

# THREE ANGLES TO ONE END: THE POLITICAL ECONOMY OF US-CHINA RELATIONS IN THE DIPLOMACY OF ROBERT B. ZOELICK, 2000-2012

---

*John C. Corrigan IV*

*Robert B. Zoellick has since the early 1980s served in a range of US government, private sector and international civil-servant positions. In these roles he has not only participated in, but more importantly managed, fundamental events shaping the global political economy. While Zoellick has served around the world during this century on an array of issues, his overarching focus and task has been the long-term management of the US engagement and incorporation of China into the global political-economic order constructed since the end of the Second World War. Throughout Zoellick's various positions his approach can be best described as coercive economic diplomacy, a stance understandable given the political, economic, historical and cultural gulfs separating the US and China. In June 2012, Zoellick stepped down as World Bank president after spending all but one of the past twelve years at the highest levels of the world political stage, and always in the middle of what is arguably the most important bilateral relationship the world has ever known. Regardless of the aggressiveness in his coercive approach, as perceived by China or other state actors, the manner and goals of the US economic diplomacy embodied by Zoellick's consistent approach are preferable to military diplomacy. Zoellick's work as a single course of multidimensional US diplomacy with China in the twenty-first century may well stand out, if only quietly, in history. Whether relations between the two great powers improve or grow strained in coming years, his frank, pragmatic and respectful approach to the relationship can be appreciated by reasoned people in both the US and China, and in contrast to better-known traders in aggression.*

## **Introduction: The Omnipresent American**

Robert B. Zoellick has since the early 1980s served in a range of US government, private sector and international civil-servant positions. In these roles he has not only participated in, but also more importantly managed, fundamental events shaping the global political economy. While working in the Executive

Office and the Departments of Treasury and State, Zoellick served as the principal US representative in negotiations including those on German reunification, the completion of the Uruguay Round to form the World Trade Organization (WTO), the accession of China and Taiwan to the WTO, US membership in the Asia Pacific Economic Cooperation (APEC), and the formation of the North American Free Trade Agreement (tNAFTA).<sup>1</sup> After brief interludes in the private sector throughout these decades at positions ranging from Harvard University to Goldman Sachs, Zoellick has since 2007 served as president of The World Bank Group. Throughout this period he has maintained a consistent approach to developing the global political economy based upon the liberalization of trade and collective enhancement and maintenance of the international economic architecture.

Our focus here is on a particular course of Zoellick's economic diplomacy from 2000 to the present, and is divided into three sections. The first analyzes his work as US Trade Representative (USTR) for the George W. Bush administration from January 2001 to February 2005. The second covers his brief service as US Deputy Secretary of State from February 2005 to July 2006.<sup>2</sup> The final section discusses Zoellick's work as a Bush-appointed international civil servant as president of the World Bank Group from July 2007 to June 2012. In these positions Zoellick has worked for the political and economic integration of a rising China into the aging Bretton Woods System overseen by an increasingly strained US leadership seeking balanced international coordination. His diplomacy has been of the economic sort, and is centered on promoting fluid international trade and best practices within a cooperative framework as a guarantor of global prosperity and stability. With Zoellick's engagement of China in mind, this paper's sections correspond to the above time periods as follows: the 2001-2005 period of the "competitive liberalization" of trade, courting China as a "responsible stakeholder" from 2005 onward, and finally, the post-financial crisis G2 era currently unfolding.

This paper argues that while Zoellick has served around the world during this century on an array of issues, his primary focus and task has been the long-

---

1 The GATT-APEC-NAFTA conclusions in 2004 have been dubbed "The Triple Play" by US trade watchers in reference to a rare and spectacular baseball play. Zoellick's direct involvement in all three is a notable diplomatic accomplishment. Simon J. Evenett and Michael Meier, "An Interim Assessment of the US Trade Policy of 'Competitive Liberalization,'" *The World Economy* 31, no. 1 (2008): 50. See also: Richard E. Feinberg, "Regionalism and Domestic Politics: US-Latin American Trade Policy in the Bush Era," *Latin American Politics and Society* 44, no. 4 (2002): 136.

2 Zoellick served briefly as Vice Chairman-International of the Goldman Sachs Group from 2006-07 between leaving the US government and assuming his position at The World Bank.

term management of the US engagement and incorporation of China into the global political-economic order constructed since the end of the Second World War. The three periods listed above have seen changing international circumstances and varying challenges requiring immediate attention, but history has shown Zoellick's diplomatic focus has returned always to US-China relations. This attention on his part is no doubt due to the sheer size of China's population and its increasing political-economic weight. More importantly, however, his efforts corroborate US and international foresight in recognizing that the integration of China as seamlessly as possible into the existing international political-economic order is crucial to global prosperity and stability. Throughout these three periods Zoellick's approach can be best described as coercive economic diplomacy, a stance understandable given the political, economic, historical and cultural gulfs separating the US and China. Regardless of the aggressiveness in that coercion as perceived by China or other state actors, however, the manner and goals of the US economic diplomacy embodied by Zoellick are preferable to military diplomacy.

### **United States Trade Representative 2001-2005: The Era of Competitive Liberalization**

Zoellick was tapped by the George W. Bush campaign in January 2000 to articulate the foreign policy of the aspiring administration for public consumption. In a *Foreign Affairs* article titled, "A Republican Foreign Policy," his focus was clear: the greatest geopolitical gains for the unipolar-power were to be made through trade.<sup>3</sup> In stating that, "Washington has the power to shape global economic relations for the next 50 years," Zoellick loaded "trade" with meaning far beyond the mere exchange of goods.<sup>4</sup> His outlook on the topic was afforded by the preponderant economic power the US enjoyed in the decades immediately following the Cold War and a sense that the political and economic leverage that power granted must be put to immediate use for best effect. He continued, "The United States needs a strategic economic-negotiating agenda that combines regional agreements with the development of global rules for an open economy. To link up with Latin America and the Asia-Pacific region, the United States should propose free-trade agreements with either individual countries or regional groups."<sup>5</sup> Implicit in this approach was that countries that did not pursue such agreements as urgently as the US would enjoy fewer trade-liberalization

---

3 Robert B. Zoellick, "A Republican Foreign Policy," *Foreign Affairs* 79, no. 1 (2000): 63, 64.

4 *Ibid.*, 65.

5 *Ibid.*, 71.

benefits, be they economic or political. The operative phrase in the above quote in political terms, however, is, “the development of global rules.” Here lies the strategic goal of US efforts to influence and advance overarching international economic rules through mutually enforcing trading regimes at the opening of the twenty-first century.

