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## Sino–American Relations at the Summit

*by Dr. Kim Holmes, Ambassador James Lilley  
Douglas Paal, Peter Rodman, and Robert Zoellick*



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*Heritage Foundation Lectures*

**SINO-AMERICAN RELATIONS  
AT THE SUMMIT**

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# Sino–American Relations at the Summit

**Dr. Kim Holmes:** On behalf of my colleagues at The Heritage Foundation, I would like to welcome you to what promises to be a very interesting panel discussion on Sino–American relations at the upcoming U.S.–China summit in Washington.

1997 has been an extraordinary year for American policy towards China. In March, both the Vice President and the Speaker of the House took high-profile trips to China, and in June, the House of Representatives voted without any concurrent resolution to extend most favored nation status to China by a vote of 259 to 173, with two-thirds of the Republicans and one-half of the Democrats supporting the extension. Of course, in July, Britain returned sovereignty over Hong Kong to China after a century-and-a-half of colonial rule. In September, the first Beijing-appointed Chief Executive of Hong Kong visited the United States; and we hosted Mr. C. H. Tung at a breakfast on the Hill at that time. Finally, at the end of this month, China's President and Communist Party General Secretary Jiang Zemin is scheduled to make his first full state visit to the United States since taking office at the time of the Tiananmen Square massacre in 1989.

Plans for the summit have been officially underway since former National Security Advisor Tony Lake visited China in July of last year in an effort to repair Sino–American relations in the wake of the military stand-off in the Taiwan Strait. President Jiang's is the first in an exchange of state visits, with President Clinton scheduled to take his first trip to China in 1998. Despite the Clinton Administration's frequent pronouncements on its commitment to the relationship with China—it has variously described its policy as a "strategic dialogue," "cooperation on global issues," and, of course, we have all heard the term "comprehensive engagement"—many of us feel that the Clinton Administration has not adequately addressed many key aspects of the U.S.–China relationship. In fact, many in Congress and many in the American public have lost faith in the Clinton Administration's ability, or even willingness, to address some of their most deeply held concerns about religious persecution, nuclear and missile proliferation, and even some of the trading practices of China. To many of us, the Clinton approach to date appears to be a policy without priorities and a dialogue void of substance.

It is our pleasure to have with us today four leading experts on American foreign policy and on China to share their perspectives on U.S. China policy and what they would expect from the upcoming summit.

Our first speaker will be Ambassador James Lilley, who is a former ambassador to the People's Republic of China and a former Director of the American Institute on Taiwan. He will discuss some current issues and problems in the U.S.–China relationship to get us off to a good start.

We have also with us Douglas Paal, a former advisor to President Bush on Asian affairs on the National Security Council staff. He will discuss some domestic political changes in China and their implications for the summit and future relations with the United States.

We have with us Peter Rodman, former Director of the Policy Planning Staff at the State Department and currently Director of National Security Programs at the Nixon Center. He will discuss China's role in the international system.

And finally we have Robert Zoellick, former Deputy White House Chief of Staff and Undersecretary of State for Economic Affairs in the Bush Administration, and currently a professor at the U.S. Naval Academy. He will tell us how he would organize this summit, since he has had personal experience in doing this in the past.

I welcome all of our distinguished panelists. Thank you very much.

## CURRENT ISSUES AND PROBLEMS IN THE U.S.–CHINA RELATIONSHIP

**Ambassador James Lilley:** I think, first of all, that one trap we fall into is the isolation of Taiwan in terms of the U.S.–Chinese relationship, in putting that front and center of the relationship. I think this serves China's purposes, because they can ring the bell on two very popular internal issues, namely, unity and sovereignty. That, of course, puts us on the defensive, and we have to make amends, which I think is unfortunate because the problem to me is that Taiwan's problems with China fall in a much larger context.

I'm drawn back to the description of Paul Godwin of the National Defense University of China's desire for a "belt of security" around its most precious areas, namely the coastal areas stretching from Guangzhou roughly up to Dalian. He says that this is a decision the Chinese made in 1985 which basically changed the orientation of their military strategy. Before that, they were dealing with the Russian menace, they were focused on the northern border, most of their troops were there, most of their missiles were aimed in that direction. In 1985, they moved to a new strategy, which Godwin spells out well in his paper on what he calls *jiji fangyu*, the Chinese positive defensive strategy. It is to protect their key areas and it is both historic and traditional.

I insist that if you read Chinese strategy through history, from Sun Tzu to Mao to Deng Xiaoping, you will see a consistent thread (also analyzed by American scholars such as John K. Fairbank) that the Chinese have traditionally looked at the northern borders as their main threat; they have downgraded the sea as a threatening area, even after the Opium War; and they have always insisted upon what they call "moral superiority," which persists today in almost all of their arguments. But Godwin sees this as a belt stretching roughly from the Spratly Islands up through Taiwan through the Diaoyu-tai/Senkaku Islands to the Korean Peninsula. It makes ultimate sense to the Chinese because this is where they perceive the threat is now coming from. And Taiwan is part of this belt. It sits there right in the middle, and you've heard *ad nauseam* the term "the unsinkable aircraft carrier" used back in the 1950s. But it's a larger concept that they have to protect their homeland, ergo the statement, "We are not aggressive, we are only protecting our sovereignty."

And, of course, they have worked through "shard diplomacy" in other areas to establish their position in the South China Sea. (Shard diplomacy is finding bits of pottery and using this to conclude an early Chinese presence.) Their Taiwan position is well known, but the Senkakus and Korea are slightly different. The Chinese traditionally have had a strong interest in a friendly Korea that is dependent upon China and is not controlled by any foreign power. This is traditional to Chinese strategy. So I think if you look at Taiwan in this context you get a better appreciation of where it fits into the current Chinese strategic pattern. The Chinese put the security belt into law when their National People's Congress passed a law staking out Chinese claims of sovereignty over the Spratlys, Taiwan, and the Senkakus, and reserving the right to use force to defend this sovereignty.

