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THE UNITED STATES' TRADE AND INVESTMENT STRATEGY IN GEORGE W. BUSH'S FOREIGN ECONOMIC POLICY

STRATEGIA HANDLOWO-INWESTYCYJNA STANÓW ZJEDNOCZONYCH W ZAGRANICZNEJ POLITYCE GOSPODARCZEJ GEORGE'A W. BUSHA

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— ABSTRACT —

The aim of this article is to present the U.S. trade and investment strategy during the George W. Bush presidency based on the National Security Strategy of 2002 and 2006. Moreover, the article confirms the hypothesis that indicates that the U.S. trading and investment strategy was strictly subordinated to geopolitical foreign policy goals. The work consists of an introduction and theoretical perspective, institutional and legal analysis of the American political and economic system, analysis of economic priorities of foreign policy strategy and trade and investment strategies towards selected regions of Latin America and the Southeast Asia and the Pacific. These issues are being presented through the prism of the theory of neoclassical realism – pointing to the role and importance of the President's office in U.S. foreign policy, institutional liberalism, taking into account the role and importance of structur-

— ABSTRAKT —

Celem artykułu jest przedstawienie strategii handlowej i inwestycyjnej USA w czasie prezydentury George'a W. Busha w oparciu o Strategię Bezpieczeństwa Narodowego z 2002 i 2006 roku. Hipoteza artykułu wskazuje, że strategia handlowa i inwestycyjna Stanów Zjednoczonych była ściśle podporządkowane geopolitycznym celom polityki zagranicznej. Praca obejmuje wprowadzenie i perspektywę teoretyczną, analizę instytucjonalno-prawną amerykańskiego systemu polityczno-gospodarczego, analizę priorytetów gospodarczych strategii polityki zagranicznej oraz strategii handlowych i inwestycyjnych wobec wybranych regionów Ameryki Łacińskiej oraz Azji Południowo-Wschodniej i Pacyfiku. Zagadnienia te są przedstawiane przez pryzmat teorii realizmu neoklasycznego i liberalizmu instytucjonalnego. Stosowane metody obejmują statystykę opisową, systemową, porównawczą,

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ing global trade and investment relations and the theory of comparative advantage in American trade policy. Methods used include systemic, comparative, institutional and legal, and descriptive statistics, as well as case study technique.

Keywords: George W. Bush; U.S. foreign policy; U.S. trade and investment strategy; National Security Strategy; neoclassical realism

instytucjonalno-prawną, jak również technikę studium przypadku.

Słowa kluczowe: George W. Bush; polityka zagraniczna USA; strategia handlowo-inwestycyjna USA; Strategia Bezpieczeństwa Narodowego USA; realizm neoklasyczny

INTRODUCTION

The purpose of this article is to present the U.S. trade and investment strategy during the presidency of George W. Bush based on the National Security Strategies of 2002 and 2006. Thus, the purpose of this article is also to answer research questions that relate to the process of both creating and implementing the U.S. trading and investment strategy: 1) How were the objectives of the National Security Strategy (NSS) of 2002 and 2006 complemented by foreign trade and investment policy?; 2) What was the main focus of George W. Bush's foreign policy strategy and foreign economic policy?; 3) What were the specific goals of George Bush's foreign economic policy towards Latin America and Southeast Asia and the Pacific? The priorities contained in the U.S. foreign policy strategies indicate that the final shape of trade and investment policy were influenced, inter alia, by: the political crisis, which was the greatest challenge to national security due to the events of September 11, 2001, and as a consequence the increase in defense spending; and the growth of economic powers of Southeast Asia – which was reflected in both George Bush's National Security Strategies. Hence, this article distinguishes the main and auxiliary hypothesis: a) George Bush's trade and investment strategy supplemented the geopolitical goals of the U.S. foreign policy strategy; b) security policy and foreign economic policy are complementary objectives which, during the implementation of foreign policy, cause positive feedback.