However, in this full-speed-ahead approach there was a paradox at work. As a principal architect of the multilateral world trading system, the US had long been a proponent of consensual liberalization through the GATT and WTO forums. US policy shifted somewhat in the late 1980s as it negotiated bilateral trade agreements with Israel and Canada for political and proximal reasons, respectively and NAFTA came into effect in 1994 after heated domestic debate.<sup>6</sup> In fact, there existed subdued yet long-standing wishes in Washington to quicken the pace of trade liberalization in bilateral or regional fashions as the US already maintained below-average tariff rates, wanted further reductions of global tariffs and could influence the design of such agreements. An early supporter of that strategy was none other than Zoellick’s former boss at the Department of the Treasury, James A. Baker, who stated in 1988, “If possible we hope that this . . . liberalization will occur in the Uruguay Round. If not, we might be willing to explore a market liberalizing club approach through unilateral arrangements or a series of bilateral agreements. While we associate a liberal trading system with multilateralism, bilateral or unilateral regimes may also help move the world toward a more open system.”<sup>7</sup>

Nonetheless, there were few adamant calls for US free-trade agreements (FTAs) between the 1994 completion of NAFTA and the start of the George W. Bush administration in 2001. This silence was due primarily to “trade fatigue” affecting the US Congress, especially Democratic members and their constituencies, in the wake of the NAFTA negotiations and ensuing inability of the Clinton administration to secure trade promotion authority (TPA) to “fast-track” trade negotiations.<sup>8</sup> Baker’s logic remained a strategic option for trade-friendly Republicans aspiring to replace Clinton, however, and was dubbed “competitive liberalization” in 1996 by C. Fred Bergsten, from whom Zoellick later ap-

---

6 Vinod K. Aggarwal, “Look West: The Evolution of US Trade Policy Toward Asia,” *Globalizations* 7, no. 4 (2010): 456.

7 Ibid., 464.

8 Ibid., 456. For more on US trade fatigue at the end of the Clinton administration and its motivations on the incoming Bush administration, see Barry Eichengreen and Douglas Irwin, “International Economic Policy: Was There a Bush Doctrine?” *National Bureau of Economic Research, NBER Working Paper Series* no. 13831 (2008): 7.

propriated the phrase.<sup>9</sup>

As noted above, Zoellick represented the US in both the Uruguay Round negotiations and the fifteen-year negotiations on Chinese accession to the WTO. Why then would he so fervently push for bilateral and regional agreements at risk of undermining WTO development?<sup>10</sup> Preliminary answers lie in the economic leverage the Bush administration felt it possessed upon entering office in 2000, the sentiment that there had been enough rest following the aforementioned trade fatigue and Democratic administration, and the fear that the US was being left behind while its partners signed preferential trading deals elsewhere.<sup>11</sup> Rather than play catch-up to the standards of partners' agreements, the Bush administration saw value in compelling others to do so on its own terms by negotiating from a generally advantageous economic position.

Most importantly, there was a strategic aim to develop advanced, WTO-plus global economic rules through the creation of preferential trade agreements, especially with Chinese accession to, and most-favored nation status at, the WTO imminent.<sup>12</sup> Design of and control over such WTO-plus rules would fulfill the US desire to consolidate institutional influence within its hub-and-spoke framework in Northeast Asia and beyond. In so doing, US interests in trade liberalization would continue to strongly influence international commercial norms.<sup>13</sup> Security interests worldwide are of course intertwined with economic interests in the practice of linkage politics; a process managed more easily outside the confines of the theoretically non-politicized WTO.<sup>14</sup> In short, the initial posture

---

9 Barry Eichengreen and Douglas Irwin, "International Economic Policy: Was There a Bush Doctrine?" 16.

10 The debate on if and how bilateral and multilateral preferential agreements undermine the WTO is beyond the scope of this paper. Our argument recognizes however, that there is much evidence presented by economists for such agreements threatening WTO progress. See Jagdish N. Bhagwati, "The Wrong Way to Free Trade," *The New York Times*, July 24, 2001; Arvind Panagariya and Jagdish Bhagwati, "Bilateral Trade Treaties Are a Sham," *Financial Times*, July 13, 2003 and Phillippe Legrain, "Last Resort," *The New Republic*, November 3, 2003.

11 Simon J. Evenett and Michael Meier, "An Interim Assessment of the US Trade Policy of 'Competitive Liberalization,'" 34-36. Zoellick himself put it succinctly in *The New York Times*: "The United States has been falling behind the rest of the world in pursuing trade agreements. Worldwide, there are 150 regional free-trade and customs agreements; the United States is a party to only three. Each one sets new rules and opens markets for those that have signed on and creates hurdles for those outside the agreement. Trade legislation that could help remedy this imbalance is awaiting Senate consideration. Prompt action is needed to clear the way for America's international trade leadership and economic interests." Robert B. Zoellick, "Falling Behind on Free Trade," *The New York Times*, April 14, 2002.

12 Maryanne Kelton, "US Economic Statecraft in East Asia," *International Relations of the Asia Pacific* 8 (2008): 166.

13 Ibid.

14 Ibid., 154, 156.

of the Bush administration indicated that it was willing to bear the economic irrationality of discriminatory trade liberalization outside the economically efficient but politically inefficient WTO to accomplish its objective of using US market-size advantage as economic leverage to advance geopolitical interests in an increasingly important region.

Upon entering office in 2001, the Bush administration, through USTR Zoellick, began an all-out public relations campaign in support of an economic foreign policy that diverged significantly from that of the Clinton administration. Zoellick wrote often, uncharacteristically for a cabinet member, across the pages of major US and UK newspapers arguing both for Bush being granted TPA by the US Congress and in support of the logic of competitive liberalization.<sup>15</sup> After TPA was granted to Bush in August 2002, Zoellick again communicated his consistent message of the era by invitation in the December 5, 2002, edition of *The Economist*:

Whether the cause is democracy, security, economic integration or free trade, advocates of reform often need to move towards a broad goal step by step—working with willing partners, building coalitions, and gradually expanding the circle of co-operation. Just as modern business markets rely on the integration of networks, we need a web of mutually reinforcing trade agreements to meet diverse commercial, economic, developmental, and political challenges. The United States is combining this building-block approach to free trade with a clear commitment to reducing global barriers to trade through the WTO. By using the leverage of the American economy's size and attractiveness to stimulate competition for openness, we will move the world closer towards the goal of comprehensive free trade.<sup>16</sup>

Implied in Zoellick's statement is that reform of some kind above and beyond the scope and capability WTO conditions is indeed necessary, unwilling states outside the circle of cooperation can be coerced into willingness through fear of economically damaging exclusion and that the goal of "comprehensive free trade" will be reached on US terms by virtue of the leverage it brings to negotiations. Herein lie the foundations of Bush's economic foreign policy, which would not change for the duration of the administration.<sup>17</sup>

---

15 Bear in mind that the US electorate must be convinced of such policy lest it vote out those who enact it in the next round of elections. In this sense Zoellick was selling the policy to the US public.