As recently as March of this year, a National Defense University delegation went to China and talked to Chinese strategists. The Chinese made it quite clear in a paper that was developed by Ron Montaperto and distributed by NDU that, basically, they are solidifying their northern borders through the Five-Power arrangements Yeltsin signed in Shanghai in May of 1996. The threat there had largely disappeared and there were great opportunities for Chinese economic development (the latest oil investment in Kazakhstan bears this out). In addition, they are concentrating on the ocean areas, perceiving this as the area of opportunity and the area of threat. But it would be crucial for their own economic development, which takes first priority, that they establish a security belt around it. If you look out from Beijing, you can see that the primary threat comes from that area, that a Korean Peninsula, let's say, allied to the United States, unified under Seoul with the United States being unpredictable, is a clear threat to China. Therefore, they've got to spend a lot of time building up their strength in South Korea, matching our own influence, and keeping the North Korean buffer state alive with great inputs of oil, grain, and coking coal, because until they establish a sufficient amount of influence in South Korea they are not going to let Korea be unified. This would logically mean a diminishment of American influence. We have 37,000 crack troops in Korea, we have powerful air and naval forces able to be launched from Japan, and this is not an altogether benign phenomenon from China's point of view. Certainly it has benign elements in deterring North Korea from violent military attack, but on the other hand, in the long term, it represents a problem for China.

If you move south, China runs into the American-Japanese security treaty, and of course, the Japanese insist this covers the Diaoyutai/Senkaku Islands, which China also claims. You can hear through the Chinese propaganda, which I'm sure all of you read assiduously, that the Japan security treaty is really aimed at China, no matter what we say, and we Americans have been over there trying to explain it to them a number of times. They look you straight in the eye and often say, "You're not telling the truth. You're talking about 100,000 troops deployed in East Asia, you're talking about the Marine Expeditionary Force in Okinawa, the Fifth Air Force, 60,000 troops in Japan, and all of this for North Korea? Come on, this is against us." And of course, we had this great argument whether Taiwan was included in the guidelines of the new security arrangements. We all deny it, but I think you see an element of hypocrisy there which allows the Chinese very logically to say, "This is aimed at us, and you're going to keep the Senkakus/Diaoyutai in Japanese hands. Quite clearly, that is your objective. And when you move down to Taiwan, you have the Taiwan Relations Act, with its six assurances, you have the American arms sales, the frigates, the F-16s. Clearly, this is a place that you are going to keep out of our hands, and this is a place that, although we have great economic cooperation with them, is still essentially a potentially hostile element." It is perhaps more hostile spiritually than militarily, as it was under Chiang Kai-shek, but nevertheless, with its enormous economic power, its huge investments in China, and its spiritual pollution ability, Taiwan represents a threat that in Chinese eyes has to be neutralized in some way if China is going to have its security belt.

It seems to me you are engaged in a very interesting tug-of-war where the Chinese by all kinds of economic enticements are trying to pull Taiwan into their orbit. Direct shipping lines, regional operations center—all these concepts draw Taiwan closer in to China. Of course, President Lee Teng-hui is trying to put the blocks on some of this, slow it down, and move out to other areas. He tries to get Taiwan more leverage in the international community, which China tries to block to force Taiwan back into dealing with China. This is a comprehensible tug-of-war between the two sides of the Taiwan Strait, and I would advise Americans to be careful about getting involved directly in this because

it is complicated and if we do get involved in it we could very well mess it up. We therefore have to be careful about getting involved in this tug-of-war which is going on—China pulling in, Taiwan pulling out. It isn't necessarily confrontational or war-making, but it is a constant struggle, a logical struggle for the leadership and people of Taiwan to seek greater autonomy, for leadership in China to seek greater unity. But whether we like it or not, the U.S. is involved. We have the assurances in the Taiwan Relations Act, the regular military sales to Taiwan, and our commitment to a peaceful resolution.

If we move down to the South China Sea, certainly China was emphasizing this in period 1992 over its interest in Taiwan, probably because it looked like a target of opportunity. ASEAN [the Association of South-East Asian Nations] was in some disarray, the Paracels had been taken in a brilliant operation in 1974, and the same strategy had been laid out for the Spratlys. John Garver's 1992 article in the *China Quarterly* spells this strategy out based on internal Chinese documents. He says that this was a plan in motion, but it seems to have gotten derailed at least temporarily. And it got derailed—by whom? The United States, with its Seventh Fleet, in conjunction with ASEAN. As you know, the United States stated in May 1995 that in the South China Sea protecting sea lanes was critical to the U.S., and China quickly followed, saying, "We didn't intend to interfere with sea lanes, but the whole area still belongs to us." In fact, ASEAN's political interventions, backed up by the power of the Seventh Fleet, gave us considerable leverage in getting China to back off in this area as a target of opportunity. They didn't choose to go into an area where they faced formidable political and military opposition. China then switched and looked for fresh vulnerabilities. Taiwan was there, and it seemed to them that this challenge was coming from Taiwan moving away from China and this had to be dealt with quickly.

So we have to look at Taiwan in this context, and then we have to work on how to defuse China's acute concerns without placating or making undue concessions to them. How do we arrange for them to back off on a military solution to their territorial aggrandizement but keep their territorial stability, which they feel they need in terms of protecting their own economic growth?

History has lessons when China has made the wrong decisions. During the Qing Dynasty they made a decision to concentrate their forces against the Russians and the Mongols in the northwest, then neglected their navy, and within thirty years Japan had taken Taiwan after a brief war with China in 1895. China didn't realize its mistake until quite late, that this threat from the sea had to be dealt with as a first priority. The Japanese invasion of China from the sea in 1937 drove the Chinese inland and almost finished them off. Taiwan independence support has dwindled in the polls but could rise if China misplays its hand or the U.S. stumbles again. China wants to neutralize the Taiwan challenge in the short term, and Hong Kong may play a role in this in China's view.

