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Folder Title:
China Communications Strategy 1/97 [1]

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Withdrawal/Redaction Sheet
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COLLECTION:
Clinton Presidential Records
National Security Council
Anthony Blinken (Speechwriting)
OA/Box Number: 3388

FOLDER TITLE:
China Communications Strategy, 1/97 [1]

RESTRICTION CODES
Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]
Clinton Concedes China Policy Hasn’t Helped Much on Rights

By R.W. Apple Jr.

WASHINGTON, Jan. 28 — President Clinton conceding today that his doctrine of “constructive engagement” with China had failed to engender the progress on human rights last year that he had hoped it would, but he added that he still believes “that the policy we’re following is the correct one.”

Speaking at the first news conference of his second term, at a moment when Washington and Beijing are in the process of setting up reciprocal visits between Mr. Clinton and President Jiang Zemin of China, the President came close to predicting the ultimate demise of the Communist government.

Pointing the impulses of the society and the nature of the economic change will work together, along with the availability of information from the outside world, to increase the spirit of liberty over time,” he said.

“I don’t think there’s any way that anybody disagrees with that in China can hold that back. I just think it’s inevitable, just as inevitably, the Berlin wall fell.”

Administration officials said on Monday that the annual United States report on human rights around the world, due on Thursday, would sharply criticize China. It is said to conclude that there are no active dissidents left in China, all having been jailed or sent into exile. One official said the report makes no effort “to disguise China’s retreat on human rights in 1996.”

On another pressing foreign policy topic, the President said he still expects to meet in March with President Boris N. Yeltsin of Russia, despite reports from Moscow that Mr. Yeltsin’s frail health following a heart operation might force a postponement or cancellation of the summit conference. After quintuple bypass surgery last Nov. 5, Mr. Yeltsin contracted double pneumonia this month and has been little seen in public since then.

In theory, the March meeting should be in Washington, since the two men last met in Moscow last month, but, with Mr. Clinton today that the meeting might be held in a third country, closer to Moscow, to ease the strain on Mr. Yeltsin. He appeared on Russian television today for the first time in three weeks, smiling and seemingly alert, but he has canceled a trip to the Netherlands on the advice of his doctors, who say he should not fly yet. “We have a huge, full agenda,” Mr. Clinton declared, naming the expansion of NATO, which Moscow has been opposed to since Russia’s ratification of the START II treaty on reducing nuclear arsenals as major items on the list. “So I think we’ll go right on, and I expect to have that meeting in March. I hope it’s an important one and, I hope, a successful one.”

Final details of the conference are to be worked out by Prime Minister Viktor Chernomyrdin of Russia and Vice President Al Gore here next week.

Mr. Clinton also sought, in an indirect but unmistakable way, to hold the feet of the Saudi leadership to the fire in the investigation of the bombing that killed 19 American soldiers last year. Twice he said that he had been personally assured by the Saudi Government that it would provide answers to all questions posed by the American investigators.

At one point, he said that he had received assurances from “the highest levels” of the Russian Government — a formulation that might be taken to mean that Mr. Yeltsin himself.

The director of the F.B.I., Louis Freeh, who is in charge of the American investigation, and Attorney General Janet Reno complained last week that the Saudis were not cooperating fully enough. Mr. Clinton did not contradict them directly, declining to answer a question as to whether he was satisfied with Saudi cooperation to date.

“It’s still in process,” he said. “We have to see if it comes out all right. But there are further requests for information that are ongoing. We’ll see how it comes out.”

The President’s concession that his China policy had produced disappointing results represented a distinct shift from the Administration. Over the past year or two, when asked when results would begin to be visible, such varied officials as Mr. Gore, former Secretary of State Warren Christopher and the late Commerce Secretary, Ron Brown, had suggested they were imminent.

Mr. Clinton has declined to treat progress on human rights or on restricting the spread of nuclear weapons as prerequisites for high-level meetings and preferential trade status. Critics say this policy has the effect of putting economic considerations ahead of all others and taking the pressure off China’s leadership. The President disagreed.

“I still believe,” he said, “that over the long run being engaged with China, working with them where we can agree, which helps us on a whole range of economic issues that directly bear on the welfare of the American people, like the problems on the Korean Peninsula, and continuing to be honest and forthright where we disagree, has the greatest likelihood of having a positive impact on China.”

In response to another question about China, Mr. Clinton said that he was “concerned” about indications that the Chinese might restrict civil liberties when they take over Hong Kong from the British later this year.

Noting that the Chinese had promised to leave the system of government in Hong Kong intact, even though it will be a part of China, he said “there may be some ambivalence toward the idea that the Chinese leadership has in mind.”

“I’m not so sure that it can exist,” the President added, “with all of its potential to help China modernize its own economy and open opportunities for its own people if the civil liberties of the people are crushed.”

“Of course, I would hope very much that they would look for ways to maximize the continuation not only of the economic system, but of the personal freedoms that the people of Hong Kong have enjoyed in making it such an economic engine.”
THE INQUIRY

**Senate Scrutiny on Democratic Financing**

By STEPHEN LABATON

WASHINGTON, Jan. 28 — Senator Fred Thompson, the head of the Senate committee investigating improper fund-raising by the White House, was poised today for a broad mandate today for the inquiry and said that hearings remained months away.

In a brief address on the floor of the Senate, Mr. Thompson, Republican of Tennessee, said the Senate Committee on Governmental Affairs would explore whether the White House had properly maintained legal barriers between fund-raising activities and the official business of government, and whether any American policies or national security decisions had been affected by campaign contributions.

He also served notice on the Clinton Administration that he would consider challenging any claims of executive privilege that might be invoked by the White House to withhold sensitive documents.

A variety of House committees have been asked to examine various aspects of the campaign finance activities of the Democrats. The Justice Department has also created a special task force to examine the fund-raising activities of the Democratic National Committee and a number of major donors.

But Mr. Thompson's inquiry is expected to be the main Senate showcase for examining how the White House handled the Democratic Party's raised money for the Presidential campaign and why so many questionable donations were solicited. The Democratic committee has already returned about $1.5 million in contributions, most of which was solicited by John Huang, a former aide, who served notice on the Senate last week that he may have run "awfully close to the edge" of Federal law.

Mr. Lott, a Mississippi Republican, said he did not know whether the nomination was in jeopardy. The White House and senior Democratic senators have declared their confidence that the Senate will confirm Ms. Herman.

Still, making that happen appears to be the first task of two top Democratic strategists recruited by the White House to help shepherd her nominations through the confirmation process.

Ms. Herman, until recently Mr. Clinton's liaison to ethnic groups and other constituent groups, was identified in White House files released last week as a leading organizer of those groups on behalf of Mr. Clinton's 1996 re-election campaign. Among other activities, the documents state, she prepared a plan to recruit black supporters by inviting black community leaders to meet the President at the White House.

Ms. Herman's office also invited Edward Ludwig, the Comptroller of the Currency and a crucial Federal banking regulator, to a much-criticized meeting last May of banking executives, their Federal overseers, the President and the Democratic Party's top fundraiser. The Democratic National Committee arranged the White House session, which was not officially a fund-raising event but which included many of the banking industry's biggest donors to Democratic causes.

The White House has strongly defended Ms. Herman, saying she had a full day's work before the White House job before performing any political duties. The Hatch Act bars Presidential appointees from conducting political activity while on the job, but does not prohibit after-hours work for parties or candidates.

But Mr. Lott questioned the White House position today.

"This latest information has come out about arranging meetings, appointments at the White House, as the news media reported this morning, it's awfully close to the edge of violating the Hatch Act," he said after a lunch with Republican senators in the Capitol. "I think we have to take a look at what she did and see if it's probative."

Mr. Lott said he had considered Ms. Herman a good choice to head the Labor Department until the latest reports. Asked whether her confirmation in jeopardy, he replied, "I don't know."

Senator James M. Jeffords, the Vermont Republican who heads the Labor Committee, has yet to schedule hearings on Ms. Herman's nomination, which some regard as a sign of trouble. Most of Mr. Clinton's other nominees have either completed their hearings or have a schedule for them.

But one senior Democratic aide, who spoke only on the condition of anonymity, noted that Presidents had used Ms. Herman's office as a vehicle for campaign planning for years, if not decades, and argued that Ms. Herman's political activities so far had not been shown to be much more blatant than those of Republican Administrations.

THE New York Times

**Hints of a Possible Cloud Over Labor Appointment**

By MICHAEL WINES

WASHINGTON, Jan. 28 — The Senate majority leader, Trent Lott, cast a shadow today over President Clinton's nomination of Alexis M. Herman as Secretary of Labor, saying her political activities while in the White House last year may have run "awfully close to the edge" of Federal law.

Mr. Lott, a Mississippi Republican, said he did not know whether the nomination was in jeopardy. The White House and senior Democratic senators have declared their confidence that the Senate will confirm Ms. Herman.

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U.S. Report Rebukes China Over Rights

By STEVEN ERLANGER.

WASHINGTON, Jan. 27 — by the end of 1996, there were no active dissidents left in China who had not been jailed or exiled, Clinton Administration officials said today, describing the conclusion they reached for the United States Government's annual report on human rights conditions.

One official described the Chinese success at wiping out active dissent as "an accomplishment: even post-Stalinist Russia could not achieve." A China expert outside the Government who has seen the draft report, not circulating at the White House and other agencies for comment, said that it is "hard-hitting" and makes no effort to "disguise China's retreat on human rights in 1996."

The report, due out in China, one of 183 reports on human rights around the world to be made public on Thursday, is also one of the most sensitive. The Clinton Administration is trying to establish a policy of "constructive engagement" with China that the new Secretary of State, Madeleine K. Albright, calls multifaceted. Under this approach, no one issue — whether human rights or the spread of nuclear weapons — would dominate and distort the relationship and high-level meetings could go ahead.

There is something of an annual ritual now in sharp criticism of China in the human rights report, followed by policy decisions that play down the importance of human rights in the overall relationship, concerns over trade, Taiwan, arms sales, missile and nuclear proliferation, and Beijing's help in controlling regional actors like North Korea.

Another report, on Germany, criticizes discrimination against members of the Church of Scientology, which Washington regards as a religion and Bonn considers a cult. But State Department officials said this year's criticism was only marginally more extensive than last year's.

The place of human rights in relations with China is a preoccupation within the White House and State Department. The Administration wants to be seen to "keep the faith," as one senior official said, with dissidents in China and to keep human rights an important factor in the overall United States-China relationship. A group of officials is on the way to China to discuss human rights and other issues. Ms. Albright is considering visits next month when she makes her first extended foreign trip as Secretary of State to both Europe and Asia.

The main purpose of the current visit, officials said today, is to try to convince the Chinese to make significant gestures on human rights that could justify the dropping by Washington of its co-sponsorship of an annual resolution condemning China at the United Nations Commission on Human Rights in Geneva.

The Chinese are already lobbying intensely at the tailing of a resolution at the commission, which meets in early March and runs through April 18. The United States must decide soon whether to co-sponsor a resolution, and it has for the last seven years, to allow the measure any chance of success.

The United States, in a message to European Union officials last week calling for "Coordinated Human Rights Approach to China," made available to The New York Times, said the United States is "continuing to talk to the Chinese about what meaningful, concrete steps they might take to avoid confrontation in Geneva."

According to the document, these are the steps that China might take:

It might release some noted political prisoners on the grounds of medical need.

It might sign and submit for ratification two international human rights conventions — one on civil and political rights and the other on economic, social and cultural rights.

It might resume talks with the International Committee of the Red Cross on allowing regular prison visits.

The Chinese have begun to lobby against a resolution, the document says.

Last week China suddenly offered to resume, on Feb. 14 in Singapore, a long-stagnant European Union-Chinese dialogue on human rights. That has effectively put the European Union on hold until Feb. 24 — too close to the Geneva meeting to allow joint lobbying with the United States.

Bulgarian President Urges Quick Election

SOFIA, Bulgaria, Jan. 27 (Reuters) — President Petar Stoyanov said today that he would call on the Socialists to form a new government, but he urged them to reject the call and agree to opposition demands for a speedy general election.

As daily protests against the Socialists entered their fourth week, Mr. Stoyanov urged the opposition to abandon its boycott of the Bulgarian Parliament and called on both parties to cooperate in passing measures to tackle a lingering economic crisis.

Under the Bulgarian constitution Mr. Stoyanov is obliged to ask the Socialists, as the biggest party in Parliament, to form a new government. If all parties fail to put together a cabinet, elections should be held within two months.

Since taking office last Wednesday the President has tried to negotiate a consensus over a new government. But the Socialist leader, Georgi Parvanov, offered little hint of compromise today, repeating that a cabinet of technocrats led by Interior Minister Nikolai Dobrev offered the best solution to the crisis.

But that solution is unacceptable to the opposition, who hold Mr. Dobrev responsible for clashes between police and demonstrators outside Parliament on Jan. 10.

Some 1,000 protesters, their faces painted white, marshaled from the university to join the main opposition rally today, blowing whistles and rattling tin cans full of virtually worthless Bulgarian coins.

At the cathedral, a crowd of 18,000 protesters included a group of miners wearing hard hats with lamps. "I'm here because I'm hungry and I'm angry," said one banner.

The New York Times

TUESDAY, JANUARY 28, 1997
FUTURES MARKETS

Orange Juice Prices Surge
As Frost Damage Is Reassessed

By The Associated Press

Orange juice futures prices soared yesterday after citrus growers in Florida reported estimates of heavy crop losses from a freeze earlier this month.

On other commodity markets, corn and soybean prices also rose, as did natural gas futures.

The Florida Agriculture Department estimated that as much as 20 percent, or $60 million worth, of the state's oranges were damaged when temperatures dipped below freezing for a six-hour sustained period on Jan. 19.

But this weekend, some citrus producers reported losses of up to 50 percent and some tree damage. The state agency also increased its damage estimate, to $70 million.

"It's hard to get a handle on how much damage there really is because it's so widespread and the estimates are so scattered," said Judith Ganes, an analyst at Merrill Lynch.

Forecasts call for more freezing weather in Florida by Saturday. Agriculture officials had been projecting a record orange crop of 220 million 80-pound boxes. Even if damage is more modest than originally believed, the 1997 Florida crop probably will be as large as that of a year ago, Ms. Ganes said.

Still, frozen concentrated orange juice futures for March delivery rose 10 cents, to 50-30 cents a pound, on the New York Cotton Exchange, the highest for an active contract since Dec. 6.

Cocoa and soybean futures prices rose on the Chicago Board of Trade amid signs that export demand would remain strong in coming weeks, said John Kleist, research director at ING Futures and Options.

"Export sales were at a market-high three-year high last week, and prices have remained fairly stable, so everyone's expecting to see some good sales this week," Mr. Kleist said.

March corn rose 2-3 cents, to $2.71 a bushel, the highest since Oct. 30, and March soybeans rose 2.25 cents, to $6.7975 a bushel.

Natural gas futures finished sharply higher after a volatile session, on the New York Mercantile Exchange. Prices rose in part because cold temperatures are forecast for the Eastern United States.

The existing contract for February delivery of natural gas rose 17.8 cents to $1.964 per million British thermal units and the March contract rose 5.2 cents, to $2.810.

CREDIT MARKETS

U.S. Bonds

SLUMP AGAIN

On New Data

Investors Concerned
Fed Will Lift Rates

By ROBERT HURTADO

Treasury prices continued to slump yesterday, dragged down by concerns over coming economic data and their potential impact on the Federal Reserve's monetary policy.

The price for a 30-year bond dropped 93/32, 90 11/32. The bond's yield, which moves in the opposite direction from the price, rose to 6.54 percent, from 6.50 percent on Friday. The yield is now at its highest level since Sept. 24, when it stood at 6.69 percent.

Among the chief concerns of investors is the release today of the employment cost index for the fourth quarter.

"Information coming from Donald Street, an economist with MMS International, San Francisco, said a reading of 1 percent or more in the index would be cause for leading investors to begin pricing in the prospect of an increase in short-term interest rates at next month's meeting of Fed policy makers," the line here expects the fourth quarter to show a 1.1 percent increase that will bring E.C.I. growth for all of 1996 to 3.3 percent," she said. "This repre- sents the first year-on-year gain to come in above the psychologically meaningful 3 percent mark since 1994, and more importantly the largest yearly compensation increase since a 3.5 percent gain in 1953."

Thomas F. Carpenter, chief econo- mlist and managing director at ASB Capital Management — a Washing- ton company with more than $2 billion in bond under management — said that the report from the Federal Reserve, Alan Greenspan, had said that the employment cost index was not the most important indicator of wage trends.

"What is important is that investors going into tomorrow's E.C.I. is that the third quarter was subdued at six-months of a percent," Mr. Carpenter said. "And it was subdued because it was based on very few commissions paid to commission salesmen in an environment of big ticket items that was soft."

"In the fourth quarter there were preliminary estimates that which most people thought would have generated more commissions and therefore wages and salaries."

Other reports that are expected to push interest rates higher include, promoting a sooner-than-expected move on rates by the Fed, including tomorrow's release of durable goods orders for December. And on Friday, the Chicago Purchasing Managers Index will be released, for which most people thought would be a very negative read to the fourth-quarter gross domestic product and new home sales will be re- leased.

Yesterday's report on existing- home sales had little impact on bond prices. December home sales were at 3.87 million units, lower than the 4.1 million which were forecast. Maury N. Harris, chief economist at Pain Webber Inc., said the December ex-

B training-home sales decline plus the earlier reported housing starts de- cline were good reasons for the Fed not to tighten rates at the meeting of Fed policy makers on Feb. 4 and 5.

In the corporate market, supply was heavy yesterday as the Tenet Healthcare Corporation, which owns and operates more than 75 acute care hospitals and numerous health- related centers, priced $2 billion of below-investment-grade notes in three parts through Donaldson, Luf- tin & Jenrette to partly help pay for the purchase of the Ortho Health Care Systems, with a new $2.5 billion credit facility.

Traders yesterday's weekly Treasury bill auction showed about as expected, with the average discount rate for a three-month issue at 5.66 percent, down 11 basis points from the previous week, and the six-month issues at 5.71 percent, up a basis point from last week. A basis point is one hun- dredth of a percentage point.

In when-issued trading, the Treasury's new 1997 inflation-pegged notes were being offered at a price to yield 3.46 percent, down one basis point from last week. On Thursday, the Government also plans to sell a new inflation-pegged note, with the cure- rent issue rate was 5.32 percent.

Following are the results of yester- day's 3-month discount auction of new three- and six-month bills.

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The New York Times

The New York Times

TUESDAY, JANUARY 28, 1997
Jim Hoagland

The Real China Scandal

Until now, our leaders just haven't been very interested in what Beijing might be up to.

