



# Executive Memorandum

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## OUT OF THE MFN TRAP: TOWARD MEANINGFUL ENGAGEMENT WITH CHINA

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On June 3, President Bill Clinton announced his intention to extend China's most favored nation (MFN) trading status for another year. Congress has 30 legislative days in which to consider a vote to disapprove this decision. This ritual has occurred every year since June 4, 1989, when China brutally cracked down on student demonstrators in Tiananmen Square; and each time, after considering China's military intentions, trade issues, and human rights abuses, Congress has decided to extend China's MFN status for another year. However, the issue of most favored nation (normal) trading status for China is really a question of whether Americans should have *any* trade relations with the Chinese people. Trade relations increase contact and the opportunities for an exchange of goods and services, culture, values, and religious beliefs. Furthermore, trade expands the private sector and diminishes the role of the state in people's daily lives.

But trade alone cannot address the full range of U.S. national security and human rights concerns in China, and extending normal trading status is not a viable substitute for establishing a meaningful China policy. The President has led Americans to believe that they must accept his policy of "engagement" with China or travel down the dangerous path of containment and isolationism. This year, Congress has an opportunity to demonstrate that there are reasonable legislative measures between these two extremes to address specific concerns.

### A NEW CHINA POLICY DEBATE

The debate over China's trade status this year could give U.S.–China policy a more constructive direction. After strongly questioning China's behavior and the President's policy, Congress is likely to extend normal trade status.

However, thanks to a handful of creative Members, MFN is not the only legislative tool now at Congress's disposal in addressing China policy concerns.

For example, in May 1997, Senator Spencer Abraham (R–MI) introduced the China Sanctions and Human Rights Advancement Act (S. 810, later reintroduced as the China Policy Act of 1997). S. 810's provisions were based on three principles: punish the transgressor; cut aid, not trade; and strengthen democracy promotion. After opening a much-needed discussion about ways to address specific national security and human rights concerns with China outside of the MFN framework, the bill languished in committee.

In July 1997, after the House voted 259 to 173 to extend China's MFN status, the House Policy Com-

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mittee unveiled a package of 11 bills that addressed three broad policy areas: promoting human rights, promoting freedom and free trade, and ensuring security. The bills addressed sensitive issues such as forced abortions, religious persecution, espionage, slave labor, democracy promotion, and missile defense for Taiwan. This "Policy for Freedom" package represented the only new China legislation to make it to the House floor for a vote in 1997. Nine of the 11 bills were passed immediately following Chinese President Jiang Zemin's state visit to Washington last October; the other two were passed as amendments to earlier legislation. The "Policy for Freedom" bills were passed by an average margin of 388 to 31 and now await Senate consideration.

Senators Tim Hutchinson (R-AR) and Spencer Abraham have taken the lead in getting this legislation through the Senate to the President's desk for signature. Senator Hutchinson began the process on May 14 by introducing two of the House provisions—increased customs monitoring of slave labor exports and increased Department of Defense reporting on companies with ties to China's military—as amendments to the Defense Authorization Act (S. 2057). On June 4, Senator Abraham reintroduced five specific provisions of his original bill as amendments to the Defense Authorization Act. More amendments probably will be introduced, and other Senators will play important roles in guiding the legislation passed by the House through the Senate.

While specific provisions of the legislation are important, the most important message to be heard in the process is that Congress has found an effective legislative strategy which addresses China policy concerns with specific measures that do not jeopardize the entire U.S.–China relationship. President Clinton's choice between supporting his policy of engagement or traveling down the dangerous path of isolation and containment is false. Congress has proven that there is plenty of room for reasonable policy between these two extremes.

### MAKING ENGAGEMENT MEANINGFUL

Many in Congress understand that the real debate over China policy is over how to define the

nature of engagement with China. Senator Connie Mack (R-FL) has characterized the Administration's policy as "hollow engagement," and he is among the congressional chorus of those who would develop a more "meaningful engagement" with China—one that actively protects American security and promotes freedom and democracy in China. To accomplish these goals, the United States should:

- **Extend normal trade status to China.** Foreign trade helps to expand China's fledgling private sector. At a minimum, trade relations with China offer Americans opportunities to see firsthand what is happening in China. At best, they offer opportunities to exchange religious or cultural beliefs with the Chinese people in the hope of fostering positive change from within.
- **Target solutions to specific China policy concerns.** Maintaining normal trade relations with China does not mean that the United States should sacrifice its own security or stop promoting democracy. America should trade with China, and simultaneously protect national security and promote democracy, through measures like those in the "Policy for Freedom" package.

In the coming days, the Senate has an opportunity to add substance and meaning to the U.S. policy of engagement with China. Members should reject the false choice of engagement versus containment put forward by the Clinton Administration, or of trade versus national security and human rights put forward by others. In the past, Members felt trapped between standing up for human rights by denying MFN or expanding freedom through open trade by extending normal trade status. MFN is not a substitute for a meaningful China policy, but it should be an integral part of one. By maintaining China's normal trade status and finding ways to punish the real transgressors, Congress can add balance to China policy. It may also provide a way out of the seemingly endless cycle of debates and unresolved concerns in MFN's annual renewal process.

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