Northeast Asia Projects

Developing a Peaceful, Stable, and Cooperative Relationship with China: A National Committee on American Foreign Policy Report by A. Doak Barnett, Donald S. Rice, William M. Rudolf, George D. Schwab, Donald S. Zagoria
July 1996

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Foreword

A National Committee on American Foreign Policy Study Group consisting of President George D. Schwab, Senior Vice President William M. Rudolf, Vice President Donald S. Rice, member of the Board Donald S. Zagoria, and Johns Hopkins University China specialist A. Doak Barnett visited China and Taiwan from June 9 to 23, 1996. In China, the host organization was the Chinese People's Institute of Foreign Affairs under President Liu Shuqing and Vice President Zhang Wenpu. The NCAFP delegation met in Beijing with PRC President Jiang Zemin, Vice Premier Li Lanxing, several other foreign ministry officials, including Zhang Yuejiao, director general of the Department of Treaty and Law, and leaders of numerous Chinese research organizations, as well as with U.S. Ambassador to China James Sasser and members of his staff, including Brigadier General Michael T. Byrnes, the defense attaché. In Shanghai, the delegation met with Wang Daohan, former mayor of Shanghai and now head of China's Association for Relations Across the Taiwan Strait. In Taiwan, the NCAFP delegation met with President Lee Teng-hui, National Security Council Secretary General Ding Mou-shih, Foreign Minister John Chang, and numerous other officials, scholars, and politicians.

Before embarking, the NCAFP delegation was briefed in Washington by Winston Lord, assistant secretary for East Asia and Pacific Affairs; Kent Weidemann, deputy assistant secretary for East

Asia and Pacific Affairs; Robert Suettinger, director, Asian Affairs, the White House; Jeff Bader, China desk officer in the State Department; Alan Romberg of the State Department's Policy Planning Staff; Colonel Karl Eikenberry of the Department of Defense; Thomas Fingar and Carol Hamrin of the State Department's Bureau of Intelligence and Research; Robert Kapp of the U.S.-China Business Council; Nicholas Lardy of the Brookings Institution; and Ralph Clough, a China and Taiwan specialist at Johns Hopkins University.

The NCAFP group wishes to express its deepest appreciation to those and other individuals whom we consulted in Washington, D.C., China, and Taiwan. It goes without saying that none of them is responsible for the conclusions and recommendations in the report that follows.

Introduction

The United States has a vital national interest in developing a peaceful, stable, and cooperative relationship with China and effective means for identifying common interests and managing disagreements. No other foreign policy issues deserve a higher priority. The stakes are high. China is a major world power. It has the largest population in the world and is the world's most rapidly developing major economy, which could conceivably become the world's largest within decades. It is a nuclear power, and it has the world's largest standing army. It has a permanent seat on the UN Security Council, and its cooperation is essential to the solution of many global problems. If the United States and China become engaged in hostile confrontation, Washington will have few allies, and it will be widely blamed for generating an unwanted cold war with Beijing. Under such circumstances, it would be difficult for the United States to develop or to sustain a viable policy toward East Asia, a region of the world that contains half the world's population, one third of its GNP, and the most dynamic and rapidly growing segment of the world economy.

Following the Tiananmen crisis in 1989, U.S.-China relations steadily deteriorated because of a volatile mix of conflicting interests, mutual misperceptions, domestic political factors in each country, and the lack of effective high-level dialogue. There has not been a U.S. presidential visit to China in seven years, the U.S. secretary of state has visited China only once in the past four years, and there have been few cabinet-level exchanges between the two countries.

Each side has a litany of complaints about the other. The United States complains that China engages in serious human rights violations, has unfair trade practices, sells nuclear and missile technology to irresponsible states, and recently "bullied" Taiwan by conducting a series of missile tests and military exercises near Taiwan prior to the presidential elections there.

The Chinese complain that they don't understand the Clinton administration policy toward China--whether it is containment or cooperation--and that they receive many mixed signals. They believe that Washington, while saying it wishes "constructive engagement," continually resorts to pressures and threats of sanctions on trade differences, nonproliferation problems, and human rights disputes. They charge that they are demonized by the U.S. media and that many in the United States talk about the "China threat" and the need to "contain" China. They fear that the United States, while ostensibly supporting a "one-China" policy, in practice has taken actions that support separatist trends, especially in regard to Taiwan. Beijing viewed Taiwan President Lee Teng-hui's visit to the United States last summer as a move designed to encourage such trends and therefore required a strong Chinese response. U.S. arms sales to Taiwan, congressional resolutions on Taiwan and Tibet, and White House meetings with the Dalai Lama are all viewed by Chinese leaders as posing direct challenges to their sovereignty and as being supported by some who desire to split China. The United States is seen to be primarily responsible for keeping China out of the World Trade Organization, and many Chinese charge that the United States wishes a weak China. In a poll taken

in China last year, 87 percent of respondents indicated that they viewed the United States as the most unfriendly country in the world.

In recent months some steps have been taken by both sides to check the deterioration in relations. In May U.S. Secretary of State Warren Christopher made the first comprehensive speech on U.S.-China policy of any high-level Clinton administration official. Christopher reaffirmed the U.S. one-China policy, called for summit meetings and regular cabinet-level exchanges, and expressed the U.S. interest in a "secure, open, and successful" China that would become a "strong and responsible member of the international community." In the same month President William J. Clinton, in a speech on the Asia-Pacific region, discussed the U.S. interest in a "secure, stable, open, and prosperous" China and announced that he would recommend the extension of China's MFN trade status for another year without any conditions. In June the United States and China signed a new agreement on intellectual property rights, following new actions by the Chinese to clamp down on factories pirating American films and CDs. The two sides also reached an agreement that resolved a dispute on Chinese sales to Pakistan of "ring magnets"--material that could be used in the production of enriched uranium. The Chinese pledged that in the future there would be "no assistance to unsafeguarded nuclear facilities." In July U.S. National Security Adviser Anthony Lake visited Beijing in an effort to lay the groundwork for a presidential visit after the elections in November. Recently, also, several U.S. senators and congressmen, including Sam Nunn, Diane Feinstein, and Lee Hamilton, concerned about the prolonged deterioration of U.S.-China relations and sobered by the 1995-1996 crisis in the Taiwan Strait, made important speeches calling for a less confrontational, more balanced, and bipartisan U.S. policy toward China. On the Chinese side, there were positive but wary responses to Christopher's speech and to the apparent new tone in U.S. policy and expressions of hope that concrete actions could lead to improved relations.

Despite these encouraging signs, there remain formidable obstacles to a substantial improvement in U.S.-China relations. Public attitudes in the United States toward China are predominantly critical. Many in Congress fail to see where U.S. and Chinese interests coincide, and some view China primarily as a communist dictatorship that has expansionist ambitions, a threat that must be contained. U.S. intelligence reports, leaked to the American press, indicate that China has sold M-11 missiles to Pakistan, and if these reports are confirmed, the administration would be obligated by law to consider new sanctions against China. Moreover, relations between China and Taiwan, which plummeted to a new low after President Lee's visit to the United States, which, was followed by Chinese missile tests near Taiwan, have still not improved greatly, and prospects for an early resumption of a meaningful Cross-Strait dialogue are not good. In sum, there are a number of potential "time bombs" that could explode and lead to a new downturn in U.S.-PRC relations.

The members of the delegation from the National Committee on American Foreign Policy who visited China and Taiwan in June 1996 believe that there are several keys to halting and reversing the deterioration in U.S.-China relations and to developing a peaceful, stable, and cooperative relationship with Beijing that will last into the twenty-first century.

