

REBUILDING U.S.-CHINA RELATIONS

INTRODUCTION

As Congress reassembles this week, high on its agenda is America's relations with the People's Republic of China. Indeed, it was the central topic of George Bush's press conference yesterday. The political crisis in Beijing last spring culminating in the massacre of unarmed demonstrators in Tiananmen Square deservedly evoked outrage in the United States and shattered the U.S. national consensus on China policy. The result has been the emergence of a serious and sometimes bitter debate over how best to pursue long-term U.S. interests while making clear American repugnance at and condemnation of the Chinese leadership that directed the killings and that seems to be turning back the clock on Chinese reform.

The dilemma is painfully clear in the serious differences between the White House and many on Capitol Hill. While the Bush Administration deplors the tragedy of Tiananmen Square and has imposed limited sanctions on China, it seeks to maintain what it rightly considers an "important dialogue" with one of the world's most influential powers. Constructive U.S.-China ties over the past several decades have reduced tensions in Asia, contributed greatly to regional stability, and helped defuse conflicts in several critical areas, principally the peace across the Taiwan Strait. Driving U.S. policy on China is George Bush, who has considerable experience dealing with China and who correctly is intent on preserving the Executive Branch's constitutional prerogative in crafting America's foreign relations.

Bush Critics. The opinion of many on Capitol Hill, by contrast, is that China can be benignly neglected. According to this argument, while Washington should maintain "working-level" contact with the Chinese,

high-level secret trips as those taken in July and December by National Security Advisor Brent Scowcroft are very inappropriate. China simply is not as important as it once was to U.S. national interests, say the critics of the Bush policy, who cite the past year's events in Eastern Europe and the consequent reduction in East-West tensions. In addition, some critics feel that Administration policy does not adequately "punish" Beijing for its continuing human rights violations. The President, they argue, encourages democratic and peaceful change in Eastern Europe but closes his eyes to the explicitly undemocratic and even despotic regime in Beijing.

Important Relations. The critics of the Bush policy on China make valid points. It particularly is true that because of the dramatic changes in Eastern Europe and the weakening, if not dissolution, of the Soviet Empire, China's strategic, economic, and technological relations with the West are not as geopolitically critical as they once were. Nevertheless, these relations still are important. And it thus would be a mistake for Washington to neglect — "benignly" or otherwise — its important ties with Beijing.

China continues to influence Asia, and thus U.S. interests, profoundly. Reduction of tensions on the Korean peninsula, resolution of the conflict in Cambodia, and peace in the South Asian sub-continent require Beijing's active participation and involvement. Though it may sound like a cliché, it remains true that by virtue of its size, geographic position, historic role, and dimensions of its military, China's centrality in Asia must be an overriding factor as Washington formulates Asia policy.

A factor too must be recognition of the importance of maintaining those extensive U.S.-China bilateral relations that have been fostered over the past decade, driven by China's reform efforts. In 1988 (the last full year for which figures are available), U.S.-China trade exceeded \$14 billion and U.S. investment in China totaled \$3 billion. In the first nine months of 1989, total U.S.-China trade was over \$13 billion, an increase of \$3 billion over the same period in 1988. U.S.-China military contacts, though limited, have been politically significant, providing the U.S. important intelligence on Soviet missile flights and other activities. A wide array of U.S.-Chinese scientific, technical, academic, and cultural ties have evolved. And China has become involved in the international community, increasingly active on such global problems as the environment and health.

Virus of Democracy. What is most significant about America's many-pronged contact with China is the implicit but undeniable revolutionary, subversive nature of the American example. U.S. encouragement of and support for China's reforms, economic development, and opening to the world has helped fundamentally alter the way Chinese society looks at itself. Through the vast and extensive American contact of the past decade and one-half, the virus of democracy has spread through China.

A balance in U.S.-China policy between the Bush Administration and Capitol Hill must be restored. Washington must again reaffirm the complex and cross-cutting — even infuriating — factors that in the past successfully

have helped define the U.S. relationship with Beijing. Among the factors that must guide U.S. policy-makers is the recognition that:

- ◆ ◆ The U.S. has limited leverage on China.
- ◆ ◆ China historically pays little attention to foreign opinion or even foreign relations when engulfed in domestic turmoil.
- ◆ ◆ Once doors with China are closed, they typically are extremely difficult to reopen.
- ◆ ◆ An isolated China could mean an unstable China, which will affect American interests in Asia profoundly and even could reawaken and invite a more politically and militarily assertive Japan in the region.
- ◆ ◆ Some U.S. actions could force Chinese leaders to rely on the U.S. less and cooperate more, for example, with Moscow on geostrategic issues and with Japan on commercial issues.
- ◆ ◆ Some U.S. actions damage the U.S. more than they do China.
- ◆ ◆ Some U.S. actions injure Chinese citizens more than they do those Chinese leaders responsible for repressing freedom.
- ◆ ◆ Limiting or suspending American diplomatic, commercial, and cultural contact with China likely will weaken precisely those forces that have pushed China down reform's road.