China refuses to admit that it sought to influence recent U.S. elections with secret campaign donations. But that effort, detected by American counterintelligence, fits into the Middle Kingdom's determined bid to play power politics at the global level as a new century begins.

The driving force in China's bid to follow in the footsteps of other nations that manipulate the American political process is clear: China is determined to demonstrate that it will no longer allow other nations to limit its ability, to act where its interests are involved. Beijing will make its own rules in regaining great-power status.

The campaign finance controversy is in fact strategic small potatoes compared with the ominous military buildup that China is pursuing to make the same point about its independence from U.S. restraints.

U.S. intelligence analysts have gathered indications in recent weeks that the Chinese military leadership is acquiring specific weapons and drawing up contingency battle plans that will be targeted on U.S. forward-deployed units in the Pacific if conflict over Taiwan escalates again, according to U.S. officials.

This does not mean that hostilities are imminent or even likely in the future, the analysts stress. The study of combat situations that would involve U.S. units is part of a long-range planning exercise undertaken by the Chinese military command in the wake of last spring's bristling confrontation with the United States over Taiwan.

That crisis underlined that Beijing's forces are no match for the overwhelming American firepower deployed in the region. But the accelerating purchases of Russian-made warships, surface-to-surface missiles, and warplanes underlines China's long-term ambition to reduce or eliminate America's ability to constrain its actions in Asia.

This is a remarkable reversal for a giant but impoverished nation that has been treated like an international pariah for a century. More astonishing is that it took the campaign-financing indiscretion to get Congress and the Clinton administration to understand that China is pursuing its non-so-hidden agenda by all means necessary and available.

The campaign scandal threatens to become US-China relations' latest flashpoint. So the politicians have finally taken notice.

Chinese officials apparently bought into influence in a particularly crude, detectable way in the 1996 elections, while Taiwan and other nations have acquired and exerted influence through skillful, discreet lobbying techniques.

The disclosure about China has had a chilling effect on Capitol Hill and in the Clinton administration, which must now face up to the implications of China's unwillingness to be constrained by American rules or ethics along a broad front.

Vanished from President Clinton's screen are the hopes he had a few months ago of getting trading restrictions on China lifted by Congress on a permanent or multiyear basis this spring. He will now have to settle for another one-year extension of most-favored-nation trading rights for China.

- Indonesian and Taiwanese campaign contributions to the Democrats broaden the chilling effect the scandal stories have on U.S. policy toward Asia. Trips to Asia have suddenly become inconvenient for career-minded policymakers and legislators if they have not already been scheduled. What had been a scramble within the bureaucracy to get aboard Vice President Gore's visit to China this week quickly subsided when the campaign scandal broke.

Pending decisions on military sales to Indonesia have been pushed farther back on the shelf. Congressmen who were leaning toward supporting Clinton on "fast track" trade negotiation authority and the administration's negotiating posture on China's admission to the World Trade Organization now lean away.

This is not exactly what the officials in Beijing who discussed buying American politicians in range of U.S. listening devices had in mind. But they will have done the United States an enormous favor if they force Congress and the White House to reassess and change a misguided China policy that has offended the limited usefulness it had.

China has amassed more than $100 billion in foreign reserves, second only to Japan, and will acquire $60 billion more when it takes control of Hong Kong in July. This money is being used not to better the lives of all its citizens but for a stunning arsenal and the establishment of an industrial base that will make China independent of external constraints throughout the next century.

"The Russians are selling them the latest in military technology and we in the West are selling them the latest in civilian technology," a European diplomat in China told me recently. "Have we thought about where this ends?"

No. The Clinton administration has propagated to itself and to the nation a false choice about China. The choices Washington poses are either engagement—which involves showy summit meetings between presidents, unrestricted business and financial involvement, and gradually warming military contacts—or containment, a strategic encirclement of China by military force and economic isolation.

The sound choice is a more difficult middle strategy: to exercise influence where it can to limit China's growing ambitions, particularly in Asia. This would involve a mix of incentives and penalties that have the common feature of indicating American disapproval of China's ruling communist dictatorship and support for a democratic alternative.

China has a great-power role to play in the world. Unfortunately, Bill Clinton's indulgence and suppression have helped convince Beijing that it can play that role by bribery, bullying and bloating, without paying a price. It is time to end that ignoble Chinese illusion.
Eugene H. Methvin

Cops Do Matter

In the past two years, a fierce debate has raged among criminologists and sociologists over the sharp drop in crime in New York City. The consequences for the rest of the nation are large. Demographers point out that we will have a big increase in teenagers in the next decade, and if past experience holds, that means a big increase in crime. But many sociologists and criminologists point to New York as evidence we can stop the coming crime epidemic before it happens.

Others argue, as does Richard Moran, a professor of sociology and criminology at Mount Holyoke College, that New York Mayor Rudolph Giuliani and his former police commissioner, William Bratton, have "seized credit" for their anti-crime strategies while the weight of the evidence suggests that the mayor and his commissioner were simply in the right place at the right time" (New York Son: More Luck Than Policing," Outlook, Feb. 9).

Crime was headed down anyway, in Moran's view, as a result of "an improving economy ... and most importantly, the waning of the murderous crack wars." He contends the New York decline is part of a general nationwide trend that extends to cities that did not adopt new policing practices.

Moran's Exhibit A: "East St. Louis, Ill., one of the most economically depressed cities in America, experienced a 60 percent decline in the homicide rate over the same period, from 67 homicides in 1991 to 27 in 1996.

During this time no new police practices were introduced. Rather, East St. Louis was so deep in debt that police layoffs were common. Most police cars did not have functioning two-way radios, and many remain idle due to the lack of money for gas. Nonetheless, proportionately the homicide rate declined more dramatically in East St. Louis than it did in New York City." (The professor's portrayal of East St. Louis is simply wrong. His description of the police department was accurate only for the late 1980s. But in November 1991 the voters turned out their inept mayor, Carl Orlowski, and chose Gordon D. Bush, who vowed a war on crime.

Federal and state agencies that had shunned the old regime increased aid sharply. Police Chief Fadore Chambers was able to increase his force from 68 officers in 1991 to 98 in 1996—all equipped with new portable radio. He instituted new training standards, and started an Explorer program in which youths 14 to 20 work alongside his cops. The police cruiser fleet went from 35 in 1991 to 73. One federal-state grant funded new anti-drug operations. Another provided six specially trained investigators and prosecutors to clear up a backlog of unsolved homicides.

The U.S. Justice Department's Community Oriented Policing (COPS) program alone added 18 new officers. The U.S. attorney launched a "Violent Crimes Initiative" that combined FBI, BATF, DEA, the Marshall's Service, the Illinois attorney general, State Police, St. Clair County prosecutor and sheriff, and other agencies in a coordinated anti-crime assault. The State Police stepped up activity, focusing on the public housing projects and other crime hot spots. The city and county started demolishing decrepit houses that sheltered drug dealers.

This concentrated law enforcement offensive did cut the homicide rate dramatically, from 162 to 65 per 100,000 population. It was not due to some mysterious national trend or waning of the crack epidemic, however. Just as happened in New York, East St. Louis's voters got fed up and its lawmakers got busy.

Unlike Prof. Moran, many criminologists have come to at least a hesitant willingness to say, yes, the police made a big difference in New York in 1994-96. One fact stands out: The decline in serious crimes in New York City's five boroughs under the reinvigorated NYPD in 1996 accounted for 70 percent of the total decline in serious crimes in the entire United States.

The man who sparked this stunning accomplishment, former commissioner William Bratton, told his cops, "For years the common wisdom advanced by criminologists, sociologists and many politicians was that police can't be expected to have much effect on crime. Big increases or decreases are supposed to result from economic, demographic or social forces beyond the control of any police department. A lot of police professionals accepted this idea, partly because it got us off the hook. We couldn't be blamed for a sudden crime surge caused by social forces. But the idea also demeaned police. It seemed to say that no matter how dedicated, skilled, well-trained and well-organized cops are, we really can't do our job.

"We've proved that police can make American communities safer. We've proved it not in some small town or mid-sized city, but in the largest, most complex city in the nation. If police can cut crime by double digits in New York City, they can do it anywhere."

University of Maryland criminology professor Lawrence W. Sherman agrees: "For twenty years many criminologists have urged that police target each crime with tactics specifically designed to drive them down. But New York is the first city to do it on a really big scale. Giuliani and Bratton have led a revolution. The result is that a lot of police departments are scrambling to copy New York's tactics."

The sooner they do the better.

The writer is a Washington-based Reader's Digest contributing editor who has reported on police and courts for many years.
Let's Get Our Superpowers Straight

By Fareed Zakaria

The simple facts define the geopolitical landscape today: Russian weakness and Chinese strength. In the North Atlantic, across Eurasia in East Asia, these two realities form the backdrop against which events occur. From theatchet in Athens to the confrontation in Hong Kong, the increasing Chinese-American rivalry is seen at its most intense.

As Russia recognizes its political limits, an economic balancing and military reorientation, the administration is spending vast amounts of time, energy, and political capital in stabilizing Central Europe. China's military capability has scaled back its military capability in the region, relying instead on good will and engagement.

President Clinton's trip to China, his press conference with Prime Minister Li Peng, and the signing of the Joint Communique have already boosted China's standing in the region. China's military buildup has been halted, and the Chinese are focusing on economic development.

The U.S. has the weak (Russia) and the strong (China) on our hands. The danger of chaos within Russia and the Central Asian borders adds to the challenge of controlling its nuclear arsenal.

The U.S. must prevent the proliferation of nuclear weapons and ensure the stability of the region. The U.S. and China must work together to achieve these goals. The U.S. must also engage China in a dialogue to understand its capabilities and intentions.

China's military buildup is not a threat, but a response to the U.S. The Chinese are building up their military capabilities because they believe they must do so to maintain the status quo.

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001. memo John Holum to National Security Advisor re: Your Upcoming China Speech (2 pages) 02/18/1997 P1/b(1)
Appendix A

Joint Communique (February 28, 1972)*

[Editor’s note: This document, popularly known as the “Shanghai Communique,” served as the main charter of Sino-American relations until December 31, 1978.]

President Richard Nixon of the United States of America visited the People’s Republic of China at the invitation of Premier Chou En-lai of the People’s Republic of China from February 21 to February 28, 1972. Accompanying the President were Mrs. Nixon, U.S. Secretary of State William Rogers, Assistant to the President Dr. Henry Kissinger, and other American officials.

President Nixon met with Chairman Mao Tsetung of the Communist Party of China on February 21. The two leaders had a serious and frank exchange of views on Sino-U.S. relations and world affairs.

During the visit, extensive, earnest and frank discussions were held between President Nixon and Premier Chou En-lai on the normalization of relations between the United States of America and the People’s Republic of China, as well as on other matters of interest to both sides. In addition, Secretary of State William Rogers and Foreign Minister Chi Peng-fei held talks in the same spirit.

President Nixon and his party visited Peking and viewed cultural, industrial and agricultural sites, and they also toured Hangchow and Shanghai where, continuing discussions with Chinese leaders, they viewed similar places of interest.

The leaders of the People’s Republic of China and the United States of America found it beneficial to have this opportunity, after so many years without contact, to present candidly to one another their views on a variety of issues. They reviewed the international situation in which important changes and great upheavals are taking place and expounded their respective positions and attitudes.

The Chinese side stated: Wherever there is oppression, there is resistance. Countries want independence, nations want liberation and the people want revolution — this has become the irresistible trend of history. All nations, big or small, should be equal; big nations should not bully the small and strong nations should not bully the weak. China will never be a superpower and it opposes hegemony and power politics of any kind. The Chinese side stated that it firmly supports the struggles of all the oppressed people and nations for freedom and liberation and that the people of all countries have the right to choose their social systems according to their own wishes and the right to safeguard the independence, sovereignty and territorial integrity of their own countries and oppose foreign aggression, interference, control and subversion. All foreign troops should be withdrawn to their own countries. The Chinese side expressed its firm support to the peoples of Viet Nam, Laos and Cambodia in their efforts for the attainment of their goal and its

*SOURCE: Peking Review, no. 9 (1972), pp. 4-5.
firm support to the seven-point proposal of the Provisional Revolutionary Government of the Republic of South Viet Nam and the elaboration of February this year on the two key problems in the proposal, and to the Joint Declaration of the Summit Conference of the Indochinese Peoples. It firmly supports the eight-point program for the peaceful unification of Korea put forward by the Government of the Democratic People's Republic of Korea on April 12, 1971, and the stand for the abolition of the "U.N. Commission for the Unification and Rehabilitation of Korea". It firmly opposes the revival and outward expansion of Japanese militarism and firmly supports the Japanese people's desire to build an independent, democratic, peaceful and neutral Japan. It firmly maintains that India and Pakistan should, in accordance with the United Nations resolutions on the India-Pakistan question, immediately withdraw all their forces to their respective territories and to their own sides of the ceasefire line in Jammu and Kashmir and firmly supports the Pakistan Government and people in their struggle to preserve their independence and sovereignty and the people of Jammu and Kashmir in their struggle for the right of self-determination.

The U.S. side stated: Peace in Asia and peace in the world requires efforts both to reduce immediate tensions and to eliminate the basic causes of conflict. The United States will work for a just and secure peace: just, because it fulfills the aspirations of peoples and nations for freedom and progress; secure, because it removes the danger of foreign aggression. The United States supports individual freedom and social progress for all the peoples of the world, free of outside pressure or intervention. The United States believes that the effort to reduce tensions is served by improving communication between countries that have different ideologies so as to lessen the risks of confrontation through accident, miscalculation or misunderstanding. Countries should treat each other with mutual respect and be willing to compete peacefully, letting performance be the ultimate judge. No country should claim infallibility and each country should be prepared to re-examine its own attitudes for the common good. The United States stressed that the peoples of Indochina should be allowed to determine their destiny without outside intervention; its constant primary objective has been a negotiated solution; the eight-point proposal put forward by the Republic of Viet Nam and the United States on January 27, 1972 represents a basis for the attainment of that objective; in the absence of a negotiated settlement the United States envisages the ultimate withdrawal of all U.S. forces from the region consistent with the aim of self-determination for each country of Indochina. The United States will maintain its close ties with and support for the Republic of Korea; the United States will support efforts of the Republic of Korea to seek a relaxation of tension and increased communication in the Korean Peninsula. The United States places the highest value on its friendly relations with Japan; it will continue to develop the existing close bonds. Consistent with the United Nations Security Council Resolution of December 21, 1971, the United States favors the continuation of the ceasefire between India and Pakistan and the withdrawal of all military forces to within their own territories and to their own sides of the ceasefire line in Jammu and Kashmir; the United States supports the right of the peoples of South Asia to shape their own future in peace, free of military threat, and without having the area become the subject of great power rivalry.
There are essential differences between China and the United States in their social systems and foreign policies. However, the two sides agreed that countries, regardless of their social systems, should conduct their relations on the principles of respect for the sovereignty and territorial integrity of all states, non-aggression against other states, non-interference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence. International disputes should be settled on this basis, without resorting to the use or threat of force. The United States and the People's Republic of China are prepared to apply these principles to their mutual relations.

With these principles of international relations in mind the two sides stated that:

— progress toward the normalization of relations between China and the United States is in the interests of all countries;
— both wish to reduce the danger of international military conflict;
— neither should seek hegemony in the Asia-Pacific region and each is opposed to efforts by any other country or group of countries to establish such hegemony; and
— neither is prepared to negotiate on behalf of any third party or to enter into agreements or understandings with the other directed at other states.

Both sides are of the view that it would be against the interests of the peoples of the world for any major country to collude with another against other countries, or for major countries to divide up the world into spheres of interest.

The two sides reviewed the long-standing serious disputes between China and the United States. The Chinese side reaffirmed its position: The Taiwan question is the crucial question obstructing the normalization of relations between China and the United States; the Government of the People's Republic of China is the sole legal government of China; Taiwan is a province of China which has long been returned to the motherland; the liberation of Taiwan is China's internal affair in which no other country has the right to interfere; and all U.S. forces and military installations must be withdrawn from Taiwan. The Chinese Government firmly opposes any activities which aim at the creation of "one China, one Taiwan", "one China, two governments", "two Chinas", an "independent Taiwan" or advocate that "the status of Taiwan remains to be determined".

The U.S. side declared: The United States acknowledges that all Chinese on either side of the Taiwan Straits maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes.

The two sides agreed that it is desirable to broaden the understanding between the two peoples. To this end, they discussed specific areas in such fields as science, technology, culture, sports and journalism, in which people-to-people contacts and exchanges would be mutually beneficial. Each side undertakes to facilitate the further development of such contacts and exchanges.
Both sides view bilateral trade as another area from which mutual benefit can be derived, and agreed that economic relations based on equality and mutual benefit are in the interest of the peoples of the two countries. They agree to facilitate the progressive development of trade between their two countries.

The two sides agreed that they will stay in contact through various channels, including the sending of a senior U.S. representative to Peking from time to time for concrete consultations to further the normalization of relations between the two countries and continue to exchange views on issues of common interest.

The two sides expressed the hope that the gains achieved during this visit would open up new prospects for the relations between the two countries. They believe that the normalization of relations between the two countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world.

President Nixon, Mrs. Nixon and the American party expressed their appreciation for the gracious hospitality shown them by the Government and people of the People's Republic of China.
I. The Past as Prologue

A. Gathered to recognize important commemoration -- 25th anniversary of Shanghai Communiqué. Honor to be introduced by one of the principal authors.

B. Much-debated in past, will be much-discussed here. My view an historic turning point for both China and U.S.

1. Not because it was so important in the "strategic" perspective, as so often portrayed. Played a role in Cold War, "triangular relations," etc. Mostly perceptual, not real. Would PRC have come to U.S. aid in event of war with USSR? Glad we never had to answer.

2. Strategic importance in enabling both China and U.S. -- long locked in ideological hostility -- to establish meaningful relationship of respect and equality, deal with each other. Broke domestic conceptual molds, which made possible extraordinary growth of ties.

3. "Strategic" rationale of opposition to USSR moot by mid-1970s, when RNM/HAK had established solid, productive ties with USSR -- detente. US-China relations flourishing in many other areas.

