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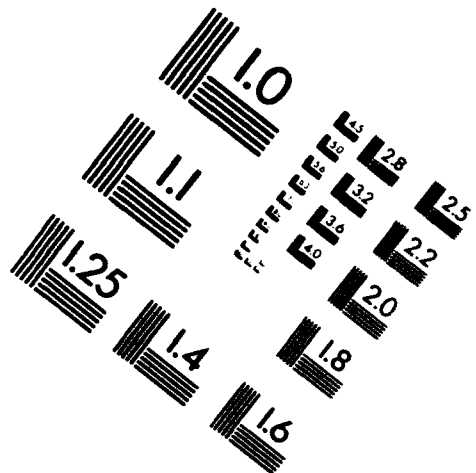
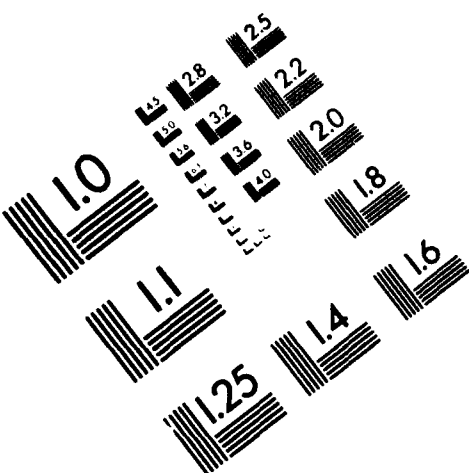
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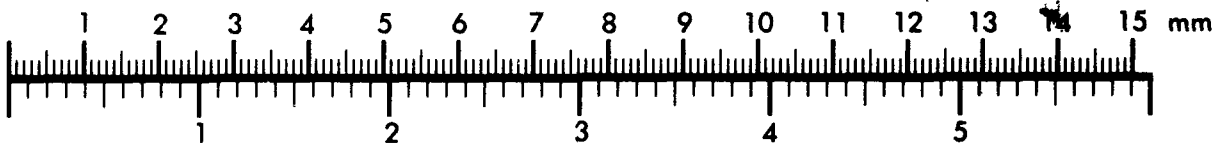
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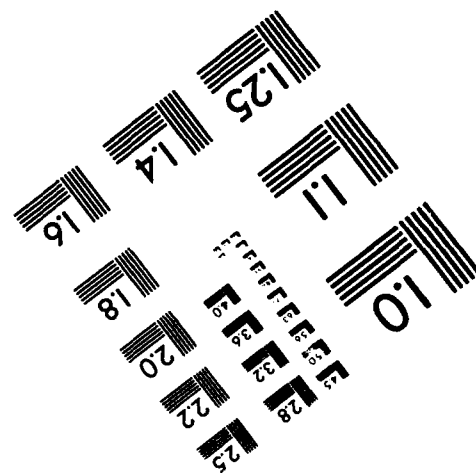
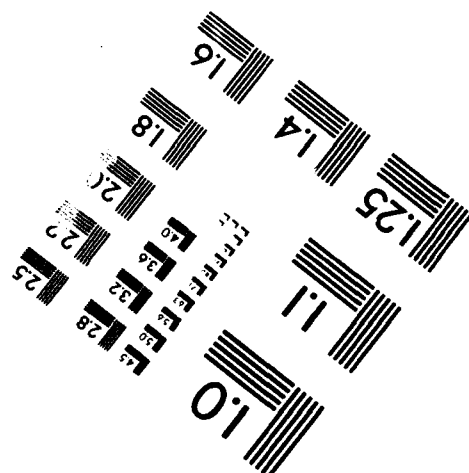
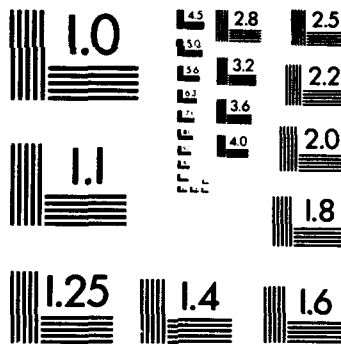
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U.S.-China Relations: A China Policy that Considers Beijing's Successor Leadership

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Lieutenant Colonel
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U.S. Marine Corps

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ABSTRACT

TITLE: U.S. CHINA RELATIONS: A China Policy That Considers
Beijing's Successor Leadership

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PURPOSE: To study China and propose an appropriate China policy.

BRIEF SUMMARY: This paper studies China and its relation to the U.S. It reviews the history of China, focusing on the tumultuous past 50 years, characterized by chaos and corruption in the name of Mao's revolution. This provides an understanding of the frame of reference for China's octogenarian leaders' strong hold on communism. This paper discusses Deng Xiaoping's economic reform which has led China into the global market and notes the U.S. struggle to establish a healthy economy. A study of China's future leadership provides insight into the successor leadership and their propensity for political reform. The paper concludes that we must change the way we view China - we must look beyond today's aging communist leaders and encourage the successor leadership toward democracy. A pragmatic policy toward China's current leaders is the most appropriate. This policy recognizes the political and economic realities that face both China and the U.S.

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**U.S. - CHINA RELATIONS: A China Policy
That Considers Beijing's Successor Leadership**

INTRODUCTION

Something is happening in China. A slow, painful, metamorphosis is occurring. China is coming out of its isolated cocoon and is developing into a viable player in the Asia-Pacific area. Beijing's economic development combined with a nuclear capability and a recent military buildup make China a potential super power in the 21st century. Unfortunately, many Americans are not satisfied with the speed of this progress and can not seem to get beyond the fact that China's leaders staunchly retain a communist government.

I suggest that we must change the way we look at China. It is imperative that we look beyond the Communist hard-liners and consider the future. Americans could stand a healthy dose of appreciation for China's turbulent history. Then we might have some understanding why reform in China is painfully slow.