First, the U.S. president, his foreign policy team, and his administration as a whole must give priority to establishing a coherent, long-range strategic framework for dealing with China. They must make clear to Congress and the American public the importance to U.S. interests of positive relations with China and convince them that the U.S. government has a sound strategy for managing this complex and difficult relationship. The president must identify and articulate what the common U.S. and Chinese interests are and how we can promote them and clarify the issues on which the United States and China disagree and how we propose to resolve or manage them. Second, the President must mobilize support within the Senate and the House of Representatives to convince

Congress of the vital importance of restoring a bipartisan U.S. policy toward China, one that served our national interests so well between 1972 and 1989 but then fell apart after 1989.

Third, the United States and China must deal realistically with the numerous issues that trouble their relationship--issues concerning strategic and nonproliferation questions, economic relations, differences over human rights, and problems posed by the unresolved dilemmas relating to Taiwan's future--which will require continuing efforts to manage. The gradual evolution of China into a major military power and the recent emergence of China as a major economic power create new opportunities but also pose new challenges.

Fourth, the United States must pursue a meaningful and genuine one-China policy consistent with the three joint communiqués that it signed with China in 1972, 1979, and 1982. The issues relating to Taiwan's future have reemerged as the most dangerous possible causes of military conflict in East Asia, and they must be resolved peacefully. The United States must play a more active role in encouraging both China and Taiwan to renew a political dialogue and eventually to reach a political accommodation. The United States must use active diplomacy to avoid being dragged into a military conflict over Taiwan.

Finally, China, for its part, must better understand foreign views and criticism and must demonstrate convincingly that it will be more responsive to such views while working to narrow differences that exacerbate problems in relations with its neighbors and major Western powers. Greater openness is one major requirement: China needs to make public more information about and grant greater foreign access to its legal and prison systems. It needs to be more open about its military doctrines, budgets, and equipment. It needs to show greater flexibility in dealing with Taiwan within the framework of one China. And after Hong Kong reverts to Chinese rule in mid-1997, China must observe its pledges to abide by the agreements concerning Hong Kong's reversion and its promise to keep Hong Kong's system intact and viable for the next fifty years.

A Coherent, Long-Range Policy Toward China

One of the major difficulties in establishing a stable U.S.-China relationship since Tiananmen has been the absence of a coherent U.S. policy. During the first two years of President Clinton's administration, his policy was to link human rights and most-favored-nation (MFN) treatment of China, threatening to revoke China's MFN status if Beijing did not modify its human rights policies. This policy, which encountered strong Chinese opposition, lacked credibility because it threatened U.S. economic interests in China and was inconsistent with the Clinton administration's professed goal of revitalizing the American economy through increased exports. The linkage policy was abandoned in 1994 in favor of a policy of "engagement," but the continuation of U.S. pressure, threats of imposing sanctions on many issues, and the lack of clarity about the purposes of engagement fueled Chinese suspicions, particularly since the United States continued to couple its policy of engagement with a policy focusing on human rights. Moreover, the policy of engagement was accompanied by a good deal of rhetoric in the American media about an emerging "China threat" and the need to "contain" China, which led many in China to suspect that engagement was designed to subvert China.

Also, the Clinton administration, even after adopting the policy of engagement, continued to pursue a disjointed policy toward Beijing. On the one hand, its human rights specialists made high-profile visits to China and met with Chinese dissidents, and its trade specialists threatened to impose sanctions if China did not comply with U.S. demands, while the administration simultaneously sought to strengthen Chinese cooperation in other areas of the relationship, for example, in obtaining

China's cooperation in achieving an effective nuclear freeze in North Korea and in dealing with a variety of nonproliferation issues.

The administration never attached to China the priority that it clearly deserves. It was preoccupied primarily with domestic issues and with hot spots such as Bosnia, the Middle East, Iraq, and North Korea. One fundamental problem was the absence of any clear strategic framework for U.S. policy. It was never clear to the Chinese or to Americans whether the United States was treating China as a potential friend or as a potential adversary.

In numerous meetings in Beijing and Shanghai in June 1996 between members of the delegation from the National Committee on American Foreign Policy and Chinese leaders, a recurrent theme was the Chinese lack of understanding of U.S. goals toward China and mistrust or at least suspicion about U.S. intentions. Does the United States consider China a friend or an adversary? What are the real purposes of the engagement strategy? Why has the United States been so confrontational on so many issues?

One high-ranking Chinese official put it this way after discussing a number of specific issues in U.S.-China relations: "The general overall question is the key. What is the strategic intention of the United States toward China? We are not so clear about that U.S. think tanks designed the word *engagement* for President Clinton. But we don't understand that word. Engagement can mean a battle in a war, or it can mean the beginning of a marriage. We are not clear which it is. Moreover, other words are often used: *containment*, *sanctions*. So we are puzzled."

Some American officials, in conversations with us in Washington, D.C., suggested that the Chinese really do know what U.S. strategy toward China is but simply do not like it and therefore complain that it is unclear. But this overlooks the fact that the Clinton administration has sent mixed signals to China and is continuing to do so. The important speech by Secretary Christopher in May contained a number of basic themes that could contribute to the definition of a new and clearer statement of U.S. aims, but President Clinton failed to highlight these themes when he asked Congress to renew MFN status for China a few days later. Indeed, these two speeches seemed to highlight the lack of adequate coordination. (The State Department was even forced subsequently to issue a clarification of one of the phrases in the president's speech that could have been interpreted by some as favoring a "theater missile defense" for Taiwan--something his administration does not favor.)

Defining a coherent, long-range strategic framework for dealing with China requires (1) making it clear that the United States is not hostile to China and understands that it shares important interests with China; (2) initiating serious and regular high-level dialogues designed to identify those common interests and to agree on means to strengthen them; (3) reemphasizing the tacit bargain in the three joint communiqués (1972, 1979, 1982) signed by the United States and China, which require consistent U.S. support for a one-China policy as well as the avoidance of military pressures and threats from China against Taiwan; and (4) defining differences and disputes between the United States and China, establishing effective channels and the means to discuss them, and, searching for ways to resolve or manage them.

Despite their differences, the United States and China share many important common interests: They have interests in preventing nuclear war, in gradually reducing nuclear weapons stockpiles, and in ending nuclear testing. They have interests in stopping the spread of weapons of mass destruction. They have interests in preserving peace and stability in the world and in East Asia in particular. They have interests in maintaining an environment in which there is no encouragement for Japan to develop nuclear weapons or to abandon the alliance with the United States. They have interests in consulting about and in cooperating in the stabilization of potential conflict areas such as the Korean

peninsula and Cambodia. They have interests in increasing trade and investment opportunities with each other and in maintaining and broadening open access to each other's markets. And they have interests in working together with other nations and international organizations to solve problems relating to environmental protection, energy and food shortages, drug trafficking, terrorism, immigration and alien smuggling, population problems, and control of epidemic diseases. All of these require U.S.-China cooperation. Many Chinese confirmed the belief of many American specialists on China that China's highest priority for the next several decades will be to develop its economy and to maintain a peaceful environment in Asia that will be conducive to its economic and industrial modernization. We believe that this will continue to be true in the period ahead if the United States, China, and others cooperate to maintain peace and stability.

