote. U.S. objectives in Iraq, in Afghanistan are no longer to transform domestic society and establish democratic states in these countries but rather to prevent Al-Qaeda or other extremists elements from regrouping in these states to plot and carry out violence against the United States.

Now on foreign policy instruments, George W. Bush clearly emphasized military policies if not military surges. Responding to 9/11 with the war against terror that has led to two ongoing military engagements in Iraq and Afghanistan. Obama, once again, is shifting the emphasis away from military to diplomatic instruments seeking to exit militarily from Iraq, shift the focus of Afghanistan from war to counter insurgency and civilian reconstruction and enlist Pakistan and other countries in South Asia in a wider regional diplomatic solution.

In South Asia and elsewhere, Obama has unleashed a barrage of diplomatic envoys to the Middle East, George Mitchell, to Iran, Dennis Ross, to North Korea, Steve Bosworth, and to AfPac, Richard Holbrook.

On economic policies, George W. Bush pushed bilateral and multilateral free trade agreements while Obama has clearly signaled to go very slow if not a halt or possibly even go in reverse policy on further opening U.S. markets, especially in the current economic crisis.

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Obama also favors more stringent regulation of Wall Street and global financial markets than either the Bush or Clinton administrations did and perhaps more than a McCain administration might have.

Finally, on policy processes, George W. Bush became the poster child for unilateralism and assertive American leadership. Obama, again by contrast, has signaled a new era of multilateralism listening and learning from allies and adversaries alike and perhaps even looking to them to lead in key areas such as global financial regulation.

So let's look at each of these areas and see what some of the implications might be. Stability – first, stability not democracy. As Richard Haass and others have noted, Obama has clearly lowered American aims in the Middle East and South Asia, but he has also done so elsewhere. He has not emphasized human rights or democracy promotion in his foreign policy speeches. So much so that an NGO on whose board I sit, the Counsel for the Community of Democracies, has been visiting Obama officials very energetically over the past few months to get them to raise this issue higher on their agenda.

Similarly, Secretary of State Hillary Clinton talks about defense, diplomacy and development, but she seldom talks about democracy promotion. In fact, Obama proudly defines his administration as pragmatic, logical he says ideological. Principles have been muted in favor of problem solving.

Now this change of tone is odd coming from a liberal Democrat. It clearly suggests that there is a tendency to cycle driven, in part, by partisan rejection of previous incumbents. You may recall how George W. Bush criticized Bill Clinton for having a Mother Theresa foreign policy of being engaged in too many places with too many objectives.

Bush called for a more limited and humble foreign policy, but after 9/11, as I suggested, he pushed a freedom agenda. Now Obama is cycling back from that freedom agenda, and at times, he sounds even like Bush. In Europe in April, for example, he said – and I quote, “We exercise our leadership best when we show some element of humility and recognize that we may not always have the best answers.” That's George Bush in 2000.

Is this just a change of tone or is it a change of substance? Well, consider the following. First, Obama has given priority on cooperation with Russia, on Iran – on issues related to Iran, on arms control and on AfPac. In Europe last month, he declined to comment on Russia's armed aggression against the fledgling democratic state of Georgia or against Russia's use of energy sanctions to undermine a western oriented democratic Ukraine. And he has said nothing, of course George Bush did not either, against Russian domestic abuses that produced repeated assassinations of dissenting journalists and harassment of political opponents.

Two, Obama embraces Chavez as a G20 meeting while Chavez drives political opponents into exile, seizes foreign companies without compensation and pushes through referendum that essentially make him electable for life.

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Three, Secretary of State Hillary Clinton goes to China. It was mentioned this morning – and explicitly states that she does not intend to raise human rights issues because, as she put it, quote, “We already know what each of us will say,” end quote. And prefers, instead, to focus on the strategic and economic dialogue with China.

Fourth, in North Korea, U.S. journalists are captured and put on trial, and in Burma, Nobel Prize winning dissident, Suu Kyi, is taken from house arrest and put in prison, and Obama has made no or only a very muffled response to any of these challenges. Now a policy of defining American objectives down from democracy promotion to stability has costs. Most serious cost is – discourages freedom activists around the world. In another Washington op-ed piece on March 30, the chair of the Moscow Helsinki group petitioned the Obama administration in these words, quote, “Democracy in former Soviet areas need a friend,” end quote.

