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A grand strategic transition? Obama, Trump and the Asia Pacific political economy

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Introduction

Hegemony and balancing are alternative foreign policy strategies available to powerful states in the international system. A state pursuing a hegemonic strategy seeks to create and preserve an order, regionally or globally, that reflects and reinforces its values and interests.[1] It strives to provide sufficient benefits so that other states prove willing to support that hegemonic order and the special role of the hegemonic state within it.[2] Alternatively, a state that adopts a balancing strategy acknowledges the existence of "peer competitors" with their own conceptions of regional or global order. It may compete or at times cooperate with those states but does not expect to incorporate them into its own order.

Balance of power or hegemony? For roughly seventy years, the United States has resolved this fundamental grand strategic question. During the Cold War, successive US administrations pursued a *global* balancing strategy against the Soviet Union but embedded within it *regional* hegemonic strategies in Western Europe and East Asia. The latter included the creation of durable alliances and the re-orienting of former adversaries – Germany in Europe and Japan in Asia – into partners supportive of US-inspired economic and security orders. With the collapse of the Soviet Union, post-war administrations sought to broaden and deepen the US hegemonic order. The United States cast itself as indispensable to global order and as the self-appointed regional stabiliser in Europe, Asia and the Middle East. It sought to entice Russia and China, despite not being US security allies, to follow the post-war German and Japanese examples and partner with Washington in support of an international order informed by US values and interests.[3]

The Trump administration is the first in the post-war era to question explicitly the desirability of America's hegemonic aspiration and the durability of its hegemonic role. Its "America First" rhetoric and objectives signal a preference to depart from order maintenance in favour of the more transactional politics of the balance of power. Its National Security Strategy (NSS) of 2017 explicitly casts China and Russia as competitors, rather than as potential partners in the US hegemonic project.

Strategic transitions are neither simple nor straightforward, and in its first two years the Trump administration struggled to articulate and carry out a coherent grand strategy. Whether it can develop and implement an alternative to hegemony remains to be seen. But it has taken the initial steps to reframe the US strategic debate from its post-Cold War emphasis on means – how best to pursue hegemony – to ends – whether to pursue hegemony at all.

This chapter focuses on the transition from Presidents Obama to Trump with emphasis on the political economy of the Asia Pacific. Throughout the post-war era, US foreign economic policies have been shaped significantly by broader geopolitical and security strategies. This is true for both Obama and Trump. For Obama, the pursuit of hegemony using more limited means dictated a regional shift to the Asia Pacific. His administration devised an economic strategy that complemented this geopolitical approach and simultaneously reaffirmed America's traditional role as leader of a liberalising world economy. For Trump, the overall rejection of America's hegemonic project has been accompanied by a departure from America's traditional leadership role in the world economy in favour of a more nationalist and transactional approach to foreign economic relations.

The next section reviews the Obama administration's Asia Pacific economic strategy in the context of its larger geopolitical strategy. The following sections link Trump's worldview, its implications for grand strategy, and the administration's initial approach to the Asia Pacific. A concluding section considers Trump's departure from Obama's policies and how US strategy in the Asia Pacific from early 2019 might evolve over the remainder of Trump's tenure.

The Obama administration: Hegemony's last gasp?

The 1990s were the golden age of American hegemony. George H. W. Bush ended the Cold War peacefully on Western terms, and his Defense Department outlined a strategy such that no peer competitor might challenge America's newfound pre-eminent position.[4] The Clinton administration moved the hegemonic project forward by reaffirming the US presence in the Asia Pacific and Europe through a strategy of deep engagement. Under the "Washington Consensus", US officials celebrated open trade and financial markets and the American model of deregulated capitalism.

The tragedy of 11 September 2001 shifted the means to assert US hegemony rather than the goal itself. George W. Bush's National Security Strategy of 2002 proclaimed the end of great power rivalry and that all major states stood with the

United States against global terrorism.[5] Bush turned his attention from traditional great power politics to the periphery of the international system. In the face of a new threat he overcame America's Vietnam era-inspired reluctance to intervene and engaged US forces directly in Afghanistan and Iraq.