In defining and implementing a coherent policy toward China, it is necessary to integrate our China policy into a broader policy relating to the Asia-Pacific region. U.S. policy toward China will not succeed unless it is supported by our friends and allies in the region, including Japan and other significant nations of Northeast and Southeast Asia. The United States needs to consult more with other nations in the Asia-Pacific region about their concerns regarding China and about how to involve China more extensively and constructively in regional affairs. It is particularly important to manage effectively our relations with all the major power centers in Asia. Our goal must be to establish a stable equilibrium among these various power centers. As Henry Kissinger has observed, one of our biggest assets in Asia is the fact that we have fewer real quarrels with Asian nations than they have among themselves. As a result, the majority of Asians wish the United States to act as the balancer of the Asian equilibrium and to preserve a leadership role in the region.

Developing a long-range policy toward China also requires a greater understanding within the United States of the challenges that China's rise to great power status poses. At this stage of its evolution, China's main concerns focus on sustaining its economic growth and maintaining political stability at home rather than on gaining regional predominance. But China is concerned with a variety of issues relating to sovereignty and territorial integrity that also concern its neighbors, and these will require compromises to prevent open conflicts. The rise of China inevitably raises new concerns not only in the United States but also in most Asian countries because of China's size and its growing power, which will clearly alter the Asian and the global balance of forces over the next several decades. Because of China's growing international role, it is imperative to integrate it into the international community and to give it a legitimate stake in helping to maintain global peace, stability, and prosperity.

The difficulty of defining and implementing a long-range policy toward China is compounded by differences within the United States between varied and competing domestic constituencies, but the dangers and costs of not developing a coherent policy will be enormous. As Senator Nunn put it in a speech to the U.S. Senate on February 23, 1996: "The growing importance of China in world affairs demands a purposeful, coherent, and consistent American policy toward China. History is littered with the uninformed and ineffective responses of an established power toward a rising power. In modem history, we need only recall the pre-World War II rise of Germany and Japan and the former Soviet Union ... and the mistakes our country and the free world made in coping with their rise. History should teach us that established powers must provide consistent and credible signals about their expectations and set forth reasonable terms on which they are willing to incorporate the rising power into the international system."

The Need for a Bipartisan Policy

A principal impediment to the establishment of a coherent policy toward China has been the lack of agreement over China policy between the administration and Congress, especially since 1989. The

absence of bipartisanship in the U.S. government reflects the broader collapse of the public consensus within the United States on how to view and deal with China. At one extreme, there are some who view China as a brutal communist dictatorship that has expansionist ambitions and consequently press for a tougher policy toward China. At the other end of the spectrum, the business community and many foreign policy specialists warn that isolating China would be counterproductive and shortsighted and that none of our allies would go along with such a policy. From 1972 to 1989 there was a strong public consensus that was favorable to policies designed to strengthen U.S. cooperation with China. That domestic consensus collapsed in the late 1980s for several reasons. The original anti-Soviet strategic rationale for the U.S.-China relationship was undermined by the collapse of the Soviet Union and the end of the cold war. In addition, the framework for the overall U.S.-China relationship was weakened by trade differences, disputes over Chinese arms sales and nonproliferation issues, and conflicts over China's human rights record. Most important, the Tiananmen crisis in 1989 led to a sea change in how the U.S. media and the U.S. public view China.

The absence of a bipartisan U.S. policy toward China has great costs. It means that the United States continues to send mixed signals to China, to Taiwan, and to the rest of Asia. Many in China and in the rest of Asia as well now have doubts about whether the United States, because it is so divided, is capable of pursuing a coherent policy toward China and the Asia-Pacific region as a whole. If this turns out to be their conclusion, the U.S. leadership role in Asia will be substantially eroded.

The absence of bipartisanship also tempts foreign lobbies to exploit the differences between the executive and the legislative branches of the U.S. government in ways that can further weaken U.S. foreign policy leadership and coherence. Taiwan already has the second most effective lobby in Washington. The absence of a bipartisan China policy has contributed to periodic crises in U.S. relations with China, such as the one that erupted over the visit of Taiwan's President Lee Teng-hui to Cornell in 1995. After Washington indicated to the Chinese that the visit would not take place, President Clinton reversed course when Congress voted almost unanimously in favor of the visit. Because China had asserted that in its view the visit would be a clear violation of existing understandings, Beijing had to react strongly. It took the actions that resulted in the Taiwan Strait crisis of 1996.

Restoring a bipartisan consensus on how to deal with China will not be easy, but steps to do so are essential. The president, supported by his foreign policy team, must take the lead in explaining to Congress and the American public what the stakes are, why developing a more cooperative relationship with China is so important, what major interests the United States and China share, and what the dangers are in continuing to drift toward confrontation. Some members of Congress have already spoken out on the importance of halting the deterioration in U.S.-China relations--Representative Lee Hamilton, Senator Sam Nunn, Senator Diane Feinstein, and others; they should take the lead in Congress to work constructively with the administration to develop a more consensual approach to China. Members of the U.S. business community, who have a huge economic stake in halting the deterioration of relations, should redouble their efforts, in cooperation with academic and other specialists on China, to increase public understanding in the United States of the importance of China to America's economic future. Finally, there is an urgent need to begin regular summit meetings and high-level dialogues with China's leaders, as proposed by Secretary Christopher in his May speech on U.S.-China relations. This is essential not only to make it possible for leaders in both the United States and China to address their concerns more directly but also to strengthen support within the United States--in Congress and the media, business, academic, and other key groups--for more balanced and effective approaches to dealing with U.S.-China relations.

Broadly speaking, there have been three phases in the evolution of Sino-U.S. relations since the Chinese Communists took power in 1949. The period between 1949 and 1972 was one of hostility and confrontation that led to a bloody war in Korea, to crises involving the United States over the offshore islands near China, to U.S. involvement in Vietnam, and to a polarization of Asia. In this period there was little bipartisan cooperation on China policy. The period between 1972 and 1989 was the most fruitful in the history of Sino-U.S. relations since 1949. In that period there was growing strategic and economic cooperation between the United States and China based on a tacit bargain to uphold the principle of one China, which has been upheld by six U.S. presidents ever since. According to this bargain, the United States has dealt officially with China while continuing unofficial economic, cultural, and other relations with Taiwan. In that period, also, there was a strong domestic consensus on U.S.-China relations, as reflected in bipartisan cooperation in Congress. In contrast, in the period since 1989, there has been no consensus or bipartisanship on U.S.-China policy, and U.S.-China relations have drifted toward confrontation, culminating in the spring of 1996 in the most dangerous military crisis in the Taiwan Strait since 1958 and raising the specter of a possible new cold war between the United States and China.

The contrast between those stages of U.S.-China relations underlines how imperative it is for the executive and legislative branches to work out a new consensus on policy toward China. The cost and dangers of not doing so are great.

Military-Strategic and Proliferation Issues

China has the largest military forces in the Asia-Pacific region. Since the start of the 1980s, China has given priority to civilian economic growth. In the 1990s, however, the Beijing regime has begun to give increased attention to military modernization, which has been facilitated by its successful economic growth. In the decade ahead the Chinese government will continue to pursue military modernization in a systematic but still gradual way. The Chinese military establishment now commands increasingly serious attention from the entire Asia-Pacific region. In the decades ahead China will continue to increase its capabilities as a major, modem military power, and future peace and stability in the entire Asia-Pacific region will therefore depend fundamentally on the kinds of security relationships that develop between China and the United States and between China and other major powers in the region.

The present military-security relationship between the United States and China falls far short of what the interests of both countries demand. Both the United States and China are uncertain about the objectives and policies of the other. They have lacked regular military contacts. There is an urgent need now to establish high-level dialogues between military leaders at many levels. In these dialogues the achievement of greater transparency in military matters--military doctrines, capabilities, policies, and budgets--should be a major objective.