16 Robert B. Zoellick, "Unleashing the Trade Winds," *The Economist*, December 5, 2002.

17 The Bush administration's trade promotion authority expired in July 2007 amidst uncertainty on the

The events of September 11, 2001 did not dampen Zoellick's approach amidst the shifting geopolitical landscape. In a September 20, 2002 *Washington Post* piece, he seamlessly merged the policy with efforts to eradicate terrorism, writing, "We need to infuse our global leadership with a new sense of purpose and lasting resolve. Congress, working with the Bush administration, has an opportunity to shape history by raising the flag of American economic leadership. The terrorists deliberately chose the World Trade towers as their target. While their blow toppled the towers, it cannot and will not shake the foundation of world trade and freedom."<sup>18</sup>

It is important to note that within an administration for which so much changed after 9/11, especially in terms of foreign policy, the strategy of competitive liberalization was supported and retained for the duration. This indicates both its importance to the Bush administration as a long-term tool of economic statecraft and its utility beyond the realm of immediate security concerns. The US had learned as far back as the NAFTA negotiations that its market size granted it an upper hand not just during negotiations, but in determining the very subjects and starting points of negotiations when it came to considering partners' requests for FTA discussions.<sup>19</sup> It was during the NAFTA negotiations with Mexico in particular that US trade negotiators gained experience in inserting WTO-plus stipulations into trade agreements from then onward; investments, services, labor and environmental conditions, technology and intellectual property issues were to become standards in US FTAs which placed greater stress for domestic economic and structural reforms on the smaller state.<sup>20</sup> Legally prohibited from approaching trading partners by their own initiative, US diplomats, Zoellick himself included, simply waited for requests to come, at which point they were nearly assured asymmetric reciprocity in negotiations.<sup>21</sup>

Beginning with the granting of TPA to the Bush administration in 2002, requests for FTAs from Malaysia, Indonesia, Taiwan, Thailand, New Zealand and

---

futures of the Doha Development Round and other FTAs under negotiation at the time.

- 18 Robert B. Zoellick, "Countering Terror with Trade," *The Washington Post*, September 20, 2001. Eichengreen and Irwin argue in fact, that the bipartisan political climate created in Washington after the attacks was instrumental in Bush being granted TPA and being able to launch the Doha Round in the first place. See Barry Eichengreen and Douglas Irwin, "International Economic Policy: Was There a Bush Doctrine?" 9.
- 19 Richard E. Feinberg, "The Political Economy of United States' Free Trade Agreements," *World Economy* 26 (2003): 1022, 1025.
- 20 Mignonne Chan, "US Trade Strategy of "Competitive Liberalization," *Tamkang Journal of International Affairs* 8, no. 3 (2005): 12, 14.
- 21 Simon J. Evenett and Michael Meier, "An Interim Assessment of the US Trade Policy of 'Competitive Liberalization,'" 40.

Uruguay were declined for various political and economic reasons.<sup>22</sup> Conversely, the US itself was denied completion of the Free Trade Area of the Americas for political reasons as well, stymying Zoellick's wishes to integrate all of the Americas in one economic bloc. Nonetheless, during the Bush administration, FTAs were either completed or begun for later completion with Australia, Bahrain, Chile, Colombia, Central American states and the Dominican Republic for the CAFTA-DR, Jordan, South Korea, Morocco, Oman, Panama, Peru and Singapore. Crucially, the total trade share of US FTA partners in the US economy outside of NAFTA and South Korea is roughly 10 percent.<sup>23</sup> This suggests a much greater geopolitical than economic value logic for the creation of FTAs, considering precious political capital is spent by all contracting parties in their negotiation and passing of them into law.

What then is the greater goal of US geopolitical logic in FTA creation? In a 2003 speech USTR Zoellick shed some light on the question in outlining his thirteen characteristics for suitable US FTA partners:

1. Congressional guidance.
2. Interest from US business and agriculture.
3. Implications for sensitive products (such as textiles and sugar).
4. Evidence of political will on the part of the foreign party to implement the necessary trade reforms.
5. The party's willingness to implement other market-oriented reforms.
6. The party's commitment to any ongoing WTO and relevant regional negotiations.
7. The contribution of an agreement with the foreign party to regional integration.
8. The degree of support from US civil society groups.
9. The extent to which the foreign party cooperates with the United States on foreign and security policy.
10. Consideration of whether an agreement with the foreign party would counter other FTAs that put US commercial interests at a disadvantage.
11. The desire on the part of the United States to sign FTAs in every region of the world economy.
12. The desire on the part of the United States to have FTAs with

---

22 Mignonne Chan, "US Trade Strategy of "Competitive Liberalization," 10, 19. Chan notes on page 19 the irony in the US using FTA linkage politics to advance democracy, but rejecting FTAs with democratic countries due to political issues. The best example is of course New Zealand, which among other reasons, found itself unable to complete an agreement with the US because it would not permit US nuclear-capable vessels from docking in its ports.

23 Vinod K. Aggarwal, "Look West: The Evolution of US Trade Policy Toward Asia," 466.



industrialized and developing countries.

13. The implications of any negotiation on the resources available to the Office of the United States Trade Representative.<sup>24</sup>

The overarching theme in these points is that economically developed nations enjoying warm diplomatic relations and similar political systems with the US are in ideal positions, should they so choose, to integrate above and beyond WTO terms under conditions of asymmetrical reciprocity. Trust in continued US global leadership and long-term subscription to it is therefore implied, and freer access to the US market is gained. As noted above, many countries have done so, and in the process fulfilled Washington's desires for a geographically dispersed "sequential regionalism."<sup>25</sup> Countries economically incapable or politically unwilling to meet these requirements are not few in number. One stands out, however, especially given the timing of the US implementation of competitive liberalization. China, having ascended to the WTO less than two years before Zoellick made these remarks, was then and is now the country furthest from meeting the above criteria. In fact, points four and five would be difficult to negotiate with current US and Chinese leaderships, and point nine all but impossible. This distance in politics as illustrated in FTA design no doubt resonates with global leaders.

Inherent to the logic of competitive liberalization is that state actors in signing FTAs will assume the burdens of domestic economic restructuring so as not to be left behind in the process of mutually reinforcing trade liberalization occurring beyond their borders and outside the WTO. In fact, nations such as Canada and South Korea sought FTAs with the US to force restructuring on their own economies, particularly their service sectors. Central to our argument in terms of the US political-economy approach to China is that the reverse is also true: the proliferation of FTAs amongst willing actors *can be used by one, some or all of them* to indirectly coerce recalcitrant states to submit to political and economic standards engineered outside the WTO by ever-increasing FTA participants.<sup>26</sup> Moreover, the pressure placed by the US on Beijing throughout this process, being indirect in nature, has few negative consequences for Washington in terms of its image and soft power. In this sense, we can see Zoellick's

---

24 Simon J. Evenett and Michael Meier, "An Interim Assessment of the US Trade Policy of 'Competitive Liberalization,'" 42.

25 *Ibid.*, 51.

26 Maryanne Kelton, "US Economic Statecraft in East Asia," *International Relations of the Asia Pacific* 8 (2008): 150, 151. Of note here is Kelton's quote of Zoellick saying the Bush administration had a "long memory" of trading partners that did not fall in line with its foreign policy goals.

drumbeat for liberalization at any cost as a means to simultaneously promulgate US best practices worldwide *and* refuse Beijing a chance to catch its political-economic breath after fifteen difficult years of WTO negotiations. Zoellick said as much in “A Republican Foreign Policy,” with, “If China, Russia, India, and others want to keep up, they will have to open up.”<sup>27</sup> Arguably, his central focus in that 2000 remark was China, and events since then have no doubt sharpened that focus.