These factors must be kept in mind as Washington moves in a measured, appropriate manner to craft its policy towards mainland China. Washington, at the very highest levels of contact and in tough terms, should continue to condemn the repression in China. At the same time, Washington should view the current state of affairs in China as temporary and transitional. Significant evidence indicates that powerful underlying forces for reform continue to operate on the mainland and likely will reemerge after China's elders fade from the scene. U.S. China policy should attempt to encourage these forces. Fundamental to this effort will be cooperation and consultation between the White House and Capitol Hill. Each has an important role to play.

For its part, Congress should:

- ◆ ◆ Continue to express American abhorrence at the events in Beijing last June 4. Each Representative and Senator should request meetings with Zhu Qizhen, the Chinese Ambassador to the U.S., to do so. Congress should champion the causes of well-known Chinese dissidents, making the names of, for instance, Cao Siyuan, Wang Dan, and Han Dongfang well known to their constituents.
- ◆ ◆ Establish an official Book of Condolence at the U.S. Capitol for those killed in Tiananmen Square. Ceremonies for this could be held during the Chinese lunar new year, which begins January 26.

◆ ◆ Ensure that the various vehicles that have made for change in China are maintained and, where possible, strengthened, like the Voice of America's shortwave modernization program which would allow VOA to overcome China's jamming.

◆ ◆ Hold hearings to canvass the opinions of the U.S. business, educational, and cultural communities that have a stake in the U.S.-China relationship.

◆ ◆ Increase U.S. involvement in Hong Kong as the colony seeks to "internationalize" itself before it reverts to Chinese sovereignty on July 1, 1997. The sizable U.S. stake in Hong Kong dictates that America play a more active role. Specifically, Congress should study ways to increase funding for U.S. educational exchanges with Hong Kong to ensure that Hong Kong has the skilled and capable work force integral to its future.

Most important, Congress should give the President the constitutionally appropriate wide latitude in articulating Washington's relationship with Beijing. Congressional action should not preempt the President's right to exercise his judgment and to conduct foreign policy. Specific criteria in legislation, for instance, that make it difficult for the President to modify or terminate sanctions should be avoided; the White House must retain the flexibility to adapt U.S. policy to changing circumstances in China.

For its part, the Executive Branch should:

◆ ◆ Condemn the continuing repression in China. This should be done at every level of American diplomatic contact. The Bush Administration should draft a one paragraph "official statement" of U.S. grievances to be read, pro-forma, at every official U.S. meeting with representatives from the Beijing regime. This statement should insist that Beijing make public the names of those imprisoned, the charges against them, and the dissident's mental and physical condition.

◆ ◆ End U.S. opposition to World Bank lending for projects in China pinpointed at alleviating poverty or repairing earthquake damage. Such projects help the Chinese people. By contrast, the U.S. should continue opposing World Bank loans for high-profile Chinese government-sponsored public works projects. The propaganda value of such lending to the Beijing regime simply is too great.

◆ ◆ Raise the priority of U.S. commercial interests in China. The American businessman is America's most influential diplomat in China. Up to now, representation of the U.S. business stake in China has been at lowly working levels of the Commerce Department. This should be raised to the Secretarial level as well.

◆ ◆ Support, in principle, Beijing's membership in international economic organizations, such as the General Agreement on Tariffs and Trade (GATT). The Bush Administration should stress that such support will be based on Beijing's continued commitment to reform its economy and bring it into line with the fundamental tenets that govern the international economic

community, such as the establishment of free markets and private ownership. The Bush Administration should make clear, moreover, that Beijing's efforts to block Taipei's current bid to enter the GATT reflects poorly on the China's commitment to these tenets.

◆ ◆ Review the current state of U.S.-China military relations. Romania's armed forces, after all, proved integral to turning the tide against the Ceausescu regime. It similarly is possible that a Chinese military, with a vested interest in economic reform and constructive links to the outside world, may prove less willing than it was last June to fire on the people and to support the regime in Beijing if asked to do so again.

◆ ◆ Continue the efforts to revive the suspended Fulbright Scholar program for China and make final arrangements for the new Peace Corps program in China, whose inauguration Bush announced yesterday.

A CHANGING CHINA AND THE CASE FOR U.S. RE-ENGAGEMENT

The roots of 1989's Beijing Spring lie in the reforms of the past decade. When Deng Xiaoping, China's paramount leader, launched his economic modernization program in 1978 — known as the “open door” policies — he probably did not fully understand the forces for change that he was unleashing. Had he known it would lead to one million Chinese demonstrating in Tiananmen Square and international condemnation of his repression of them, he might not have embarked down such a road.