There is also a need for a broader military dialogue involving China in existing multilateral institutions such as the ASEAN Regional Forum and in discussions with all the major powers, especially the United States and Japan. The United States should actively develop regular high-level military exchanges with China and should also encourage trilateral military dialogues involving the United States, China, and Japan. Russia's strategic importance as a nuclear power and its increasing arms sales to China make it necessary to include the Russians in many regional dialogues. The long-range aim of American policy in the Pacific should be to develop and maintain a viable equilibrium among the major powers. To maintain such an equilibrium, the United States must continue to have a major military presence in the Asia-Pacific area, and it should continue to maintain its bilateral alliances.

In their bilateral security dialogues, the United States and China should seek to identify and to promote all of their common security interests in the Pacific. The two countries share a special interest in preventing the development of nuclear weapons and in maintaining peace and stability on the Korean peninsula. China has so far played a positive role in helping the United States obtain and maintain a nuclear-freeze agreement with North Korea, and it is of great importance that U.S.-Chinese cooperation continue. China also has played a cooperative role in ending the conflict in Cambodia and in trying to stabilize the situation there. Although China is now participating in the ASEAN Regional Forum, its cooperation in this forum needs to be strengthened and broadened to enable all the countries involved in the region to work toward cooperative solutions of differences relating to disputed islands in the South China Sea. One objective of the United States should be to continue to draw China into full and cooperative participation in all nuclear and missile nonproliferation regimes. Although it has not been given much attention in the U.S. media, China in recent years has taken significant steps in this direction. In 1992 it signed the Nuclear Nonproliferation Treaty. In 1994 it broadened its 1991 agreement to adhere to the guidelines of the Missile Technology Control Regime, which restricts the sales of certain kinds of missiles and missile technology. Recently the Chinese government announced that after it completes one more nuclear test in 1996, it will be prepared to sign the Comprehensive Nuclear Test Ban, now under negotiation in Geneva. And in 1996 the Chinese pledged that in the future they will not provide nuclear technology to "unsafeguarded nuclear facilities," that is, to facilities not subject to inspection by the International Atomic Energy Agency (this concession, among others, facilitated a Sino-U.S. agreement on Chinese "ring magnet" sales to Pakistan and allowed the United States to waive sanctions).

Nevertheless, there continue to be areas of disagreement between the United States and China. One concerns China's probable past sales of M-II missile technology to Pakistan. In June there were press reports citing U.S. intelligence sources to the effect that Pakistan was preparing to deploy Chinese-made M-II ballistic missiles, which, if true, could require the U.S. government to impose sanctions on China unless they are waived by the President.

Another issue concerns Chinese sales of technology for nuclear energy plants and research reactors to Iran. Such sales are not illegal because they are subject to IAEA inspection. Nevertheless, the U.S. government is convinced that Iran has a nuclear weapons program and that any nuclear related sales could contribute at least indirectly to this weapons program, and therefore Washington strongly opposes any such sales.

Differences on these two issues need to be addressed more effectively in regular dialogues between the Chinese and American military and political establishments. Beijing's leaders strongly assert that China does not engage in nuclear or missile proliferation. But the United States and China continue to disagree on specific issues relating to nonproliferation. Several agreements between the two countries, including the latest one on ring magnet sales to Pakistan, indicate that China can make compromises involving concessions if it is convinced that they serve mutual interests in developing better overall relations. Because China has long had a special security relationship with Pakistan based on mutual concerns about India, however, the Chinese undoubtedly would be reluctant to abandon that relationship completely. To resolve the complex nuclear and missile problems in South Asia, the United States should pursue broader discussions involving India, Pakistan, and China.

All of these issues underscore the importance of developing effective high-level military dialogues between the United States and China. One possible step now is to arrange soon for a visit from the Chinese minister of defense to the United States. A planned visit was postponed twice during the past year and a half because of the deterioration of U.S.-China relations. In the near future, also, it

would be desirable to explore the possibility of starting regular continuing dialogues between the highest Chinese military leader and the U.S. secretary of defense.

Economic Opportunities and Problems

During the past decade, China has been the most rapidly developing major economy in the world, and its economic progress is likely to continue in the period ahead. For almost two decades China has undergone both rapid growth and economic reform. It has made major progress in transforming its economy from a command to a market economy. Sometime by the midtwenty-first century, China could conceivably emerge as the largest economy in the world in gross terms. Nevertheless, China still has serious economic weaknesses, of which it is well aware. Although living standards have been steadily rising, they are still relatively low in per capita and comparative terms. China also faces major problems in dealing with areas of poverty and in narrowing regional differences. China still lags far behind the West in most areas of technology, and it still faces great challenges reforming its inefficient state enterprises, creating new fiscal and financial systems, controlling inflation, coping with large flows of migrant labor, and dealing with many other old and new problems facing a rapidly changing economy and society.

In recent years China has emerged as a major participant in the world economy. It is an increasingly important trading partner for the United States, Japan, and Europe, and it is the largest recipient of foreign direct investment in the developing world. In the past five years U.S. trade with China has grown at a rate of 25 percent annually, and U.S. foreign direct investment in China has grown apace. Many large U.S. multinational companies believe that their long-term viability depends on their being major participants in China's economic development. For the United States, China is currently its most rapidly growing export market and a major source of imports for its consumer market. For China the United States is its largest market (if China's large exports to the United States via Hong Kong are included), an important source of direct investment, and a major source of technology.

U.S. business leaders face a number of serious problems in their economic relationships with China, but they have a large stake in managing the problems. They are generally cautiously optimistic about the future because of China's impressive growth rate and the expectations that China's openness, transparency, deregulation, and evolution under a rule of law will increase over time, as has occurred in other Asian nations.

U.S. interests are increasingly linked to the nation's relationship with China in a broader regional economy. The area that is commonly called Greater China or the Chinese Economic Area (including China, Taiwan, Hong Kong, and the city-state of Singapore) is emerging as the most dynamic area of economic growth in the Asia-Pacific region, which is the most dynamic area of growth in the world. U.S. trade with the Asia-Pacific region has exceeded its trade with Europe for the past decade or more. The continuation of economic growth and prosperity in the Asia-Pacific region will depend to a significant extent on the success of China's economic development and on the economic relationships between China and other Asia-Pacific countries, including the United States.

The economic importance of China to U.S. interests is clear. But building mutually beneficial economic relationships will depend on the ability of both the United States and China to manage successfully a variety of problems.

One major problem that has endangered U.S.-China economic cooperation in recent years has been the annual effort in Congress to end or impose conditions on normal trade relations (referred to as most-favored-nation treatment). The possibility that the U.S. government might not approve MFN or might impose conditions on it has created serious uncertainties in U.S.-China economic relations

and, in fact, in overall U.S.-China relations because major changes in the MFN treatment of China could threaten the basic framework of U.S.-China relations. From the view of U.S. companies trying to do business in China, uncertainty about U.S. policy on MFN has increased concerns about risks in U.S.-PRC relationships and created problems affecting U.S. competitiveness. That is why a growing sector of the U.S. business community now believes that China should be given permanent MFN and why Representative Lee Hamilton recently said that Congress needs to consider "how to end this corrosive annual exercise" and grant China the same permanent MFN status that our other major trading partners enjoy. (MFN refers to the normal, nondiscriminatory tariff treatment that the United States provides to virtually all its trading partners--more than one hundred fifty countries around the world.)