Hong Kong isn't a model, but it is instructive, because here so far there has been a relatively successful transition based upon economic stability and prosperity. Over the long haul the Chinese seem to be trying to neutralize Hong Kong politically. The signs are quite clear. It's slowly happening now, it's going to continue to happen, and over a longer period of time, and it will probably not be unduly provocative. The last thing in the world China wants to do is to upset Hong Kong's prosperity because it's so essential to China's troubled economy. It's a practical and sensible decision to go slow on Hong Kong. There are certain parallels for Taiwan. Certainly Taiwan's economic contributions to China are essential to its number one priority, economic development. But at the same time China has to neutralize what they consider to be a dangerous political tendency in Taiwan.



China has to try to establish that a peripheral area cannot pull away and cannot break the Chinese belt of security.

So I think if we look at it in this context, most of what the Chinese do is logical. It seems to me that the United States' position is key because in each particular area in China's security belt we are the major player, whether it's Japan, Korea, Taiwan, or in the South China Sea. It seems to me this gives us opportunities to deal with China, because we are dealing basically from a position of strength. This area is largely ocean, which is where our principal strength lies. China, except for a few aberrations in the Sung and Ming Dynasties of short term duration, has not really had an ocean policy. China did well in the Paracels in 1974, but, again, timing, surprise, and overwhelming force contributed to that unique success. That particular formula is much more difficult to apply today.

But let us consider the United States' position around the periphery of China—the U.S. is closely connected to Korea, Japan, Taiwan, and to Southeast Asia. This can, of course, be seen by some as containment, and the Chinese say it is. The U.S. argues that its role is really part of a policy of credible deterrence. The U.S. is trying in fact to take the military option off the table. The U.S. is also trying to do this with North Korea. It's the kind of consistent position we should take without getting into a water fight over sovereignty. The Chinese have frequently said that foreign powers should not intervene to prevent China's unification. The U.S. is not acting to prevent unification but to deter the use of force. This was the U.S. role in March 1996 in the Taiwan Strait. The U.S. has to rule out the military option, and the U.S. is the only power which can do that. But the U.S. needs more political support from East Asian countries to be successful. The U.S. needs China to understand that our role is not threatening to China and that, possibly over time, we can reach some sort of power-sharing arrangement where what we do is not considered to be threatening but at the same time does not undermine our most basic principles, namely, support for democracy and free markets. We cannot tolerate military force being used to overthrow a friendly democratic country, just as the Chinese say they will not tolerate their sovereignty and unity being compromised. I would suggest, finally, that there is a formula here that could work.

## **POLITICAL CHANGES IN CHINA AND THEIR IMPLICATIONS FOR THE SUMMIT AND FUTURE U.S. RELATIONS**

**Douglas Paal:** Good morning. Under the division of labor that was envisioned for this morning, I'm to talk about the background of the recent 15th Party Congress of September, and the implications of that Congress for the visit of Jiang Zemin to the U.S.

I will note first, at the outset, that the summit meeting about to take place at the end of October is the first such summit meeting between the United States and China since 1989 when George Bush had an unfortunate visit to Beijing, one which was marred by the Chinese treatment of the dissident Fang Lizhi. This is, therefore, the first real opportunity to try to reconstitute U.S.–China relations on a more stable footing since that time.

Last year, everybody should recall, in the spring of 1996, U.S.–China relations had reached their tensest point in 25 years as American carrier battle groups and Chinese missiles surrounded Taiwan after missteps taken by all three corners of the U.S.–Taiwan–China relationship, not the least of which was by the Clinton Administration. For China, coming into this visit, the period of both the Party Congress and the state visit, this represents the last major normalization of relations between China and those states which reacted to the Tiananmen massacre by sanctioning China. China has, bit by bit, in a brilliant series of diplomatic maneuvers, led primarily by Foreign Minister Qian Qichen,

reconstituted its normal diplomatic relations around the world, the U.S. being the last holdout. This, in essence, will bring that sanctioning period to an end, although some tiny sanctions may remain on the books.

This marks a point where China is also resurgent in its own economy. They have re-energized the economy since the 1992 trip to the south by Deng Xiaoping, in which he overcame subsequent opposition to invigorating the economy. They have succeeded since 1994 in both having high growth and wringing out inflation, and they've improved their international standing. China is at a comparative high point in its modern state of internal and external conditions.

Now, looking back at the 15th Party Congress, this Congress may have proved to be a watershed if the promises contained within the programmatic documents of the Party Congress are carried out in policy. It may also prove to have been the last coda to the decline of the Communist Party before it crumbled under the pressures of internal change. It's very much in the hands of the leadership that has been reinforced in the last Party Congress to decide whether they will rewrite their Party and governmental constitutions to accord more political liberty and bring the polity in line with the economy's development, or resist that tendency in the name of stability and so further jeopardize the long-term role of the Party governing the state.

A few points on this subject: The Party Congress was moved up in time from the normal meeting period of October, I believe, precisely to accommodate Jiang Zemin's visit to the United States in October. The goal was to bolster his personal position and China's internal coordination in advance of the visit so that they could maximize the position of strength that they bring to Washington for the visit. Jiang Zemin personally strengthened himself as the "core" of the Party leadership, although that leadership remains a collective one and a constrained one. They still have to pass initiatives around on paper for approval among the seven top leaders of the Standing Committee of the Party Politburo, and there are disagreements that sometimes prevent action from being taken. Jiang has the ability to override his colleagues on a case-by-case basis, but he takes risks in doing that. It's important to remember in this context that China is an extremely conservative political environment where risk takers are often severely punished and very seldom rewarded. Just witness Deng Xiaoping's three falls before he finally succeeded in maintaining dominant power and carrying out the reforms that have now strengthened the position of the successor leadership.

We also have to acknowledge that, at the Party Congress, Li Peng came out stronger than people in China and outside China had hoped would be the case. It is a recognition of the actual strength he has throughout the bureaucracy and the Party that has been there all along—there is nothing new about it—but it has been formalized in the maintenance of Li in the top leadership ranks and in the anticipated leadership he will exercise over the National People's Congress. Those people in the National People's Congress who have sought to bring about rule of law and greater political freedom through institutionalization of the People's Congress may find this a disappointing prospect, yet we may also be surprised if Li is caught up in new forces of change emerging from circles around the National People's Congress. Time will tell.

