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The United States and China into The 21st Century

By Chas Freeman, Harvey Feldman, Harry Harding, and Richard Solomon

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JAMES PRZYSTUP, Director, Asian Studies Center, The Heritage Foundation: For the United States, as for China, this is a critical time. For the United States as well as for China, this is a critical relationship, one that will significantly shape the economic and strategic contours of the Asia-Pacific region. This is a region in which the United States has vital national interests at stake. Indeed, China's emergence as a great power, how it integrates into the international system or fails to do so, will be among the defining issues for the United States, for Asia, and for the international community for at least the first quarter of the next century. Our speakers today have played significant roles in the evolution and development of United States relations with China over the past 25 years. Looking ahead, their experience, both inside and outside the government, and their judgment should serve as useful and thoughtful guides in dealing with the challenges of the next century.

Chas Freeman is now Chairman of the Board of Projects International. A career Foreign Service Officer, he served as Deputy Director of the Republic of China desk in 1975-1976 and on the China Normalization Working Group in the late 1970s. He served then as Chargé and Deputy Chief of Mission in Beijing from 1981 through 1984 and as Assistant Secretary of Defense for International Security Affairs from 1993 to 1994. He also served as United States Ambassador to Saudi Arabia from 1989 to 1992. He has recently returned from a visit to Beijing and Taipei.

Harvey Feldman, likewise a career Foreign Service Officer, spent the better part of his foreign service career in the Asia-Pacific region, serving in Hong Kong, Taiwan, and Japan. He was the State Department's Country Director for the Republic of China at the time the United States was normalizing relations with the People's Republic of China. He was involved in working out the United States post-normalization informal relationship with Taiwan which is embodied in the Taiwan Relations Act of 1979. He also served as Ambassador to Papua New Guinea.

Harry Harding is the Dean of the Elliott School of International Relations and Professor of International Affairs at the George Washington University. Harry is a true scholar of China. Author of *A Fragile Relationship: The United States and China Since 1972*, *China and Northeast Asia*, and *China's Second Revolution: Reform after Mao*, and *Organizing China: The Problem with Bureaucracy 1949-1976*, he is now working on a book on Greater China.

Dick Solomon, now President of the United States Institute of Peace, worked for Henry Kissinger at the opening of United States relations with the People's Republic of China. He served under George Shultz as Director of the State Department's Policy Planning Staff and then as Assistant Secretary of State for East Asian and Pacific Affairs and later Ambassador to the Philippines during the Bush Administration. Dick has just returned from a trip to China.

As someone who's had the good fortune of having worked for Dick Solomon and Chas Freeman and with Harry Harding and Harvey Feldman, it is a real pleasure to welcome them today to The Heritage Foundation.

CHAS FREEMAN: Thank you very much, Jim. I'm going to go right into the subject of U.S.-China relations and a variety of issues that have arisen in those relations.

On one level, U.S.-China relations are flourishing. Economic interaction and cultural exchange are very healthy elements of Washington's relationship with Beijing, but political relations are deeply strained. They are drifting. The situation is highly unstable for several reasons which I will address.

The recent so-called summit meeting in New York between President Jiang Zemin and President Clinton was a great success in the sense that the highest aspiration of both sides was to prevent further deterioration in their relations, and that objective was achieved. The meeting accomplished virtually nothing in positive terms and left many questions unresolved. Indeed, it may have inadvertently confirmed a Chinese view that the United States is indifferent to the fate of Taiwan. The Taiwan issue, which is the central issue in U.S.-China relations at the moment, continues to be one that the Administration does not wish to address, and which the Chinese are happy to see the United States neglect.

It is often stated in this city that the strain in U.S.-China relations on the political level is the product of some sort of succession crisis in Beijing, or of domestic difficulties in China. Neither proposition can stand up to scrutiny.

First, the succession has in fact occurred. One of Deng Xiaoping's great achievements is to be a Chinese leader who turned over to others responsibility for leading the country while he was still alive—something that is rare in Chinese history and which will be a great contribution to Chinese political culture if others emulate it in the future. There are differences between leaders in Beijing just as there are differences in every capital between political leaders (we've just had an illustration of that in this city), but to describe this as a power struggle in terms of the 1950s, 1960s, or 1970s is a gross overstatement.

The second issue that is cited is the four difficulties that China faces domestically, which some would call crises. I do not call them crises because they are not urgent; nor are they impossible to resolve. But there are four major difficulties facing the new Chinese government.

1. The first is **a spiritual or ideological vacuum.** The Chinese people are cynical about ideology, and nationalism alone now serves as a strong force for Chinese unity. Nationalism is not a congenial principle in terms of management of difficult issues like the Taiwan question.
2. The second problem is **the pattern of Chinese economic development**, which has rested on bureaucratic entrepreneurship. When bureaucrats buy and sell things, people buy and sell bureaucrats. In other words, corruption is the inevitable result. From the point of view of the Chinese populace, corruption is probably the central issue in Chinese politics at present.
3. The third problem is **the lack of definition of relationships between the center and the provinces.** This is not a crisis; things work. Thirteen percent economic growth for the last three years or so is not bad by any standard; it was 10 percent for the previous decade. Yet the center is trying to do things which it is incapable of doing, and the provinces are trying to do things which they are incapable of doing. The result is confusion and a measure of unpredictability about decisions that are important in economic and political terms. This is an issue which must be addressed.
4. The final problem, I believe, is in **the context of rising nationalism and an inadequate structure for civilian control of the military.** I will leave that for a later discussion.

These factors do have an influence on U.S.-China bilateral relations, but it is not the decisive influence. Let me simply make an obvious point. China now enjoys its best relations in history with most of the world's great powers. The relationship between China and Russia is the most equal and healthy that it has been in two centuries. Relations between China and the great powers of Europe—including Britain, where differences over Hong Kong have recently been set aside; Germany, which is actively courting China; and France, which after some difficulties over the Taiwan question has returned to the good graces of Beijing—are all as good as they have ever been in this century. Relations between China and Japan, due to careful management by both sides, have not been troubled as they were in the past. They are probably the best that they have been in many, many years. Relations with India are the best since the 1950s. Only the United States is an exception.