The literature is replete with criticism of the purely economic logic of competitive liberalization, but that is beside our point.<sup>28</sup> Central to this paper’s argument is that the US strategy of competitive liberalization articulated by Zoellick from the outset envisioned Chinese subscription, coerced or otherwise, to evolving US-designed WTO-plus conditions as its end goal. The ideal result from Washington’s perspective would be a structure-syncing of the world’s top economies under something at least resembling the Washington Consensus, a rejuvenation of the Bretton Woods System, and most importantly, diminished chances of armed conflict between the world’s two superpowers and in Northeast Asia in general. Trade-liberalization benefits with smaller nations were but dividends accrued along the way for the US. From Washington’s perspective, China’s 2001 WTO accession symbolized economic membership, but not guaranteed compliance with, rules Beijing had much less part in designing than did Washington. Zoellick knew this and also that the linkage politics possible in FTA designs could over time create conditions more favorable to Washington into which China could later be pressed. That pressing would require consistent and substantial diplomatic effort, all while China worked to fulfill its onerous WTO obligations.

Consistency in efforts at competitive liberalization notwithstanding, US diplomacy in Northeast Asia (and other regions) suffered throughout the Bush administration due to Washington’s wars in Afghanistan and Iraq. Of the FTAs

---

27 Robert B. Zoellick, “A Republican Foreign Policy,” 73.

28 Perhaps the most succinct criticism of the trade-law complexities arising from competitive liberalization is not “the noodle bowl” metaphor, but the phrase “competitive confusion” coined by Hadi Soesastro. See the “Introduction” in Hadi Soesastro, “Dynamic of Competitive Liberalisation in RTA Negotiations: East Asian Perspectives,” PECC Trade Forum, April 22-23, 2003, Washington, DC. See also Mignonne Chan, “US Trade Strategy of ‘Competitive Liberalization,’” 19. It is essential to point out that the central premise of competitive liberalization is that it will spur stalled multilateral liberalization as a sort of jump-starting mechanism. As the fate of the Doha Round shows, this has not been the case; see Vinod K. Aggarwal, “‘Look West: The Evolution of US Trade Policy Toward Asia,’” 467; and Simon J. Evenett and Michael Meier, “An Interim Assessment of the US Trade Policy of ‘Competitive Liberalization,’” 59-64. The question then becomes whether competitive liberalization was simply an intellectual economic cover for political ends from the beginning of the Bush administration.

listed above, only the agreement with longtime ally South Korea came to fruition in Northeast Asia, taking effect in 2012 under President Obama.<sup>29</sup> In short, US immediate regional pressures on China through FTAs, as well as a broader “sequential regionalism” approach, fell short of expectations for political and economic engagement and compliance. As China’s political and economic presence grew into the middle of the century’s first decade, especially within the context of the WTO, the Bush administration in its second term took a different tack in engaging Beijing, one based on a more direct, communicative approach than competitive liberalization to inducing Chinese compliance with existing international norms. Once again, Zoellick would serve as Washington’s mouthpiece, but from then on as Deputy Secretary of State.

### **United States Deputy Secretary of State 2005-2006: Courting China as a Responsible Stakeholder**

The initial public line of diplomacy toward China taken by the Bush administration in 2001 was more direct than Zoellick’s roundabout strategy of competitive liberalization. Dating back to his campaign in 1999, Bush referred to China as a “strategic competitor,” while then president William Clinton used the phrase “strategic partner.”<sup>30</sup> Amidst the years immediately following the 9/11 attacks and their effect on US foreign policy, the Bush administration was prone to contradictory statements on China, which in general did not remedy the adversarial tone of his remarks on the campaign trail.<sup>31</sup> Nonetheless, throughout the distractions and strategic ambiguity of the time, the dynamic of the US-China relationship was changing. Chinese GDP growth remained strong during the economic slowdown after the 9/11 attacks, and its accession to the WTO just weeks after 9/11 more deeply integrated Chinese exporters into the global economy. With the wars in Iraq and Afghanistan everyday realities by 2005, the Bush administration decided on a reset of sorts in its relations with China.

Just after George W. Bush began his second term and Zoellick assumed his post as Deputy Secretary of State, the latter delivered a speech titled “Whither China: From Membership to Responsibility?” to the National Committee on

29 Min Gyo Koo, “US Approaches to the Trade-Security Nexus in East Asia: From Securitization to Re-securitization,” *Asian Perspective* 35 (2010): 50. Koo discusses the unique circumstances between the allies that make the KORUS FTA the only one of its kind for the US in Northeast Asia.

30 Jonathan Czin, “‘Dragon-Slayer or Panda-Hugger? Chinese Perspectives on ‘Responsible Stakeholder’ Diplomacy,” *Yale Journal of International Affairs* (Spring/Summer 2007): 101.

31 Robert B. Zoellick, “Whither China: From Membership to Responsibility?,” *NBR Analysis* 16, no. 4 (2005): 3.

US-China Relations in New York City on September 21, 2005.<sup>32</sup> Through this speech a reset was indeed achieved, along with a vigorous debate in both countries on the implications of Zoellick's words. Interestingly, Zoellick's leaving the USTR cabinet position to take a deputy position in the State Department was a demotion in technical terms, but "Whither China?" was to prove his importance beyond his position. He was at the time the lead US diplomat in the Senior Dialog, the highest-level diplomatic discussions with Beijing, and therefore a linchpin of communication between the two countries. Communicate Zoellick did that night, and in his own rhetorical fashion. He urged China in the speech to become a "responsible stakeholder" in the international system that had enabled its growth.<sup>33</sup> Rarely in diplomatic history has a newly minted two-word phrase, let alone one from a sub-cabinet level diplomat, stirred so much debate on an unfolding relationship so central to international affairs. Furthermore, there was at the time no direct Chinese translation for the word "stakeholder."<sup>34</sup>

Aside from September 2005 being the first autumn of Bush's second term, the regularity of two US wars sinking in and a recognized need to turn diplomatic attention toward Asia after a period of distraction, what other factors spurred Zoellick's speech? Moreover, can those factors be connected to his prior work on competitive liberalization as USTR? There is at least one essential thread that runs through these events, and indeed onward into Zoellick's later diplomacy at the World Bank. That thread is the challenge of China's post-accession compliance in the WTO and the utility of applying inferences made in monitoring that relationship to analysis of other elements of China's foreign relations. After joining the World Bank and International Monetary Fund (IMF) in 1980, China's 2001 accession to the WTO made the nation a full member of the Bretton Woods System.<sup>35</sup> With membership came the responsibility of compliance to complex WTO regulations.<sup>36</sup> Those regulations, and the political

---

32 Jonathan Czin, "Dragon-Slayer or Panda-Hugger? Chinese Perspectives on 'Responsible Stakeholder' Diplomacy," 100.

33 Robert B. Zoellick, "Whither China: From Membership to Responsibility?," 7. A more elaborate definition of the phrase occurs later in the speech on page 9: "All nations conduct diplomacy to promote their national interests. Responsible stakeholders go further: They recognize that the international system sustains their peaceful prosperity, so they work to sustain that system. In its foreign policy, China has many opportunities to be a responsible stakeholder."