Barack Obama embraced the hegemonic responsibility he inherited yet faced a more constrained domestic and international setting. Whereas Bush enjoyed the domestic discretion to start two conflicts, Obama faced an American public weary of what had become long, costly and inconclusive wars in the Middle East. The global financial crisis of 2007/8 and subsequent deep recession compounded the problem and reinforced Obama's instinct that US hegemonic strategy would have to make do with limited means.[6] The United States could no longer, as John F. Kennedy once proclaimed it could, 'pay any price and bear any burden' to achieve its foreign policy objectives. In Obama's own words, 'I refuse to set goals that go beyond our responsibility, our means, or our interests.'[7] Choices would have to be made.

The logic of Obama's signature geopolitical move, the so-called "Pivot", was simple.[8] US hegemony after the Cold War centred on engagement in three key regions, Europe, the Middle East, and East Asia. After 9/11, the United States had overinvested attention and resources in one region. It needed to shift attention ("Rebalance") to the Asia Pacific, which had become both the core of the global economy and the setting for the possible emergence of a peer competitor, China.

The intended central messages of the Pivot were clear and consistent with the US hegemonic project. One message was designed for friends and allies in the region, who understandably questioned America's staying power in the Asia Pacific considering its preoccupation and (over)commitment for a decade in the Middle East. The Pivot meant to convey that the United States, as a "resident power" in East Asia, had every intention of remaining in the neighbourhood to pursue its economic and security interests while also serving as a regional stabiliser, whether on the Korean Peninsula, in the South China Sea, or elsewhere.[9]

The second message, intended for China, was more nuanced. On one hand, and as Chinese leaders suspected, the Pivot suggested a US willingness to contain China, should that become necessary. The United States planned to strengthen its existing alliances with Japan, South Korea and Australia and increase its regional military presence. Obama's team resisted China's provocations in the South China Sea and emphasised freedom of navigation, or the enforcement of rules that favoured superior US naval power. As the two countries jockeyed for position in East Asia, it is not surprising that a so-called trust deficit emerged in the bilateral relationship.[10]

On the other hand, the operational vagueness of Obama's Pivot opened space for an alternative message, namely that the United States preferred, as it had for the past two decades, to continue cooperation and engagement with China. The world's two largest national economies had developed deep economic interdependence across trade, finance and investment. Particularly during the financial crisis, the Obama team encouraged the idea of joint US–China leadership in the world economy. America's market was most significant for Chinese exports, and China's willingness to purchase and hold US Treasury bonds reinforced for the United States the hegemonic privilege of enjoying low inflation and stable growth without having to raise taxes or sacrifice consumption or military spending.

The Bush administration had proposed the term "responsible stakeholder" to convey that China had benefited greatly from its integration into the American-led world economy, and in return needed to do its part to ensure global stability, defined in terms of the priorities of the US foreign policy agenda.[11] Obama's team embraced China's promise as a responsible stakeholder. The President frequently stated that the United States 'welcomed the rise of China' and characterised US–China relations as the most important bilateral relationship of our time.[12] The administration took opportunities to deepen bilateral cooperation (e.g. the US–China Economic and Strategic Dialogue) and to celebrate initiatives in which China demonstrated responsibility, such as in the Paris climate change negotiations. Although to some Obama's willingness to steer between engagement and containment seemed indecisive, to others the Pivot offered an appropriate combination of incentives and threats in the face of uncertain Chinese foreign policy intentions. "Congagement" – an awkward term coined at the end of the 1990s – captured the spirit of Obama's strategy.[13]

The economic dimension of Obama's hegemonic strategy

The Pivot was Obama's key strategic initiative and participation in the TPP (Trans-Pacific Partnership) was its main supporting economic component. At one level the TPP was simply a regional trade agreement, albeit a vast one involving twelve countries whose economies collectively accounted for 37 per cent of global GDP.[14] But for the Obama administration the TPP had intrinsic strategic significance, as a tangible sign of both US commitment to the Asia Pacific and US leadership in developing the rules of the global economy. Hegemonic states view themselves as establishing and exercising rule-making authority. President Obama was unusually explicit on this, stating in an official press release that 'we can't let countries like China write the rules of the global economy'.[15] His Trade Representative echoed this sentiment, calling the TPP an 'unprecedented opportunity to update the rules of the road'.[16] Although it was unusual for a Defense Secretary to weigh in on a trade agreement, Ashton Carter noted publicly that 'passing the TPP is as important to me as another aircraft carrier'.[17]