China's reform efforts have been incredibly successful in many respects. When the 1980s began, China was a backward nation and a static society. Its people were starving. It was a Middle Kingdom in the middle of nothing. It simply defined the western edge of the Pacific Basin, a region where economic growth seemed boundless — except for inside China. Wags could quip glibly, confident of not being contradicted, that “Chinese are successful everywhere — except in China.”

Key Player. Today's China is fundamentally different. Its opening to the world has compelled it to become a constructive player in Asia. January 24 last year, for example, Beijing hosted meetings between U.S. and North Korean officials seeking to improve Washington-Pyongyang ties. Once mutually antagonistic, Beijing now has large-scale indirect trade ties with Seoul and Taipei. Beijing has expanded its links significantly to the ASEAN nations in Southeast Asia, most notably in its efforts to re-establish formal diplomatic contacts with Singapore and Indonesia. Tensions with India are at a post-World War II low, Sino-Japanese commercial relations have expanded so greatly that, aside from Hong Kong, Japan is China's largest trading partner and a major source of development loans. In Indochina, China is a key participant in searching for a peaceful settlement of the Cambodian Civil War, even though it continues its patronage of the Khmer Rouge.

And while it has become increasingly anachronistic to talk about the U.S. playing the “China Card” as a geopolitical trump in dealing with Moscow,

Beijing nonetheless steadfastly sided with Washington in tracking and deterring the Soviet presence in Asia.

Beijing's opening to the world, meanwhile, affected mainland Chinese society significantly, infusing it with a dynamism unprecedented in the nation's modern history. Testifying to this are the population shifts. In 1976, some 85 percent of the Chinese population lived in the countryside, confirming the popular American image of the mainland as an agrarian state. A decade later, that share had fallen to 63 percent. And the U.S. Bureau of the Census projects that more than half of China's people will live in the cities by the end of the century.

Better Livelihood. Such urbanization promotes modernization. Indeed, from Seoul to Tokyo to Taipei to Hong Kong to Singapore, the essence of the Asian development model is rooted in cities. China's leaders seem to have understood this and pursued their "Gold Coast" strategy of economic growth, concentrating development on the country's promising eastern seaboard. The result: five distinct sister-city regions in China — Guangzhou and Hong Kong, Taipei and Xiamen, Shanghai and Nanjing, Harbin and Dalian, and Beijing and Tianjin — now are part of the international commercial community.

This cosmopolitization of China has raised the Chinese people's expectations for a better livelihood. At one time, a bicycle, sewing machine and black-and-white TV set were the widely-sought symbols of a Chinese household's affluence. Those now are taken for granted. Today, affluence is marked by a motor bike, color TV, and refrigerator. Roughly 40 percent of all urban homes have a TV set. Fifteen of every 100 urban residents own a tape recorder; six a camera. Ownership of the "right" consumer goods has

Personal Consumption		
	1978	1986
Urban Living Space, sq. feet per capita	45.2	86.1
Rural Living Space, sq. feet per capita	87.2	164.7
Grain Consumption, lbs. per capita	430.1	563.0
Pork Consumption, lbs. per capita	16.9	31.5
Bicycles owned, millions	74.3	258.0
Televisions owned, millions	3.0	92.1
Sewing Machines owned, millions	34.0	109.4
Source: CIA, <i>China: Economic Policy and Performance in 1987</i> , presented to the Joint Economic Committee, April 21, 1987.		

become vitally important among the young. Many Chinese will not marry until they have bought a stereo, a VCR, a color TV, and a refrigerator. In modern-day jargon, these are the "Four Necessaries."

For tens of millions of Chinese, the "open door" to the world has proved profoundly revealing. Through it has traveled all kinds of sources of information: Western TV programs, books, computers, music, movies, and even personal computers and FAX machines.

So too came other sources of information. Most influential surely has been the millions of Chinese from America, Hong Kong, Taiwan, and elsewhere who have returned to the mainland after decades of absence to visit their relatives. There also were waves of foreign tourists, businessmen, journalists, scholars, and students who have traveled to China to learn and work. And, of course, there are the tens of thousands of Chinese students sent abroad to

study. Today, an estimated 40,000 are in America alone. Probably over 250,000 have studied in America, learning American political ideas and experiencing American freedoms, since the "open door" policies began.