34 Jonathan Czin, "Dragon-Slayer or Panda-Hugger? Chinese Perspectives on 'Responsible Stakeholder' Diplomacy," 103. Zoellick claims he was unaware no equivalent for "stakeholder" existed in Chinese, but wishes he could claim to have known and therefore used the debate over the translation of the word to fuel debate on the speech in general.

35 Gerald Chan, "China and the WTO: The Theory and Practice of Compliance," *Royal Institute of International Affairs*, Asia Programme Working Paper no. 5 (2003): 6.

36 *Ibid.*, 7.

and economic structure necessary for compliance with them, posed much more of a challenge to developing China than to the countries that had designed the system decades before and were legally conversant in its operations.<sup>37</sup>

As USTR, Zoellick's office was responsible for chairing the Trade Policy Staff Committee (TPSC), a US inter-agency group which monitored Chinese WTO compliance.<sup>38</sup> The committee's formation in the winter of 2001 coincided with Zoellick's public articulation of the logic of competitive liberalization, and he remained involved in TPSC leadership until moving to the State Department.<sup>39</sup> Crucial to our point here is that Zoellick's time as USTR put him in an ideal position to witness both the shared benefits of Chinese membership in international organizations such as the WTO, and also the drag that membership could and did create on their operations and development.<sup>40</sup> Put another way, his experience monitoring Chinese WTO compliance provided a microcosm from which to analyze other dimensions of China's integration into the global political economy. In short, whereas when lobbying for competitive liberalization Zoellick was indirectly coercing Chinese subscription to the existing international system, in his TPSC role he witnessed the complications inherent in the process of China's fusion with it. Zoellick's perspective gained from trade relations therefore left him in an ideal position from which to make such a speech. Trade received substantial attention in "Whither China?," and Zoellick, known for his blunt speaking style, cut right to the bone of both trade issues and China's need to share the burdens of maintaining the international system by saying, "China has been more open than many developing countries, but there are increasing signs of mercantilism, with policies that seek to direct markets rather than opening them. The United States will not be able to sustain an open international economic system—or domestic US support for such a system—without greater cooperation from China, as a stakeholder that shares responsibility on international economic issues."<sup>41</sup>

At the core of "Whither China?" are both reassurances and requests. There is also no shortage of veiled threats, especially concerning protectionist backlash in the US against China's post-accession trade practices.<sup>42</sup> Citing US support of Deng Xiaoping's market reforms from 1978 onward and the symbiotic

---

37 *Ibid.*, 20.

38 *Ibid.*, 12, 13.

39 Zoellick moved directly from the Executive Office of the President to the State Department, with no time in between as Bush's second term began.

40 *Ibid.*, 15.

41 Robert B. Zoellick, "Whither China: From Membership to Responsibility?," 9.

42 *Ibid.*

relationship thus created between the two countries, Zoellick offers reassurances that the US posture toward China is fundamentally different than that which it took toward the Soviet Union. His reasons are based on China's recognition that exporting revolution was no longer in its interests and "being networked with the modern world" now is.<sup>43</sup> Zoellick saw that interconnectivity and the enhancement of it as a win-win proposition, at least from the US perspective.<sup>44</sup> In terms of requests, Zoellick makes his political concerns clear, stating, "China needs to recognize how its actions are perceived by others. China's involvement with troublesome states indicates at best a blindness to consequences and at worst something more ominous. China's actions—combined with a lack of transparency—can create risks. Uncertainties about how China will use its power will lead the United States—and others as well—to hedge relations with China. Many countries hope China will pursue a "Peaceful Rise," but none will bet their future on it."<sup>45</sup>

Example actions from Beijing that would soften that US hedge according to Zoellick are as follows: increased transparency in defense spending, reduction of mercantilist trade practices, protecting the intellectual property of trading partners, abandoning its zero-sum strategy in energy acquisition and taking a proactive approach to ending the discord on the Korean peninsula.<sup>46</sup> He presents these requests in the context of shared interests and a "thirty-year policy of integration," which when accomplished would add to the vitality of the international system.<sup>47</sup> This brand of coercion has the same Washington Consensus-style objectives aimed for with competitive liberalization, but in this era Zoellick delivered it directly in person, and with China as the sole subject of the speech.<sup>48</sup> Zoellick's aggressive tone builds toward the speech's conclusion. At its end he claims somewhat paradoxically that US support for freedom within China is not based on a desire to weaken it, and adds, "We can cooperate with the emerging

---

43 Ibid., 7.

44 This tone in US diplomacy dates back at least as far as a Richard Nixon 1967 *Foreign Affairs* essay in which the future president pointed out that a globally engaged China would act with more 'civility' and in a less dogmatic manner. Critics of Nixon then and critics of Zoellick now point out that the approach is nothing more than a long-winded attempt at asking China to mimic the US. See Amitai Etzioni, "Is China a Responsible Stakeholder?," *International Affairs* 87 no. 3, (2011): 540.

45 Robert B. Zoellick, "Whither China: From Membership to Responsibility?," 8.

46 Ibid., 9, 10.

47 Ibid., 13.

48 Of note is that China was rarely if ever mentioned in Zoellick's public writing on competitive liberalization. This paper's argument that China's reform to Washington's preferences was in fact the long-term objective of competitive liberalization is supported by Zoellick's sudden focus on China upon reentering the State Department. In short, the strategies were noticeably different, but the goal clearly the same.

China of today, even as we work for the democratic China of tomorrow.”<sup>49</sup> Of all the debate-stirring phrases and segments of “Whither China?,” its final sentence leaves little room for interpretation.<sup>50</sup>

The word “socialization” did not appear in “Whither China?,” but its meaning permeated Zoellick’s speech. In this sense, the overarching theme of the speech was a request for the rising power to more closely join the international system that had enabled its development and share in the burdens of its maintenance. Zoellick’s incisive message left his audiences, be they in the US or China, to chew on the implications of his words. That process was arguably more sensitive in the latter country than the former. After the initial step of adequately translating the term “stakeholder,” the speech divided its audience in China into two camps. Jonathan Czin describes them as, “those who embrace Zoellick’s stakeholder terminology with varying degrees of wariness; and skeptics who see the term as a discursive weapon for criticizing China.”<sup>51</sup> We can roughly label the former group Chinese internationalists and the latter nationalists.<sup>52</sup> Given the interpretive scope of Zoellick’s words, both groups have strong arguments.

Chinese internationalists could point, as Zoellick did, to the immense economic gains their country made by incorporating itself into the international system since 1978. More wary nationalist takes on the speech, however, saw ominous implications with familiar historical overtones. Did the word “responsible” imply that China until that point had been irresponsible? Who defines responsibility? Did fully joining the international system actually mean submission to rules China had not designed and had difficulty in following due to its level of economic development?<sup>53</sup> Would the effort of attempting to follow those rules tie China’s hands in the present-day development of international political and economic norms? Such concerns were inevitable and understandable from Beijing’s perspective. More broadly, was Zoellick’s approach not simply an attempt by a weakening superpower to “pass on the costs of hegemony and globalization” in order “to slow down the pace of China’s rise,” as noted by Pro-

---

49 Ibid., 12, 14.

50 A clear link between economic reform and democratization is made on page 12: “Closed politics cannot be a permanent feature of Chinese society. It is simply not sustainable—as economic growth continues, better-off Chinese will want a greater say in their future, and pressure builds for political reform.”