And it may also discourage allies. A recent commentary by a German journalist noted that, quote, “Without the high moral ground of democracy building, the German mission in Afghanistan would never had started. If the objective of that war effort is now reduced to securing so called stability, the operation will lose its legitimacy,” end quote. Now, admittedly, Germany’s support in Afghanistan is not exemplary, and all of this may be different in Asia. But how will lowering U.S. objectives in Afghanistan affect Japan’s India Ocean mission?

Is it easier or harder to support America when it abandons the high moral ground of democracy in order to cut deals with despots, to ensure stability and protect America’s more parochial security interests?

Finally, consider the impact in the United States. How long will the American people, especially Obama’s own party, support fighting in Afghanistan, especially if casualties increase unless the American people believe that we have a larger objective than just restoring stability? “Stability under what kind of Afghan or Pakistan government,” the people will likely ask. A military and despotic one?

Obama, I think, faces probably two options in this area in the – in South Asia – in the Middle East and South Asia. He will have to stay in Afghanistan and Pakistan for goals that are broader than mere stability. That is he will slowly ratchet up his rhetoric on democracy promotion to sustain a domestic consensus as that job in Afghanistan becomes tougher and tougher and claims more and more casualties, or he will have to get out.

So the question is where will the defining success down pendulum stop in the Obama administration? We saw last week where already 51 Democrats voted against the supplemental budget for Iraq and Afghanistan. Nine Republicans did as well.

Force and diplomacy, cycling force and diplomacy in American foreign policy is perhaps most evident in recent decades. Reagan and Bush two are said to – were said to have emphasized force in their first terms but eventually came around to acknowledge the need for diplomacy in their second terms. Similarly, Democratic presidents, such as Bill Clinton, emphasized diplomacy in their first terms and came around to acknowledge the need to use force in their second terms. In Clinton’s case, Bosnia and _____. Bosnia being shortly before his second term.

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Getting the right balance between force and diplomacy eludes many American presidents. Will it elude Obama? He has clearly started out like Bill Clinton by emphasizing diplomacy. Diplomatic surges, as I've already noted, are multiple. At the same time, he has delivered a fairly clear message that we need less emphasis on force even in AfPac where use of force is shifting from war fighting to counterinsurgency.

His military budget limits or cuts the number of programs that reduce American aircraft and sea power in the future. Missile defense in the airborne laser program to kill missiles in the booster phase were also cut. The military has engaged in a fierce internal debate about the proportions of conventional warfare and counterinsurgency capability the military needs for the battles of the future.

The State Department is ramping up a civilian stabilization and reconstruction force that has no previous experience in the field or tradition of working closely with its military colleagues. The implications for America's force posture around the world could be significant. In Asia, for example, containment of China, hedging of China should that become necessary. Not suggesting that's our policy at the moment – will depend heavily on American air and sea power.

Since 1995, China has increased the number of its submarines by 38 while the United States has cut its number of submarines by 25. The gap could close very rapidly. What do this defense budgets mean for Taiwan and America's commitment to arm it against unprovoked Chinese threat?

Even more serious may be the consequences of reduced emphasis on force for American diplomacy. All negotiations are partly matters of understand and partly matters of leverage or relative power. Fredrick the Great once said it succinctly, "Negotiations without arms are like music without instruments." Obama may be gambling that diplomacy is all about understanding empathy and reaching out and not that much about relative power.

Meanwhile, his counterparts deploy military power with relative ease. Russia's sending troops into the Georgia provinces of South Ossetia and Abkhazia and keeping troops in Georgian territory outside these provinces even though the cease fire concluded last fall called for their withdrawal.

North Korea thumbs its nose at Obama's diplomacy firing off ballistic missiles even as Obama in _____ calls for the elimination of nuclear arms. Iran continues its pace with the uranium enrichment program. Now, it's all still very, very early, and the administration, in particular, has been waiting for the elections in Iran for – really engaging those negotiations.

But nevertheless, thus far, Obama has not really responded to any of these possible military challenges. The biggest test, I think, for Obama in getting the relationship right between force and diplomacy will be in AfPac – in Iraq and AfPac.

In Iraq, the question will be what does he do if the Maliki administration fails to integrate Sunnis and Kurds into the Iraqi national militarian police forces? Will he insert forces once again as arbiters in this contentious relationship, or will he say that the United

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States has made its contribution and the problem, now, must be left to the Iraqis even if that means a return to civil war?

In Afghanistan and Pakistan, the issue is not only whether the counter-insurgency strategy used in Iraq is going to work, but if it does work, what kind of Afghan and Pakistan governments can guarantee it. Can the U.S. trust corrupt or military governments in these countries to safeguard stability? That is keep extremists from using these territories to plot and carry out violence against the United States

Or will the United States have to keep forces in these countries quasi permanently or perhaps place them there periodically until these governments become more transparent and dependable?