4. When USSR weakened, then collapsed, no re-evaluation of US-PRC ties. Had already moved beyond.

C. Instructive to look at actual language of communiqué. It bristles with disagreement. Stark contrast in positions and tone taken by the two sides. Only a few things on which there was full agreement -- that we disagreed, but that we should still talk to each other, work toward further improving relations. Two observations of relevance:

1. This has always been a difficult relationship. Even at best times, disagreements were serious or were papered over.

2. Look how far we've come. Tendency these days to look at history of relationship only back to Tiananmen in 1989, measure progress from that date. In past 25
years -- blink of an eye in China's history -- changes are remarkable.

a. Examples -- Shanghai, trade volume, students (caution), tourists, international arms control commitments, political life (72 still in Cultural Revolution last phase -- assassination, intrigue -- we didn't even know until later how bad things had gotten)

b. We take China's recent emergence on world stage, economic development for granted. Resulted from series of conscious choices. Reform and opening policy of Deng Xiaoping -- should not overstate U.S. influence, but hard to imagine that policy in absence of U.S.-China relationship brought about by S'hai Cqué.

II. The Present as Process

A. With such a good start, where did things go wrong? No need to review the entire course of relationship. Had ups and downs, periods of amicability, periods of tension, but overall course was positive and upward.

B. 1989 a turning point, however. Tiananmen Square and way it was publicly played out on TV screens across U.S., created hope in the minds of many that China was about to undergo a democratic transformation. Brutal crushing of demonstrations crushed the hopes as well -- led to enormous emotional backlash against China -- damaged the consensus behind previous China policy. Evidence the annual debate over MFN that divided Congress and Presidency.

C. Followed shortly in 1990 by the collapse of the Soviet Union -- kicked out the strategic rationale, however imperfectly understood, for the bilateral relationship.

D. Confronted Clinton Administration on entry with a dual dilemma.
   1. Can't conduct foreign policy toward country as important as China without some sort of consensus on its content.
   2. Can't pursue any policy that is inconsistent with fundamental U.S. values.

E. Achieved preliminary consensus behind 1993 Executive Order linking human rights progress and MFN status. Problem
was, it was consensus behind policy that did not work, and which evaporated quickly when that became clear. Part of problem was that it pitted fundamental U.S. values -- support for democracy and human rights and support for free trade and open markets as the vehicle for creating opportunity and prosperity -- against each other.

F. China's priorities also unclear -- prepared to work with us or against? Plethora of problems and disputes -- trade, IPR, nonproliferation, Taiwan, human rights, others.

G. Approach we took was called "comprehensive engagement" -- not a term easily translated into Chinese -- nor well understood among critics in U.S., either. Point was to manage disputes while working toward improving understanding on parameters of the larger, longer-term relationship, as well as resolving specific issues. Involved intensive dialogue, including at the highest levels. At that level -- President and Jiang Zemin -- conversations focused longer-range approach, strategic perspective, overall goals for bilateral relationship.

H. Try to portray current state of policy. Don't want to get into laundry list of problems and issues. But is an important principle involved: This Administration has a strategic perspective on China, but it is not one that relegates all other problems to the back burner. Essential for both sides to build public consensus and confidence in relationship. Ducking problems does not help. Confronting them, discussing, resolving enables us to obtain political support for the relationship despite the legions of skeptics and critics.

1. Still convinced consensus needs to be rebuilt in U.S. for support of productive U.S.-China relationship. Can't be the old consensus -- must be more realistic, hard-headed, results-oriented. Not looking for an "era of good feelings," but a problem-solving approach to relations.

III. The Future as Possibility.

A. Not without a certain sense of irony that we say the China envisioned in the Shanghai Communiqué (but not the reality then) is now coming into view. International actor, remarkable economy, UNSC member, nuclear weapons state -- you all know the mantra.
B. Many have mused over idea of accommodating new international power -- citing examples from history, such as Germany. Won't discuss here. But clear that our interests lie in a China in the 21st century, as well as today, that is open to outside world, contributing to international institutions, abiding by international norms.

1. Not a naive hope, but founded on belief that the great powers of the world have a responsibility, obligation in post-Cold War, post nuclear age -- not only to manage relations with each other in peace -- for even conventional war has now become too expensive to carry on. But also need to lead other countries of the world toward a more secure, prosperous, stable world in 21st century.

2. China does not share this perspective -- talks of "multipolar" world of great powers competing with each other in an often zero-sum environment.

3. Certainly must acknowledge possibility that China may seek to take advantage of this for its own purposes -- fail to cooperate with international community in trade, security, nonproliferation areas, become a rogue actor, threaten its neighbors. We will not be caught unprepared. Security relations in Asia, international position of strength, essential for a comprehensive approach to security in Asia and elsewhere.

4. But we aren't pessimists, nor are we afraid. Offering the opportunity, putting together the structures that will enable China to see it in its own interests to play a constructive role without undue worry about its own security, sovereignty.

C. Under that rubric, pursuing an approach to relations with China that takes account of core U.S. interests, enables China to do the same. What are those core interests?

1. Non-proliferation of weapons of mass destruction. A major US international goal. Making significant progress -- particularly impressive over the life of the Shanghai Communique. China signed NPT extension, CWC, pledged to abide by MTCR, bringing worrisome practices under better controls. Not there yet, but trend line in right direction. Working on this, will
continue to do so, recognizing the applicability of U.S. law.

2. Trade and economic reform -- U.S. has played major role in China's modernization and economic progress. Market for exports, source of investment, producer of needed S&T, trainer of managers. Trade deficit a growing problem that must be addressed. Working toward accession for China to the World Trade Organization. Process is working well -- candid discussions, flexibility -- commercially viable. Part of President's commitment to opening markets, creating jobs for U.S. workers.

3. Human Rights and democracy -- One of most controversial aspects of policy toward China, other countries. Many in this room critical of putting human rights high on agenda, foreign countries complain it smacks of cultural imperialism. Those who are ardent in support of human rights criticize us for not stressing enough in all relationships. Fact is that is part of who we are as Americans. Have not achieved leadership role in world solely as result of fighting skills of military, acuity of businessmen, sophistication of strategic thinkers. We are what we stand for -- freedom, dignity of individual, probity and practicality of democracy. These ideals have not only enabled us to achieve success, but have inspired other countries as well.

a. China's human rights practices and policies leave much to be desired. Abuses and injustice all too common. Recognize that much has improved -- not only in lives and living standards of Chinese people, but also in terms of growth of rule of law, personal freedoms. But we will not remain silent in face of oppression and abuse; will not turn a blind eye because our seeing things makes people uncomfortable.

b. But neither will we sacrifice all else to human rights issues. Relationship with China multifaceted, extensive, deepening, valuable in many ways. Must work out differences on human rights, other questions over time. Will not take human rights as the sole measure of success of relationship, dominate the dialogue.

In the long run, opening China is a way to peace.
4. **Taiwan** -- Taiwan issue was at the heart of the Shanghai Communiqué, as the other two joint communiqués that constitute the foundation of relationship. Still a difficult issue, still central to the relationship. If anything, more complicated now, due to political, social changes taking place on both sides of the Taiwan Strait, strength of democracy in Taiwan. Requires sensitive handling. Language in Shanghai Communiqué carefully drafted, and remains valid foundation for U.S. policy. No change in our approach. We remain committed to the declaration that our interest is in "a peaceful settlement of the Taiwan question by the Chinese themselves." And we have urged both sides to re-establish a productive dialogue and to avoid actions that would destabilize the situation.

5. Preserving peace on Korean Peninsula -- ??

6. Hong Kong -- World will witness this year an event that is perhaps without precedent -- peaceful return of a colony to its natural sovereign after more than 150 years. Process by which accord was reached by UK and China was difficult, but result was admirable -- Joint Declaration and Basic Law. While linked by intimate bonds of culture and language and trade, China and Hong Kong have developed on different paths. Hong Kong has enjoyed remarkable economic success -- one of the "four little dragons" of East Asia. And it has earned admiration of the world for its establishment of peaceful, orderly and free society based on firm foundations of the rule of law. It is profoundly a Chinese city, yet it is distinct from the Mainland. Recognizing that fact, PRC government has made some remarkable pledges -- that Hong Kong's unique economic and social systems will be maintained without interference for 50 years and beyond, and that "Hong Kong people will rule Hong Kong." United States respects those pledges and will watch -- along with the rest of the world -- how the transition process will unfold.

U.S. has significant economic and commercial interests in Hong Kong, as well as important people-to-people ties of long standing. Believe it is in China's interest, certainly the people of Hong Kong, and rest of world that transition be smooth, ensuring the economic livelihood and the civic rights of the people -- including free press, free association, preservation
of democratic institutions -- are preserved. Without doubt, there will be difficulties and disagreements -- as said, process is without precedent. Practically speaking, transition has been underway since 1982, and will continue after July 1. Important for people of Hong Kong that they have the opportunity to hold up their side of the agreement with full confidence of all sides. Also important that we not pre-judge the process. We have important concerns, have expressed and will continue to express them. Have a responsibility to respect the process and the people of Hong Kong as we make those views known.

IV. Conclusion

A. Rarely in history do opportunities present themselves to create new structures, understandings and policies to guide nations into a new century. Stand at such a juncture now. Emergence of China as great power has enormous implications for international affairs. China increasingly recognizes its important stake in global community, and that world is watching how it is transforming itself. The emerging global system is not stacked against China, but is preparing to welcome it. But we must not be naive. Our goal is to act on our own interests, expand relationship and areas of common interest with China. Have strategic vision to build new structures and policies for new century (including a united and democratic Europe, expanded NATO partnership with Russia, open global trading system, peacekeeping in key regions, as well as confronting new challenges, such as international crime, narcotics, terrorism, environmental issues. All these are on our agenda with China, all will benefit from improved cooperation with China.

B. This year, like 1972, a year of summit diplomacy. In short order, Secretary Albright will visit Beijing, helping prepare the way for Vice President Gore's trip in March. President Clinton and President Jiang have also agreed to exchange state visits over the course of this year and next. In 1972, Richard Nixon accepted political risks in taking his historic trip, signing the Shanghai Communiqué, opening relations with China. Exercised leadership. Chairman Mao and Premier Zhou (Joe) also took political risks in what was then a situation of considerable domestic political discord. 25 years later, we see the benefits, as well as the continuing challenges, of their decisions. We will need to take different risks for peace in this century, open new doors, confront new challenges. But the U.S.-China relationship is critical to both our nations, even more so
now than 25 years ago. Pledge we will work to establish consensus on this issue within the United States -- hope we can continue to count on the support of people in this room for advice and support. And will work also with China to enable relationship to grow well beyond the goals envisioned in a faraway city in 1972. Thank you.
EIGHT STEPS TOWARD A NEW CHINA POLICY

By Arthur Waldron

President Clinton's first goal in dealing with China must be simply to avoid trouble, but that will not be easy to do. For twenty years, a common interest in offsetting the Soviet Union gave stability to the U.S.-Chinese relationship; that common interest no longer exists. During the same period, moreover, China's domestic policies were clearly liberalizing. Since 1989, however, the direction of Chinese politics has reversed. The result is a new and inherently difficult situation for Washington.

The stakes are very high. China is a major power in Asia, intimately connected with its neighbors at every level from economics to security. Instability originating in China could spread and lead to disastrous consequences for the region. The number of potential flash points -- external and internal -- is substantial, and, as the March 1996 confrontation concerning Taiwan made clear, things can go wrong quickly and unexpectedly. Here are eight points of advice:

1. UNDERSTAND THAT CHINA IS CHANGING
The core issue in U.S.-Chinese dealings is not most-favored-nation status, or proliferation, or Taiwan, or any of the other immediate and preoccupying agenda items. Rather, it is regime change and its consequences. That China's fifty-year-old communist dictatorship will change is perhaps not easy to believe. Superficially, the Beijing government exudes confidence. Even the most jaded visitors still find official hospitality both memorable and impressive, and often derive from it a sense that the present situation is permanent and definitive. But in twentieth-century China that impression has almost always been wrong. Today, China's communist regime faces challenges in nearly every dimension, from economic policy to ecology to basic political legitimacy. No one can say exactly when it will come, but some sort of a political earthquake is inevitable in China, and Washington must bear this fact in mind.

2. REMEMBER THE U.S. HOLDS THE UPPER HAND
American diplomacy during the past few years makes it easy to forget this obvious point -- indeed, to imagine the opposite -- but the point remains correct. No matter how belligerent Beijing's rhetoric may be, a hostile Washington would be a disaster for China. Imagine a world in which China could not export to the U.S. market; in which World Bank and other financing was opposed by the U.S. The current Chinese economic miracle would begin to wilt -- and China's rulers would be confronted by armies of unemployed citizens, bankrupt investors, and so forth. Nor would other states necessarily be willing (or able) to fill the gap. Would Japan or the European Union be willing to absorb all those Chinese exports? A crisis that alienated the United States would, furthermore, probably frighten other powers in China's neighborhood, spurring military cooperation and coordination that China would be unable to match. Indeed, it is paradoxical that only if the U.S. cooperates will China be able to exercise the kind of major influence in Asia to which it aspires -- influence often described in clearly anti-American terms, as in the new book China Can Say No. The U.S. negotiates from a position of strength -- economically, militarily, and diplomatically -- and must never forget that fact. Why, then, have things gone rather badly with China for the Clinton administration?

3. RATIONALIZE U.S. FOREIGN POLICY
Management, not policy, has been the biggest problem in Chinese-American relations during the past four years. Administration goals -- peace in the region, fairness in trade, progress on human rights, and so forth -- were basically sound, but in execution they came close to disaster. No one has been clearly in charge of China relations in the Clinton administration, and the White House has regularly responded to political pressure by ignoring Chinese misbehavior (e.g., regarding missile proliferation) or reversing its own proclaimed policies (on MFN status, human rights, and the Lee Teng-hui visit). At best, such behavior baffles the Chinese (they like to know who they are dealing with); at worst, it leads them into temptation. Thus, Washington's muddled response to initial Chinese military probes in 1995 (against the Philippines and Taiwan) gave an unintended green light to the missile intimidation exercise against Taiwan in March 1996. The Clinton administration should create a clear chain of command for dealings with China. Someone with specialized knowledge and experience, and preferably on the National Security Council staff, should coordinate and approve every official interaction with China.

4. ENGAGE AND DETER
Engagement, the avowed approach of the present administration, is only half a policy, as the administration has had to recognize in the past year. The ability to lock doors, as well as the willingness to open them, remains a sine qua non when dealing with Beijing. The door that must be locked is the one that leads to force. Probes and threats during the past two years, in both Northeast and Southeast Asia, suggest that some in China believe that door is not only unlocked but ajar. Sending carriers to the Taiwan area showed how wrong the belief was, but the danger of China's repeating the error remains. Here, robust deterrence and close military cooperation with friends, including Taiwan, are the best answer.

As the door to force is locked, doors to cooperation must be opened. Many of the most valuable cards have already been played -- access to the U.S. domestic market above all, without which China's whole economic modernization program would come into question. The U.S. must not concede any more -- permanent MFN status, for example -- until the security situation is clarified. But steady and
imaginative diplomacy can continue to open up areas for cooperation and mutual benefit.

Many in Washington hope for some sort of comprehensive settlement. But political uncertainty in China makes that an unrealistic goal at present. The world's basic problems with China are unlikely to be resolved until democratization fundamentally alters the character of the Chinese state. Until then, the best approach for Washington will be to act in concert with friends and allies, in order to combine integration of China into the world community with deterrence of military adventures.

5. AVOID BILATERALIZATION
Beijing is happiest when it deals with foreign relations one on one and confidentially. But successful management of China as an emerging and possibly destabilizing international player will be possible only if the U.S. coordinates its policies with other powers. This past year saw some real progress in that respect, notably in the reinvigoration of the U.S.-Japanese security relationship, but there is still a long way to go. Current security dialogue with Asian states must be deepened, and non-Asian states brought in. Thus, Europeans are still important players in Asia; so are Russia and the former states of the Soviet Union, as well as some pariah states (Iran, Iraq, and Syria), and China figures in U.S. relations with all of them.

China will work hard to disrupt any efforts at coordination and, judging by past experience, will be rather successful. But the U.S. must persist. Asia is becoming an increasingly dangerous place, reminiscent of Europe before World War I, which is to say, more prosperous, dynamic, and well armed with other powers. This past year saw some real progress in that respect, notably in the reinvigoration of the U.S.-Japanese security relationship, but there is still a long way to go. Current security dialogue with Asian states must be deepened, and non-Asian states brought in. Thus, Europeans are still important players in Asia; so are Russia and the former states of the Soviet Union, as well as some pariah states (Iran, Iraq, and Syria), and China figures in U.S. relations with all of them.

6. TAKE CHINESE CONCERNS SERIOUSLY AND EXPLAIN U.S. ANSWERS
Much can be accomplished if Washington seriously expounds its own views, even when they are at odds with China's official line. Many people in the Chinese government are still important players in Asia; so are Russia and the former states of the Soviet Union, as well as some pariah states (Iran, Iraq, and Syria), and China figures in U.S. relations with all of them.

China today feels pride and insecurity; it wants international power and respect but is not sure how to get them. It is like Wilhelmine Germany, seeking a "place in the sun" without knowing exactly what that means or how to attain it—and the uninformed choices it is making (arms races and gunboat diplomacy) are worrisomely similar to those Germany made. Therefore, Washington should take every opportunity to spell out to China what it means to be a great power in today's world. Military strength is a factor, to be sure, but so are diplomatic credibility, domestic attractiveness, economic participation, and so forth—all the dimensions of so-called soft power. There are times when, owing to political pressures, many Chinese officials can listen but not respond in a positive way. Washington and its friends should use such times to make the case for a peaceful and cooperative world.

7. FOLLOW A U.S. AGENDA
The excellent term "calculated over-reaction" was coined by Professor Rudolf Wagner of Heidelberg University to describe China's unexpected tirades against Germany for supporting human rights in Tibet--tirades that soon had the German leadership apologizing profusely, lest trade be jeopardized. The same technique was used against the United States in connection with the visit of President Lee Teng-hui from Taiwan -- and it worked. National Security Advisor Anthony Lake is reported to have promised, among other things, that there would be no new U.S. arms sales to Taiwan in 1996, surely the wrong response to an explicit increase in military threats from China. In each case, China was able to impose its own agenda on a strong foreign state. Instead of asking, "what do we believe?" or "what do we want?" the German and American governments asked, "how can we soothe relations with Beijing? what do they want, and how close can we come to granting it?" Economically and politically, the U.S. and Europe are far stronger than China. But so long as the former do not coordinate their policies, and instead allow themselves to be played off against each other, Beijing will continue to exert a powerful and undesirable influence over the China policies of other countries.