The rules put forth by the TPP reflected both US economic interests and America's preferred approach to trade liberalisation. Since the formation of the WTO in the early 1990s, the United States has pushed for "behind the border" liberalisation, going beyond tariffs to cover restrictions embedded in domestic political economies including in the areas of services, intellectual property, investment, rules of origin, state-owned enterprises, and government procurement. The TPP, as a "high standard" trade agreement, also established strong labour and environmental regulations.[18]

As the United States turned the TPP into a strategic and economic priority, the stakes increased for others. Japan had initially been reluctant to participate but came on board under Prime Minister Shinzo Abe, who proved willing to defy Japan's powerful agricultural lobby to support the strategic initiative of his country's most important security ally. As a technologically-advanced economy, Japan also stood to benefit from stronger behind-the-border rules.[19] Australia envisioned an expansion of its agricultural exports, and Singapore anticipated gains in trans-Pacific shipping services. For Vietnam, the TPP promised market access for its exports, international pressure (that Vietnam welcomed) to accelerate its domestic economic reforms, and the opportunity to forge closer strategic ties with Washington in the face of rising China.[20]

The geopolitical stakes were highest for China. From the perspective of the United States, the purpose of the TPP was not to exclude China but to force it into a difficult choice. In an echo of early post-war US offers to the Soviet Union to join the Bretton Woods system, the Obama administration signalled that it welcomed China's participation, but on American terms. China's dilemma was obvious. On the one hand, it did not want to sit on the side-lines if the TPP ultimately defined the economic architecture of the Asia Pacific. On the other, it could not easily sign on to rules promoted by the United States and embedded within the TPP. Those rules posed a direct challenge to China's model of state capitalism, including its support for state-owned enterprises, its penchant for industrial policy, and its laissez-faire approach to intellectual property protection.

Not surprisingly, an increasingly powerful China sought to play its own role in regional rule-making. As an alternative to the TPP it embraced the Regional Comprehensive Economic Partnership (RCEP), a "low standard" initiative that focused at the border rather than behind it and excluded the United States. China's President Xi Jinping also implemented the ambitious Belt and Road Initiative to develop the infrastructure of regional neighbours and to provide an outlet for China's excess capacity in construction materials.[21] By the end of Obama's term, a rule-making competition emerged, with China promoting a Eurasian highway friendly to state-led capitalism, and the United States pushing for behind-the-border, market-led agreements, the TPP and TTIP (Transatlantic Trade and Investment Partnership), at either end of it.

By embracing the TPP, the Obama administration assured that its regional economic strategy complemented its overall geopolitical one. Just as containment of the Soviet Union had been accompanied by an economic embargo, and US alliances with Western Europe and Japan were cemented by interdependent trade and monetary ties, the TPP reinforced Obama's efforts to Pivot to Asia and preserve hegemony with more limited means. It signalled to traditional US allies like Japan, the Philippines and Australia, as well as to China, that America intended to reassert its familiar hegemonic position at the centre of global economic management and to drive forward international economic rules that reflected US ideological preferences and economic interests.

Support for the TPP was also consistent with America's preference ordering for types of international trade agreements. Global, multilateral agreements were the best option whenever possible. Regional agreements were a respectable second-best when multilateral efforts faltered. This logic led the United States to promote NAFTA in the early 1990s when the Uruguay Round stalled, and to push the TPP and TTIP when the Doha Round faltered. Bilateralism was the relatively least-favoured option, a last resort to maintain forward momentum while multilateral or regional agendas played out. Reflecting the close connection between security and economic policies, US officials often negotiated bilateral trade agreements to strengthen security ties with key US allies such as Israel, Jordan, Bahrain and South Korea.

Obama's promotion of the TPP was also in keeping with the traditional role post-war American presidents played at the intersection of domestic and international political economies. Protectionist pressures typically emanate from import-sensitive societal interests and are given political voice by members of Congress. The presidential task has been to buy off protectionist interests selectively, but more importantly to deflect broader protectionist sentiment by mobilising export interests (e.g. large transnational firms), and promising to open markets abroad.[22] Market access abroad was the hegemonic response to protectionist pressure at home. The TPP, by offering to US multinationals the promise of state-of-the-art liberalisation in the global economy's most dynamic region, did just that.

Trump: From hegemony to balancing?