Markets and regulations. There is no doubt that we are witnessing a huge swing in U.S. policy and in the policies of most countries around the world away from markets, toward global governance and regulation. The question is, again, where will the pendulum stop and will it go too far?

First, one needs to be clear about the past from which the world is now swinging away. The past 30 years of the era of the so called Washington consensus has been extraordinarily successful. A point which is totally forgotten in the midst of the crisis today.

Now I wrote about this some 20 years ago, and the analysis at that time, a book called *The Myth of America's Decline*, I think holds up pretty well to this day. Let's take a look at what's happened over these last 30 year. World GDP grew by 145 percent or three point two percent per year – an unprecedented rate for such an extended period of time.

A major world trade round was completed – the Uruguay round and numerous bilateral and regional trade agreements negotiated and ratified such as NAFTA. A new World Trade Organization came to be, the WTO, and opened its doors for the first time to the world's poorest counties - most notably China and India.

Millions of poor people in China and India, not to mention, Mexico, Brazil and other developing countries joined the world trading system and rose out of poverty into the world's middle class. Inclusion of these countries in the G20, which has now supplemented the G8 on the global economic stage, is testament to the egalitarian consequences of growth under the Washington consensus. Trickle down actually does work to a surprising extent.

It also worked, in good measure, domestically in the United States. Over the past 30 years, the United States, which took the lead in opening markets to the world's poor, has prospered. Taking into account two mild recessions, the United States grew three percent per year, created over 50 million new jobs to accommodate growing women and immigrant entrance into the workforce, and household income, corrected for the number of people in a household, went up substantially.

The floor, in other words, was raised substantially in this country even as – and it is true – that the multiples between the floor and the top income groups also grew dramatically.

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Now, none of this would have been possible without the liberalization and growth of massive global financial markets.

Remember, these markets did not exist in the 1950s, '60s and '70s, and they made possible the enormous mobilization of world savings, especially from China and India, which fueled the rapid economic growth of the past 30 years.

Now, global financial markets stand in the docket. They are railed against and demonized. Capitalism, we are told, is finally collapsed. Can you imagine that? Less than 20 years after the dramatic triumph of capitalism in the Cold War and the economic record of the past 30 years? Even Obama has fallen prey to this demagogue. He postures for political purposes against the hedge funds, the banking giants and the insurance industries.

He and the whole world risk overreacting to the current economic crisis and allowing the pendulum to swing completely out of control. Of course, mistakes were made by all the administrations under the Washington consensus. The Reagan years left behind massive budget deficits. The Clinton years blessed the unregulated growth of global banking and derivative markets, and the Bush years compounded errors of excessive spending and unmonitored financial markets.

But the benefits remain, and now the trick is to correct the errors without reducing the benefits. We need to regulate global financial markets more. No doubt about that, but we also need to stop the pendulum before we over-regulate and recreate the twin specters of the 1970s. Slower growth which comes, by the way, with lower risks. If you want to reduce risks in the world economy, you will also, as a consequence, reduce rewards at higher prices. Alright? Which will come with less competition – especially less open markets.

Now will Obama stop the pendulum in the right place? Well, the tests for him, I think, are twofold. First, can he stem a disastrous protectionist trend which emerging rapidly. A recent Washington Post front page story headlined the subtle ways in which protectionism is raging. The World Bank announced in April that 17 of the G20 countries have slapped on significant protectionist measures just since – excuse me – just since November.

Thus far, Obama has been silent on free trade. He quietly walked back his campaign pledge to renegotiate NAFTA, has done nothing to keep open the window to pursue free trade agreements. Most importantly, the Doha round, which by addressing agriculture, includes for the first time in a meaningful way, the developing countries in the trading system, is dead in its tracks. And Obama has yet to toss even a bone in its direction.

Second, can he lead a sensible regulation of global financial markets to tighten leverage ratios under the Basel Accords and to inject transparency into global derivatives markets? In fact, that is all that is really needed. All of the other stuff, micromanaging, bank bonuses, blaming hedge funds, preserving an automobile industry in American, etcetera are all political objectives that mean nothing or very little for the health and wellbeing of the future U.S. or global economies.

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Now, finally, unilateralism and multilateralism. The fourth area in which American foreign policy cycles. ometime we lead. We sometimes we lead with assertiveness. Sometimes we lead by searching for consensus. The – there's no question that Bush tripped the wire of action or diplomacy in the direction of unilateralism and as he clearly went too far in that direction.