Chinese Students in the U.S.		
Year	Numbers	% of Total Foreign Students in U.S.
1984/85	10,100	3.0
1986/87	20,030	5.7
1987/88	25,170	7.1

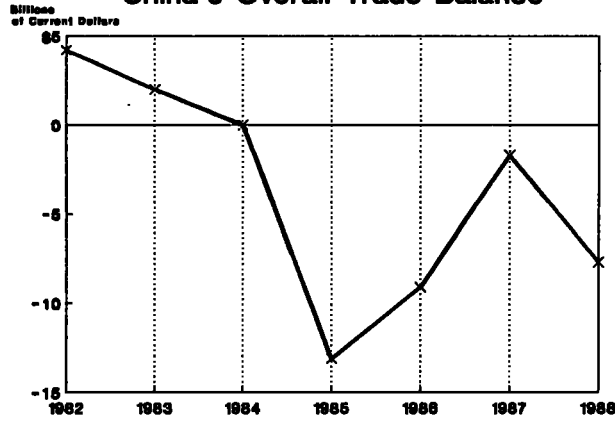
Source: United States Public Diplomacy in China, U.S. Advisory Commission on Public Diplomacy, Washington, D.C., 1989.

As China saw more of the outside world, a force for greater economic and political change crept into Chinese society. The way the people lived and, perhaps of greater importance, how they thought slowly evolved. Says Fang Lizhi, China's most famous dissident, now taking refuge along with his wife in the U.S. Embassy in Beijing, of China's re-acquaintance with the world: "The Maoist years were devoid of change or progress, but we Chinese accepted this because we had no basis for comparison. The last ten years, though, have provided us a standard of comparison and the distance between our nation and the most advanced societies of the world provides insufficient reason to sing any praise."

REDEFINING THE FRAMEWORK OF U.S. POLICY TO CHINA

The momentum created by the past decade of reform in China could produce successors to the present aged leadership who will realize that only further economic and political liberalization can deal with the country's many problems. Until the current leadership dies (apparently, the only way it will yield power), the U.S. must pursue a China policy that easily could be adapted, modified, or revoked as conditions in China change. It is this, apparently, that Bush meant when last June he declared that the Administration would pursue "reasoned, careful action that takes into

China's Overall Trade Balance



Source: China Business Review, May-June 1989

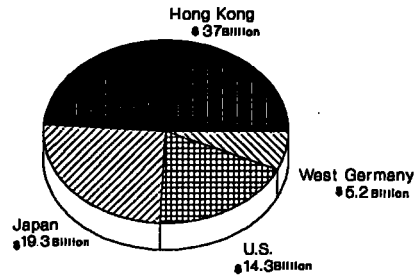
Heritage InfoChart

China's Leading Trading Partners, billions of current \$

Country	1983	1984	1985	1986	1987	1988
Hong Kong	7.9	12.2	15.4	18.0	26.3	37.0
Japan	10.0	13.1	19.1	15.7	15.8	19.3
U.S.	4.7	6.4	8.1	8.3	10.4	14.3
West Germany	1.8	1.9	3.1	4.1	4.7	5.2

Source: Direction of Trade Statistics Yearbook 1989, International Monetary Fund, Washington, D.C. 1989.

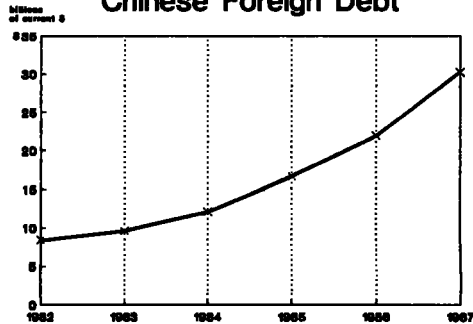
China's Leading Trading Partners 1988



Source: Direction of Trade Statistics Yearbook 1989, International Monetary Fund, Washington, D.C., 1989

Heritage InfoChart

Chinese Foreign Debt



Source: China Business Review, May-June 1988

Heritage InfoChart

account both our long-term interests and recognition of a complex internal situation in China.” The President also:

- ◆ ◆ Condemned the massacre in Beijing, offered humanitarian aid to the victims, and called for restraint from Chinese leaders.

- ◆ ◆ Suspended military sales to China and high-level U.S.-China military contacts.

- ◆ ◆ Opposed broad economic sanctions, but nonetheless sought (and received) a delay in loans to China by international institutions, like the World Bank.

- ◆ ◆ Warned against taking steps that could break U.S.-China relations, yet suspended all high-level reciprocal government exchanges.

In Congress, legislation was introduced that suspended:

- ◆ ◆ Military sales.

- ◆ ◆ Overseas Private Investment Corporation insurance for American business projects in China.

- ◆ ◆ The activities of the U.S. Agency of International Development’s Trade and Development Program in China.

- ◆ ◆ The export of U.S.-made satellites for launching on Chinese rockets.

- ◆ ◆ Any cooperation in the nuclear field.

- ◆ ◆ Further liberalization of export controls for U.S. products with potential military application going to China.