Any analysis that extrapolates enduring foreign policy patterns from the early experience of a new administration must proceed with caution. In the case of President Trump, additional caveats are in order. The range of policy uncertainty is much greater since Trump is an inexperienced president with limited knowledge of foreign affairs, is prone to make and retreat from provocative threats, and is inclined to say (or tweet) one thing today and its opposite tomorrow.[23] Across the first two years of his time in office, Trump has consistently conflated his personal interests and the national interest, as suggested by his unwillingness to acknowledge Russian interference in the election he won and his efforts to derail official investigations that might implicate him or his family members. Finally, one must be careful equating President Trump and the Trump administration.

Every administration experiences some divisions between the president, political appointees and the permanent government. In Trump's first two years, those divisions were profound.[24] Nevertheless, since the president is America's top decision maker, it is important to analyse Trump's international perspective even though it may be neither fully shared by other high officials nor consistently translated into policy.

Trump's worldview

US presidents typically disavow the policies of their opposing party predecessors, and Trump is no exception. But he is an exception in disavowing central tenets of post-war America's overall approach to foreign policy. Three related departures stand out. First, Trump is an unapologetic nationalist who perceives a stark dichotomy between America's national interest and international commitments. Post-war American presidents, whether Republicans or Democrats, have typically viewed national interest and international commitments as complements rather than substitutes. For Trump it is one or the other; when he announced his intention to withdraw the United States from the Paris Climate agreement in June 2017, he stated that 'I was elected to represent the citizens of Pittsburgh, not Paris.'[25]

Second, Trump emphasises transactions rather than relationships. Post-war US foreign policy has been built on enduring relationships including long-term commitments to allies, confrontational approaches to perceived adversaries, and sustained engagement with states (e.g. China) that might be coaxed into becoming US supporters. Trump views international relations as more episodic. Foreign policy is a sequence of deals, some good ("America wins") and some bad ("foreigners win"). Bad deals, such as the US–South Korea trade agreement or the Iranian nuclear agreement, need to be abandoned or renegotiated. Trump's criticisms of Japan, South Korea and NATO allies for not paying a fair share of alliance costs reframed what American policy makers have normally depicted as long-standing commitments of mutual benefit into an undesirable situation in which one side was winning economically at the expense of the other.

Third, instead of viewing America, in the words of former Secretary of State Madeleine Albright, as the "indispensable nation" with obligations and commitments to sustain a liberal international order, Trump depicts his country as an aggrieved nation over which other states routinely take advantage. Trump does not reference American leadership, the international community, the liberal international order, or the rule of law – common phrases that high officials have long used to signal America's enduring global role and commitments.[26] His insistence on putting America first suggests that by maintaining international commitments, the United States is placing a lower priority on its own interests.

Although Trump is an outlier among post-war US presidents, some have aptly compared him to a nineteenth-century predecessor, Andrew Jackson. Like Jackson, Trump projects himself as a populist, giving voice to groups that have been forgotten and pledging to "drain the swamp" of Washington elites. Jacksonians are tribal, distinguishing insiders from outsiders and promising to lash out disproportionately at those who would dare to provoke an America that would prefer to be left alone.[27] Trump embraces this tribal perspective at home and abroad. He views his domestic support base as left behind by globalisation and besieged by foreigners and immigrants. He views the American national tribe as victimised by non-state actors and countries, including supposed friends, who have taken advantage of America's generosity and negotiating naïvety.

Trump and grand strategy

To what extent does Trump's worldview translate into a coherent grand strategy? His rhetoric and initial foreign policy suggest some preliminary conclusions. The most obvious is the rejection of America's post-Cold War hegemonic strategy. Trump's team is not inclined to remake the world in America's image politically or economically. Democratisation and human rights have moved to the back of the foreign policy agenda, and the President frequently takes the opposite tack and praises authoritarian leaders. He views the idea of America as principal provider of international public goods, whether in trade, the environment, or regional security, with suspicion or hostility. Despite Trump's personal admiration for Vladimir Putin and Xi Jinping, his administration approaches Russia and China as geopolitical competitors rather than possible supporters of America's hegemonic project.