If we look for why this is the case, perhaps we should look not in Beijing, but here. American relations with Japan and Britain are the least cordial and effective they have been since World War II. Relations with Germany are the least intimate they have been since the 1950s. Relations with France are the most strained they have been since the early 1960s. U.S. relations with Russia are deeply troubled, and relations with India still fall far short of their potential. So perhaps we should ask why China should be the exception in U.S. foreign relations, rather than looking for explanations inside China. Nevertheless, the fact is that U.S.-China relations have taken some very hard knocks over the past five or six years. Remember how this relationship began. It began at the outset of the 1970s, based on a common strategic concern with Soviet expansionism. It rested on several principles.

The first was to pursue, first, strategic dialogue and later, after 1979's normalization agreement, strategic cooperation. The second was to live and let live in terms of ideological differences and the differences between the two societies' cultural and social traditions. Mutual tolerance rather than mutual harping and criticism were agreed. We set aside regional differences—even major ones about the Vietnam War at the beginning of the 1970s—in order to pursue these larger interests in cooperation.

This relationship also entailed a series of very delicate compromises on the issue of Taiwan. These centered on American acknowledgment, and then recognition, of the principle that there was only one China and that Taiwan is part of China. In the first instance, this was a common belief in Taipei and Beijing. In the normalization communiqué, it was the position of the Chinese government recognized by the United States.

This principle of managing relations with Taiwan found expression in three communiqués. Let me review those briefly. The Shanghai Communiqué of 1972 abandoned U.S. policies of containment towards China and reached a compromise on the Taiwan issue, taking the United States out of the middle of the Chinese civil war while expressing the expectation and hope that the Chinese parties concerned on either side of the strait would work out a peaceful solution.

The Normalization Communiqué replaced the strategic dialogue initiated in the Shanghai Communiqué with strategic cooperation. It strengthened the U.S. formula with regard to Taiwan, acknowledging the Chinese position that Taiwan is part of China and that there is only one China. It recognized Beijing as the site of the only legal Chinese government and traded form for substance in U.S. relations with Taiwan so that the United States—within the context of recognizing one China and Taiwan as part of China—would be able to maintain economic, cultural, and other unofficial ties with the people of Taiwan.

In August of 1982, the tacit normalization understandings about arms sales to Taiwan were made explicit and strengthened. China acknowledged that U.S. arms sales to Taiwan would continue, and the U.S. agreed to cap the quality of those arms sales and to reduce them step by step, leading over time to a final resolution of the dispute.

This is the history.

From the Chinese perspective, the United States has now strayed from or explicitly violated every one of the undertakings that I have just cited. This is the core of the problem from Beijing's point of view. From the American point of view, I would say, events from 1989-1991 destroyed the agreement to set aside ideology in the interest of strategic cooperation and replaced tolerance with strident criticism of Chinese human rights practices and an ideological confrontation, which has continued. These events then destroyed the strategic triangle. The Soviet Union itself—the common enemy—disappeared. At the same time, Taiwan began to withdraw from the consensus it had previously enjoyed with Beijing, that it was part of China and that the division of China was an unnatural state of affairs which time and dialogue should repair. And, finally, over this period, the United States abandoned an effort we had conducted for 15 years to integrate China into global institutions. Increasingly, global institutions were crafted with China on the outside. That was the case with the Missile Technology Control Regime. It was the case with the Australia Group. More recently, it is the case with the successor to COCOM—the New Forum. We thus have guaranteed that these global regimes will be a source of friction in U.S.-China relations. China will not be bound by rules that it did not participate in crafting. Frankly, none of these regimes can work because they exclude one of the principal actors with regard to their subject matter.

Let me turn now to the present and close.

This drift and the absence of consensus on a strategic framework for the relationship, the absence of strict adherence by either side to understandings that have been reached, and the emergence of a strong drive in Taiwan for a separate international identity have come together to produce the collapse of mutual confidence and trust. They have engendered Chinese effort to deal with the Taiwan issue separately from the United States. In the late spring, the Chinese saw Lee Teng-hui come here and Lien Chan (the Prime Minister) go to Europe. They saw an offer of a billion dollars to the United Nations for a separate seat for Taiwan. They interpreted these things as a major offensive by Taiwan against the status quo, and a breaking of the tacit modus vivendi which had preserved peace in the Taiwan Strait. Their response has been somewhat erratic but has settled down into the following pattern. You might call this *xuan ying jian shi*—soft and hard policies simultaneously applied.

First, the hard policy. It is clear that in the summer the People's Liberation Army received authorization to use force against Taiwan to re-impose a modus vivendi in the Taiwan Strait. Of the series of exercises to be conducted, two of six known to be scheduled have already been carried out. One is apparently about to begin. These exercises are not an empty show of force. They are a campaign of military intimidation which could, and may well as the coming year unfolds, extend into the actual outbreak of combat in the Taiwan Strait and even strikes against Taiwan targets. This campaign of pressure will continue until Taiwan returns to the modus vivendi from which it strayed over the preceding year.

On the soft side, at the same time that this pressure is being applied, the PRC has escalated indications of flexibility in terms of reunification. Without getting into detail, I can say that Beijing has very clearly signaled to Taiwan that many things which had previously seemed nonnegotiable are now up for negotiation.

From the point of view of the United States, which had hoped that the Taiwan issue was behind us, this is a most unfortunate set of developments.

There are many people in Taiwan who are convinced that the United States has a commitment to come to Taiwan's aid in the event that its actions provoke conflict with the mainland. They are not correct. There is no such commitment, and Taipei should not bank on such American steadfastness in pursuit of objectives that the United States has not endorsed.

Beijing for its part contains many people, including senior members of the Chinese military, who are convinced that the United States will not intervene in the Taiwan Strait or come to Taiwan's assistance in the event of conflict arising. These people, too, are mistaken.

They base their conclusions on the following factors: first, that the United States is legally stopped from intervening in Chinese internal affairs and that Taiwan is a matter of Chinese internal affairs: second, that the American performance in Bosnia and in Somalia demonstrates a lack of resolve which would also be played out in the Taiwan Strait; and third, that while Taiwan is a vital interest of China which the Chinese explicitly state they are willing to sacrifice millions of people and entire cities to manage, it is not such an interest for the United States. Nor is the United States prepared to make comparable sacrifices.