Deng Xiaoping, the 88 year old defacto leader of China, clings to communism. (Even more so as he observes the former Soviet Union, with its fledgling democracy, struggle to develop a capitalistic economy.) Deng wants stability for China - not chaos. He and the four other ruling elders, all octogenarians, are survivors of the "long march" and Mao's revolution.¹ Anyone who sits in judgement of China must recognize the life experiences of the current leadership and how their values were shaped by the revolution.

Why must we look beyond the current communist leaders?
Economics. More and more we talk of economics and global markets.

Increasingly, the economic well-being of nations is dependent on trade with other economies. The U.S. is highly leveraged and very dependent on the global economy for its economic well being.

Conversely, China and her Asian neighbors are experiencing significant expansion. They are becoming the global economic center of gravity. From Thailand to Taiwan, economic growth is phenomenal. In 1960 the Asian economies averaged 4 percent GNP - today they have 25 percent of the world's GNP.²

While we are the largest debtor nation, Asia is a lucrative resource for capital. The U.S. will be a huge importer of capital in the next decade. Because Asia will be increasingly the predominant holder of the world money reserve into the 21st century, we must be cautious to not sever our ties with this region.

China is very much at the forefront of this expansion. Deng Xiaoping has led China from an isolated country to the world's 19th largest trading nation through a unique blend of capitalism and state controlled businesses. His success is evidenced in a decade of 9 percent average annual GNP growth. Most observers agree that this expansion will continue.

The results of the recent presidential election is testament to the impact of economics in the U.S. Many believe that the election results reflect a strong dissatisfaction with our economy. Voters want jobs. Many cited the huge budget deficit as a significant problem.

The recent inauguration heralded the passing of the baton to a younger generation in the form of William Jefferson Clinton. China also faces a generational succession. There is great speculation that Beijing's octogenarians will die during Clinton's administration.

This begs many questions. Who will succeed the current leadership in China? Will they continue to pursue the liberal economic reform policies espoused by Deng Xiaoping? Or will they reverse the reformation? What about Communism? Will a younger generation shun their Marxist heritage and embrace Democracy? Or is there a conservative vent to the future leadership that will stand firm on its current ideology? How should President Clinton deal with Beijing's aging leadership, while encouraging the successor leadership on a road to liberalization?

I believe that Mr. Clinton must take a pragmatic approach to Beijing's current leadership, recognizing that the successor leadership holds the key to China's democratization. This policy will recognize global economic realities as well as China's potential leaders. Playing "hard ball" with Beijing is not in the best interest of either nation. Our goal must be to firmly coax China down the path to modernization and ultimately, democracy.

Let's review this complicated issue by looking at China's history, the issues that divide the two countries, and the economic factors that link the two countries. I will attempt to explore the inclinations of China's future leaders and the mood of her people. Using this framework, we can then find the most effective China policy.

CHINA - PAST AND PRESENT

To attempt to understand China, is to know that she is a proud country with antecedents to 206 B.C. A sovereign nation with few democratic traditions, China has a long history of authoritarian rule.³

Alien border people, who conquered China and established their own dynasties, strongly affected China's development.

Westerners traveled to the Far East during the 19th Century for prospects of trade and colonial empires. China's leaders were strong armed into unequal treaties, accepting humiliating compromises to their culture and history. China acquiesced at times and rebelled at other times. After hundreds of years of imperialism and what would later be termed a "century of humiliation,"⁴ China became a republic in 1911. Unfortunately, chaos and civil war continued for 40 more years.

Mao Zedong's Chinese Communist Party, the current ruling party of China, won the Civil War and formally established the People's Republic of China in 1949. Mao brought with him strong supporters of the Communist Party, many of whom are now octogenarians and playing a strong role in China today.

His revolution promised peace and stability for China and more importantly food for her starving population. From 1949, until his death in 1976, Mao attempted to stabilize China through a series of political and economic programs. Mao's goal was to industrialize his massive nation. Initially successful, Mao's continuing revolution led his people through feast and famine. His programs were largely unsuccessful.

For nearly 40 years the people of China blindly followed their leader as he pursued his goals of socialism. Original thought was not encouraged in China. While Mao had brought "peace" to China, the Chinese endured years of political turmoil - always believing that Mao was good and anyone who questioned him was bad - a class enemy.

Perhaps the most telling example is the Cultural Revolution Decade, 1966-76.

During this decade Mao conducted a program to cease capitalistic and antisocial tendencies. He believed that material incentives were corrupting the masses and were counterrevolutionary. To counter this trend, Mao thoroughly reformed the school system. He virtually ceased education and mandated that all students would work in communes and factories. Further, he "re-educated" the intellectuals and scholars by drafting them for manual labor. Protestors of this policy were severely punished. While it is impossible to conceive the effect this decade had on the people of China, we can assume that these life experiences significantly shaped their lives in a way unimaginable by most Americans.