Granting permanent MFN to China would require changing or amending the Jackson-Vanik amendment to the 1974 Trade Act that mandates that MFN not be permanent for nonmarket economics in countries that do not allow free emigration. This amendment was specifically aimed at the former Soviet Union and is a relic of the cold war. It has little applicability to the realities of China today. It should be given a decent burial.

Another step that would contribute to improving Sino-U.S. relations is trying to resolve the current impasse over China's entry into the World Trade Organization (WTO). This will not be easy. The Chinese argue that they deserve entry because they participated in the entire process of the Uruguay Round, signed the Final Act, and made a commitment to fulfill the requirements of the WTO as a "developing" nation. They charge that it is primarily the Americans who are blocking their admission to that organization, and they claim that there is growing European and Japanese support for their admission. There is some validity to the Chinese arguments, but they overlook the reasons for the U.S. reluctance to accept China's entry as a "developing" nation, which also have some validity.

The United States argues that China does not yet qualify for WTO membership because its trade system is not sufficiently open or transparent; it has sectoral policies affecting certain industries such as automobiles that are too restrictive; it does not grant sufficient market access in a number of service industries; and so on. The United States says also that it has given China a "road map" with directions for gradually meeting the entry requirements of the WTO and expresses the hope that it can do so within a year or two. The United States, however, also charges that China has retreated since 1994, showing less willingness to meet some of the WTO conditions, because it has come to realize that WTO membership could do great harm to some of its state-supported industries, which could lead to massive and destabilizing unemployment in China. The Chinese concede that this is, in fact, a very large concern.

The United States and China have real differences of interest concerning WTO. But we believe that they should be resolved by compromise and that it is in the interests of both countries to bring China into the WTO as soon as possible. The United States and China need to conduct detailed negotiations sector by sector to reach an agreement on an appropriate schedule for China's entry into the WTO. The United States should demonstrate more flexibility in meeting legitimate Chinese concerns about the impact of WTO membership on their domestic economy, especially on employment and the viability of key industries. The United States should also indicate to the Chinese that as the administration works to resolve the problems blocking China's entry to the WTO, it will also press Congress to grant China permanent MFN status. (As things now stand, despite the fact that WTO rules provide that each member country should grant permanent MFN to all other members, the United States has told the Chinese that under current U.S. law, even if China is admitted to the WTO, the United States will not grant it permanent MFN because U.S. domestic law, embodied in the Jackson-Vanik amendment, takes precedence over international rules.)

The Chinese, on their part, need to demonstrate a greater willingness to engage in serious negotiations and show more flexibility in reaching agreement on the conditions for WTO accession. They must recognize that China will have to compromise further, especially by reducing obstacles to increased access to Chinese markets. They should also recognize that they are unlikely to succeed in gaining admittance to the WTO by exploiting divisions among the United States, Europe, and Japan.

The issue of intellectual property rights has caused serious strains in U.S.-China relations, but the United States withdrew its threat to impose punitive sanctions against China in mid-June of 1996 after U.S. negotiators said they had found firm evidence that the Chinese government had really cracked down on movie, music, and software piracy. Nevertheless, problems of implementing agreements on intellectual property will doubtless recur; experience in many other countries as well as China makes this clear. China's recent efforts have been encouraging, leading some U.S., officials to believe that as China's economy continues to grow and as China develops its own software industry, a new domestic constituency in China will be created that will see the protection of copyrighted and patented goods to be in its own interest. When problems do recur, it is important that China convincingly demonstrate that it is genuinely committed to abide by existing agreements and that the United States deal with disputes in ways that do not endanger the overall relationship.

In the period ahead there will be many problems in U.S.-China economic relations that will create strains, not least of which will be the growing U.S. trade deficit with China. In dealing with these problems, however, both countries must recognize that their common interests require them to seek compromises.

The Human Rights Issue

The promotion of American values has been and should continue to be an important part of American foreign policy, including policy toward China. But Americans need to understand that (1) it will take time for China to meet international standards on human rights; (2) the United States must be realistic in determining how best to promote our values and avoid actions that are likely to be counterproductive; (3) promoting human rights in China is only one of several important priorities of U.S. policy and at times conflicts with other priorities; and (4) although China continues to be ruled by an authoritarian one-party regime, the reforms of the past eighteen years have produced significant advances in certain of the most basic human rights (several hundred million Chinese have been lifted out of poverty) and have led to the beginnings of important political changes.

The conventional wisdom in the West has been that reform in China has brought rapid economic growth and extensive changes in the economic system but that there have been no significant political changes. This view is oversimplified. Although it is true that China's authoritarian one-party regime continues to suppress any organization that aspires to develop into a political opposition group, still represses dissident political activists, and still commits many human rights abuses, there have been important political changes in the past eighteen years in the direction of political liberalization. Beijing has begun to build a legal and judicial system. The National People's Congress and some congresses at lower levels have begun publicly to debate policy issues that affect ordinary citizens. A good deal of political authority has been delegated to provincial, municipal, and local governments. The devolution of authority to local levels of government has been accompanied by steps to reduce the arbitrary power of local party officials. There have been serious efforts to conduct village-level elections, which are now increasingly open and fair.

Not only have most Chinese benefited from rising living standards that have resulted from more than a decade and a half of economic growth and reform, but as a result of the gradual loosening of

political controls, the vast majority of people in China now have much greater personal freedom than they had in the past to make choices about jobs, travel, ways of living, private interests, and personal relationships. Many now choose to be detached from politics, which was impossible in the Maoist era. Most Chinese now have vastly greater access to information of many sorts; there has been a spectacular communications revolution and an increasingly widespread availability of televisions, fax machines, and personal computers. Satellite dishes, which can receive CNN, are available in most hotels and in many private homes all along the south China coast. Tens of thousands of Chinese are now connected to the Internet.

It is true that China's present leaders have barely begun to make the kinds of structural political changes needed to build a genuinely representative system, with a free press, competitive political organizations, and meaningful elections at the national level. In fact, they still oppose such changes and may continue to do so until China's economic and social development progresses further. But some Chinese leaders clearly see the need for important political changes in the future, and in recent years some have favored cautious steps toward gradual political liberalization.

Virtually all Chinese leaders give the highest priority to the need to preserve political stability and to prevent major social and political disorder during China's difficult transitional period. On the importance of political stability, a large number of reform-minded intellectuals seem to agree. Nevertheless, many of the economic, social, and political changes of recent years have been laying the foundations for more far-reaching systemic political changes in the future. The old Marxist-Leninist-Maoist ideology has eroded to such an extent that it no longer shapes most national policies. There has been a sweeping generational change of China's leadership, which has brought to positions of authority at all levels a new kind of younger, technocratic, pragmatic leadership. It is therefore conceivable that there will be, perhaps even in the relatively near future, an incremental process of political liberalization, although even if this process occurs, it is not likely to lead soon to Western-style democracy.

Given this background, how can the United States best promote its own values in China? The lesson of the past seven years, since the Tiananmen crisis of 1989, is that threatening or carrying out sanctions or confronting China publicly and relentlessly on the human rights issue produces few positive results and often seems to be counterproductive. In fact, a case can be made that U.S. policies on the human rights issue in China during recent years have not only been ineffectual, but for the most part they may well have strengthened Chinese hard-liners and Chinese nationalism at many levels of society and prevented or delayed the resumption of political dialogue at the highest levels. Yet such high-level political dialogue is a necessary precondition for strengthening communications and contacts at all levels of society, and it is this process that may have the greatest long-term positive effect on political liberalization in China.