This is not a happy situation. In a legal sense, the Taiwan issue may well be a matter of Chinese internal affairs—that is not something I wish to dispute—but in a strategic sense, it is anything but a local matter. The implications of conflict in the Taiwan Strait reach well beyond the immediate region of Greater China in two senses. First, I believe it is true that the region sometimes called Greater China—that is, the region of "Straits China," the region from Shanghai to Hong Kong, including Taiwan—will determine the future of China. The future of China will determine the future of the Asia-Pacific region. I believe it is most likely that the future of the Asia-Pacific region will determine the future of the world, at least for the next century or two. Second, if there is conflict in the Taiwan Strait the United States will indeed have to make a decision about whether we intervene or don't.

If we don't intervene, I believe the strategic consequences are enormous. The United States has no intrinsic strategic interest in Taiwan, but we do have an interest derived from our responsibility for the strategic defense of Japan. That interest, plus his ideology of anti-communism, is what led MacArthur in 1949 and early 1950 to dissent from the Truman Administration's decision to let the People's Liberation Army conquer Taiwan without opposition. He sat in the imperial army headquarters in Tokyo. Like everyone before him who had sat there from the time of the Meiji restoration, he saw the strategic importance of Taiwan to Japan's defense. Therefore, when Kim Il-Sung attacked South Korea on June 25, 1950, the Seventh Fleet was interposed in the Taiwan Strait for two purposes: to prevent the spread of the Korean War and the outbreak from its existing borders of the Sino-Soviet bloc and, second, to discharge American responsibilities for the strategic defense of Japan. If the United States did not come to Taiwan's aid, and if we do not manage the Taiwan question in a suitable manner, Japan will feel betrayed. This is not simply a matter of strategic betrayal. It has emotional overtones. There are many people in Taiwan who have fond feelings for Japan and many in Japan who have fond feelings for those Taiwanese. This is rather unusual in Asia. In fact, Taiwanese are by far the most admiring of Japanese among Asians. This is a close emotional relationship. If Japan cannot count on the United States to defend its strategic interests, it must do so itself. That means Japan must assume responsibility for its own defense. That is Japanese rearmament.

If the United States does come to Taiwan's assistance in the event of conflict, we must use bases in Japan to do so. That will pose a terrible dilemma for the Japanese government. One strategic imperative of Japanese policy is to avoid a hostile relationship with the mainland of China. It would have to choose between that strategic imperative on the one hand and its interest in maintaining the U.S. alliance and its strategic interest in Taiwan on the other. I believe Japan would choose the United States and Taiwan. I also believe no future Japanese government would ever be willing to be put in a position again in which foreigners made such a momentous strategic decision for Japan. The result in this case would be rearmament, but at a slower pace.

So whether the United States chose to intervene or not, whether the PRC succeeded in bringing Taiwan within its orbit or not, the Taiwan issue has the potential to overthrow the entire Asian-Pacific strategic balance: not simply to poison U.S.-China relations for decades, but also to break the U.S.-Japan alliance and to reignite rivalry between Japan and China, with all of the implications in terms of an Asian pattern of containment of China that this might itself set off. Therefore, I believe the drift in U.S.-China relations, the failure of the United States and China to manage the Taiwan issue, and the very rash actions which Taipei has been taking are a great danger to the peace and security of the East Asian and Western Pacific region.

HARRY HARDING: It's a great pleasure to be here this morning, and especially to see so large an audience, containing people every bit as knowledgeable about China as the four of us on this panel. The size of the crowd is not only a tribute to the convening power of Jim Przystup and his colleagues at The Heritage Foundation, but also an indication of the widespread interest in China's growing role in world affairs. As Chas Freeman has just said, China will be the determining factor in the future of the Asia-Pacific region.

Chas's remarks have focused on the Taiwan issue. I want to look more broadly at the U.S.-China relationship, organizing my comments around three headings. First of all, I will suggest why we have legitimate cause for concern about the future of China. Second, however, I will argue equally fervently that we should not exaggerate our concern about China, but should keep the rise of China in perspective. And finally, I'll draw the implications for American policy. I'll suggest that neither of the two policy alternatives most usually discussed—containment and engagement—is a fully adequate or appropriate strategy for dealing with China in the decades ahead.

Why are we concerned about the rise of China? Different people will give you different answers to this question. Some would stress China's domestic circumstances: that it remains a Communist country, or that it is not yet democratic. My concern is more with China's international behavior, and with the nature of the international community surrounding China. I can summarize my concern in the following four points:

❶ First of all, we are concerned because we are seeing a dramatic increase in China's national capabilities, both its economic capabilities and, at least potentially, its military capabilities. We see rapid economic growth, we see significant increases (at least in nominal terms) in the official Chinese military budget, and we see a commitment to acquire force projection capabilities. We also know from the historical record that China is willing to use force to achieve its national objectives, even when others might argue that the odds are against it or that it is not fully rational in doing so.

❷ Second, we realize that China is not a status quo power. It is a *demandeur* both regionally and, to a degree, globally. Its most obvious demands involve its territorial claims, most notably to the South China Sea and to Taiwan. It is also clear that China seeks major power status and the acknowledgment of that status by others. It seeks to

expand its influence in the institutions and forums that make decisions economically and strategically for the region and the world. China's ambitions are being fueled by rising nationalism. This is not just an elite-sponsored nationalism; indeed, I do not yet see any concerted attempt by the Chinese government to fan the flames of nationalism. Instead, this is largely a popular nationalism, emerging among young people and urban intellectuals, many of whom we might have supposed were predisposed to the United States and to the West.

❸ Third, China is not proving to be fully cooperative in various international regimes and relationships, both multilateral and bilateral. It is very skeptical about non-proliferation regimes, about arms control and disarmament regimes (especially in the nuclear field), about environmental regimes, about many global and regional economic regimes, and about some of the bilateral trade agreements that it has undertaken with the United States.

❹ Finally, the environment surrounding China, a very important determinant of any country's international behavior, is not entirely stable. There are long-term uncertainties about the balance among the major powers in the region, and about their political relationships. There are important potential flash points around China's periphery, including the Korean Peninsula, the Taiwan Strait, the South China Sea, and Indochina more generally. Key countries that are strategically important to China have uncertain domestic futures, particularly Burma, Cambodia, Mongolia, and North Korea. The collapse or the fragmentation of these countries could produce pressures or opportunities for Chinese intervention.