51 Jonathan Czin, ““Dragon-Slayer or Panda-Hugger? Chinese Perspectives on “Responsible Stakeholder” Diplomacy,” 101.

52 Richard Baum applies these very labels in his analysis of the speech. See: Robert B. Zoellick, “Whither China: From Membership to responsibility?,” 19.

53 Jonathan Czin, ““Dragon-Slayer or Panda-Hugger? Chinese Perspectives on “Responsible Stakeholder” Diplomacy,” 104, 105.

fessor Wang Yiwei of the Center for American Studies at Fudan University?<sup>54</sup> To Chinese nationalists, “Whither China?” was laden with the very paternalistic condescension they saw their country’s rise as in the process of eradicating.

In contrast to the sometimes-defensive reaction to the speech in Chinese circles, US analyst Richard Baum saw it as at least a step in the right direction away from Bush’s “strategic competitors” approach.<sup>55</sup> Kurt M. Campbell, after describing Zoellick as “the acknowledged intellectual powerhouse of the Bush administration,” pointed out Zoellick’s aim in the speech to reach a US audience and moderate divergent policy approaches to China.<sup>56</sup> On one end of the spectrum of those policy approaches are the hawkish “panda punchers” in the Pentagon, and Jonathan Czin posits the speech was indeed aimed at them, with the aim of showing that China’s “evolutionary rather than revolutionary” move away from free-riding in the international system to “trusteeship” could be achieved and reduce military tensions in the process.<sup>57</sup> Lastly, James A. Kelly in his analysis echoed Zoellick in saying the speech signified an attempt not to contain China, but rather to “draw China into the global community of nations,” in Zoellick’s words.<sup>58</sup> In general, US analysts acknowledged the potentially problematic bluntness of the speech while valuing its frankness.

Leaderships’ judgment on the value of Zoellick’s phrase came less quickly. After four months of debate, overall perceptions of the speech became positive in China, and Zoellick’s pragmatic line was seen as a welcome shift in a hawkish administration.<sup>59</sup> There were, however, doubts about the favor Zoellick carried with the Bush administration, as Beijing was aware he was not a member of Bush’s inner circle and had descended from a cabinet position months before the speech. Reassurance arrived when Presidents Bush and Hu Jintao both used the term “stakeholder,” having diplomatically dropped the complicating adjective “responsible,” in their White House meeting in April 2006. Bush stated, “As stakeholders in the international system, our two nations share many strategic interests.” Hu later cemented the term’s status in the global diplomatic lexicon by adding, “China and the United States are not only stakeholders, but they should also be constructive partners.” Universal legitimation of the phrase

---

54 Ibid.

55 Robert B. Zoellick, “Whither China: From Membership to responsibility?,” 20.

56 Ibid., 23-25.

57 Jonathan Czin, “Dragon-Slayer or Panda-Hugger? Chinese Perspectives on ‘Responsible Stakeholder’ Diplomacy,” 102.

58 Robert B. Zoellick, “Whither China: From Membership to responsibility?,” 26, 30.

59 Jonathan Czin, “Dragon-Slayer or Panda-Hugger? Chinese Perspectives on ‘Responsible Stakeholder’ Diplomacy,” 105-107.



came when Chinese foreign policy experts began employing it in analyses of their own government, as well as critiquing other states' behavior.<sup>60</sup> Zoellick's brand of moderation had indeed taken hold, at least for the time being.

Zoellick's brief time at the State Department ended in 2006. Since then, however, the phrase "responsible stakeholder" has continued to develop in parallel with changing global circumstances. While working at Goldman Sachs in May, 2007, Zoellick commemorated the thirty-fifth anniversary of the Shanghai Communiqué in a speech titled, "From the Shanghai Communiqué to "Responsible Stakeholder."<sup>61</sup> In it, he both repeated key points from the original 2005 speech and foreshadowed the cooperative approach he would later take toward Chinese economic reform as president of the World Bank.<sup>62</sup> At the core of those points was the unsustainable nature of China's political model to necessary economic restructuring. Zoellick stated, "China's extraordinary economic progress offers many mutual benefits and future opportunities for the United States and the world. Yet the political foundation for this economic edifice is increasingly lopsided, and the risks of slippage are increasing."<sup>63</sup> Harkening back to the objectives of the 1972 Shanghai Communiqué, Zoellick pointed out that the agreement laid a foundation for the US-Chinese relationship suitable to the tenuous circumstances of that time. By 2007, however, and with mutual acknowledgment of the implications of responsible stake-holding understood in Beijing and Washington, Zoellick hoped that, "China and the United States will not only deepen our cooperation with one another, but also sustain and strengthen the international order of political, economic, and security systems by working as mutual stakeholders, sharing responsibility."<sup>64</sup> His objective in the speech was to call for a new framework for relations between the two countries as suitable to 2007 as the agreement they had created in 1972. The speech concluded, as had its predecessor, with the paradoxical assurance that the US was acting in China's interests.<sup>65</sup> Zoellick stated, "Yet the United States does not urge the causes of rule of law, freedom, and democracy to weaken China. To the contrary, America has seen that in the absence of freedom, societies breed cancers

---

60 Ibid., 109.

61 Robert B. Zoellick, "From the Shanghai Communiqué to "Responsible Stakeholder," <http://www.iie.com/publications/papers/paper.cfm?ResearchID=733> (accessed May 6, 2012).

62 The five "commonalities of interest" offering opportunities to act together as responsible stakeholders are outlined in the speech as follows: economic policy, Korea, Iran, Sudan and energy security.

63 Ibid.

64 Ibid.

65 Zoellick's words would appear logical to him, but paradoxical to Chinese leadership. Therein lies his argument.

that will eat away at even the most impressive progress. Then those countries breed ills that threaten others.”<sup>66</sup> As in 2005, Zoellick’s concluding remarks and the implied distinction made in them between China as a nation and its present government left little room for interpretation in Beijing.

Zoellick was to pull this punch, however, in the following years as he applied the phrase responsible stakeholder to the US itself, as well as all actors in the international system.<sup>67</sup> Nonetheless, his persistently forceful brand of discursive coercion had achieved its objectives in more clearly defining the nature of US-China relations in the century’s first decade. The initial debates on his meaning complete, Zoellick had enabled with his frankness concrete discussions between Washington and Beijing on their relationship amidst new global challenges. This clarity was valuable in light of US distraction from China and East Asia in general during two US wars. The greatest of those challenges, the global economic crisis and its aftermath, which continues to this day, lies ahead. In his role as World Bank president throughout the crisis, Zoellick has served not primarily as a communicator as he did with the State Department, but rather as a hands-on policymaker working toward economic reforms in China capable of creating growth and reviving the global economy. Through yet another change in roles, Zoellick’s focus and efforts remained fixed on the crucial relationship between Washington and Beijing.