Economic Expansion

Deng Xiaoping, emerged as China's most influential leader in 1977, (after twice being dismissed from power by Mao). Through a unique economic reformation, Deng opened China to the global market. The reform got its birth in 1978 when the Third Plenum of the Eleventh Central Committee adopted the Four Modernizations (agriculture, industry, science and technology, and national defense) as the official party line. The strategy aimed at turning China into an advanced industrialized nation by the year 2000. Success or failure of policies and leadership would be measured by economic achievement, not politics.⁵

In less than 15 years, China has become a world class competitor in the global market. Consider the following facts. With a current

economic growth rate of 12 percent, China is among the fastest growing economies. It is estimated that the U.S. will export over \$8 billion worth of goods to China, up 27 percent from 1992. China's foreign exchange reserves now exceed \$45 billion - 6th in the world, and foreign investment in China in 1992 exceeded \$30 billion.⁶

The industrial growth in China's economy has come primarily from the non-state sector, which includes private enterprises, foreign invested and joint venture firms, also entrepreneurial villages and township companies. China's heavily subsidized and inefficient state owned businesses have steadily decreased in their share of manufacturing output.⁷

China's trade has become very closely linked with Taiwan and Hong Kong, resulting in an informal bloc called Greater China. Their trade is so interwoven, it is difficult to determine actual trade value with each country. Their combined foreign trade in 1991 totaled approximately \$375 billion.⁸

Clinging to Communism

Deng has masterminded this liberal economic reform, while simultaneously restraining political reform and remaining loyal to Marxist ideology. The 14th Congress of Chinese Communist Party (CCP) that convened in October 1992 is evidence of his success. The CCP voted to alter the communist party's charter to make economic development the party's core objective.⁹ This action appears to confirm Deng's success in using the collapse of communism in the former Soviet Union to convince Chinese leadership that economic development is a vital element in the survival of communism in China.¹⁰

A Regional and Global Power

Besides China's phenomenal economic growth, there are other characteristics that make her a nation deserving attention. Beijing's nuclear capability and recent military buildup have been cause for much concern to her neighbors as well as Americans. China has a permanent seat on the United Nations Security Council. She has been a positive influence in regional issues and has made several overtures of cooperation with the United States in recent years.

Specifically, China has supported the United Nations actions to bring peace to Cambodia and welcomed the admission of North and South Korea in the United Nations. Further, China has supported the Soviet Union's establishment of diplomatic relations with South Korea as well as Japan's formal recognition of North Korea. Recently, Beijing has sought to encourage Burma to end its civil war. Further, the U.S. was pleased that China did not vote against the United Nation's sanctions of Saddam Hussein in 1990.¹¹

U.S. - CHINA RELATIONS

Harry Harding, a senior fellow in the Brookings Foreign Policy Studies program has studied China extensively and wrote several books and many articles on China. In 1992, The Brookings Institution published his new book, A Fragile Relationship, The United States and China Since 1972. In his book, Harding describes the U.S. - China relationship as "fragile," with many ups and downs.

Most discussions on this subject commence with President Nixon's momentous trip to China February 21, 1972. Mr. Harding states that a mutual distrust of the Soviet Union brought these two nations together

(p. 4). The Russian military buildup along their border threatened China's security. The United States, mired in a war in Vietnam, was uncomfortable with the Soviets expansionism and increased global power.

Harding notes (pp. 4-5) that a secondary common issue was economics. Beijing wanted to resuming cultural and economic relations because it would open the doors to acquire technology vital to China's economic recovery. And the U.S. was interested in reentering China's market that had been 5 percent of American exports.

The relationship between the two nations since then has been rocky. Until President Carter established formal diplomatic relations in 1978, China remained a relatively closed society. U.S. attempts to establish talks with the Soviet Union during the mid 1970s seriously strained Sino-American relations.¹²

During the later 1970s, relations between the two nations progressed with many exchanges of ideas. Harding in his book notes that Ronald Reagan's campaign rhetoric in 1980, stating that he favored restoring official ties with Taiwan, was the start of a chill between the two nations (p. 6). He lists several issues that divided the two countries: restrictions on American technology transfer to China, talk of the sale of advanced American jet fighters to Taiwan, and Chinese textile exports to the U.S.

The two leaders, President Reagan and Deng Xiaoping, worked to resolve these issues. The issue of arms sales was extremely difficult to unravel. The two countries announced a final agreement on August 17, 1982, that reflected concessions on both sides. The following year the U.S. relaxed its restrictions on the transfer of advanced technology to

China. This action and the agreement on arms sales warmed Sino-American relations so that other irritants could be worked out.

During the 1980s Americans had many reasons to believe that the economic reform would result in Communism losing its grip in China as it was in the Soviet Union and other countries. China had experimented with contested elections and allowed public debate on matters of national policy.¹³ China's predilection for isolationism was foregone for economic reform. She was having dialogue with the world.

Economists and politicians heralded this progress. The media enthusiastically told the world of China's reform - both economic and social. They concluded that China was progressing toward greater capitalism and democracy.¹⁴

Although American's were euphoric with China's progress, there was a growing concern among Chinese that reform was bringing problems. With economic progress came a higher standard of living: new and larger living spaces, new radios and televisions. Political restrictions were reduced: intellectuals enjoyed a freer environment to study, open political dissent was not dealt with as strictly as before, debate was possible.¹⁵ However, with progress came corruption, increasing inequalities, and high inflation.

Increasing public frustration with the negative side of reform was evidenced in the mid to later 1980s. Strikes occurred and student's were uprising, but none of the demonstrations threatened the government.¹⁶

In early 1989, there was division within the central leadership on the scope of the reform. Harding, in his book, notes that there were two groups (p. 220). Deng Xiaoping and General Secretary Zhao

Ziyang led a group promoting complete marketization of the economy. This group was considering more political reform as well. Premier Li Peng and senior economic planner Chen Yun led the second group, which favored mandatory planning and rejected extensive privatization of industry.

The situation worsened. The inflation was creating an economic overheating that was producing shortages of necessary raw materials. Employment opportunities were decreasing and there was slower growth. These problems shifted the political power from reformers like Zhao Ziyang to the more cautious Li Peng. There was a marked reversal of progressive reform in the late 1980s.¹⁷

On April 15, 1989, former General Secretary Hu Yaobang died of a heart attack. Hu had been forced to resign two years earlier because of his leniency toward pro-democracy demonstrations. He had become a hero to many Chinese students. Upon his death the student protests commenced anew. People from all walks of life joined the students. On May 22 an estimated one million persons peacefully paraded through Beijing.¹⁸ Tiananmen Square became the scene of continued protests.