But while all of these developments are grounds for concern, I want to emphasize that alarmist thinking is not warranted at this point. The Chinese make a distinction between *guanxin,* which means to be concerned about something, and *danxin*, which means to be very worried about something. My attitude towards China currently is much more one of concern than it is one of alarm. This is because each of the four points I've mentioned requires immediate qualification.

First, let me return to China's capabilities. It is very dangerous to make the kind of straight-line long-term forecasts that figure so prominently in the discussion of China's future here in the United States. Although the Chinese may not be facing an acute or immediate crisis along any of the four dimensions that Chas Freeman identified, it is facing chronic problems that are potentially extremely serious. Indeed, one discovers that as one travels around the periphery of China, other Asian countries are at least as concerned about China's long-term weakness as they are about its long-term strength. Or, to put it differently, they are as worried about the unconventional security threats that would come from collapse as much as they are concerned about the more conventional security threats that would come from strength. In contrast, the analysis of China in the United States has not yet fully come to grips with the challenges to China's continued economic and social success in the middle to long term.

With regard to the military more specifically, to say that China is increasing its nominal military budget and is seeking to acquire force projection capabilities does not mean that China is in a position immediately to attain this kind of modern military force. China remains far behind the United States and other major powers technologically, and will remain so for many years. While we should monitor China's military preparations very carefully, I don't think we should overreact to them.

Second, although China is not a status quo power, it also is not a revolutionary power or even a power that seeks major changes in the international system. In the 1960s, China was exactly that: a revolutionary power that sought to overthrow every single major international institution from the United Nations to the World Bank and to promote revolutionary insurgencies throughout the Third World. Today, in contrast, China does not seek to undermine international institutions, but rather to expand its role within them, just as a claimant to major power status might be expected to do. Although this is a matter of some concern, it is not as threatening to the international community as is the behavior of truly revolutionary powers that regard the international structure as fundamentally illegitimate.

Third, with regard to China's willingness to cooperate, I'm editing a volume on the patterns of cooperation in China's international conduct, which I hope will appear in print sometime next year. The basic thesis of the book is that, although China is by no means fully cooperative in international affairs, it has become increasingly cooperative over the last 150 years. Chinese leaders have come to understand that they need cooperative international interaction to achieve their domestic and foreign objectives. They are therefore increasingly willing to work within international institutions and to forge cooperative relationships with other countries. The pattern of China's behavior—albeit more in the economic realm than in the security sphere—has increasingly been to accept the strictures of the international community.

Finally, although the environment surrounding China is not entirely tranquil, still, in comparison with other regions, the Asia-Pacific region is one of the most vibrant and stable in the world. There are no power vacuums into which China can easily expand. There is a good chance of dealing constructively with the flashpoints and unstable countries around China's periphery. So the situation today is very different from the situation that confronted the last aspirant to major power status in Asia, namely Japan in the 1920s and 1930s. At that time, Japan faced a China in collapse and a number of European colonies in Asia at a time of European retrenchment. That was obviously a much more unstable and less vibrant international environment than we see in Asia today.

Let me turn finally to the third section of my remarks, about the implications for U.S. policy. I'm not satisfied with any of the three major alternatives which have been put out on the table in recent years. The first of these is one that I didn't even mention in my introductory remarks because, fortunately, it has begun to fall out of favor: a policy of fragmenting China, encouraging its breakup into its constituent regions and provinces. There's an internal contradiction in that policy that I've never been able to fully understand. If China were really so weak that we could cause it to break apart, then why would it pose such a threat to American security that a policy of fragmentation would be warranted? Moreover, a policy of fragmentation would be guaranteed to ignite precisely the kind of Chinese nationalism that it is in our interest to avoid. And even if we were successful in catalyzing China's disintegration, the fragmentation of that country would be an extremely messy process that would have security consequences very detrimental to the interests of the United States and its allies. So a policy of fragmentation fails, with regard both to the end that it pursues and to the means that it entails.

Containment is, of course, the policy that is more frequently presented these days as an alternative to the Clinton Administration's approach. In my judgment, the analysis of China's intentions and capabilities that I have presented does not warrant a strategy of containing Chinese influence or seeking to hamper China's rise to major power status. Were we to do so at this point, we would find ourselves engaging in a self-fulfilling prophecy, creating a hostile China. In addition, we would find that no other Asian government—not Japan, not South Korea, not Southeast Asia, not even Taiwan or Vietnam—would join us in this undertaking. So we would be taking on China absolutely alone, condemning ourselves to an adversarial relation-

ship with China and therefore to a second Cold War. If it's necessary, a containment policy can, of course, be adopted later. But it is by no means an optimal choice for the United States, and it is neither necessary nor desirable for us to select this strategy under present circumstances.

The alternative that the Clinton Administration puts forward is the policy known as "comprehensive engagement." There are several problems with this strategy. One is that the key word, "engagement," has so many different meanings that it is very difficult to explain it to anyone else. It could denote, for example, a betrothal or an agreement to get married—certainly not what it means in this particular case. It could mean a military battle, which is what many Chinese believe that it means. Or it can mean a meshing of gears or a process of dialogue and interaction, which is what the Clinton Administration wants it to mean.

But even if we go beyond the semantic confusion that surrounds the term "engagement," we find that it refers to process without substance. Our engagement with China is guided by what vision, and directed at what objectives? In the end, the concept of engagement is an empty one. It refers to dialogue and interaction but does not give a clear sense of what American objectives are. As short-sighted and ill-conceived as they are, at least the concepts of fragmentation and containment tell you very clearly what American goals towards China would be.

So what's the alternative? Well, I've never been a good phrase-maker, and I'm not entirely satisfied with the word that I will put forward. But I would recommend a policy of integration: attempting to integrate China into an increasingly vibrant community of nations in the Asia-Pacific region in which the United States is also an active participant. In other words, our policy should be to encourage the expansion of China's bilateral political and economic ties with its neighbors and its active and responsible participation in the emerging economic and security institutions that are being established in the Asia-Pacific region.