George W. Bush's foreign policy remains an important issue that has been scrutinized by numerous security, strategy and political experts. Although the events of September 11 determined the shape of the U.S. foreign policy with regard to external action and the management of the international security system in a neorealistic perspective, important threads of foreign economic policy are also present. Hence, this article analyzes the priorities of the American foreign policy strategy, with particular emphasis on its economic determinants. These considerations use the tools of a mixed methodology which allowed for the combination of both qualitative and quantitative analytical methods and techniques. By the initial operationalization of concepts and definition issues, a theoretical model was created to test the adopted assumptions: comparing the priorities of the U.S. foreign policy strategy in 2001–2009 with respect to geopolitical and geo-economic areas; analyses of the functioning of the American presidential system and *decision-making processes* in the perspective of the theory of neoclassical realism; practical research on the functioning of the American foreign economic policy strategy in relation to the two most important commercial regions: Southeast Asia and the Pacific, and the Americas. The research results were evaluated, categorized and selected. Next, the theoretical model was subjected to empirical research in order to show the relationships of the variables. The independent variables adopted in the project are considered conditional, political and economic crises. The resultant, and therefore the dependent variable, is the final shape of Bush's foreign economic policy in 2001–2009. Therefore, the impact of these independent variables means that George Bush's presidency was characterized by a specified foreign policy strategy that focused mainly on the global war on terror and the restoration of the U.S. national security expected by the rulers and citizens. Nevertheless, the particular goals of FEP determined the overall strategy of foreign policy making it much more comprehensive and complex.

This article uses three theoretical approaches that are specified to international relations theories and classical trade theories. Hence, the indicated research area is presented by theory of neoclassical realism, by pointing to the role and significance of the U.S. president in decision-making process (Waltz, 1979, p. 11; Rose, 1998, p. 21); institutional liberalism, by taking into account the role and importance of structuring global trade and investments (Keohane, 1984, p. 84) and comparative advantage (Ravenhill, 2011, p. 124; Budnikowski, 2006, p. 23) in relation to American trade policy, which indicates close relations between foreign policy and economic policy as well as the benefits of the liberalization of trade and investment flows. George Bush's National Security Strategies of 2002 and 2006, developed by the National Security Council, published by the White House, were used to indicate President's main foreign policy goals. The issues related to foreign policy objectives are developed based on *The Economic Report of the President* from 2009 prepared by the Council of Economic Advisers, and *The President's Trade Policy Agenda* from 2008 published by the Office of the U.S. Trade Representative (USTR).

THE UNITED STATES POLITICAL AND ECONOMIC SYSTEM

Theoretically, the American economic system is based on flexibly understood liberalism, which has been used in different forms at various times in history. Due to the fact that U.S. economy is characterized by a kind of dualism – it is called a mixed system. Anyway, the adoption of a given model of economic management is primarily determined by the general condition of the U.S. economy as well as the geopolitical and geo-economic situation prevailing in the global system (Jarczewska, 2012, pp. 529–530; Kaja, 2007, p. 14).

The President of the United States is responsible for creating and implementing economic policy. His duties and obligations are set out in the second article of the U.S. Constitution, according to which he has the right to conclude treaties in agreement with the Senate and with the consent of two-thirds of the senators (U.S. Constitution, II Article). In the decision-making process in the field of foreign and economic policy, two types of other participants should be distinguished (Congressional Research Service, 2011, p. 2). The first type is authorized teams of experts entrusted with the president's resolution of given problems of public policies (Molendowski & Polan, 2007, p. 201). Other types of participants include the president's closest associates, who jointly form the Executive Office of the President including representatives of federal administration institutions and independent government agencies, e.g., the Defense Advanced Research Projects Agency, the National Security Agency, the United States Agency for International Development (Pugacewicz, 2017, pp. 229–330). In addition, the United States Trade Representative, with his subordinate office, is responsible for the implementation and coordination of international trade and investment policy, overseeing negotiations with selected partners and resolving economic disputes (USTR, n.d.). Moreover, the president's activities are supported by the National Economic Council, which coordinates internal and international economic policy, plays an advisory role and monitors the implementation of economic decisions (NEC, n.d.).

