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SHIFTING AMBIGUITY
U.S. FOREIGN POLICY TOWARD CHINA AND TAIWAN

A Thesis Submitted to
The Graduate School of International Studies
University of Denver

In Candidacy for the Degree of
Master of Arts

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CHAPTER 1

INTRODUCTION

Statement of the Problem. Since 1949, US foreign policy regarding the dispute between the People's Republic of China (PRC) and the Republic of China (ROC) on Taiwan has been complex at best and contradictory at worst. While the conflict between the Chinese Nationalists or Kuomintang (KMT) and the Chinese Communists (CCP) had been underway at various levels of intensity since the CCP's origination in 1921, the US did not become actively involved in the dispute until the US declared war on the Japanese in 1941. Since that time, major events have occurred in the region and across the globe which have not only cemented US interest and involvement in the dispute, but have led to dramatic shifts in US policy as well. Throughout all of these changes, US officials have regularly claimed that the Republic of China has enjoyed, and would continue to enjoy, the firmest US support possible. At the same time, since the late 1960s, the US has continually pursued closer relations with the PRC.

Successive US presidential administrations have claimed that they have been able to satisfy both of these seemingly contradictory pursuits by consistently formulating policy in accordance with the Joint US-PRC Communiqué of 1972 known as the Shanghai Communiqué. [The text of the communiqué is contained in the appendix.] To hear the foreign policy statements and official press releases, one is left with the impression that there has been very little change in US support for the ROC since 1949 or deviation from US

foreign policy in the region since President Nixon's historic trip in 1972. In fact, President Bill Clinton made this same claim during the June 1998 Sino-US Summit in the PRC. By examining the evolution of US policy toward the PRC/ROC dispute, I will show how strategic and economic national interests have consistently led to a deterioration of official US policy toward the ROC since 1972. Furthermore, I will demonstrate how President Clinton's remarks at the '98 Summit deviated significantly from past policy statements, explain why this deviation was predictable, and discuss why it decreases the chances for a peaceful resolution of the conflict.

Justification for the Project. Examining the evolution of US foreign policy toward the ROC/PRC dispute is crucial for a number of reasons. In addition to being a critical issue for both the PRC and the ROC, US policy significantly affects Asia and the rest of the world. Open hostility of any sort between China and Taiwan will be detrimental to the region in the least and devastating on a global scale at worst. Since 1949, incredible changes have occurred in the international environment and, therefore, US policy. Rather than assuaging tensions between the two countries leading to the likelihood of a self-initiated, peaceful agreement (the US's stated goal), these changes and policy shifts seem to have exacerbated the conflict, making the need for resolution all the more necessary, albeit all the more unlikely. While I will discuss these changes in greater depth throughout this paper, I will briefly mention some of them here in order to convey the importance of such a study.

The end of the Cold War in 1989 and the subsequent collapse of the Soviet Union in 1991 were the most obvious changes to affect US policy toward the PRC and the ROC. US involvement in the region was forged in the post-World War II atmosphere where foreign policy was dominated by the containment of a perceived Soviet-led (even monolithic)

communist threat. In the late 1960s, when US policymakers finally perceived the Sino-Soviet rift and began seeking ways to exploit the division, US policy toward the Taiwan Straits entered a new phase. Seen by the US as an opportunity to check the Soviet Union on multiple fronts, the strategic importance of the PRC increased significantly during that time. US policy moved steadily toward the PRC, eventually ending in normalization of relations with the PRC and de-recognition of the ROC in 1979. Obviously, the collapse of the Soviet Union removed a major constraint in US policy toward the ROC-PRC dispute. Nevertheless, as the US has found, the removal of one barrier does not prevent the establishment of several others.

The second major change concerns the growth of the PRC. The US finds itself confronting a new PRC in almost every respect from the one it was concerned with prior to 1978. Prior to that time, the PRC was a country characterized by internal chaos, isolationist tendencies, and backward economic methods. In 1978, under the leadership of Deng Xiaoping, China launched an aggressive, economic modernization campaign. From the beginning of the reform movement to the present time, the results have been astounding and practically uninterrupted. Economically, the PRC has erupted into a powerhouse, sustaining growth rates that lead many experts to predict that the PRC will surpass the US in overall GNP by the early twenty-first century. Whether or not this forecast is correct, the level of globalization and interdependence that now exists in the world and the high level of trade between the US and the PRC serve to increase the PRC's negotiating power considerably. In addition to its economic reform, the PRC is undergoing a rapid military modernization. While this fact alone gives the US and the rest of Asia reason for caution, the fact that China is the third oldest nuclear power in the world (and one of only two with the capability of

striking the US) imposes significant limitations that can never be completely discounted regardless of the reform's success. One of the few areas in which the PRC has not changed is in its quest to recover Taiwan and reunify "the motherland." Seeing this issue as an entirely internal matter, the PRC has consistently refused to renounce the use of force to recover the island. As long as KMT authorities on Taiwan sought the same objective (eventual reunification), there was hope that this process would take place peacefully, and patience was the order of the day. However, as I will discuss in the next paragraph, Taiwan has been changing rapidly as well.

The final factor that I will mention here (though by far not the final one in the equation) is the phenomenal evolution taking place on the island of Taiwan. In 1977, ROC leader Chiang Ching Kuo (son of Chiang Kai-shek) began implementing reforms in order to strengthen the KMT. In an unprecedented move, he opened KMT government positions to native-born Taiwanese and chose as his vice president Taiwanese-born Lee Tung-hui. In 1987, Chiang abolished martial law and legalized the creation of legitimate opposition parties. Upon Chiang Kai-shek's death, Lee ascended to the head of the KMT and intensified the series of reforms. Since that time, the ROC on Taiwan has become a fully functioning democracy. As a result of these reforms and the democratic process, Taiwan has experienced a dramatic rise in native nationalism, often referred to as "Taiwanization." Making up almost ninety percent of the ROC's population, the Taiwanese exert considerable force on the politics of the country. While the KMT still formally maintains its desire for reunification with the mainland, its terms for reunification (as well as its actual practices) have led many to believe that independence is its true quest. While the KMT's true desires are somewhat uncertain, there is a strong movement within the leading opposition party to

pursue formal independence. This objective poses considerable problems for the US. On the one hand, the US has been the long-term ally of Taiwan, supporter of a peaceful settlement by the Chinese themselves, as well as the self-appointed champion of democracy. On the other hand, Taiwan's rival, the nuclear-capable PRC, has made it clear that it would use military force to reunify the two countries if the Taiwanese declared independence.

Obviously, US intentions play a critical role in this dilemma. Thus far, the US has claimed to maintain a purposely ambiguous position in order to prevent destabilizing actions on either side. While this strategic ambiguity has worked reasonably well preventing a major conflict, the vast changes that are occurring in the PRC and the ROC (not to mention the international environment), create opportunities for both sides that have not existed realistically at any time in the past. To be sure, both the PRC and ROC are analyzing US actions closely. If studying US policy in the Taiwan Straits reveals a trend favoring the PRC over the ROC, or if US policy can readily be interpreted in such a way as to give that perception, bold initiatives could possibly be taken by either side that could seriously disrupt the tenuous peace that has existed in the Straits for the past 50 years. The possibilities of conflict and unrest are staggering.

Tentative Answer to the Question. I expect a thorough review of US policy to reveal that, based on its perceived strength at the time of negotiations, the US has consistently acted in regard to its own national interests, either strategic or economic. Furthermore, the analysis will show that there has been a consistent division between the Executive Branch and Congress regarding US-PRC-ROC policy that could possibly be manipulated to influence future US policy. Based on the current state of the international environment and the trend toward globalization, I will also show that, barring some unforeseen tragedy, US interest in

the PRC is likely to continue increasing to the detriment of the ROC. Finally, I expect to show that radically altering the ambiguous position that the US has maintained for the last fifty years is likely to increase the chances for conflict in the area.

Definitions. Because of the complex relationships, conflicting claims, and confusing names of the principal actors involved in this situation, I will briefly clarify how I am using each actor's name and the context to which it applies. First, I should point out that there are two generally accepted methods for transcribing Chinese into English. The ROC uses the system known as the modified Wade-Giles system, and the PRC uses the *pinyin* system. For simplicity's sake and because the bulk of the current literature now uses the latter, unless I am quoting an author who uses the Wade-Giles system, I will consistently use the *pinyin* method, regardless of the time frame to which I am referring. Second, while "Taiwan" technically refers only to the island land mass located across the Taiwan Straits from the People's Republic of China, in this paper, "Taiwan," unless stated otherwise, refers to all the present holdings of the Republic of China including the islands of Quemoy, Matsu, and the Pescadores. Adding to the confusion, Taiwan has also been known for centuries as Formosa, the name given to it by Portuguese explorers in the Seventeenth Century. In this paper, I will only refer to the island as Taiwan. Furthermore, since the governing body on Taiwan has long been known as the Republic of China on Taiwan, I will often utilize the terms "Taiwan," "Taipei," and the "Republic of China" interchangeably. Similarly, the terms "KMT," "Kuomintang," and "Nationalist" all refer to the ROC government prior to 1987, and to a ROC political party thereafter. To complicate matters still further, inhabitants of Taiwan fall into two distinct categories. The first category encompasses the people who lived on the island prior to the 1949 KMT evacuation. This group is normally called

“Taiwanese,” “native Taiwanese,” or “*benshengren*.” Those who came after 1949 are often referred to as “Mainlanders” or “*waishengren*.”¹

When I am referring to events that occurred prior to 1949, the term “China” refers to all the territory under the control of the Republic of China. After 1949, however, the terms “China,” “Beijing,” and the “People’s Republic of China” all refer to the mainland country governed by the Chinese Communist Party (CCP), exclusive of the ROC territory as defined above.

Methodology of the Project. In order to test my hypothesis, I will examine the history of US policy regarding the ROC/PRC dispute from the late 1940s until the present. Specifically, I will organize the paper into a number of chronological segments, chosen as a result of either a major event or change in US policy that occurred during that time. Generally, I will look at US policy changes as a result of the Korean War, the Sino-Soviet split, and the end of the Cold War. Since formal US policy toward the dispute is spelled out in the three Joint US-PRC Communiqués and the Taiwan Relations Act of 1979, I will spend considerable time analyzing the factors which led to their development and the effects that they had on day-to-day policy. Finally, I will discuss why President Clinton’s recent statements radically depart from the carefully crafted US foreign policy of the past and give several reasons why this departure increases the chances for conflict in the region.

¹ The Chinese terms are taken from John W. Garver, *Face Off: China, the United States, and Taiwan's Democratization* (Seattle, University of Washington Press, 1997), 20. Garver typically uses the *pinyin* method as well.

CHAPTER 2

1950-1963: THE HIGH TIDE OF US SUPPORT FOR THE KMT

Background.¹ US policy towards the Kuomintang-Chinese Communist Party dispute evolved as a result of many complex factors. While the US formally supported the KMT regime from the beginning of its involvement in the dispute, the support was anything but wholehearted and left room for significant flexibility. US involvement began in earnest in 1941 when the US entered World War II against the Japanese. Since the KMT was the recognized government of China and controlled its five million-man army, the US government was convinced that the survival of the Nationalist regime was vital for the defeat of the Japanese army. While the US supported the Kuomintang with large amounts of lend-lease assistance that was never adequately accounted for throughout the war, it did so largely out of a fear that the recognized Chinese leader, Chiang Kai-shek, would surrender to the Japanese. Thus, initial US support of the KMT regime was more a product of necessity than of choice. US officials repeatedly tried to “persuade” the Nationalists and the Communists to join together in defeating the Japanese and in ruling the country, but Chiang Kai-shek was highly resistant to such advice. Believing as he did that his army was unquestionably the stronger of the two, Chiang felt he had nothing to gain and everything to lose by such an

¹ I recognize that this is a painfully brief summary of the events from 1942 to 1950. The actual development of US foreign policy during this time is a fascinating topic of study in its own right. For additional reading on this time period, I recommend reading William Morwood’s work, *Duel for the Middle Kingdom: The Struggle Between Chiang Kai-shek and Mao Tse-tung for Control of China* (New York: Everest House, 1980) and Ernest R. May’s work, *The Truman Administration and China, 1945-1949*, Harold M. Hyman, ed. (New York: J.B. Lippencott Company, 1975). May’s book includes a great section of source documents that backs up much of Morwood’s writing.

arrangement. Throughout the war, Chiang Kai-shek's widespread corruption, ineffective leadership, and refusal to compromise with the CCP opposition continually frustrated US military commanders and Presidents alike.

After the war was over in 1945, US leaders, driven by their fear of Soviet expansionism and thwarted in their efforts to bring about a coalition government, continued to support Chiang with limited military and economic aid as well as with limited military advice. Nevertheless, by 1948, a CCP victory was practically assured and US policy shifted from considering outright military intervention, as was proposed by the Joint Chiefs of Staff, to a strict policy of non-intervention. In January of 1949, the recently retired Chiang, diverted a large stockpile of military equipment, the country's gold and silver reserves, and invaluable national treasures across the strait. He then moved to Taiwan with plans of reassuming leadership of the KMT government and using the island as a launching ground for a counterattack on the mainland. On October 1st, 1949, the CCP leaders announced that the "Central People's Government of the People's Republic of China was the 'sole legal government representing all of the people of the People's Republic of China'"² and invited other nations to enter into diplomatic relations with it. Though Chiang returned to the mainland and reassumed leadership of the Kuomintang, by the end of 1949 "strategic errors, military corruption, and factional infighting eroded the capabilities the Nationalist forces . . . and despite their vastly superior numbers and firepower, they suffered catastrophic defeat" and fled to Taiwan.³

² Edwin W. Martin, *Divided Counsel: The Anglo-American Response to Communist Victory in China* (Lexington: University of Lexington Press, 1986), 73.

³ Kenneth Lieberthal, *Governing China: From Revolution Through Reform* (New York: W.W. Norton & Company, Inc., 1995), 38.

The communist take-over in China, coupled with the expansion of the Soviet Union throughout Eastern Europe, convinced the US that a giant communist monolith, bent on world domination, was sweeping the globe.⁴ Nevertheless, in an attempt to minimize the damage, the US maintained its embassy in communist-held Nanking rather than following the KMT government to Canton or later to Taiwan. Furthermore, US officials planned on continuing trade and maintaining its consular presence in the new China until a new foreign policy could be developed. These plans abruptly changed, however, due to a number of factors resulting from the new regime's treatment of international, non-communist diplomats (particularly the American Consulate in Mukden).⁵ Consequently, the US pulled out of the country completely, though it continued to allow trade under certain safeguards.

In spite of the 1949 recommendation from the Joint Chiefs of Staff that the island of Taiwan and the Pescadores Island chain were critical to the national security of the US, President Truman announced on January 5th, 1950, in lieu of an imminent communist takeover of the island, that the US would “ ‘not provide military aid or advice to Chinese forces on Formosa,’ nor did it ‘have any intention of utilizing its armed forces to interfere in the present situation’ there.”⁶ A week later, Secretary of State Dean Acheson reiterated this policy with his now infamous speech to the National Press Club asserting that neither Taiwan nor Korea were inside the U.S. defense perimeter that “ran along the Aleutians through Japan and the Ryukyus to the Philippines.”⁷ On the island itself, the US official staff was significantly reduced and plans were made to evacuate all remaining Americans when the communist takeover was certain.

⁴ Stephen E. Ambrose and Douglas G. Brinkley, *Rise to Globalism: American Foreign Policy since 1938*, 8th ed. (New York: Penguin Books, 1997), 107.

⁵ For a detailed account of this event, see Chapter 14, “The Mukden Ordeal” in Martin’s book.

⁶ Martin, 98.

The Korean War. By May, while evacuation plans continued on the island, John Foster Dulles, a new consultant to the secretary of state, was urging a reassessment of US strategy regarding the island, citing “domino theory” explanations for his stance. Dulles proposed the following:

. . . If the United States were to announce that it would neutralize Formosa, not permitting it either to be taken by Communists or to be used as a base of military operations against the mainland, that is a decision which we could certainly maintain, short of open war by the Soviet Union.⁸

As his recommendation was circulating, North Korea invaded South Korea on June 25th, inciting an immediate change in the US’s Taiwan policy. Advising the president later that evening, Secretary of State Acheson recommended that President Truman should order the Seventh Fleet into the Taiwan Straits to prevent an attack on Taiwan as well as to prevent Kuomintang attacks on the mainland. Interestingly, he advised that the US not “tie up” with Chiang Kai-shek, but should let the UN decide the fate of the island.⁹ On Jun 27th, 1950, the president enunciated a significant foreign policy change, extending the Truman Doctrine to the Pacific. In regard to Taiwan, he accepted Acheson’s recommendation almost without change. He stated that

. . . occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area. . . . Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary to this action, I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland.¹⁰

⁷ Hungdah Chiu, “The Question of Taiwan in Sino-American Relations,” *China and the Taiwan Issue*, Hungdah Chiu, ed. (New York: Praeger Publishers, 1979), 148.

⁸ Dulles’ words quoted in Martin, 154.

⁹ Ibid., 156.

¹⁰ Truman’s words quoted in Martin, 156.

Additionally, Truman declared that Taiwan's future status "must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations."¹¹

The US's loyalty to Taiwan and hostility toward the PRC increased dramatically with the latter government's intervention in the Korean War. Trade, which had continued under strict safeguards up to this point, was replaced by an embargo. Moreover, mainland Chinese assets were frozen in the United States, and resolution of the question regarding which government would represent China in the UN was tabled, leaving the KMT in control of the UN seat. Finally, and most significantly for this paper, was the dramatic alteration of US policy toward Taiwan. As early as January 30th, 1951, the US made available "certain military material for the defense of Taiwan against possible attack. . . .to be used to maintain its internal security or its legitimate self-defense."¹² Additionally, in striking contrast to National Security Council (NSC) document 34/1 of 1949, NSC document 48/5 listed the US's Formosa objective as follows: "Deny Formosa to any Chinese regime aligned with or dominated by the USSR and expedite the strengthening of the defensive capabilities of Formosa."¹³ Finally, in February 1953, US President Dwight D. Eisenhower announced that the Seventh Fleet was no longer to prevent Republic of China attacks on the mainland.¹⁴ When the Korean War finally ended in 1953, US hostility toward the PRC did not end with it. In fact, all of the sanctions that were imposed against the Chinese Communist regime during the war were maintained after the armistice was signed. Furthermore, the US was

¹¹ Ambrose, 116.

¹² Martin, 200.

¹³ Ibid., 201.

¹⁴ Chiu, 158. According to Ambrose and Brinkley, Truman had encouraged such attacks in 1951, but had kept that information secret. See Ambrose, 141.

more convinced than ever that the Nationalist regime located on Taiwan was worth protecting.

Legal Status of Taiwan. Not only did the Korean War significantly reverse US policy toward the ROC, but it had a dramatic effect on the legal status of the island of Taiwan as well. In the Cairo Declaration and later reinforced in the Potsdam Declaration, the ROC, the UK, the US, and the USSR all agreed that Japan must return all conquered Chinese lands to the ROC at the conclusion of the war. These territories included Taiwan and the Pescadores-territories that it had obtained as a result of the Treaty of Shimonseki following the Sino-Japanese War in 1895.¹⁵ *De-jure* sovereignty was to be formally transferred to the ROC as a result of the forthcoming peace treaty with Japan which had not been completed at the time of the outbreak of the Korean War. Writing on the importance of this situation, Hungdah Chiu, Professor of Law at the University of Maryland School of Law, stated that if Taiwan had been “openly conceded in the proposed Japanese peace treaty to be an integral part of China, there would be no sound legal basis for the United States to intervene, since the ‘Taiwan questions’ would be a purely Chinese affair.”¹⁶ Thus, with the US seeking a legal way to maintain its presence on the island, US officials began pressuring the Japanese to complete this process in a manner that served its “noncommunist” goals. In the end, the Japanese signed a multilateral peace treaty, which came to be known as the San Francisco Japanese Peace Treaty, on September 8, 1951. In it, the Japanese renounced “all right, title

¹⁵ The Treaty of Shimonoseki called for “the island of Formosa, together with all islands appertaining or belonging to the said Island of Formosa” as well as “the Pescadores Group, that is to say, all islands lying between the 119th and 120th degrees of longitude east of Greenwich, and the 23rd and 24th degrees of north latitude” to be ceded to Japan. For the full text of the treaty, see *Hertslet's China Treaties, I* (London: His Majesty's Stationery Office, 1908), 362-4. Excerpts of the treaty found in Chiu, 214. Similarly, for the actual text of the Cairo Declaration of November 26, 1943, see *Foreign Relations of the United States, Diplomatic Papers: The Conferences at Cairo and Tehran 1943* (Washington, D.C.: U.S. Government Printing Office, 1961) 448-9. Also contained in Chiu, 215.

¹⁶ Chiu, 155.

and claim to Formosa and the Pescadores” but did not state to whom that territory was ceded. Furthermore, as a result of additional US pressure, the Japanese concluded a similar treaty with the ROC on April 9, 1952. In addition to the same renunciation as it had made in the San Francisco Treaty, the Japanese stated that all treaties made prior to 1941 (Treaty of Shimonoseki) were also null and void. More importantly, in the exchange of notes that accompanied the treaty, the Japanese plenipotentiary Isao Kawada, stated the following:

In regard to the Treaty of Peace between Japan and the Republic of China signed this day, I have the honor to refer, on behalf of my Government, to the understanding reached between us that the terms of the present Treaty shall, in respect of the Republic of China, be applicable to all the territories which are now, or which may hereafter be, under the control of its Government.¹⁷

Thus, with this treaty as its basis, the official US view regarding the sovereignty of Taiwan was put forth by Secretary Dulles on December 1, 1954. He said “ ‘that technical sovereignty over Formosa and the Pescadores has never been settled’ and that ‘the future title is not determined by the Japanese peace treaty, nor is it determined by the peace treaty which was concluded between the Republic of China and Japan.’ ”¹⁸ The US was not alone in this analysis of Taiwan’s status. British Secretary of State for Foreign Affairs Eden announced to the House of Commons in 1955 that the peace treaties

did not operate as a transfer to Chinese sovereignty, whether to the People’s Republic of China or to the Chinese Nationalist authorities. Formosa and the Pescadores are therefore, in the view of Her Majesty’s Government, territory, the *de jure* sovereignty over which is uncertain or undetermined.¹⁹

I do not mention these arguments in an effort to defend their legitimacy under international law (though there is considerable legal support for such a claim). Instead, I merely mention them in order to clarify the official US policy on Taiwan’s status from the

¹⁷ Treaty of Peace between the Republic of China and Japan, April 28, 1952 from the *United Nations Treaty Series*, Vol. 138, pp.38, 40, 42, 44, 46, 48, 50, 52. Contained in Chiu, 224.

¹⁸ *Ibid.*, 161.

beginning of the US's active involvement in the dispute, and to show how that involvement was justified. Importantly, the US position was not based on which government (the PRC or the ROC) was the official government of China. By defining the issue in this way, regardless of which government controlled the mainland, Taiwan's status was undetermined and would require additional steps to be legally resolved. While the original developers of this situation purposely designed it with a degree of uncertainty in order to satisfy their needs in the short term, they had no idea how important a role this rationale would have on the future involvement of the United States and the staying power of the ROC Government.

Taiwan Straits Crisis and the Mutual Defense Treaty. The Korean War was also a period that enabled the US to codify its relations with a number of Asian nations. Since the US signed defense treaties with the Philippines, Japan, Australia, New Zealand, and the Republic of Korea during the Korean War, the ROC began petitioning the US to enter into a defense treaty in late 1953. While the US was reluctant at first, the PRC's preparation to liberate Taiwan and the subsequent shelling of the island of Quemoy in 1954 changed the US government's perspective. After working out details as to the scope and duration of the treaty, the U.S.-ROC Mutual Defense Treaty was signed in Washington on December 2nd, 1954. Among other things, the treaty stated that

an armed attack in the West Pacific Area directed against the territories of either of the Parties [defined as Taiwan, the Pescadores, the Ryukyu Islands, and "to such other territories as may be determined by mutual agreement"] would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.²⁰

Though the treaty had an indefinite duration, either party could terminate it with one year's notice. This treaty marked the beginning of an uninterrupted ten-year period of unwavering

¹⁹ Ibid.

US support for the ROC on Taiwan. While the treaty was in the ratification process, the PRC continued its attack on the KMT-held islet of Yikiangshan and eventually captured it.