8. DEAL REALISTICALLY WITH TAIWAN'S FUTURE
The Tiananmen massacre in China and the flowering of full democracy in Taiwan have created a situation between the two states that, awkward as it is for some to admit, means that certain fundamental assumptions of 1970s China diplomacy must soon be reexamined. In particular, it is now clear that Taiwan is not going to be forced to come to terms with Beijing (as many once expected, particularly after Washington cut diplomatic relations in 1979). Nor is Taiwan going to accept voluntarily the status Beijing offers: that of an autonomous province of the People's Republic of China. Instead, Taiwan will attempt to go its own democratic way, prosperous, well armed, and increasingly confident -- not to mention important internationally. To prevent that, Beijing is attempting to enlist Washington as an ally in bringing Taiwan to terms (through restrictions on arms sales, refusal of travel permission, and so forth) in what the Chinese commentator Ruan Ming has christened the strategy of lanMei zhiTai (uniting with America to control Taiwan). An inclination to cooperate with this strategy has existed in recent years, at least to some extent. The Clinton administration should take a longer-range view. The world will soon have little choice but to face the fact of Taiwan's separate existence. But how exactly? Being a province of the People's Republic is not an option. On the other hand, full independence for Taiwan without Chinese acquiescence would pose serious risks. A new middle way must be found. Washington should begin thinking seriously about how such a way can be found and discussing the question with China and other states.

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By Michael Oksenberg

Deng Xiaoping dominated China’s political stage for nearly fifteen years. Future historians will praise him for his accomplishments and condemn him for his ruthlessness. His vision, intellect, stamina, savvy, creativity, lust for power, and ability to energize China’s complex political system enabled him to alter the lives of over one billion people, propelling them rapidly and irreversibly into the modern world.

He sought wealth, power, and respect for his country. He had a clear notion of how to get there: through the maintenance of stability and order in China, through the unchallenged leadership of the Chinese Communist Party, through the opening to the outside world, through economic reform, and through a Chinese socialism he never defined. He feared chaos, a lesson he learned in his warlord youth and again in the Cultural Revolution. He sought China’s unity, including the return of Hong Kong and Taiwan to the mainland, or to quell disorder, or to suppress dissident intellectuals whom he considered to be enemies of the revolution.

Yet Deng was neither doctrinaire nor heavy-handed. He did not speak in Marxist-Leninist prose. He rarely quoted from Mao, though he never disparaged him. His discourse was plain, straightforward Chinese, occasionally effectively punctuated with a healthy expectoration into his nearby spittoon. He enjoyed referring to himself as a fakir—a son of the soil, a country bumpkin. He was a good deal more sophisticated and worldly than that, but he put his “man of the Chinese interior” pose to good use.

I first met the vice premier in August 1977, on Secretary of State Cyrus Vance’s trip to China. The meeting at the Great Hall of the People occurred just after he’d regained power following a forced absence of 15 months. We now know that Deng still faced considerable constraints within the Politburo and that his full ascendancy was not achieved until 1979-80. But in that first encounter, this diminutive, individual tended power and confidence. He had the aura of already being in charge. The deference other Chinese gave him revealed that he was China’s preeminent leader.

I last met him in the company of former President Nixon in October 1989, only a few months after he had labeled the Beijing demonstrators at Tiananmen Square as “counter-revolutionary.” This fateful pronouncement, which classified the students as enemies, led to their brutal June 4 suppression. By late 1989, Deng was an old man, gently and carefully tended, slow of movement, nearing the end of his active life. Suffering a serious loss of hearing, he had ceased being a good listener, an earlier hallmark.

But he still was the boss: possessing a decisive mind, a quick humor, and a sardonic laugh. To the end, he was an innovative
thinks, a tough defender of what he perceived to be China's place in the world, concerned with its stability and development, possessing an engaging and inquisitive intellect; a leader who savored and knew how to exercise power.

This complex man somehow reconciled seemingly antithetical qualities. He was cunning yet frank, modest yet proud, flexible yet stubborn, tactful yet blunt. He was always sensitive to his mortality, speculating in almost every conversation how many years remained for him to guide China's destiny.

Meetings with him were substantive and meaningful. He formulated policies, gave instructions, and made decisions in the midst of conversations with foreign leaders. Indeed, one could tell when he was probing into new territory, "daring to explore forbidden zones," to use his phrase. As he looked at his interlocutor, his usually rapid pace of speech would slow. His lips would quiver slightly as he searched for the precise formulation of his thoughts. During the translation, he would glance toward his Chinese colleagues, seeking affirmation of his wisdom from their suspicious eyes.

That was how Deng first charted for Richard Nixon his formula for the sanctioned exile of dissident leader Fang Lizhi from his refuge in the U.S. Embassy. As their leader spoke, Foreign Ministry officials scribbled furiously to capture the leader's previously unspoken solution to this vexing policy. The policy he set became the Chinese position.

In spring, 1979, Jimmy Carter's Secretary of Commerce, Jeanette Kreps, mentioned to Deng her chagrin at the rate of progress in resolving some intractable issue in Sino-American relations. In particular, the negotiations for the textile treaty were bogged down. Deng impatiently demanded that his Ministry of Foreign Trade officials deal with the issue, which the chastened officials did that night. No wonder American officials wished to see Deng. His decisiveness repeatedly cut through Chinese bureaucratic obfuscation and resolved issues. He protected and nurtured China's relationship with America.

Deng thought globally and strategically. He had a remarkable talent for succinctness, reducing complex issues to pithy thoughts. He was at his best analyzing Soviet expansionism! He likened the geopolitical setting of Eurasia to a barber: the prises of Western Europe at one end and Northeast Asia at the other, with American leadership, strategic coordination between the two regions, would effectively contain the Soviet threat.

Deng offered a remarkably prescient forecast of world affairs in the 1980s. He warned that the Soviet objective was to separate Europe and Asia by severing the vulnerable link between the two. He predicted a southern-oriented strategy aimed at expanding Soviet influence in Iran, Afghanistan, and Vietnam. In his view, Sino-American

a resolute defender

Intellect, a leader

(The years lengthened as time passed. In 1977, he estimated for Cyrus Vance that he had three years to accomplish his goals. By 1984, he told Henry Jackson he had five more years in office, but in 1988, he assured Richard Nixon that he would witness the 1997 transfer of Hong Kong to Chinese rule. These, of course, were not real estimates but were his efforts to affect the calculus of his interlocutor. Each estimate had an unstated, subliminal message: in 1977, let's move forward on nationalization and I'm not going to be here forever; in 1984, rest assured I'm in charge and my designated successor Hu Yaobang won't take my place soon; in 1989, I intend to remain in power as long as possible to keep China stable.

Thus, although he was courteous and solicitous of guests, meetings with him were subtle, substantive, and slightly and his eyes would twitch as he searched

That was how Deng in 1989 first charted for

Negotiating posture during the ensuing months.

agreement

world affairs in the late 1970's and 1980's.

Between Western Europe and East Asia to the two regions.

In 1978, Deng offered a remarkably prescient forecast of Soviet strategy.

sea lanes linking

aimed in the short run at

Vietnam and with the ultimate aim of the Strait of Malaccal
can cooperation was essential in halting the Soviet drive in these three pivotal countries. In meeting after meeting, he expressed a yearning for an economically developed China. He had a clear notion of how to get there: through the maintenance of stability and order in China, through the leadership of the Chinese Communist Party, through the opening of the outside world, through economic reform, and through a Chinese socialism he never defined. He feared chaos, a lesson learned in his warlord youth and again in the Cultural Revolution. He sought China's unity, including inclusion of Hong Kong and Taiwan in the mainland's embrace.

Baldness accompanied his decisiveness. In July 1978, President Carter's National Science Adviser Frank Press led the most prestigious delegation of government science administrators ever to visit a foreign country: the heads of NASA, the National Science Foundation, the National Institutes of Health, John Deutsch from the Department of Energy, and so on. The meeting with Deng turned to economic development, trade, and China's opening to the outside world—then still in its infancy.

Deng noted the world's energy shortages and China's coal surplus. He startled the entire American delegation by offering a large coal mine for development by the United States. He offered to swap the coal for various equipment from the United States. Frank Press was at an uncharacteristic loss for words when Deng asked for his reaction. The simplicity and naivete of the proposal were only outweighed by its boldness in allowing foreigners equity positions in China's natural resources—a politically incorrect thought in the Mao era. Herein, of course, was the origin of the Pinghuo joint venture, the coal mine that Deng initiated with Armand Hammer of Occidental Petroleum Corporation.

Such characteristics made Deng a fascinating, indeed engaging conversation partner—whether positioned across a green felt-covered negotiating table, as a dinner companion, or seated side-by-side next to his guest, with the remaining overstuffed sofa chairs arranged in a U-shape.

The latter configuration is where I spent most of my hours with Deng. Prior to a formal meeting, I always advised the leader of the U.S. delegation (who would sit next to Deng) to twist his body, look Deng in the face, and establish eye contact. I also advised the American not to allow Deng to deliver a monologue, but to engage him in conversation. It always worked. He enjoyed a genuine exchange, be it with President Carter on the problems of Tibet, Sen. Henry Jackson on American domestic policy, Secretary of Defense Harold Brown on military modernization, or Zbigniew Brzezinski on the Long March.

Deng's greatest virtue—particularly in whether as an interlocuter positioned across a green felt-covered table, a dinner companion, or a host seated side-by-side next to his main guest, the joint venture Pinghuo
comparison to many other Chinese leaders—was his intellectual curiosity. I think of his eagerness to understand the manufacturing process at the Ford plant in Atlanta or his persistent questions as he toured the Boeing 747 plant in Bellingham. This freshness of mind enabled him to journey from his origins in rural Sichuan, close to the iron age, to the era of satellite dishes and nuclear weapons. If a topic arose with which he was unfamiliar, he admitted it. I particularly recall Brezhinski's forewarning Deng in 1981 about the Soviet deployment of SS-20 missiles east of the Ural. Deng questioned Brezhinski closely. Then, in typical Deng fashion, he summarized his reaction: "I understand. Actually, it reminds me of an old Chinese saying: 'When your mattress is already full of bed bugs, if you have twice as many, you will not notice it.' So many Soviet nuclear weapons are aimed at us that doubling of them will not increase our vulnerability. But thank you for drawing this matter to my attention. I had not focused on this topic before, and I will look into it."

In conversation Deng was witty. Soon after his January 1979 arrival at Blair House, Deng went to the Brezhinski's house in May for a small dinner. Zhou and Tzu had developed a special rapport during Zhou's May 1978 trip, which had stimulated the normalization agreement. Early in the dinner, Zhou asked his guest whether there had been any opposition to normalization in China. Deng swiftly replied, "Yes." Heads turned. I thought to myself, "This is going to be a wonderful evening. What candor! We're going to learn what actually happened in the Chinese polity."

"Then, after a pause, Deng continued, "Seventeen million Chinese on Taiwan were opposed."

I talked with Deng in 1981 about the de-collectivization of agriculture. I asked whether he was worried about the re-emergence of rich peasants in the Chinese countryside and of the return of class differentiation. He cut me off abruptly:

"I'd like to have the problem first. We don't have any rich peasants now. If some peasants can actually become rich, I'll know what to do with them."

As I write this, I remember certain pictures: Deng riding the stagecoach, cowboy hat in hand, at the Houston rodeo; his almost tearfully embracing Jimmy Carter as they bid farewell in 1987, each recognizing it would probably be the last time they met; his holding a cigarette while informing his concerned guest that his doctor had assured him that he was not vulnerable to cancer.

But one picture is my favorite: I accompanied Vice President Walter Mondale as he entered the foyer of the north entrance to the Great Hall of the People in August 1979. Looming ahead was the very wide, vermil-

The next time I met with Deng, the subject came up again, and he was well prepared. In conversation, Brzezinski and he had discussed the National Security Advisor's May 1981 trip. Brzezinski asked:

"Then after a pause worthy of Jack Benny, Deng deadpanned, "Seventeen million Chinese on Taiwan were opposed."

As I write this, vivid pictures crowd my mind: Deng riding the stagecoach, cowboy hat in hand, at the Houston rodeo; his almost tearfully embracing Jimmy Carter as they bid farewell in 1987; each recognizing it would probably be the last time they met; his holding a cigarette while informing his concerned guest that his doctor had assured him that he was not vulnerable to cancer.

But one picture is my favorite: I accompanied Vice President Walter Mondale as he entered the foyer of the north entrance to the Great Hall of the People in August 1979. Looming ahead was the very wide, vermil-
They mobilized the populace in revolution and established a mandate to rule. They challenge. They mobilized the populace in revolution and established a mandate to rule. They

Deng possessed the qualities that enabled him to alter the development path of 1 billion people, propelling them irreversibly into the modern world. His toughness, stamina, political savvy, lust for power, intellect and vision enabled him to dominate the Chinese political stage for nearly 15 years.

In Deng's early years, China was in crisis. Deng and millions of others in his generation responded to the challenge. They defeated the Japanese invaders. They unified a land plagued by civil war. They restored dignity to a nation previously scorned and humiliated in world affairs. After several false starts, they set their country upon the path of economic development. They accomplished all of this, it must be stressed, at an appalling high and unnecessary cost in lives and suffering.

In this sense, Deng will have no successor, for he and his generation transformed China and his pattern of leadership can not be replicated. His death marks the passing not just of an individual but of an era. Just as Deng and his cohort did in their youth, a new generation of Chinese must now become involved not just in identifying the leaders they are prepared to follow, but in shaping the basis on which their new leaders will establish their right to rule.

Now at Stanford University, the author was National Security Council staff member from 1977 to 1980. He helped plan Deng Xiaoping's 1979 trip to the United States and participated in numerous meetings with him from 1977 to 1989.
Department Statement

Death of Senior Chinese Leader Deng Xiaoping

The Department of State has learned that Deng Xiaoping, China's retired senior leader, passed away in Beijing on (date). In addition to the statement issued today by the White House, Secretary Christopher wished to acknowledge Mr. Deng's important role over many years in developing U.S.-China relations.

During the 1970s, Mr. Deng was the key advocate among senior Chinese leaders for a policy of engagement and cooperation with the United States. His vision and policy direction helped make it possible for diplomatic relations between the United States and China to be normalized in 1979. His visit to the United States shortly thereafter set the stage for a mutually beneficial expansion of political, commercial, cultural, and educational ties between our two countries.

In a long, active and remarkable life, Mr. Deng proved to be among the most formidable, complex and determined political leaders of our times. He participated in many of the great events of this turbulent century in Chinese history. Mr. Deng was himself among the victims of a political system he helped put in place; he and millions of others suffered during the Cultural Revolution period.

After returning to power in 1978, Mr. Deng was the catalyst for revolutionary changes in China's society, economy and international profile. He will be credited with directing
China's historic economic liberalization program. Mr. Deng's ability to foster fundamental change in China's domestic economic policies, together with his bold decision to open China's economy to the outside world, resulted in increased economic prosperity for the Chinese people. These policies began to integrate China into the international economic and trading system.

Moreover, Mr. Deng's enunciation of the principle of "one-country, two systems" helped to create the necessary conditions for rising prosperity, reduced tensions, and greater mutual confidence on both sides of the Taiwan Strait. It also permitted negotiation of the historically significant Joint Declaration with the British providing that Hong Kong will continue to enjoy a "high degree of autonomy" after its formal reversion to Chinese sovereignty on July 1, 1997.

Mr. Deng also leaves as a legacy China's increasingly constructive role in international affairs. In this connection, Deng Xiaoping and American political leaders who engaged with him over the years shared the view that good relations between the United States and China are important not only for both our countries, but also for the stability, peace and prosperity of all the nations of the world.

As President Clinton has noted, the United States believes China can make its most constructive contributions by playing a positive role in world affairs, and by increasing liberalization at home, especially through enhancing its respect for basic human rights and fundamental freedoms.
Secretary Christopher has expressed the hope that both nations will find new opportunities to develop and strengthen the relations between the people of the United States and the people of China.
Press Statement on the Death of China’s Deng Xiaoping

President Clinton received with regret today the announcement from China that Deng Xiaoping had passed away. Mr. Deng was an important figure on the world stage and the driving force behind China’s decision to normalize relations with the United States in 1979. His visit here shortly thereafter laid the foundation for rapid expansion of relations between our two nations and promoted cooperation in commercial, cultural, regional, and international affairs.

Mr. Deng’s life spanned a century of turmoil, tribulation and extraordinary change in China. Mr. Deng will be remembered most as the leader who spurred China’s historic economic liberalization program. This program of reform has led to a significant increase in living standards in China and to China’s rapid modernization.

China today plays an important role in world affairs, thanks in no small part to Mr. Deng’s decision to open the country to the outside world. The President looks forward to China’s growing contribution to global peace and prosperity through constructive participation in international affairs, continued economic reform, and respect for human rights and the rule of law.

The President has conveyed his condolences to China’s President Jiang Zemin, and to Mr. Deng’s widow, Mme. Zhuo Lin.
issues solely from the perspective of how the military culture should adjust itself to women. While women make valuable contributions on a variety of levels, the military is and always has been a predominantly male profession. Its leaders should demand that any adjustments in sexual roles meet the historically appropriate criterion of improving performance, and should stop salving the egos of a group of never-satisfied social engineers.

A return to normalcy might cause a retrenchment in areas where women serve. The United States might want to learn from other countries with their own experience of women at arms. After World War II, the Soviet army completely abandoned the use of women in the operating military (they had been brought in owing to the loss of some 7 million male soldiers in combat). The Israelis at several points during their recent history have adjusted the roles of females. Contrary to popular mythology, it is against Israeli law for a woman to serve in combat—and “combat” is a term interpreted far more broadly there than it is here.

A logical first, immediate step for the U.S. military to take is that basic training should be sexually separated, as it has been throughout history until just the past few years. Beyond that, each service chief should order, on his own initiative, a full and honest review of the extent to which current sexual practices are damaging traditional standards of command, discipline, fairness, and cohesion. Where damage is being done, policies should be changed. Where sexual mixing does work, policies should be enhanced. Such a review should not be within the power of civilian service secretaries or members of Congress to obstruct, since “good order and discipline” is the ultimate responsibility of each service chief—a responsibility that many would argue has been abandoned in recent decades when it comes to this issue.

If these senior leaders prove too hamstrung, too compromised, or too politicized to take such action, then the present Congress should take steps similar to those of its Watergate-era predecessor and begin the process of dramatic change itself. Except that this time, the change would be for the purpose of preserving military traditions, values, and leadership rather than subjugating them to external political agendas.

Political and military leaders must have the courage to ask clearly in what areas our current policies toward women in the military are hurting, rather than helping, the task of defending the United States. We have now endured two decades of experimentation, and data on the experiment’s results would be voluminous if they were allowed to be examined. It has been a long time since a military leader of virtually any rank was free to speak openly about this without fear of retribution. And the difficulties surrounding the good order and discipline of our armed forces will not abate until the leaders themselves are encouraged not only to point to areas in which the new policy is working, but to speak honestly and straightforwardly about where they are not.