Now the question will be for Obama, will he trip that wire in the direction – in the other direction – that is in the direction of multilateralism. So far, Obama has gone the extra mile to solicit the support of the American people, its allies and the international community.

On critical issues, this stance has not yet paid off. Again, it's very, very early, but he has gotten very little, so far, from the allies either on support in Afghanistan and Pakistan or on help with disposing of detainees and related issues. He has settled for very weak UN declarations on North Korea's transgressions, and as I mentioned, little progress is evident so far on the negotiations with Iran or on broader Middle East issues. In fact, as we saw yesterday in his meetings with the Israeli prime minister, are potentially serious differences between the United States and its closest ally in the Middle East, Israel.

The tilt toward multilateralism raises justifiable concerns among allies other than Israel. Will Obama give China the continued lead on North Korea as Bush did even though China may not have a real interest in stopping North Korea's nuclear weapons program? It threatens North Korea's stability.

So where should the pendulum stop? Between assertive American leadership which implicitly involves some degree of unilateralism and accommodating American forbearance which risks inaction or potentially action too late.

Where will Obama draw the line and take a stand? On many issues, he struggles to find the middle ground which satisfies everyone or dissatisfies no one too much. He then defers to – he often defers to other institutions as he did to Congress on the stimulus packing. So whom is he grooming to take this role internationally?

By summer, the press should begin to heat up or turn up the heat on Obama in connection with all of the diplomatic activity he's unleashed, but if past is prologue, Obama will be hesitant moving stubbornly or searching stubbornly for consensus, perhaps kicking the can down the road as Clinton was accused of doing, until forces on the ground potentially move against him.

Will he then pull the trigger and act even if domestic, allied or international support is not complete as he would like? We really have nothing to go on in Obama's case. His redlines for acting alone are well concealed. This is perhaps the biggest mystery about a man who has always led by community more than by conviction.

To summarize and include – to summarize and conclude, American foreign policy tends to cycle between democracy and security, force and diplomacy, markets and regulation and unilateralism and multilateralism. The antipodes in this cycling coincide neatly, though not completely, with the two foreign policy schools of realism and world internationalism. Today, the realists are back in fashion with their emphasis on stability rather than democracy, deference to allies and international diplomacy, priority for

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domestic markets, government strengthening of regulations and decision making by consensus over preemptive action.

But the pendulum swing toward realism can go too far, and Obama faces the challenge of knowing when to stop it and when to refresh America's commitments. Commitment to freedom, to an effective diplomacy backed by force, to a world market that must be risky if it is going to sustain high growth and to a style of leadership that does not – that is not subordinate to the slowest camel in the caravan.

The most successful American presidents have known when to stop the pendulum and how to balance the competing tendencies in the four areas I've discussed. I'm currently studying the four presidents who did this exceptional skill. They are Jefferson, Polk, Truman and Reagan – at least one of those might surprise you, Polk.

These four presidents did most to expand American freedom in the world. Jefferson to the Louisiana territories, Polk to the western territories, Truman to Western Europe and Reagan to Eastern Europe. Now, all of these presidents insisted on spreading freedom as the chief goal of American foreign policy despite the inevitable hubris and hypocrisy involved in such a goal.

They understood that leverage – that the leverage that force provided for their diplomacy, especially against tyrants who don't hesitate to use force against their own people, let alone against other countries. They championed open markets and commerce as the engine of entrepreneurship whose rewards are directly correlated with risk, and they accepted the mantle and sometimes loneliness of leadership that moves ahead of the crowd but also eventually brings the crowd along with it.

What's interesting is that in the case of these four presidents, given their aggressiveness, three of the four presidents left office as popular as they were when they entered it. Truman was the exception, but that's the point. He was the exception.

Leadership is much more than pragmatism and solving problems. It has to define those problems in the first place and do so on the basis of principles upheld by free people not just problems created by tyrants. It may have to be proactive. Yep, at times that comes close to preemptive not just reactive.

And while being out in front, it has to bring the majority of the people along at least in the free world. Obama has a proven ability to bring people along but an unproven record of where he wants to go. Here's how Elisa Massimino, head of the Human Rights First organization, summed it up in a quote in a recent Washington Post essay, "Pragmatism is not just taking the two extremes that are out there and finding some golden mean. Ideally, you want to see a kind of principled pragmatism which is really focused on the goal but with a clear-eyed sense of how you get there. If you get the right – if you forget the right direction or where the goalposts are then pragmatism becomes a kind of abdication of leadership." Close quote.