Eisenhower advised the ROC to evacuate all islands with the exception of Quemoy and Matsu, which he felt were vital to the security of Taiwan. When the PRC began bombing Quemoy, President Eisenhower appealed to Congress for additional authority in the area. On January 29th, 1955, Congress granted the President the widest possible latitude by authorizing him to

employ the Armed Forces of the United States as he deems necessary for the specific purpose of securing and protecting Formosa and the Pescadores against armed attack...and the taking of such measures as he judges to be required or appropriate in assuring the defense of Formosa and the Pescadores.²¹
[Interestingly, this authority was not repealed until October 26, 1974.]

With this authority in hand, individuals in the Eisenhower administration threatened the use of tactical nuclear weapons in the dispute and, according to Ambrose and Brinkley, probably would have “had the Chinese actually launched invasions of the islands.”²² Nevertheless, due to these threats and the strong stance taken by the US, the PRC shelling of the islands eventually ceased.²³

Straits Crises of 1958 and 1962. In April 1955, the PRC first began discussing the possibility of ending the dispute by peaceful means and invited the US to participate in talks over the issue. In explaining this policy to the Standing Committee of the National People’s Congress in May, Zhou Enlai emphasized a point that would be echoed over and over again. He stated that “no negotiations should in the slightest degree affect the Chinese people’s

²⁰ Mutual Defense Treaty between the United States and the Republic of China, December 2, 1954 from the *United Nations Treaty Series*, Vol.248, pp 214-16, 226, 228. Contained in Chiu, 228.

²¹ Ibid., 231. Original document can be found in *United States Statutes at Large*, Vol. 69, (1955), 7.

²² Ambrose, 142-3. Ambrose cites quotations from Secretary Dulles and Chief of Naval Operations, Admiral R.B. Carney.

exercise of their own sovereign rights, their just demand and action, to liberate Taiwan.”²⁴

Though the US entered into negotiations with the PRC on an irregular basis for the next three years, the Taiwan issue was simply too divisive for the talks to make any headway. In the beginning of August 1958, the PRC once again began calling for the military liberation of Taiwan and backed up these announcements by building up its forces along the coast. In response, the US formally released a memorandum specifying the unrecognized status of the PRC. In addition, the memorandum stated that “communism’s rule in China is not permanent and that it one day will pass.”²⁵ From August 23, 1958 to October 4 of that same year, the PRC bombed Quemoy with artillery shells and aircraft attacks. The ROC, aided by new US equipment, was able to hold them at bay until the PRC finally gave up their attempt. At this point, the PRC shifted their focus on Taiwan to a long-term strategy. In an interview given to the Soviet Press, Mao Zedong announced that US recognition was not important to the PRC and that “it is unimportant if they do not return Taiwan to us for another 100 years.”²⁶

In 1962 the region was again poised on the verge of crisis, but this time the aggressor was the ROC. As a result of major food shortages due to the disastrous Great Leap Forward campaign in the PRC, the ROC saw an opportunity to strike. Chiang began massing his troops and preparing its people for an attack on the mainland, promising his troops that foreign aid and supplies would be forthcoming.²⁷ While the US re-emphasized its defensive agreement with the ROC government, it expressly rejected the idea of supporting a ROC

²³ Ibid. Ambrose suggests that Soviet influence convinced the PRC to stop the shelling. Apparently, after corresponding with Soviet leader and wartime friend, Marshal G.K. Zhukov, Eisenhower felt the prospects for peace had brightened considerably.

²⁴ Chiu, 168.

²⁵ Ibid., 170.

²⁶ Ibid., 243. Taken from *Current Digest of the Soviet Press* 16, no. 25 (July 15, 1964): 5-6.

²⁷ Ibid., 173.

attack on the mainland. Without US backing, the ROC was forced to stand down, though it did launch several unsuccessful commando raids on the island.

CHAPTER 3

1963-1972: THE TIDE BEGINS TO TURN

A Changing International Environment. By 1963, the US began looking for another method of dealing with the PRC-ROC dispute. While still claiming firm support for the ROC on Taiwan, the US probed the PRC regarding the possibility of “two Chinas.” This sentiment was strengthened by the PRC’s detonation of an atomic bomb in 1964 and the 47 to 47 vote in the UN on the admission of the PRC.¹ Admittedly, this trend slowed somewhat under the Johnson administration largely due to the US’s conflict with the communist regime in North Vietnam.² During this time, the bulk of the US’s dealings with the PRC centered on US attempts to avoid conflict with the PRC as a result of its Vietnam policies.

For its part, the PRC was heavily involved in its own troubles. In 1966, Mao launched the Great Proletarian Cultural Revolution—a three-year effort to purify the Party that plunged the country into ten years of devastation and very nearly led to complete government collapse. Simultaneously, relations between the PRC and the USSR had degenerated to open hostility. As early as 1959, the communist monolith showed signs of fracturing. While Mao and Stalin had never really trusted each other, relations between Mao and Khrushchev were outright antagonistic. Mao’s biggest complaint was that the Soviet Union would not support “wars for national liberation,” convincing him that the “Russians had

¹ Hungdah Chiu, “The Question of Taiwan in Sino-American Relations,” *China and the Taiwan Issue*, Hungdah Chiu, ed. (New York: Praeger Publishers, 1979), 177.

² Jen-Kun Fu, *Taiwan and the Geopolitics of the Asian American Dilemma* (New York: Praeger, 1992), 46.

joined the have powers against the have-nots.”³ When Mao criticized Khrushchev over his handling of the Cuban missile crisis and his signing of the Partial Test Ban Treaty in 1963, it should have been clear to the world that he was actually challenging Khrushchev for leadership of the communist system.⁴ Throughout the 1960’s, as the conflict between the two communist nations intensified, the Soviets began massing large amounts of troops and military equipment on China’s northern border. In fact, by 1968, the hostility between the two communist nations was so great that “observers were convinced that Moscow was seriously considering launching a so-called surgical strike against the PRC’s emerging nuclear capability.”⁵ The USSR’s invasion of Czechoslovakia and the enunciation of the Brezhnev Doctrine in August 1968 further threatened the Chinese.⁶ In March 1969, small-scale fighting actually broke out between the two communist powers when the Chinese shelled Soviet forces on the island of Chengpao (or Damansky) on the Manchurian Border.⁷ The PRC’s action, designed to stall a Soviet build-up on the island, quickly threatened to erupt into full-scale war between the two nations.

In addition to the growing conflict with the Soviet Union, the PRC also felt threatened by a number of other factors. First of all, the PRC was concerned with US involvement in Vietnam immediately to its south. A unified and strong Vietnam, friendly either to the US or the USSR, meant that China would be sandwiched between hostile neighbors. Consequently, the PRC’s consistent stance in the region had been to “support

³ Ambrose, 165.

⁴ Ibid., 186-87,

⁵ Peter Van Ness, “The Impasse in US Policy Toward China,” *The China Journal*, No. 38, July 1997, 140.

⁶ Joseph Camilleri, *Chinese Foreign Policy: The Maoist Era and its Aftermath* (Seattle: University of Washington Press, 1980), 123.

⁷ Richard C. Thornton, *The Nixon-Kissinger Years: Reshaping America’s Foreign Policy* (New York: Paragon House, 1989), 12.

North Vietnam sufficiently to prevent defeat, but not enough to bring victory.”⁸

Furthermore, China was faced with an increasingly powerful Japan and the possible growth of US-sponsored Japanese militancy.⁹ Obviously, with so many threats to its security, China was forced to acknowledge that remaining in isolation invited catastrophe. Therefore, the PRC was forced to be more open to relations with other countries, particularly with the US. Not surprisingly, on the notion of Taiwan, the PRC lessened its rigidity, and in some cases, did not even mention it in lieu of establishing diplomatic relations with other countries.¹⁰

Sino-US Rapprochement. In 1968, President Richard Nixon took office amidst a variety of very serious international situations. One of the foremost items on his agenda was extricating the US from the Vietnam Conflict with honor. Seeing the opportunity to exploit the hostilities between the PRC and the USSR, Nixon voiced the possibility of improved Sino-US relations even before his election. On a broader level, Nixon believed that the US could maintain a strong position in Asia by pursuing a policy of “modified containment” in a bipolar context. He sought to accomplish this strategy through

the inclusion of China in the Western camp and the restoration of South Vietnam as a viable client state in a fragmented Indochina reconstructed along the lines of the 1954 Geneva settlement. In other words, the United States would continue to maintain its presence on the mainland rim of Asia, but now buttressed by the addition of China in the American camp.¹¹

Fortunately, Nixon’s obvious desire to get out of Vietnam along with the US’s consistent strategy of gradualism, convinced the PRC that the US also wanted to see Vietnam remain divided according to ante-bellum lines. This mutual goal provided a way for the PRC to secure its southern flank and improve its standing with the US. Additionally, US-Soviet

⁸ Ibid., 12.

⁹ Ibid.

¹⁰ Chiu, 178.

¹¹ Thornton, 145.

détente made the PRC increasingly open to meeting with the US. The PRC was in a very weak negotiating position. They could either open to the US or risk being completely isolated and surrounded by a host of threatening neighbors.

Due to the international situation, both countries began a process of sending subtle signals designed to reveal their willingness to cooperate. For instance, following the initiation of hostilities with the Soviet Union, the PRC stopped all Soviet aid to North Vietnam via China's rail system—a key element in the US's decision to engage the supply routes in Cambodia.¹² After similar efforts on the part of the US (such as unilateral troop reductions and the termination of Seventh Fleet patrol of the Straits), China agreed to work toward rapprochement with the United States and a settlement of the Vietnam question by May 1969. After the World Congress of Communist Parties in June, China felt relatively certain that the Soviet Union planned to attack its nuclear capability and “uncharacteristically spoke of war as ‘definitely imminent.’”¹³ As a result, Nixon put forth his “Guam Doctrine,” which he later clarified as the US's promise to “provide a shield if a nuclear power threatens the freedom of a nation allied with us or of a nation whose survival we consider vital to our security.”¹⁴ Thus, the three key elements in Nixon's rapprochement strategy with the PRC included the maintenance of the ante-bellum condition of Vietnam, the US nuclear shield over China, and the “facilitation of China's entry into the Western political and economic world” leading to the eventual establishment of full diplomatic relations.¹⁵

The Road to Shanghai: With these initial gestures of goodwill paving the way, Nixon sent Zhou a letter through the Pakistani leader Yahya Kahn in October 1970,

¹² Ibid., 14. See also 37-45.

¹³ Ibid., 20.

¹⁴ Ibid., 23.

¹⁵ Ibid., 23-4.

suggesting a high level meeting with the PRC. On December 9th, Zhou responded that a US emissary was welcome, as was Nixon himself. After agreeing that the goal of the meeting should be to initiate a dialogue and express differences on important matters such as Taiwan, Kissinger secretly flew to Peking from Pakistan in July 1971, despite constant reassurances from Nixon to the ROC that he would “never send you down the river.”¹⁶

Though Kissinger stated in his memoirs that Taiwan was only mentioned briefly in these meetings, the contents of what little was said would have a tremendous impact on the ROC and the future of Taiwan. John H. Holdridge, one of Kissinger’s leading Sinologists in the NSC, was not only present at this historic meeting, but crafted Kissinger’s initial remarks on the US position toward the Taiwan dispute. He felt that due to Chinese fears about US intentions, it was mandatory to state up-front that the United States was “not seeking two Chinas, an independent Taiwan, nor a one-China, one-Taiwan solution.”¹⁷ Furthermore, according to a declassified CIA report on these meetings, Kissinger “pledged that the United States would not support independence for Taiwan or the Taiwan independence movement.”¹⁸ Finally, the CIA report recorded that Kissinger privately told the PRC leaders that the US would recognize the PRC in the first two years of Nixon’s second term in office and that the US would not support military action by the ROC against the PRC.¹⁹

Though all of these statements illustrated to the PRC that the US was willing to negotiate its ROC-PRC position at the expense of the ROC, the context in which they were spoken lessens the magnitude of their effect. First of all, the opening statement Holdridge

¹⁶James C. H. Shen, *The U.S. & Free China: How the U.S. Sold Out Its Ally*, Robert Myers, ed. (Washington D.C.: Acropolis Books, Ltd., 1993), 51.

¹⁷ John H. Holdridge, US Ambassador, Ret., *Crossing the Divide, An Insider’s Account of the Normalization of U.S.-China Relations* (Oxford: Rowman & Littlefield Publishers, Inc., 1997), 46.

¹⁸ James Mann, *About Face: A History of America’s Curious Relationship with China, from Nixon to Clinton* (New York: Alfred A. Knopf, 1999), 33. Mann obtained the CIA report, entitled *CIA Study, “US-PRC Political Negotiations, 1967-84, An Annotated Chronology”* through the Freedom of Information Act.

penned for Kissinger coupled with Kissinger's promise to not support Taiwan's independence movement was diplomatic "ambiguity" at its finest. At that time, neither the ROC nor the PRC desired an independent Taiwan—both sought a unified China. Therefore, the US assurance was carefully designed to be agreeable to either government. Nevertheless, the ambiguous statement had its desired effect. After Kissinger had uttered it verbatim, Zhou responded, "Good, . . . these talks may now proceed."²⁰ Kissinger's pledge that Nixon would normalize relations with the PRC within the first two years of his second term also ended up being somewhat moot since Watergate interrupted this schedule of events before the terms of normalization were decided. Regardless of his true intentions, Nixon's design for the ROC's future would never be fulfilled. Instead, normalization would be on Carter's terms, which I will focus on in succeeding chapters. As for the final assurance regarding military force, the US had consistently made this promise ever since Truman first got involved in the dispute in 1950. About the only facet of the US position on Taiwan that endured from this very first meeting was the desire to "get the United States out of the Taiwan Strait and allow the parties most directly concerned to work out their future relationship without continued U.S. involvement."²¹ In reflecting on this meeting, Holdridge succinctly stated what many officials since 1972 must have felt regarding US policy over the resolution of the dispute:

I must confess that I did not have any particular solution in mind as to how the concerned parties might resolve the status of Taiwan, but I believed strongly that the Chinese on both sides of the Taiwan Strait would sooner or later find a way to overcome their ideological prejudices and reach a realistic accord.²²

Working hurriedly so as not to arouse suspicion among the waiting press in Pakistan, the first meeting accomplished very little in the way of resolving deep-seated issues.

¹⁹ Ibid.

²⁰ Holdridge, 58.

²¹ Holdridge, 46.

Nevertheless, the meeting did pave the way for Nixon's future visit in 1972. On July 15th, Nixon made a brief televised statement that shocked the world. He stated that

Premier Chou En-lai and Dr. Henry Kissinger, President Nixon's Assistant for National Security Affairs, held talks in Peking from July 9 to 11, 1971. Knowing of President Nixon's expressed desire to visit the People's Republic of China, Premier Chou En-lai, on behalf of the Government of the People's Republic of China, has extended an invitation to President Nixon to visit China at an appropriate date before May 1972. President Nixon has accepted the invitation with pleasure.

The meeting between the leaders of China and the United States is to seek the normalization of relations between the two countries and also to exchange views on questions of concern to the two sides.²³

Obviously, the ROC Government was both alarmed and suspicious, though they were unable to do anything to alter the international events that were beginning to decrease their geopolitical importance to the US.

Another serious blow to the ROC came two weeks later when the United States announced that it would "support action at the General Assembly . . . calling for seating the People's Republic of China" while maintaining its support for the ROC.²⁴ After consulting with the PRC and discovering that the UN issue was not critically important to it, the US planned on pursuing a policy of seating both governments.²⁵ Regarding his reasons for making the decision in August, Nixon stated that "...the traditional vote bloc opposed to Peking's admission had irreparably broken up, and several of our erstwhile supporters had decided to support Peking at the next vote."²⁶ Interestingly, except for the disappointment of his "old friend and loyal ally, Chiang," Nixon was not too concerned with the outcome of the vote because he "was determined to honor our treaty obligations by continuing our military

²² Ibid.

²³ Richard M. Nixon, *RN: The Memoirs of Richard Nixon* (New York: Grosset & Dunlap, 1978), 544.

²⁴ Shen., 60.

²⁵ Robert S. Ross, *Negotiating Cooperation: The United States and China: 1969-1989* (Stanford: Stanford University Press, 1995), 42.

²⁶ Nixon, 556.

aid and economic support for an independent Taiwan.”²⁷ The two-China policy was undermined, however, by Kissinger’s second trip to the PRC in October--the precise time when the UN was to vote on the US proposal. As a result of the trip, many US Government officials, including then-UN ambassador George Bush, believed the timing of Kissinger’s visit convinced many nations that the US was obviously not serious about the resolution, causing many to change their votes.²⁸ Consequently, the US resolution failed to pass by four votes. On October 25, 1971, the UN voted to admit the PRC as the sole Chinese representative by a vote of 76 to 35 with 17 abstentions.²⁹ On the same day, the ROC was forced to concede its place in the UN “without additional formality.”³⁰

The Shanghai Communiqué. In February 1972, Nixon traveled to China in a much-publicized trip to re-establish dialogue between the two nations. Enough of Nixon’s notes documenting his intentions before and during the trip have been released to conclude that a number of “assurances” were made between Nixon and Zhou that never made it into the official document. In regard to his opening comments to Zhou, Nixon’s notes reveal the following statements about Taiwan:

I reiterate what our policy is:

1. Status is determined—one China, Taiwan is part of China—
2. Won’t support Taiwan independence
3. Try to restrain Japan—
4. Support peaceful resolution
5. Will seek normalization—

Can we deliver?

1. Reduce troops—yes
2. But if it appears we sold out Taiwan Left egged on by Soviet & Right will make it an issue

²⁷ Ibid, 556-7.

²⁸ Ross, 43.

²⁹ Nixon, 557.

³⁰ Shen, 62.

3. Must say we keep our commitments; no secret deals—but I know our interests require normalization and it will occur.³¹

From these statements, it seems that Nixon and Kissinger had personally settled the question of Taiwan's status that had been left over from the 1952 San Francisco Peace Treaty. In collaboration of these claims, Robert Ross reports that, according to Chinese sources, Nixon “‘promised’—to realize normalization of relations during his second term,” confirmed Kissinger's assurances that Taiwan was part of China, and voiced his opposition to Taiwan's independence.³² While Ross lists several Chinese sources for his information, neither Nixon's nor Kissinger's memoirs mention such concrete statements. However, as I mentioned earlier, this assurance never made it into the communiqué. Significantly, what did make it into the communiqué implied no change in Taiwan's status. Though Nixon obviously intended to normalize relations according to his private assurances, Watergate prevented this from happening, leaving the vaguely worded communiqué as the benchmark for all future joint communiqués.

On Nixon's first day in China, he and Zhou reaffirmed their desires to avoid the “‘weasel worded’” cover-ups of their differences and to focus, instead, on the process that might one day lead to resolution.³³ By doing this, both leaders would appear strong in their dealings and could maintain a politically defensible position when scrutinized by their critics. Zhou, like Nixon, had reason to fear the appearance of “sell out.” As such, the Shanghai Communiqué was more a carefully worded document of differences than it was a document of agreements. (For a full text of the Communiqué, see the Appendix.) Since the Shanghai Communiqué has often been referred to by successive US administrations as the basis for US

³¹ Mann, 46.

³² Ibid., 50.

³³ Nixon, 564.

policy toward China and Taiwan, examining the document's references to Taiwan is helpful in determining whether or not, and to what extent, a policy shift has occurred since that time.

First of all, in answer to the question of Nixon's future intentions toward the PRC, it should be noted that the communiqué stated that normalization of relations had been one of the purposes of the "earnest and frank discussions."³⁴ Though there was considerable give and take in the negotiations, the US operated from a position of strength due to China's threatening environment and the US's recent détente with the Soviet Union. Taiwan, however, was not an issue on which the PRC would compromise. Instead, the PRC resolutely claimed that the Taiwan issue was the "crucial question obstructing the normalization of relations between China and the United States." Furthermore, China claimed to be the "sole legal government of China," and stated that "Taiwan is a province of China which has long been returned to the motherland." Next, the Chinese reinforced their belief that Taiwan was an internal issue and could be resolved by the PRC without outside interference. Finally, PRC officials firmly rejected any idea of a divided China or an independent Taiwan.

The US stance on the Taiwan issue was couched in purposeful ambiguities and outright silence. The US carefully stated its opinion on the "one-China" policy this way: "The United States *acknowledges* that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. [Italics mine.]"³⁵ Significantly, even the Chinese version of the document uses the word "*ren-shi*," the Chinese

³⁴ Joint Communiqué of the People's Republic of China and the United States of America, February 28th, 1972, <http://www.china-embassy.org/Cgi-Bin/Press.pl?151>.

³⁵ Ibid.

equivalent for “acknowledge.”³⁶ By only acknowledging the Chinese stance, the US avoided a statement of formal recognition of the PRC’s position, and Nixon avoided the backlash from the Left and the Right. One further advantage of this wording (though some, particularly in the PRC, found it a distinct disadvantage) was that it could be interpreted in a number of ways. Kissinger, in his memoirs regarding this statement, revealed that “we and the Chinese agreed on a carefully crafted formulation that accepted the principle of one China but left the resolution to the future.”³⁷ Nevertheless, as Fu-Chen Lo testified before the Senate Committee on Foreign Relations in 1983 (and a host of other experts in the art of diplomacy have agreed), “the key word ‘acknowledge’ indicates only ‘cognizance of, but not necessarily agreement with, the Chinese position.’”³⁸ In other words, by stating its position in this manner, the US remained non-committal as to its present outlook toward Taiwan and its future relationship with the island. Interestingly, the phrase “all Chinese on either side of the Taiwan Strait” caused enough concern with Secretary Rogers that Kissinger tried to have the negotiations reopened in order to have it changed. He wanted to change the phrase to read “the Chinese on either side...” since many of the non-Chinese (including the “native” Taiwanese) on the island did not share this view.³⁹ When the PRC refused to change the wording and threatened to abort the communiqué process, Kissinger backed down. Next, the US restated its desire to see a peaceful settlement of the issue by the Chinese themselves and linked a peaceful settlement with US troop withdrawals from Taiwan. The US made this linkage in the following manner: “With this prospect in mind, it affirms the ultimate

³⁶ Dennis Van Vranken Hickey, *Taiwan’s Security in the Changing International System* (Boulder: Lynne Rienner Publishers, 1997), 143.

³⁷ Henry Kissinger, *Years of Upheaval* (Boston: Little, Brown and Company, 1982), 47.

³⁸ As quoted in Hickey. For the actual statement, see Fu-Shen Lo’s statement in *The Future of Taiwan*, U.S. Congress, Senate, Hearing Before the Committee on Foreign Relations, 98th Congress, 1st Session on S. Res., 74, November 9, 1983 (Washington, D.C.: U.S. Government Printing Office, 1984), p12.

³⁹ Ross, 48.

objective of the withdrawal of all U.S. forces and military installations from Taiwan” and agreed to progressively reduce the numbers as tensions eased. Initially, the PRC refused any linkage of withdrawal and a peaceful settlement and only acquiesced when it was clear that this point was non-negotiable to the US.⁴⁰ Aside from these statements, nothing more was said regarding Taiwan.

Equally significant was what the communiqué did not say. First of all, the communiqué never mentioned the Mutual Defense Treaty or relations with the ROC (Kissinger later said that it would have been impolite).⁴¹ Also important to the ROC Government, the communiqué consistently referred to the Republic of China by its geographical name, “Taiwan” (an error Kissinger later explained as mere oversight).⁴² In actuality, the “oversight” could have been far worse had the State Department not been required to give its assent. After Secretary of State Rogers had signed off on the communiqué, State Department officials realized that the communiqué specifically reaffirmed all its treaty commitments in Asia with the exception of the Mutual Defense Treaty with the ROC.⁴³ Such an exclusion was thought to be similar to Acheson’s infamous comment that Korea was outside the US defense perimeter. While it is improbable that the PRC would misinterpret US intentions, domestic opponents, such as the ultra-conservatives in the Republican Party, would likely use the exclusion as ammunition against the Nixon administration. Although the CCP Politburo had already approved the final draft, negotiations were reopened and all mention of US treaty commitments was removed from the communiqué. Finally, the negotiations and the resulting communiqué did not lead to any

⁴⁰ Ibid., 46.

⁴¹ Shen, 87.

⁴² Ibid.

⁴³ Ross, 48.