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**WHAT CHINA KNOWS THAT WE DON’T**

*The Case for a New Strategy of Containment*

By Robert Kagan

When President Clinton abandoned his 1992 campaign pledge to get tough with China, he quickly settled into that comfortable, bipartisan consensus of policymakers, politicians, Sinologists, and journalists who have long supported a policy of “engagement” with China. “Nothing is more important than integrating the rising power of China as a responsible member of the international system,” writes Joseph S. Nye, Jr., until recently a top defense official in the Clinton administration. Bush State Department official Robert B. Zoellick agrees with...
Nye: “The challenge,” Zoellick writes in the latest issue of the National Interest, “is to demonstrate to [China] that it will benefit from integration within regional and global systems.”

The advocates of engagement—whom we might call “the new China hands”—offer a host of sunny assumptions about China’s future and the helpful role the United States can play in shaping it. China wants to join our international order, the theory goes, or at least can be persuaded to play a responsible role in the world if only we help China’s leaders understand what’s good for them. By engaging with China, Nye argues, we can “affect how the Chinese define [their] interest.” And as the Chinese come to view the world within “the larger context” we provide for them, “the prospects for conflict [will] diminish.” China, Zoellick believes, “should welcome regional stability and the avoidance of contests for dominance.”

Underlying these optimistic assertions, however, is a lurking fear: If we don’t pursue engagement with sufficient zeal, we risk a catastrophic confrontation with China. To make their point, the new China hands ritualistically cite the cautionary example of turn-of-the-century Germany under Kaiser Wilhelm II (the period called “Wilhelmine Germany”).

Wilhelmine Germany was a nation on the move, with a dynamic economy, increasing military strength, and a rising ambition both to settle outstanding international grievances and to play a role on the world stage commensurate with its new power. Zoellick argues that the “failure to deal effectively with Germany’s rise led to seventy-five years of conflict.” The new China hands warn that the failure to deal effectively with China’s rise could have the same dire consequences.

And they insist that the lesson of World War I is that it is safer to accommodate than to contain an emerging power. “Germany then and China now,” Zoellick writes, “are characterized by a mixture of arrogance and insecurity. Germany expected, and China expects, to be taken seriously.” It follows that we must respect the wishes of China’s leaders or face a disastrous confrontation. Containment is unthinkable—a very dangerous “pipe dream,” according to Henry Kissinger. As Admiral Richard Macke, the one-time commander in chief of our Pacific Fleet, once put it, “What we have to do is make China one of our friends. We can’t confront them, we can’t isolate them.” And so, whether the subject is human rights, China’s reacquisition of Hong Kong, its efforts to regain Taiwan, the growing power of the Chinese military, nuclear proliferation, or any number of contentious issues on which the United States and China differ, the principal aim of U.S. policy must be accommodation, not confrontation. To succeed in our policy toward the Chinese, we must win their friendship and their trust, as the British presumably failed to do with the Kaiser’s Germany.

The comparison of today’s China to Wilhelmine Germany is apt—all too apt, in fact. It ought to be a cause for alarm and result in a wholesale shift of policy. For the story of how Europe dealt with Germany explains exactly why the current policy of engagement is so dangerous.

Great Britain, the preeminent power of its day, conducted the very policy toward Wilhelmine Germany that the new China hands would have the United States pursue toward China today. From the 1890s until the outbreak of war, British statesmen tried incessantly to engage Germany in discussions about cooperation in Europe, Asia, and Africa. They even explored the possibility of a formal alliance between the two nations.

But the German threat could not be lessened by accommodation. The international order led by Great Britain was by its very nature unacceptable to German leaders, who wanted a share of preeminence for themselves. Germany’s primary aim, as London’s top German expert at the time, Eyre Crowe, put it, was to play “on the world’s political stage a much larger and much more dominant part than she finds allotted to herself under the present distribution of material power.” The historian Paul Kennedy has argued that an even greater degree of British accession to Germany “might have papered over the cracks in the Anglo-German relationship for a few more years,” but it would not “have altered the elemental German push to change the existing distribution of power.”

The problem was not that Britain was too rigidly wedded to deterring and containing Germany. The problem was that Britain did not deter and contain Germany enough. In Crowe’s view, Britain needed to take a “resolute stand” against Germany’s challenge to the international order. Her Majesty’s government had to undertake “all risks of a possibly disagreeable situation [rather] than to continue in the path of endless concessions.” The British did not take Crowe’s advice until it was too late to avoid war. If the analogy with Wilhelmine Germany tells us anything, it is that the best way to deal with a dissatisfied emerging power is not to adjust to it but to make it adjust to you.

So we must ask: Can Chinese leaders be coaxed into responsible membership in the international order? Or, like the Germans a century ago, do Chinese leaders see the international order as something that must be changed if they are to realize their ambitions,
and changed in a way that diminishes America's own influence and security?

The Chinese leadership views the world today in much the same way Kaiser Wilhelm II did a century ago: The present world order serves the needs of the United States and its allies, which constructed it. And it is poorly suited to the needs of a Chinese dictatorship trying to maintain power at home and increase its clout abroad. Chinese leaders chafe at the constraints on them and worry that they must change the rules of the international system before the international system changes them.

In truth, the debate over whether we should or should not contain China is a bit silly. We are already containing China—not always consciously and not entirely successfully, but enough to annoy Chinese leaders and be an obstacle to their ambitions. When the Chinese used military maneuvers and ballistic-missile tests last March to intimidate Taiwanese voters, the United States responded by sending the Seventh Fleet. By this show of force, the U.S. demonstrated to Taiwan, Japan, and the rest of our Asian allies that our role as their defender in the region had not diminished as much as they might have feared. Thus, in response to a single Chinese exercise of muscle, the links of containment became visible and were tightened.

The new China hands insist that the United States needs to explain to the Chinese that its goal is merely, as Zoellick writes, to avoid “the domination of East Asia by any power or group of powers hostile to the United States.” Our treaties with Japan, South Korea, the Philippines, Thailand, and Australia, and our naval and military forces in the region, aim only at regional stability, not aggressive encirclement.

But the Chinese understand U.S. interests perfectly well, perhaps better than we do. While we welcome the U.S. presence as a check on Japan, the nation they fear most, they can see clearly that America’s military and diplomatic efforts in the region severely limit their own ability to become the region’s hegemon. According to Thomas J. Christensen, who spent several months interviewing Chinese military and civilian government analysts, Chinese leaders worry that they will “play Gulliver to Southeast Asia’s Lilliputians, with the United States supplying the rope and stakes.”

Indeed, the United States blocks Chinese ambitions merely by supporting what we like to call “international norms” of behavior. Christensen points out that Chinese strategic thinkers consider “complaints about China’s violations of international norms” to be part of “an integrated Western strategy, led by Washington, to prevent China from becoming a great power.”

It is difficult to see how China can be integrated into the international system through a policy of engagement when the system itself is viewed by the Chinese as a U.S.-designed scheme of hostile containment. “We want China to accept the rules,” Zoellick writes. “We want China to perceive that adherence to norms of behavior will benefit it as well as others.” But the Chinese have no intention of accepting integration on American terms. The Sinologist Kenneth Lieberthal admits that Chinese leaders want the world to accept “Chinese characteristics” as part of the price of having the country join international councils. Though a new player, China wants to be a rule setter and not just a rule accepter.” Unless the United States is prepared to change the international system it so laboriously constructed over the past half-century, China’s current leaders are bound to be perpetually unhappy with American policies, even during periods when U.S. policymakers are trying to be accommodating.

For China's rulers, demanding that international “norms” be changed is a simple matter of survival—their own, not their ancient nation's. The system we uphold, and into which we would like to bring the Chinese, is deadly for them. They saw what happened to Mikhail Gorbachev and a 70-year-old Communist party dynasty when he tried to "integrate" the Soviet Union peacefully into the Western system. The Chinese regime depends on the suppression of liberty, and since the outbreak of the democracy movement in 1989 and its subsequent brutal suppression in Tiananmen Square, Chinese leaders have been determined not to repeat Gorbachev's mistake. Maintaining the unchallenged supremacy of the Communist party hierarchy has been their consistent policy. After Tiananmen, Deng Xiaoping declared that any effort to challenge the Communist party leadership and the primacy of "Marxism, Leninism, and Mao Zedong Thought" had to be crushed, along with any effort to introduce "the American system of the separation of the three powers."

Deng's reforms, which took full force in the 1980s, aimed at achieving the maximum economic growth with the minimum of political liberalization. That is a dangerous game, and Chinese leaders know it. Deng himself had to sack the two party leaders he chose to succeed him, Hu Yaobang and Zhao Ziyang, because they apparently strayed too far toward political liberalism. Perhaps he correctly saw them as potential Gorbachevs, who would unwittingly or unwittingly allow the
The Chinese leaders' profound fear of losing control can be seen in actions which make little sense to Western observers. They arrest and imprison student dissidents who, the Sinologists claim, have no mass following. They are willing to silence political opposition in Hong Kong even if it threatens the economic bonanza they hope to reap there upon taking over in July. Their enraged reaction to elections in Taiwan brought about a military confrontation they were bound to lose. These are the actions not of a confident ruling elite, secure in its mastery of a people who embrace authoritarianism, but of a nervous gang that knows better than we do how close it came in 1989 to losing everything.

Some new China hands agree that the Chinese regime is vulnerable and believe that increased ties will hasten the day when political liberalization finally catches up with economic liberalization. By embracing the Chinese, by exporting our Western ways through our Western goods, we will bring them down. By helping them expand their economy, we will exacerbate the contradictions of "authoritarian capitalism" and force their resolution in favor of more democratic forms.

There's a contradiction in this argument, one that suggests the new China hands are either naive or disingenuous. How can a policy of engagement that has as its explicit goal the eventual collapse of the regime appeal to China's leaders? Can the United States win their friendship by saying, "Engage with us so we can bring you down"? Chinese leaders are more aware than anyone that there are contradictions in their system, and they will not be comforted to know that America's policy of "engagement" contains the hope that they will be swept away by an uncontrollable tide of liberalization.

There is a Marxian foolishness to the argument that the transformation of China into a liberal democracy is historically inevitable. Political reform need not follow inexorably from economic reform if China's leaders recognize the danger and are determined to avoid it. The iron laws of modernization can be broken by a ruling elite that is ultimately more interested in power than modernization. American policy should rest neither on historical determinism nor on the misguided hope that China's leaders, having witnessed Gorbachev's fiasco, will walk blindly into the same trap.

In fact, they believe they have found a way to
resolve the contradictions in their system, or at least delay indefinitely the collapse of their rule, by an aggressive appeal to Chinese "nationalism." On issues like the face-off over Taiwan, ordinary citizens seem to have been genuinely stirred up by anti-American campaigns in the Chinese media. And the "nationalist" card plays well abroad as another tactic for fending off foreign pressures to conform to international rules of conduct. Thus the new China hands warn that American failure to accommodate the Chinese on Taiwan and a raft of other issues will spark an incendiary nationalist backlash.

Joseph Nye flatly blames U.S. policy for having "stimulated anti-American reactions in broad segments of the Chinese population."

But even those Sinologists who favor accommodation admit that the sources of Chinese nationalism are internal, driven by the need on the part of the leadership to replace communism with some other unifying ideology. Without the Communist faith, Kenneth Lieberthal says, Beijing's dictators have had to turn to "nationalism to tighten discipline and maintain support." For Chinese leaders interested in keeping power, nationalism is the necessary antidote to the political poisons unleashed by economic reform. Lieberthal warns that "should the People's Republic hold together and continue its economic development, yet still perceive major threats to its security and internal stability, it will more likely become a nationalistic bully on the regional level and an obstructionist on global issues."

But isn't that the likeliest scenario regardless of what the United States does or doesn't do? The United States cannot undo the perceptions of the Chinese rulers that China's security is threatened when the chief threat they fear is the international order the United States upholds.

Thus, the United States cannot ease the problems China's leaders face without fundamentally altering the present international order. The recommendations of the accommodationists would have just that result. They would welcome China into the G-7 group of leading industrial powers and into the World Trade Organization, regardless of how fully China meets the existing standards of behavior. They would use U.S. pressure to dampen democratically expressed desires for independence in Taiwan. They would "de-link" the issue of human rights from other aspects of the U.S.-China relationship once and for all. They would expand the ties between the U.S. military and the Chinese military and would avoid using sanctions in response to Chinese violations of agreements on proliferation and trade. Allowing China to join the community of nations without regard to its behavior as a member of that community would indeed change the principles of the international order to suit the needs of China's leadership.

But would even these concessions be enough? The answer is almost certainly no. To make the kind of accommodations necessary to rid Chinese leaders of their suspicions would, at last, require changing the essential character of the United States. The Clinton administration's top policymaker for Asia, Winston Lord, has complained that the United States appears to the Chinese and other Asians as "an international nanny, if not bully." But concern for the rights of peoples around the world is the product of America's universalist creed. The astonishing spread of democracy in the last 20 years owes a great deal to the way we threw our weight behind our beliefs. Even if we wanted to change this fundamental aspect of our national character, could we?

America's new China hands may be foolish enough to believe that the ideological chasm separating the present Chinese regime and the American people can be bridged or ignored, but China's leaders are more realistic. A 1993 document produced by the Chinese military summed up the situation bluntly: "Because China and the United States have longstanding conflicts over their different ideologies, social systems, and foreign policies, it will prove impossible to fundamentally improve Sino-U.S. relations."

It is worth recalling the historical analogy with which we began. As Paul Kennedy explains, Wilhelmine Germany could not have been appeased "unless the British were willing to accept a substantial diminution in national influence and safety." The new China hands wouldn't dare make such a grim recommendation to the United States. But the strategy of engagement—an effort to steer a middle course between appeasement and containment—may be the most perilous of all. It neither satisfies the demands of the emerging power nor deters that power effectively enough to prevent a serious confrontation. That is a fair description of the course Great Britain tried to follow before World War I, and Britain's experience illustrated a bitter truth of international affairs: Sometimes the policy that seems safest is the most dangerous, and
the policy that appears most fraught with near-term risk offers the best chance of peace over the long run.

In the long Cold War between the United States and the Soviet Union, the years from 1981 through 1984 were a time of intense confrontation. Opponents of the Reagan administration's hard line clamored for accommodation, for ending the arms buildup, for a "nuclear freeze," for more summits, for "engagement." But the four years of tensions and confrontation were immediately followed by the most fruitful period of relations in Cold War history. The changes in the external and internal behavior of the Soviet Union in the late 1980s resulted at least in part from an American strategy that might be called "integration through containment and pressure for change."

Such a strategy needs to be applied to China today. As long as China maintains its present form of government, it cannot be peacefully integrated into the international order. For China's current leaders, it is too risky to play by our rules—yet our unwillingness to force them to play by our rules is too risky for the health of the international order. The United States cannot and should not be willing to upset the international order in the mistaken belief that accommodation is the best way to avoid a confrontation with China.

We should hold the line instead and work for political change in Beijing. That means strengthening our military capabilities in the region, improving our security ties with friends and allies, and making clear that we will respond, with force if necessary, when China uses military intimidation or aggression to achieve its regional ambitions. It also means not trading with the Chinese military or doing business with firms the military owns or operates. And it means imposing stiff sanctions when we catch China engaging in nuclear proliferation.

A successful containment strategy will require increasing, not decreasing, our overall defense capabilities. Eyre Crowe warned in 1907 that "the more we talk of the necessity of economising on our armaments, the more firmly will the Germans believe that we are tiring of the struggle, and that they will win by going on." Today, the perception of our military decline is already shaping Chinese calculations. In 1992, an internal Chinese government document said that America's "strength is in relative decline and that there are limits to what it can do." This perception needs to be dispelled as quickly as possible.

Containment would seek to compel Beijing to choose political liberalization as the best way to safeguard their economic gains and win acceptance in the international community. That is why trading freely with China is not the answer. Delightful as the idea of getting rich while doing good may seem to American businessmen, the truth is that unrestricted trade with China will only help the Chinese dictatorship buy time and put off the hardest decisions. Remember, Soviet communism was not brought down by trade. Nor was Chilean dictatorship, nor South African apartheid. In all these cases, only substantial restrictions on regular commerce helped convince leaders to risk democratic reform.

We need to force the Chinese leaders to make similar calculations of risk and benefit. That means we should deny most-favored-nation status as a way of putting pressure on Chinese leaders to open their system. We should block their membership in the World Trade Organization and the G-7 as long as they fail to live up to those organizations' high standards of economic and political behavior. And we should pay careful attention to the way the Chinese handle the coming transition in Hong Kong. When they crack down on pro-democracy forces, as they almost certainly will, we should be willing to use sanctions to punish them.

The new China hands often declare that the alternative to engagement with China is its isolation. It isn't. During the Cold War, the United States somehow managed to contain the Soviets and hold summits with them at the same time. But we will need to go through periods of bad relations with China. We cannot define a "good" relationship by whether the Chinese are happy, but by whether we are effectively defending our interests and principles.

This new China strategy may seem counterproductive at first, because Chinese leaders would surely respond to it in a fury and with threatening gestures. But over time it is the only strategy with a chance of success, and it is less likely to result in serious confrontation than the current confused combination of containment and appeasement.

The choice we face is not between containment and engagement, but between an ineffective, unconscious, and therefore dangerous containment—which is what we have now—and a conscious and consistent containment that effectively deters and ultimately does change China. To echo the advice of Eyre Crowe in 1907, what we need most is a "resolute stand."
February 12, 1997

INFORMATION

MEMORANDUM FOR SANDY BERGER

THROUGH: JIM STEINBERG

FROM: ANTONY BLINKEN
       SANDY KRISTOFF
       BOB SUETTINGER
       TARA SONENSHINE

SUBJECT: CHINA SPEECH

We all agree that the February 20th speech in New York is a wonderful and important opportunity for you. It is the 25th anniversary of Nixon's historic trip to China which is why four very prominent foreign policy groups, including the Council on Foreign Relations, are hosting a major China event. Henry Kissinger has agreed to introduce you at about 4:30 in the afternoon, and your talk would be followed by speeches by former Secretaries of State. Had we not agreed to participate, we would likely have found our policies discussed and debated without us.

Given that we are entering a period of heightened engagement with Beijing, in the form of upcoming trips by Albright and Gore, as well as other initiatives, the timing is extraordinary. So, too, is the caliber of attendees and speakers at the event. You should know that your speech will be on-the-record and open to press coverage. In short, it is likely to get some national attention and it is your first major speech as National Security Adviser.