All came to a head on June 4, 1989, in Tiananmen Square when Li Peng ordered the military to quell the disturbance. In spite of China's apparent retrenchment, the scene at Tiananmen Square shocked Americans. As the world watched through the lens of a CNN camera, optimism for China's future as a democracy was dashed. This event marked the beginning of extremely strained diplomatic relations between China and the United States.

The Bush Administration enacted a series of sanctions against China after the Tiananmen Square revolt, including bans on military

sales, military exchanges and visits, and new Overseas Private Investment Corporation loans, to name a few.¹⁹ However, President Bush renewed China's Most Favored Nation (MFN) Status, amid much dissention in Congress.

There has been progress in our relationship with China since Tiananmen. Lena H. Sun, a writer for the Washington Post, assigned to China, wrote in the January 2, 1993, issue that "virtually all of the sanctions imposed after 1989 will have been eased" when Bill Clinton becomes President (p. A1, A16.) While this is heartening, relations between China and the U.S. remain strained.

ISSUES THAT IMPACT U.S. - CHINA RELATIONS

There are three major issues that separate the two nations. They are: human rights, proliferation of arms, and economics. These issues permeate all discussion of Sino-American relations and were the primary focus of Congress in its attempt to condition Most Favored Nation Status with China in the last two years.²⁰

Human Rights Issues

Americans cite many examples of human rights violations that include restrictions on emigration, a lack of fair trials, disgraceful prison conditions, suppression of political dissent, exporting of products of prison labor, religious persecution, and interference with foreign journalists.²¹

- China has made some concessions in human rights. In 1990, when congress was debating canceling Most Favored Nation (MFN) Status, Beijing released hundreds of pro-democracy activists. During the 1991

MFN discussions, China permitted an International Human Rights Commission to visit China.²²

In late 1992, China released Shen Tong, a dissident student leader. Shen had escaped to the U.S. after Tiananmen and, with the approval of China returned in July 1992. Shortly after his return, officials arrested Shen when he tried to open a Beijing office of a group seeking democratic reform. His release came after seventy-four U.S. senators signed a letter urging his release, stating that the arrest violated international human rights standards.²³

Lena Sun reported another conciliatory gesture by China in the December 4, 1992, issue of the Washington Post. The article said that Chinese officials promised to allow a U.S. team of experts investigate the cases of U.S. MIAs who may have crashed in China during the Vietnam war.²⁴ In a subsequent article she reports that diplomats and other analysts believe China, eager to have good relations with President-elect Clinton, has switched its strategy with the U.S. to one of cooperation vice confrontation.²⁵

It is important for us to note that there is a limit to the concessions (and speed of reform) that we can expect from Beijing. Harding, in A Fragile Relationship, notes that China is undergoing a tumultuous modernization. This can be extremely disruptive to the surviving "long march" elders - as evidenced by the Tiananmen crisis. The costs of economic reform began to exceed the benefits and the pace of economic change surpassed the restructuring of political institutions. (p. 341.) In 1989, the pace of reform was simply moving too fast for the elders.

This combined with the difficulties experienced by emerging democracies in eastern Europe and the former Soviet Union give China significant reason to resist political reform. Harding surmises that the promotion of human rights in China will continue to severely annoy Sino-American relations.

Arms Proliferation Issues

This issue started brewing in the mid-1980s, when China sold Silkworm missiles to Iran and Iraq and the CSS-2 missile to Saudi Arabia. There were also reports that China was helping Pakistan develop a nuclear weapons capability. More recently, there has been speculation that China is assisting Iran and Algeria with a nuclear program.²⁶ China has said that their nuclear assistance to Algeria is for peaceful purposes only.

China had refused to sign the nuclear nonproliferation treaty (NPT) of 1968 stating that its purpose was to allow the superpowers to maintain their monopoly on atomic weapons. Since then there has been much debate between the U.S. and China on the subject. In the 1980s, China began to make public statements supporting nonproliferation.²⁷

On December 29, 1991, after years of proclaiming support for the NTP, China's National People's Congress voted to sign the Nuclear Non-Proliferation Treaty. China formally accepted the treaty on March 9, 1992.²⁸ There are many Americans who question Beijing's promise to abide by the treaty.

Economic Issues

China's trade volume under Deng's economic reform has ballooned from \$29 billion in 1979 to over \$135 billion in 1992.²⁹ The U.S. is

China's primary export market, accounting for over 25 percent of China's global market. While trade between the two countries has grown rapidly in the last two years, our 1992 trade deficit with China was approximately \$18 billion.³⁰ Many attribute this deficit to China's lack of domestic trade regulations. Further, Beijing has been suspected of protectionist trade practices such as product dumping, currency devaluation, breaching of textile export quotas, and use of convict labor in export industries.³¹

A positive note on this subject involves Special Economic Zones (SEZ). Deng created special economic zones in small southern coastal areas in 1979 to promote economic development and introduce advanced technology through foreign investments. Deng gave these zones greater decision making power in economic activities. These zones are extremely successful. So much so that there is a marked quality of life difference between the zones and the remainder of China. The entrepreneurs of this area have attracted numerous foreign investors and have created a lucrative foreign market.

The granting of Most Favored Nation (MFN) status to China has caused much debate within the United States. The Jackson-Vanik Amendment to the U.S. Trade Act of 1974 conditions the extension of MFN status to any "non-market" economy country. The act required that the President annually certify that the government requesting MFN status provided freedom of emigration to their citizens.