The departure of Qiao Shi from the leadership leaves no champion of political reform at the top of the Chinese Communist Party hierarchy. How much Qiao was really a champion of reform we may never know, but certainly he gave off signals to the public that he wanted to promote more political reform than his colleagues did.

The army, and its representation within the Party Central Committee and in the top rank of the Politburo Standing Committee has seen its role reduced, at least in numbers. There is no member from the military in that top rank. I don't draw great conclusions about the importance of this development. I think that the reflection we should see in this development is that the military continues its effort to professionalize itself. They want to shed their political garrison role in favor of seeking more competent armed forces, with up-to-date technology at their disposal and up-to-date tactics and strategy and doctrine to perform the functions that Jim Lilley was just describing in terms of protecting the assets of the Chinese state.

Having said all that, I don't for a minute believe the political influence of the People's Liberation Army has been diminished at all by their absence from the top seven positions in the Party hierarchy. When an issue of importance comes up, such as Taiwan or relations with the U.S. or security vis-à-vis the former Soviet Union, I'm sure the PLA retains its voice. It has a membership on the *waishi xiaozu*, the leading group for foreign affairs. There's been probably no real change in the function of the army despite the cosmetic changes in the composition of the Party leadership.

Finally, the economic reforms proposed in the programmatic documents of the Party Congress are sweeping, vital, and, in principle, well timed. China today enjoys relatively high levels of growth, very high levels of foreign exchange, significantly reduced levels of inflation, political stability at the center of a type not seen for some time. If there is to be a moment to undertake the enterprise reforms, the sweeping restructuring and some say "privatization" of parts of China's loss-making, dinosaur-like state-owned enterprises, that moment is now. What's missing from the programmatic documents and subsequent statements and actions of the Chinese leadership is an indication that they really mean it. If you were to prepare the way for taking risky policy initiatives, such as putting hundreds of thousands and even millions of people out of work and putting them into the marketplace to find work for themselves, something that China has shrunk from since the People's Republic was created, you would want the political system to be stabilized and you would expect to see a clamp-down. Everything in the Party Congress's outcome suggests a stronger ability to crack down on dissent and less internal disagreement over the ability to crack down on dissent. What we don't know is whether China will use that to then carry out the economic reforms in advance of political reforms, or whether it will simply be an excuse just to maintain control.

My view is that if China does not embark in the next two years on the commissioning of groups to report back to the leadership on the need for constitutional reform, the construction of intermediate decision-making bodies between the central leadership and the provinces, if they don't begin to talk about greater expansion of the franchise in China, then the Chinese Communist Party will be taking the risk of getting politics so far out of line with the economic development of the country that they'll actually be destabilizing themselves. And if in three years we don't see any actions taken, that's even a stronger indicator.

Now, turning to Jiang's visit to Washington, I think there are some implications of his actions that we can look at. Jiang is in the position coming into this visit of needing to demonstrate his new strengths, to show that he is a world actor, and to put a stamp on his leadership within the leadership. We have seen over the years that Jiang has generally taken a more cooperative posture toward the United States on issues of concern to the United States than most of the rest of the leadership, of the top members of the Communist Party. He's demonstrated this repeatedly; he was embarrassed by it when, in 1995-96, we shifted signals unexpectedly on Taiwan policy. We left him under criticism

at home for not being tough enough with the United States. But I think we can expect that the general tone that Jiang will take will be somewhat more constructive and cooperative than in the past—that's a promising note.

Secondly, we ought to remember that Jiang comes here with a need to restore China's pride. They have to come as equals, to be seen at home as establishing an equality of status that many in America may not reciprocate. At the same time, the Chinese are pragmatic, and behind the mask of equality with the U.S., they understand who's first among equals in the global power structure. And they can cooperate with us to a greater degree, so long as we don't keep trying to rip the mask off and embarrass them by showing their weaknesses to the world.

Third, Jiang is also associated with a more moderate approach to Taiwan. That has been, again, one of the issues he has demonstrated moderation over in his actions and words. As I mentioned a moment ago, he was embarrassed in 1995–96 by the downturn in relations over Taiwan. In a curious sense, that makes the agenda of visiting the United States driven more by Taiwan-related issues than is apparent. If you look at the specifics of Jiang's visit to the U.S., he is going to Los Angeles at the end of the trip to appeal to the strong pro-Kuomintang elements in Los Angeles, but he won't be hosted by an association that previously hosted a Taiwan leader. That would be too sensitive, so he's chosen another group to be his host out there. In going to Boston, he insists on speaking to Harvard University because Harvard trumps Cornell, where Taiwan's President Lee Teng-hui spoke.

But the subtext is, how do you trump Taiwan, how do you keep the pro-Taiwan demonstrators away from the White House so that China gets to be able to show that it's actually gained the upper hand in Washington? This is really an uphill battle, especially in the American Congress, and I think Jiang will be surprised by the intensity of feeling he will encounter there.

The fourth point about the new situation coming up to the summit is that Zhu Rongji appears prepared to take over as Premier. He's been promoted in the Party hierarchy. I consider this altogether a good thing for U.S.–China relations. Zhu came here as head of a mayors delegation in 1990, handled himself extremely well, has handled himself well with respect to United States-related issues over the last seven years. I think he will be a welcome personality in the U.S. It means that we can have more regular exchanges at his level, and if that's the case, that frees up their ability inside China to reach decisions that tilt in favor of our desires from time to time, although they will not always tilt in our favor.