CHALLENGE:
Your challenge, as we see it, is to accomplish a few things:

1--Lay out a clear, strategic vision for US-China relations as part of an overall strategic vision for the second term foreign policy agenda.

2--Set the table for the string of upcoming high-level visits between the US and China including Albright, Gore and the President.
3--Touch on all the right issues (Taiwan, Hong Kong, human rights, trade, proliferation, etc.) without making any news, and without doing a laundry list of policies.

4--Solidify your position with this crowd and outside columnists, observers, etc. by offering a vision for the President’s second term that both builds upon progress made in the first term but advances an agenda for the end of the century and beyond.

MINEFIELDS/OBSTACLES

1--To give a non-typical China speech that is not so non-typical that it risks being a departure from our past approach.

2--To speak to two very different audiences: the elites in the room who know everything there is to know about China, or think they do; and the national audience getting copies of the speech.

3--To utilize the 25th anniversary of Nixon’s trip, without either carrying the analogy too far, or walking into the policy minefields of the Shanghai Communique, particularly its articulation of policy towards Taiwan as it was back in 1972.

4--To strike the balance between human rights and trade, between concern over Hong Kong and over-hysteria, between Taiwan and China, between those who think we should be more engaged, and those that still fear we are giving away the store, etc.

Attached is a suggested overarching structure for the speech as well as themes. (Tony Blinken will be sending you a more detailed outline) This memo is designed to give you some initial food for thought and the benefit of outside views. We have also attached a synopsis of the thoughts and musings of many of our nation’s top China experts. We ask you to read them carefully, not because we should base our ideas around pleasing them, but because they are a useful barometer of what people in the field are thinking and a guide to the kinds of questions you make get.

Lastly, we will send you a copy of Christopher’s speech to the Council last May for reference.
OVERARCHING STRUCTURE OF SPEECH/ THEMES

US CHINA RELATIONS: WHERE WE WERE (25 YEARS AGO) WHERE WE ARE TODAY, and WHERE WE ARE GOING.

That kind of structure would enable us to sketch out the ups and downs in the relationship since Nixon’s visit, including the low point of Tienanmen where the consensus on China really broke down, the period of restoring confidence and stability in the relationship under Clinton in the last term, and the vision we have for the next four years and beyond in terms of working to create the strategic context in which a stable China, re-emerging as a great power that is economically open and nonaggressive militarily, can play a major and constructive role in the international community. The structure also enables us to show that despite the ups and downs, the pattern has been of a relationship moving forward, of a China more open to the world as compared with 25 years ago, a China acting more constructively. This would allow us to talk about what we hope for in the next 25 years.

THEMES:

1. OPPORTUNITIES AND RISKS: AN INTERESTS BASED AGENDA
One theme that should emerge from the speech is the notion that the United States, and this Administration, recognize the enormous opportunity that exists right now to build a relationship with China, not based around our fears and divisions, but a strategic relationship which proceeds from our interests and the fundamental notion that we have common interests that will influence the course of global events for the next century. At the same time, we recognize that there remain difficult problems, and points of division. But the risks inherent in squandering that opportunity are simply too great. Moreover, we would stress in this speech that China’s fate is not up to the United States to determine. But we can set the climate and create the strategic prism through which the right kind of relationship can exist should China choose, for itself, the path of international cooperation.

2. BI-PARTISANSHIP/ A NEW CONSENSUS
We think this speech is the place to expand upon a theme you have successfully used in the past; namely that after Tienanmen the
consensus over China broke down and the mood in the United States turned dark. We now enter a period of new consensus, albeit a fragile consensus, that China must be engaged. A new opportunity exists for bipartisan cooperation on China.

3. CHINA and ASIA-PACIFIC
This is certainly the occasion to put the US-China relationship in its broader context; as part of President Clinton’s commitment to bring stability and economic prosperity to the Asia-Pacific region, with emphasis on peace on the Korean peninsula. China is critical to that effort. In that context, you can make some of the leadership points about the role of the U.S. in the new international environment.

4. PROGRESS IN THE US-CHINA RELATIONSHIP
Most China speeches emphasize the long list of problems that have plagued the relationship—from human rights violations to economic tensions to proliferation. This speech can deviate from the past by bringing to light some of the achievements that have been made in the decades since Nixon took that historic trip: China joined the NPT, signed the Chemical Weapons Convention, has come into compliance with the IMF Charter on currency issues, etc. At the same time, we can point out where we don’t see enough progress.

The wider point needs to be the sense of LONG-TERM PROGRESS in US-SINO relations and the awareness we have that many of the problems in the relationship cannot be solved in a day or even a year. They take hard and continuous work over time.

HUMAN RIGHTS: The speech is a good place to re-state, in the strongest possible terms that the United States will never surrender its right and responsibility to speak out strongly on human rights and to criticize violations of international norms of behavior. China asks other nations to respect its own culture and values. It must respect our norms and values. Improvement in the human rights situation in China does not depend on only an individual case or person. It is a broader problem. We will continue to speak out about it. At the same time, this speech may be the place to make the point that NO ONE ISSUE WILL HOLD AN ENTIRE RELATIONSHIP HOSTAGE. We have a multi-faceted, multi-dimensional relationship with China and we see no fundamental trade-off between human rights and trade; indeed we seek an integrated strategy of progress on human rights and progress on economic openness. We should not create false choices.
HONG KONG: The speech affords you an opportunity to lessen the atmosphere of hysteria around Hong Kong by taking a reasoned but concerned approach. Most importantly, this is a good section to make the wider point about PROCESS and to underscore that we recognize that Hong Kong’s fate and Chinese behavior will not all be determined on July 1. Hong Kong has been in transition since 1982 and will be way beyond July. This is an ongoing relationship that must progress in a way that preserves Hong Kong’s economic system and basic rights. But we will not be trapped into thinking that the story ends on the first of July (even though 6,000 journalists will descend on Hong Kong that day to decide its fate.) There is also an opportunity to make the point that Hong Kong is also able to make decisions on its own about its fate; it is, in the words of Stan Roth, “self-sanctioning,” and a grown-up in the international community.

5. THE GREAT CHALLENGE OF THE NEXT CENTURY

Rarely, in history, do opportunities present themselves to create new structures and policies to guide nations into a new century. We stand at such a juncture. The re-emergence of China as a great power has enormous ramifications for international affairs. (We will need to talk about proliferation, conflicts with Taiwan, peace on the Korean peninsula, etc.) China, itself, recognizes that it has a stake in the global community and that the world is watching how it transforms itself. Our message must be that the world system is not a deck of cards stacked against China and that our goal is to act on our own interests which means expanding the areas of commonality with China. We have a strategic vision to build new structures and new policies for the new century (including a united and democratic Europe, around an expanded NATO in partnership with Russia, an integrated Asian-Pacific community, an open global trading system, peace to regions of importance, while at the same time confronting new security challenges from proliferation to crime, drugs, terrorism and environmental problems.) All of those issues will involve cooperation with China—whether it is at the UN, in Beijing, in peacekeeping operations, in Washington, etc.

At the end of the speech, we might return to the risks Richard Nixon took in 1972 to open the door to China. We will need to take different risks for peace in this century and open new doors, but China will remain as important to America as it did 25 years ago....

(More detailed outline to follow)
THE VIEW OF EXPERTS

Stanley Roth (USIP)
Believes speech should contain the following elements:
--Recognition that only once or twice in history do we have the
chance to deal with the emergence of a major power like China.
China will make its own decisions about how it plays in the
world, but we can set a course that may affect those decisions
but it takes two to tango.

--ASEAN school of thought: China will be a responsible player
and live by the rules. Middle Kingdom view: China will seek to
write its own rules. The US is testing the hypothesis that it we
treat China respectfully and fairly and find areas of cooperation
that it will make the right decisions.

--They have made progress in the last 15 years and deserve credit
for those steps. Still work to be done--nuclear, chem,
biological. We need a strategic approach.

--We will never stop speaking out on human rights nor should we.
But one issue alone does not dominate our agenda. The essence of
our approach is an overarching framework.

--On Taiwan, we reassure China of one China, but we are and
remain determined to see it resolved peacefully. We showed
resolve last March.

--On Hong Kong, we will not overpanic or see it as a one-time
event on July 1. Hong Kong also can speak up and will for
itself. It is "self sanctioning," and can vote with its feet or
through electronic transfer! Nonetheless, we are disappointed in
some of the recent Chinese steps: repeal of basic human rights
laws, LEGCO, etc. China knows the world is watching.

--In the end, the real question is what decisions China, itself
makes. We have a job and role to set the context and give China
its best shot at making the right choices.

HARRY HARDING (GWU)
--When Nixon went to China in 1972—the threat was Soviet hegemony
and we needed to find common ground with China. Today, that
threat is gone but we have other reasons to find commonality with
China. We cannot paper over our differences and we cannot allow
our differences to overwhelm the mutual interests.
--Hates ONE CHINA policy speeches. Mistake started under Reagan.

--Nixon was willing to engage China in dialogue. Today, we need to do the same, not because of a clear, unambiguous threat but because of the risks of confrontation.

--Yes, a consensus on China is growing but it is very fragile. If the constructive approach to China does not bear fruit, the skeptics will win out.

NICK LARDY (Brookings Economist)
--China deserves credit for coming into compliance with the IMF charter on convertibility of its currency. It is one example of a China gradually coming into compliance with the norms of international organizations. It is also a sign of the need for an understanding of the gradualist nature of the domestic transformation in China and the need for the US to be realistic.

--A multilateral approach can serve US interests. We must move some issues into the multilateral framework where the object is international compliance not just meeting US demands.

--Stress in speech the growing role of foreign businesses in China: US has $175 billion in direct investments in China since reforms began, foreign firms were the source last year of more than 40% of China’s total exports... all of this reflecting a degree of openness that exceeds what we see in East Asia overall. US firms are now the fourth largest sources of investment in China, after Hong Kong, Taiwan, and Japan.

Mike Oksenberg (Stanford)
Like many China watchers, Oksenberg believes that the President and the Administration are on the right track with the current China policy. (He liked the President’s articulation of it during State of the Union. Oksenberg remarked that there was more attention given to China by Clinton in State of the Union than by any other President since Nixon in 1977.) With the exception of the “Berlin Wall” analogy during the press conference, (didn’t play well with the think tankers) most China experts, including Mike, think that the tone of constructive engagement is about right. Mainstream China watchers view the US-Sino relationship today as “multi-pronged, multi-dimensional” in which “no single issue holds all other issues hostage.” The general belief is that high-level visits are important in order to make progress across the board, and that firmness on human rights is critical as long as we do NOT get overwhelmed by too much attention to specific cases or individuals. In Mike’s view, human rights will only be seriously introduced in China when there is an introduction of rule of law and internal reform which we cannot force. China watchers will be looking carefully to see how we
strike the balance between firmness on human rights without too much public noise.

On the Human Rights resolution, most experts, including Oksenberg, support the view that symbolically, and politically, the US has to register its unhappiness with China’s human rights record through the UN, but assume that things will be done behind-the-scenes to insure that the Chinese don’t react too strongly.

On Hong Kong, experts like Oksenberg are telling Congress that how China treats Hong Kong is critical to US-China relations and global relations but cautioning against the US micromanaging the transition. Oksenberg says that people will be looking to see how China handles the political arrangements in Hong Kong and how much autonomy remains. Suggests that administration say that we recognize that the agreement that China entered into with Britain regarding Hong Kong is one of the most important decisions since 1949 and that it must be handled well. Oksenberg also says that the mood in Capitol Hill is that all it will take is a Tiananmen type reaction by the Chinese to any protests in Hong Kong to trigger calls for no more MFN.

Suggests that any speech on China take into account the notion that the Clinton administration will be deeply engaged with China over the next few years beginning with hi-level trips (Albright, Gore) culminating in exchange of Presidential visits, transition to Hong Kong, Party Congress in China next fall, etc. China will be front and center in our foreign policy.

JAN BERRIS (Natl Committee on US-China Relations)

*Will be taking a Congressional delegation to China and Hong Kong March 23-30 including Connie Mack and Joe Lieberman, who head up the Hong Kong Task Force.

Says that it is time for a senior US official to say that when it comes to China policy, we will never please everyone—there are those who feel strongly that certain issues should dominate the agenda and the reality is that no single issue can or should eclipse the fact that we have a “multi-faceted, complex relationship and an array of issues to deal with when it comes to China.”

On Hong Kong, thinks it is important for US officials to avoid raising the temperature and feeding the hysteria. Reality is, says Berris, that serious China-watchers know that nothing dramatic will happen on July 1—it is the long haul that matters. BUT: Jan makes a good point. 6,000 journalists will descend on Hong Kong in July, all looking for a story. There is always the danger of a self-fulfilling prophecy wherein we are so expectant
of trouble, that we ask for it and get it. It would be important in a speech to strike the tone of—not hyping the potential for trouble while not appearing indifferent. The key is to give China some credit for recognizing that it’s own interests are tied to NOT having the Hong Kong transition go badly. “We are not the only ones with a stake in seeing things go well between China and Hong Kong. China is well aware that the eyes of the world will be watching.”

Margaret Pearson (University of Maryland)

As an economist specializing in China, Pearson is one who believes that when it comes to the human rights question, the US has to be “quietly firm” with the Chinese in which we make our points known in a way that does not provoke a Chinese backlash. A successful example was the State Dept. White Paper, which China watchers say was the right tone and it got a muted reaction in Beijing.

WTO is the big issue for China watchers and for US businesses. Most American companies want to see the US move on a "sector by sector" basis on WTO with the rules for Chinese behavior dictated by the realities of business. For example, textiles may require a different bar for admission or different rules as to what the Chinese must do once inside WTO than banking or insurance. US companies and China watchers will be looking to see what the US says about the pace and timing of WTO and where the bar is.

Getting rid of Jackson-Vanik remains important to US businesses. Boeing, in particular, continues to feel that everytime we have an argument with the Chinese over MFN, they retaliate by playing the Air Bus card.

It is Pearson’s view that IPR is dying down as an issue and that the key thing people watch for is the US view on Chinese enforcement. The entertainment industry clearly pays attention but other major sectors have wider concerns: Aircraft, pharmaceuticals, financial services, insurance, computers, consumer goods.

Les Gelb

--Sandy must neutralize the critics who say that Clinton does not have a broad strategic policy designed for the long-term transformation of China; one based on common interests as well as competing interests. Human rights needs to be framed correctly in this speech as an issue of respect—Chinese respect for our values and beliefs. The Chinese ask us to respect their culture and heritage. They must respect our fundamental belief in the international norms of behavior. Hong Kong: China has pledged to let Hong Kong maintain its system. Keeping that pledge is critical.
Think about the parallels between what Nixon and Kissinger did with detente in the Soviet Union and what we can do with China— even as we competed, we found common ground on arms control, economics, etc.

NSC
In crafting a speech, it may be worth looking back at the papers we prepared for the POTUS retreat on second term issues. In the paper, we describe the US goal as follows: "The US overarching interest is the emergence of China as a great power that is stable politically, open economically, and nonaggressive militarily...Our success in working with China as a strong, prosperous partner in building a stable international order depends on sustained domestic support for a revitalized relationship with China and a pragmatic problem-solving approach."

USTR
*Margie Sullivan called me to say that the USTR delegation that returned this week from China felt that real progress had been made on a meeting of minds with the Chinese on WTO. They would like to get some news out on that subject. Perhaps the speech is a place to advance the ball a little bit on WTO.

WINSTON LORD
(comments to follow)
From Shugh: shaky bi-part commerce from Nixon thru Carter. Rush of interest. Taiwan (poorer child of mandchuria).

Negotiations come to an impasse by
Created an anti-Chine consensus. Both fear concealing about HK + Taiwan. It has taken stated
statesmen who had liked Chine from shib

=) at one of my two questions of anti

governmental group: one Chine pol

(our relationship w/ Chine has no affil w/ atten. unaffiliated)

=) need to perform some of. Chine
policy =) not a historic relic or trait of

Bolshevik. Made some still makes sense

One Chine regime will =) best policy for

us. Provided steady time, all our times

to thrive. Chine relationship to definite
progress. (strong interest in Peking) and

US/Chine relationship to improve

=) whose question is =)  Chine pol

...
In building new consensus

1. Old C, backed by Tuncoren (explosive sport) but others be - of strong like Chinese pencil & 6 repenna & Tawir may be doing

New consensus rules to be built around 2 props

1. Integrity AR into overall policy framework

After this, policy is only for New UK, but part of tactical relationship of my stable

2. Differentiation of logic of China policy from acceptance of central person / China policy desired to make sense. Doesn’t mean no policy in absolute sense. But is still to come in all fields. Not just Beijing or Beijing but containing to make sense of softer shades in which the 3 legs work. China/west conversation which introduces pitch for law/prospect chop for all.

3. Integration was Not in

Ortho attitude. Originally integrate to pull into in all areas non pro. But
no longer has unexpected (not derived from logic) - (not clear why only). China always behaves with caution and does not try to capture. Need to make China fit China. The Deng (Communist) ideal is now and now. Now, the Communist democracies (not modern - E. G. Spain) are gone. The West has its own for social integration: all facts, positions, roles, etc. The proposition behind engagement: We can influence that direction. Can't question or overwhelm another but, influence = that's why engagement.

Strategic vision: China loses power. Not neutral yet not hostile. Overreach: Should start internal, stability, reserves of potential for China to go in other directions.

Example: Not week to week - South America in 70's. Carter spoke up for it. # of Salvador. When we stand up for freedom, even if only to speak out - people can begin to follow (history). Speak up, even if not tried to dominate, be friendly to those who are strongly for greater freedom. We know the # in the far east. China continues to be central part of policy, but not.
Tony: Now that you have seen Bob’s outline and my changes, I think you should boil it down into a Blinken speech outline for Berger that he can, hopefully, use in his ABC lunch tomorrow. Albright plans to raise it with him and her assistant called me today to say she was preparing material on China for Albright to bring to the lunch.

For when you get to the actual writing, here is some of the best stuff from the experts:

1. Shanghai Communique:
   a. Statesmanship of the highest order
   b. A document that lives on after 25 yrs because it was a moment when the leaders of both countries seized the moment to realize mutual benefits and common interests at a time when many of narrow vision saw only obstacles.
   c. The spirit of the communique is as salient now as ever before.

2. China’s PROGRESS OVER 25 YEARS
   a. China participates in a full range of international organizations and accords from ASEAN to World Bank to its 1986 decision on adherence to Limited Test Ban Treaty, then in 1996 endorsed the Comprehensive Test Ban Treaty, acceded to NPT, supported START, has seen enormous economic growth.
   