Chinese assistance in resolving the Vietnam dilemma for the US. According to Zhou, Chinese assistance would have driven the North Vietnamese more firmly into the Soviet camp, leaving China with hostile neighbors on the north and the south.⁴⁴

Since several of Nixon's assurances were given only in private, most policy analysts saw the Shanghai Communiqué as a brilliant piece of negotiation that gained a great deal without giving up anything of substance. President Carter, working under the constraints of Nixon's secret assurances seven years later, would discover how untrue this perception was. In actuality, during this time, the US had moved from a position of unwavering support for a regime that claimed to be the only legitimate government of all of China, to working with this regime's chief adversary with an end goal of fully normalized relations. As the ROC correctly foresaw, the Shanghai Communiqué was the beginning of a series of moves that would greatly weaken its international position.

⁴⁴ Ibid., 49.

CHAPTER 4

POST SHANGHAI TO 1976: TURBULENCE

Kissinger Assumes Control. As Watergate began to occupy more and more of Nixon's time and energy, Kissinger assumed more and more control of US policy. In fact, by studying the events of the Paris Peace Accords in 1972, it is obvious that Nixon found it increasingly difficult to control Kissinger's actions to bring about his (Nixon's) desired settlement of the Vietnam issue.¹ While the theories as to Kissinger's assumption of foreign policy control in December 1972 vary from the simple explanation of Nixon's preoccupation with the growing Watergate crisis to the complex assertion put forth by Richard Thornton that the Eastern Wing of the Republicans intentionally used Watergate to wrest the president's foreign policy control, few argue that after 1972, Nixon largely bowed out of the foreign policy arena.²

The first post-Shanghai interchange between the US and the PRC occurred in February 1973 when Kissinger visited China to propose the creation of liaison offices. According to Kissinger, the offices, though "not a formal diplomatic office . . . would cover

¹ For a fascinating account of this time period that compares Kissinger's and Nixon's perspectives, I recommend reading Chapter 5, "Watergate and Vietnam" from Richard C. Thornton's work, *The Nixon-Kissinger Years: Reshaping America's Foreign Policy* (New York: Paragon House, 1989).

² Thornton puts forth his theory that Kissinger was part of a bigger movement controlled by East Coast Republicans who were not happy with Nixon's foreign policy initiatives. Thornton claims that Watergate was actually a conspiracy to entrap the president in order to gain leverage over his policies. See Chapter 4, "The Domestic Determinants of American Foreign Policy" in Thornton's book cited above.

the whole gamut of relationships” including diplomatic rank and privileges.³ Moreover, these liaison offices would have an “official” status, a distinction important in the future of US-PRC-ROC relations. The possibility of such an arrangement had been thoroughly rejected by the PRC in 1971, but had received much wider acceptance when it was discussed during Nixon’s visit a year later, largely due to the US’s successful détente with the USSR.⁴ Interestingly, during the 1972 discussion on this subject, the US assured the PRC that “this concept would in no way establish a precedent for future U.S. relations with Taiwan.”⁵ Thus, when Kissinger arrived in February, Mao and Zhou were prepared for the liaison issue, but were quite unaware of the US policy shift in Vietnam as well as the impact that Watergate would have on US foreign policy, in general. In fact, based on their appraisal of the US stance, they basically offered to enter into a partnership with the US in which the PRC would work under US leadership against the Soviet Union.⁶ Fearing continued Soviet expansion and US-Soviet conciliation, Zhou urged the US to “organize an anti-Soviet coalition which ‘should stretch from Japan through China, Pakistan, Iran, and Turkey to Western Europe.’”⁷ Kissinger’s proposal to set up liaison offices between the two countries was, therefore, met with strong agreement, regardless of the Taiwan issue. Not only would diplomatic-level communication be helpful for containing the Soviets, but it was viewed as an interim step toward normalization of relations, which the Chinese believed was imminent.⁸ According to Kissinger’s memorandum regarding the trip, Kissinger also reaffirmed Nixon’s pledge not to

³ Hungdah Chiu, “The Question of Taiwan in Sino-American Relations,” *China and the Taiwan Issue*, Hungdah Chiu, ed. (New York: Praeger Publishers, 1979), 181. From an article in the *New York Times*, February 23, 1973, p 14.

⁴ Robert S. Ross, *Negotiating Cooperation: The United States and China: 1969-1989* (Stanford, Stanford University Press, 1995), 50-1.

⁵ Ibid., 51. Cited from Richard Solomon, *U.S.—PRC Political Negotiations, 1967-1984: An annotated Chronology* (Santa Monica: RAND Corporation, 1985), 30.

⁶ Thornton, 310-311.

⁷ Ibid., 309. From Kissinger’s book, *Years of Upheaval*, 55.

support Taiwan's independence and to dissuade the Japanese from filling the gap left by the departing US forces.⁹ Furthermore, Kissinger laid out a specific timeline in which the PRC could expect normalization to take place. During the trip, both Zhou and Mao expressed their agreement with the Paris Peace Accords and emphasized the importance of enforcing them (i.e. maintaining a divided Vietnam). Mao was also amazingly forthright in his desire for strong US leadership. According to Kissinger's account of his conversation with Mao, Mao felt that the

United States would serve the common interest best by taking a leading role in world affairs, by which he meant constructing an anti-Soviet alliance....As had Zhou, Mao stressed the importance of close American cooperation also with Western Europe, Japan, Pakistan, Iran, and Turkey.¹⁰

In spite of this opportunity, Mao's wishes would not be implemented. Instead, US foreign policy would be to withdraw from Vietnam entirely and do nothing about the North Vietnamese takeover, as long as a "decent interval" passed between the US withdrawal and the eventual takeover.

When US intentions not to enforce the Paris Peace Accords militarily (leaving the PRC the situation they had most sought to avoid) became obvious, PRC leaders, led by Deng Xiaoping, began to rethink their policy with the United States. In addition to a unified Vietnam, domestic politics were seriously hampering Nixon's ability to run the country, and US-Soviet détente appeared to be on the decline—the three reasons that had made rapprochement with the US so attractive in the first place. Nevertheless, Mao made one last attempt to convince Kissinger that the US should head up an anti-Soviet alliance during

⁸ Ross, 52.

⁹ James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton*, (New York: Alfred A. Knopf, 1999), 61. Mann obtained this memorandum from the Nixon Papers in the National Archives, Memos, Kissinger to Nixon, "My Trip to China," March 2, 1973, 19.

¹⁰ Thornton, 310. From Kissinger's book, *Years of Upheaval*, 67.

Kissinger's November 1973 trip. Though Mao did not offer to enter into an alliance with the US, he did push for normalization of relations. Interestingly, regarding Taiwan, Mao stated that severing relations with Taiwan was still required, but he downplayed the issue significantly. He said, " 'We can do without Taiwan for the time being, and let it come after one hundred years. Do not take matters on this world so rapidly. Why is there need to be in such great haste? ... We will not rush you.' " ¹¹ By the end of the meeting, the PRC understood that the US would decrease the number of US troops on Taiwan and set up liaison offices within the first two years of Nixon's second term. In the final two years, the US would " 'be ready to move in a manner similar to Japan to realize complete normalization' of U.S.-PRC relations." ¹² The Japanese formula of severing relations with the ROC and declaring the PRC to be the only legitimate government of China, while maintaining purely unofficial relations with Taiwan became the PRC's only acceptable option for normalization.

When the US failed to act on Mao's request for US leadership against the USSR, opponents of Mao's strategy, led by Deng, gained further legitimacy, resulting in cooled relations with the US. In fact, by 1974, the PRC changed their perspective entirely. Instead of seeing itself as an important player in a bi-polar world, the PRC took hold of Kissinger's tri-polar vision and used it to their advantage. In April 1974, Deng put forth his "Three Worlds" theory at the United Nations, where he identified the PRC with the developing or "Third World" countries throughout the world, equidistant from the Soviet Union and the United States. ¹³ While improved relations with the Soviet Union would have been virtually unthinkable under Mao's strategy (and Nixon's), it was entirely possible under Deng's.

¹¹ Ibid., 321.

¹² Ross, 52.

¹³ Thornton, 322.

Consequently, the PRC positioned itself as the swing vote or counter balance and used Kissinger's strategy of playing one superpower against the other.

The Ford Administration. When President Nixon resigned from office on August 8, 1974, Vice President Gerald Ford had the difficult job of running a country in turmoil. He faced opposition both internally and externally. Nevertheless, in an effort to demonstrate the importance he placed on continuing relations with the PRC, he met with the liaison officer from Beijing on the very day he assumed the interim presidency and expressed his intent of carrying out the goals that had been set under Nixon.¹⁴ Not surprisingly, he faced strong opposition from Democrats and Republicans alike. Conservative Republicans were particularly unhappy with the moderate stance taken against communism, and his seemingly ambivalent position toward the ROC was highly criticized. For instance, when ROC President Chiang Kai-shek died in April 1975, US Vice President Rockefeller attended the burial but did not reaffirm the US's commitment to the ROC Government.¹⁵ The eventual fall of Saigon to the North Vietnamese at the end of that same month only fueled these attacks and prevented Ford from being able to pursue any policy that might be deemed soft on communism—regardless of whose communism it was.

Nevertheless, Kissinger again traveled to the PRC in November 1974 but this time, he was not greeted with much enthusiasm. He tried to explain that due to the Mutual Defense Treaty the US had with the ROC, the US would need to keep a liaison office on Taiwan and would need a statement from the PRC assuring a peaceful resolution to the conflict.¹⁶ The Chinese did not agree to either of these conditions and charged Kissinger with reversing his

¹⁴ Jen-kun Fu, 53.

¹⁵ Chiu, 182.

¹⁶ Ross, 78.

November 1973 promises. About the only productive thing that resulted from Kissinger's latest meeting was to set up a summit meeting with President Ford for 1975.

During the months that followed, Kissinger continued to urge President Ford to normalize relations according to the Nixon timeline, regardless of political pressures, but Ford would not agree. Even George Bush, then head of the US Liaison Office in Beijing, sent Ford a secret memo warning him against the political backlash that would be associated with such a move. He warned that "answers to the Taiwan question that may have been possible before the collapse in Cambodia and Viet Nam [sic] may no longer be any answers at all."¹⁷ With the next election quickly approaching, bringing with it the Republican threat of nominating Ronald Reagan, Ford eventually had to admit that normalization would have to wait until his next term in office. This decision was not communicated to the PRC for quite some time, and when it finally was on September 28, 1975, the Chinese were furious.¹⁸

Despite the continued decrease in US influence as a result of the domestic political instability, Kissinger wanted to orchestrate a US-PRC summit to give the appearance of continued progress toward normalization. In order to set up the summit meeting, Kissinger returned to China in November 1975 with a draft communiqué outlining various partial measures that would accomplish his objective.¹⁹ The Chinese, being in the stronger bargaining position, refused to give ground on a partial normalization agreement. PRC officials flatly refused Kissinger's draft communiqué and countered with one of their own.

¹⁷ Mann, 69.

¹⁸ Ross, 78.

¹⁹ Ibid., 81-2.

In spite of the fact that Kissinger found the PRC version “completely unacceptable,”²⁰ the PRC held fast to its position that without normalization, there would be no communiqué.²¹

Between this meeting and the actual summit, the Chinese attitude was highly uncooperative. Only when Ford dismissed or rearranged several pro-normalization officials did the Chinese soften in their position. As expected, the summit produced very little in the way of substance, though Ford did reassure the Chinese leaders, according to Chinese sources, that, if reelected, he would pursue normalization of relations according to the Japanese Formula as one of his highest priorities.²² Additionally, he backed off the US demand for liaison offices in Taiwan after normalization, as well as the requirement for a PRC statement renouncing the use of force to reunify the mainland. Finally, as a good faith gesture, he reduced US troops on Taiwan by one half, leaving only 1,400 on the island.²³ Though Kissinger and Ford worked up a specific timetable to normalize relations quickly if reelected, the pledge, having been made in secrecy, was flatly denied by Kissinger on several occasions.²⁴ Regardless of Kissinger’s efforts to keep normalization on track, the 1976 election of Jimmy Carter once again put off the issue.

During this period, the US experienced what it was like to negotiate with the PRC from a position of weakness. Though there were no formal communiqués signed, the US made several important moves toward the PRC. First, the US agreed to set up official liaison offices, thereby maintaining official, though not normalized, relations with both countries. Furthermore, in its quest to produce some sort of progress with the PRC, it gave up the right

²⁰ Mann, 70.

²¹ Ross, 83.

²² Ibid., 86.

²³ Ibid.

²⁴ Mann, 73-4. Mann describes a situation in which Senator Goldwater threatened to back Reagan if a promise for normalization had been given. Kissinger assuaged Goldwater’s fears that there had been no secret deals

to establish these same “official” relations with the ROC after normalization and set the stage for a future compromise on the US demand for a Chinese renunciation of force. As President Carter was soon to discover, all of these factors imposed significant limitations on US flexibility in future attempts to resolve the PRC-ROC dispute.

while reassuring Huang Zhen, the PRC liaison officer, that US intentions to normalize relations had not changed.

CHAPTER 5

1977 to 1979: CARTER NORMALIZES RELATIONS

A New Vision. Several factors contributed to a delay in normalization after President Jimmy Carter took office in 1977. First of all, Carter maintained a vastly different (and some believe idealistic) foreign policy perspective from that of Ford or Nixon. Unlike Ford, Carter entered office believing that “the trend in U.S.-Soviet relations was compatible with U.S. security” and that efforts at détente should be prioritized.¹ Furthermore, he did not want to base US foreign relations strictly on the basis of a perceived Soviet threat. Regarding his view toward foreign policy, President Carter wrote in his memoirs,

I believed that too many of our international concerns were being defined almost exclusively by the chronic United States-Soviet confrontation mentality, which seemed to me shortsighted and counterproductive. The United States was stalemated both ways: in our attempts to move forward with acknowledging that the government in Peking was the government of China, and in our efforts to complete the strategic arms limitation talks with the Soviet Union. I wanted to reverse this state of affairs as rapidly as possible.²

Consequently, Carter, influenced heavily by Secretary of State Cyrus Vance, did not move quickly to normalize relations and cautioned against any move that might be deemed threatening to US-Soviet détente and international stability.³ Furthermore, Carter entered office with the feeling that the US, under Nixon and Ford, had disgraced itself in the way it allowed the PRC to manipulate it. Consequently, these factors led the Carter administration

¹ Robert S. Ross, *Negotiating Cooperation: The United States and China: 1969-1989* (Stanford, Stanford University Press, 1995), 118. Ross details a number of early administration decisions reflecting Carter’s dramatically new approach to the Cold War situation. See also 94-98.

² Jimmy Carter, *Keeping the Faith: Memoirs of a President* (New York: Bantam Books, 1982), 188.

to downplay China's strategic importance considerably.⁴ Expressing this new approach, Leonard Woodcock, Carter's appointee for the US liaison position in China, told his staff that "never again shall we embarrass ourselves before a foreign nation the way Henry Kissinger did with the Chinese."⁵

In spite of these feelings, Carter sent Vance to the PRC in August 1977 to explore the possibility of normalization. Since Carter was in no hurry to seal the agreement, Vance was instructed to negotiate from the maximum US position, expecting in advance that the PRC would reject the offer.⁶ Vance told the PRC that the US wanted to maintain a consular presence on Taiwan after normalization of relations, but Deng rejected the US demand and accused the Carter administration of retreating from what had long been promised by Nixon and Ford. On this note, the process of normalization sat idle for six months.

While Carter's new position certainly slowed the process, events within the PRC also contributed to a delay in normalization. Mao Zedong's death in 1976 temporarily drew the PRC's focus away from international issues to the domestic political succession struggle which resulted.⁷ Additionally, Carter's passivity on the issue frustrated the normal Chinese tactic of threatening to freeze relations. The Chinese realized that threatening tactics would "merely undermine Chinese security vis-à-vis the Soviet Union without yielding any payoff on the Taiwan issue" and were again forced to wait.⁸ Fortunately for the PRC, Carter's somewhat idealistic views as well as his loyalty to Vance (over his NSC Advisor Brzezinski)

³ Ross, 118.

⁴ Ibid., 102-3. Ross explains that the Carter administration did not even have China policy in the beginning. Out of twenty-four subjects for which Carter required Presidential Review Memorandums (PRM's) to be completed, China was number twenty-four in priority.

⁵ James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton* (New York: Alfred A. Knopf, 1999), 78-9.

⁶ Ibid., 82.

⁷ John F. Copper, *China Diplomacy: The Washington-Taipei-Beijing Triangle* (Boulder: Westview Press, 1992), 6.

shifted after changes in the strategic situation that led to a number of foreign policy embarrassments for the US.

A Strategic Imperative. A few months into his administration, Carter offered the Soviet Union several proposals regarding a strategic arms treaty which were “flatly and rudely rejected.”⁹ Carter also unilaterally cut US arms sales hoping to serve as an example to the USSR but found that the Soviet Union responded by increasing its arms transfers and spending by large amounts. Additionally, the rapid build-up of Soviet military influence in Asia was extremely threatening, leaving the Carter administration far more concerned about the growing Soviet threat than the Nixon administration had been.¹⁰ These concerns were further reinforced by Soviet-sponsored Cuban involvement in the Horn of Africa, the military coup and eventual Soviet alignment of Afghanistan, the occupation of the Kolwezi region of Zaire by Angolan-based Katangan rebels, and the overthrow of the Yemenese government and institution of a pro-Soviet regime by Cuban and East-German-backed South Yemenese forces.¹¹ Domestically, Carter had suffered as a result of the congressional fights over the Panama Canal and the withdrawal of the SALT II Treaty from Congress due to its imminent failure of passage. These issues, combined with the worsening Sino-Soviet situation that was developing, made normalizing relations with the PRC not only an attractive move for strategic reasons, but for boosting Carter’s personal image as well.¹² By early 1978, normalization with the PRC was again on the front burner in the White House.

The PRC, while still feeling the effects of the Cultural Revolution and the recent succession crisis, had stabilized somewhat under Deng Xiaoping and the moderate faction of

⁸ Ross, 115.

⁹ Copper, 7.

¹⁰ Ibid., 8.

¹¹ Ross, 121-2.

Chinese leaders. Deng, being a pragmatic leader guided less by ideology and focused more on market-based economic reforms, was also a politically attractive leader with whom the US could negotiate. With control over the CCP consolidated, the PRC government could again concentrate on the Soviet threat and the need for normalization with the US. During this time, the Soviet threat was again considered urgent. In addition to its expansionist tendencies in Africa, the Soviet Union had been steadily increasing its deployment of modern weaponry along the Chinese border (including the SS20 Intermediate Range Ballistic Missile) and recruiting new countries into its anti-Chinese circle.¹³ More blatant still, massive war games simulating Sino-Soviet confrontation were staged and witnessed by Brezhnev and Soviet Defense Minister Ustinov. Finally, the USSR's support for Vietnam's anti-China policies, which resulted in over 170,000 Chinese leaving Vietnam for China, and Vietnam's eventual signing of a Treaty of Friendship and Cooperation with the USSR, led China to conclude that it was "experiencing the greatest Soviet threat since the 1969 Sino-Soviet border clashes."¹⁴ All of these issues, coupled with Deng's desire to begin an economic opening to the West, led to a negotiating environment ripe for compromise on the part of both nations and allowed for swift (possibly too swift) progress toward normalization.

Hyper-Progress. In an effort to get the process moving, Carter sent Brzezinski to China in May, 1978, to convey US determination in opposing the increased Soviet influence by "pursuing 'wider cooperation with our key allies and also with new regional influentials [read China].'"¹⁵ Brzezinski's opening-day comment set the tone for the entire meeting. He said the following:

¹² Copper, 8-9.

¹³ Ross, 125.

¹⁴ Ibid., 126.

¹⁵ Ibid., 129.

At the outset, I would like to express to you our determination to move forward on the process of normalization. I can say on behalf of President Carter that the United States has made up its mind on this issue.¹⁶

He also opened the door for Chinese arms purchases. While the US would not sell arms directly to China for some years, the US took the PRC's "wish list" and made sure that other Western allies would provide the equipment.¹⁷ Furthermore, in addition to providing the PRC with detailed intelligence briefings on Soviet capabilities, Brzezinski was to relay President Carter's decision to accept the PRC's three conditions for normalization, as well as to begin making known the US's conditions.

The US wanted the assurance that the PRC would not contradict the US "expectation" that the conflict be resolved peacefully. Furthermore, the US demanded that cultural, economic, and other ties be continued with Taiwan, that the Mutual Defense Treaty be terminated rather than abrogated according to the stipulations of the treaty, and that the right to continue selling defensive weapons to Taiwan be maintained. Of the US demands, the one that took the most time to resolve was the issue of weapons sales. Like Nixon, Carter envisioned continuing the weapons sales "through a historically transitional era" until the Taiwan issue was resolved peacefully.¹⁸ Additionally, Carter's policy linked the type and number of weapons it would sell to Taiwan to the PRC's policy toward the "reunification" of the island.¹⁹ Once again, strategic factors heavily influenced the PRC's willingness to proceed with normalization. In addition to the Vietnamese-Soviet alliance and Vietnam's aggressive stance toward Cambodia, the US made it clear that the SALT Treaty was nearly

¹⁶ Mann, 88.

¹⁷ Ibid., 86.

¹⁸ Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington DC: The Brookings Institution, 1992), 83.

¹⁹ Ibid.

complete and that a US-Soviet summit was imminent.²⁰ Since the PRC desperately wanted to solidify the Sino-US position before these events took place, they had very little room to maneuver. Interestingly, Carter elected to keep the negotiations with the Congress secret “in order not to arouse concerted opposition from Taiwan’s supporters, as well as to avoid building up excessive expectations.”²¹ While secrecy paid off in terms of normalized relations with the PRC, it exacted some high domestic costs after normalization.

In late November, President Carter, wanting to make the most of the normalization agreement to be used in his dealings with the Soviet Union, rapidly sped up the process. He decided that January 1, 1979, should be the target date, which would precede the US-Soviet summit scheduled for later in that month.²² Interestingly, during these negotiations, the US-Taiwan co-production agreement on the F-5E expired and the Taiwanese formally requested an advanced model aircraft such as the F-4 or advanced “G” model of the F-5 (later known as the F-20). Since increasing Taiwan’s military capability had the possibility of derailing the negotiations, the Carter administration rejected these requests and extended the F-5E agreement.²³

While this decision was cautious enough to keep negotiations with the PRC from being derailed completely, continued sale of the F-5 confirmed the US’s insistence on selling defensive weaponry to Taiwan.²⁴ In spite of the PRC’s understandable dislike of this issue, the Chinese were in no position to refuse an agreement completely. By December 12, Deng reluctantly agreed that the PRC would “not counter” US demands for a peaceful settlement

²⁰ Ibid., 80.

²¹ Carter, 197.

²² Ibid.

²³ Ross, 134.

²⁴ In the last year of Carter’s Presidency, US arms sales to Taiwan reached an all-time high of \$835 million in 1982 dollars. For additional reading on this as well as the F-5E dilemma, see John H. Holdridge’s work,

and would allow for the proper termination of the Mutual Defense Treaty (which required one year advance notice) rather than forcing its abrogation. Finally, the PRC accepted the January 1st implementation date as well as the US invitation for Deng to visit the US.²⁵ Regarding the US demand to continue selling weapons to Taiwan, Deng insisted that no weapons be sold during the one year required for the Mutual Defense Treaty to lapse and clearly reserved the right to address the arms issue at a later date.²⁶ Finally, on December 14th, Carter revealed his desire to announce the agreement on the following day to prevent leaks from jeopardizing their efforts. Clearly, the immediacy of the Soviet threat to the PRC left Deng in a much weaker negotiating position than he would have liked and forced him to compromise on issues that were completely unacceptable to the PRC. Nonetheless, he would have to wait until the international environment was more acceptable before he could readress them.

Normalization was not a taboo topic within Congress. Years earlier the House Special Subcommittee on Investigations of the Committee on International Relations agreed that the US should push for normalization within the next few years. Furthermore, it conceded that normalization with the PRC necessarily involved a downgrading of relations with the ROC.²⁷ While virtually everyone agreed that normalization with the PRC would be a positive step, not everyone agreed on the terms of the agreement. The Republic of China, while it was losing influence on strategic grounds, still maintained sway in a number of areas. First of all, congressmen were heavily influenced by a strong and well-funded Taiwan lobby. In his

Crossing the Divide: An Insider's Account of the Normalization of U.S.-China Relations (Boulder: Rowman & Littlefield Publishers, Inc., 1997), 196-7.

²⁵ Ross, 137.

²⁶ Harding, 80.