The Senate, moreover, proposed non-binding legislation urging suspension of Export-Import Bank loans to China and a review of U.S.-China commercial arrangements, including most-favored-nation status. Both the Senate and House called for linking U.S. policy to China to Beijing’s ending its repression of Tibet. Both the House and Senate authorized the President to “terminate suspensions” if there was progress toward political reform in China or if he deemed the lifting of a suspension to be in the U.S. “national security interest,” as the House called it, or “national interest” as the Senate called it.

Most of these sanctions were added to the State Department Authorization Bill and sent to Bush on November 16. He vetoed it for reasons not related to China policy. The bill was returned to the Congress and will be resubmitted to the President later this month.

In the past couple of months, Bush relaxed a number of sanctions on China, approving:

- ◆ ◆ Delivery in August to China of three Boeing 757-200 commercial jetliners that had been held back because their navigational systems have potential military applications.

◆ ◆ Export licenses in December for three satellites manufactured by Hughes Aircraft Company, a unit of General Motors Corporation, that also had been held back because of their potential military use. The Administration asserted that the satellites, to be launched by China but used by Australian and Hong Kong companies, are strictly for commercial use.

◆ ◆ Resumption in October of the so-called Peace Pearl project. This project oversaw the training of 40 Chinese nationals by the Grumman Corporation in New York and of two Chinese officers stationed at Wright-Patterson Air Force Base near Dayton, Ohio, all of whom will return to China to modernize China's fleet of F-8 fighter planes with American electronics.

◆ ◆ The lifting in December of \$39 million in Export-Import Bank loans for American commercial activities in China, emphasizing that the waiver "does not return the Export-Import Bank's activity to business as usual with China."

In the coming days, as Congress reconvenes, the event likely to draw the most heated debate over China policy will be Bush's decision to lift the suspension on high-level diplomatic exchanges with Beijing. It is now known that Bush not only dispatched two senior aides to Beijing for 25 hours of discussion in December but also had sent a mission to China in July. Possibly in response to this, Beijing on December 13 lifted the ban on reporters from the Voice of America which it had imposed in June; then, early this year, Beijing lifted martial law. And on January 18, Beijing released 573 persons who had been imprisoned for taking part in the democracy movement last year. This is not enough, say many Democrat and Republican members of Congress who are looking for China to ease its repression of reformers and students more significantly.

These congressional critics are right to be concerned about human rights in China. But they are measuring the Bush policy to China with the wrong instruments. High-level American-Chinese contact does not signify U.S. condoning of China's massacre of pro-democracy demonstrators, just as high-level American-Soviet contact in the days following the 1983 Soviet military's downing of a Korean Airliner did not condone that atrocity. Bush, moreover, should be trusted to conduct delicately nuanced relations with Beijing. He served as the chief U.S. envoy in China in 1975 and, as Ronald Reagan's Vice-President, six times traveled to China to address problems in the Washington-Beijing relationship. Congress thus should allow Bush to continue leading in formulating American policy to China.

Inhibiting the President. This does not mean that Congress abdicate its responsibility in China policy. Congressional action is the best reflection of the American spirit and sends the clearest message to Beijing that America condemns the Chinese leaders' treatment of their people. Writing sanctions into law that inhibit the President's flexibility in formulating policy, however, makes it too difficult for the U.S. to calibrate policy toward what is sure to become a fast-changing China.

American involvement in China has always been a long-term process in which there have been twists and turns. To be sure, there can be no return to business as usual so long as the leaders responsible for the Tiananmen Massacre continue their repression. But time favors a return to moderation: as many of China's top leaders are over 80 years old, Beijing's obituary columns hold the clues to China's future.

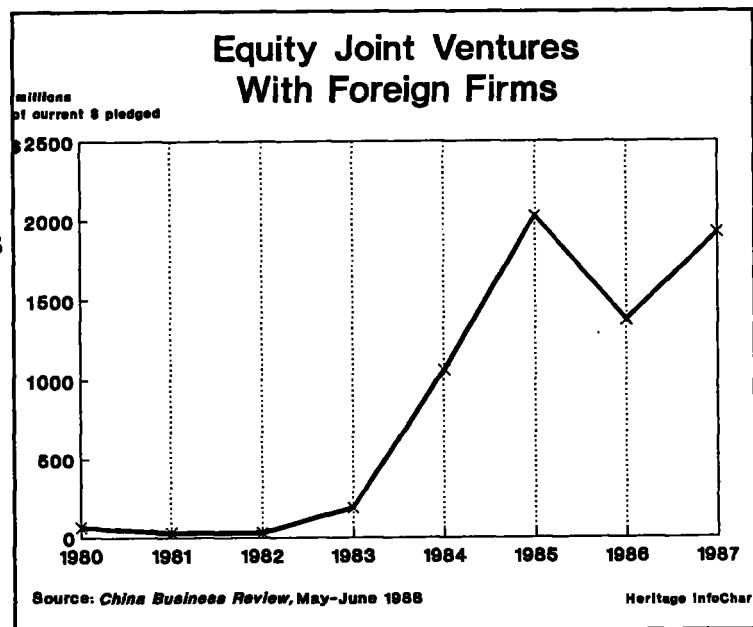
Among the policies Washington should pursue:

◆◆ Continue to make clear to Beijing American abhorrence of last June's massacre and of the continuing repression in China. At every level of contact and in every possible fora, Bush Administration officials and members of Congress should work to uncover the fate of imprisoned pro-democracy demonstrators. The U.S. should insist that Beijing make public the names of those jailed, the charges against them, and the dissident's mental and physical condition. Washington vigorously should seek information on the fate of the more well-known dissidents, including: Cao Siyuan, Chai Ling, Han Dongfang, Wang Dan, and Wang Juntao.

◆◆ Lift the sanctions that directly penalize the Chinese people. The U.S. should approve resumption of World Bank activities in China. This means the delivery of the \$750 million in loans suspended in June. New lending, however, should be modest and for projects directly designed to benefit the Chinese people. Examples: agricultural development or earthquake reconstruction.

◆◆ Seek the advice of the American academic, cultural, and commercial communities who work on the front lines of the U.S. relationship with China. Special attention should be paid to American businessmen. They have imposed the sanctions that really bite, the so-called "natural sanctions" of reduced, suspended,

or deferred business activity in China. These impose the greatest costs on the Beijing leadership. As such, Secretary of Commerce Robert Mosbacher should step up communication with the American business community involved in China; he must personally take a stake in representing their interests in overall policy formulation.



◆◆ Review the current ban on U.S.-China military exchanges. It should be appreciated that, as in Romania, the armed forces could emerge as a force for Chinese moderation and modernization. In the past decade, an increasing number of younger Chinese military officers apparently have come to see economic reforms as essential if the People's Liberation Army (PLA) is to receive the resources it needs. These officers may be prepared to argue that curtailing the reforms harms the PLA's interests. They also presumably may argue that military cooperation with foreign nations is vital to continuing the reform efforts. This is why Bush has been correct in continuing the Peace Pearl project. Other working-level contacts also should be pursued.

◆◆ In close consultation with the Congress, Bush should determine the immigration status of mainland Chinese citizens in the U.S. No Chinese student should be denied the right to remain in the U.S. if he or she fears returning to China. Bush explicitly recognizes this. Yet he also correctly is aware that the way that the U.S. gives refuge to Chinese students could damage future U.S.-China exchange programs. This is why he vetoed the so-called Pelosi Bill, proposed by Representative Nancy Pelosi, a California Democrat. Although her bill needlessly could escalate tensions with China, the House seems prepared to vote to override Bush's veto. All of the bill's provisions have been imposed by Bush by an executive order that waives for four years the requirement that foreign exchange students return to their countries for two years before they apply for any other American immigrant status. This means that Chinese studying in the U.S. need not return to China before seeking permission for long-term residency in the U.S. Bush's executive order also widens employment opportunities for Chinese students who were in the U.S. before June 5.

The clear-cut humanitarian aspect of the Chinese students' status is balanced by the danger that the U.S. could jeopardize the long-term future of U.S. exchange programs with China. If, as it appears is the case, the President's recent action on student visas is regarded in Beijing as less insulting than congressional action, though both actions achieve the same end, then presidential action should be pursued. U.S.-China exchanges change China. These programs' future, like Chinese students currently in the U.S., should not be endangered.

◆◆ Seek to resume the Fulbright Scholar Program. While many U.S.-China exchange programs have continued unabated, several were suspended by Beijing in retaliation for Washington's sanctions. The most visible was last August's suspension of the Fulbright Scholar Program. The Bush Administration correctly is pushing Beijing to resume it. Fulbright scholars have made an important contribution to Sino-American relations by fostering better Chinese understanding of American culture. They have trained Chinese scholars in American studies, published texts in conjunction with Chinese faculty, and forged ties between American and Chinese universities.

Foreign Radio Broadcasting to China, 1989

Country	Daily Program Hours
Republic of China on Taiwan	100*
Soviet Union	28*
U.S. (Voice of America)	13
Australia	8.5
North Korea	4.2
South Korea	4
Britain (BBC)	3.75

Source: *United States Public Diplomacy in China*, U.S. Advisory Commission on Public Diplomacy, Washington, D.C., 1989.

* Includes programs in more than one language and simultaneous broadcasts on different services.

◆ ◆ Conclude final arrangements for the new Peace Corps program in China. The program had been scheduled to begin last August, but was cancelled by Beijing on June 26. Bush yesterday revealed that the program is back on track. About 20 American volunteers are to teach English in Sichuan Province in southwestern China. They will be the first Peace Corps mission to any communist-ruled country.