Now, people in the Clinton Administration might well say that that is what they mean by "engagement," even though they don't spell out their objectives quite so clearly. But I think there are some significant differences between a policy of engagement and a policy of integration. First of all, by talking of integrating China into a regional community, we immediately put our policy in a multilateral setting and not just a bilateral one. A policy of integration implies that we work together with our friends and allies in the Asia-Pacific region to enmesh China in a system of mutually beneficial bilateral and multilateral institutions. In short, whereas engagement is an essentially bilateral strategy, integration is inherently multilateral, although successfully managing the bilateral relationship between China and the United States would be a prerequisite for its success.

Second, a policy of integration would require us to identify our common interests with China more clearly, as well as to delineate our concerns about Beijing, something that the Clinton Administration has still not fully done. We might say that we welcome China's emergence as a major actor in the international economy, including its ability to export to other countries, but that we are also asking that China open up its own markets to trade and investment from other countries, including the United States. We could make clear that we welcome China's growing prosperity, which is good both for the Chinese people and for the rest of the world, but that, at the same time, we are concerned about the environmental consequences of Chinese industrialization. We should indicate that we acknowledge China's right to national security and to a reasonable defense establishment, but that we are very concerned about the possibility that China's growing military capability could be destabilizing to the Asia-Pacific region, especially when not conducted in a transparent way. And we could say that we respect the desire of both the Chinese leaders and the Chinese people for political stability, but that

we believe that genuine stability can be achieved better through a process of gradual and sustained political reform than through repression alone. That kind of statement, identifying both our common interests and our differences with the Chinese, would be an important element of an integration policy. Such a statement of American objectives has generally been absent from the articulation of our engagement policy thus far.

Finally, because of its multilateral dimension, a policy of integration alerts us to the importance of not just having a clear strategy towards China, but also promoting the stability and vitality of the region as a whole. Security threats are not produced simply by the rise of an ambitious or irresponsible major power. Rather, they are created by the rise of such a power in an international environment that provides it with either nettlesome provocation or easy opportunities. It's therefore very important for us and our friends in the region to maintain an international environment that sends a very clear signal to the Chinese:

❶ We welcome you into our international community on mutually beneficial terms.

❷ We are not going to do things that impinge upon your vital national interests.

❸ We are not going to create easy opportunities for you to take unfair advantage of.

❹ If you attempt to take unreasonable advantage of those opportunities, you will find that the community will come together to resist your encroachments and that it has both the resources and the political will to do so.

So in sum, although this policy of integration is obviously closer to engagement than it is to either containment or fragmentation, I think there are three differences: It positions the United States as part of an Asia-Pacific community seeking to integrate China, rather than focusing so narrowly on our bilateral ties with Beijing; it identifies our common interests with the Chinese, as well as the areas in which we differ; and it places as much emphasis on managing the regional setting surrounding China as on trying directly to influence Chinese thinking and behavior.

HARVEY FELDMAN: I am not nearly as apocalyptic as Chas and I fear probably not as brief as Harry, so I hope you will bear with me, particularly because I want to examine the Taiwan leg of this triangular relationship between Washington, Beijing, and Taipei in a way that we haven't quite come to grips with yet. And the first thing I have to say is that it seems to me that for some 50 years now, our China and Taiwan policies have been built upon an interlocked set of confusions and misperceptions. From 1950 to 1979, we took the position that China's legal government somehow was lodged in Taipei. Since 1979 we have genuflected to Beijing's position that it is also the government of Taiwan. Each of these stances is as totally unrealistic as the other.

As Chas pointed out, successive administrations have said that our China and Taiwan policies are based on the three communiqués which he enumerated: Shanghai '72, the Recognition Communiqué '78, and the August 17, 1982, communiqué decreasing arms sales to Taiwan, plus something called the Taiwan Relations Act. There are substantial contradictions among these documents and an even more basic misunderstanding of what they mean in their legal effect. The three communiqués are policy statements by the Nixon, Carter, and Reagan Administrations. Although the Bush and Clinton Administrations also have adhered to their terms, the communiqués are not a body of law, international or domestic. Embedded in them is the famous "one-China policy" so often cited to us by White House and State Department spokesmen and others as the rationale for a policy which seems so often to be irrational.

The Recognition Communiqué signed by Carter in '78 is the one-China formula most often quoted: "the government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China." This is a unilateral statement of position; it is not a treaty. Nor does it mean, despite what Chas has said, that the United States accepts the PRC position that Taiwan is a part of China. Had we said, for example, the government of the United States of America acknowledges the Chinese position that Mao Zedong sits on the right hand of God and has learned to brush his teeth, that wouldn't mean that we believed it. It would mean that we understand that is what the Chinese government believes to be the case. The acknowledgment formula is an elegant way of saying we hear you and we don't contradict you.

By contrast, the Taiwan Relations Act, Public Law 96-8 of April 10, 1979, is the law of the land. It establishes a continuing relationship between the United States and Taiwan on an unofficial basis to "preserve and promote extensive close and friendly commercial, cultural and other relations." It also states that the United States considers "any effort to determine the future of Taiwan by other than peaceful means including boycotts and embargoes is a threat to the peace and security of the Western Pacific area and of grave concern to the United States."

The language "threat to the peace and security of the Western Pacific area" was chosen by the Congress for a very specific reason. It replicates the language of Chapter Six, "peaceful settlement of disputes," and Chapter Seven, "action with respect to threats to the peace," of the United Nations Charter. Moreover, in a statement which is reminiscent of the former Mutual Defense Treaty with the Republic of China, the Act goes on to say, "the president is directed to inform the Congress promptly of any threat to the security of the social or economic system of the people on Taiwan and any danger arising to the interests of the United States therefrom. The president and the Congress shall determine in accordance with Constitutional processes appropriate action by the United States in response to any such danger."

There can be no question that the TRA mandates a much closer relationship with Taiwan and with its people than is contemplated by the three communiqués and, of course, a much closer relationship with Taiwan than the PRC has wanted us to have. From Carter on, administrations have been pressured by Beijing to ignore the plain meaning of the Taiwan Relations Act and to cut back on that relationship. In varying degrees, all have been willing to do so, reinterpreting the law to suit policy considerations and presumed economic interests. These contradictions were much easier to deal with when Taiwan was, like the mainland, a police state with all the apparatus of repression, the political prisoners and so on and so forth. Under those circumstances the pretensions of the government on Taiwan could be and were treated with a kind of amused contempt, and the United States concentrated on getting on with Beijing while still doing business with and admitting students from Taiwan. And, of course, the central core of this policy was the need to add China as a makeweight in the worldwide struggle with the Soviet Union.