²⁷ House Committee on International Relations, Special Subcommittee on Investigations, *United States-China Relations: The Process of Normalization of Relations*, 94th Cong., November 18, December 8, 17, 1975, and February 2, 1976 (Washington, D.C.: GPO, 1976), v.

memoirs, Carter commented on the effectiveness of the Taiwan lobby's strategy on his own presidential campaign:

... A flood of invitations came to my relatives and neighbors around Plains for expense-paid trips to Taipei, the capital of Taiwan. Those who succumbed to these blandishments were wined and dined by the Taiwan leaders, offered attractive gifts, and urged to influence me to forget about fulfilling American commitments to China.²⁸

In fact, the influence of the Taiwan lobby was cited by Carter as being one of the key reasons he chose to keep the normalization negotiations secret.

Additionally, Taiwan was a significant trading partner with the US, which resulted in an influential lobby consisting of wealthy business executives who also happened to be constituents. Congressmen could not ignore the significantly higher amount of trade and investment between the US and Taiwan in comparison to the PRC. Quite often in the congressional debates concerning the eventual normalization of relations with the PRC, US economic interests were at the forefront of the discussion. For instance, records of the September/October 1977 discussions on normalization with the PRC by the House Subcommittee on Asian and Pacific Affairs unabashedly stated that

the termination of the U.S. security guarantee for Taiwan may also seriously disrupt U.S. economic interests on the island...The United States currently has over \$3 billion in investments in Taiwan and United States-Taiwan trade each year is several times the annual United States-People's Republic of China trade. In 1976, for instance, United States-Taiwan trade was valued at over \$4 billion, while United States-People's Republic of China trade was under \$400 million.²⁹

²⁸ Carter, 188.

²⁹ House Committee on International Relations, Subcommittee on Asian and Pacific Affairs, *Normalization of Relations With the People's Republic of China: Practical Implications*, 95th Cong., 1st sess., September 20, 21, 28, 29 and October 11, and 13, 1977 (Washington, D.C.: GPO, 1976), XIII. Examples of this line of thinking abound in the records of congressional consideration for normalization with the PRC. See also pages 34-5, 54-55, and 75-92 in , House Special Subcommittee on International Relations, *United States-China Relations: The Process of Normalization of Relations*, 94th Cong., November 8, 17, 1975 and February 2, 1976 (Washington, D.C.: GPO, 1976).

Clearly, congressmen were concerned about negatively affecting the livelihoods of their constituents and campaign supporters.

Finally, congressmen were particularly susceptible to the ideological argument that the Republic of China had been a faithful ally for almost thirty years against an avowed communist threat. Again citing the summary findings of the hearings before the House Subcommittee on Asian and Pacific Affairs, the committee stated that “many other American observers feel that the United States cannot in good conscience unilaterally cut ties with a government of 16 million people that has supported the United States for almost 30 years.”³⁰ This sentiment was reflected in the public opinion polls which showed that the majority of Americans did not support normalization of relations with the PRC at the expense of the ROC. As if domestic pressure was not enough, members of Congress also worried that other allies in the region would question US resolve to honor its defense commitments, resulting in decreased international credibility.

While there was considerable disagreement over these issues, virtually no one felt that the process should be carried out in secret. Nevertheless, by mid-1978, Carter was so absorbed in this issue, that both houses of Congress felt it necessary to pass the Dole-Stone amendment to ensure prior consultation with the Congress before normalization. The final part of the amendment, which was signed into law as part of the International Assistance Act of 1978, stated the following:

It is in the sense of the Senate that there should be prior consultation between the Senate and the Executive Branch on any proposed policy changes affecting the continuation in force of the Mutual Defense Treaty cited above.³¹

³⁰ *Normalization of Relations With the People's Republic of China: Practical Implications*, XIV.

³¹ James C. H. Shen, *The U.S. & Free China: How the U.S. Sold Out Its Ally*, Robert Myers, ed. (Washington D.C.: Acropolis Books, Ltd., 1993), 227.

Although Carter signed the bill into law, he either did not share the same idea of what “prior consultation” meant, or else he completely ignored the Senate’s concerns. As for secrecy toward other governments, Carter wrote in his diary on December 14, 1978,

The excitement is building up concerning normalization with China—whether we can keep it secret or not. We’ve decided to notify the Soviets and Taiwan, Japan and our main European allies early tomorrow. By then, more than 100 people in our government will know about it.³²

The Final Blow: In spite of the “sense of Congress” statement, Carter gave Congress three hours notice before making the announcement, and instructed Leonard Unger, Ambassador to Taipei, to inform President Chiang Ching-kuo (Chiang Kai-shek’s son and successor) no earlier than two hours prior to the Washington announcement.³³ Upon Unger’s strong request, he was finally allowed to tell President Chiang seven hours prior to the announcement. Unger finally delivered the message to Chiang at his residence at 2:00 a.m.³⁴ As scheduled, Carter read the joint communiqué at 9:00 p.m. on December 15th, 1978. The full thrust of the negotiations was purposely not revealed in the communiqué, but was supplemented with several other statements and press announcements from US and PRC officials. The communiqué itself was very brief, but it introduced some subtle, though important, changes to the 1972 Shanghai Communiqué. First of all, the US recognized the PRC as the “sole legal Government of China” and immediately followed this up with its intention to maintain “cultural, commercial, and other unofficial relations with the people of Taiwan.” After several joint statements regarding the opposition of hegemony (i.e. USSR) in the region, both sides clarified that they had no intention of negotiating for a third party or of

³² Carter, 199.

³³ Shen, 242.

³⁴ Holdridge, 191.

entering into an alliance against a third party. By making this statement, the US publicly refused to influence or pressure Taiwan toward a particular outcome.

Of particular importance to the Taiwan question was the US's statement regarding the "one China" policy. Though the US continued to use the relatively ambiguous term "acknowledge," the communiqué did away with the "does not challenge" portion which bolstered the ambiguity in the 1972 communiqué. In contrast to 1972, the 1979 communiqué simply acknowledged "the Chinese position that there is but one China and that Taiwan is part of China." While this seems like a relatively minor change, it does indicate a further move toward the PRC position. Furthermore, according to Hungdah Chiu, the PRC translated the word "acknowledge" into the Chinese "*cheng-jen*," meaning "recognizes" in the official Chinese version.³⁵ In order to clarify the US position to Taiwan, Deputy Assistant Secretary of State for East Asian and Pacific Affairs Roger Sullivan told the *China Times* on December 28th that the joint communiqué did not recognize the PRC's sovereignty claims to Taiwan.³⁶ Nevertheless, many within the US and Taiwan were convinced that a shift toward the PRC's position had occurred. Technically speaking, however, by merely acknowledging the Chinese position that there was but one China, the US remained in a neutral position as to the "internal nature" of the conflict. In a very important way, this ambiguity allowed the US to remain involved in the conflict and still uphold the 1972 Shanghai agreement not to meddle in other countries' internal affairs.

As to the really contentious points, both sides agreed to handle these matters in unilateral statements and press releases. For instance, in the unilateral statement released by the White House regarding Taiwan, the US agreed to withdraw the remainder of its forces in

³⁵ Chiu, 185.

³⁶ Ibid.

Taiwan by April 1979. It was also in this format that the US first mentioned amending its laws to accommodate commercial, cultural, and other ties with Taiwan. Additionally, the US pledged continued interest in Taiwan's security as well as a future peaceful resolution of the conflict by the Chinese themselves, though it did not go into detail as to the type of US support to be offered. In an effort to placate the PRC, the US did not mention the continued arms sales in any of the formal statements, but confined those comments to press releases. Similarly, the PRC issued a unilateral statement in which it reemphasized that Taiwan was part of China and that, as such, it was an entirely internal affair. Regarding the issue of continued arms sales, Hua Guofeng stated in a press conference immediately after the normalization announcement: "In the course of negotiations, the U.S. side mentioned that it would continue to sell arms to Taiwan for defense purposes after the normalization. We can absolutely not agree to this."³⁷ While normalization of relations was certainly a step towards better US-PRC relations, these examples show that it did not eliminate all the major points of contention in the relationship, and they reveal some of the conflicts that were lurking just beneath the surface.

Needless to say, both the pro-Taiwan supporters in Congress as well as the ROC leaders were outraged. Senator Barry Goldwater and twenty-five republican senators filed a lawsuit claiming that Carter's termination of the treaty was unconstitutional. The lawsuit was upheld in District Court, but was rejected on appeal in the Supreme Court.³⁸ As for the ROC, President Chiang issued a bitter statement accusing the US of betraying its allies, befriending the enemy, and compromising on stated ideals.³⁹ Additionally, when Deputy

³⁷ A. Doak Barnett, *The FX Decision: "Another Crucial Moment" in U.S.-China-Taiwan Relations* (Washington D.C.: The Brookings Institution, 1981), 5.

³⁸ Jen Kun Fu, *Taiwan and the Geopolitics of the Asian-American Dilemma* (New York: Praeger, 1992), 70-1.

³⁹ Shen, 243-4.

Secretary Warren Christopher traveled to Taiwan on December 27th to discuss the creation of “unofficial” relations, his car was attacked with mud, tomatoes, and eggs and near riots broke out injuring some of the members of the US delegation.⁴⁰ Clearly, while Carter certainly left himself open to criticism in his handling of normalization, much of the backlash he encountered had actually been due to the secret deals previously orchestrated by Nixon and Kissinger.

⁴⁰ Jen Ken Fu, 67.

CHAPTER 6

POST-NORMALIZATION TO 1980: CONGRESSIONAL INVOLVEMENT

Legislative Backlash: Acting quickly, both the Carter administration and the Congress sought to enact legislation that would better clarify the US's position regarding Taiwan. The Carter administration wrongly expected the Congress to react passively to its version of the legislation. While the administration initially planned to introduce two pieces of legislation, one regarding the legal provisions for the "unofficial" relations with Taiwan and one restating the US's interest in a peaceful settlement of the issue, it only submitted the first, known as the Taiwan Enabling Act.¹ Backed by a non-partisan majority in Congress, the bill that reached Carter's desk was quite different and quite specific in its support for the ROC. Though some recommended that Carter veto the bill, the House's 339 to 50 vote and the Senate's 85 to 4 vote clearly demonstrated that the Congress could have easily overturned the veto.² The final product became known as the Taiwan Relations Act (TRA) and was signed into law by President Carter on April 10, 1979.³

Militarily, the TRA specified that the US would "maintain the capacity 'to resist any resort to force or other forms of coercion that would jeopardize the security, the social or economic system, of the people of Taiwan.'"⁴ (For full text, see Appendix). Furthermore, the TRA stated that the US would "consider any effort to determine the future of Taiwan by

¹ Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington DC: The Brookings Institution, 1992), 85.

² *Ibid.*, 87.

³ Jen Kun Fu, *Taiwan and the Geopolitics of the Asian-American Dilemma* (New York: Praeger, 1992), 71.

other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States.”⁵ This resistance included making “available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.”⁶ Additionally, the TRA stipulated that economic, commercial, and cultural interactions would continue as they had prior to January 1st, 1979. Perhaps even more intriguing is the fact that the TRA also continued all treaties (with the exception of the Mutual Defense Treaty) and agreements that had been in effect between the US and the ROC prior to normalization with the PRC, but deemed them as “unofficial.”⁷ Finally, the TRA stated that “nothing in this Act may be construed as a basis for supporting the exclusion or expulsion of Taiwan from continued membership in any international financial institution or any other international organization.” Stating the obvious, Senator Muskie summed up the TRA with the following words:

For the purposes of U.S. domestic law, this legislation views Taiwan as a country, absent the official sovereign status. It extends to those representing Taiwan interests all privileges and immunities necessary in conducting business with our country. All existing international agreements, with the exception of the Mutual Defense Treaty, made between the United States and the Republic of China will continue in force notwithstanding the changed status of Taiwan.⁸

In reality, though the TRA’s provisions stipulated that US-ROC interaction was “unofficial,” the TRA seemed to compensate for (and even bolster) every void that normalization of relations with the PRC had created.⁹

⁴ “The Taiwan Relations Act” <http://ait.org.tw/ait/tra.html>.

⁵ Lai To Lee, *The Reunification of China: PRC-Taiwan Relations in Flux* (New York: Praeger, 1991), 62.

⁶ Jen Ken Fu, 72.

⁷ Ibid.

⁸ Ibid., 71-2.

⁹ See A. Doak Barnett’s work entitled *U.S. Arms Sales: The China-Taiwan Tangle* (Washington D.C.: The Brookings Institution, 1982), 26. Barnett cites King-yuh Chang’s article “Partnership in Transition: A Review of Recent Taipei-Washington Relations,” in *Asian Survey*, vol. 21 (June 1981), 608-9 where Chang makes the

Not surprisingly, the Chinese were irate over the TRA and called for its abrogation. The PRC initially threatened that passage of the act would be in disagreement with the terms set out in the normalization agreement. PRC Prime Minister Huang Hua stated that the TRA was “unacceptable” and predicted that “great harm will be done to the new relationship that has just been established between China and the United States.”¹⁰ When the bill was signed into law, however, the PRC was not willing to reverse the normalization process. The Sino-Soviet conflict simply did not give the PRC room to make too many demands or follow through with their more extreme threats. Once again, strategic considerations forced compromises that would never have been allowed under different circumstances. To deal with this setback, the Chinese simply chose to view the TRA as unilateral legislation that was inapplicable and subordinate to Sino-US agreements.¹¹ According to the PRC, it would not be held responsible for TRA provisions to which it did not agree. Additionally, President Carter’s remarks upon signing the TRA may have added to their confidence. Speaking of the TRA, Carter said the following:

The act is consistent with the understandings we reached in normalizing relations with the Government of the People’s Republic of China. It reflects our recognition of that Government as the sole legal government of China....In a number of sections of this legislation the Congress has wisely granted discretion to the President. In all instances, I will exercise that discretion in a manner consistent with our interests in the well-being of the people of Taiwan and with the understandings we reached on the normalization of relations with the People’s Republic of China as expressed in our joint communiqué of January 1, 1979.¹²

point that the TRA was broader “in some respects in its assurances regarding Taiwan’s security” than the Mutual Defense Treaty had been.

¹⁰ Jen Ken Fu, 72.

¹¹ Garver, 77.

¹² Martin L. Lasater, *Policy in Evolution: The U.S. Role in China’s Reunification* (Boulder: Westview Press, 1989), 33.

The problem with Carter's statement, as the PRC soon discovered, was that Carter would not be elected to a second term, and there was no guarantee that future administrations would interpret the TRA in the same way.

Post-Normalization Schizophrenia. With normalization finally completed, the US and the PRC moved rapidly on a number of issues. Militarily, Carter's anti-Soviet position played an early role in increasing security cooperation with the PRC. Despite protests from Secretary Vance, Carter took the anti-Soviet position of Brzezinski and Secretary of Defense Brown resulting in the eventual visits by Brown to China and Chinese Defense Minister Geng Biao to Washington.¹³ By July 1979, the US decided to sell China some non-military high-technology items and approved arms sales from other NATO countries. Carter's policy further evolved with the Soviet invasion of Afghanistan. Non-lethal military equipment was soon approved for sale to the PRC, as was intelligence cooperation directed against the Soviet Union. Finally, by the time Carter left office in 1980, the US had created a new export category specifically for the PRC, sold the PRC military helicopters, computers, and communications equipment, and placed Soviet-focused monitoring equipment in western China.¹⁴ In many respects, the US-China relationship was experiencing a period of unmatched bliss.

Interestingly, another trend began emerging almost as soon as the normalization communiqué came into existence. As mentioned earlier, the PRC was not satisfied with the terms of the normalization agreement and was openly opposed to the extreme stance taken in the TRA, particularly the aspect of continued weapons sales to Taiwan. The PRC watched with increasing alarm as this flow of weapons continued "unabated" and even increased

¹³ Robert S. Ross, *Negotiating Cooperation: The United States and China: 1969-1989* (Stanford, Stanford University Press, 1995), 148-9.

throughout 1979 and 1980.¹⁵ Specifically, when Carter's June 1980 decision to allow the Northrup Corporation and General Dynamics to "discuss possible sales to a number of foreign countries of new export versions of their aircraft...." was reported to apply specifically to Taiwan, the PRC became understandably concerned.¹⁶ While the new aircraft, known as the FX, would not play much of a role in the remaining months of Carter's administration, it would play a significant role in shaping the PRC's attitude toward the US and would give the PRC a platform for addressing arms sales in the future.

Also in relation to Taiwan, Chinese officials were concerned about the fact that the KMT officials who had fled to Taiwan in 1949 were getting much older and might possibly be replaced by a more liberal, independence-oriented leadership.¹⁷ As long as the KMT held to a position of eventual reunification, the PRC saw room for a future settlement based on this common goal. If this factor changed, the PRC could anticipate a more difficult road to peaceful reunification. To cope with this probable reality, the PRC dramatically changed its tactics regarding its Taiwan policy. Recognizing that it could gain more (at least in terms of US opinion) by pursuing a policy of peaceful reunification and appealing to the desire for familial reunification than it could by threatening "forceful liberation," the Standing Committee of the National People's Congress issued a statement entitled "Message to Compatriots in Taiwan" on January 1st, 1979. In it, the PRC launched an attempt to reestablish contact that would "lead to negotiations resulting in some kind of loose reassociation of Taiwan with the mainland, with Taiwan being granted considerable

¹⁴ Ibid., 150.

¹⁵ Harding, 112. Harding points out that actual weapons sales went from \$208 million in 1978 to \$267 million in 1980.

¹⁶ A. Doak Barnett, *The FX Decision: "Another Crucial Moment" in U.S.-China-Taiwan Relations* (Washington D.C.: The Brookings Institution, 1981), 12.

¹⁷ Harding, 113.

autonomy."¹⁸ Among other things, the PRC announced that it would end its long and symbolic bombardment of Quemoy Island and called for dramatic increases in “trade, travel, and contacts, and urged reestablishment of direct postal and transport links.”¹⁹

Finally, Carter’s late term policy shift away from détente with the Soviet Union toward a more confrontational approach, in conjunction with his renewed interest in a US-PRC security relationship, altered China’s perception of its political economic value to the United States.²⁰ The PRC began to realize that the US strategy, in light of its current capabilities, “needed” the PRC. The apparent drift in US policy toward Taiwan in addition to the PRC’s changing strategic perspective would have major implications in the years immediately ahead.

US Policy in 1980. Obviously, by the end of this period, US policy toward the PRC and the ROC was confusing and largely unacceptable to the majority of the principle actors. Realizing the confusing nature of the US position and having spent a great deal of time sorting through the rhetoric and doublespeak, I think it is important to clarify what the US official policy was at the end of Carter’s presidency. First of all, the US recognized the PRC as the sole, legal government of China and removed its recognition from the Republic of China. Furthermore, it acknowledged the Chinese position that Taiwan was part of China but neither committed itself to agreeing with that position nor to favoring a particular resolution (i.e. unification/reunification). The US continued to call on the Chinese to settle the dispute among themselves, while stating its expectation that the resolution come about peacefully. In order to ensure that Taiwan had the opportunity to negotiate a peaceful and acceptable solution to the problem, the US committed itself by law to provide defensive weapons and

¹⁸ Barnett, *FX*, 10.

¹⁹ Ibid.

services to the island and to maintain “unofficial” commercial, cultural, and other contacts with the people of Taiwan. Basically, the US committed to keeping the playing field level, but refused to advocate one solution over another. While there were many in the US who disagreed with this position (and even more in the PRC and the ROC), this delicate ambiguity provided the US with the best of both worlds. Relations with the PRC provided a counterbalance to the Soviet threat and opened the door to increased trade with the most populous country in the world. Continued relations with Taiwan, though unofficial, saved the US reputation among its Southeast Asian neighbors and salvaged trade and investment with its fourth largest trading partner.

For the purpose of this paper, it is also important to reiterate that the US move toward the PRC beginning formally in 1972 was not the result of any negative action on the part of the ROC. In less than ten years, the ROC had lost its membership in the UN, been de-recognized by its superpower protector, had its defense treaty unilaterally terminated, and been internationally reduced from “country” status to a group of people on an island in an undetermined status surviving on unofficial relations with former allies. Despite these setbacks, the ROC’s economy continued to grow and US investment in that country remained steady. Additionally, the ROC government continued to be friendly to the US in spite of the treatment it had suffered. Though the ROC government continued to try and lure US policy away from the PRC using financial and idealistic/moral arguments, it was forced to accept a very painful reality: the US was moving toward the PRC for precisely the same reasons it had initially supported the ROC—US strategic interests. In this realm, the ROC knew that it simply could not compete in size, capability, or location with the PRC.

²⁰ Ross, 175-6.

CHAPTER 7

1981-82: REAGAN MAKES A DEAL

The Honeymoon Ends. The problems that boiled underneath the surface during President Carter's administration erupted during the early part of President Reagan's term in office. The PRC was already very suspicious of Reagan's intent due to the many statements he had issued in his 1976 and 1980 campaigns. Among other things, Reagan had stated that he would upgrade relations with Taiwan to an official capacity, much like the situation that had existed in the PRC between the Shanghai Communiqué and official normalization.¹ Reagan was not opposed to increased ties with the PRC, but he was against those relations coming at the expense of the ROC. With the help of his advisors and a trip to the PRC by his vice presidential running-mate and former liaison officer in China, George Bush, Reagan soon changed his policy to more accurately reflect the China policy of the administrations that preceded his. Nevertheless, with the exception of Secretary of State Alexander Haig, Reagan surrounded himself with ROC sympathizers. Consequently, Chinese fears were not completely assuaged.

President Reagan entered office with a very different foreign policy perspective than had President Carter. His administration, believing that the USSR had gained significant numerical and qualitative advantages over the US in the 1970s, aggressively sought to counter Soviet expansion wherever it appeared. Early on, Reagan was faced with Soviet challenges

¹ Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington DC: The Brookings Institution, 1992), 109.

in Europe, such as the deployment of the Soviet SS20 Intermediate Range Missiles in Eastern Europe as well as a possible Soviet intervention against Poland's Solidarity movement. Additionally, communist movements had sprung up in Central America, both in Nicaragua and El Salvador, which the Reagan administration opposed with massive aid programs.² All of these events occurred in the context of a seriously weakened US economy. Reagan had inherited an economy with inflation rates over ten percent and interest rates over twenty percent.³

As a result of the strategic environment, Reagan's cabinet members held various opinions as to the importance of the PRC in countering the Soviet Union. Richard Allen, Reagan's National Security Advisor and Caspar Weinberger, Reagan's Secretary of Defense, thought that improved relations with the PRC were important, but not important enough to sacrifice Taiwan's security. In contrast, Secretary of State Alexander Haig and Assistant Secretary of State for East Asia John Holdridge (both had served under Kissinger in the Nixon and Ford administrations) were convinced that the PRC was a crucial partner in countering the Soviet threat, even at the expense of Taiwan.⁴ While Haig was never allowed to completely abandon Taiwan in his desire to court the PRC, his pro-PRC leanings had a significant effect on foreign policy for the first year and a half of Reagan's first term in office.

This new political and strategic environment effected the PRC in various ways. First of all, the US decision to actively resist Soviet expansion, as well as the USSR's mounting problems in Afghanistan reduced China's Soviet threat considerably. Interestingly, though

^{2 2} Robert S. Ross, *Negotiating Cooperation: The United States and China: 1969-1989* (Stanford, Stanford University Press, 1995), 165-6.

³ Ibid., 167-8.

⁴ Ibid., 169.

they had pushed for active US resistance in the past, the diminished Soviet threat caused the PRC to label the US policy of resistance in Third World countries as interventionist and hegemonic.⁵ Finally, America's weakened economy and reduced global influence, coupled with Haig's persistent courtship of the PRC, convinced Chinese leaders that the PRC bargaining position was stronger now than it had ever been. Based on a report completed in early 1981, the PRC was now firmly convinced that US-Soviet hostility would continue with no possibility of rapprochement in the immediate future. This conclusion allowed the PRC to begin moving away from its Westward "tilt" toward an independent foreign policy in which it reconsidered relations with the Soviet Union. Though this policy was not formally announced until early 1983, the PRC was clearly exerting independent tendencies as early as 1981. Due to this combination of favorable strategic factors, the PRC began to readdress the Taiwan arms-sales question that had been shelved during the normalization agreement.