The grand strategy most consistent with Trump's worldview is offshore balancing which, considering America's current extensive global commitments, would involve some degree of retrenchment. The administration's 2017 National Security Strategy posits that the highest priority is to 'protect the American people, the homeland, and the American way of life'.[28] The need to rejuvenate the domestic economy, strike more advantageous trade deals, and achieve energy 'dominance' and independence are also cited. These objectives, coupled with the President's beliefs that international commitments and global engagement generate more costs than benefits, and that America's post-war allies are now wealthy enough to stand on their own, suggest the strategic desirability of pullback. The Trump administration's early foreign policy, however, neither indicates nor foreshadows significant retrenchment.[29] Under Trump, the United States has strengthened its commitment to NATO, proved unwilling to withdraw from the Middle East (despite the President's eagerness to do so), and continued engagement as a resident power in the Asia Pacific.

If neither hegemony nor retrenchment, then what? The NSS suggests a third alternative – a muscular activism that informs a strategy of *onshore balancing*, including forward military deployments, against regional threats. Iran is the target in the Middle East; Trump officials abandoned the Iranian nuclear deal, re-imposed sanctions, and tried to organise a de facto coalition against it to include Israel and America's traditional Sunni allies. In Europe, Russia is the target. The Trump administration rotated troops and equipment to Poland and the Baltics, provided arms to Ukraine, and increased sanctions in response to Russia's use of force and violation of arms control commitments. In the Asia Pacific, the target is China. The Pentagon's 2017 National Defense Strategy called out China as a revisionist power that had failed as a responsible stakeholder, and the Trump team responded by confronting China strategically and economically.[30]

Trump and the Asia Pacific: Economics and security

Three initiatives stand out in Trump's opening approach to the Asia Pacific, and each represents a departure from the Obama administration. The first is a shift in political economy from regionalism and economic liberalism to bilateralism and economic nationalism. Second, Trump shifted tactically from confrontation to personal engagement in dealing with North Korea. Third, the administration clarified China's role as a great power competitor and lined up US economic strategy to support this new strategic direction.

Bilateralism and economic nationalism

The Trump administration's explicit rejection of the TPP, after a decade of negotiations produced a final agreement, has been the most striking regional step taken thus far. Most analysts have pointed to the high costs of US withdrawal, including the missed opportunity to shape commercial rules in the world's most dynamic region, the diplomatic uncertainty created for America's regional partners, and the ceding of initiative to China. These costs are highest in the context of an American hegemonic strategy. But Trump abandoned that strategy, and thus it was plausible for him to downplay the costs of withdrawal and emphasise the narrative, popular with his political base, that multilateral trade agreements harm the economic prospects of ordinary Americans.

Abandoning the TPP created space for bilateralism, Trump's preferred alternative to regional or multilateral trade negotiations. During the 2017 APEC Summit in Vietnam, Trump offered to 'make bilateral trade agreements with any Indo-Pacific nation that wants to be our partner and that will abide by the principles of fair and reciprocal trade'. He also promised that 'we will no longer enter into large agreements that tie our hands, surrender our sovereignty, and make meaningful enforcement practically impossible'.[31] Not surprisingly, Trump's offer fell on deaf ears. Asia Pacific countries, including America's closet regional ally, Japan, preferred to move forward with the TPP without the United States rather than engage one-on-one with a powerful trading partner determined to "win" in new negotiations with them. As the remaining eleven nations announced in January 2018 that they would move forward with the TPP, the Trump administration announced restrictions on Asian imports of solar panels and washing machines.[32] In March, Trump shocked the world trading system by using the dubious pretext of national security to impose tariffs on international steel and aluminium imports.

The administration's attraction to bilateralism and economic nationalism reflects Trump's mercantilist understanding of the economics of trade. He prefers a weaker to a stronger dollar since the former advantages US exporters. He views trade as zero-sum rather than positive-sum and understands that it is easier to identify winners and losers in bilateral rather than regional or global negotiations. Bilateral deficit reduction, rather than the more traditional US objective of market access, is the administration's preferred metric to determine the success of trade negotiations and relationships. The administration created new offices, a National Trade Council and Office of Trade and Manufacturing Policy, which quickly prioritised bilateral deficit reduction negotiations with states that run trade surpluses with the United States, including Japan, Mexico, Germany, South Korea and China. Although the administration granted initial exceptions (to Mexico and Canada, because they agreed to renegotiate NAFTA) to the steel and aluminium tariffs, it waited until late in 2018 to exempt Japanese companies, once it became clear that the Japanese government would (reluctantly) engage in bilateral negotiations with the United States.