   Bottom line: The process begun 25 yrs ago has borne fruit. A great deal of progress has been made, far more than anyone anticipated a generation ago. China is a more responsible member of the world community. But more work must be done. Problems still plague our relations.

3. HONG KONG
   China has an important opportunity with Hong Kong to demonstrate its trustworthiness in implementing a complex international agreement. It must know that the world is watching how that happens and a failure to live up to its commitments on Hong Kong could reverberate badly around the world for China. We understand it is a process that does not begin nor end on July 1 and it is wrong to prejudge the situation. Some of what we have seen thus far is, frankly, disappointing.

4. 1997
   1997, like 1972, will be the year of summit diplomacy in US-Sino relations. As we did 25 years ago, we will seek dialogue at the highest levels with China in an effort to approach our relations in the broadest, strategic context in which we stress the areas of commonality while not papering over the zones of difference.

5. Beyond 1997
   This administration is committed to seizing the opportunity to build alliances, structures and policies that will shape the global community for the next century. Whether it is through building a democratic and peaceful Europe, NATO enlargement in partnership with Russia, solidifying democracy and economic integration in Latin America or cementing our relations with China and Asia

6. HUMAN RIGHTS
   We will always reserve the right and responsibility to speak out forcefully on human rights. Human rights is one of the areas of disagreement we have with China and we cannot paper over that nor should we and the Chinese need to accept that. Nor am I suggesting that we hold an entire policy hostage to any one issue. We will continue to work with China on the multitude of issues but it should be understood that our relationship may never reach its full potential if there is no progress on human rights.

(Win Lord)
Outline

I. The Past as Prologue

INTRODUCTION:
A. Gathered to recognize important commemoration -- 25th anniversary of Shanghai Communiqué and President Nixon's historic trip to China in 1972... (How many communiqués hold up over 25 yrs) Honor to be introduced by one of the principal authors and to be with so many of the leading scholars and architects of our relations with China as well as distinguished former Secretaries of State Vance, Rogers and Haig. (Possibly mention that Nixon ushered in a period of normalization with China and that every President, Republican and Democrat alike has recognized the importance of China... (bipartisan spirit lasted)

THESIS OF SPEECH: I want to use this historic occasion to look back at how US-China relations have evolved over the last 2 1/2 decades, where I believe we are today, and where I hope we can take the relationship as we look out another 25 years, which in the span of Chinese history is not very long.

THE PAST-------------

25 YEARS AGO WE SIGNED THE SHANGHAI COMMUNIQUE AND USHERED IN A PERIOD OF BIPARTISAN CONSENSUS ON CHINA THAT LASTED OVER 15 YRS.

a. 1972: (Lieberthal stuff: The Shanghai Communiqué reflected statesmanship of the highest order and a recognition that there were long term strategic advantages of cooperation and that we could reduce our differences without giving up our fundamental principles.

B. Much-debated in past, will be much-discussed here. My view an historic turning point for both China and U.S. I don't know if we really need this part in outline??

1. Not because it was so important in the "strategic" perspective, as so often portrayed. Played a role in Cold War, "triangular relations," etc. Mostly perceptional, not real. Would PRC have come to U.S. aid in event of war with USSR? Glad we never had to answer.

2. Strategic importance in enabling both China and U.S. -- long locked in ideological hostility -- to establish meaningful relationship of respect and equality, deal
with each other. Broke domestic conceptual molds, which made possible extraordinary growth of ties.
3. "Strategic" rationale of opposition to USSR moot by mid-1970s, when RNM/HAK had established solid, productive ties with USSR -- detente. US-China relations flourishing in many other areas.
4. When USSR weakened, then collapsed, no re-evaluation of US-PRC ties. Had already moved beyond.

C. US-CHINA RELATIONS 25 YEARS AGO
Instructive to look at actual language of communiqué. It bristles with disagreement. Stark contrast in positions and tone taken by the two sides. Only a few things on which there was full agreement -- that we disagreed, but that we should still talk to each other, work toward further improving relations. Two observations of relevance:
1. This has always been a difficult relationship. Even at best times, disagreements were serious or were papered over.

PROGRESS WE'VE MADE (UP UNTIL 1989)
2. Look how far we've come. Tendency these days to look at history of relationship only back to Tiananmen in 1989, measure progress from that date. In past 25 years -- blink of an eye in China's history -- changes are remarkable.
   a. Examples -- Shanghai, trade volume, students (caution), tourists, international arms control commitments, political life (72 still in Cultural Revolution last phase -- assassination, intrigue -- we didn't even know until later how bad things had gotten). In 25 years the population of China has increased by 400 million.
   b. We take China's recent emergence on world stage, economic development for granted. Resulted from series of conscious choices. Reform and opening policy of Deng Xiaoping -- should not overstate U.S. influence, but hard to imagine that policy in absence of U.S.-China relationship brought about by S'hai Cqé.

China has established a remarkable record of domestic reform and of opening to the international arena. (signed NPT, joined World Bank and IMF, became responsible member of UN, signed Comprehensive Test Ban Treaty, agreed to ratify CWC, agreed to join 4-party talks on Korea, cut off aid to Khmer Rouge, etc)
II. The Present as Process

In my view we face an historic turning point for both China and U.S. Twice in this century, China missed an opportunity to participate in the creation of the international order--once after Versailles at the end of WWI, and again after WWII. We do not want to miss another historic opportunity for China to be part of building the international framework for the 21st century.

(The Tienanmen stuff is part of the past:) Maybe move up???
A. With such a good start, where did things go wrong? No need to review the entire course of relationship. Had ups and downs, periods of amicability, periods of tension, but overall course was positive and upward.

B. 1989 a turning point, however. Tiananmen Square and way it was publicly played out on TV screens across U.S., created hope in the minds of many that China was about to undergo a democratic transformation. Brutal crushing of demonstrations crushed the hopes as well -- led to enormous emotional backlash against China -- damaged the consensus behind previous China policy. Evidence the annual debate over MFN that divided Congress and Presidency.

C. Followed shortly in 1990 by the collapse of the Soviet Union -- kicked out the strategic rationale, however imperfectly understood, for the bilateral relationship.

D. Confronted Clinton Administration on entry with a dual dilemma.

1. Can't conduct foreign policy toward country as important as China without some sort of consensus on its content.
2. Can't pursue any policy that is inconsistent with fundamental U.S. values.

E. Achieved preliminary consensus behind 1993 Executive Order linking human rights progress and MFN status. Problem was, it was consensus behind policy that did not work, and which evaporated quickly when that became clear. Part of problem was that it pitted fundamental U.S. values -- support for democracy and human rights and support for free trade and open markets as the vehicle for creating opportunity and prosperity -- against each other.

F. China's priorities also unclear -- prepared to work with us or against? Plethora of problems and disputes -- trade, IPR, nonproliferation, Taiwan, human rights, others.

G. Approach we took was called "comprehensive engagement" -- not a term easily translated into Chinese -- nor well understood among critics in U.S., either. Point was to manage disputes while working toward improving understanding on parameters of the larger, longer-term relationship, as well as resolving specific issues. Involved intensive dialogue, including at the highest levels. At that level -- President and Jiang Zemin -- conversations focused longer-range approach, strategic perspective, overall goals for bilateral relationship.

H. Try to portray current state of policy. Don't want to get into laundry list of problems and issues. But is an important principle involved: This Administration has a strategic perspective on China, but it is not one that relegates all other problems to the back burner. Essential for both sides to build public consensus and confidence in relationship. Ducking problems does not help. Confronting
them, discussing, resolving enables us to obtain political support for the relationship despite the legions of skeptics and critics.

1. Still convinced consensus needs to be rebuilt in U.S. for support of productive U.S.-China relationship. Can’t be the old consensus -- must be more realistic, hard-headed, results-oriented. Not looking for an “era of good feelings,” but a problem-solving approach to relations.

US-China co-operation can facilitate progress in bringing peace to Asia and Korean peninsula, checking the spread of weapons of mass destruction, coping with international drugs and crime, confronting environmental threats, sustaining trade and economic growth.

III. The Future as Possibility

(CONTEXT OF US-CHINA RELATIONS WITHIN FRAMEWORK OF SECOND TERM

AGENDA: Do we want Sandy to say something in the speech about how China fits within our overall approach to the world in the second term; namely that we have a historic opportunity in this period to create new relationships with major powers, new security arrangements, new structures and policies that will organize the international community much as we did after WWII—whether it's in Europe, with NATO enlargement, in Latin America, in NE Asia, and that China is critical to that new international framework.

A. Not without a certain sense of irony that we say the China envisioned in the Shanghai Communiqué (but not the reality then) is now coming into view. International actor, remarkable economy, UNSC member, nuclear weapons state -- you all know the mantra.

B. Many have mused over idea of accommodating new international power -- citing examples from history, such as Germany. Won’t discuss here. But clear that our interests lie in a China in the 21st century, as well as today, that is open to outside world, contributing to international institutions, abiding by international norms.

1. Not a naive hope, but founded on belief that the great powers of the world have a responsibility, obligation in post-Cold War, post nuclear age -- not only to manage relations with each other in peace -- for even conventional war has now become too expensive
to carry on. But also need to lead other countries of the world toward a more secure, prosperous, stable world in 21st century.

2. China does not share this perspective -- talks of "multipolar" world of great powers competing with each other in an often zero-sum environment.

3. Certainly must acknowledge possibility that China may seek to take advantage of this for its own purposes -- fail to cooperate with international community in trade, security, nonproliferation areas, become a rogue actor, threaten its neighbors. We will not be caught unprepared. Security relations in Asia, international position of strength, essential for a comprehensive approach to security in Asia and elsewhere.

4. But we aren’t pessimists, nor are we afraid. Offering the opportunity, putting together the structures that will enable China to see it in its own interests to play a constructive role without undue worry about its own security, sovereignty.

C. Under that rubric, pursuing an approach to relations with China that takes account of core U.S. interests, enables China to do the same. What are those core interests?

1. Non-proliferation of weapons of mass destruction. A major US international goal. Making significant progress -- particularly impressive over the life of the Shanghai Communiqué. China signed NPT extension, CWC, pledged to abide by MTCR, bringing worrisome practices under better controls. Not there yet, but trend line in right direction. Working on this, will continue to do so, recognizing the applicability of U.S. law.

2. Trade and economic reform -- U.S. has played major role in China’s modernization and economic progress. Market for exports, source of investment, producer of needed S&T, trainer of managers. Trade deficit a growing problem that must be addressed. Working toward accession for China to the World Trade Organization. Process is working well -- candid discussions, flexibility -- commercially viable. Part of President’s commitment to opening markets, creating jobs for U.S. workers.

3. Human Rights and democracy -- One of most controversial aspects of policy toward China, other countries. Many in this room critical of putting human rights high on agenda, foreign countries complain it smacks of cultural imperialism. Those who are ardent in support of human rights criticize us for not stressing enough in all relationships. Fact is that is
part of who we are as Americans. Have not achieved leadership role in world solely as result of fighting skills of military, acuity of businessmen, sophistication of strategic thinkers. We are what we stand for -- freedom, dignity of individual, probity and practicality of democracy. These ideals have not only enabled us to achieve success, but have inspired other countries as well.

a. China's human rights practices and policies leave much to be desired. Abuses and injustice all too common. Recognize that much has improved -- not only in lives and living standards of Chinese people, but also in terms of growth of rule of law, personal freedoms. But we will not remain silent in face of oppression and abuse; will not turn a blind eye because our seeing things makes people uncomfortable.

b. But neither will we sacrifice all else to human rights issues. Relationship with China multifaceted, extensive, deepening, valuable in many ways. Must work out differences on human rights, other questions over time. Will not take human rights as the sole measure of success of relationship, dominate the dialogue.

4. Taiwan -- Taiwan issue was at the heart of the Shanghai Communiqué, as the other two joint communiqués that constitute the foundation of relationship. Still a difficult issue, still central to the relationship. If anything, more complicated now, due to political, social changes taking place on both sides of the Taiwan Strait, strength of democracy in Taiwan. Requires sensitive handling. Language in Shanghai Communiqué carefully drafted, and remains valid foundation for U.S. policy. No change in our approach. We remain committed to the declaration that our interest is in "a peaceful settlement of the Taiwan question by the Chinese themselves." And we have urged both sides to re-establish a productive dialogue and to avoid actions that would destabilize the situation.

(Should we mention Taiwan Relations Act??)

5. Preserving peace on Korean Peninsula -- ??

6. Hong Kong -- World will witness this year an event that is perhaps without precedent -- peaceful return of a colony to its natural sovereign after more than 150 years. Process by which accord was reached by UK and China was difficult, but result was admirable -- Joint Declaration and Basic Law. While linked by intimate bonds of culture and language and trade, China and Hong
Kong have developed on different paths. Hong Kong has enjoyed remarkable economic success -- one of the "four little dragons" of East Asia. And it has earned admiration of the world for its establishment of peaceful, orderly and free society based on firm foundations of the rule of law. It is profoundly a Chinese city, yet it is distinct from the Mainland. Recognizing that fact, PRC government has made some remarkable pledges -- that Hong Kong's unique economic and social systems will be maintained without interference for 50 years and beyond, and that "Hong Kong people will rule Hong Kong." United States respects those pledges and will watch -- along with the rest of the world -- how the transition process will unfold.

U.S. has significant economic and commercial interests in Hong Kong, as well as important people-to-people ties of long standing. Believe it is in China's interest, certainly the people of Hong Kong, and rest of world that transition be smooth, ensuring the economic livelihood and the civic rights of the people -- including free press, free association, preservation of democratic institutions -- are preserved. Without doubt, there will be difficulties and disagreements -- as said, process is without precedent. Practically speaking, transition has been underway since 1982, and will continue after July 1. Important for people of Hong Kong that they have the opportunity to hold up their side of the agreement with full confidence of all sides. Also important that we not pre-judge the process. We have important concerns, have expressed and will continue to express them. Have a responsibility to respect the process and the people of Hong Kong as we make those views known.

Should we say that failure on the part of China to manage the Hong Kong issue well will have terrible repercussions not only for our own relationship but for international relations.

IV. Conclusion

A. Rarely in history do opportunities present themselves to create new structures, understandings and policies to guide nations into a new century. Stand at such a juncture now. Emergence of China as great power has enormous implications for international affairs. China increasingly recognizes its important stake in global community, and that world is
watching how it is transforming itself. The emerging global system is not stacked against China, but is preparing to welcome it. But we must not be naive. Our goal is to act on our own interests, expand relationship and areas of common interest with China. Have strategic vision to build new structures and policies for new century (including a united and democratic Europe, expanded NATO partnership with Russia, open global trading system, peacekeeping in key regions, as well as confronting new challenges, such as international crime, narcotics, terrorism, environmental issues. All these are on our agenda with China, all will benefit from improved cooperation with China.

B. This year, like 1972, a year of summit diplomacy. In short order, Secretary Albright will visit Beijing, helping prepare the way for Vice President Gore's trip in March. President Clinton and President Jiang have also agreed to exchange state visits over the course of this year and next. In 1972, Richard Nixon accepted political risks in taking his historic trip, signing the Shanghai Communiqué, opening relations with China. Exercised leadership. Chairman Mao and Premier Zhou (Joe) also took political risks in what was then a situation of considerable domestic political discord. 25 years later, we see the benefits, as well as the continuing challenges, of their decisions. We will need to take different risks for peace in this century, open new doors, confront new challenges. But the U.S.-China relationship is critical to both our nations, even more so now than 25 years ago. Pledge we will work to establish consensus on this issue within the United States -- hope we can continue to count on the support of people in this room for advice and support. And will work also with China to enable relationship to grow well beyond the goals envisioned in a faraway city in 1972. Thank you.
Cicio, Kristen K.

From: Blinken, Antony J.
To: Sonenshine, Tara D.; @NSA - Natl Security Advisor; @ASIA - Asian Affairs
Cc: /R..Record.at A1
Subject: China speech outline
Date: Thursday, February 13, 1997 7:59PM
Priority: High

<<File Attachment: SRBOUT.DOC>> FOR SRB PRIORITY

Sandy attached, draft outline for China speech, condensed from a lot of good work by Bob, Tara. Can we all get together to discuss Friday to make sure this is where you want to go? Want to be able to get you draft by COB Monday and need your guidance. Thanks.
China at a crossroads:

- Does China increasingly integrate into the community of economic/trade, WTO, and promote regional cooperation?
- Or do we move into a universal era, eventually with universal norms?

- Forces pulling in different directions - need for consensus.
- Foreign capital that brings with it certain imperatives.
- Force of nationalism, leading it away from international consensus.

We can influence that direction, even if not positive.
China Speech Outline

I. Introduction

25th anniversary of Shanghai Communique. Use occasion to look back at how U.S.-China relations have evolved over past two and a half decades, where we are today, and where I hope we can take relationship looking out over next 25 years and beyond.

II. Twenty-Five Years Ago: The Shanghai Communique

- **Turning point:** moved relationship from ideological hostility to mutual respect, more pragmatic dealings. Laid groundwork for progress of past 25 years.

- **Remarkable Progress:** History of relationship should not be measured from Tiananmen to today but from Shanghai to today. Change is striking: Shanghai, trade volume, tourism, arms control, political system.


III. From Tiananmen to Today: Reversing the Downward Spiral

- **Tiananmen Turning Point:** Created hope that China opening definitively. Repression crushed that hope, created backlash, destroyed consensus on China policy (e.g. MFN debate)

- **Clinton Administration’s Dual Dilemma:** On one hand, sought new consensus. On other hand, impossible to pursue policy inconsistent with values.

- **Initial consensus linking human rights to MFN unworkable:** pitted two fundamental U.S. values against one another -- human rights and free trade.

- **China’s priorities unclear:** work with or against us (trade, IPR, proliferation, Taiwan, HR etc...)

- **New Approach: Comprehensive Engagement.** We stepped back. Two basic facts: (i) our interests lie in China open to world, abiding by international norms; (ii) China envisioned in Shanghai communique coming into view: international actor, remarkable economy, UNSC, etc... Needed to reinvigorate positive momentum. So began strategic dialogue to manage disputes while working toward larger understanding of long term relationship. Requires both dealing frankly with differences while not holding entire relationship hostage to any one issue. Seeking to develop new consensus around this hard-headed, results oriented approach.

- **Trying to convince China we no longer live in zero sum environment.** If it comes fully into international community, it can help write rules, not just abide by them.
* Prepared for possibility China rejects cooperation. But putting together structures to help China see its own interests lie in playing constructive and proper role in world.

IV. Where We're Going -- Advancing Shared Interests, Dealing with Differences:

- Certain core issues by which we can judge progress of relationship.
  