◆ ◆ Speed the Voice of America's shortwave modernization program. The VOA is America's most powerful, direct, and effective means to provide accurate news and information about American policies and values to the Chinese people. It is estimated VOA's China audience is between 60 million and 300 million listeners. Lengthy delays in upgrading VOA equipment has impeded its ability to overcome China's jamming and reach large portions of China with a clear signal. Present plans to establish a VOA Tibetan Service should be delayed if this would free VOA frequencies and transmitters for broadcasting in Mandarin and English to China. Moreover, Washington should press Beijing to stop its jamming of VOA broadcasts to China. Such action violates international law.

◆ ◆ Support, in principle, Beijing's efforts to join the GATT. The Bush Administration should note, however, that such support is contingent upon China's commitment to the principles that govern the international economic community. Beijing's continued commitment to its previous decade of economic reform is integral to gaining U.S. support.

Most important, Washington should inform Beijing that its continued efforts to blackball Taipei in the international community will reduce U.S. support for China's bid to enter the GATT. In particular, Washington should tell Beijing that its efforts to block Taipei's formal application to enter the GATT, made on January 4, runs counter to U.S. interests. Indeed, the Bush Administration should suggest to Beijing that Taipei provides China an excellent example to be emulated as Beijing makes its bid to enter the GATT and other international economic organizations.

Taipei plays a role in the global economy far greater than its relative size and population. Twenty million Chinese on an island the size of New Hampshire have a per capita income of \$7,500 and foreign exchange reserves of \$73.4 billion, second in the world only to Japan. The Bush Administration should not hesitate to point out to China that there is a model for Mainland China's economic development right across the Taiwan Strait.

◆ ◆ Make clear the American interest in the future of Hong Kong, which reverts to Beijing's control on July 1, 1997. The American economic stake in Hong Kong is substantial and deserves strong representation. Senior Commerce Department officials, for example, should promote U.S. firms for the giant \$13 billion Hong Kong Airport and port facility construction. And the Congress should propose the formation of a "Joint U.S.-Hong Kong Committee for Scholarly Communication and University Development" under the auspices of the U.S. Information Agency. This committee could study means to increase and improve educational contact between the colony and the U.S. Education provides a reason for Hong Kong's young people to remain in Hong Kong and thus assures a credible work force for the international business community after the territory passes into China's hands.

CONCLUSION

Historically, political contention and partisanship have played a large role in defining U.S. policy to China. Indeed, since the beginning of this century, America's relationship with China seemingly has shifted with each presidency. In the past two decades, however, through four Republicans and one Democrat, the U.S. has succeeded in defining with China a common ground for one of the world's most important bilateral relationships. This development of broad U.S.-China cooperation is one of the most notable success stories in post-World War II U.S. foreign policy.

But with the carnage in Beijing this past summer, many in Washington once again question the rationale for broad U.S.-China cooperation. Partisanship and political contention between the White House and many on Capitol Hill have torn apart America's national consensus concerning China policy.

Such differences must be resolved. For one thing, China's importance in Asia has not been reduced because of the Tiananmen Square massacre. Indeed, the case for constructive U.S. ties to China is strengthened by the specter of instability on the mainland and consequent threat to U.S. interests in the Far East. A strong America-China relationship can help check the expansion in Asia of such potentially disruptive forces as the Soviet Union and, possibly, Japan.

America's Example. For another thing, American contact with China profoundly influenced last spring's pro-democracy movement in Beijing. Over the past decade, millions of Americans poured through China's open door, carrying with them the subversive nature of the American example.

Because powerful underlying forces for reform within China are likely to force Beijing to return to more moderate policies, U.S. policy should be formulated to keep the American example alive. Integral to this will be keeping the doors to China open where possible. As such, the U.S. clearly should voice its condemnation of Beijing's continuing repression but also should maintain those institutions and vehicles that have set the foundation for democratic ideas and principles on Chinese soil.

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APPENDIX FACTS ABOUT CHINA

Per Capita GNP in 1985\$	
1979	144.1
1980	151.5
1981	156.7
1982	167.1
1983	181.5
1984	203.7
1985	227.9
1986	242.7
1987	264.2

Source: *Asia-Pacific Report 1989*, East-West Center, Honolulu.

Regional Development: China's "Gold Coast"* Share of Development	
Share of Gross Industrial Output:	74.1%
Share of Industrial Output of Joint-Venture Enterprises:	82.9%
Share of Foreign Investment (1979-87)	85.0%

Sources: *China Statistics Monthly*, The University of Illinois at Chicago, March 1988; *Intertrade*, August, 1988.
* The "Gold Coast" includes the provinces of Guangdong, Fujian, Guangxi, Zhejiang, Shandong and Jiangsu and the cities of Beijing, Shanghai, and Tianjin.