The shift to economic nationalism and bilateralism complements Trump's rejection of America's geopolitical and economic strategy of hegemony. Postwar American administrations typically espoused the aspiration of international economic leadership even if they could not always deliver. The Trump team has discarded that role so explicitly that China's Xi Jinping, notwithstanding his lack of fitness for the task, offered to step into the breach and serve as champion of free trade and globalisation. Trump has also abandoned the traditional presidential gatekeeping role; rather than deflect and turn outward protectionist pressures, his administration's initial inclination has been to encourage protectionist sentiment and initiate market restrictions itself.

Dealing with North Korea and China

In its initial two years, the Trump administration treated North Korea as an immediate strategic concern and China as a more profound long-term challenge. In each case economic strategy has lined up behind and reinforced the administration's strategic calculations.

Although by 2017 North Korea was already a nascent nuclear power, Trump, like Clinton, Bush and Obama before him, treated North Korea as a proliferation problem to be resolved rather than as a hostile nuclear power to be deterred.

Denuclearisation, however improbable, was the administration's strategic goal. Trump's departure from past administrations has been tactical, and his diplomatic approach has swung wildly. In his first year, he belittled Kim Jong-un personally and appeared willing to escalate the conflict to the brink of nuclear war. He subsequently reversed course and, in defiance of American diplomatic norm, took the unprecedented step of meeting personally with Kim in Singapore in June 2018 and Vietnam in February 2019.

Trump's personal diplomacy failed to generate meaningful progress towards denuclearisation. The first summit produced vague commitments and in the second Trump walked away without an agreement. Although clearly eager to reach one, he proved unwilling to sacrifice the considerable economic leverage the US enjoyed without a substantial North Korean commitment to denuclearisation. The long-standing US approach – maintaining punishing economic sanctions against North Korea until it capitulated on the nuclear issue – remained in place notwithstanding Trump's personal rapport with Kim.

On China, Trump's departure from Obama has been more significant. First, as noted above, Trump's administration gave up hope – however slim it was – that China would become America's responsible stakeholder and made clear that China instead is a strategic competitor that must be confronted. An important symbolic component of this approach is the Trump administration's relabelling of the Asia Pacific as the Indo-Pacific and its embrace of a Japan-led initiative – the 'free and open Indo-Pacific'.[33] To Trump officials, "free and open" means "not dominated by China". Vice President Pence and Secretary of State Pompeo asserted in 2018 that the United States would resist China's assertion of political and military influence in the region.[34] The Indo-Pacific, in other words, was not large enough to accommodate two dominant powers.

The "Indo" part refers to India as much as the Indian Ocean. By embracing the term Indo-Pacific, the Trump administration conveyed that America has regional options beyond its long-standing allies. It can draw closer to Vietnam, a former adversary. It could cultivate a special relationship with India, a rising regional power that is also a democracy and a naval power. Though at its early stages, the message to China is clear – China may have an ambitious Eurasian land strategy, the Belt and Road Initiative, but the "Quad" powers – the United States, Japan, Australia and India – are a coalition of maritime powers that could bottle up China at sea.

Second, and in a more profound departure from Obama policy, the Trump administration has pursued economic containment against China. Prior to Trump, American officials hoped that, even if US–China security competition increased, economic interdependence and cooperation would be an emergency brake that softened and held back bilateral conflict. The Trump team has released that emergency brake and has lined up a confrontational economic strategy behind its more competitive security strategy.[35]

Not surprisingly, given the President's commitment to it, most public attention has focused on the US–China tariff war. Trump has referred to himself as a "Tariff Man" who believes America can win a trade war because China starts with a sizeable bilateral surplus. During 2018, citing China's theft of intellectual property and other unfair trade practices, Trump introduced $250 billion in tariff increases on trade with China – a 25 per cent tariff on US$50 billion of Chinese goods and a 10 per cent tariff on US$200 billion of Chinese goods. He proposed to increase the latter tariffs to 25 per cent unless significant progress was made in ongoing US–China trade negotiations.