THE GENERAL VIEW OF GEORGE W. BUSH'S FOREIGN ECONOMIC STRATEGY

Over the years, American support for the liberalization of trade and investment and financial structures has been weakening both among citizens and the rulers themselves (Eichengreen & Irwin, 2008, pp. 1–3; NSS, 2002, pp. 4–6). Nowadays the system of international trade and investment relations formed in the 21st century is a codified structure that has developed its own rules of good and services exchange – often regardless of the will of nation-states. The current principles mostly favor liberalization and promote stability in international capital flows, and strive to reduce protectionism (Winham, 2012, p. 172). Anyway, the state's trade policy is created and implemented based on the government's decision, which amounts to a payable exchange between its participants including countries, international and regional organizations or corporations (Krugman & Obstfeld, 2002, p. 145).

Hence, in terms of trade and investment policy, the George Bush administration made decisions similar to almost every previous ruling administration since the end of World War II. Furthermore, Bush's clear attitude towards economic liberalization could already be seen in his presidential campaign in 2000 (Zoellick, 2000). By postulating the necessity of liberalization processes, he pointed to the economic, political and even moral benefits that result from the barriers limiting. Free trade for George Bush was not only an instrument to ensure prosperity and economic growth, but also a tool to maintain or introduce a political freedom (NSS, 2002, p. 6). Hence, Bush tried to support all economic initiatives, combining them with broad foreign policy goals through multilateral trade agreements (Morgan & Katsikeas, 1997, p. 70). As part of this category of public policy, president tried to improve relations with Congress, striving to acquire appropriate negotiating powers under the *trade promotion authority* (TPA) procedure. However, what distinguishes Bush's presidency from his predecessors in terms of economic policy, is the dynamic development of bilateral free trade agreements (Congressional Research Service, 2013, p. 13).

However, George W. Bush was forced to revise the economic strategy – both internal and external – due to the events of September 11, 2001. That is why he had to redefine the concept of both political and economic liberalization and limit the range of proposed initiatives. The economic strategy regarding internal issues as well as foreign economic policy have been decreased. First of all, due to the America's social mood, which indicates the need of taking the decisive action on national security priorities. Even so, the United States has continued to strive ensuring that global trade remains open and free – despite terrorist attacks and the specter of a global recession. The president's administration created such a vision of economic policy in which free trade and the resulting economic benefits were constituted tools to support all counter-terrorist activities. The events of 9/11 accelerated Congress's granting of TPA powers to Bush and the start of the WTO round in Doha (World Trade Organization, n.d.).

Taking into account the practical activities of the U.S. in trade and investment internationally in 2001–2009, it can be seen that the exchange of goods and services began to play an increasingly important role for the American economy and also to serve as a buffer for the implementation of foreign and security policy goals (World Bank, n.d.). In the first half of 2008, the United States exported goods and services corresponding to 13% of gross domestic product, while it imported goods and services of 18.1% of GDP (Bureau of Economic Analysis, n.d.). For comparison, at the time of Bush's presidency, the numbers were respectively: 10.9% and 14.8%. The current account, which measures the net value of the current transactions flow, is the difference between the value of exports and imports. Anyway, between 2000 and 2005, the deficit increased from 4.1% of GDP to 6.6% of GDP, then decreasing to 4.8% of GDP at the end of 2007 (TreasuryDirect.gov, 2019).

Based on the research and analyzes of statistical data available on World Bank, George W. Bush's two presidential terms were characterized by a commitment to the liberalization of global trade, as evidenced by the significant increase in the number of free trade agreements. Usually, FTAs are agreements that eliminate tariffs between two or more countries. Before 2001, the United States implemented free trade agreements with only three countries. However, in 2008, at the end of the Bush presidency, the U.S. had twenty FTAs – sixteen in force, one approved by Congress (but not yet in force), and three completed (but not approved by the legislative authority). Bush has implemented trade agreements with partners from five continents and with the ten most important U.S. trading partners in general (World Bank, n.d.). It is worth to notice that in 2008, the U.S. administration started the negotiations to create the Transpacific Partnership. Other successfully signed agreements have brought many benefits to American employees, manufacturers and service providers. The export of goods to 11 trade partners with whom the U.S. implemented free trade agreements in the years 2001–2007 grew by 70% faster on average than with American partners not covered by the FTA agreements (Schwab, 2008, p. 2). Although the partner countries included by the contracts accounted for only 7% of the world economy in 2007 (excluding the U.S.), they were the destination of 41% of total American exports. As a result, the U.S. economy has increased its production, productivity and competitiveness. What is more, free trade agreements have strengthened the U.S. involvement in regions of particular geostrategic importance – Asia-Pacific and the Americas (Council on Foreign Relations, 2007).

