

Personal & Confidential

Memorandum to: Senator Lloyd Bentsen, Senator Robert Byrd,
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The Crisis in Sino-American Relations

In six days in Beijing from October 28 to November 2 I had over twenty hours of one-on-one discussions with eight major Chinese leaders, including Chairman Deng Xiaoping, Premier Li Peng, General Secretary Jiang Zemin, President Yang Shangkun, the sophisticated Foreign Minister Qian Qichen, the very able Minister of Education Li Tieying, the brilliant Minister of Propoganda Li Ruihuan, and the extraordinarily competent Mayor of Shanghai Zhu Rongji. The talks were highly candid, covering the political and economic situation in China, the current crisis in U.S.-China relations, and other international issues including the Chinese assessment of Gorbachev, of the revolutionary developments in Eastern Europe, and of the current situations in Cambodia, Afghanistan, and other Third World trouble spots.

On my return, I gave an eighteen-page report to President Bush containing my assessment of the Chinese leaders and suggestions as to how the Sino-American relationship might be improved. I also discussed Sino-American relations at an informal dinner the President and First Lady hosted at the White House which was attended by the Vice President, Brent Scowcroft, John Sununu, William Webster, Under Secretary of State Larry Eagleburger, and Michel Oksenberg, the NSC's China specialist in the Carter Administration. Dr. Oksenberg attended all my meetings with Chinese leaders.

Because of the sensitivity of some of the issues, I am not going to make any public statements at this time. But since I discussed the trip with each of you before departing for Beijing, I thought it would be useful if I shared with you some of my observations on the current state of Sino-American relations.

The crisis in Sino-American relations.

Sino-American relations are in the worst condition they have been in since before I went to China seventeen years ago. One of the major reasons is that Americans and Chinese see the tragic events of June 4 from totally different perspectives. The gap between us on that issue is totally unbridgeable. I pointed out to Chinese leaders that most Americans, including many friends of China, believe that the military crackdown was brutally excessive

and totally unjustified. In response, every Chinese leaders I talked to insisted that the suppression of the demonstrations was necessary and justified. They believe the American reaction was an unacceptable intrusion in their internal affairs. They believe the American media grossly exaggerated June's events. They think that the economic sanctions, cessation of high-level official contacts, and moral condemnation from a nation with inadequacies of its own is hypocritical and unjustified. They recall bygone days when their nation was bullied and exploited by outside powers. As a result, some of the Chinese leaders now exhibit a distrust of the United States that is reminiscent of the period before 1972.

Before I went to China this year, my five-year-old granddaughter, Melanie Eisenhower, asked me on the telephone whether I could speak Chinese. When I told her that I did not, she responded, "Then why are you going? They won't understand you." The tragedy is that even if I had been able to speak Chinese, they would not have understood me because of our totally different views on what happened. On several occasions I referred to the use of excessive force on June 4 as a tragedy. They refused to accept that; they insisted on calling it an "incident."

In part, this may be because the Chinese word for tragedy implies that there must be a villain. As one close Chinese friend pointed out to me, no proud Chinese leader -- indeed, no national leader anywhere -- can ever admit that he is a villain. One top Chinese leader told me that any colleague who humiliated China in the world community by acting contrite did not deserve to be in office. Contrition may be an attractive characteristic in soap opera stars, but not in leaders of great nations such as China. This does not mean that we excuse what happened in June. But we should adopt the same approach we used in the Shanghai Communique, acknowledging both our differences about the crackdown and our common interest in building for the future in spite of it.

Can the crisis be resolved?

There is no way we can resolve our differences on the tragic events of June 4. But it would compound the tragedy if we allowed them to permanently damage a relationship that has been so beneficial to the Chinese people, the American people, and the cause of peace and progress in Asia. So we must keep the events in perspective. Great as our differences are over what happened in Tiananmen Square, our differences were infinitely greater when we established relations with the PRC in 1972 after twenty-three years of no communication whatever. We disagreed with the Chinese on Vietnam, on Korea, on Japan, on Taiwan, and on philosophy. China was still in the final throes of the Cultural Revolution, during which millions had died in an ideological

crackdown far more brutal than what has happened this year. But we recognized then that while we had irreconcilable differences, we had one overriding common interest which brought us together -- the need to develop a common policy to deter an aggressive and expansionist Soviet Union which threatened us both. Today, when the conventional wisdom is that the Soviet threat has diminished and when many even proclaim that the cold war is over, do we still have a common interest which overrides our differences? And if not, what is the glue that can keep us together in the years ahead?

Does it matter?

This brings us to an even more profound question. Why is a restoration of the previous cooperative relationship between our two countries in our interests?