### **World Bank President 2007-2012: The G2 in a Post-Crisis World**

China’s relationship with the World Bank dates back to 1980. Deng Xiaoping invited then president of the bank Robert McNamara to Beijing in April 1980 to request assistance in the economic reforms Deng had begun in 1978. Greeting McNamara’s delegation, Deng stated, “We are very poor. We have lost touch with the world. We need the World Bank to catch up. We can do it without you, but we can do it quicker and better with you.”<sup>68</sup> Diplomatic relations between the US and China had been normalized just sixteen months earlier, and if concerned parties in Beijing and Washington feared politicization of the bank’s involvement with China, Deng and McNamara did not let it impede their work. In fact, the World Bank’s dispatch of a mission to Beijing immediately follow-

66 Ibid.

67 The World Bank. “Zoellick Says ‘Time for Muddling Through is Over,’ All Need to be ‘Responsible Stakeholders’ Now,” <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:23000071~pagePK:64257043~piPK:437376~theSitePK:4607,00.html> (Accessed May 6, 2012).

68 Pieter Bottelier, “China and the World Bank: How a Partnership Was Built,” *Stanford Center for International Development*, Working Paper no. 277 (2006): 4.

ing the events in China of June 1989 later evinced the non-political nature of the relationship between China and the bank, the latter perceived by many as an extension of US interests. In this sense the World Bank served at the time its intended developmental role as a neutral “air-lock” between developing China and an outside world with which in many ways it was politically and economically incompatible.<sup>69</sup>

The mission worked for the next year in China, and in June 1981 released its multivolume report, “China: Socialist Economic Development.” In it the bank offered Deng and his government extensive recommendations on paths of economic restructuring to enable long-term growth for the Chinese economy. In a passage presaging the bank’s present-day work with China, the report stated:

Thus the appropriate response to the present problems may be increased attention to designing a balanced and integrated program of reforms for the next few years. This need not aim at more than a modest interim stage of reform. Nor need it imply that reform should be implemented quickly, which in fact seems inadvisable, given the present structural imbalances, gross price distortions and weaknesses of financial institutions and instruments. But better account should be taken of the linkages between different aspects of reform, and of the need to progress on different fronts at a mutually consistent pace and in an appropriate sequence. It is also important to recognize that the current effort to regain central control of investment and prices could go too far: experience in both China and other countries suggests that the central planner is always ‘partially ignorant’ and that attempts to plan everything directly and rigidly from above can result in gross inefficiency and sometimes even a breakdown of the system.<sup>70</sup>

The World Bank also made its first loan to China in June 1981, and has since continued to prepare regular reports, in cooperation with Chinese consultants, on strategies for Chinese economic reform.<sup>71</sup> Thus, a 2012 World Bank report titled “China 2030,” proposed to the Chinese government on the thirtieth anniversary of the partnership in 2010 by World Bank President Robert Zoellick, is the latest piece of a long and symbiotic relationship.<sup>72</sup> In “China 2030” the bank focuses on six particular strategies for development. They are as follows:

---

69 Ibid., 5.

70 Ibid., 8.

71 Ibid., 9.

72 The World Bank et al. *China 2030*, Washington DC: The World Bank, 2012: vii.

reworking the state-private sector relationship to foster competition, creating domestic innovation and connections to international sources of innovation, working in green development as a growth industry, creating socioeconomic opportunity and equality, fiscal strengthening and continuing China's path to becoming an "international stakeholder" in global markets.<sup>73</sup> In these policy prescriptions we can hear clear echoes of the reforms Zoellick as USTR attempted to induce in China with competitive liberalization one decade before and a revised phrasing of the responsible stakeholder concept from his State Department days. Thus, Zoellick, with the World Bank, is currently on his third strategic approach to Chinese economic reform in an effort at stable integration on US terms. It is essential to understand that as president of the bank Zoellick is formally an international civil servant, not an employee of the US government. Aware of longstanding criticism of continuous American leadership of the bank in parallel with European leadership of the IMF, he is careful to maintain professional impartiality in his work.<sup>74</sup> Nonetheless, the continuity of objectives in his efforts, as noted above, display a telling consistency in his policy philosophy regardless of employer.

There has been a particular urgency to Zoellick's work with China at the World Bank given world events. Since the global financial crisis of 2008, economic growth in the majority of the developed world has stagnated. China's growth, foremost amongst developing countries, has since then been a crucial source of economic momentum for the global economy. The possibility of China joining the developed world in stagnation is widely perceived as likely to deepen, and lengthen, the crisis. In a 2012 *Foreign Affairs* article titled "Why We Still Need the World Bank," Zoellick states, "Developing countries have provided two-thirds of all economic growth over the last five years, helping compensate for the stumbling industrialized world," and notes that continued growth in China depends upon developing a new economic model less reliant on exports.<sup>75</sup> Aware of the irony of using a "crisis that originated in America," as Zoellick admitted in the *New York Times* in 2009, to more strenuously push for

---

73 Ibid. viii. The phrase is further tweaked to on page xvii to: "pro-active stakeholder... actively using multilateral institutions and frameworks, and shaping the global governance agenda."

74 For analysis of motivations for a Bush White House that had previously shown disdain for the IMF and World Bank to nominate Zoellick for the presidency of the latter, see Barry Eichengreen and Douglas Irwin, "International Economic Policy: Was There a Bush Doctrine?," 30, 31. The authors point out that Washington desired a "coordinated set of Chinese policy adjustments," and having failed to achieve them bilaterally, looked toward the World Bank. Currency valuation was and still is the most pressing of these issues in Washington. The theory presented in their 2008 paper is entirely consistent with Zoellick's approach to China in 2010 at the World Bank and contained in "China 2030."

75 Robert B. Zoellick, "Why We Still Need the World Bank," *Foreign Affairs* 91, no. 2 (2012): 68.

Chinese reform has not led him to temper his policy prescriptions.<sup>76</sup> Alongside the World Bank's Chinese Senior Vice President and chief economist Justin Yifu Lin, Zoellick wrote in 2009, "Further liberalization in trade and investment in services would make China's markets more competitive and productive, and it would reduce trade tensions. Without greater imports, China faces the risk of adjustment solely through a sharp and painful fall in exports."<sup>77</sup> Zoellick saw the choice in Beijing between merely passively protecting itself from the crisis and proactively building out of it. He wrote in greater detail in a September 1, 2011 article for the *Financial Times*:

Without fundamental structural changes, China is in danger of becoming caught in a 'middle income trap'—exacerbating the world's growth problems. In the short term, there is the risk of inflation driven by food prices. In the longer term, the drivers of China's meteoric rise are waning: resources have largely shifted from agriculture to industry; as the labor force shrinks and the population ages, there are fewer workers to support retirees; productivity increases are declining, partly because the economy is exhausting gains from the transfer of basic production methods. Then there are other challenges, including serious environmental degradation; rising inequality; heavy use of energy and production of carbon; an underdeveloped service sector and an over-reliance on foreign markets.<sup>78</sup>