Next point. If skillfully handled, the movement toward enterprise reform that China indicates it wants to make can be used to put momentum behind what we want to see come out of our bilateral talks with the Chinese over their accession to the World Trade Organization. As a nation, we need to get the trade front moving again globally, regionally, and in particular with China. The reason progress has not been made in the last six months is our own fault. The Chinese have been prepared to talk. They would have been tough talks, not easy sledding, but the United States has not had a negotiator in place, has not had a Deputy U.S. Trade Representative for almost a year. We just are not ready to make the decisions, probably because the President put fast track first and didn't want to compromise his own constituencies, who were pulling on his coat, trying to hold him back from freer trade. China's will be a sensitive negotiation as well, but if we seize the opportunities which the Chinese say they will offer us in terms of enterprise reform and try to cement those into the WTO agreements, we can create a synergy between ourselves

and the more enlightened elements in China who recognize that this is the path they have to take.

Finally, Jiang will need to show constructive results from this visit. He has to have something in his pocket when he leaves Washington so that he can go back and try to, again, hammer out arrangements between the U.S. and China that offer concessions on both sides. This is a realistic opportunity for horse trading. The Administration, which was utterly incompetent in my view in handling China- and Taiwan-related affairs through the middle of 1996, did receive a wake-up call—I guess the possibility of real combat was enough to get American priorities to be set in foreign policy, and since then the Administration has been shaking out what really counts and what does not. They have an agenda for this visit, which others will talk about, on human rights, trade, proliferation, and bilateral political cooperation and military cooperation, which will allow both sides to say they've accomplished something. But it will be only a first step on a long path to putting U.S.–China relations on a more stable footing.

## CHINA'S ROLE IN THE INTERNATIONAL SYSTEM

**Peter Rodman:** I'm going to talk about the U.S.–China relationship from a strategic perspective: how we got to this point, why the relations have gone sour in the last several years.

The bottom line, as far as the summit is concerned, is that expectations have to be modest. I agree, certainly, with Doug that this is a chance to stabilize the relationship, but the difficulties are not a matter of misunderstanding. The difficulties in the relationship are the result of a series of *structural* changes in the international system of a pretty fundamental nature. I had the privilege to be part of the high point of U.S.–Chinese relations 25 years ago. But four major things have changed since that time.

First of all is the Sino–Soviet rapprochement. I say “Soviet” because it began under Mikhail Gorbachev when the Soviet Union still existed. It was Gorbachev who removed the “three obstacles” to Sino–Soviet normalization. If you remember, they were the Soviet invasion of Afghanistan, the Vietnamese invasion of Cambodia, and the military confrontation along the Sino–Soviet border. These were the things that the Chinese defined as the obstacles to normalization. Gorbachev either removed or eased these obstacles, and the symbol of this resulting rapprochement was Gorbachev's summit visit to Beijing in May 1989, which, at least in Gorbachev's mind, was an attempt to undo what Richard Nixon had done by his visit to Beijing in 1972. In the Chinese mind, the threat from the north had substantially diminished.

The second major event was Tiananmen, which by one of history's little coincidences came a few weeks after Gorbachev's visit. Tiananmen had two effects, as we all know. First, it clearly unraveled in the United States the domestic constituency in support of the relationship with China—a blow from which the relationship has never recovered. And second, I think it also convinced the leadership in Beijing that the main threat to the regime was not the “polar bear” in the north; it was Western ideas—the subversive influence of what the United States represented. So this was an additional reason, ever since then, for the Chinese to distance themselves from the United States.

The third factor was the collapse of the U.S.S.R. The collapse of the Soviet Union, the final discrediting of communist ideology, has led the Chinese leadership to see the international system as totally unbalanced and has led them to adopt a foreign policy which is even more explicitly anti-American. I mean, the Chinese have always denounced “hegemony,” but in the old days this referred to the Soviet threat. Now it refers to guess

who. So Chinese foreign policy now sees it as its main objective in the world to resist “hegemony,” to restore “multipolarity” to the international system, which they see as much too unipolar for their taste.

The fourth new factor is China’s rise as a potential superpower in its own right. Implicitly, if not explicitly, this poses a strategic challenge for the United States, as Jim Lilley explained. The Chinese are now shifting their focus to the coastal periphery and what they may see as a traditional sphere of influence around their periphery—a region which happens to include a number of countries and peoples whom the United States has set itself up as the protector of. We have had an easy monopoly of military power in this region, which now the Chinese are, I think implicitly if not explicitly, challenging. And so some sort of adjustment, painful or smooth, is bound to happen, and we may be on a collision course in this sense.

Now, these structural changes cannot be undone. They cannot be wished away. They can only be managed in some way. The United States and China are suspended somewhere between friendship and rivalry.

This is not to say that conflict is inevitable. On the contrary, I think if we maintain what Jim Lilley called “credible deterrence,” some sort of adjustment can be made that doesn’t involve a violent confrontation. It might turn out to be a smooth evolution by which China becomes a major power and joins the international system in a constructive fashion. If we’re strong, if we’re wise, we can manage the process of China’s emergence on the international scene.

But the United States in the short term does have a strategic problem. First of all, as I said, China’s foreign policy has taken on a fairly explicit anti-American coloration. Every speech by the Foreign Minister at the U.N. General Assembly, every communiqué that is signed with the Russians (or with the French, for that matter), stresses the Gaullist-style idea that all the world’s powers should align themselves against “hegemony”—again, represented by guess who.

The Chinese military build-up, even in the near term, also inevitably poses some problems for the United States in the Western Pacific. As I said, all these countries, plus Taiwan, are peoples to which we have a commitment in one form or another. We are their protector, and we have the forward basing of the American Navy and 100,000 American troops. Yet China’s military procurement happens to be emphasizing its naval build-up, missile power, and air power. We see, for example, supersonic anti-ship missiles that happen to be well designed by their Russian manufacturers to attack the *Aegis*-class ships that are the mainstay of American power projection. We see wake-homing torpedoes—again, another Russian product designed to attack American aircraft carriers; the most advanced fighter aircraft—again, purchased from our Russian friends—that carry anti-air missiles of the most advanced kinds; ballistic missiles that can reach most of these areas around China’s periphery. This is a near-term problem.