BUSH'S FOREIGN ECONOMIC POLICY STRATEGY IN THE 2002 AND 2006 NATIONAL SECURITY STRATEGIES

The President Bush National Security Strategy of 2002 indicates that the guarantor of the U.S. national security is not only military strength, but above all a strong economy that ensures prosperity for both the United States and the rest of the world. According to its content, the main determinants of economic growth are free trade and free market, which together drive the economic situation, create new jobs and thus increase income. Therefore, the goal of the Bush administration was to transfer the concept of free trade beyond the borders of the United States by developing trade relations with countries interested in cooperation, which was to result in increased productivity and sustained economic growth, in particular in the Latin America, the Middle East and Southeast Asia and the Pacific regions. Bush's economic strategy in foreign policy included: 1) legal and regulatory reform to foster business investment, innovation and entrepreneurship; 2) reform of the tax policy, which provided for lower marginal tax rates; 3) combating corruption thanks to the rule of law; 4) reform of the fiscal policy supporting economic activity; 5) investment in education and health services to develop the skills of the American population; 6) developing free trade that promotes economic growth and the transfer of technology that increases the productivity and economic opportunity of the US. The 2002 NSS not only sets the goals of the U.S. foreign policy, but as the first Security Strategy published in the 21st century, it draws attention to the numerous transformations that have taken place in the structure of the world system in recent years. Economic integration has resulted in a tightening of relations not only in trade or financial matters, but also in security matters, which creates a positive feedback loop in external public policies (NSS, 2002, pp. 17–19).

The most important element of the economic strategy outlined in the 2002 NSS remained free trade. The strategy covered global initiatives (including the

Doha Round under the WTO in 2001), regional initiatives (an attempt to implement the concept of the Free Trade Area of the Americas), and bilateral initiatives (e.g., trade with Jordan, Chile, Singapore, among others). However, a huge challenge for the implementation of the economic strategy was the relationship between the U.S. executive and the legislature, which, thanks to its extensive prerogatives, could effectively block all the president's initiatives, especially when his party did not have a majority in Congress (NSS, 2002, pp. 17–19).

The next National Security Strategy of 2006, despite the lapse of only one presidential term, was published in a completely new, changed global geopolitical and geo-economic situation. Economic interests, while still important and inherent in foreign policy, remained dominated by issues related to national security and the U.S. military involvement in the Middle East. The 2006 NSS was an assessment and summary of the Bush administration's activities based on the 2002 Strategy. It indicated that at the time of its publication, the world economy was more open, free and integrated than when the previous Strategy was published. It was certainly influenced by the developed bilateral trade policy. The strategy emphasized the importance of cooperation with global drivers of economic growth: India, China, South Korea, Brazil, and Russia, in the area of reforms to open up markets and ensure financial stability. In addition, financial sector reform and climate policy remained a central component of Bush's economic strategy in 2006 (NSS, 2006, pp. 25–26).

While the Bush administration pursued a free trade agenda, it could not avoid protectionist measures as part of its domestic policy. Bush, like Ronald Reagan, introduced into public policy an ideology based on limiting government intervention. This staunchly non-interventionist free-market approach prompted Bush to campaign to promote free trade. The strategy presented in this way limited both the willingness and the possibilities of American intervention on foreign currency markets and emerging markets suffering from financial crises. The Bush administration was skeptical that official aid, both direct and through the World Bank, could be a significant driver of change in less developed countries. However, the terrorist attacks of September 11, 2001 completely transformed the U.S. president's policy strategy both economically and militarily. Non-interventionism was quickly questioned in the context of the then most important value for America, which was national security. On the other hand, the concept of trade policy and foreign aid aroused the belief that they could be effective tools to support allies in the fight against terrorism. Systemic factors related to the changed geopolitical situation and internal factors related to powerful interest groups in the U.S. forced the Bush administration to adopt a more pragmatic stance (NSS, 2006, pp. 25–26).