Again, Zoellick must have been keenly aware of the irony in the World Bank offering China advice that, when taken to extremes as it had been in the US, led to financial crisis. In short, Western economies in need of help were now pressing China, to some extent through the World Bank, to adopt a similar economic structure in order to ensure long-term growth and propel the global economy out of crisis. That this urgency for reforms nearly identical to what Zoellick had been advocating for a decade was now taking place within the context of global crisis lent Beijing leverage in the selection and pace of instituting them. However, Zoellick the pragmatist not only persisted, he doubled down on the centrality of the US-China relationship in order to push ahead, again borrowing

---

76 Robert B. Zoellick, "A Stimulus Package for the World," *The New York Times*, February 22, 2009.

77 Robert B. Zoellick and Justin Yifu Lin, "Recovery: A Job for China and the US," *The Washington Post*, March 6, 2009.

78 Robert B. Zoellick, "The Big Questions China Still Has to Answer," *Financial Times*, September 1, 2011.

a phrase from C. Fred Bergsten.<sup>79</sup> At a time of seeing opportunity in crisis, Zoellick began to articulate that not only should Beijing adopt World Bank policy prescriptions that were coincidentally similar to its own Twelfth Five-Year Plan, it should also more closely work with the US to manage global economic challenges as a two-nation superstructure atop the G20, itself essentially a product of the crisis.<sup>80</sup> This particular form of cooperation was called the Group of Two (G2).

Just as Zoellick had written at length publicly while USTR, he has maintained a visible presence as World Bank president throughout the global financial crisis. His clearest public articulation of the G2 strategy came in the piece co-authored with Justin Yifu Lin noted above. In it, Zoellick and Lin state, “For the world’s economy to recover, these two economic powerhouses must cooperate and become the engine for the Group of 20. Without a strong G2, the G20 will disappoint.”<sup>81</sup> Presented as a statement of fact, this is rather a request to Beijing for assistance in management of the crisis, which if achieved would carry the added benefit of general political integration. As the centerpiece of this cooperation, Zoellick and Lin envisioned the mutually managed balancing of US consumption and Chinese saving, with a reverse pattern taking hold in order to “prevent a protracted global recession.”<sup>82</sup> All that was needed was Beijing’s approval of the plan and diplomatic efforts at closer cooperation.

As much as some analysts see the G2 as necessary, events since 2008 cast doubt on it coming to fruition.<sup>83</sup> US-China relations have not improved through the crisis as Zoellick had wished. Arguably the two countries have grown further apart due to issues surrounding trade tensions, conflict in the South China Sea and the US pivot to the Asia-Pacific. Zoellick’s own disappointment had by 2011 led him to yet again tweak his phrasal approach to China, calling it a “reluctant stakeholder” in August of that year amidst US fears of a double-dip

---

79 C. Fred Bergsten, “Two’s Company,” <http://www.foreignaffairs.com/articles/65232/c-fred-bergsten/twos-company> (accessed June 6, 2012).

80 Robert B. Zoellick, “The G20 Must Look Beyond Bretton Woods II,” *Financial Times*, November 7, 2010. Zoellick writes in full: “First, to focus on fundamentals, a key group of G20 countries should agree on parallel agendas of structural reforms, not just to rebalance demand but to spur growth. For example, China’s next five-year plan is supposed to transfer attention from export industries to new domestic businesses, and the service sector, provide more social services and shift financing from oligopolistic state-owned enterprises to ventures that will boost productivity and domestic demand.”

81 Robert B. Zoellick and Justin Yifu Lin, “Recovery: A Job for China and the US.”

82 Ibid.

83 Geoffrey Garrett, “G2 in G20: China, the United States and the World after the Global Financial Crisis,” *Global Policy* 1, no. 1 (2010): 29-31, 38.

recession.<sup>84</sup> Even further mileage was derived from the phrase in September 2011 as financial crises deepened in Europe and Chinese growth, as predicted by Zoellick years before, was beginning to slow and threaten any recovery. He noted that all nations are now responsible stakeholders, adding, “If we do not get ahead of events; if we do not adapt to change; if we do not rise above short-term political tactics or recognize that with power comes responsibility, then we will drift in dangerous currents. That is the lesson of history for all of us, developed and emerging economies alike.”<sup>85</sup>

## Conclusion

Robert Zoellick stepped down as World Bank president in June 2012 after spending all but one of the past twelve years at the highest levels of the world political stage, and at all times in the middle of what is arguably the most important bilateral relationship the world has ever known.<sup>86</sup> In that time his work is remarkable for two things: holding an unwavering policy philosophy and gaining no clear victories. The political economy of USTR Zoellick is virtually indistinguishable from that of World Bank President Zoellick, least of all to policymakers in Beijing who debated the translation of “stakeholder” in the fall of 2005.

US efforts at competitive liberalization stalled after 2007 when the Bush administration lost TPA, an indication of at least the US electorate’s waning support for aggressive trade liberalization in difficult economic times. However, current USTR Ron Kirk has stated the Obama White House will seek TPA by the end of 2012 in order to pursue the Trans-Pacific Partnership (TPP).<sup>87</sup> The TPP itself represents a more straightforward attempt at the goal of competitive liberalization, the locking-in of US trade relations with geographic, political and economic associates of a rising China. Zoellick’s coining of the phrase responsible stakeholder undoubtedly stimulated debate not only in the US and China, but around the world in light of global economic uncertainty and doubts about the international system as it now exists. Nonetheless, it is hard to argue

---

84 Asia Society, “Robert Zoellick: China ‘Reluctant Stakeholder’ in World Economic Woes,” <http://asiasociety.org/business/economic-trends/robert-zoellick-china-reluctant-stakeholder-world-economic-woes> (Accessed June 6, 2012).

85 The World Bank. “Zoellick Says ‘Time for Muddling Through is Over.’”

86 Zoellick served on the unsuccessful Romney 2012 presidential campaign as a national security transition planner after leaving the World Bank. His approach to US-China relations were not conveyed in Romney’s bellicose campaign-trail remarks on the trade relationship between the two nations.

87 Reuters, “White House Wants Trade Promotion Authority: Kirk,” <http://www.reuters.com/article/2012/02/29/us-usa-trade-kirk-idUSTRE81S1FF20120229> (accessed June 6, 2012).

the phrase has dramatically changed US-China relations, let alone improved them. As Kenneth Lieberthal and Wang Jisi wrote in 2012, the bilateral relationship is now characterized by increasing levels of long-term strategic distrust.<sup>88</sup>

Nonetheless, Zoellick's work as a single course of multidimensional US diplomacy with China in the twenty-first century may well stand out, if only quietly, in history. Whether relations between the two great powers improve or grow strained in coming years, his frank, pragmatic and respectful approach to the relationship can be appreciated by reasoned people in both the US and China, and in contrast to better-known traders in aggression. **YJIS**

---

88 Kenneth Lieberthal and Wang Jisi, "Addressing US-China Strategic Distrust," *The Brookings Institution John L. Thornton China Center Monograph Series*, 2012: vii.