There are a lot of academic debates about whether and when China’s GDP will catch up to that of the United States. And this might be 50 years off. Similarly, China’s military build-up, if looked at in overall terms, starts from a very low base, and certainly in its aggregate does not match the United States. Blowing the Seventh Fleet out of the water is not a goal that the Chinese will be able to achieve anytime soon. But the problem is that the Chinese may have a much more limited objective, which is nevertheless significant. There was a Soviet admiral, Admiral Gorshkov, who was the great theoretician for the Soviet Navy—and the Soviet Navy was in a similar position, never having any realistic aspiration of matching American naval power. But Gorshkov had a doctrine about what

he called the “limited sphere of strategic activity”—a limited sphere of strategic action in which the Soviet Navy, and presumably the Chinese Navy, could aspire to develop a significant degree of lethality and raise the cost to the United States—raising the inhibitions to an American President in any future confrontation by the kinds of weapons systems that I mentioned before, anti-ship missiles being the most obvious. So merely to raise the inhibition level of an American President in some future hypothetical skirmish or confrontation is to change the psychological and political balance in the region in a very significant way. This, to me, is the problem that China poses in the near term.

Now what should we do about it? I think this is both a near-term and a longer-term problem for the United States. It requires from us some fundamental dedication to maintain our military preeminence in the region, and to maintain our alliances and commitments in the region. It’s a question of strategy for the United States; it’s not a question of tactics. The Congress can affect only pieces of it. I know the Congress is searching for some silver bullet that it can use to bring down the regime; there is no such thing, whatever one’s view is. There is an understandable temptation to grab any political weapon at hand, such as MFN, about which there was the big battle earlier this year. But a serious strategy for the United States means, as I said, maintaining our military preeminence, maintaining our alliances, maintaining our deterrence of challenges. This has implications, of course, for our defense budget, which I don’t see the Congress so far willing to face up to. My view is that those who raise alarms about the Chinese problem and also acquiesce in the gutting of our defense commitment should be disqualified from participating in the national debate.

Strategy, again, requires maintaining our relationships in the area—with Japan, Indonesia, other ASEAN countries—which may mean containing some of the other disputes that we may have with these countries. With Japan we’ve had, obviously, very long-running trade quarrels. The Clinton Administration started out by emphasizing those trade issues with Japan, which was very divisive. Nor did they make a lot of headway with Japan even in trade. But the Administration, to its credit, has begun in the last year or so to stress the priority of the U.S.–Japan security relationship, and this is a positive step.

The Congress, obviously, is concerned about human rights. And this reflects a deeply-felt American sentiment about human rights in China. I defer to my colleagues here, who know China a lot better than I do—but I think human rights is at bottom a problem of political structure. As long as it’s a communist regime, it’s going to behave like this. I’m a little bit surprised that people suddenly discovered in 1989 that China was a communist country. It’s been a communist country for a long time.

But I also think that communist countries, as we’ve seen in the last several years, are in trouble. Their ideology is discredited. History is moving in a different direction. Every communist regime, the few that are left, are facing some kind of terminal crisis. Whether it comes sooner or later I don’t know, but history is on our side.

Therefore, we should approach this problem with a certain confidence about the direction in which things are moving. I’m not sure legislation in Congress is going to make a huge difference, but in the long run this is the vulnerability of the regime in Beijing. What is called for most of all from the United States is strategic firmness and steadiness and discipline and staying power—looking at the Chinese with neither panic nor illusion, and viewing the Chinese with the same utter seriousness with which they are clearly looking at us.

## PREPARING FOR THE SUMMIT

**Robert Zoellick:** You have three bona fide specialists in China, which I am not. So the perspective that I'll try to add is how I would prepare for the summit if I were on the NSC staff today. And I have to acknowledge that I have the advantage that my class at the Naval Academy had a mock NSC meeting where I was the President, and so I have the benefit of the Midshipmen's wisdom on this topic.

First a word on context. One of the challenges for this visit, and indeed for presidential visits in general, is that the Administration tends to look at them as isolated events: their primary objective is to get a reasonably good news story and photo op the next day. Now, I don't dismiss the logic of this approach, because particularly for policy with a country like China, where public support is important, symbolic communication and the public media aspects are vitally important. However, it is also the case that the visit has to be seen as a milestone on a longer course, and that course has to be guided by some sense of strategy. If you focus only on getting through the visit with the right story, I think you lose sight of the longer term strategy.

Another part of context, which others have spoken about here, is that in the Administration's first term, its relationship with China was one of vacillation and very confusing messages. I don't put all the blame on the United States in this process, but I do think, for example, the President's approach to human rights—where he started out focusing on the “butchers of Beijing,” linking rights to MFN and then de-linking rights from MFN—had two dangerous side-effects. One, it showed weakness. And second, it ran the risk of actually depreciating the role of human rights in our policy. We've lost credibility on the issue. Human rights always have to be a dimension of U.S. foreign policy, and the question, as Peter and others have said, is how you integrate human rights with the rest of the policy. Second, with the visit of President Lee of Taiwan, where the Administration flip-flopped on the visa issue, I think we lost trust on an issue, as Jim Lilley mentioned, that is a highly sensitive one. I believe that loss of trust is one of the main reasons that led China to fire the missiles off Taiwan, to which we then had to respond with the Seventh Fleet, as Doug mentioned. Perhaps the silver lining in this episode is that it did jar the Administration to begin the process that Tony Lake started in 1996, when I think he tried to put all the pieces of U.S.–China relations on the table with China, to at least begin a comprehensive discussion. I do not know whether the Administration moved from a comprehensive review of U.S.–China issues to setting priorities, but at least it tried to escape making policy in a case-by-case manner. But, sadly enough, the public attention to the questions of Chinese funding in U.S. elections led to political outrage across the spectrum, and the Administration then seemed to retreat and recede from its focus on China policy, at least in my perception.

Another key dimension for the summit planning is to recognize the role of the Congress and interest of the public. As Doug and others mentioned, there is no consensus—far from it—on U.S. policy towards China. As Peter mentioned, over the course of prior decades we had had a bipartisan consensus. But, equally important, there is strong public interest in China. Part of this interest is historical, part of it is the fascination with China as a big country, part of it is America's missionary heritage with China. There are many reasons why China is a significant country in the eyes of the public. But if one combines the lack of policy consensus with broad public interest, we face the risk of a thousand flowers of policies blooming and some of them having poisonous seeds.