GEORGE W. BUSH FOREIGN ECONOMIC STRATEGY TOWARDS LATIN AMERICA

Trade is one of the most durable elements of mutual relations between the United States and Latin American countries. In the U.S. foreign policy during the G.W. Bush's presidency, this region has long been a natural sphere of influence and occupies an important place in the National Security Strategies in matters of security (based on the Inter-American Security System) and economy (mutual trade and investment agreements). Although Latin America is not the largest trading partner of the United States, it is historically the fastest-growing region. In the years 1998–2009, total trade in goods between the U.S. and the Latin American countries increased by 82%. By comparison, trade with Asia increased by 72% (mutual trade with China played a major role). Anyway, Mexico still remains the largest trading partner of the United States, which is the result of a long history of economic integration between the two countries (World Bank-2, n.d.).

According to the USTR report of 2008, the United States' relations with other partners in the Western Hemisphere during George Bush's presidency were the expression of a new era of cooperation and economic stability. As a result, deeper trade and investment relations were to complement the attempt for many political reform in South and Central America. However, the most important element in Bush's economic strategy towards the American continents was still the NAFTA (North American Free Trade Agreement), which, since it entered into force, guaranteed increased trade between the U.S., Canada, and Mexico. During his rule, NAFTA enhanced its mutual turnover volume by 210% in 2007, and Canada and Mexico represented the largest export market for U.S. products and services (Congressional Research Service, 2011, pp. 1–2).

In addition to the existing agreement with Canada and Mexico, Bush also negotiated a free trade agreement with Chile (USTR-1, n.d.). The FTA agreement with this country was the first such agreement concluded by the president under the Trade Promotion Authority, which Bush obtained in 2002. Since the implementation of the pointed agreement, exports of U.S. goods to Chile increased by USD 5.2 billion in 2004, while imports by USD 5.3 billion. What is more, Bush was engaged in trade and investment cooperation with countries in the

Caribbean Sea by creating the *Caribbean Basin Initiative*, which he expanded in 2002 and 2006, when Haiti received additional preferences under the *Haitian Hemispheric Opportunity through Partnership Encouragement* (Export.gov, 2019). In 2002, Bush signed the *Andean Trade Promotion and Drug Eradication Act* (ATPDEA), expanding its range of trade preference products with the Andean countries. The president's next undertaking was the signing of a free trade agreement with the Dominican Republic as part of the *Central America Free Trade Agreement* (CAFTA), which was ratified in the U.S. Senate in June 2005 (NSS, 2006, pp. 1–3).

The CAFTA agreement was seen as an introduction to the creation of the *Free Trade Area of the Americas* (FTAA), which ultimately failed to be achieved. The FTAA constituted an agreement regarding the abolition of customs barriers between the countries of the Western Hemisphere, excluding Cuba. The main originator of this project was Bill Clinton, however, due to the wide territorial scope and subject matter of the negotiations, FTAA lasted until 2005, eventually ending in failure. In 1994, 34 countries of the Western Hemisphere met at the first summit in the Americas, which aimed to create a plan to implement the Free Trade Area of the Americas by January 1, 2005. However, in the face of many blocked negotiations and dissatisfaction of the Latin American countries, no consensus has been reached. Individual countries differed significantly in size and structure of the economy, which hindered negotiations due to divergent goals and expectations (Schott, 2005, pp. 1–2). The successful creation of the Free Trade Area of the Americas was also complicated by the international situation at the time – the terrorist attacks of September 11 and the ongoing financial crisis. The Latin American countries feared that in the face of a threat to U.S. national security, the potential creation of FTAA would be strictly dictated by the goals of their foreign policy, what would make the Latin American countries dependent on Washington's political course (Amadeo, 2018). The opposition to the United States was born in Venezuela around the concept of *Bolivarism* proposed by President Hugo Chavez. He called for South American unity independent of the United States. This slogan was strongly supported by the Presidents of Bolivia and Argentina, and also (moderately) by the President of Brazil. South American countries were dissatisfied with unfair competitive advantage, in particular against American subsidies that favored U.S. agricultural exports. Finally, at the fourth summit of the Americas in November 2005, negotiations were halted and Paraguay and Uruguay joined the group of oppositionists (Congressional Research Service, 2008, p. 3).