The FX Decision. As a result of the tension that Reagan's campaign had caused with the PRC, Haig visited China in June 1981 with the goal of restoring healthy Sino-US relations and to reiterate the importance of a strong strategic partnership. In addition to these assurances, the US sent Haig with a number of incentives. The US was prepared to upgrade China's status to the category of "friendly, non-allied," making the PRC eligible to purchase US high technology goods, sensitive computer equipment, and US weaponry.⁶ Haig met with a cold response to these US initiatives. The PRC flatly refused the offer of US weaponry and increased security ties as long as arms sales to Taiwan continued. In spite of Haig's attempts to smooth over these issues, the Chinese remained firm and even threatened

⁵ Harding, 107-8.

⁶ Ross, 181.

a break in relations if PRC demands were not met.⁷ After Haig's visit, the PRC issued a statement in the Chinese newspaper, *Xinhua*, declaring that they

would rather receive no U.S. arms than accept continuing U.S. interference in our internal affairs by selling arms to Taiwan, to which we can never agree. Should the United States continue to sell arms to Taiwan in disregard of our repeated expressions of resolute objection, we certainly will give a strong response.⁸

Building on their previous offer to Taiwan, Ye Jianying put forth a nine-point PRC proposal to Taiwan regarding peaceful reunification on September 30, 1981.⁹ Though the ROC government immediately rejected the proposal, the PRC was probably motivated more by the effect that such a "gracious" proposal would have on US policy. In fact, at the October 1981 North South Economic Congress in Mexico, Reagan met with PRC Premier Zhao, who reiterated the Chinese proposal. Zhao then recalled Carter's 1978 linkage of continued US arms sales to Taiwan with the PRC's Taiwan policy.¹⁰ Clearly, Zhao was hoping the new PRC approach to Taiwan would be rewarded with decreased arms sales by the US. While nothing came out of that meeting, PRC Foreign Minister Huang Hua further clarified the Chinese position later that year. The Chinese wanted the US to pledge that the level of arms sales to Taiwan would not surpass the quantity or quality of arms sales that were reached under the Carter administration, that it would gradually reduce the amount of arms sold, and that it would give the PRC a timetable for the conclusion of all arms sales.¹¹ Hua claimed that if the US failed to meet these conditions, the PRC would downgrade its

⁷ Ibid., 182.

⁸ Martin L. Lasater, *The Taiwan Issue in Sino-American Strategic Relations* (Boulder: Westview Press, 1984), 179-80.

⁹ Among other things, Ye proposed that Taiwan be allowed to maintain a high degree of autonomy as a special administrative region. Taiwan would be allowed to keep its armed forces and its socio-economic system, but the territory itself would be subordinate to the mainland government. For the actual text, see Lasater's work cited above, 134-6. The most recent proposal was put forward by President Jiang Zemin in January 1995. For the text of Jiang's reunification proposal, see Appendix 6.

¹⁰ Harding 113.

¹¹ Ibid.

representation in the US. In response, Haig made some important concessions. While he told the PRC that the US could not agree to a termination date, he did agree to the PRC's first condition which demanded that the quantity and quality of weapons sold would not exceed those of the Carter administration.¹²

Initially, many in the US interpreted the PRC's demands as a reaction to the upcoming decision to sell the FX fighter to Taiwan. Domestic and international forces on both sides of the argument exerted considerable pressure on the Reagan administration. Finally, largely in response to a Pentagon/CIA report that found that Taiwan did not need the FX for its defense (a report commissioned by Haig), as well as vigorous statements from the PRC, the Reagan administration announced that it would not sell the FX to Taiwan on January 11th, 1982.¹³ When Holdridge was sent to China to explain the US decision not to sell either the FX or the Harpoon missile to Taiwan, he was met with harsh criticism from the PRC leaders for the "unilateral" decision to extend the F-5E agreement. Now, in addition to their previous three demands, the PRC insisted on being consulted before any future arms were sold to Taiwan.¹⁴ This pattern of extreme Chinese rigidity on the issue of arms sales, coupled with the Reagan administration's attempts at appeasing the PRC without agreeing to a specific termination date, continued throughout the first several months of the year, leading to a stalemate in the negotiations.

Arms Sale Communiqué of 1982. By April, Reagan began getting personally involved in the negotiations which reduced Haig's influence considerably. Furthermore, by this time, the Reagan administration was beginning to see some positive changes in the balance of power with the Soviet Union. The Soviet Union was still bogged down in

¹² Ross, 185.

¹³ For an excellent review of official Chinese statements, see Lasater's *The Taiwan Issue*. . . , 185-9.

Afghanistan and was also beginning to show signs of decline in leadership and economics. The US, on the other hand, seemed to be on the verge of significant growth. These factors, though not perceptible to the PRC until much later, reduced the negotiating position of the PRC considerably. To get the negotiations moving again, Reagan sent a letter to Deng Xiaoping and Zhao Ziyang reaffirming his commitment to US-PRC relations and offered to send Vice President Bush to discuss the relevant issues. In spite of the inflexible PRC rhetoric leading up to Bush's visit, Bush's two hour meeting with Deng (initially scheduled for only fifteen minutes) produced results.¹⁵ Bush did not offer any new compromises but, instead, spoke of the limits of PRC leverage against the US.¹⁶ This meeting, in addition to the constant warnings from the US and its allies that downgraded relations would affect economic, scientific, and technological relations with the rest of the West, had its intended effect.¹⁷ Consequently, Deng softened his position and allowed the PRC negotiators to seek a compromise position regarding the wording of the US position on termination. Between Bush's visit and the resolution of the agreement, progress slowed once again. In June, Congress discovered that Haig actually had two versions of a draft communiqué, one of which pledged to reduce weapons sales with the eventual goal of terminating them altogether.¹⁸ Neither Congress nor the President knew anything about these versions and both had been assured by the State Department that the drafts did not exist. When the truth surfaced, Reagan called for Haig's resignation.¹⁹ With Reagan now personally in control of the situation, the US offered its final position and called the PRC's bluff regarding the downgrading of relations. Finally, without their ally in the White House and faced with a

¹⁴ Lasater, 190-1.

¹⁵ Ross, 194

¹⁶ Ibid., 194.

¹⁷ Lasater, 196.

situation of either concluding an agreement or being forced to downgrade relations, the PRC agreed to drop its requirement for a US agreement on termination of arms sales to Taiwan.

The resultant communiqué was signed on August 17th, 1982. Like the two previous communiqués, it was couched in ambiguous terms that could be interpreted in a multitude of ways. (For the full text, see Appendix 4). Following the initial reiteration of the previous two communiqués, the PRC repeated its position that the Taiwan issue was an internal affair in paragraph four. It then departed from past communiqués by stating that peaceful unification, as expressed by the “Message to Compatriots in Taiwan” and the Nine Point Proposal issued in 1981, made up the PRC’s “fundamental policy.” The use of the term “fundamental policy” or *fangzhen* in Chinese was significant for two reasons. First, it reflected the PRC’s refusal to renounce the use of force, as the US wanted. On the other hand, it was “the strongest commitment to peaceful unification that Beijing had made in any U.S.-PRC joint communiqué”.²⁰

In paragraph five, the US stated the importance of its relations with the PRC. The US reaffirmed its respect of China’s territorial integrity and sovereignty and stated that it had no intention of “pursuing a policy of ‘two Chinas’ or ‘one China, one Taiwan.’” Once again, while the US said that it would not pursue a “two Chinas” policy, it did not commit itself to any particular solution at all. Instead, it deflected the issue back to the Shanghai Communiqué and called for the Chinese to resolve the solution among themselves. In the same paragraph, the US formally recognized the PRC’s “peaceful shift” and stated that it “understood” and “appreciated” the peaceful efforts that China had recently put forth. Furthermore, the US stated that the PRC’s new strategy provided “favorable conditions for

¹⁸ Ibid., 202.

¹⁹ Ibid.

the settlement of United States-China differences over United States arms sales to Taiwan” but refused to be more specific or committal as the PRC had desired.

Paragraph six was the most important and controversial paragraph in the communiqué. Although the PRC had consistently rejected any linkage between continued arms sales and a peaceful resolution, the US insisted and the two compromised. The PRC allowed the US to link its policy of arms sales to a peaceful resolution in a unilateral, though somewhat vague statement.²¹ Consequently, the paragraph read as follows:

Having in mind the foregoing statements of both sides, the United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution. In so stating, the United States acknowledges China's consistent position regarding the thorough settlement of this issue.

While these statements seem fairly clear, US interpretation of them did not flow naturally from the text.

US interpretation came in a variety of forms. First, Reagan issued a unilateral statement affirming that the communiqué was “fully consistent” with the TRA. Additionally, he clarified that US compliance with the communiqué was dependent on a peaceful resolution of the dispute “by the Chinese people on both sides of the Taiwan Strait” Secondly, immediately after the communiqué was announced, the ROC government issued a statement in which it voiced six assurances that the White House had given it over a month before the communiqué was completed. The US had assured the ROC that it had not agreed to a termination date for arms sales, that it had not agreed to prior consultation with the PRC

²⁰ Ross, 197.

²¹ Ibid., 198

regarding arms sales, that it would not mediate between Taiwan and the PRC, that it had not agreed to alter the TRA, that it had not altered its position over sovereignty of Taiwan, and that it would not pressure Taiwan to negotiate with the PRC. Finally, when the agreement came under fire in the Senate for bypassing Congress' role in determining the defense needs of Taiwan, State Department Legal Advisor Davis Robinson declared that the communiqué

is not an international agreement and thus imposes no obligations on either party under international law. Its status under domestic law is that of a statement by the President of a policy which he intends to pursue . . . The Taiwan Relations Act is and will remain the law of the land unless amended by Congress. Nothing in the Joint Communiqué obligates the President to act in a manner contrary to the Act or, conversely, disables him from fulfilling his responsibilities under it.²²

In the period following the communiqué's completion, the US further clarified its position on a number of important issues. Not surprisingly, these clarifications came as a result of changing strategic circumstances. Immediately after the communiqué was signed, the PRC continued to push its perceived advantage by seeking US compromises on a number of issues immediately after the communiqué was signed. In all of these attempts, the PRC found the US consistently inflexible. The Reagan administration had enjoyed a number of successes in this short amount of time. Reagan's five-year defense plan called for a massive eight percent real growth increase with actual spending increasing seven percent per year between 1981 and 1985.²³ Furthermore, the Reagan administration was able to resurrect a number of previously scrapped weapons systems such as the B-1 and B-2 Bomber programs, the MX-Missile, and the neutron bomb.²⁴ Another indication of the US's growing international strength was its success in influencing NATO to allow the deployment of the Pershing II Missile on European soil. This influence, in conjunction with its willingness to

²² Lasater, 212.

²³ Ross, 168.

²⁴ Ibid.

use military force as demonstrated in the 1983 Grenada invasion, illustrated the US's renewed confidence. Speaking of these successes in January 1984, a confident Reagan announced the following:

Three years ago we embraced a mandate from the American people to change course, and we have....America's defense policy is more credible and it is making the world a safer place—safer because there is less danger that the Soviet leadership will underestimate our strength or question our resolve.²⁵

The economy was also on the mend. Inflation was down to 1.1 percent by the end of 1982, unemployment was falling, and the economy grew by 3.5 percent in 1983.²⁶

In addition to these changes, Reagan's staff was undergoing a profound change, as well. Following Haig's resignation, Reagan appointed George Schultz as his successor. Schultz was far less convinced of the PRC's strategic importance than Haig had been. Furthermore, Schultz replaced John Holdridge with Paul Wolfowitz, formerly the State Department's director of policy planning.²⁷ Wolfowitz had consistently denounced the Carter administration's handling of China in the normalization process, believing that the US had not made the most of its leverage in dealing with the PRC. Similarly, he had issued a written criticism of Haig's negotiating efforts during the Reagan administration. Put succinctly, Wolfowitz believed that the PRC needed the US more than the US needed the PRC. Between Schultz and Wolfowitz, US policy toward China would dramatically change for the remainder of Reagan's time in office. In 1983, Schultz announced that, while China was important as a regional actor, Japan was the key to US policy in Asia.²⁸

²⁵ Ibid., 205.

²⁶ Ibid., 204.

²⁷ James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to China* (New York: Alfred A. Knopf, 1999), 128-31.

²⁸ Ibid., 130.

All of these factors downgraded China's relative importance to the US. Consequently, the US was further able to define its interpretation of the August 17th Communiqué while withstanding PRC objections and threats. As for the quantitative restrictions, the US agreed to decrease its arms sales to Taiwan by \$20 million a year—a number unacceptably low to the PRC. Even more disagreeable to the PRC was the US's announcement that it would factor inflation into the highest figure of arms sales that had occurred under Carter, thereby increasing the dollar amount. This policy turned the \$565 million worth of equipment sold in 1979 into \$813 million in 1982.²⁹ Additionally, by using the phrase “reduce gradually” instead of the Chinese wording of “progressively decline,” the US clarified that “it was free to increase sales in any one year as long as the long-term trend revealed declining sales.”³⁰ As for the qualitative restrictions, the US interpreted the term “in relative rather than absolute terms.”³¹ This allowed the US to supply Taiwan with more technically advanced equipment once the older equipment was obsolete or no longer in production.³² The administration was also quick to point out that the communiqué only dealt with arms sales and did not apply to supplying Taiwan with the production capacity to build their own defense systems.³³ Therefore, though the communiqué seemed to initiate sweeping changes in US foreign policy in favor of the PRC, the ambiguous terms used, the changing strategic situation, and the subsequent US interpretation of the agreement left the American position virtually unchanged.

What is interesting about this time period is that the PRC initially acted from what they perceived was a position of strength. The previous communiqués had resulted from the

²⁹ Harding, 117.

³⁰ Ross, 197.

³¹ Harding, 117.

³² Ibid.

Sino-US mutual (though certainly not equal) need to counter a common strategic threat. Because the PRC had always faced a more immediately threatening situation in the past than had the US, it was consistently more willing to compromise, and far less likely to make threats. During the negotiations leading up to the 1982 communiqué, the PRC perceived a US need in terms of a strategic partnership that was greater than their own. Consequently, the Chinese attempted to capitalize on it. They were rigid and inflexible and appeared ready to sacrifice US relations for their demands. Had the strategic situation remained unchanged and had it been the only factor to consider, the PRC's hard-line approach probably would have been successful in exacting further compromises from the US at Taiwan's expense. Unfortunately for the PRC, this was not the case. Though Deng had consolidated his power and the immediate strategic threat had lessened considerably, the urgent and, therefore, primary goal was not to reunify China, but to modernize its economy. To meet this goal, there was only one real source of assistance: the West. As a result of the resurgence of US influence and the subsequent decline of China's strategic importance, the Chinese were again forced to wait for a more opportune time to press its demands on Taiwan. Thus, while strategic factors certainly remained at the forefront of US-PRC relations, economic power began to fill the void left by an ever-decreasing Soviet threat.

³³ Ibid.

CHAPTER 8

1985-1992: THE COLD WAR ENDS

Soviet Rapprochement. As the PRC gradually came to accept its position of reduced strategic importance to the Reagan administration, the Soviet Union began responding to the PRC's conditions for normalization. The biggest change in Soviet policy came in 1985 when Mikhail Gorbachev took over as the party's general secretary. Soon after assuming power, Gorbachev began talking about having a "sufficient defense" and a "defensive defense."¹ Even more importantly, he began to act on his words. In his 1986 speech in Vladivostok, Gorbachev announced nine major policy goals in relation to the PRC, including a desire to normalize relations and a willingness to reduce forces along the Sino-Soviet border. Additionally, he ordered the removal of six Soviet regiments from Afghanistan, agreed to return over 600 islets, and opened some areas along the border for trading purposes.² In April 1988 at the Geneva Accords, the Soviet Union agreed to a complete withdrawal of its troops from Afghanistan.³ Moreover, by 1989, the Soviet Union agreed to reduce the number of its border troops along its southern border by 200,000 and along its eastern border by 60,000.⁴ As a result of these moves, the PRC and the Soviet Union agreed to a May 1989 summit meeting.

¹ Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington DC: The Brookings Institution, 1992), 176.

² Jen-kun Fu, *Taiwan and the Geopolitics of Asian-American Dilemma* (New York: Praeger, 1992), 61.

³ Harding, 177..

⁴ Fu, 61.

These moves, though initially of concern to the US, were minimized by a number of factors. First of all, the US continued to enjoy an ever-increasing optimism in its strategic situation. The dominant opinion in the US was that the Soviet Union was on the decline and the US was on the rise. Secondly, in their growing relationship with the Soviet Union, the PRC was careful not to exacerbate US worries. Throughout the normalization process, the PRC continually probed the US about its growing relationship with the Soviet Union and assured US leaders of Chinese intentions “evinced clear apprehension that an overly rapid rapprochement between Peking and Moscow could damage China’s relations with the United States.”⁵ Finally, US fears were lessened by the Soviet Union’s simultaneous initiatives toward the United States. In addition to withdrawing from Afghanistan and shifting its position on Angola and Korea, the USSR entered into an agreement with the US on intermediate nuclear forces at the end of 1987, unilaterally reduced its troop strengths in Europe, and began discussing the number of conventional forces stationed in Europe.⁶ As a result of these factors, Sino-Soviet rapprochement did not directly strain the Sino-US strategic relationship.

Indirect Consequences. While the Soviet initiatives did not directly increase tensions between the US and the PRC, the subsequent decline of a unifying strategic threat did cause a number of previously overlooked issues to surface. For instance, the PRC’s continued support of the Khmer Rouge regime in Cambodia after the Vietnamese withdrawal was particularly distasteful to the US. Continued support of a regime that was known for its horrific tactics and human rights abuses caused many in Congress to distance themselves from the PRC. Additionally, the PRC’s failure to sign the Nuclear Nonproliferation Treaty

⁵ Harding, 178.

⁶ Ibid.

coupled with its continued weapons sales to the Middle East intensified these feelings. Equally important were the non-strategic disagreements that emerged. Economically, US-PRC relations had grown tremendously in the 80's. Between 1983 and 1988, bilateral trade relations grew by 200 percent and US investment went from \$18 million to \$244 million. Unfortunately, the trade deficit also grew from \$26 million to \$80 million during that same time. While this amount was relatively minor in comparison to other Asian nations, the US began implementing policies and making demands that would lower its trade deficit across the board.

Human rights also became a significant factor during this time. The US had denounced the Soviet Union's human rights policies for many years, but had refrained from focusing on the PRC because of its vital strategic importance. As that strategic importance lessened, the US turned its gaze to the human rights situation in the PRC and was very outspoken about the conditions and methods it found there. Of particular concern to the US was the PRC's treatment of intellectuals after the 1986-87 demonstrations for political reform. The suppression of these demonstrations and the purging of General Secretary Hu Yaobang for his leniency in dealing with the students called US attention to the Chinese Communist Party's authoritative control.⁷ China's methods of population control, a strict one-child policy that often resulted in forced abortions and sterilizations, were also subject to severe US scrutiny and resulted in a subsequent withdrawal of US funds from the United Nations Fund for Population Activities.⁸ Finally, the PRC's treatment of the Tibetans after their political demonstrations in 1987 fueled US ire.⁹ All of these issues served to weaken the Sino-US relationship. PRC officials saw US attempts to influence these areas as threats

⁷ Harding, 220.

⁸ Ibid., 202.

against Chinese sovereignty. These issues, in conjunction with Gorbachev's initiatives and the subsequent effects they were having in Eastern Europe, were particularly threatening to the CCP. Conversely, US officials saw Chinese methods and practices as evidence that their political reform was not keeping pace with their economic reform and demanded US attention.

Trouble in Tiananmen. While the US-PRC relations were strained somewhat as a result of the aforementioned issues, not one of them was sufficient to totally derail the relatively stable relationship that had emerged throughout the 1980's. In 1989, George Bush assumed the US Presidency stating his belief in the importance of continued US-PRC ties. In fact, he traveled to the PRC for a summit meeting in 1989 where he and General Secretary Zhao Ziyang both declared their desires for close interaction between the two countries. Nevertheless, by April, the social and economic consequences of incomplete market reform within the PRC caused a great deal of discontent among the population. Inflation was incredibly high, corruption and crime were rampant, and income inequality between the cities and the countryside were widening significantly. More importantly, these trends created a split in the CCP leadership. On the one hand, Zhao favored a more liberal approach and pushed for increased reforms. On the other hand, Premier Li Peng advocated "mandatory planning, opposed any extensive privatization of industry, and proposed periodic propaganda campaigns to promote 'socialist spiritual civilization.'"¹⁰ Sensing the political rift, students and other intellectuals felt that the time was ripe to push for additional reforms. Adding to this mood of instability was the death of former General Secretary, Hu Yaobang on April 15, 1989.

⁹ Ibid., 203.

¹⁰ Ibid., 220.

As a result of the governmental division, the economic problems, and the identification of a martyr around which Chinese students could rally, there was an increase of political demonstrations across the country, especially in Tiananmen Square in the heart of Beijing. These demonstrations gathered momentum as they attracted sympathetic people from all walks of life. To make matters worse, the government remained divided as to the correct course of action. Zhao wanted to meet with the students while Li Peng's faction branded the demonstrations as counterrevolutionary. The resultant indecision, coupled with Gorbachev's upcoming summit meeting in May, added even more momentum to the movement. On May 15th, during Soviet President Gorbachev's visit to Beijing, over 200,000 students and pro-democracy supporters gathered in Tiananmen Square in Beijing.¹¹ On May 20th, the numbers grew to over 1 million people directly defying the Chinese imposition of martial law. On June 3rd, 1989, Chinese leader Deng Xiaoping ordered the military to break up the demonstrations in Tiananmen Square.¹² While the actual death toll among the demonstrators is unknown, estimates range from five hundred to several thousand, with many times that number wounded. Furthermore, in the days that followed, many were tried and executed for their part in the movement.¹³

Needless to say, the international community was outraged. The Bush administration immediately invoked a number of sanctions against the PRC on June 5th and again on June 20th. Among others, the US suspended military sales to China, suspended high-level exchanges at or above the assistant secretary level between the governments, requested postponement of lending by international institutions, suspended investment guarantees by

¹¹ Stephen E. Ambrose and Douglas G. Brinkley, *Rise to Globalism: American Foreign Policy since 1938*, 8th ed. (New York: Penguin Books, 1997), 354-55.

¹² *Ibid.*, 355.

¹³ *Ibid.*

the Overseas Private Investment Corporation, and suspended “the issuance of export licenses for American satellites intended to be launched on Chinese boosters.”¹⁴ On an international scale, the US successfully urged the European Community and the Group of Seven to impose similar sanctions.¹⁵ While his public talk was tough, Bush also called for restraint as he “warned against an ‘emotional response’ . . . on the grounds that excessive sanctions might produce a ‘total break in this relationship’ or even cause ‘hardship’ to the Chinese people.”¹⁶

Almost as soon as the sanctions had been ordered, the Bush administration began to seek ways to lessen their impact. For instance, on July 7th, 1989, the administration granted a waiver “allowing the transfer of four new 757-200 jets, equipped with sophisticated Honeywell navigation systems which are controlled on the munitions list.”¹⁷ Furthermore, in accordance with his objective to maintain some measure of US-PRC relations but in disregard to US sanctions, Bush secretly sent two of his national security advisors, Brent Scowcroft and Lawrence Eagleburger to visit with the Chinese leaders in person. Their mission, according to Eagleburger, “conveyed an ‘undiluted message from the President to the Chinese leadership about America’s horror over Tiananmen.’”¹⁸ However, the trip was also most assuredly an attempt “to assure Deng Xiaoping of continued American cooperation.”¹⁹ As expected, President Bush’s actions were highly criticized by congressional members in both parties. As a result, Congress passed legislation calling for Bush to impose greater sanctions on the PRC. More importantly, in this legislation Congress

¹⁴ Harding, 226.

¹⁵ Harding, 226-7. See also Peter Van Ness, “Addressing the Human Rights Issue in Sino-American Relations,” *Journal of International Affairs*, Vol. 49, No. 2, Winter, 1996, 312.

¹⁶ Harding, 227.

¹⁷ “‘Where Have All The Sanctions Gone?’: Additional Arguments For Blocking MFN to China,” Publications of the Center for Security Policy, No. 90-52, The Center For Security Policy, 4 June 1990, <http://www.security-policy.org/papers/1990/90-52.html>, p 2.

¹⁸ Van Ness, 312.