But there are two deeper US–China economic issues that are likely to persist even in the event of a tariff war truce. One is technological rivalry. As Japan learned during the 1980s, the United States does not take well to challenges at the technological frontier. Since China is a security competitor, not a security ally, the United States will be even more determined to slow China down. China is determined to do the opposite – Xi's Made in China 2025 project is designed to get China to the technological frontier by whatever means necessary – including borrowing or stealing advanced technology and pressuring foreign firms to share it as the price for access to China's market and labour force. The Trump administration responded by targeting China's model of state-led capitalism, discouraging American firms from cooperating with their Chinese counterparts – most dramatically, the Chinese technology giant Huawei – and pressuring its allies to do the same.[36]

The second deeper issue involves "decoupling". Over the last twenty-five years, US administrations encouraged the US and Chinese economies to become closely intertwined. More interdependence was better – the United States celebrated the idea of a "G-2", or "Chimerica". To the Trump administration, economic interdependence looks more dangerous than beneficial. It has enabled the Chinese challenge that worries American defence officials and has encouraged the unfair practices that worry US trade officials. Trump's Office of the US Trade Representative stated that China failed to live up to its reform promises made when it joined the WTO in 2001, and suggested that in retrospect, encouraging China to join was a strategic mistake.[37] Although a complete economic rupture with China is obviously impractical, the Trump team wishes to loosen bilateral economic ties to make America less dependent and less vulnerable.[38] It seeks to discourage Chinese investment in the United States, and it would rather American businesses invest at home rather than in China.

Obama's legacy and Trump's transformation

A central theme of this volume concerns the Obama administration's foreign policy legacy and the durability of its policy initiatives in the Asia (and wider Indo-) Pacific. The Trump administration in its initial phase has offered more change than continuity, both in grand strategy and in specific regional initiatives. Its most striking departure has been from the strategy and obligations of hegemony, which successive US administrations after the Cold War viewed as essential both to US interests and global order. Even Obama, who might be described as a reluctant or constrained hegemonic actor, was supportive of the overall strategy. While the Trump administration has maintained US international activism, it has abandoned both the rhetoric and policies of hegemony in favour of "America First" nationalism and a strategy of balancing against regional threats. Trump's international economic strategy, both generally and regionally, similarly reflects a sharp discontinuity relative to Obama. The Trump team has rejected both America's multilateral aspirations and its pursuit of ambitious, second-best regional economic agreements in favour of bilateralism, with a myopic focus on merchandise trade deficits and the routine resort to tariff increases rather than market-opening initiatives designed to inhibit behind-the-border protectionism.

Trump's North Korea policy, while certainly dramatic, reflects discontinuity in means rather than ends. His administration has embraced Obama's denuclearisation goal while experimenting, sometimes radically, with means to achieve it short of war. America's economic approach to North Korea has continued to rely on maintaining multilateral support for comprehensive economic sanctions, while pressuring China and others to comply more faithfully. The Trump administration's changes to China policy, however, have been more profound. The hopeful ambiguity of Obama's Pivot has given way to strategic competition. More strikingly, and consistent with its combative approach to international economic relations, the Trump administration has turned from economic engagement and cooperation, designed to turn China in a more accommodating direction, to economic conflict and confrontation, designed to hobble what it perceives as China's inevitable rise and challenge.

Which of the foreign policy changes introduced in Trump's first two years are likely to endure? This question must be approached with caution given the unpredictability of this president and the overall uncertainty over the extent to which his policies have altered fundamentally the character of US global engagement. Given the strength of his personal belief system and of his commitment to a narrow domestic political coalition, however, it seems plausible to infer that for as long as Trump remains President the United States will not reverse course and head back in the direction of hegemonic commitments and global leadership obligations. Similarly, America's China policy had been evolving from cooperation to competition before Trump; his policies, particularly on the economic side, have perhaps accelerated what many in the foreign policy establishment now view as an inevitable trend. That America's direction seems clear will make diplomacy more difficult for others in the region, including US allies, who prefer to cooperate with both China (in economics) and the United States (in security) rather than lining up on one side or the other.

Finally, Trump's strategy towards North Korea could plausibly change. The temptation for Trump (perhaps with the hope of a Nobel Peace Prize) to strike a dramatic deal – the easing of economic sanctions in exchange for North Korean commitments to meaningfully curtain weapons and missile testing – is a powerful one. The tacit acceptance of North Korea as a nuclear power would meet strong resistance within the US foreign policy establishment. But it would at least be viewed as preferable to a return to the escalating confrontation that marked Trump's first year.

Notes

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