Not only Chinese but also many other Asians have been critical of the Clinton administration's use of pressures and threats to try to compel other countries to meet human rights standards advocated by the United States. In fact, at the annual UN conferences on human rights in Vienna, it has been apparent that there is a deep split between the U.S. views and those of most Asian representatives. The majority of Asians have supported the Chinese on many issues, even though many have been critical of abuses in China.

In developing a more effective and realistic policy to promote human rights in China, the United States should keep in mind the following guidelines: (1) the U.S. government should generally rely on quiet diplomacy, as the United States has effectively done in the past; (2) the administration and Congress should also recognize that private, nonofficial efforts by American and international institutions and organizations are often more effective in correcting abuses in China than are highly

visible and high-decibel official U.S. government actions; the United States should encourage private organizations' efforts to deal with human rights issues in constructive ways; (3) the U.S. government should recognize that it is often wiser to rely less on unilateral action and more on multilateral, international efforts through the United Nations and other institutions to bring the weight of international public opinion to bear on human rights abuses, whether in China or elsewhere; (4) although the United States should not hesitate to criticize human rights abuses in China, it is important to recognize that a focus on a few high-profile cases of dissidents may not always help them and may actually weaken the cause of long-term political reform, which is the primary requisite for building a legal framework necessary to ensure the protection of human rights; (5) the United States should place high priority on programs that will support U.S.-China contacts, exchanges, and cooperation in fields relating to legal and other kinds of institution building and to local governance (some cooperative programs in these fields already exist; many more are needed); and (6) for its part, Beijing's leaders must recognize that for China to play an influential and responsible role in the international community, the Chinese must increase their understanding of other countries and must be prepared to accommodate more fully and rapidly to international norms on human rights. Efforts to improve human rights are now being pressed worldwide, and China's policies must reflect its recognition of this campaign.

The Taiwan Issue

The single most important and most difficult issue in U.S.-PRC relations concerns Taiwan. The Taiwan crisis of 1995-1996 highlighted dilemmas and dangers that, if not wisely managed, could create dangerous threats to stability and peace in the entire Asia-Pacific region. What is to be hoped for is that in the aftermath of the 1996 elections on Taiwan and the accompanying Chinese military exercises in the Taiwan Strait, leaders in both Beijing and Taipei will recognize potential dangers and seize present opportunities to reduce them. The aim should be to work toward mutual accommodation that will provide a basis for a new kind of political relationship that will reassociate Taiwan with the mainland on terms acceptable to both.

Not only should the United States give high priority to policies that will strengthen cooperative relations with China, but it must also recognize that its policies must encourage and facilitate mutual accommodation between Taiwan and China. If future trends do not lead toward compromise but instead lead toward Taiwan's separation and independence, the result will almost certainly be a new cold war in the region with a growing danger of major military conflict between China and Taiwan, which could easily involve the United States. Military conflict in the Taiwan Strait could not only directly involve the United States, but it could also destabilize the entire Asia-Pacific region.

Even though the Taiwan crisis of 1995-1996 involved military shows of force rather than threats of war, it posed the most serious danger of military clashes in the Taiwan Strait from accidents or miscalculations since the late 1950s. This crisis was precipitated by recent events, but its roots stretch far into the past. The heart of the "Taiwan problem" can be stated fairly simply. Leaders in the People's Republic of China remain firmly committed, as they have been for several decades, to the short-term objective of preventing Taiwan from achieving recognition as a separate independent state, and they are prepared to use force if necessary to block independence. They are also committed to the long-term goal of reunifying Taiwan with the mainland by peaceful means if possible but without renouncing the option of using force if other means fail. Although a majority of nations, including the United States, have accepted Beijing's position that there is only "one China" (the PRC) and even though the United States has "acknowledged" China's position that Taiwan is part of China,[1] the government on Taiwan has continued to enjoy de facto autonomy since the U.S. recognition of the PRC. Taipei has succeeded over the years in maintaining quasi-official relations with most nations. And in the past few years, Taiwan's leaders have promoted a vigorous campaign

aimed at upgrading the regime's international status, increasing the official nature of their foreign ties, and broadening representation in international bodies--moves that Beijing has seen as directly challenging the principle of one China and edging toward the independence of Taiwan.

In the 1980s Deng Xiaoping put forward a formula for political reunification of both Hong Kong and Taiwan with the mainland: "one country, two systems." In this formula, China promised that for half a century after reunification, both Hong Kong and Taiwan could maintain their existing economic and social systems and enjoy a high degree of autonomy. In the case of Hong Kong, this formula became the basis for long and difficult negotiations leading to agreement between London and Beijing on a Basic Law on which the Hong Kong government will operate after its unification with China in 1997. In the case of Taiwan, Beijing promised that after reunification Taiwan would enjoy even greater autonomy than that promised to Hong Kong, including the right of Taiwan to maintain its own armed forces.

Leaders on Taiwan were not attracted by the one-country, two-systems formula and felt no necessity to accept it because Taiwan is separated from the mainland by more than 100 miles of water and relies on the U.S. security umbrella that it has carefully nurtured. Nevertheless, Cross-Strait travel, communications, and economic ties began to flourish in the 1980s. By 1995 total trade between Taiwan and the mainland was estimated to have reached twenty-two billion dollars annually, and Taiwanese contracted investments on the mainland totaled almost twenty-nine billion dollars, of which twelve billion dollars had been used. In 1993 a China-Taiwan political dialogue began under the direction of new quasi-official organizations established by both governments. Under this framework, four agreements were signed on practical issues, and nine rounds of negotiations at various levels took place between 1993 and 1995.

In early 1995, Jiang Zemin, Beijing's party general secretary and president, tried to raise the level of political discourse between China and Taiwan. In January he made an eight-point speech on reunification that represented from Beijing's point of view a major new conciliatory initiative toward Taiwan. Jiang expressed a willingness to hold talks with "Taiwan's authorities" on any subject as long as the premise was that there was only one China. He also proposed negotiating an agreement that would officially end the state of hostility between China and Taiwan, and he suggested two-way visits of top leaders--in effect proposing a summit meeting to discuss "state affairs." Taiwan's leaders were not prepared, however, to begin broader political talks with mainland leaders, and in his six-point speech in April, responding to Jiang's proposals, Taiwan's President Lee Teng-hui stated that a solution to the problem of reunification required China to accept that two sovereign Chinese political entities existed.

When China's leaders learned that Lee Teng-hui had been invited to visit the United States in 1995, the news fueled their growing concern about possible trends toward independence on Taiwan, and they decided to make a major effort to prevent it. They warned both the United States and Taiwan that if Lee made the trip, China would react very strongly. Even though the trip was described as "nonofficial," in Beijing's eyes it would have great political significance, would be viewed as a serious violation of the concept of one China, and would be seen as a breach of the understanding that Beijing's leaders believed existed with the United States that Washington would not permit visits by top leaders from Taiwan.

China specialists within the executive branch concluded that a Lee visit could result in another major setback in U.S.-China relations. On September 27, 1994, Winston Lord, assistant secretary for East Asia and Pacific affairs, told the Senate Foreign Relations Committee that "We believe it would be a serious mistake to derail this basic policy of several administrations by introducing what China would undoubtedly perceive as officiality in our relations with Taiwan. This is why the

administration strongly opposes congressional attempts to legislate visits of top leaders of the Republic of China (on Taiwan) to the United States."