Now, what would I set as the objective? I would try to achieve progress on three inter-related tracks. One, we should focus on the long-term relationship with China—clarify



the future that we'd like to see, what's important to us, and caution China on actions that could derail the relationship, going to Jim Lilley's point about establishing credible deterrence. Part of credible deterrence is not hiding the ball from the other player, making clear what matters to you, avoiding miscalculations.

Second, the President should explain his China policy to the Congress and the U.S. public. Any President, of whatever party, is going to have to build support with the public and with the Congress to be able to sustain our actions across the range of issues that pertain to China, whether it be human rights, whether it be economic, whether it be security, proliferation, or others.

And third, one would want to have some results from this meeting. Not surprisingly, it would be useful if the results both provided credible evidence of how we are building for the long term and also helped make the case to the Congress and the public. Also, the results should create a basis, and momentum, for the follow-up summit in China in 1998. The President should see this as a two-part exercise, and get both governments to work now to achieve results by the time of the next round.

The President also needs intelligence on Jiang Zemin's position. Doug Paal gave you a quick summary on Jiang's interests, and most of my knowledge draws from his work and that of others. But, in brief, one needs to know Jiang's hot buttons, his strength, what he would like to achieve on the visit, and whether there is some possibility for mutual benefits—what would be in his interest and what would be in our interest, how we can capitalize on it. As Doug mentioned, I suspect Jiang Zemin's highest priority is the respect that he is given and the stature he is given both for his country and for himself as a leader.

The Administration has lowered expectations. That's a reasonable political strategy. And, as Peter mentioned, it's probably reasonable in terms of what the possibilities for achievements are right now. However, I worry that in trying to lower political expectations, the Administration might have also decreased its internal efforts—those are two very different things. There's a lot that can be done privately to try to move ahead on the strategic course. Anxieties and fears of dealing with domestic politics might lead the Administration to shrink from what should be accomplished.

Now, how might these elements come together? I think it would be useful for the President to give a speech in advance. There's been talk about the President doing this. The speech should give an historical and strategic context about our relationship with China. The President should be frank, but doesn't have to be hostile, about the differences we have with China, including some of the things that Peter mentioned. But he should also note the positive possibilities. If we are going to develop a consensus on our policy towards China, particularly after the Cold War, it is vital for the President to create the public basis for it. Probably one of my most significant criticisms of the President's foreign policy is that he seems just to get dragged into issues. Some of the conclusions he comes to are ones that I basically would agree with, but the process he employs leaves everybody confused, and he certainly won't build public support for U.S. positions that way.

It would also be important to talk to key allies in advance of the visit. I'd be very curious to know whether the Administration is doing this. This was a habit of the Bush Administration. Given the new defense guidelines with Japan—and given Prime Minister Hashimoto's visit to China—it would be very smart to call Mr. Hashimoto to talk to him about his visit, and to share a sense of how both Japan and the United States would talk to China about our alliance. Also, if we are going to talk about Korea with China, it would

be very important to talk to the Koreans in advance. And it would be also important to debrief Japan and Korea afterwards. These may seem like small things, but they pay enormous dividends in building relationships for the future.

It would also be important to reach out to the Congress. I would invite the congressional leadership to the White House in advance of the summit, and I would select other Senators and Representatives who I thought were playing key roles with China, even if they weren't in the leadership—from both parties—so as to talk to them about the Administration's summit strategy—how we are approaching the meetings, what we hope to achieve, and how we saw the relationship between the summit and the return visit to China. One of the reasons why the Congress does some of the things that Peter doesn't like and that I get frustrated with is because the Members aren't close to the diplomatic process. They want to express their view. They seize the tools that they have to get attention if they're not part of the Administration's process.

In terms of private discussions with the Chinese, it's very important for the President and his senior people to clearly explain our security interests in the region and why we believe they are fundamental to peace, stability, and economic growth. We have no reason to hide from these positions. While there could be a conflict with China, the potential conflict is basically up to China and will depend on its behavior. We should be straight, because I believe our interests can accord with China's interests economically and also politically.

We should also explain why our alliances are important to the United States and the region. I know what the Chinese will say, as Jim Lilley and others have mentioned. But the United States should explain its view on alliances, how we see their importance to everybody's security in the region. And if China gets the message that an effect of the new U.S.-Japan Defense Guidelines is to deter against using force against Taiwan, fine. I don't want China to use force against Taiwan. We shouldn't act with hostility, but I don't think that deterrence is a bad message. We should also emphasize why we're focused on proliferation—why we're seeking China's cooperation and the need for results, and we should explain how our anti-proliferation policies accord with the larger strategic interests of both parties. We should explain why we're concerned with North Korea and how we're trying to address it. The problem with this suggestion is that it probably requires having a sense of what the plan is for Korea, and I'm not sure the Administration has that. And it's very important, again, in terms of building some degree of trust and a working relationship, to solicit China's views on Korea, what they believe is going on. They probably know more about North Korea than we do.

We should also emphasize the importance of the economic issues in the region. Most of the prior comments have focused on the security relationship; that's obviously important, but our public support and our national interest also involves economic dimensions. We should state clearly what types of Chinese actions will ruin our economic relations. I testified recently before the Senate Commerce Committee at my friend Chairman McCain's request. That Committee—Democrats and Republicans—was pretty darned hostile about both Chinese and Japanese trade, including people that I had traditionally seen as strong free traders. And one of them—I won't mention him other than to say that he's a Senator from the state of Washington, normally a strong free trader—was understandably troubled about the Chinese using the "Boeing-Airbus card" to punish the U.S. It's pretty hard to explain how China's becoming a market economy when one can see how China's government will pull in or pull out economic favors. It's important to explain this to the Chinese.