President Carter first granted MFN status to China in 1980. Before that, certain Chinese exports to the U.S. were subject to high tariffs provided for by the Smoot-Hawley Act of 1930.³² Since 1990,

President Bush has granted unconditional MFN status to China, amid much opposition from Congress, who favored conditional MFN status.

The 102nd Congress in 1992 recommended conditions on human rights, nonproliferation of weapons, and trade, be attached to China's MFN status. They also targeted state-sector corporations for withdrawal of MFN, while preserving MFN status of private entrepreneurs and joint ventures. President Bush successfully vetoed this legislation and again granted unconditional MFN to China.

It is instructive to note many believe that the annual threat to withdraw MFN status has produced some concessions by China. In 1990, when Congress was debating (for the second year) canceling MFN status, Beijing released hundreds of pro-democracy activists. During the 1991 MFN debates, China permitted an International Human Rights Commission to visit China.³³

China's desire to join GATT (General Agreement on Tariffs and Trade) has resulted in some concessions as well. The Central Intelligence Agency's August 1992 report, The Chinese Economy in 1991 and 1992: Pressure to Revisit Reform Mounts, notes that China's global trade surplus shrunk 38 percent during the first half of 1992. This has occurred in part because of an easing of import restrictions to appease criticism of unfair trade practices by GATT members. The report states that in the past year China has abolished its import regulatory tax and has reduced import tariffs on 225 goods.

It does appear that China will make concessions in an effort to fit in the global environment. However, there is an unknown point to which China will concede. Certainly, we saw in the 1989 Tiananmen

Square massacre, the point that China's leadership balked. This brings us to the subject of China's leadership.

CHINA'S LEADERSHIP

As stated earlier, China is led, informally, by a group of Octogenarians,³⁴ of which Deng Xiaoping is foremost. While Deng no longer holds an elected position, he exerts immense influence in China. His frail appearance at the 14th Congress confirmed rumors of his deteriorating health and renewed speculation about potential successors to the octogenarian.

In a 1991 article, After Deng, What?", veteran China scholar, Doak Barnett said that, after Deng, the most influential octogenarian is Chen Yun. Lincoln Kaye, in the October 29, 1992, issue of Far Eastern Economic Review, ("Uncertain Patrimony"), states that Chen Yun is Deng's most powerful rival. Chen, as well as Premier Li Peng, supports conservative economic reform. Barnett postulates that the order of death of Deng and Chen will have some effect on the degree of conservatism of economic reform.³⁵

Yang Shangkun, until recently, was the State President and the only octogenarian to still hold a formal post. However, both Yang and his half-brother, Yang Baibing, who constituted a "powerful faction within the military," lost power during the recent 14th Communist Party Congress.³⁶ Other octogenarians include Li Xiannian, Peng Zhen, and Bo Yibo. The most vital issues in China are still largely decided by the five octogenarians.

Doak Barnett notes in his article that the next generation of leaders, are "proteges" of these men. He also states that the post-

Deng era will not be defined until the entire group of octogenarians die. Barnett believes that, "No one in this successor generation - including party General Secretary Jiang Zemin and Premier Li Peng - has yet built a strong power base of his own." (Pg. 6.) Two years later, this statement appears to remain valid.

The 14th Party Congress

Deng's influence was obvious in the 14th Party Congress held in October 1992. The Chinese Communist Party, which holds a congress every five years to evaluate the Party's work and to set guidance for the next five years, soundly endorsed Deng's economic plan.

H. Lyman Miller is director of China studies at the Johns Hopkins University's School of Advanced International Studies in Washington, D.C. In a recent article, "Holding the Deng Line," The China Business Review, January-February 1993, Mr. Miller notes that in previous party congresses, there has been much dissension, resulting in platforms that served to balance diverse views. Miller states that the results of the 14th Party Congress are remarkably unified.

Deng's reform policies were strongly confirmed. Miller states that the recently concluded Congress authorized:

A series of reforms designed to transform China's failing State sector and promised to accelerate growth and further integrate China into the international economy. While these reforms carry risks of social dislocation and political instability, they also chart a course for greater foreign investment and trade in China. (p. 22)

The key to implementation of this Socialist Market Economy reform lies in the Communist Parties' twenty member Politburo, which presides over the daily running of Party and the central government. Miller notes that the "real decisionmaking in China's political system takes place within the Politburo, and particularly among the seven members of its Standing Committee, in consultation with retired Party elders." (p. 22)

A review of the membership of the new Standing Committee reveals the changes in the complexion of the committee. Miller states that the seven-member committee, "the most powerful political body in China," is comprised of liberal economic reformers, with Li Peng as the only conservative (p.29). The members as ranked by the 14th Communist Party are (*new member):

Jiang Zemin, General Secretary of CCP since June 1989

Li Peng, China's premier since 1988

Qiao Shi

Li Ruihuan

Zhu Rongji*

Liu Huaqing*

Ju Jintao*

These seven men join the other 13 members of the Politburo, which Miller describes as "overwhelmingly technocratic, with 11 of its 20 members trained as engineers" (p. 29). Most people believe that this group will pursue Deng's reform programs well into the future. With all of this focus on market economy, the big question is, "Will political reform follow?"

Beijing's leaders are not in total agreement on China's economic and political affairs. H. Doak Barnett classifies them into groups, based on their economic and political proclivities. Let's look at the current coalitions working within China's leadership.

Economic Coalitions

There is great consensus in China for Deng's economic reform. However, the leadership does not agree on the speed and ways toward reform. Barnett identifies three categories of economic reformers: cautious reformers, moderate reformers, and bold reformers³⁷.

The cautious reformers, led by Chen Yun, could be called economic conservatives. Other members include Li Peng and Yao Yilin, recently named head of the State Planning Commission. This group favors a very gradual movement toward marketization. They support a strong role for the state in planning as well as a predominant role for state enterprises.