But within Congress there was almost unanimous support for giving Lee a visa partly because of broad pro-Taipei and anti-Beijing sentiment and partly because Taiwan mounted a large and effective lobbying effort to build support for the visit. Initially President Clinton accepted the recommendations against the visit made by his top China specialists, and Secretary Christopher indicated to Beijing's leaders that there would be no visit. Nevertheless, responding to congressional pressure, the president ultimately authorized the visit.

Lee Teng-hui's trip to Cornell was billed as "nonofficial," but he was accompanied by a large number of journalists, was warmly welcomed by members of Congress, and made a highly political speech (despite his pledge to U.S. officials not to do so). The Taiwan media hailed the visit as a triumph, and Lee clearly regarded it as a major milestone in Taiwan's campaign to raise its international status.

Beijing then withdrew its ambassador from Washington and suspended the Beijing-Taipei Cross-Strait talks. It also decided to draw a line in the sand and to conduct major military exercises and missile tests near Taiwan to demonstrate its determination to halt trends that could lead toward Taiwan's independence. The stage was set for a serious crisis, which unfolded in the months between Lee's mid-1995 visit and the March 1996 presidential elections on Taiwan.

In the military actions that China took following Lee Teng-hui's visit to Cornell, Beijing's leaders had several objectives. Not only were they determined to halt what they perceived to be Taiwan's drift toward independence, but they were resolute in their efforts to convince leaders in both Taipei and Washington that although Beijing still hoped to work gradually toward eventual reunification by peaceful means, Chinese leaders mean it when they say that China is prepared to use military force if necessary to block Taiwan's independence. They also wished to convince the United States that any U.S. encouragement of efforts by Lee Teng-hui to move toward independence will be strongly opposed by China and to persuade Taiwan's leaders that it is time to begin a more meaningful dialogue that can lead to political negotiations about Taiwan's future relationship to China.

In its response to the crisis, the U.S. government was cautious but forceful. Washington criticized China's military show of force, but it also urged Taiwan as well as Beijing to exercise restraint. The U.S. government reaffirmed its opposition to the use of force to determine Taiwan's future; it reminded everyone of Washington's obligations under the Taiwan Relations Act to provide defensive military equipment to Taiwan; and it dispatched two carrier task forces to the Taiwan area to "monitor" the situation.

The Taiwan crisis of 1995-1996 demonstrated to Washington's foreign policy establishment the gravity of the deterioration in relations with China and the necessity of upholding a one-China policy. Henry Kissinger, writing in The Washington Post of March 31, 1996, undoubtedly reflected the views of many when he wrote that the way out of the crisis requires (1) that Beijing sheathe its sword, return to diplomacy, and show greater understanding of the values that animate American conduct; (2) that Taiwan be given to understand that American concern for a peaceful outcome does not extend to reentering the Chinese civil war, either overtly or by subterfuge; (3) that the United States should reaffirm the tacit bargain to pursue a "genuine" one-China policy and that Beijing should avoid using military pressure and threats; and (4) that the United States must also now seriously encourage the resumption of a Beijing-Taipei dialogue.

As of the summer of 1996, however, the prospect of an early resumption of Cross-Strait dialogue, much less a real accommodation between Beijing and Taipei, did not appear to be bright. In conversations with our delegation, leaders in Beijing and Taipei took the position that the other side was stalling and would have to make the first move. One fundamental problem is the basic lack of mutual trust. Beijing believes that Lee Teng-hui is set on a course of trying to strengthen the basis for independence. Taipei believes that Beijing is trying to isolate it internationally in an effort to squeeze it politically.

For greater mutual trust to be built, Taiwan must work to convince Beijing that its basic policy is not one of "creeping independence" and that its endorsement of the principle of one China is not simply a stratagem of giving lip service to the principle while trying to build international support for Taiwan's independence. Beijing must work to convince Taiwan that it will not insist on any particular formula for reunification or any specific timetable to achieve it, that it is willing to work to reach agreement on a peaceful resolution of Taiwan's future that can later provide the basis for a mutual renunciation of force, that it is genuinely committed to granting Taiwan the high level of autonomy promised, including Taiwan's right to maintain its own armed forces, and that it is prepared to discuss in good faith how best to define such autonomy in ways that can meet Taiwan's essential needs, including Taiwan's desire for greater participation in international institutions, while still upholding the principle of one China. Beijing must also manage the reunification with Hong Kong in 1997 in a way that will not confirm Taiwan's fears.

This is a tall order. Probably the best that can be hoped for in the near future is that each side will avoid taking actions that the other regards as provocative, that both will show the flexibility required to renew a serious political dialogue, and that increased trade and economic relations will gradually improve the long-term prospects for real political accommodation.

The United States should convincingly demonstrate its continuing commitment to the one-China policy that has been endorsed by six U.S. presidents. This policy has worked well for almost a quarter of a century. It still provides a basis on which the United States and China should be able to build a strong cooperative relationship, and it has also made it possible for Taiwan to maintain nonofficial foreign ties, to prosper economically, and to develop democratic institutions. Taiwan has also been able to join international institutions such as the Asian Development Bank, APEC, and the Olympic Games with Beijing's acquiescence, and it is likely to be able to broaden its international representation if Taipei-Beijing relations improve.

Washington should now pursue a policy that encourages more explicitly than it did in the past steps toward a political settlement of Taiwan's future through dialogue and negotiations between Beijing and Taiwan. The U.S. government has been right in its long-standing position that the future of Taiwan can be settled only "by the Chinese themselves." Any effort by the United States to try to mediate between Beijing and Taipei would most likely be counterproductive.

Washington should make clearer than it has to date that the United States favors realistic efforts by Beijing and Taiwan to reach a mutually acceptable political compromise. The United States should try, to persuade Beijing's leaders that Chinese interests will be best served by avoiding threats and showing greater flexibility in its efforts to reach a political settlement with Taiwan. Washington should work to persuade Taipei that Taiwan's future security will depend fundamentally on the degree to which there can be peaceful and cooperative relations between the United States and China and between Taiwan and China as well as between the United States and Taiwan. Taiwan's leaders should not expect--and Washington should make clear to them that they cannot expect--that the U.S. government will support or acquiesce in Taiwanese policies that in its judgment could endanger stability in the region. The U.S. government should continue to oppose Taipei's unrealistic campaign

for a UN seat. Under existing circumstances, it should also adhere to the promise that Undersecretary of State Peter Tarnoff made to Beijing that although future visits of leaders from Taiwan to the United States cannot be excluded, they will be rare and exceptional.

Implementing such policies will not be easy. Beijing will be suspicious of many U.S. actions and may oppose some of them. Taipei will oppose many of them, using its strong lobby in Washington to try to influence U.S. policy. Many members of Congress will probably continue to oppose or at least have reservations about such policies. But unless the president and his foreign policy team are willing, despite inevitable opposition at home and abroad, to define and carry out a forward-looking strategy that will promote long-term U.S. interests in maintaining important relationships with both China and Taiwan, it is likely that difference over Taiwan will continue to pose serious dangers. These could lead to future crises in the Taiwan Strait--crises that would be extremely damaging to U.S. interests in China and in the entire Asia-Pacific region.

Conclusions and Policy Recommendations

To sum up: The United States and China share major interests that will be of vital importance to the future of both countries and to peace, stability, and prosperity in the entire Asia-Pacific region. These two powers also have conflicting interests and confront some serious problems that not only complicate their bilateral relations but, if mishandled, might lead to confrontation or conflict that could threaten the stability of the entire region.

It is imperative that the United States and China establish effective working relations and strive to prevent conflicts, minimize tensions, broaden strategic and economic ties, narrow differences, and build mutually beneficial cooperative relations.