¹⁹ Ibid.

attempted to tie the lifting of these sanctions to very definite actions that had to be completed by the PRC. When Bush voiced opposition to having his hands tied on foreign policy issues, Congress dropped that portion of the bill. Furthermore, Bush vetoed a bill that would have allowed “Chinese students four years in which to apply for immigrant status or employment visas, exempting them from deportation during that period, and allowing them to work in the meantime” because it also reduced his flexibility in dealing with foreign policy.²⁰ In defense of his actions, Bush stated that it was “for the President of the United States to set what he thinks is right and best The person sitting in this office has to consider many things that I never had to consider when I was a Congressman.”²¹ Thus, in spite of the criticism, Bush continued “engaging” the Chinese wherever he could.

PRC officials saw the demonstrations as a direct threat to continued CCP leadership. Jiang Zemin, in his first speech after being named Party General Secretary, characterized the demonstrations as a “counterrevolutionary rebellion aimed at opposing the leadership of the Communist Party of China and overthrowing the socialist system.”²² With this position being the dominant view among CCP officials, it is no wonder that the PRC reacted so strongly to the US-led sanctions. To the Chinese, the sanctions were a violation of the three communiqués since they resulted exclusively from China’s internal affairs. Furthermore, conservative elements within the PRC accused the US of pursuing a subversive policy of peaceful evolution and of fomenting the counterrevolutionary movement. This group’s position gained further legitimacy as a result of events in Eastern Europe. In the fall of 1989, the Berlin Wall had come down symbolizing the fall of communism in Europe. Of even

²⁰ Harding, 234.

²¹ Ibid., 233.

more significance was the fact that the Communist government in Romania was overthrown by pro-democracy forces, and its leader and longtime PRC ally, Ceausescu, was executed in December 1989.²³ Consequently, Tiananmen symbolized the most serious type of threat. Commenting on this threat and the brutal actions that it produced, Sinologist Parris Chang said: "To avert the fate of Eastern Europe, the Chinese are prepared to make a last stand."²⁴ Unsurprisingly, this group of conservatives initially reacting by seeking to abandon its ties to the West in favor of nations more ideologically similar to itself.²⁵ When this strategy proved hopeless, the PRC resorted to a policy designed to withstand the sanctions until the international isolation could be broken.

Toward the end of 1989, Bush tried once more to engage the PRC. In December, he sent Scowcroft and Eagleberger to China once again with the message that the US was willing to ease sanctions in return for similar gestures on the PRC's part. Soon after, Bush granted export licenses for three communications satellites to be launched by the PRC, resumed Exim bank lending, and announced that the US would consider World Bank loans on a case by case basis.²⁶ As a result of these actions (and some argue because of the dire economic situation the PRC was facing under the sanctions), the PRC lifted martial law on January 10th, 1990, released 573 people who had been arrested for their part in the demonstrations, eased restrictions on academic exchanges, and removed the PLA guard from

²² John F. Copper, "Peking's Post-Tiananmen Foreign Policy: The Human Rights Factor," *Contemporary China in the Post Cold-War Era*, Bih-jaw Lin and James T. Myers eds. (Columbia: University of South Carolina Press, 1996), 331.

²³ Ibid.

²⁴ Parris H. Chang, "China and the Great Powers to the Year 2000," *Change, Interdependence and Security in the Pacific Basin: The 1990 Pacific Symposium*, Dora Alves, ed. (Washington D.C.: National Defense University Press, 1991), 45.

²⁵ Harding, 236.

²⁶ Ibid., 252-3.

around the US embassy.²⁷ Nevertheless, the US considered these concessions to be relatively insignificant. As a result, the gap between the White House and Congress over the future of US-PRC relations widened considerably. PRC officials, on the other hand, were convinced that ongoing US efforts to engage China demonstrated the PRC's strategic importance in balancing the Soviet Union, and the rising economic power of Japan, and a unified Europe.²⁸ While neither US actions nor PRC responses caused an immediate reconciliation between the two nations, the actions of the US had led other nations to lift their sanctions, thus breaking the PRC's isolation.²⁹

For the next several years relations remained tense. China's Most Favored Nation (MFN) status became an aggressively hotly debated topic in Congress as economic leverage further filled the void created by the changing strategic situation. Because China's MFN status had to be re-authorized each year and was subject to congressional approval, it became a tool with which Congress could effectively pressure the PRC to improve its human rights and domestic political policies. Though PRC officials initially stated that they would rather lose their MFN status than concede to US interference on matters of sovereignty, they continually compromised on critical issues each time the debate came up. Some of these compromises included the release of 97 dissidents, the purchase of \$2 billion worth of Boeing jetliners, the signing of the Nuclear Nonproliferation Treaty, and an agreement to adhere to the Missile Technology Control Regime (MTCR) guidelines.³⁰ While these compromises were not enough to deter Congress from trying to pass legislation that would

²⁷ Ibid., 257. Also, see Ta Jen Liu, *U.S.-China Relations, 1784-1992* (New York: University Press of America, 1997), 368.

²⁸ Ibid., 253, 255-6.

²⁹ Ta Jen Liu, 368.

³⁰ Harding, 264-5, 279. Also see Martin L. Lasater, *The Changing of the Guard: President Clinton and the Security of Taiwan* (Boulder: Westview Press, 1995), 47.

place automatic conditions on MFN recertification, they were enough to give the Bush administration the firepower it needed to successfully veto this legislation.

In short, MFN status was important to the US but critical to the PRC. Trade between the two countries had dramatically increased between 1988 and 1990, despite the Tiananmen incident. The volume of bilateral trade rose from \$13.5 billion in 1988 to \$20 billion 1990. Chinese exports to the US rose from \$8.5 billion to \$15.2 billion during that same time period, accounting for 15 percent of total PRC trade.³¹ Bush was convinced that denial of MFN status to the PRC would initiate a trade war in which American consumers and exporters would suffer. Additionally, denying MFN status would damage Hong Kong's economy which relied on its intermediate role in the passing of goods from China to US ports. Finally, denying MFN status would hurt the budding Chinese capitalists, the very people the US hoped would bring about lasting changes in the PRC.³² Bush enunciated the importance of continued engagement with the PRC in May 1991. While speaking at Yale University, he made the following comments:

If we pursue a policy that cultivates contacts with the Chinese people, promotes commerce to our benefit, we can help create a climate for democratic change. No nation on Earth has discovered a way to import the world's goods and services—while stopping foreign ideas at the border. Just as the democratic idea has transformed nations on every continent—so, too, change will inevitably come to China.³³

The 1990-91 Persian Gulf crisis aggravated tensions, as well. While the PRC initially voted in favor of UN Security Council Resolutions condemning the Iraqi invasion, it later acted on its fear of US hegemony and used its position as a Security Council member to exact US concessions by threatening to veto resolutions on the use of force. After intense US

³¹ Harding, 284.

³² All three arguments were found in Harding, 266-7.

³³ Lasater, *Guard*, 46.

lobbying, the PRC chose to abstain from voting on the resolutions but not from expressing its criticism of US actions throughout the war. The Chinese were convinced that the growing strength of the US, the weakening of communism throughout the globe, and the relative ease in which the Persian Gulf War was won revealed US's goal to achieve global hegemony. Bush's "new world order" theme that he had maintained throughout his Presidency exacerbated these fears considerably.³⁴ Shortly after the end of the Persian Gulf War, Bush told a Joint Session of Congress that the war had been "the first test for the 'new world order' . . . in which freedom and respect for human rights find a home among all nations."³⁵ Understandably, statements such as these gave the PRC leaders reason for caution.

When the Soviet Union collapsed in 1991, the strategic leverage of the PRC again declined, and Chinese fear of US hegemony became more definite. As a result of these factors, US policy toward Taiwan became less constrained. In 1992, the PRC purchased a squadron of Soviet-built SU-27 air superiority fighters and signed an agreement with Russia to build the aircraft in China.³⁶ With the Soviet Union defunct, China on the rise but battling MFN concerns, and Taiwan fearful of the PRC's new weapon system, President Bush agreed to sell Taiwan 150 Lockheed F-16 fighter jets, an "aircraft unavailable at any price during the Cold War."³⁷ While the sale certainly made a statement to the PRC, it was probably motivated by economic reasons as much as by strategic ones. The end of the Cold War was a crushing blow to the US defense industry, and, hence, to many voting constituents around the country. In fact, prior to the F-16 sale, 100 members of Congress sent a letter to President Bush demanding that he approve the sale, stating that " 'if we do not allow F-16 sales to

³⁴ Harding, 271-5.

³⁵ Martin L. Lasater, *The New Pacific Community: U.S. Strategic Options in Asia*, (Boulder: Westview Press, 1996), 5.

Taiwan, they will buy French aircraft and will also make a commitment to purchase French nuclear plants and railroad technology.’’³⁸ In spite of the continued, though somewhat muted, protests from the PRC, this aircraft sale opened the door for future military sales to Taiwan.

³⁶ Dennis Van Vranken Hickey, *Taiwan's Security in the Changing International System*, (Boulder, Lynne Rienner Publishers, 1997), 158.

³⁷ *Ibid.*, 71.

³⁸ *Ibid.*, 86.

CHAPTER 9

TAIWAN

Taiwan's Political Evolution: In order to analyze US policy toward the PRC-ROC conflict adequately, one must take into consideration the ROC's post-1949 evolution. Therefore, before I continue with the chronological analysis of US-PRC relations, I will briefly discuss the enormous changes that the ROC on Taiwan has experienced in the recent past. First of all, in spite of Chiang Kai-shek's rhetoric to the contrary, he realized that the ROC army alone would not be able to defeat the People's Liberation Army (PLA) and recover the mainland by the early 1950's. Consequently, Chiang decided to pursue his goals of reunification by utilizing political influence instead of military force. His overall objective was to create a "model province and thereby prove the superiority of KMT's road to modernization."¹ While the KMT no longer seeks to recover the mainland, the results of Taiwan's modernization have been astounding.

Taiwan's political evolution, especially since 1975, has been amazingly rapid. Although technically a constitutional democracy under Chiang Kai-shek, "emergency conditions" were declared in 1949 for the purpose of fighting communism and recovering the mainland, resulting in the prolongation of the KMT's authoritarian, one-party government. Under these conditions, elections for principle government offices were closed to public competition, "opposition parties were banned, dissidents were jailed, the press was muzzled,

¹ Dennis Van Vranken Hickey, *Taiwan's Security in the Changing International System* (Boulder: Lynne Rienner Publishers, 1997), 99.

and parliamentary elections were restricted to a small proportion of seats.”² In fact, in order to legitimize the KMT claim to being the official government of mainland China, KMT officials who had been elected on the mainland prior to their flight to Taiwan were allowed to maintain their seats in the government indefinitely. Only upon the death of a government member was his seat open for election. In 1969, realizing that a democratic Taiwan could not be achieved without the active involvement of the Taiwanese people, the KMT began holding “regularly scheduled ‘supplemental’ elections to add new members to the legislative bodies.”³ Of the newly elected members, over 80 percent were Taiwanese.⁴

In 1975, Chiang Kai-shek died, and was succeeded by his son, Chiang Ching-kuo. Chiang Ching-kuo, facing increasing isolation due to the 1978 US-PRC Joint Normalization Communiqué, pursued a more moderate approach to governing and devoted his efforts to energizing the economy and increasing the status of the island.⁵ On July 15, 1987, Chiang Ching-kuo formally abolished martial law, and worked to initiate political reforms.⁶ Fearing that the KMT leadership would not survive his death, Chiang began recruiting Taiwanese for government positions and chose Taiwanese-born Lee Teng-hui as his vice president in the 1980s.⁷ From this point forward, democracy on the island unfolded rapidly. Before Chiang died in January 1988, he asked that “no member of his family should assume his offices, thereby ending the Chiang family dynasty which dominated ROC politics for six decades.”⁸ The following day, Vice President Lee Teng-hui was sworn in as President, and in July, took

² Ibid., 93.

³ Martin L. Lasater, *The Changing of the Guard: President Clinton and the Security of Taiwan* (Boulder: Westview Press, 1995), 80.

⁴ Ibid.

⁵ Alan M. Wachman, *Taiwan: National Identity and Democratization* (London: An East Gate Book, 1994), 8.

⁶ Hickey, 94.

⁷ Chiao Chiao Hsieh, “Domestic Political Change,” *Take-off for Taiwan?*, Peter Ferdinand, ed. (London: Royal Institute of International Affairs, 1996), 7.

⁸ Lasater, *Guard*, 81.

over Chiang's position as Chairman of the KMT.⁹ In 1989, the Legislative Yuan passed the Law on the Organization of Civic Groups which legalized opposition parties.¹⁰ Further change occurred in 1990 when the ROC Council of Justices ruled that government members who had maintained their positions since arriving from the mainland would be forced to retire by the end of 1991.¹¹ As a result of this ruling, 76 percent of all legislative positions were open for election in 1991 and 1992.¹² Consequently, in December 1991, the country had its "first major national election" to elect the National Assembly, the body responsible for amending the constitution.¹³ One year later, Taiwan elected a new Legislative Yuan, the results of which greatly increased the diversity of party-composition. Finally, on March 23, 1996, Taiwan directly elected its president for the first time. Perhaps even more significant than the direct nature of the election was the fact that the incumbent president, Lee Teng-hui, was elected in spite of serious Chinese scare tactics throughout the election.

The recent legalization of opposition parties and political dissent within Taiwan represents a profound change that significantly impacts its future. Roughly eighty-five percent of the twenty-one million islanders are "Taiwanese" (those who migrated to the island prior to the ROC exodus in 1949). As discussed earlier, these inhabitants see themselves as distinctly different from the "mainland Chinese" who controlled the island for the forty years prior to democratization. This "Taiwanization" of the island has impacted every sphere of political life, and promises to pose interesting scenarios in the resolution of the Taiwan sovereignty debate. There are basically four different currents of thought within

⁹ Ta Jen Liu, *U.S.-China Relations, 1784-1992* (New York: University Press of America, 1997), 359.

¹⁰ Hickey, 94.

¹¹ Lasater, Guard, 82.

¹² Ibid.

¹³ Hickey, 94.

the Taiwan government regarding the future of Taiwan, three of which generally correspond to one of the three primary political parties.

Kuomintang (KMT): The KMT is the oldest “party” having been formed prior to the ROC exodus from the mainland in 1949. Throughout much of its history, the goal of the KMT has been reunification with the mainland after the defeat of the communist regime. Under the KMT of the past, there was only one China, of which Taiwan was only a part. Chiang Kai-shek’s goal of “national recovery and national reconstruction” remained the goal of the KMT until Lee took office in 1988. Under President Lee Teng-hui, the KMT position has evolved considerably and is now considered the moderate party on the island. Taiwan’s Foreign Minister, Frederick Chien, explained current KMT policy toward the PRC this way:

We no longer consider the Communist Party in the mainland as a rebellious group. We consider them as a reality. They are, in fact, in control of the mainland. We, in contrast, can only exercise full and effective jurisdiction over Taiwan, Pescadores, Quemoy, and Matsu. And this, as you can very easily see, is the reality.¹⁴

This view has often been called the “One China, Two Political Entities” proposal and is the main theme of Lee’s “Pragmatic Diplomacy” that he introduced in June 1989 at the KMT’s Thirteenth National Congress.¹⁵ According to the KMT, the term “China” in this phraseology is no longer used to designate a political territory, but refers to the “broad historical, cultural and geographical connotations” associated with it.¹⁶ The KMT still formally seeks reunification, but under terms and definitions that leave many wondering if the KMT’s position is actually a “wait and see position or a policy of maintaining the status

¹⁴ Ibid., 140.

¹⁵ Chiao Chiao Hsieh, 73.

¹⁶ “The Republic of China on Taiwan and the United Nations,” Ministry of Foreign Affairs: The Republic of China, August, 1995, <http://www.gio.gov.tw/info/un50/un.html>, 5

quo.”¹⁷ In fact, Taiwan Vice President Lien Chan, playing off China’s “One China, Two Systems” scheme, calls the ROC position “One China, One Good System.”¹⁸

Regardless of the rhetoric, President Lee’s policies indicate that the status-quo as an unrecognized political entity is unacceptable. Lee’s strategy is composed of three major points: 1.) the strengthening of old and the development of new formal diplomatic ties; 2.) the creation of “substantive relations with countries that do not maintain formal ties with Taiwan;” and 3.) the “admission or readmission to international organizations and activities vital to the country’s national interest.”¹⁹ Currently, Taiwan is formally recognized by 29 countries²⁰ and maintains unofficial relations with 120 others, many of whom have exchanged “unofficial” representatives with Taiwan.²¹ Taiwan, under KMT leadership, also accepts the idea that a country can recognize both the PRC and the ROC simultaneously. Using foreign aid and trade incentives, Taiwan is doing its best to become an undeniable reality in the world community. In addition to seeking greater membership in a variety of international organizations (Taiwan currently participates in 11 governmental and 811 nongovernmental organizations), Taiwan decided to seek re-admission to the “UN General Assembly as the ‘Republic of China under the ‘divided state’ formula that had allowed the two Germanys and the two Koreas to join” in 1993.²² As a result of Taiwan’s generous aid, seven Latin American countries petitioned the General Assembly to debate the issue.²³ Twenty-three members endorsed Taiwan’s case that same year. In 1995, after agreeing to

¹⁷ “The Republic of China on Taiwan,” Internet, 9.

¹⁸ “Taipei Rejects ‘One Country’ Suggestions,” *South China Morning Post*, July 1st, 1997, <http://www.scmp.news.com/news>.

¹⁹ Hickey, 115.

²⁰ For the most recent list, see <http://www.policy/un/nations.html>.

²¹ Hickey., 116-7.

²² John W. Garver, *Face Off: China, the United States, and Taiwan’s Democratization* (Seattle: University of Washington Press, 1997), 31.

²³ Ibid.

give \$1billion to the UN if allowed to become a member, Taiwan received backing from twenty-nine countries.²⁴

The Democratic Progressive Party (DPP): The DPP is Taiwan's foremost opposition party. Composed primarily of those who suffered under the Chiangs' KMT leadership, the DPP sees the history of Taiwan as distinct from that of the mainland, and, therefore, rejects reunification in favor of outright independence.²⁵ Most advocates of independence do not see the present status of Taiwan as a dependent country. On the contrary, independence advocates want recognition for the "de-facto sovereignty" that they have maintained for years but have been denied.²⁶ Therefore, in the sense of *maintaining* Taiwan's independence, the DPP's position generally agrees with the KMT's unstated objectives. The DPP disagrees, however, with the KMT's emphasis on the "one China" principle and feels that the KMT simply maintains that position to keep from losing credibility among its "mainlander" constituency.²⁷ Consequently, the DPP's agenda is to bring the independence issue to the forefront so that it can "destroy the legitimacy of the KMT and, presumably, replace it as the ruling force on the island."²⁸ To DPP members, formalizing independence would safeguard against future subjugation from the mainland as well as bolster the legitimacy of Taiwanese nationalism. While some consider the DPP views to be idealistic or foolish in view of the potential consequences of such a policy, the DPP is a legitimate force to be reckoned with in Taiwan. In the 1996 presidential elections, the DPP candidate won 21% of the vote to the

²⁴ Ibid.

²⁵ Ibid., 18.

²⁶ Wachman, 76-7.

²⁷ Ibid., 77.

²⁸ Ibid..

KMT's 54%.²⁹ Similarly, in National Assembly elections that same year, the DPP increased its percentage of representation from 12.6% to 29.6% and, together with the New Party's 13.7%, almost kept the KMT from gaining a majority.³⁰

The New Party: The next possibility is rooted in the platform of the Chinese New Party, who split from the KMT in 1994 over the issue of "collective identity."³¹ This group believes that Taiwan is a province of China and should be reunified as soon as the mainland renounces communism. The platform centers around a vision of a "powerful Chinese nation state and derives a deep satisfaction from identification with that would-be state."³² This party is relatively small because it is primarily composed of "mainland" Chinese who fled the country in 1949. Nevertheless, the Chinese New Party grows increasingly more important as the likelihood of a KMT majority decreases. In such a situation, alliances and compromises with third party members become critical in getting legislation passed.

Status Quo Advocates: The final option stems from a group within Taiwan who are largely satisfied with Taiwan's functional sovereignty. This group does not really have a distinct party affiliation, but could generally be considered as a sub-set within the KMT party. In fact, many argue that the status-quo, wait-and-see strategy is actually the current KMT strategy stripped of its ideological rhetoric. This group feels that Taiwan is already independent and that a formal declaration "will not improve the political standing of the island in the international community."³³ Furthermore, with the collapse of the Soviet Union,

²⁹ Stephen J. Yates, "The Challenge of Taiwan's Democracy for the United States and China" The Heritage Foundation, Background Update No. 272, April 12, 1996, p. 1, <http://www.heritage.org/heritage/library/categories/forpol/bgup272.html>

³⁰ Ibid., 2.

³¹ Garver, 19.

³² Ibid., 20.

³³ Wachman, 72.

advocates of this position feel that it is only a matter of time until the PRC follows suit.³⁴

These people see an eventual PRC collapse as imminent and judge that the wisest course of action is to wait quietly for the inevitable.

Official Policy. While all of these positions are at work within the government, the official ROC position on reunification was codified in the “Guidelines for National Unification” which were adopted by the Executive Yuan in 1991. (For the full text of the “Guidelines,” see Appendix 5.) The stated “goal” of the guidelines is “to establish a democratic, free and equitably prosperous China” and it proposes a three-stage process for achieving this objective.³⁵ The first phase is a short-term phase emphasizing “exchanges and reciprocity,” It includes such demands as mutual recognition of one another as political entities, requires the PRC to gradually allow freedom of expression and economic reform, and demands implementation of “both democracy and the rule of law.”³⁶ The medium term is a “phase of mutual trust and cooperation.” This phase, among other things, calls for official communication on “equal footing,” joint development of the mainland’s coastal regions, a cooperative approach to “taking part in international organizations and activities,” and mutual visits by high-ranking officials.³⁷ Finally, in the long term, the guidelines state that

a consultative organization for unification should be established through which both sides, in accordance with the will of the people in both the mainland and Taiwan areas, and while adhering to the goals of democracy, economic freedom, social justice and nationalization of the armed forces, jointly discuss the grand task of unification and map out a constitutional system to establish a democratic, free, and equitably prosperous China.³⁸

³⁴ Ibid., 73

³⁵ “Guidelines for National Unification,” Mainland Affairs Council, The Executive Yuan, Republic of China, <http://www.peacock.tnrc.edu.tw/guide.html>, 1.

³⁶ Ibid., 2.

³⁷ Ibid., 2-3.

³⁸ Ibid., 3.

Obviously, the Guidelines for National Reunification reflect a long-term strategy with practically no prospects for reunification in the near future.

Economic Growth. Between 1950 and 1994, Taiwan's GNP increased over 1000 percent,³⁹ making it the 19th largest economy in the world.⁴⁰ Between 1960 and 1985, Taiwan had the second highest growth rate in the world behind Botswana.⁴¹ Furthermore, between 1980 and 1992, Taiwan had the highest GDP growth rate in Asia with an average of 10.6 percent.⁴² As of a 1995 report, the ROC was the world's 14th largest trading nation, the sixth largest outbound investor, and the second largest holder of foreign reserves with over US\$100 billion.⁴³ Perhaps even more significant when compared to the PRC (or any nation), the per-capita income on Taiwan is approximately US\$12,000.⁴⁴

As for its economic relations with the PRC, China and Taiwan are engaged in a number of cross-strait economic activities in spite of all the "official" conflict. Throughout most of the ROC-PRC conflict, the ROC allowed very little contact with the PRC out of fear of Chinese manipulation and subjugation. This all changed in 1987 when the rule against cross-strait travel was relaxed allowing Taiwanese the opportunity to visit their relatives on the mainland.⁴⁵ This was just the beginning of a phenomenal growth rate.⁴⁶ By 1992, China

³⁹ Wachman, 73.

⁴⁰ "The Republic of China on Taiwan and the United Nations," Ministry of Foreign Affairs: The Republic of China, August, 1995, <http://www.gio.gov.tw/info/un50/un.html>, 3.

⁴¹ Peter Ferdinand, "The Taiwanese Economy," *Take-off for Taiwan?*, Peter Ferdinand ed. (London: Royal Institute of International Affairs, 1996), 37.

⁴² Ibid.

⁴³ "The Republic of China on Taiwan," Internet, 3.

⁴⁴ Ibid.

⁴⁵ Ralph N. Clough, "Cross Strait Economic Ties," *Taiwan In A Transformed World*, David Tawie Lee and Robert L. Pfaltzgraff, Jr., eds., Institute of International Relations, Institute for Foreign Policy Analysis, Inc. (Washington: Brassey's, 1995), 21.