U.S.-China Trade, in billions of current \$			
Year	U.S. Imports	U.S. Exports	Total
1979	0.7	1.7	2.4
1980	1.2	3.8	5.0
1981	2.1	3.6	5.7
1982	2.5	2.9	5.4
1983	2.5	2.2	4.7
1984	3.4	3.0	6.4
1985	4.2	3.9	8.1
1986	5.2	3.1	8.3
1987	6.9	3.5	10.4
1988	9.3	5.0	14.3
1989*	8.6	4.5	13.1

Source: Direction of Trade Statistics Yearbooks, International Monetary Fund, Washington, D.C., various years. *First nine months.

Top 10 Items of U.S.-China Trade, 1989*	
U.S. Imports	Billion of Current \$
Clothing and Apparel	1,942.3
Toys, Games, Sporting Goods	1,158.6
Electronics	1,078.2
Footwear	585.3
Travel Goods	457.6
Petroleum	362.0
Power Generating Equipment	245.7
Fish	181.6
Iron and Steel	167.3

U.S. Exports	Billions of Current \$
Cereals	961.5
Power Generating Machinery	754.5
Fertilizer	376.8
Aircraft	367.0
Scientific Instruments	297.7
Iron and Steel	230.2
Organic Chemicals	228.8
Cotton Yarn and Fabric	211.1
Plastics	188.2
Electric Machinery	183.0

Source: U.S. Department of Commerce.

* First nine months.

American Visitors to China	
1985	239,600
1986	291,800
1987	315,300
1988	300,900

Source: *China Business Review*, Sept-Oct 1989

**Tourism
Total Foreign Exchange Revenue
Earned
(millions of current \$)**

1979	449
1980	617
1981	785
1982	843
1983	941
1984	1,131
1985	1,250
1986	1,530
1987	1,840
1988	2,220
1989*	1,300

Source: *China Business Review*,
Sept-Oct 1989
* Estimated

Chinese Arms Exports

Year	millions of current \$
1979	210
1980	398
1981	501
1982	1,530
1983	1,813
1984	2,184
1985	716
1986	1,239
1987	1,000

Source: *World Military Expenditures and Arms Transfers 1988*, U.S. Arms Control and Disarmament Agency, 1989.

Type of Chinese Arms Exported

- ◆ Ballistic Missiles
- ◆ Anti-ship Missiles
- ◆ Anti-Aircraft Missiles
- ◆ Fighter Aircraft
- ◆ Naval Combatants
- ◆ Anti-Air and Field Artillery Pieces
- ◆ Tanks and Armoured Personnel Carriers
- ◆ Assault Rifles and Small Arms

**China's Arms Customers,
1983-1987**

Country	Millions of Current \$
Iraq	3,300
Iran	1,800
Egypt	550
Pakistan	270
Zimbabwe	120

Source: *World Military Expenditures and Arms Transfers 1988*, U.S. Arms Control and Disarmament Agency, 1989.

U.S.-China Military Exchanges

1985

◆ Gen. John Vessey, Jr. Chairman, JCS, and Adm. William J. Crowe, CINCPAC, are the first U.S. military officials to visit China since the founding of the People's Republic in 1949.

1986

◆ Secretary of Defense Caspar Weinberger visits China, Gen. John Wickham, chief of Staff, visits China, Yang Dezhi, Chief of General Staff, visits U.S.

1987

◆ Wang Hai, Air Force Commander visits U.S. Yang Shangkun, Vice Chairman, Central Military Commission; Fang Yi, State Councilor; Zhu Qizhen, Vice-Minister of Foreign Affairs; Xu Xin, Deputy Chief of Staff of the PLA and Ding Henggao, Minister of the National Defense, Science, Technology and Industry Commission visit U.S.

◆ Robert Costello, Asst SecDef for Production and Logistics, and Edward Aldridge, Air Force Secretary visit China.

◆ Charles Gabriel, Air Force Chief of Staff, visits China.

1988

◆ Gen. Maxwell Thurman, Commander of U.S. Army Training and Doctrine Command, visits China.

◆ William Burns, Director of ACDA visits China.

◆ Secretary of Defense Frank Carlucci visits China.

◆ Adm. A.H. Carlisle Trost, Chief of Naval Operations, visits China.

◆ Lt. Gen. Zhu Guang, Political Commissar, Chinese Air Force, leads delegation to U.S.

1989

◆ Larry Welsh, Air Force Chief of Staff, visits China.

◆ Vice Admiral Henry E. Mauz, Jr., Commander, 7th Fleet visits China.

Cancelled: Carl Vuono, Army Chief of Staff, Zhang Lianzhong, PLA Naval Commander

Source: *China Business Review*, Sept-Oct 1989