  * Non Proliferation. Making progress (NPT, CWC, MTCR). Benchmark?


  * Human Rights/Democracy. Source of most difficult division in U.S. -- not doing enough/doing too much. We will not remain silent in face of continuing abuses. But we will not hold relationship hostage. In end, false choice between human rights, dealing with China. Best way over long term to advance human rights is to bring China into world, increase contacts. Benchmarks?

  * Taiwan. Remains difficult issue, central to relationship -- indeed, more difficult given changes on both sides of Strait. Shanghai Communiqué remains guide, No change in U.S. approach (“peaceful settlement by Chinese themselves). Urged both sides to re-establish productive dialogue. Benchmark?

  * Korean Peninsula.

  * Hong Kong. Difficult process but thus far remarkable results on paper. Key is to put them into practice. Not just U.S. interest but China’s interest to preserve Hong Kong’s dynamism which depends on maintaining freedom. Should not prejudge results. Process underway since 1982 -- and will continue after July 1. Benchmarks?

V. Conclusion

- As after WWII, time of choice and change. Need to build new institutions, understanding that will carry us for another 50 years. That’s what we’re doing in Europe, advancing peace and democracy, meeting new threats, opening markets. And that’s what we’re doing in Asia, region so critical to our future.

  Nowhere is juncture more clear than with China. Need to show emerging global system not stacked against China, but preparing to welcome it. But not naive -- goal is to advance our own interests and expand areas of common interest with China.

- This, like 1972, critical year. Summit diplomacy. Then, Nixon/Kissinger and Mao/Zhou took risks and we see benefits and remaining problems. Today, issues different, but need to be bold remains. Need consensus to rise to challenge.
A couple of things that may help:

I am very pleased to be here under the auspices of 4 leading foreign policy organizations to commemorate the 25th anniversary of the signing of the Shanghai Communiqué between the United States and China. Thank you, Dr. Kissinger both for inviting me and introducing me.

I accepted today’s invitation............... surely if President Nixon could go to China, I can come to NY and face this distinguished crowd.

We gather together around an historic event that took place 25 yrs ago-- a pivotal moment in our nation’s foreign policy. But our purpose...........

FACTS ANF FIGURES on CHINA’S ISOLATION
It is easy to forget how isolated China was even just 25 years ago. It was emerging from a period of political instability and economic dislocation marked by hostility to the outside world. Less than 5% of China’s GNP in 1972 fell in the foreign trade area. A US trade embargo had just ended. (Mike Oksenberg writes of how "The main entry point to China in those days was by train from Hong Kong to the border, then a walk across Lowu bridge, then a slow train ride to Canton, and then a flight to Beijing on a a Russian turbo prop plane." The points of entry to China were restricted to a handful of ports. Only a small number of Chinese students studies abroad.

Now consider how far we’ve come. Foreign investment firms were the source of more than 40% of China’s total exports last year. The US has put $175 billion in direct investments in China since reforms began. US firms are now the fourth largest source of investment in China, after Hong Kong, Taiwan and Japan.

In roughly 2 decades, China has managed to quadruple its economic output.

China’s role in international organizations has grown from 71 in 1977 to over 1000 in 1995. China now has over $100 billion in foreign currency reserves, the second largest in the world. It has jumped to 11th place in the ranking of its world trade.

(Might be important to say that these changes have also ushered in a period of frustration and internal division inside China--rising expectations, secession struggles, nationalistic tendencies.)

more to follow
1. I've put in bold face specific queries for facts, illustrations.

2. SRB seems to believe strongly that reaffirmation of One China policy is important -- along with Tiananmen and demise of USSR, it being called into question was key reason consensus vanished, in his view.

3. After conversation with SRB, the logic to me is very strong that constructive engagement was answer to this central question: how to promote progress of integration without fueling forces of nationalism (integration and nationalism being two contending currents we've set up). Is everyone comfortable with that? The logical consequences are outlined but not yet written (i.e. human rights as part of, but not sum total of China policy; reaffirmation of One China policy).

4. Finally, as we get to discussing specifics (trade, non-prolif; korea; taiwan, hong kong) the more specific benchmarks we can put in the better. Input?
- Kissinger piece in Newsweek
- Highlighted portion on Asia/China
  
  - I am trying to re-focus my copy of POTUS' makeup of this piece. 
  
  P8
LEVEL 1 - 1 OF 1 STORY

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SECTION: SPECIAL INAUGURAL ISSUE; America 2000; World Affairs; Pg. 74

LENGTH: 2840 words

HEADLINE: A World We Have Not Known

BYLINE: BY HENRY A. KISSINGER

HIGHLIGHT:
The former secretary of state argues that major challenges lie ahead in Asia, Europe and the Gulf. The United States needs a vision of the future it seeks.

BODY:

TO SUGGEST THAT A NEWLY elected administration raise its sights to the kind of world the next millennium will bring may appear as a rude interruption to the near-blissful tranquillity that tends to settle in after our national elections. Events, however, develop their own momentum, which, if not mastered, becomes increasingly difficult to manage. This is a particular challenge for inherently lame-duck second-term administrations, which are always in danger of losing the capacity for implementing long-range decisions well before the end of their tenure. The key choices must be made early in the administration, especially since the period of international calm that characterized the first Clinton term is drawing to a close.

Never before have so many structural changes in the international system occurred simultaneously. Some elements are now global -- for example, economics and communications -- while politics remains confined to the nation-state or is reduced to ethnic units. To make a long-term difference, the re-elected Clinton administration must envision the world it seeks to achieve. Only in that way will it be able to establish criteria for judging where it is heading.

Let me focus on three areas likely to present the greatest challenges in the next century: Asia, the Persian Gulf, and the transatlantic region encompassing the NATO countries and the territory of the former Soviet bloc.

In Asia, China will emerge as an incipient superpower. When it reaches the per capita income of South Korea (about a third of ours), its GDP will be double that of the United States. Such an economic colossus is bound to have a major impact. China's vast market, reinforced by its growing military power, will, in the hands of skillful and determined leaders, provide a vehicle for growing political influence.

But that does not mean that China will necessarily aim for hegemony. Or that American policy will lose its capacity to affect the evolution of Asia. For one thing, China's growth will not take place in a vacuum. The end of the bipolar world and the rise of other power centers -- in India, Vietnam, China and South Korea -- will bring about a more nationalist course in Japan. Less and less
Newsewsk, January 27, 1997

...
our diplomacy the greatest possible flexibility. We have no unbridgeable schisms with any of the key countries of Asia; in general, our differences with them are less than each has with its neighbors. We have no interest in dividing Asia into friendly and hostile blocs. Paradoxically, this is the best method of ensuring that we have allies in unavoidable crises.

2. Continuing the alliance with Japan as the keystone of our Asian security policy. Were it to end or even to weaken, the Japanese trend toward nationalism would be greatly accelerated. At the same time, we must be sensitive to the historic fears of the other Asian nations and conduct the alliance with Japan, in both words and actions, so that it cannot be perceived as a cover for a new wave of Japanese expansionism.

3. Strengthening the alliance with South Korea to prevent aggression and to develop common positions on unification. The new century will not be very far along before the issue of Korean unification becomes pressing, if indeed it does not happen earlier. The United States will be torn between support of the principle of self-determination and reluctance to face the implications of Northeast Asian instability. Moreover, the views of Korea's neighbors -- especially China and Japan -- will be highly ambivalent. These conflicting motivations are not irreconcilable. But they require a serious dialogue with all the countries concerned; to improvise a resolution after the Korean peninsula has exploded would be far too dangerous.

4. Establishing a genuine strategic dialogue with China. American policy must not forgo the possibility of political understanding with Beijing. The two countries have a parallel interest in avoiding war in Asia, while China's disagreements with several of its neighbors are likely to be greater than those it has with the United States. Nor will China, for the foreseeable future, have the military strength to undertake a hegemonic policy. All this makes it worth trying to reconcile policies where possible, and to take the sting out of disagreements where it is not.

The Clinton administration's new emphasis on strategic dialogue with Beijing is to be welcomed. What is lacking is a rationale for this policy. Is it a relabeling of the policy of altering Chinese institutions, or does it mark a genuine shift toward attempting to reconcile perceptions on international affairs? The sudden reversal last March from near-military confrontation to the announcement of three high-level visits runs the risks of being construed as a largely tactical maneuver in China and of confusing the other capitals of Asia. The effectiveness of the dialogue will depend on its content. It needs to be based on a precise and detailed analysis of Asian trends and of the means to distill parallel approaches or to soften the impact of disagreements.

DISCUSSIONS ABOUT THE MIDDLE EAST TEND TO FOCUS almost exclusively on the Arab-Israeli issue. While it is demonstrably explosive, there exists an established and tested framework for dealing with it. Below the surface of the Gulf, however, lurk even more dangerous structural issues. There, states of very limited power possess the capacity to cause nearly infinite international damage. When, in 1973, the Gulf states found themselves in a position to raise oil prices by 387 percent in a three-month period, they triggered a 10-year financial and economic crisis that threatened the global economic and financial systems and undermined the governability of the industrial democracies.
Today the consequences of a crisis in the Gulf are no less ominous. But the structure on which its stability depends is even more brittle. The two strongest nations -- Iran and Iraq -- are outlaw states. The United States has imposed sanctions on Iran; the international community, on Iraq. The immediate area contains only two friendly Islamic countries, Saudi Arabia and Jordan. But Saudi Arabia is going through the torments of adapting an essentially feudal society to the modernization wrought by oil resources, global communications and the spread of education. Jordan, bordering Iraq, Syria and Israel, has its hands full with its own immediate security concerns.

Turkey, though somewhat removed geographically, is central to Gulf strategy. Looking toward Iran and Iraq on one set of frontiers and toward Europe on another, Turkey has been the anchor of our Mediterranean policy. But it feels rejected by American and European pressure over its policies on Cyprus and the Kurds. And there is a real danger that its fundamentalists might win a democratic election, reversing the Ataturk reforms and reorienting Turkey toward the Islamic world.

IT WILL NOT BE POSSIBLE TO SUSTAIN THE STABILITY OF the Gulf indefinitely without the effective support of Turkey. Nor will it be possible to maintain international support for the Iraqi sanctions very far into the new millennium, if indeed until then. A policy of keeping Iraq united as a potential obstacle to Iran conflicts with the goal of fostering the autonomy of the Kurds in the north and of the Shiites around Basra by means of no-fly zones and similar measures. U.S. policy has already suffered a shipwreck in the Kurdish area, and with the passage of time the inconsistencies in our position will become even more apparent.

To seek stability in the Gulf against both Iran and Iraq simultaneously, with vulnerable Saudi Arabia our only ally, is a high-risk policy. But breaking out of this dilemma is not easy. Dealing with Saddam Hussein presents insuperable problems; Iran would be the logical candidate for a rapprochement, but so far there has not been a shred of evidence that Iran is prepared to abandon its support for terrorism.

Fortunately, there are no comparable obstacles in dealing constructively with Turkey. It is high time to treat Turkey in a manner compatible with its strategic importance. There is an urgent need for such a new emphasis before a fundamentalist victory in Turkey removes the option.

But if we can find no way to modify the building blocks in the Persian Gulf, we had better prepare ourselves for an inevitable blow-up. The new Clinton foreign-policy team has no more urgent task than to assemble the best minds it can find to devise an appropriate response to an explosion in the Gulf or an upheaval in Saudi Arabia. These are crises that cannot possibly be dealt with by improvisation.

Three events will shape transatlantic relations in the next century: the success or failure of the attempt by the European Union to constitute itself as a political entity; the rise of Russia, and the Atlantic policy of the United States.

By the beginning of the new millennium, the European currency -- the Euro -- will have come into existence for France, Germany, Belgium, the Netherlands and
Luxembourg, with Italy and Spain joining either from the beginning or within two years. The question is less whether the founders can meet the agreed criteria for fiscal discipline than whether they will be able to maintain it afterward. There are two possibilities: that the inability to maintain fiscal discipline will set off an inflationary spiral, or that the effort to impose austerity by means of a European Central Bank will trigger a political backlash. Either of these contingencies will condemn Europe to years of discord and division and will reduce its international role.

The more favorable prospect is that the Euro succeeds and that, despite all doubts, a common fiscal and monetary policy will help overcome Europe's economic sclerosis. In that case, Europe, with its competitiveness restored, will transform the Euro into a new reserve currency as bond managers around the world use it to hedge their dollar investments. For America, this will be an unprecedented situation, which could set off economic warfare unless statesmanship on both sides of the Atlantic manages to devise new attitudes and institutions for cooperation.

The return of Russia to a major international role will be another seminal event. Early in the new century, after many ups and downs, Russia is likely to have restored its central authority. It may well be closer to the political structures favored by Pinochet or Salazar than to a Western pluralistic system -- though it will be freer than Communism. Once a legal system is established and a measure of predictability introduced, the economy should recover as well.

At that point, the nations bordering the Atlantic will have to get used to a far more assertive Russia. The task of the Atlantic Alliance will become to give Russia an opportunity to participate fully in the political constructions of the new millennium, while ensuring that its traditional nationalism does not spill across its borders.

The enlargement of NATO to include the former Soviet satellites in Central Europe can provide the essential safety net for this task. At the same time a body for political cooperation embracing the key members of the Atlantic Alliance plus Russia must also be created. The appropriate forum for this is the Organization for Security and Cooperation in Europe. Charging NATO with both tasks waters down the Alliance and invites long-term Russian pressure.

Key members of the Clinton administration -- whose formative experience was the Vietnam protest -- consider the Cold War to have been at least partially provoked by the United States. Treating Russia as a psychological problem, they have tried to placate Moscow by enlarging NATO in a way that transforms it from military alliance into a political forum which, for all practical purposes, includes Russia. This would destroy NATO as a safety net and invite permanent Russian intrusion into the heart of Alliance decision-making.

Whatever my doubts about the suitability of economic sanctions for spreading democracy in Asia, I consider it essential to promote the democratic ideal by fostering close cooperation where it already exists, especially among the nations bordering the Atlantic and within the Western Hemisphere. Military conflict among these nations is nearly inconceivable. It is among the established democracies that we should reinforce the values and institutions we treasure. The Western Hemisphere Economic Free Trade Area proposed by President Clinton and its ultimate merging into an Atlantic Free Trade Area are crucial...
steps toward realizing these goals.

The American foreign policy challenge for the next millennium is different from anything in our previous experience. Heretofore we engaged ourselves internationally by dealing with problems that were seen as having a terminal date. In the period ahead our biggest challenge will be to help construct a system in which the rewards and penalties are conducive to a broader sense of global well-being. But one imperative has not changed since the days of the Cold War: a peaceful and humane international order in the next century requires firm and enlightened American leadership buttressed by bipartisan support.

GRAPHIC: Picture 1, CHINA: This vast market is now tied to the world economy. We must establish a genuine strategic dialogue. JEFFREY AARONSON -- NETWORK ASPEN; Picture 2, RUSSIA: Early in the new century, it will have restored its central authority -- but the new structure will be far freer than communism, PETER BLAKELY -- SABA; Picture 3, PARADE IN TEHRAN: Our problem is that the Gulf's two strongest nations are outlaws, PETERSON -- GAMMA-LIAISON

LANGUAGE: ENGLISH

LOAD-DATE: January 29, 1997
Points on China and Trade

o The Administration continues to pursue an active trade agenda that opens the world’s fastest growing market to U.S. goods and services. It is clearly in our interest to see China create a trade regime that is based on internationally accepted rules and principles. China should enjoy the benefits -- and accept the costs -- that being a trading power brings. The President made that point clearly when he saw China’s President Jiang at the APEC Leaders Meeting last November.

o We strongly support China’s accession to the World Trade Organization. China’s accession is in the interest of the United States, but that accession must be on commercially meaningful terms. For all of the improvements in China’s foreign trade regime, China’s markets still present many barriers to entry for even our best companies. WTO accession will remove those barriers within a reasonable period of time, and make exporting to China possible for our entire range of industries.

o China has begun to make offers that are attractive. We are now moving forward in our accession negotiations, after a hiatus of almost two years. If we look hard, we can begin to see the outline of a good package. Achieving that package will require substantial concessions on China’s part, however. We expect China to remove the full range of barriers to market access on our most competitive products.

At the same time, we recognize that China is going through a complex economic reform. We are prepared to be flexible and pragmatic, to consider phase-ins and transitions, where appropriate. China too has shown greater pragmatism. We are no longer debating whether China should or should not be considered a “developing country;” rather, we are now working together to determine how China can implement its obligations in a manner that helps us and does not harm China.

o To the extent that there is progress toward a good WTO accession agreement, as well as progress on other key issues such as human rights and non-proliferation, there will be support within the Congress to revise Jackson-Vanik.

o One last point. Many say that China cannot or does not live up to its trade agreements. That is not true. On the contrary, since the President’s meeting in Manila, the Chinese have taken a series of steps to resolve bilateral problems.

o Most striking, China is now launching the largest crack down on IPR and CD piracy in south China that we have seen so far. More than 15,000 Chinese police and IPR officials have shut upwards of 26 production lines in recent months, seized more than $30 million in CD production equipment, and cut the ability of these pirates to export into our markets -- or third country markets. Overall, since the June Accord, piracy has declined sharply at all levels in China’s major cities.
China’s Changing Face: 1972-96 (U)

— In 1978, 97 percent of retail prices were fixed; today, about 90 percent are determined by markets, according to Chinese statistics.

— In 1972, state enterprises produced 86 percent of industrial output; today, the state sector produces about one-third.

— In 1972, China exported just $6.3 billion; by 1996, the value of China’s exports had increased about 24 times.

— Real per capita consumption today is about four times that in 1972, according to Chinese statistics.

— Consumer goods considered luxuries in 1972 are now commonplace. According to Chinese surveys, about 85 percent of all households now have televisions.

— In 1972, workers were assigned to specific work. By 1995, a Ministry of Personnel official said that nine of 10 new workers found jobs through labor markets, although the state is still responsible for finding jobs for college students and demobilized soldiers.

— In 1972, citizens could not travel freely within China. In 1996, a security official estimated the country’s transient population at 80 million people.

— With the exception of several thousand students who studied languages, no Chinese went abroad for education or professional training during the 1960s and the first half of the 1970s. By 1996, China had sent more than 165,000 students to the US alone.

Xinhua English 10/9/96 U

China Daily 4/3/96 U
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<td>002a. memo</td>
<td>Charles Kartman to the Secretary re: Your Meeting with Chinese President Jiang Zemin (3 pages)</td>
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National Security Council
Anthony Blinken (Speechwriting)
OA/Box Number: 3388

FOLDER TITLE:
China Communications Strategy, 1/97 [1]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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