Moderate reformers support an incremental move toward market socialism. They fear instability will come with rapid change and therefore believe a mix of state planning and market economy is the more appropriate recipe. Many believe that the present State President and General Secretary, Jiang Zemin, is a leading moderate.³⁸ Former General Secretary, Hu Yaobang, whose death in 1987 sparked student revolts, was a strong moderate economic reformer.

The bold economic reformers, led by Deng Xiaoping, push for a much more rapid transformation of the economy, including reducing the role of state in planning and encouraging more privatization of

enterprises. Zhu Rongji, a 63 year old engineer, recently named China's economic chief, falls into this category.

Political Coalitions

Doak Barnett classifies China's leadership as generally falling into three categories: political conservatives, moderate political reformers, and political liberals. (He notes that the word "liberal" is not one the Chinese leadership would use.)³⁹

The Octogenarians can all be classified as political conservatives. While Deng is the least conservative of the group, he strongly supports the socialist ideology. Premier Li Peng falls into this group. The political conservatives proclaim the importance of the four cardinal principles: socialism, dictatorship of the proletariat, supporting the party leadership, and Marxist/Leninist thought.

Political moderates and liberals in China are likely to favor a loosening of ideological and political views. While they vary in ways and degrees, these two groups favor less party involvement in daily government affairs and more efforts to bring together state and society.⁴⁰

Prior party general secretaries, Hu Yaobang and Zhao Ziyang, both Deng appointees, were removed because they favored political liberalization. Many categorize Jiang Zemin as a moderate political reformer.⁴¹ Long-time writer on China affairs, Lena H. Sun, of the Washington Post, recently identified Rong Yiren, newly elected State Vice President, as a leading moderate.⁴²

Doak Barnett notes that, although the successor generation clearly includes some individuals who are politically very conservative, many

could demonstrate in the future that they are moderates or liberals. Some China experts surmise that Li Ruihuan, and Qiao Shi could in time prove to be moderates or liberals.⁴³ Both of these men were recently elected to key state posts in Beijing.⁴⁴

Political Reform

Many Chinese students and intellectuals have called for democratization. Mr. Barnett states that it is not possible to identify any of China's top leaders with this kind of reform.⁴⁵ There is a real hesitation by the leadership for any change that will result in instability. When one considers China's turbulent history, under Mao, when dissention was severely punished, frequently by death, and more recently the Tiananmen massacre, it is not difficult to understand the reticence of the moderates to openly embrace change.

Barnett sees, in the near future, across the spectrum of China's political coalitions, an indication for 1) conservatism, that will maintain stability through political controls, or 2) a more liberalized form of authoritarianism that will loosen controls to bring the state and society closer together.

Mr. Miller uses the phrase, "Working with two hands" to discuss Deng's phenomena of economic reform and political authoritarianism. One hand, open, symbolizes the Party's efforts to expand the economic reform that was suspended in 1988. The other hand, a closed fist, demonstrates Deng's proclivity to quell any political and social turmoil that may result from the economic reform.⁴⁶ This intuitively illustrates the current phenomenon in China. Political liberalization is not one of Deng's goals - while economic reform is.

Lena Sun, notes in an October 19, 1992, Washington Post article, that the "new ruling elite whose support of capitalistic-style economic reform will lead China toward more prosperity, but not more freedom." (p. A1) She states that the Standing Committee reflects supporters of Deng's economic reform, yet maintains tight political control.

It is obvious that the Octogenarians hold a powerful position in checking the political reform of China. Most likely, real political reform will not occur until the "founding fathers" die. Recall Doak Barnett's statement that the Post-Deng era will not be defined until the entire group no longer influences affairs of China. We must ask ourselves if the younger proteges will pursue a program of political conservatism, once their mentors are dead?

Forecasts for the Future (Beyond the Octogenarians)

Forecasting the future leadership of China is difficult at best, and few scholars have published their thoughts. Doak Barnett provides some ideas on this subject in his 1991 Johns Hopkins article. He believes that the post-Deng era will be toward greater reform. Barnett notes that the increasing "flow of ideas and influences from abroad and the web of institutional ties that has developed with foreign nation - an consequence of an open policy - now exert unrelenting pressures for changes of many kinds."⁴⁷

Mr. Barnett also notes that since the mid-1980's China has promoted younger people into key leadership billets - in the central government and the local governments. These younger leaders, many in their fifties or younger, did not participate in the "party's

revolutionary struggle for power, have little interest in ideology, and are essentially technocratic and pragmatic." 48

However, while their support for economic reform is apparent, their political ideations are less obvious. Barnett states that besides Zhao Ziyang and his closest associates, many reformist technocrats have not been purged. Once the party elders pass on, and the new generation settles in, Barnett believes "the balance is likely to shift, probably fairly soon, in a more reformist direction, leading toward some acceleration of economic reform and toward increased, although still cautious, movement toward political liberalization."⁴⁹

Key Players

There are many people within the Party leadership who not only play an important role in China's government today, but will play significant roles in the post-Deng era. I would like to mention just three men of the younger generation, whose names appear in many publications.

Zhu Rongji. Probably no name is mentioned more often than Zhu Rongji, China's economic chief. Zhu has made an unusually rapid rise within the party in the last two years. Recently assigned to the Standing Committee of the Politburo, he is China's newest vice-premier and recently designated director of the State Council's Economic and Trade Office.⁵⁰ A protege of Deng, the 63 year-old engineer, speaks English fluently. He does not have a "wide set of contacts within the Party," but has devoted his entire career in the economic and planning bureaucracy.⁵¹ He has primary responsibility for overseeing China's economic reform program.⁵² We will hear more of this man.