⁴⁶ Interestingly, the Tiananmen Incident had very little effect on Taiwan's trade and investment in the PRC. For an interesting study on the economic relations during this time period, see Chong-Pin Lin's "Taiwan and China After Tiananmen: Dialectics in Future Relations," *Change, Interdependence and Security in the Pacific Basin: The 1990 Pacific Symposium*, Dora Alves, ed. (Washington D.C.: National Defense University Press, 1991), 51-86,

was Taiwan's second largest market behind the US and accounted for fourteen percent of Taiwan's exports.⁴⁷ Additionally, Taiwan has invested heavily in the mainland. By mid-1993, Taiwanese investments were estimated to be between \$6 and \$22 billion with over 15,000 ROC businesses registered on the mainland.⁴⁸ Increased trade has increased the need for governmental interaction as well. To meet the need for high-level communication while holding to principle, Taiwan set up the "unofficial" Straits Exchange Foundation (SEF) and the PRC established the "unofficial" Association for Relations Across the Taiwan Straits (ARATS) in 1991.⁴⁹ While avoiding political topics in theory, the two organizations have become critical outlets for all types of information flow—even though each government interprets the meetings in vastly different ways.

Military. Though Taiwan no longer seeks to defeat the communists militarily, it does rely on a strong defensive capability to ensure that the potential costs of a PRC invasion of Taiwan remain unacceptably high.⁵⁰ The Taiwanese, therefore, maintain a highly technological military force structure, and produce a variety of weapons on the island. For instance, the Taiwanese navy is working on plans for building a submarine, developing a modern warship, and employing its own anti-ship missiles.⁵¹ Additionally, it "recently purchased over a dozen French LaFayette-class frigates, and leased several U.S. Knox-class frigates."⁵² In the air force, the Taiwanese are employing their locally developed "Indigenous Defense Fighter" and waiting on the delivery of 150 US F-16's and 60 French Mirage 2000 aircraft.⁵³ Taiwan's army (the most non-essential component for an effective

⁴⁷ Ibid., 25.

⁴⁸ Ibid. See also Ferdinand, 55. The PRC historically reports higher figures than the ROC.

⁴⁹ Clough, 33-4.

⁵⁰ Hickey, 37.

⁵¹ Ibid., 38.

⁵² Ibid.

⁵³ Ibid.

island defense) is undergoing modernization as well. The army, despite its down-sizing, “is being equipped with new tanks, combat helicopters, and other sophisticated military equipment.”⁵⁴

⁵⁴ Ibid.

CHAPTER 10

1992 to 1996: SHOWDOWN IN THE STRAITS

The Early Years. When Arkansas Governor and presidential candidate Bill Clinton began campaigning for the US presidency, he was faced with a number of competing demands regarding the PRC-ROC situation. In one sense, he was forced to respond to an electorate negatively influenced by the 1989 Tiananmen Square crackdown, a democratic-controlled Congress that had been calling for tougher measures against the PRC from the Bush administration for years, and a massive US trade deficit (\$18 billion) with the PRC second only to the deficit with Japan. On the other hand, Clinton believed that the American people wanted a president who would concentrate on improving the domestic economy in the post-Cold War world¹—a mandate that practically required the vast market possibilities of the PRC. Though the subject of China did not play an overly significant role in the '92 election, Clinton did make several statements regarding the future outlook of his administration. Clinton labeled Bush's attempts to engage China after the Tiananmen incident as "coddling" China, and claimed that human rights would play a more significant role during his presidency. Furthermore, as a result of the MFN battles that Bush had weathered, Clinton, bowing to congressional democrats, promised that he would link China's MFN with improvements in the human rights arena.²

¹ James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton* (New York: Alfred A. Knopf, 1999), 275.

² Martin L. Lasater, *The Changing of the Guard: President Clinton and the Security of Taiwan* (Boulder: Westview Press, 1995), 48.

Post-Cold War Foreign Policy. One of the initial dilemmas that the Clinton administration faced was formulating a post-Cold War foreign policy. Consistent with its increased focus on economics, Secretary of State Christopher announced that the US policy would be based on the three pillars of a strong national economy, a reduced but strong military capability, and increased support for the development of democracies.³ Because of the lack of an overarching threat, however, prioritizing these pillars proved to be a difficult task. Therefore, in an effort to maintain leadership in the world without sacrificing its commitment to the domestic economy, the US put forward its strategy of “assertive multilateralism.” This was basically a strategy where the US would continue to remain engaged in global affairs but would rely more heavily on the international community and the UN to respond to various threats to peace.⁴ The reason for assertive multilateralism, in the words of President Clinton, was that “America cannot and should not bear the world’s burdens alone.”⁵ As for the US’s China policy, Christopher boldly stated that

our policy will be to seek to facilitate a broad, peaceful evolution in China from communism to democracy by encouraging the forces of economic and political liberalization in that great and highly important country.⁶

To the wary Chinese, Christopher’s statements set an uneasy tone for US intentions.

This uneasiness only increased as policies continued to be clarified. Speaking more specifically about the Clinton administration’s China policy, Winston Lord, in his confirmation hearing before the Senate in March 1993, stressed the economic importance of China, Taiwan, and Hong Kong as “one of the most important areas for investment and

³ Martin L. Lasater, *The New Pacific Community* (Boulder: Westview Press, 1996), 29.

⁴ *Ibid.*, 31.

⁵ Charles W. Kegley, Jr. and Eugene R. Wittkopf, *American Foreign Policy: Pattern and Process*, Fifth Ed. (New York: St. Martin’s Press, 1996), 80.

⁶ Mann, 276.

trade.”⁷ Furthermore, in one of the most obvious statements regarding Clinton’s economics-based foreign policy, Lord made the following comment:

In the aftermath of the Cold War, economics is increasingly supplanting military considerations on our foreign policy agenda. More than ever our national security depends on our economic strength. With domestic renewal now America’s highest priority, trade and investment are critical. And no region is more central for American economic interests than the world’s most dynamic one—Asia.⁸

Expounding on the Clinton administration’s US-Taiwan policy, he reemphasized US adherence to the three joint communiqués and the TRA, as well as to the US policy of seeking a peaceful resolution by the Chinese themselves. Additionally, Lord, a very strong advocate of linking MFN status with China’s human rights progress, stated that “We will seek cooperation from China on a range of issues. But Americans cannot forget Tiananmen Square.”⁹ Consequently, in the remainder of his testimony, he stressed the importance of humanitarian and commercial stakes in Hong Kong, and expressed concern over illegal drug trafficking and the trade deficit. As a way of legitimizing the importance of economic relations with China, Lord also stated that the Chinese “leaders are gambling that open economics and closed politics will preserve their system of control.” It was a gamble, Lord said, that would eventually be lost.¹⁰ Thus, very much like Bush, Clinton realized that engaging the PRC was not only critical to the American economy, but it had the additional advantage of being morally and ideologically defensible.

Additionally, in September 1993, Clinton’s National Security Advisor, Anthony Lake, announced that the US would replace its Cold War containment strategy with a

⁷ Lasater, *Guard*, 49.

⁸ *Pacific*, 52.

⁹ Mann, 277.

¹⁰ *Guard*., 50.

strategy geared to enlarge the “world’s free community of market democracies.”¹¹

According to Lake, this strategy was imperative “because it protects our interests and security; and because it reflects values that are both American and universal.”¹² This strategy of “enlargement” also reflected the increased importance of economics in the post-Cold War world. In fact, enlargement was a four-pronged strategy that was dominated by economic and political concerns. It first sought to strengthen existing democracies by encouraging macroeconomic coordination and open trade. Secondly, enlargement sought to “help democracy and markets to expand and survive in other places where we have the strongest security concerns”¹³ Thirdly, enlargement desired to reduce the threats to democracies “from those whose power is not popularly derived.”¹⁴ While being careful to deny that the US was seeking to impose its position on others, Lake explained the effect economic liberalization had on non-democratic countries in this ideologically pleasing way:

Other anti-democratic states will opt to pursue greater wealth by liberalizing their economic rules. Sooner or later, however, these states confront the need to liberalize the flow of information into and within their nations, and to tolerate the rise of an entrepreneurial middle-class. Both developments weaken despotic rule and lead over time to rising demands for democracy.¹⁵

The final goal of enlargement was to incorporate pragmatism into US humanitarian goals by considering such things as cost and feasibility. In speaking about this new strategy, President Clinton (and later the Pentagon) stated the importance of “enlarging the community of market democracies while deterring and containing a range of threats to our nation, our allies and our interests.”¹⁶

¹¹ *Pacific*, 32.

¹² *Guard*, 18.

¹³ *Pacific*, 33.

¹⁴ *Ibid.*

¹⁵ *Guard*, 20.

¹⁶ *Ibid.*, 36.

Obviously, these policies and the accompanying statements regarding them concerned the PRC leaders who were already under mounting pressure from conservatives in the CCP to take a stronger stance against US “hegemonic” tendencies. Once again, these statements seemed to allude to a “New World Order” that the CCP found very threatening. Furthermore, to many of the Chinese, the Clinton administration’s foreign policy statements not only reflected a growing American arrogance, but they were seen as violations of the US commitment to stay out of other countries’ internal affairs. These policies, combined with recent events such as the US’s normalization of relations with Vietnam, the strong US support of an increasingly powerful Japan, Vietnam’s membership in ASEAN, and the F-16 sale to Taiwan all contributed to the Chinese conservatives’ view that the real strategy of the US was to contain China in order to keep it weak.¹⁷ This perception was only aggravated by the very vocal “contain China” advocates that were growing in number in the US.

1993 MFN. As for the renewal of China’s MFN status, by the time Clinton was elected in November, he was already shifting his stance from that of his campaign. In fact, in his first speech as President-elect, Clinton began the process of softening his position somewhat by saying that isolating China would not be productive.¹⁸ By December, Clinton announced that he did not anticipate withholding China’s MFN status based on the PRC’s economic reform and human rights improvements that had occurred that year. Nevertheless, as a result of congressional threats to impose legislation tying MFN status to specific improvements, Secretary of State Warren Christopher announced in March 1993 that China’s MFN status would be renewed in 1993 but would be dependent upon human rights and other issues in 1994. By May, Clinton released his 1994 MFN policy in an executive order, the

¹⁷ John Garver, *Face Off: China, the United States, and Taiwan’s Democratization* (Seattle: University of Washington Press, 1997), 6.

core of which was “a resolute insistence upon significant progress on human rights in China.”¹⁹ Specific areas of concern that were mentioned included the imprisonment of political prisoners, abuses in Tibet, weapons proliferation, and China’s trade surplus. Though the executive order was formulated largely in private, the PRC and several members of Congress were consulted. The goal of the Clinton administration was to give the Chinese MFN terms that could and would be met.²⁰

A Litany of Troubles. US-PRC relations became consistently more strained as a result of a number of different issues throughout the early years of the Clinton presidency. In what became a classic example of an insecurity spiral, each successive issue further confirmed the threatened outlook of certain representatives in both countries. In the US, these representatives saw the PRC as a growing threat destined to challenge US influence in Asia and eventually the world. Consequently, they saw a need to contain China while there was still time to do so. In the PRC, these representatives saw the US pursuing a policy of containment, designed to extend US hegemony by keeping China weak. In response, this group saw a definite need to resist the US from a position of strength. While international perceptions definitely created increasing tensions in US-PRC relations, a division between the White House and the Congress on the ROC-PRC dispute became increasingly apparent as well. For example, in July 1993, as the White House was trying to find ways of re-engaging the PRC, Congress passed a resolution declaring to the International Olympic Committee that it did not think that Beijing should not be allowed to host the 2000 Olympic Games. The Congress felt that if China were allowed to host the event, it would give

¹⁸ Guard, 48.

¹⁹ Ibid., 52.

credibility to an authoritarian regime guilty of gross human rights violations.²¹ Needless to say, this action incensed the PRC leaders.

Also in July, congressional concern over Taiwan's security re-emerged. In spite of the recent F-16 sales and a continued pledge from the White House to support Taiwan, many in Congress felt that the 1982 Joint Communiqué had the unintended effect of decreasing military support to Taiwan to unacceptably low levels.²² As a result of the uncertainty regarding the preeminence of the TRA compared to the US-PRC communiqués, the Senate Foreign Relations Committee introduced the Murkowski Amendment. The amendment explicitly stated that the TRA took "primacy over statements of United States policy, including communiqués, regulations, directives, and policies based thereon."²³ Of less significance, the amendment called for the president to "upgrade" US relations with Taiwan and for the State Department to allow "US citizens born in Taiwan to list 'Taiwan' instead of 'China' as their place of birth."²⁴ Once again, US economic interests were as responsible for the amendment's passage as any real concern for Taiwan's security. In fact, in introducing the amendment, Senator Murkowski cited losses of "\$20 billion directly affecting 456,000 [American] jobs plus 340,000 indirect jobs" as a result of the annual decrease in aid to Taiwan.²⁵ Though this action was strongly resisted by the State Department, it received overwhelming bi-partisan support in both the House and the Senate. When the debate over

²⁰ Daniel Burstein and Arne De Keijzer, *Big Dragon: China's Future: What it Means for Business, the Economy, and the Global Order* (New York: Simon and Schuster, 1998), 48. For additional reading on the MFN controversy, see Chapter 4, "The MFN Debate during the Clinton Administration."

²¹ *Ibid.*, 55. According to Ezra F. Vogel, when China lost its bid by a very narrow margin, the Chinese were further convinced that the congressional action had been the decisive factor. See Ezra F. Vogel, "Introduction," *Living With China: U.S.-China Relations in the Twenty-first Century*, Ezra F. Vogel, ed. (New York: W.W. Norton & Co., 1997), 25-6.

²² *Guard*, 140.

²³ *Ibid.*, 141.

²⁴ Garver, 39.

²⁵ *Guard*, 226.

the amendment finally ended, it was added to the Foreign Relations Authorization Act for 1994-95 and passed by a wide margin in both the House and the Senate. With such a high margin of support, Clinton had no real choice but to sign the bill into law in April 1994 or risk a major defeat. Nevertheless, he attempted to ease the PRC's fears by stating that nothing in the amendment changed US-PRC policy.

Adding to the tension, the US announced in August 1993 that China had sold M-11 missiles to Pakistan in violation of the PRC's stated commitment to the Missile Technology Control Regime (MTCR).²⁶ Though the sale had been under investigation since the waning days of the Bush administration, the responsibility of acting on it fell to Clinton. The US strongly denounced this action, and being bound by law, imposed sanctions on the PRC, forbidding the export of US satellites to China.²⁷ The PRC responded with charges that the US violated its 1982 joint communiqué by selling F-16's to Taiwan. The PRC said that it would not be bound by any MTCR agreement as long as the US continued to sell weapons to Taiwan.

By September, relations with the PRC had grown so tense that Clinton decided to initiate communications with Jiang Zemin. According to an article in the *Washington Post*, Clinton sent Jiang a letter along with a document that spoke of the US's "commitment to a 'unified' China."²⁸ If this event really happened (and subsequent events and policy statements give credence to its reliability), Clinton was offering a significant concession in order to keep the relationship from further deterioration. Simultaneously, however, the Clinton administration sold Taiwan \$68 million in Harpoon anti-ship missiles in September,

²⁶ Ibid., 55

²⁷ Mann, 285-6.

²⁸ Guard, 150, 156, note 42.

and the Singer ground-to-air missile in October.²⁹ One month later, China performed an underground nuclear test despite repeated efforts by the US and twenty other nations to persuade the PRC to join in the cessation of nuclear testing.³⁰

China's actions were especially troublesome to the White House because of the growing importance of the PRC's economy to the United States and the decreasing leverage that the US was able to muster. Clinton could not deny the incredible market that the PRC offered for US products. As a result of Deng's trip to the south of China in 1992 which paved the way for additional reforms, new investment in China peaked in 1993.³¹ During this time, some estimates showed that over 170,000 US jobs came from its exports to the PRC.³² Additionally, those with business interests in China complained that the 1989 sanctions only harmed US interests and gave other nations a significant advantage in penetrating the Chinese market. In response to these realities (and highlighting the PRC's position of strength), Clinton again sought to reengage the PRC by sending a host of high-level officials to discuss issues of trade, human rights, and military cooperation. As a result of one of those trips, the Clinton administration approved the sale of a Cray supercomputer (definitely a dual-use piece of equipment) and waived the recently imposed M-11 missile sanctions allowing China to launch three US communications satellites.³³ Though the US hoped to gain a more specific commitment to the MTCR, the Chinese "continued to deny that it had violated MTCR pledges in the first place."³⁴

²⁹ Ibid., 133.

³⁰ Ibid., 57.

³¹ Mann, 284. Mann reports that the PRC signed over 83,000 contracts with foreign firms (6700 US) valued at over \$111 billion. Additionally, the PRC growth rate jumped from 4 percent in 1990 to 14 percent in the first half of 1993.

³² *Guard.*, 62.

³³ Ibid., 59.

³⁴ Ibid.

In November, Clinton met with Deng at the annual Asian Pacific Economic Cooperation summit in Seattle. Though the meeting was important to the extent that it brought the two leaders together for extensive talks, no solid agreements came from the meeting. Instead, in February 1994, the State Department issued its report on human rights and stated that though the PRC had made some progress, it still “fell far short of internationally accepted norms. . . .”³⁵ Furthermore, as a result of the April ‘94 passage of the Foreign Relations Authorization Act mentioned above, the US approved the sale of a Patriot-like missile defense system known as the Modified Air Defense System (MADS) to Taiwan valued at over \$377 million.³⁶ These transactions infuriated the PRC. In fact, it was this fury, combined with the growing negotiating strength of the PRC, that led Chinese leaders to call Clinton’s bluff regarding the linkage between MFN recertification and human rights improvements.

1994 MFN.³⁷ In March, after seeing the Clinton administration’s weakening position and sensing its own negotiating strength, the PRC increased US domestic pressure by awarding large contracts to companies in foreign countries where human rights was not linked to trade. In light of the success of these tactics and realizing the likelihood of a US policy reversal, PRC leaders defied US attempts to gain human rights concessions during Christopher’s visit in March. By May, the pro-business lobby, now activated and organized, began pressuring Clinton and the Congress as well. Letters came pouring in from

³⁵ Ibid., 63.

³⁶ Ibid., 133.

³⁷ James Mann offers a detailed and highly interesting account of the entire MFN debacle. See 15-17 of his work, *About Face*.

approximately 800 businesses and trade associations urging US leaders to abandon the policy of linking MFN to human rights.³⁸

As a result of these pressures, when Secretary Christopher released his report on China's progress in May, the Chinese had "fallen short of the executive order's 'overall, significant progress' standard."³⁹ Nevertheless, the State Department recommended that China's MFN status not be revoked on the basis that it would "serve neither the interests of promoting human rights progress in China nor the interests this nation has in maintaining mutually advantageous ties with China."⁴⁰ Thus, in agreement with the State Department, the Clinton administration decided to de-link MFN status with human rights and "unabashedly abandoned its human rights posture and earlier campaign promise."⁴¹ In defense of his actions, Clinton said that linking MFN had "been constructive during the past year," but that the policy had "reached the end" of its usefulness and should be changed. The House of Representatives approved the PRC's MFN extension by a vote of 280 to 152.⁴² As a result of this concession, the PRC awarded nearly \$5 billion in contracts to US business leaders who accompanied Secretary of Commerce Ron Brown on a trip to China in late August 1994.

The Stakes Increase. While PRC officials were pleased with Clinton's MFN decision, several actions in July demonstrated to them that the battle was not yet won. On July 15th, 1994, two subcommittees in the House of Representatives held a joint hearing on Taiwan's entry into the United Nations. A number of congressmen spoke in favor of Taiwan's entry.

³⁸ Robert G. Sutter, *U.S. Policy Towards China* (New York: Rowman & Littlefield Publishers, Inc., 1998), 50.

³⁹ Guard, 66.

⁴⁰ Ibid.

Also in July, the results of the Taiwan Policy Review (TPR), a study commissioned by Clinton as a result of the Foreign Relations Act of 1994-95, were announced and recommended some changes in the US-Taiwan policy. The recommended changes were not substantial enough to please ROC officials, and were too substantial to please PRC officials. The report stated that while the US supported ROC participation in some international organizations, it did not support its entry into the UN. Furthermore, the report stated that Taiwan's top leadership would not be granted visas to the US but that cabinet-level officials would be considered depending on the circumstances. Taiwan was allowed to change the name of its unofficial liaison office in the US to reflect a geographical place, although it could not use the term "Republic of China." Also, Taiwanese officials were granted permission to visit their counterparts in US government buildings. The day after the official version of the TPR was announced, State Department spokesman Michael McCurry stated that the US did consider Taiwan a part of China. McCurry said that this fact had been "a consistent feature of our one-China policy, consistent with the three China communiqués and the Taiwan Relations Act."⁴³ His statement definitely moved away from the purposeful ambiguity that US negotiators had been so careful to maintain in the past.

Regardless of this statement, the aforementioned US actions, coupled with ROC President Lee's "Pragmatic Diplomacy," the ROC's move toward democracy, and the new KMT's "obvious" desire to create two China's further convinced conservative PRC leaders that the US was secretly pursuing a strategy of dividing and containing China. For months, leaders in the PLA had been urging Jiang Zemin to respond more forcefully in these

⁴¹ Charles W. Kegley, Jr. and Eugene R. Wittkopf, *American Foreign Policy: Pattern and Process*, Fifth Ed. (New York: St. Martin's Press, 1996), 241.

⁴² Sutter, 51.

⁴³ Guard, 151.

matters.⁴⁴ Deng had consistently silenced these recommendations in favor of prioritizing economic growth—a goal requiring stability. In an effort to pursue a middle course between Deng and the military, Jiang Zemin issued the PRC’s newest reunification proposal to its “compatriots in Taiwan” on January 30, 1995. (See the full text of Jiang’s message in Appendix 6.) In it, Jiang re-emphasized both the PRC stance regarding the necessity of reunification and the special autonomy that citizens of Taiwan would enjoy under the PRC proposal. While Jiang gained a temporary respite from the PLA with this approach, new grievances were added during the successive months. These grievances made it progressively more difficult for him to diffuse his critics’ increasingly “legitimate” positions.

While there were a number of factors that exacerbated these conservative Chinese leaders’ calls for action between January and July 1995, the most critical one was the US announcement that ROC President Lee would be granted a visa as a private citizen to speak at his college alma-mater in the US. This announcement was especially troubling because of the numerous assurances the US had given to the PRC that he would be denied entrance.⁴⁵ Though the State Department tried diligently to prevent this from happening, the House voted 397-1⁴⁶ and the Senate voted 91 to 1 on similar resolutions calling for the issuance of the visa.⁴⁷ Once again, congressional support of overwhelming magnitude practically prevented Clinton from refusing, regardless of prior assurances. To make an already bad situation worse, while in the US, Lee made a highly political speech in which he stated: “The people of the Republic of China on Taiwan are determined to play a peaceful and

⁴⁴ Garver, 50-1.

⁴⁵ Burstein and De Keijzer, 63. According to a “State Department official,” the Clinton Administration “...never told them we would prevent Lee from visiting; we only said we would ‘resist’ a visit. They chose to believe that meant we would block it, but that was not the meaning of what we told them.”

⁴⁶ Ibid. This number differs from Garver’s 396-0 account of the vote. In spite of the discrepancy between the two, the point is equally valid.

⁴⁷ Garver., 68.

constructive role among the family of nations....We are here to stay.”⁴⁸ Led largely by PLA efforts, Jiang Zemin was convinced “that this was the kind of issue on which he had to demonstrate his mettle if he was to retain their favor as the preeminent successor to Deng Xiaoping.”⁴⁹ The PRC government recalled its ambassador from the US and demanded that the US reverse its decision. According to the PLA and conservative PRC officials, this was the most blatant proof yet that the US was trying to create two Chinas.

PLA Missile Exercises. The consistent pattern of erratic US decision-making throughout the early 1990’s revealed an apparent lack of strength regarding Chinese affairs in the Clinton administration. The human rights lobby, the free-Taiwan lobby, and the pro-Chinese business lobby seemed to alternate in dominance from one moment to the next. The perceived US instability combined with the new-found legitimacy of the Chinese conservatives within the PRC, presented an opportunity for China to test US resolve regarding Taiwan while “influencing” Taiwan’s move toward democracy at the same time.⁵⁰ This test came in July and August 1995 when China held large-scale missile “exercises” in the Taiwan Straits corresponding to the legislative elections in Taiwan. In an exercise termed “Blue Whale” by the PRC (a blue whale is the symbol of the independence-minded DPP), the mainland conducted extensive military exercises in several different areas of the Taiwan Straits. Importantly, the US did not react to the exercises with either strong warnings or a reiteration of its position on a peaceful resolution of the conflict. Consequently, the exercises had the combined effect of causing division among the Taiwanese and the Mainlanders in the KMT party and testing the US response.