Obama may be the smartest president ever. I think he probably is, but does he know where he is going? We don't yet, and that, at least initially, is somewhat disturbing.

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The Future of US-Taiwan Relations

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Audience: First, I'm quite impressed by your comment, but I couldn't help wondering how similarly the current Taiwan government has adapted. Is that just the same approach as you described regarding Obama government or would – in Taiwan, we've also seen this paradigm swing from Chen Shiu-Bian to Ma Ying-Jeou. President Ma kind of pressed the reset button by introducing his policy of ABC aka Anything But Chen. So there's a diplomatic truce and also cross strait much more.

The question is – and you said that because you offered a couple of examples, for example, former President Bill Clinton. He emphasized the diplomacy in his first term and then, in his second term, he was forced. And there has been this honeymoon period between the Bush administration and the DPP government back in 2000, 2001.

At that time, the Bush administration still focused on unilaterally, but 9/11 changed the whole situation. The DPP government, at that time, failed to come up with more understanding of a switch of a U.S. foreign policy. But in the case of current U.S.-Taiwan relations, I would assume that because nobody knows who – where President Obama's going to lead the U.S. to towards us.

In case of a, let's say for example, if President Obama changed the – kind of replaced the use of force with the current diplomatic impediment, how would Taiwan react to that? I mean, apparently one of the biggest accusation on President Ma is that he moved toward the other side of strait too fast. And given the fact that Taiwan's economy and also political relation with China, Taiwan depended too much on China.

If there's one thing that when U.S. government changed this penalty come back again, from more diplomatic to a more, I wouldn't say contentment, but more of a hedging, how would Taiwan KMT government react to that?

I think this is something that occurs in Ma Ying-Jeou government has to take serious into.

Henry Nau: It's a good comment and, I think in there, somewhere a question. A lot of countries have had difficulties over the years dealing with American foreign policy precisely because this pendulum exists. It continues to swing in one direction after the other.

And I've – there's a very good reason for it. I think, frankly, something which is out of favor in Washington today has a lot to do with and maybe in a good way, and that is partisanship. I'm on a taskforce for the American Political Science Association that has looked at anti-Americanism, and one of the stunning pieces of data that we've come up with is that if you look at American public opinion from the early '50s on that is now almost 50 – five decades, four decades, you will find that during Republican administrations, Democrats become increasingly unsatisfied with American foreign policy – America's role in the world.

Under Democratic administrations, Republicans become increasingly dissatisfied, and the correlation is so consistent. It clearly reflects that Democratic and Republican administrations tend to have different views of the world, and they respond to the world differently. And as a result, of course, the American people resonate that in these public opinion polls.

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So I don't think this is a problem that's going to change very soon. I don't think we're in the post partisan era by any chance. Would hope – just as I would hope in the case of a Republican administration, that there is a good and vibrant Democratic opposition. I hope that there will be a good and vibrant Republican opposition.

Other countries just need to be aware. They need to be beware, I suppose, of these patterns in the United States. Now one thing I will say about Asia and China is the policy has been pretty consistently bipartisan. Alright? It's been pretty consistently, I would put it, supported by both Republican and Democratic presidents for the last 30 years.

A remarkable achievement in a way, I think a remarkable policy on the part of the United States which has really given China the chance that China has today. I think we should be reminding China about that more often. They won't accept it. I understand, but just let them hear it and let maybe their people hear it.

We opened our markets to them. We took 30 – almost 35 percent of China's exports for quite awhile and basically helped them to access world markets worldwide. The hope was that we would integrate them into the system. They'd become stakeholders, and we would get along well with one another, in part, because China would become more transparent and accessible domestically.

Now, in some sense, we've made a lot more progress on one end of that bargain than we have on the other. There's been much more growth and strengthening of the Chinese economy and of the Chinese military than there has been, certainly, political liberalization in China. There has clearly been quite a bit of economic liberalization, and there's certainly more economic freedom, but we're still not there in terms of that relationship.

Now the bipartisan policy may be in some jeopardy over the next decade. It's clearly going to get a lot of pressure from the left in the Democratic Party over trade, and it's going to get increasing pressure from the right from the Republican Party over the absence of the payoff for having included an integrated China into the world economy. Where is it? Do we see any political liberalization? What going on? Why don't we see enough change domestically and political areas in China?

So the next decade could be a rough one for the U.S. China relationship in that respect having lots of implications for, certainly, our allies in Asia including, of course, our friends in Taiwan.