Qiao Shi. Qiao is one of the four members of the Standing Committee to retain his position. He was recently elected to one of the four top state leadership positions, chairman of the Standing Committee of the National People's Congress.⁵³ The 68 year old is the Party's "disciplinarian." A protege of conservative octogenarian Peng Zhen, Qiao made a rapid rise in the Party during the 1980's. He is a supporter of Deng's reform.⁵⁴

Hu Jintao. Hu is the youngest member of the Standing Committee. Many believe that the 49 year old is a potential player in future power struggles.⁵⁵ Described as a charismatic leader, Hu rose through the party's leadership, since 1982, when he was the youngest member of the Central Committee.⁵⁶

U.S. - CHINA POLICY OPTIONS

There are myriad variances of policy options discussed. They seem to boil down to: 1) play "hard ball" and place strong conditions on China, or 2) follow a pragmatic policy and gently prod China toward liberalization .

Hard-Ball Politics

This type of China policy would incorporate last year's congressional Democrat's activist proposals to impose conditions on renewal of Most Favored Nations Status for China. The administration would emphasize human rights issues, insisting on China meeting our ideals of liberalization. Failure of China to comply could result in the U.S. imposing higher tariffs on Chinese imports. A policy of this type

would clearly show China, and the rest of the world, that the U.S. is serious about its desire for a democratic world.

Unfortunately, this policy does not recognize China's history of non-democratic traditions. Nor does it reflect an appreciation for the turmoil that Beijing's current elder leadership has endured. The octogenarians will cling to what they perceive as a stable form of government - communism. We are naive to believe that these old men, who suffered nearly 50 years of turmoil, will now embrace democracy. We can only hope to maintain dialogue and encourage the successor leadership toward democracy. A hard-line China policy may result in a discontinuation of dialogue between the elders and the U.S. What is the problem with that? A better question would be, why would we want to create a hostile environment?

Economically, America is deeply entrenched in China and the surrounding countries. Our economy can not stand the jolt that it would suffer with the loss of trade with that area; not to mention the risk to U.S. investors in china. If we threaten MFN status, we risk losing over 2000 U.S. investments in China, totalling billions of dollars. Not to mention the negative impact on trade with Taiwan and Hong Kong. We must consider that there are many countries that will gladly take our place as China's largest trading partner.

A diplomatic standoff with China would seriously degrade our ability to influence the action in the Asia-Pacific area. Our allies in the area most likely would not join our ranks. They may not understand why the U.S. expects too much, too soon from China. We could, in fact, risk our competitiveness in other foreign markets, who may deem us an unreliable partner.

Finally, we should not jeopardize one of our strongest instruments of change in China: U.S. involvement in the business sector. U.S. corporations have become deeply ingrained in the Special Economic Zones in China. Americans work side by side with Chinese. The positive impact of these associations are impossible to quantify. Yet, we can safely assume that American values and ideals are being imported into China. We should strive to encourage this interchange, rather than risk losing this influence.⁵⁷

Pragmatic Policy, Coaxing China Toward Liberalization

This type of China policy incorporates firm, but patient dealing with Beijing. President Clinton would maintain a commitment to human rights issues throughout the world, including China. He could refrain from any ceremonial meetings with Chinese leaders until significant progress has been made in areas of concern, e.g., human rights. This is not to say that his administration would not work with appropriate officials as required. Under this policy, MFN is not conditioned unless there is a serious degradation of conditions in China. This avenue recognizes that significant political reform may not occur until the post-Deng/post-octogenarian era.

This pragmatic policy recognizes the necessity of cooperation between China and the U.S. on foreign policy issues, such as N. Korea and Cambodia, as well as other mutual concerns. This approach enhances the economic well being of the U.S. and the global economy. Does this mean that the U.S. is coddling hard-line communists? No. This policy does not require the U.S. to embrace China's elders. But, it does leave the door open to prod China's reformation.

RECOMMENDATIONS

China and the U.S. are at critical points in history. China is nearing a generation change. The successor leadership shows an inclination toward moderate political reform. This is obviously very difficult to discern for sure - China has not rewarded political reformers. But the indicators have been noted by numerous leading China experts - there is a future generation of political reformers in the wings. Many of them are in key leadership billets today.

The U.S. is facing a momentous challenge in building a strong economy. We cannot meet this task without the support of China and its Asian neighbors. This region has developed into the economic center of gravity in the world. The U.S. is a major trading partner with Greater China. Further, we face a severe capital shortage - while China has surged to one of the leading holders of the money reserve. Our economic well-being is very much dependent on this region.

Therefore, as the Clinton Administration prepares its China policy, they must understand the economic and political realities inherent in this situation. The administration must make a choice: 1) play "hard ball" with Beijing today - and risking global instability, or 2) present a pragmatic policy toward China's aging leaders, that encourages continued economic reform in China, while gently prodding political liberalization.

I strongly believe that we must choose the latter. A pragmatic approach to China is the best way to lead China toward democracy, and at the same time foster a healthy global economy. We must recognize that China has made progress. We cannot expect the elders of China to simply shed what has been ingrained into their minds for nearly a

century. Remember, they fought for the revolution. They survived the long march. They are old and they are clinging to their vision of stability.

It is impossible to predict accurately whether China's successor leadership will pursue political liberalization. However, President Clinton can demonstrate that the U.S. clearly recognizes today's political and economical realities. His firm, fair China policy can serve as a beacon to the world that the U.S. wants to live in harmony with its fellow sovereign nations. And hopefully, our pragmatic China policy will encourage Beijing's future leaders to shed communism as they enter the 21st century.