But now the situation has changed. Not only is the Cold War over, but in a remarkably short period of time Taiwan has evolved into a full fledged democracy. It is no longer that authoritarian police state. In fact, for the first time in all four thousand years of Chinese history, there is a multiparty democracy, a free press, no political prisoners, a representative Parliament in which seats are contested at election time. And the major opposition party was recently given license to own and operate a television station. Next March, the head of state on Taiwan will be chosen by free popular vote, again something unique in Chinese history. Moreover, the division of national income on Taiwan is probably the most egalitarian in all of Asia and far more egalitarian than here in the United States. To top it all off, the government in Taipei no longer asserts any claim to be the legitimate government of all China. It takes the po-

sition that within the broad historic and cultural entity of China, there are now two governments, that each of them rules a defined territory, that each has all the attributes of sovereignty that entitle it to recognition. The government in Taipei points out that the government in Beijing has never since its founding on October 1, 1949, ruled Taiwan even for a single day.

So, under these circumstances, what should American policy be? Well, we're often given the mantra that goes: PRC is very, very large; PRC is a major military power; PRC is a growing economic power; PRC has a seat on the Security Council; Taiwan has none of those things. Therefore, the PRC is very, very important to us and Taiwan is not important at all, except perhaps, as Chas suggested, strategically in the case of Japan.

I would make a different argument. Twenty-one million people, the population of Taiwan, is not an inconsiderable amount of people, unless you're comparing it with the population on the mainland. Twenty-one million people is, after all, the population of Australia plus New Zealand plus all the rest of the South Pacific combined. The PRC is much larger, but I don't know that size ought to be the criterion of American policy. If size were the criterion, we would have taken the part of Indonesia back in the Sukarno days when it was in confrontation with Malaysia, the Philippines, and Singapore. In fact, if size were the criterion, we would never have founded NATO because, after all, the Soviet Union was very, very large and had a very large army and a seat in the Security Council—all the things that China has.

In fact, policies should not be determined by size but by interests. We have a great many of these with the PRC, and they are often interests that deal with issues of global reach. We want PRC cooperation with the Security Council on non-proliferation matters and on specific problems of trade. In fact, the issues that we have on our China agenda are a great many indeed: PRC export of nuclear technology to Pakistan and perhaps to Iran; PRC shipments of missile components to Iran and perhaps Iraq; drug trans-shipment through Yunan; piracy of American intellectual property; the question of cooperation to restrain the North Korean drive to acquire nuclear weapons; export to the U.S. of prison-made goods; reneging on commitments to allow Red Cross visits to political prisoners; and, of course, the terms of entry into the World Trade Organization. This is without even getting into the question of PRC violation of the norms of human rights and fundamental freedoms as defined by the United Nations Charter and by international instruments which the PRC itself has signed.

The list is long and obviously contentious, but I have to say that the fact that it is long and contentious is not the result of American ill will. In almost every instance, everything that is on our agenda puts us in the position of asking Beijing either to make good on a promise which it had given us previously, to remain faithful to an international obligation which it voluntarily assumed, or to adhere to a standard agreed to by the international community at large.

From Beijing's point of view, of course, we look like an obnoxious bill collector who comes knocking at their door at all kinds of awkward times. But, in fact, the bills are important and the debts were honorably incurred. It's hard for me to take seriously the argument of some who say that by asking the PRC leadership to make good on these promises that they've given, and to live up to the agreements they have signed, we are convincing them that we have become a hostile power adopting a policy of containment.

We've often been told that how the U.S. behaves with respect to Taiwan is going to directly affect how the PRC responds to that specific agenda and, therefore, we have no choice but to reject Taiwan's hopes for better treatment at our hands because we need the PRC. We need the PRC, goes the litany, and we don't need Taiwan. Therefore, in the larger interests of regional

stability and world peace, we have to take account of Beijing's sensitivities, and especially those sensitivities that concern Taiwan. But it seems to me that the claim that PRC behavior on regional and world issues is conditioned by how the U.S. behaves with respect to Taiwan is simply farfetched. How we deal with Taiwan will certainly affect our relationship with Beijing. It may mean that things might get pretty cold. But Beijing sold nuclear technology and missiles to Iran long before Lee Teng-hui was admitted to the United States to speak to an alumni group at Cornell. The PRC's claim that the entire South China Sea is their territorial water has nothing to do with Lee Teng-hui's visit or our sale of F-16 fighter planes to Taiwan.

The fact of the matter is, the policy Beijing adopts with regard to any of the items on our agenda responds to their view of their interests and, of course, to the exigencies of their own domestic and factional politics. Now I don't mean to suggest that their views are unimportant. They obviously are important. Nor do I mean to suggest that we should break off dialogue. Obviously, we want to continue. But there is no reason for us not to press our own interests with persistence and without hesitation, because they *are* our interests, and we should do so without any apology, no matter whether they refer to the Korean Peninsula, the South China Sea, the Philippines, or even Taiwan. I have never believed that we need or should take the view that a fruitful Washington-Beijing relationship has to be more important to us than it has to be to the PRC.

I want to point out that we do have interests in Taiwan as well, though they are not on the macro world level. About a million Americans have roots in that island. It is our fifth, perhaps sixth trading partner. But probably most important of all, it is an example of a one-time police state, a Chinese police state at that, that has transformed itself into a democracy. This is something that we should value, something we should want maintained, something that we should want maintained before the eyes of the Chinese people on the mainland because our and the world's interests would be enhanced if that example were imitated on the mainland.

As far as the strategic element is concerned, given PRC behavior in the South China Sea, I cannot conceive that it would be in our interest to have the PRC control both sides of the Taiwan Strait as well as the waters of the Bashi Channel between Taiwan and the Philippines. This doesn't mean that we have to support Taiwan's claims or become its sponsor on the international scene. But I think it does mean that we should treat it with dignity and with a seriousness that its accomplishments deserve.