During the past seven years, instead of making progress in this direction, U.S.-China relations have deteriorated. There has been minimal political dialogue between the top leaders of the two countries, and they have been enmeshed in acrimonious tensions and conflicts over a wide range of issues, including nonproliferation problems, trade disputes, human rights controversies, and unresolved issues relating to Taiwan. Concern about U.S.-China relations reached a high point in early 1996 when China, believing that Taiwan was increasing its efforts to move toward independence and that U.S. policy toward Taiwan raised doubts about Washington's commitment to "one China," used missiles to make a major show of military force--the first in thirty-eight years--to dramatize Beijing's long-standing determination to prevent Taiwan's independence and preserve one China. In the atmosphere of mutual mistrust that had developed between China and the United States since the late 1980s, the Taiwan Strait crisis of 1996 underlined the potential dangers of deteriorating relations.

The United States has lacked many of the most important prerequisites for an effective China policy throughout the last seven years, including presidential leadership. After Tiananmen, President Bush was unable to exercise leadership because of the general climate in the United States of antipathy toward China. President Clinton, since taking office in 1993, has not given priority to China policy. This lack of presidential leadership has been one critical factor explaining the absence of strategic vision and clear objectives and priorities that has made U.S.-China policy incoherent, fragmented, and ineffective. Since Tiananmen also, there has been a large gulf between Congress and the administration, which has made coherent policy toward China virtually impossible.

In May 1996, Secretary of State Warren Christopher made the first major speech on China by any top administration leader since the start of President Clinton's term. Christopher called for regular summit meetings and periodic cabinet-level consultations. The response of Beijing's leaders was positive but restrained. They indicated that they wished to wait and see what concrete U.S. policies

the speech portended. To date, there has been relatively little elaboration by President Clinton or others.

In both Washington and Beijing, the conventional wisdom is that it is unlikely that any major dramatic U.S. initiative in policy toward China can realistically be expected until after the U.S. presidential election in November. But there is an undisputed view in both capitals that the period immediately following the election will be critically important for the future of U.S.-China relations.

In this interim period, it is essential, albeit difficult, for major efforts to be made to lay a sound basis for implementing a more effective U.S. policy toward China beginning in early 1997 at the latest. If the U.S. government, under whoever is president, is not able by early 1997 to begin to take major steps toward halting the steady deterioration of U.S.-China relations, the danger will be not only that this important relationship will continue to deteriorate but that there could be a series of recurrent crises over nonproliferation, trade, and human rights and a growing danger of a major military crisis over the unresolved dilemmas relating to Taiwan's future.

In light of these potential dangers, the members of the National Committee on American Foreign Policy who met with key leaders in China and Taiwan in June 1996 recommend the following.

1. The U.S. president, his foreign policy team, and his administration as a whole must give priority to the establishment of a coherent, long-range strategic framework for dealing with China. They must make clear to Congress and the American public the importance to U.S. interests of relations with China and convince them that the U.S. government has a sound strategy for managing this complex and difficult relationship with China and Taiwan. The president must identify and articulate what the common U.S. and Chinese national interests are and how we can promote them. He must also clarify the issues on which the United States and China disagree and how we propose to resolve or manage them.
2. As soon as possible, the two countries should start regular summit- and cabinet-level dialogues based on realistic agendas.
3. The president should strengthen his foreign policy team that deals with China and use more effectively the experienced professionals available to him.
4. The president must mobilize support within the Senate and the House of Representatives to convince Congress of the vital importance of restoring a bipartisan U.S. policy toward China. Unless the present gulf between the administration and Congress is bridged, developing a coherent China policy will be virtually impossible.
5. A major effort must be made to define the interests shared by the United States and China and determine how to strengthen them and to identify the problems and disagreements between the United States and China and determine how to manage or resolve them.
6. The United States must relate its China policy to its overall policy in the Asia-Pacific region. U.S. policy toward China cannot be effective unless it gains the support of America's friends and allies in the Asia-Pacific region. The long-term aim of U.S. policy in the Pacific should be to establish and maintain a strategic equilibrium among the major power centers and to ensure continued dynamic economic growth.
7. Finally, we make the following recommendations on some of the specific issues facing the two countries.

Military-Strategic Issues and Nonproliferation

There should be a regular strategic dialogue between the top political and military leaders of each country in which they (a) articulate their views on the nature of the postcold-war era and identify the common interests of the United States and China in working to promote peace, stability, and

prosperity; (b) identify the major trouble spots in the world generally and in Asia in particular and strive for consensus on how the two countries can realistically deal with these problems; and (c) discuss and attempt to expand cooperation on specific military security issues such as how to strengthen the nuclear and missile nonproliferation regimes; how to increase military transparency on issues such as budgets, doctrines, force planning, and arms sales; how to strengthen mutual confidence among the major Asia-Pacific powers in order to avoid a new arms race; how to strengthen Asia-Pacific regional institutions such as the ASEAN Regional Forum in order to deal with regional security issues; and how to resolve peacefully the potential conflicts over such issues as territorial disputes in the South China Sea, the future of the Korean Peninsula, and--most important--the future relationship between the People's Republic of China and Taiwan.

Economic Issues

The U.S. government should work to give to China permanent MFN status, the normal, nondiscriminatory tariff treatment that the United States provides to virtually all of its trading partners. A major effort should be made to resolve the current impasse over China's entry into the World Trade Organization through detailed negotiations between the United States and China with the aim of achieving an agreement as soon as possible on an appropriate schedule for China's entry into the WTO.

Human Rights

The United States should develop a more effective and realistic policy to promote human rights in China: (a) the U.S. government should generally rely on quiet diplomacy; (b) the U.S. administration and Congress should recognize that private, nonofficial efforts by American and international organizations are generally more effective in correcting abuses than highly visible U.S. government actions; (c) the U.S. government should recognize that it is often wiser to rely less on unilateral action on human rights issues and more on multilateral efforts through the United Nations and other institutions; (d) it is important to recognize that a focus on a few high-profile cases of dissidents may not always help them and may actually weaken the cause of long-term political reform, which is the primary requisite for building a legal framework necessary to ensure the protection of human rights; and (e) the United States should place a high priority on programs that will support U.S.-China contacts, exchanges, and cooperation in fields relating to legal and other kinds of institution building and to local governance.

Taiwan

The United States must pursue a meaningful and genuine one-China policy consistent with the three joint communiqués that it signed with China in 1972, 1979, and 1982. The issues relating to Taiwan's future have reemerged as the most dangerous possible causes of military conflict in East Asia, and they must be resolved peacefully. The United States must play a more active role in encouraging both China and Taiwan to renew political dialogue and eventually reach a political accommodation. To China, the United States must emphasize the need for a commitment to a peaceful resolution and the importance of a harmonious Hong Kong transition as opportunities to demonstrate the viability of a two-systems approach and as a step toward long-term reunification. To Taiwan, the United States must emphasize the risks of separatist trends, the importance of continuing to adhere to the one-China formula, and the urgency of renewing the Cross-Strait dialogue.

Note

1. In the joint communiqué shifting diplomatic relations to the PRC in 1979, the United States recognized "the Government of the People's Republic of China as the sole legal government of China." The United States also acknowledged "the Chinese position that there is but one China and Taiwan is part of China." As Assistant Secretary of State Winston Lord said in a statement before the Senate Foreign Relations Committee on September 27, 1994, these formulations were repeated in the 1982 communiqué with China and have been reaffirmed by each successive U.S. administration since then.