¹Robert L. Worden, Andrea Matles Savada, and Ronald E. Dolan, China: A Country Study, 4th. ed., United States Government, HQ, Dept of Army, 1988, p. 703. Deng is a member of a group of eight "octogenarians," all of whom survived the "long march." The "long march" was made by the Red Army in the face of Chiang Kai-shek's Guomindang annihilation campaign. The 12,500-kilometer trek began in October 1934 and ended in October 1935. Of the 100,000 persons that left the communist base area in Jangxi, only about 28,000 survived the march. Mao Zedong gained his prominent role in the Communist Party during this march.

²K.S. Courtis, The Role of the Pacific Rim in the Global Economy; Prospects and Perspectives, March 3, 1993, p. 4. Mr. Courtis is a Strategist and Senior Economist for the Deutsche Bank Group in Asia. He spoke at the National Defense University's Asia-Pacific Conference, March 3, 1993, Honolulu, Hawaii.

³Donald M. Anderson, "China Policy: Fostering U.S. Competitiveness and the Bilateral Relationship," The China Business Review, January-February 1993, p. 13.

⁴Ibid., p. xxxii.

⁵Robert L. Worden, China, a country study, 4th ed., HQ, Dept of the Army, 1988, p.54.

⁶Donald M. Anderson, "China Policy: Fostering U.S. Competitiveness and the Bilateral Relationship," The China Business Review, January-February 1993, pp. 10-11.

- ⁷Andrew Tanzer, "The Chinese Way," Forbes, September 28, 1992, p. 42.
- ⁸Harry Harding, "The U.S. and Greater China," The China Business Review, May-June 1992, p. 18.
- ⁹Lincoln Kaye, "Dengism Enshrined," Far Eastern Economic Review, October 22, 1992, p. 10.
- ¹⁰Central Intelligence Agency, "China, North Korea, Country Report, No21992, Analysis of Economic and Political Trends Every Quarter," The Economist Intelligence Unit, June 22, 1992, p. 10.
- ¹¹Donald Klein, "China Adjusts to the New World Order," The World & I, March 1992, p. 35. Mr. Klein does note that China did not support the use of force to expel Iraq from Kuwait, but her absence of the United Nations vote enabled the U.S. to accomplish its purpose.
- ¹²Harding, A Fragile Relationship, p.5.
- ¹³Harry Harding, "Neither Friend Nor Foe: A China Policy for the Nineties," The Brookings Review, Vol. 10, No. 2, Spring 1992, p.7.
- ¹⁴Harding, A Fragile Relationship, p. 169.
- ¹⁵Ibid., p. 219.
- ¹⁶Ibid., p. 219.
- ¹⁷Ibid., p. 220.
- ¹⁸Steven W. Mosher, China Misperceived, Harper Collins Publishers, 1990, p. 221.
- ¹⁹Dumbaugh, CRS Issue Brief, p. 1.
- ²⁰Ibid., pp. 6-11.
- ²¹Robert F. Drinan and Teresa T. Kuo, "The 1991 Battle for Human Rights in China," Human Rights Quarterly, No. 1, February 1992, p. 24.
- ²²Ibid., p. 39.
- ²³Associated Press, "74 Senators Urge China to Free Activist," Washington Post, October 11, 1992, p. A29.
- ²⁴Lena H. Sun, "China: U.S. Team Can Investigate MIAs," Washington Post, December 4, 1992, p. A26.
- ²⁵Lena H. Sun, "China Works to Improve U.S. Relations," Washington Post, January 2, 1993, p. A1.
- ²⁶Dumbaugh, "China-U.S. Relations in the 1990s, Issues for Congress," p. 8.
- ²⁷Harding, "A Fragile Relationship," pp. 184-185.
- ²⁸Dumbaugh, "China-U.S. Relations in the 1990s, Issues for Congress," p. 9.
- ²⁹Andrew Tanzer, "The Chinese Way," Forbes, September 28, 1992, p. 42.

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- ³⁰Central Intelligence Agency, "China, North Korea, Country Report," p. 31.
- ³¹Dumbaugh, "China-U.S. Relations in the 1990s, Issues for Congress," p. 10.
- ³²Harding, A Fragile Relationship, p. 95.
- ³³Drinan, 1992, p. 39.
- ³⁴Of the original eight octogenarians, five are still alive. Two have died in the past year. Lena Sun, "Wang Zhen, Chinese Hard-liner, Dies," The Washington Post, March 13, 1993, p. A15.
- ³⁵Ibid., p. 6.
- ³⁶Lena H. Sun, "China's New Ruling Elite," The Washington Post, October 20, 1992, p. A1.
- ³⁷Doak Barnett, After Deng, What?, Washington, DC: John Hopkins Foreign Policy Institute Papers, 1991, p. 7.
- ³⁸Ibid., p. 10.
- ³⁹Ibid., p. 8.
- ⁴⁰Ibid., p. 9.
- ⁴¹Ibid., p. 10.
- ⁴²Sun, March 1993, p. A15.
- ⁴³Barnett, 1991, p. 9.
- ⁴⁴Li Haibo, "New State Leaders Elected," Beijing Review, April 5-11, 1993, p. 4.
- ⁴⁵Ibid., p. 9.
- ⁴⁶H. Lyman Miller, "Holding the Deng Line," The China Business Review, January-February 1993, p. 24.
- ⁴⁷Barnett, 1991, p. 12.
- ⁴⁸Ibid., p. 12.
- ⁴⁹Ibid., p. 13.
- ⁵⁰Kaye, "Uncertain Patrimony," pp. 10-11.
- ⁵¹Lincoln Kaye, "Uncertain Patrimony," Far Eastern Economic Review, October 29, 1992, p. 11.
- ⁵²Miller, 1993, p. 27.
- ⁵³LiHaibo, 1993, p. 4.
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