I never underestimate—this is an important point—what foreign leaders do not know and do not understand about the United States and our interests. The possibility for confusion and miscalculation is enormous. The longer I've been involved with foreign policy the more I'm convinced that, while my colleagues draw wonderful analytical models about rational action, nine times out of ten, action is based on confusion and bureaucratic error. It doesn't mean you shouldn't try to achieve rational action, but you ought to try to minimize the dangers from miscalculation, misunderstandings, and mistakes.

I think we should be clear on our approach to Taiwan. It's critical not to do this with a sense of hostility and threat, but to reiterate our commitment to the one-China policy, while also making clear that use of force, in my view, would be responded to by the United States. I think that's a fact. I think a President who did not respond to China's use of force against Taiwan would be impeached. On the other hand, we also have to make very clear that we oppose Taiwan's independence.

It would be very interesting to ask Jiang Zemin's views on what happened in the Party Congress and what he plans afterwards. Sometimes you get rote answers, but sometimes you learn some interesting insights.

In terms of future actions to be launched, the U.S. and China need to arrive at a solution for China's accession to the WTO. There are problems on the Chinese side. Anybody who does business in China knows that. But I think that the Administration was so worried about the political dangers of reaching an agreement with China that it was very wary of any "compromise." The Administration's requirements for a deal were probably impossible, given the state of China's economy.

My suggestion is to break the WTO accession problem into three parts. One is to get China's commitment to the core principles of the WTO. Second, we should get a significant down payment of liberalizing actions. But third, and this is the most important part, we have to create an ongoing process, what I've called a "mutual executory contract," where there are obligations on both sides, and the United States and others in the international community maintain some rights and safeguards and other actions to be taken if China doesn't follow through. Anybody who has done business in China knows that it's not the smartest thing to give everything up front, because you might find that the follow-up negotiations or actions aren't what you would like them to be.

The people who are the GATT and WTO purists tend not to like this idea, because the normal WTO notion is that if you're in, you get all the rights and benefits, and then you slowly make your progress toward liberalization. But there are precedents for a process with safeguards for non-market economies, and in many respects China remains a non-market economy. I've found some Chinese to be interested in this approach. Frankly, this three-part approach recognizes that there will be an ongoing negotiation. And that makes sense to me, because given the changes that are going on in the Chinese economy, we don't know today what we want to have five or six years from now. It's important to create an ongoing process, perhaps even including a special dispute resolution mechanism, to get China into the WTO framework, to get them to start being held to the WTO principles. And this approach also gives some political protection, because the U.S. will have some recourse if the Chinese don't follow through on their obligations.

I would also try to revive something that existed in the 1980s—a Treasury dialogue with China on larger economic reforms. This fell away after Tiananmen Square. I was struck by Secretary Rubin's visit to China. He's a person that has respect in the international economic community. I would like to get the Treasury involved with some reform issues in China. The Treasury tends to take a broader view of economic topics. Treasury's

involvement would also signal our interest in ongoing interaction with the reform process of the economy.

I would also look for ways to emphasize the rule of law. If you really want to affect human rights over time, it's useful to find avenues where the other party also perceives an interest in the topic. We have seen various Chinese statements including, I believe, at this most recent Party Congress, about the importance of the rule of law. So start a process. Invite the Justice Minister over. Invite members of the parliament over. Have private legal exchanges. I certainly have seen that Chinese interested in economic reform have a very strong interest in creating economic security through private property rights and contract rights. Through this process, private parties play a greater role in society, and the role of the state gets limited. So I would focus on the rule of law. The Chinese treatment of Hong Kong also relates to the rule of law. I agree with Jim Lilley's analysis, but it is vitally important, economically as well as politically, that the rule of law system in Hong Kong not be undermined. As we've seen throughout Southeast Asia, there's a price for not having clear legal principles for businesses and markets. I believe the lack of transparency and corruption frighten off some investors, even though the fundamentals might be relatively good in some countries.

I know that there is an interest to announce cooperation on nuclear energy and preventing proliferation. I'm not enough of a specialist to know whether I would take such a step at this time. My gut feeling is that it's important to rely not only on China's legal actions, but to see whether China's actions match the words. So I would try to launch something, try to move forward, but then see whether the record would justify action by the time of the return visit. If the President moves too fast on these topics and doesn't bring along the public, he might create more of a problem than a solution.

Given the President's focus on Kyoto and global climate change, the President will also want to raise the issue with China.

Then there is the question of commercial deals. These have to be handled carefully. Chinese leaders like to bring presents. U.S. business welcomes sales, but given the way that the commercial deals have intruded into our political system, one would have to be careful on how to announce them. I would still welcome this forthcoming effort by the Chinese, but I probably wouldn't have the deals announced in Washington. I would look for places outside Washington—this may have been an idea I got from you, Doug—where Jiang could announce sales with business community connections.

So what does this leave for the follow-up visit? Well, a lot of items that I mentioned on the security agenda, and perhaps some serious breakthrough on the WTO, a Treasury economic dialogue, proliferation, rule of law.

The last point I want to mention is human rights. I hope the Administration knows that it should be communicating to the Chinese privately, in advance, how important some movement on human rights would be for Jiang Zemin's reception. We did this with the Soviet Union, we did it at times with China. The Chinese can refer to humanitarian reasons or health reasons for the release of dissidents. This goes back to my point about how the Administration actually lost ground on human rights with its failed linkage with MFN. Human rights must be part of the President's agenda and the agendas of senior officials. Topics like freedom of religion are important to the United States. We should talk about them. Dissidents are important to the United States. Adherence to the U.N. Convention on Human Rights would be important. These are core beliefs of the United States, and we should never retreat from them. We should not be ashamed of them. We shouldn't feel that they will unduly interfere with the nature of the discussion. On the

other hand, as Peter and others have mentioned, you have a test of effectiveness here. You can beat your chest about these issues simply for your domestic audience, and probably have people locked up longer, or you can actually try to get something done, perhaps with small steps in the near term but also with a sense of the long term and how you're going to affect the Chinese. And clearly I would put my emphasis on rule of law as the key point on this, and on China's economic engagement with the rest of the world.