1) Assuming that the cold war is over and that the Soviet Union is not a major threat to either of us -- a conclusion, incidentally, that every Chinese leader I met rejects -- we still have a strong strategic interest in restoring a good relationship with the PRC. President Bush will go head-to-head with Gorbachev in the Mediterranean on December 2nd. There is no question but that Gorbachev is an exciting new kind of leader of the Soviet Union. But we must also recognize that in not implementing the Brezhnev Doctrine in Hungary, Poland, and East Germany, in cutting back marginally on his military budget, and in reducing his support of his clients in the Third World, Gorbachev is simply making a virtue out of necessity. He is using his head. At a time when he is using his head, we should not lose ours. Gorbachev is not a closet democrat, a philanthropist, or a fool. His handshake will be warm, but based on his past record we can assume that he will have a card or two up his sleeve. We should never treat China as a card. But it would not serve our interests if Gorbachev was able to do so. Today, the Chinese are talking to the Russians and we are talking to the Russians. But we don't talk to each other. The suspension of high-level contacts has served its purpose in expressing our outrage at the crackdown. Now we must once again adopt a policy toward China that serves our geopolitical interests, and such a policy will require high-level contacts.

2) China is a nuclear power. Without Chinese cooperation, we cannot have an effective policy of non-proliferation of nuclear weapons and will have no leverage at all in trying to prevent the sale of missiles and other destructive weapons to countries in trouble spots like the Mideast.

3) With Japan already an economic superpower with the capability of becoming a military and political superpower, a strong, stable China with close ties to the United States is essential to balance the power of Japan and the Soviet Union in East Asia.

4) China has an indispensable role to play in the maintenance of peace and stability in the Asia-Pacific region. Peace cannot be maintained in Korea, the Taiwan issue cannot be resolved peacefully, the people of Hong Kong cannot enjoy a future as an autonomous, capitalist, and democratic entity, and peace cannot come at last to Indochina unless both the PRC and the United States are constructively and responsibly engaged in regional affairs.

5) China inevitably will become a major economic power, and its over one billion people will provide a huge market for the advanced industrial countries. Do we want to rule ourselves out and leave that potential market to the Japanese and the Europeans? Is the door which we opened with such high hopes seventeen years ago to be closed?

6) Looking to the future, China, not because of communism but in spite of it, will be an economic and military superpower. Do we want to run the risk of being an adversary rather than an ally of China in the next century?

7) Global warming is the currently fashionable topic of think tanks and on editorial pages. How can we deal with this and other environmental issues without the cooperation of one-fifth of all the people on earth?

These are just a few of the reasons that repairing the damage to the Sino-American relationship is in our interest as well as in theirs.

Does it matter to the Chinese?

China has as big a stake as we have in restoring a cooperative Sino-American relationship.

Despite the criticism he received for his role in the tragedy of June 4, Deng Xiaoping, who twice has been named as Time Magazine's "Man of the Year," was one of China's greatest leaders. Gorbachev's political reforms have received the headlines, but Deng's economic reforms have produced the goods. In the ten years between 1979 and 1989, the per capita income of China's one billion people doubled. In the five years that Gorbachev has been in power in the Soviet Union, the per capita income of the people of the Soviet Union has gone down. This does not mean that we approve of economic reform without political reform. But political reform without economic reform, no matter how popular it is in the short run, will fail in the long run. Economic reform without political reform will succeed in the short run, but will fail in the long run unless political reforms follow. If the Deng economic reforms, combined with his opening to the West, survive him, then the pressures for political reform will inevitably bring progress on that front as

well.

All the leaders I met told me that Deng's economic reforms would continue and were irreversible. But now that he has announced his retirement, there will without question be a major battle for power between the reformers and the reactionaries who want to return China to the policies that existed before 1972. In a toast at a banquet hosted by the Premier on October 30th, I said that the choice China must make is a clear one. Is China to turn away from greatness and consign itself to the backwater of oppression and stagnation? Or does it continue to venture forth on the open seas, on a journey that at times may be rough but which leads to progress, peace, and justice for its people? As I told Deng, "Everyone agrees that corruption and inflation must be rooted out. The question is, in rooting it out, do you also root out the delicate new growth of individual enterprise which under your leadership doubled the per capita income of the Chinese people between 1979 and 1989?"

The United States cannot and should not interfere with the choice that only the Chinese have a right to make. But if the United States continues a policy of isolating China, that will only be grist for the mill of the reactionaries. Contact and cooperation with all the major western countries is essential if those who support Deng's reforms and his opening to the West are to prevail in the inevitable struggle for power.

What can be done to heal the rift?

Action will be required by both sides if the rift between us is to be healed.

China could consider efforts to resolve the dispute over Fang Lizhi, to restore the Fulbright program, to rescind martial law, to provide amnesty for those who engage in peaceful demonstrations, and to put out the welcome mat for tourists, students, scientists, and businessmen who wish to invest in joint ventures which would improve the lot of great numbers of Chinese people.

The United States should consider the elimination of economic sanctions, the resumption of government assistance to those who want to invest in China, and the resumption of financing of major Chinese projects by the World Bank and other international lending organizations.

The stickiest question is who goes first. The answer is that if we are to go down the same road together, we must take steps together. On the final full day of my visit I had a fascinating talk with the widow of Chou Enlai. She is physically frail but mentally as tough as Margaret Thatcher. She takes the standard Chinese line that the United States and not China caused the present difficulties. She quotes the Chinese proverb, "He