In the face of the failure to implement such an extensive trade agreement, the United States decided to abandon a comprehensive and holistic approach. Bush administration decided to base their foreign policy goals in Latin America on bilateral cooperation. By opening its markets and establishing free trade areas with individual countries of the region, the U.S. extended its sphere of influence before competitive interests came to these countries, e.g., from Asia. Thus, in 2007, Congress approved a Trade Promotion Agreement with Peru (*U.S.- Peru Trade Promotion Agreement*), which, according to the U.S. administration, helped 500,000 Peruvians to avoid poverty. Bush's trade policy goal was also to create free trade areas with Colombia and Panama. Given the existing agreement with Peru, additional agreements with Colombia and Panama resulted in around 80% of consumer goods exports and industrial went to their markets without customs duties. It is worth remembering that free trade agreements have also become a catalyst for the increased attractiveness of these countries for foreign investment and economic competitiveness. Bush personally emphasized that the agreements with Colombia and Panama were not only part of his economic strategy, but also foreign policy, which aimed to strengthen democratic rule of law in Latin America and thereby eliminate restrictions on political and economic freedom and further develop investigation of organized crime (White House, 2016).

GEORGE W. BUSH FOREIGN ECONOMIC STRATEGY TOWARDS EAST AND PACIFIC ASIA

Southeast Asia is a region of great opportunities, but also many challenges. Since the 1990s, it has been a source of extraordinary economic development due to the use of, among others, the effects of technologization and globalization. The Far East has always been one of the most important areas of implementation of American economic interests. The region has significant strategic importance due to the intersection of many international interests and influences. Southeast Asia is a place rich in raw materials and important trade routes. From the point of view of American foreign policy interests, the sudden development of trade, investment and financial opportunities in Asian countries has created many new opportunities, but also many threats. This development allowed for greater involvement and intensification of economic relations in line with the U.S. vision. On the other hand, however, the progress of Southeast Asian countries has become a driving force of mutual competition and economic rivalry. Some say that the region's economic development is the result of Bush's lack of a clear trade and investment strategy and simultaneous absorption of problems in the Middle East (NSS, 2006, p. 2).

The trade and investment strategy was an integral part of a broader foreign policy strategy towards most Asian countries. Part of the decision was a hard-won consensus between the neoconservative and moderately pragmatic factions of the Republican Party. This dispute was the obvious aftermath of the 9/11 attacks, which saw the radicalization of many issues relating to the U.S. foreign policy. The energy of the trade and investment strategy was mostly focused on the growing importance of China. The economic aspects of cooperation with the region were supported by the development of military and political cooperation with Japan and the expansion of the American logistic base in the region. In contrary, South Korea remained the main axis of the dispute in the implementation of the American foreign policy strategy. The dispute concerned the position of the U.S. vice president and the Department of State (Bader, 2012, pp. 1–4)

Bush's problem was the neglect of the institutionalization of international relations in Southeast Asia. During her four-year term, Secretary of State Condoleezza Rice missed two annual meetings of the Regional Association of Southeast Asian Nations Forum. In Asian countries, such absences confirmed that the United States did not attach importance to Asia. At a time when U.S. officials attended major conferences or met with Asian leaders, they seemed to care mostly about terrorism and little about the economic problems that concerned Asians. In fact, the Bush administration tried to shift the agenda and focus of the Asia-Pacific Economic Cooperation Forum (APEC) by focusing on security issues (Bader, 2012, pp. 1–4).