Public Law 96-8, the Taiwan Relations Act, speaks in terms of unofficial cultural and commercial relations with Taiwan, so it seems to me there was no reason for us ever to have made a fuss about granting a visa to Lee Teng-hui to speak to an alumni group at Cornell University in Ithaca, New York. Ithaca is not the navel of the universe. Indeed, it seems to me it was the continuing insistence of the State Department that granting such a visa would destroy the basis of our one-China policy that created this scandal and its aftermath. If the State Department says giving the visa is going to destroy our one-China policy, what can Beijing say? It can hardly say anything less. Let me point out that in the year before we granted that visa, the Prime Minister of Taiwan, Lien Chan, spoke at a graduation at the University of Chicago, which is his alma mater, and his Foreign Minister Chen Fo had visited the United States twice. Beijing said nothing about it either time. Why? This was all done very, very quietly.

I think, with Beijing and with Taipei, we should do what our interests and our honor require of us. I think our honor requires that we not turn our back on the government that has transformed itself into a democracy, and our interest requires that there be no aggression in the Taiwan Strait. Here I have to say that deterrence is a very, very important factor, and I agree with Chas we have to tell the people on Taiwan that they cannot count on our assistance if they crudely provoke Beijing to action. But we also have to say to Beijing that they cannot

conclude we would stand idly by in the event of invasion, boycott, or embargo, exactly as is stated in the Taiwan Relations Act.

As far as Taiwan's hopes to raise its international profile, I think there are things in our interest that we can and should do. We found it in our interest to help Taiwan back into the Asian Development Bank. Given the fact that Taiwan has a hundred billion dollars in foreign exchange reserves, I see no reason why we should not try to have Taiwan enter into some form of association with the International Bank for Reconstruction and Development, the World Bank, and the International Monetary Fund. It's worth noting that Taiwan continued to be a member of the Bank and the Fund for nine years after it lost its General Assembly seat, making the point that you don't have to be a member of the General Assembly to be a member of the Bank and the Fund. It's also interesting to note that the PRC is that Bank's largest debtor. If Taiwan is willing to lend money to the PRC, I say let them do it.

RICHARD SOLOMON: This panel discussion has covered very rich and controversial material. Let me try to pull together some of the key points in terms of policy.

I should begin by saying that my political instinct—which over more than a dozen years of government work I've learned to trust—is that within a decade we are likely to be back in a military confrontation with the PRC. There are territorial and strategic issues of extreme importance to both the United States and the PRC that, without wise and engaged leadership, are very likely to impel us back in the direction of a confrontation. What I'll try to do here is to suggest there is a way to cope with these issues in a more constructive way than confrontation, but it does require a leadership commitment on both sides that I'm not sure is there.

The crisis in U.S.-PRC relations of this past summer ("mini-crisis" might be more appropriate) over a range of factors—the Lee Teng-hui visit, the Harry Wu case—played an important role in focusing our attention on issues related to the U.S.-China relationship that, frankly, we haven't paid much attention to. Since the Tiananmen suppression in the early summer of 1989, the United States has essentially been paralyzed on China policy. In one night of violence, as we all saw it on CNN, the political consensus in the United States for normal relations with the PRC was destroyed. It put the leadership in Beijing on the political defensive; it de-legitimized certain PRC leaders who were seen as responsible for the violence; and it made it very difficult to sustain a high-level dialogue between Washington and Beijing. As we all know, the secret Scowcroft trip to China in July of 1989, which was an effort to sustain a leadership dialogue, was roundly attacked in our domestic politics. And that has led to a situation where the ground rules for managing the U.S.-PRC relationship—which were established during the Nixon Administration in the Shanghai Communiqué and the two subsequent joint communiqués on normalization in 1979 and Taiwan arms sales in 1982—have now largely broken down.

I think we also have to recognize that for the quarter of a century since President Nixon's visit to China in 1972, all the parties involved in this situation—China, Taiwan, Hong Kong, the United States—have really had a very good show. Everyone has benefited by the stability in the region induced by U.S.-PRC normalization. It has enabled China under Deng Xiaoping's reforms of late 1978 to make an economic takeoff that has put China on the path to national economic development for the first time since the early 19th century. The "self-strengthening" effort late in that century failed with the collapse of the Ching dynasty, and there followed a century of foreign intervention and revolution.

The turmoil of that extended period prevented the Chinese from taking off economically in the way, for example, that Japan, the United States, and the nations of Europe did. So today, for the first time in that 150-year period, the Chinese have finally attained a high rate of sus-

tained economic expansion. As you know, China today is growing at more than 10 percent a year and is projected to become the largest aggregate economy in the world sometime in the second or third decade of the coming century.

Taiwan has flourished as well since the early 1970s. In the 25 years since the secret Henry Kissinger trip to Beijing, Taiwan's per capita income has gone up tenfold, from a little over twelve hundred dollars to ten times that today. They've attained the kinds of reforms that Harvey Feldman has noted and have done spectacularly well for themselves. Today, of course, their interest is in trying to protect their achievements.

For the United States, for the first time in over a century, we've benefited from good relations with all the major players in East Asia, especially Japan and China, at the same time. And our domestic economic growth has been fueled in large measure by exports to the booming Asia-Pacific economy. I call to your attention the just-released Heritage report on APEC, which identifies our substantial economic interests in the region.

If everyone has benefited from the situation that grew out of the negotiation of the Shanghai Communiqué, out of U.S.-PRC normalization, why is this mutually beneficial situation now breaking down? If everybody is doing so well, why do we have such unease about the future? I think our presenters today have laid out the major factors. A major consideration is the end of the Cold War. The rationale of "the China card," as we came to call it, enabled us to push off the agenda our concerns with many Chinese activities that are now at the top of the agenda. The human rights issue is, of course, only one factor. U.S.-China trade has grown tremendously, and now we're concerned about the trade imbalance and Chinese trading practices. We are concerned about the impact on sensitive regions of Chinese arms sales abroad. And Taiwan wants to find some way to stabilize its autonomy and give greater legitimacy to its accomplishments.

Now, how can we fix the situation? Is it possible to reestablish a set of political ground rules that will reactivate the pattern of interactions that have been so beneficial to all of the players in the China equation for the last quarter century? I believe this can be done, but it requires an active U.S. leadership role. We have to help craft a framework for all the players, but without being too out-in-front on issues that are freighted with strong nationalistic and territorial qualities for all the Chinese parties involved.