Under the Bush administration, the U.S has significantly increased its economic and strategic involvement in an important region of Southeast Asia. George W. Bush completed the negotiation processes of bilateral free trade agreements with smaller partners – Singapore and Australia, and began negotiations with Malaysia and Thailand. Although both Australia and New Zealand do not belong to the Southeast Asia region geographically, they occupy an important place in the institutionalization of the region's economy under APEC. Therefore, it is worth emphasizing their place in this subsection. The creation of the FTA between the U.S. and Singapore contributed to an increase in the exchange of goods and services between these partners by 44% in 2007, placing the country on the tenth position of the U.S. export market, taking into account its size. The

Bush administration also began negotiations on a free trade area with Thailand since 2004 and Malaysia since 2006 (NSS, 2006, p. 42). The conclusion of new free trade agreements in the Asia-Pacific region by the Bush administrations also became a way of maintaining American presence and leadership, deepening mutual economic integration and extending soft power. On February 4, 2008, the U.S. joined negotiations for investment and correlation of financial services that began in March between Singapore, Chile, New Zealand, and Brunei, known as the P4 group. These four countries negotiated their own free trade agreement, under the *Transpacific Economic Strategic Partnership*.

China took an extremely important place in Bush's foreign economic policy. The transformation of trade relations between China and the U.S., both in terms of complexity and their size, visible already in the 1990s, significantly accelerated at the beginning of the 21st century. Thus, it became the subject of intense public debate after China joined the World Trade Organization in December 2001. The Bush Administration faced the challenge of creating a new concept of economic relations with China with a particular focus on trade and investment. Starting from negotiating the stringent and appropriate conditions for the accession of this country to the WTO, and then through constructive cooperation that allowed the fulfillment of their obligations over the next five years towards the Organization (Schwab, 2008, p. 10).

Between 1990 and 2008, bilateral trade in goods between the U.S. and China increased by 1800%. Due to economic relations with other countries, the Chinese economy has grown by almost 10% annually since the beginning of the 1990s, and by the dynamic progress many millions of people have been lifted out of extreme poverty. China has also become a huge and steadily growing market for U.S. goods and services, contributing to maintaining high rates of economic growth. Exports of goods produced in the U.S. have grown on average by 22% annually since China's accession to the WTO (Wang, 2009, pp. 13–14). Therefore, already in 2007, Beijing became the third largest U.S. export market in the world. However, despite many positive indicators, the transaction review report by George Bush's administration showed that mutual trade relations were not fair, equal and lasting. What is more, the report showed the Chinese government's failure to comply with the obligations arising from their accession to the WTO, namely, the enforcement of intellectual property rights, the removal of market access barriers, the reduction of government intervention in the economy and the creation of transparent legal procedures for trade (Congressional Research Service, 2018, pp. 1–2).

CONCLUSION

The considerations of the article were an attempt to indicate how foreign and economic policy influence and complement each other in the context of the United States' activities in the international arena during the presidency of George W. Bush. The main goal of the article was to present the president's trade and investment strategy, which had become a complementary part of his foreign policy aimed at restoring American leadership and the expected level of security. The economic determinants of the U.S. foreign policy during the Bush presidency were important factors of foreign policy because they were able to explain in detail the relations between public policies of an external nature not only in the context of geopolitics, but above all geo-economics. This approach allowed explaining the connection between the intervention variable represented by the U.S. political system and the resulting foreign policy and foreign economic policy. The trade and investment strategy was presented through the prism of neoclassical realism, which showed how U.S. foreign policy was shaped in response to international challenges and trends. These categories included adjusting the economic strategy to the requirements of the global war on terror and the simultaneous development of Southeast Asian and Pacific countries. Neoclassical realism also indicated how the preferred vision of the foreign policy of the president and his subordinate staff was implemented in practice based on the opportunities created by the United States' political and economic system. George W. Bush's trade and investment strategy was also presented in the context of the doctrine of institutional liberalism, which made it possible to highlight the benefits of intensifying international cooperation, in particular of an economic nature.

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