Can we lead without being out in front? As we see in President Clinton's cancellation of his November trip to APEC, our nation's leadership is preoccupied, for very good reasons, with domestic issues. It is difficult under normal circumstances to get our national leaders out to Asia. During my tenure at State, Secretary of State Baker spent only one night in Japan, as people will recall from criticism of that fact. Asia is a long way away, and our interests in the region compete in our political life with very complex domestic and international agendas, and to get Presidents, secretaries of state, and national security advisors out to the region is very difficult. I think President Clinton is due credit for elevating the yearly APEC meeting to the summit or heads-of-state level, but it is difficult to sustain a dialogue at that level. The question we face is whether we can focus our national attention on Asia, as we did over the summer because of all the tensions, in order to play the leadership role that we must play if we are to reset the political parameters on the sources of potential conflict in the region. To do so would serve our national interest in regional stability, but it's not easy to gain a claim on the attention of our national leaders in the absence of a crisis.

If we don't do it, the passivity and drift in leadership that was induced after Tiananmen, the paralysis in our domestic politics about dealing with China, is likely to lead to initiatives by others who will force our hand and heighten tension as they pursue their own interests.

One issue that was not mentioned this morning, but which should be seen as another source of potential trouble with the PRC, is the recession of Hong Kong to Chinese sovereignty in July 1997—something that is part of Beijing's 19th century agenda as it enters the 21st century. Hong Kong, as you know, was wrested from the Chinese by the British in the early part of the 19th century, and it will soon return to Chinese control. There is great concern and interest here about how that process unfolds. A set of basic agreements for Hong Kong's recession was negotiated in the 1980s between Beijing and London. Heritage has put out a good summary of U.S. interests as they will be affected by the transition in Hong Kong to PRC sovereign control. I personally am rather pessimistic that Beijing will handle that transition in a way that will provide confidence that it is abiding by its agreements with the British. My expectation is that the way Beijing handles Hong Kong as it takes over control will give Taiwan little comfort about how its interests will be dealt with in any reunification arrangement.

How do we try to reset some ground rules for the United States, the PRC, and Taiwan relations if the Shanghai Communiqué and the other parameters of the U.S.-PRC relationship are no longer working well? No one wants to play the role that General George Marshall played in 1945. One of the basic presumptions about U.S.-China policy that evolved after the failure of the Marshall mission to mediate the Chinese civil war back in 1945-1946 was that we don't want to get caught in the middle as these two parties deal with their differences. Taiwan is viewed by Beijing as an internal issue, and they are not interested in having us play the role of mediator. Yet what happens across the Taiwan Strait is of great concern to the United States. It affects our national interests in very important ways—and not just economically. Remember that East Asia was the site of our last three major wars.

Generally, we get into trouble, as we did in Korea in 1950, when we say we're not interested, when we don't pay attention. That leads others to say, "Well, if the Americans are not interested, then we'll pursue our own interests." We have to lean forward, in my view, and indicate in more than just words that the peaceful resolution of these territorial and related issues is very much in the U.S. national interest.

Now what would be the objective of an American political initiative? The core objective should be to make sure that the PRC-Taiwan situation does not become remilitarized. Beijing's missile tests and other military activities over the last six months or so have shown an inclination to remilitarize the Taiwan situation, which since the Shanghai Communiqué Beijing has approached in a political framework. It is in our interest, and in Taiwan's, to see that Beijing handles the Taiwan issue in political terms.

Can it be done? It seems pretty clear at the moment that the prospects for a successful negotiation across the Strait, which Beijing and Taipei have been pursuing for several years via the so-called Koo-Wong talks in Singapore, are not good. The question, I believe, is whether restraint will be shown on all sides, whether the deal that was struck between Kissinger and Chairman Mao will be sustained. In 1973, Mao told Kissinger that the United States and China had larger interests than a fight over Taiwan because of the Soviet challenge. "We don't need to resolve the Taiwan issue for a hundred years," said Mao. In effect, Mao was prepared to delay dealing with the issue far off into the future, as long as the United States supported the "one-China" principle, and to let circumstances evolve in ways that he would not be responsible for.

Today, no Chinese leader seems prepared to compromise the country's 19th century agenda. While Mao put the issue on the shelf, it stands like a bookend at the outer limit of the country's politics. Beijing's recent military pressures on Taiwan raise the question of whether China's contemporary leaders are preparing to take the Taiwan issue off the shelf and seek a so-

lution to their goal of reunification in the near term. This is not a question they totally control, but my impression, based on recent high-level discussions in Beijing, is that PRC leaders—even the military—say their first priority today is economic development.

Now, of course, their hope is that over the next 10 or 20 years they will sustain growth at 10 percent a year and acquire the accouterments of modern national power, including military power, and on that basis be in a stronger position to assert their various territorial and political claims.

But I believe today there is still common interest among all the parties involved to maintain stability and focus on economic growth. The challenge for the United States is to re-engage in a quiet way the various parties involved in this situation to reestablish political parameters which will sustain the mutually beneficial situation that persisted for the past quarter of a century. This will require considerable restraint on the part of both the PRC and Taiwan. In the case of Beijing, their handling of the Hong Kong transition will be a major mood-setter for Taiwan and could substantially degrade attitudes in the United States about the extent to which Beijing will honor its international agreements. This situation also requires restraint on Taiwan's part about how it will handle the autonomy-independence issue. From my recent visit to Taipei, I have the impression that responsible people are thinking seriously about how to define that set of issues in ways that are not a provocation to the PRC.

In our own politics, since Tiananmen there has been a universal tendency to demonize the PRC. I would only note that our most recent ambassador to Beijing, Stapeleton Roy, says that much of the characterization of China in our domestic debate doesn't sound like the China that he lived in for four years. Having gone to China myself 25 or more times since the early 1970s, in terms of openness, social change, and economic transformation, what you see going on in that country is a set of developments which, if they are given sufficient time to play themselves out, are as likely to produce a China we can work with as they are a threatening China. But our tendency to demonize is very strong, and this may foreclose opportunities to deal constructively with Beijing.

Ultimately, the issue comes down to the Administration and presidential leadership. We have a capacity to engage all the players involved if it is done in the right way. But one of the foreign policy dilemmas we have in the post-Cold War world is that our domestic preoccupations make it very difficult for our national leaders to pay attention to loaded international issues that, if handled badly or allowed to drift, may well impose great costs on our country down the road.