⁴⁸ Mann, 326-7.

⁴⁹ Burstein and De Keijzer, 64.

⁵⁰ Peter Van Ness, “The Impasse in US Policy Toward China,” *The China Journal*, No. 38, July, 1997, 143.

Sensing its strength, the PRC began pushing for a fourth communiqué formally stating the US's position on the status of Taiwan. At the very least, the PRC wanted a definite statement that the US would not allow any more visits by high-level Taiwanese officials. While the US was not prepared to meet these demands, it did make a number of concessions in an effort to reengage the PRC. First of all, the US decided not to impose sanctions against the PRC as a result of its missile sales to Iran and Pakistan. Additionally, Clinton sent Jiang a letter stating the US position on Taiwan. While the letter was not released by the White House, the Chinese version stated the following:

The United States respects China's position that there is only one China in the world and that Taiwan is part of China. The U.S. government will handle the Taiwan question on the basis of the one China policy. The U.S. government is against Taiwan independence and does not support Taiwan's admission to the United Nations.⁵¹

Again, while it is impossible to know if the PRC translated the letter correctly, similar statements that have been made by the Clinton administration since that time giving a degree of credibility to the Chinese version.

While the PRC retained a tough stance toward the US for quite some time, by August, Secretary Christopher met with Foreign Minister Qian sparking new dialogue between the US and PRC. Additionally, shortly after this meeting, the PRC stopped accusing the US of trying to divide China and encouraged members of Congress to visit the PRC. In this new vein, the PRC re-established normal diplomatic relations, agreed to a visit by Undersecretary Tarnoff, opened talks on the possibility of a summit meeting, and released human rights activist (and recent American citizen) Harry Wu.⁵² In hindsight, these actions were probably taken in order to pave the way for the military "exercises" that were planned to take place

⁵¹ Garver, 79.

⁵² Sutter, 69.

later that year. As a result of this new conciliatory policy by the PRC, ROC officials became suspicious of what might have happened to cause such a shift. Unsurprisingly, in talking with ROC Vice Foreign Minister Stephen Chen on the improvement in US-PRC relations, American Institute on Taiwan director Lynn Pascoe emphasized the US's resistance to the PRC's demands and relayed that the US had not "recognized or implied that Taiwan was a province of the PRC."⁵³

As a result of these beginnings, Clinton met with Jiang in New York at the end of October, and while Taiwan was mentioned, it did not dominate the discussion. In fact, Assistant Secretary Lord did not even mention Taiwan in the press statement that he issued regarding the summit. This omission was especially significant since the PRC, under the watchful eyes of Jiang Zemin, Liu Huaqing, and six other Central Military Commission members, had recently been practicing a highly sophisticated, air and seaborne amphibious landing against a hostile shore on the Yellow Sea coast.⁵⁴ The consistent lack of a US response or reaffirmation of US policy toward Taiwan allowed the PRC to begin a new wave of "exercises" shortly before the start of the campaign period for the ROC's legislative elections. In a clear attempt to influence the elections, on 15 November, the PRC utilized between sixteen and eighteen thousand troops from all branches of service, two air force divisions, and over two hundred landing craft to simulate a ten-day invasion of Dongshan Island off the Fujian coast.⁵⁵ Furthermore, the PRC announced that it would conduct another round of exercises prior to the presidential elections in March.⁵⁶ The exercises resulted in the two-fold benefit for the PRC of causing significant losses to KMT and DPP candidates in the

⁵³ Garver, 82-3. Taken from *Free China Journal*, 11 August, 1995, p 1.

⁵⁴ *Ibid.*, 92-3.

⁵⁵ *Ibid.*, 93.

⁵⁶ *Ibid.*, 94.

elections and gauging US response to PRC intimidation tactics. During the entire exercise, the US did not make any attempts to re-emphasize its position that the resolution of the Taiwan dispute be achieved peacefully. In fact, not until the 19th of December did the *USS Nimitz* sail through the straits signifying US concern.

Adding to this concern, former Secretary of Defense Charles W. Freeman reported that on his recent trip to the PRC, Chinese officials had told him that they were planning to launch a missile attack against Taiwan one week after the presidential elections. Furthermore, he said that PRC officials had told him that they were prepared to use nuclear weapons against the US in order to defend their interests over Taiwan.⁵⁷ Freeman quoted one official as saying, “You will not sacrifice Los Angeles to protect Taiwan.”⁵⁸ Congress was also beginning to exert significant pressure on the White House. In addition to requesting a presidential report on the Taiwan situation as required under the TRA, various members of Congress and several subcommittees began researching, debating, and criticizing the Clinton administration’s response. Since 1996 was an election year, the PRC-ROC situation gained even more importance.

By the start of the exercises in March, over 150,000 troops, close to 300 aircraft (including the Su-27’s), and elements of all three PLA-Navy fleets had been deployed.⁵⁹ The first wave of the exercises consisted of missiles being fired on two different locations within thirty miles of Taiwan’s port cities of Kaohsiung and Keelung, ports responsible for handling close to 70 percent of Taiwan’s trade.⁶⁰ This time, the US responded by sending the battle group centered around the *USS Independence* to sit in international waters off the coast of

⁵⁷ Ibid., 97 also Mann, 334..

⁵⁸ Mann, 334.

⁵⁹ Garver, 99.

⁶⁰ Mann, 336.

Taiwan. Not to be intimidated, the PRC announced a second round of exercises to begin on March 12th. To this, the US ordered the battle group centered around the USS *Nimitz* to join the *Independence*.⁶¹ Clearly the US had moved beyond symbolism to real concern. The PRC was surprised but not deterred. The second wave of exercises continued for nine days and a third wave, which consisted of the seizure of an island held by hostile forces, began on March 18th.⁶² The exercises continued, despite the US presence and poor weather. Though the situation was certainly volatile and risked dangerous escalation, the exercises ended without incident with “each side claiming victory.”⁶³ While the confrontation may have ended in a draw, the results of the exercises backfired against the PRC. Despite their intimidation tactics, Lee won with a larger percentage of votes (54 percent in a four-person race) than anyone had predicted.⁶⁴ Furthermore, both the Congress and the White House toughened their positions. Congress quickly passed resolutions supporting Taiwan’s elections and anti-Chinese rhetoric was again on the rise. The Clinton administration canceled a visit by China’s defense minister and suspended approval of Export-Import Bank financing “for new projects in China pending a review of options to deal with reported Chinese export of nuclear-related technologies.”⁶⁵ Even more significantly, the crisis caused a renewing and broadening of the US-Japan Mutual Defense Treaty “even though its original Cold War rationale had disappeared.”⁶⁶

During this period, the US position with regard to the PRC was weakened by an erratic, poorly defined foreign policy. As a result of competing lobby groups, the Clinton

⁶¹ Garver, 103.

⁶² Ibid., 105.

⁶³ You Ji, “Making Sense of War Games in the Taiwan Strait,” *Journal of Contemporary China*, Vol. 6, No. 15, July 1997, 287.

⁶⁴ Sutter, 73.

⁶⁵ Ibid., 72.

⁶⁶ Mann, 338.

administration's policy was characterized by a number of significant shifts, which served to decrease Chinese trust and increase suspicion. Furthermore, in its quest to "engage" the PRC, the US appeared to be in "need" of the PRC. Not only did the PRC expose the MFN threat as a bluff, but it gained confidence in the leverage of its vast markets over US foreign policy as well. These perceptions bolstered the PRC's negotiating position, allowing it to take a much firmer stand on issues than it had historically taken. Only when the PRC pushed its position to the extremes of military force did the White House respond—and this was largely the result of congressional pressure. In spite of the US military response, the US overall position toward Taiwan was weakened by the private statements of White House officials and by Clinton's alleged assurances to Jiang. Furthermore, the concessions of the Clinton administration set the stage for additional US concessions in the future.

CHAPTER 11

ONE MORE STEP

Up From The Wreckage. As expected, those caught up in the security spiral in the US and the PRC were further convinced of their positions immediately following the 1995-1996 confrontation in the Taiwan Straits. The “contain China” advocates in the US were more adamant than ever as were the “just say ‘No’ to the US” promoters in the PRC.¹ From this critical point, Sino-US relations would either move to a near irreparable position or else begin to improve. The status quo was no longer an option. In the end, the 1996 US Presidential elections served to re-establish dialogue. Republican candidate Bob Dole made several criticisms of Clinton’s foreign policy towards China and several calls for increased Taiwan support. Specifically, he mentioned the development of a ballistic missile defense system for Taiwan as well as other East Asian nations and even said that he was in favor of supporting Taiwan’s bid to join the UN.²

Needless to say, Clinton’s re-election was definitely in the PRC’s interest. In a surprisingly short amount of time, dialogue between the two nations was back on track beginning with National Security Advisor Anthony Lake’s trip in July. Lake was quick to assure the Chinese leaders that the US did not seek confrontation on human rights or weapons proliferation and, more importantly, that the US was ready to exchange state visits

¹ Dr. Harry Harding, “The Clinton-Jiang Summits: An American Perspective,” Speech to the Asia Society Hong Kong Center, May 28, 1998, 2. <http://www.asiasociety.org/speeches/harding.html>

² James Mann, *About Face: A History of America’s Curious Relationship with China, from Nixon to China* (New York: Alfred A. Knopf, 1999), 340-1.

in the near future.³ The Chinese responded by making 1996 a very non-confrontational year, complete with an agreement to crack down on issues of intellectual property rights. The PRC officials learned to deal with the low-ranking, low-profile visits by Taiwan officials to the US and quieted their grumbling over US arms sales to Taiwan. US officials moved quickly to re-establish “engagement” policies and to give repeated assurances of the US one-China policy while stressing the rarity of the controversial Taiwanese visits.⁴ Furthermore, during this time, the US began mentioning the possibility of a US-PRC summit as well as negotiations regarding China’s entry into the World Trade Organization (WTO).

Almost as soon as this thaw began, allegations emerged regarding possible illegal contributions made by the PRC in an effort to influence congressional elections.⁵ These allegations fueled the US anti-China sentiment even more resulting in a temporary freeze in talks until an investigation began to yield results. By the summer of 1997, the investigation had found virtually no evidence to substantiate the story. With this obstacle out of the way (or at least satisfactorily muted), the US began engaging the Chinese almost immediately. A great deal of progress was made regarding some of the most serious issues between the two countries, opening the door for a successful summit to take place that would focus more on cooperation than disagreement.⁶ The US downgraded its human rights focus from the primary issue to just one of several issues to be discussed.⁷ Additionally, while weapons proliferation was still a major concern for the US, the two countries were able to

³ Ibid., 342-3.

⁴ Robert S. Ross, “The 1998 Sino-American Summit,” June 1998, 4.

http://www.asiasociety.org/publications/sino_american_summit.html.

⁵ Some in the US feel that the full story of these contributions and the effects that they had on the government have not yet been fully revealed. For a very extensive look at the issue, see Edward Timperlake’s and William C. Triplett II’s *Year of the Rat: How Bill Clinton Compromised U.S. Security for Chinese Cash* (Washington DC: Regency Publishing, Inc., 1998.) James Mann’s book also addresses the issue in some detail, pp 349-352.

⁶ For a brief discussion of these issues, see Ross, 4-7.

⁷ Ross, 4.

find mutually acceptable ways of dealing with it while avoiding a standstill of negotiations.

The issue of Taiwan, however, was not so easily dismissed.

1997 Summit.⁸ As the time for the October summit neared, most analysts felt that the meeting would be mostly symbolic. Jiang Zemin needed a successful, though largely symbolic, summit for a variety of reasons. First of all, Deng Xiaoping died in 1997, and Jiang, having just been re-appointed as General Secretary of the CCP, was counting on a successful summit to increase his power-base at home.⁹ Furthermore, a summit was an opportunity to formally end the remaining sanctions that had been imposed as a result of the Tiananmen incident. Jiang also realized that as his standing increased with the US, his diplomatic sway with other countries would increase as well. This was particularly important for the PRC throughout Asia.¹⁰ Finally, the PRC needed a successful summit to ensure the success of economic modernizations which were still underway. Jiang knew that US trade and technology remained critical factors in that process. Clinton also desired a successful summit, but in order to attain it, he needed substantive progress on key issues rather than symbolism alone. Clinton's foreign policy strategy had been attacked ruthlessly as a result of the missile exercises, and a strong showing at the summit, resulting in concrete agreements, would silence many of his critics.¹¹

The primary Chinese objective dealt with Taiwan. According to an administration official who accompanied newly-installed NSA Sandy Berger on his trip to China, the Chinese "sought new promises or assurances from the administration that would restrict

⁸ For a more detailed account of the environment that surrounded the summit, see David Schambaugh's "The 1997 Sino-American Summit," October 1997, http://www.asiasociety.org/publications/update_sino-us.html.

⁹ Ross, 4 and 11.

¹⁰ Harding, 3.

¹¹ Ross, 7.

American support for the island.”¹² In the final two weeks before the summit, the Taiwan issue again surfaced. In secret negotiations held in Beijing designed to negotiate the wording of a joint statement, the US team led by Sandra J. Kristoff of the NSC, returned home empty-handed due to China’s insistence that the US put in writing Clinton’s “three no” assurances that had been conveyed earlier in the year.¹³ When the talks ended, the Chinese made it plain that that they were not willing to risk the summit over Taiwan. Interestingly, the language of the joint statement was finalized only two hours before Clinton and Jiang announced it.

Symbolically, the summit was a success for both leaders. Jiang received very favorable media coverage and did a good job of relating spontaneously with the US press. By visiting some of the historic American symbols of democracy, Jiang gave Clinton some badly needed symbolism to fend off his critics as well.¹⁴ Substantively, the two leaders achieved far more than most thought possible at the outset. On October 29th, they produced a joint statement outlining the goals of their future relationship.¹⁵ In the statement, they spoke of approaching relations from a long-term perspective and of developing a “constructive strategic partnership.” Under this strategy, they mentioned at least twenty-four specific agreements from trade to narcotics trafficking on which they would cooperate. Interestingly, the only mention of Taiwan in the statement was worded very carefully. The PRC stressed that “the Taiwan question is the most important and sensitive central question in china-U.S. relations, and that the proper handling of this question in strict compliance with the principles set forth in the three China-U.S. joint communiqués hold the key to sound and stable growth of China-U.S. relations.” The US made a very general statement regarding its

¹² Mann, 354.

¹³ Ibid., 355.

¹⁴ Harding, 3.

continued adherence to a one-China policy and the principles in the joint communiqués.

After the standoff in the Straits the previous year, these were very mild statements made for the purpose of silencing critics and focusing on cooperation.

While both presidents gained something from the summit, Taiwan was probably the biggest loser. The PRC gained diplomatically in Asia and in the world. The US showed that it was favorably disposed toward the PRC and identified Jiang as the Chinese leader with whom world leaders should negotiate. Shortly after the 1997 Summit, China and Japan began dialogue again resulting in high-level government and defense-related exchanges.¹⁶ This increased recognition of the PRC resulted in the further isolation of Taiwan. Secondly, Jiang and Clinton agreed to “regular visits by their Presidents to each other’s capitals.” These high-level meetings would be especially important for the PRC since Taiwan’s leadership probably would not be invited back to the US in the foreseeable future.¹⁷ Thus, though the US did not formally change its position on Taiwan in the joint statement, and though it still maintained its commitment under the TRA, US actions (especially in lieu of the 1996 missile exercises) signified the diminished importance of Taiwan in relation to the PRC. Even more telling was the fact that though the US had resisted Chinese pressure to formalize the “three NOs” in writing, it did concede and give the PRC “something” in the form of a public speech shortly after the summit. Speaking after the 1997 summit on October 31st, State Department spokesman James Rubin formally uttered the “three NOs” that Clinton had been communicating throughout his administration. Rubin stated that

we have a one-China policy that we don’t support a one-China, one-Taiwan policy. We don’t support a two-China policy. We don’t support Taiwan

¹⁵ All quotations from the “China-US Joint Statement” published by the Chinese Embassy. See Internet site, <http://www.china-embassy.org/Cgi-Bin/Press.pt?JointStatement>.

¹⁶ Ross, 11.

¹⁷ Ibid., 8.

independence, and we don't support Taiwanese membership in organizations that require you to be a member state.¹⁸

The State Department defended this statement as mere repetition of the long-stated US policy. Interestingly, less than two weeks after this statement, the PRC released longtime dissident and prisoner Wei Jingsheng on the condition that would leave the country.¹⁹

1998 Summit. In planning for the 1998 Summit, the PRC and the US again had different goals in mind. The PRC wanted a March summit, signifying their desire for a symbolic meeting without definite agreements. (After all, five months is very little time to reach agreements on major issues such as WTO membership and weapons proliferation.)²⁰ The US hoped to delay the meeting until November so that it would not interfere with mid-term elections and would allow time for agreements to be reached. In the end, whether it was to retain "momentum" in the talks or to divert attention from Clinton's most recent scandal at home, the US finally opted for a June summit.²¹

The Asian financial crisis changed the dynamics of the meeting somewhat. First of all, the crisis strengthened the US position. As the largest and most stable economy in the world, US assistance was needed to keep the global economic system from further collapse.²² Because the CCP based its legitimacy for rule on continued economic prosperity, Chinese leaders realized that a prolonged financial crisis could be catastrophic.²³ They also realized that, because of the dynamics of the American political system, it was important to ensure a successful summit for Clinton. Should the summit be deemed a "cave-in" by his critics, the

¹⁸ "No to the 'three noes:' Let the world say 'Yes' to Taiwan," Taiwan Communiqué No. 81, June 1998, 2, <http://www.taiwandc.org/twcom/81-no1.html>.

¹⁹ Mann, 358.

²⁰ Ross, 9-10.

²¹ Ibid.

²² Ibid., 13-4.

²³ Kenneth Lieberthal, *Governing China: From Revolution Through Reform* (New York: W.W. Norton and Company, Inc., 1995), 269.

PRC feared that Clinton administration might move to a safer, more distant foreign policy position.²⁴ Consequently, the PRC released some leading dissidents and agreed to sign the International Covenant on Civil and Political Rights prior to the summit.

In spite of the weakening effects of the crisis on the PRC, it also served as an opportunity to bolster the stature both of the PRC in comparison with its Asian neighbors and Jiang Zemin. China, which had a history of reverting to isolationism at the first sign of trouble, reacted uncharacteristically to this crisis by exerting strong leadership in the region by not devaluing its currency when faced with lower-cost competition. Consequently, China's leadership in the crisis was favorably contrasted with Japan's inactivity. Countries in the region that had been preoccupied with China's military modernization were now looking to China as a regional stabilizer. In the words of Robert Ross:

Nearly overnight, China had gone from being merely an important market to having immediate influence over the global economy. Most striking, it gained this heightened influence while its regional reputation shifted from that of an irresponsible rising power to a responsible power promoting regional and global economic stability.²⁵

Again, as China's reputation in the world improved, so did the chances of Taiwan's approaching isolation. In his leadership role, Jiang had also gained strength since the last meeting. Not only was he seen as the leader presiding over China's changing role by other countries, but his position at home was further strengthened. Just prior to the summit, Jiang had been appointed as the President of the PRC and, more importantly, many of his rivals had been replaced by his selectees. Freed from much of his opposition, Jiang had a freer hand in negotiating with the US.

²⁴ Ross, 14.

²⁵ Ibid., 11.

As for the Taiwan issue, the PRC had a number of objectives. Ideally, the PRC sought a cessation of US arms sales to Taiwan, “particularly with regard to theater missile defenses.”²⁶ Furthermore, it sought the reassurance that Taiwan was not covered by the US-Japan Mutual Security Treaty. Realizing that these objectives were unrealistic due to their relatively weak negotiating position, the Chinese at least hoped that Clinton would either utter or put in writing the US “three no” position that he had been consistently communicating. The US, on the other hand, sought to preserve the status-quo as much as possible while still preserving a successful summit. Realizing that Clinton was likely to concede on the “three NOs” issue, pro-Taiwan advocates in the US urged him not to do so before he left for Beijing. As an example, in hearings in both the House and the Senate, members of Congress heard testimony as to why the “three NOs” would be damaging to the US strategy and could be destabilizing to the region.²⁷ Clinton administration officials continually reassured Congress that no agreements would be reached that jeopardized the US commitment to Taiwan. However, Deputy Assistant Secretary of East Asian and Pacific Affairs Susan Shirk, in her comments before the House, said that the US policy toward Taiwan was, and had been, consistent with the “three NOs” formula. In her statement, Shirk mixed pre-Clinton US-China foreign policy with the “three NOs.” She said the Clinton administration

²⁶ Harding, 9.

²⁷ On May 14, 1998, the Senate Foreign Relations Committee heard testimony from Professor Waldron, who is Lauder Professor of International Relations at the University of Pennsylvania, and serves a Director of Asian Studies at the Washington-DC based American Enterprise Institute. Waldron criticized Clinton’s China strategy. The committee also heard from Assistant Secretary for East Asia and Pacific Affairs Stanley Roth assuring the Senate of the US’s aims. On May 20, 1999, the House Subcommittee on Asian Pacific Affairs heard from former Ambassadors Lilley and Bellocchi urging stronger Taiwan support, and from Deputy Assistant Secretary for East Asia and Pacific Affairs Susan Shirk and Deputy Assistant Secretary of Defense Kurt Campbell reassuring the House of Clinton’s support for Taiwan. For actual comments, see Report From Washington, Taiwan Communiqué No. 81, June 1998. <http://www.taiwandc.org/twcom/81-no5.html>. For the full text of DAS Shirk’s testimony, see www.usia.gov/regional/ea/uschina/shirk520.html.

believes strongly that the future of Taiwan is a matter for the Chinese people on both sides of the Taiwan Strait to resolve themselves. No Administration has taken a position on how or when they should do so. What we have said, and what I will repeat today is our consistent statement: the United States has an abiding interest and concern that any resolution be peaceful. We will continue to pursue a "one China" policy. Consistent with this policy, we do not support "two Chinas" or "one China, one Taiwan," Taiwan independence, or Taiwan's membership in the UN.²⁸

Later in this paper, I will show more specifically why this policy was a definite change to the pre-existing US policy.

Senator Murkowski was so concerned with the issue of Taiwan's security that he drafted a letter to President Clinton regarding the importance of the US's Taiwan commitment. Reflecting the bipartisan support that usually surrounds the issue of Taiwan support, eleven other Senators, including both the majority and minority leaders, signed Murkowski's letter.²⁹ Among other things, the letter urged the president to call on the PRC to renounce the use of force in dealing with Taiwan. Furthermore, the senators urged the president not to sign a fourth communiqué that would weaken the US position regarding arms sales and to clearly state the US position of peaceful reunification, as well as the US refusal to pressure Taiwan or mediate the conflict. Finally, the Senators called on the President to "not agree to revise the Taiwan Relations Act and to not alter the U.S. position regarding sovereignty over Taiwan."³⁰ Similarly, the House passed a resolution by a margin of 411-0 urging the President to request from the PRC a renunciation of the use of force with regard to Taiwan.

²⁸ DAS Susan Shirk, "The U.S. and China" Text: DAS Susan Shirk on U.S.-Taiwan Relations" on Internet www.usia.gov/regional/ea/uschina/shirk520.html.

²⁹ "Senators Write Clinton a Letter," Report From Washington, Taiwan Communiqué No. 81, June 1998. <http://www.taiwandc.org/twcom/81-no5.html>.

³⁰ Ibid.

To make matters worse, in February 1998 after a Chinese rocket exploded carrying a US satellite, experts from Loral and Hughes who were asked by the PRC to investigate, were accused of providing the Chinese with data that could be used to improve their ballistic missile defenses.³¹ While the investigation was still underway Clinton disregarded a Justice Department objection to Loral's export of another satellite, and allowed the export to take place. Loral's CEO had been the largest single contributor to the Democratic party in 1996, a fact which raised concerns and accusations that Clinton had sold out national security for campaign contributions. As a result of this new investigation, many called on Clinton to cancel the summit until the investigation was complete.

Aware of these sentiments but undeterred, Clinton traveled to the PRC in late June 1998. While there were no formal agreements or joint statements signed, the summit did address a number of issues that had been dealt with in 1997 and allowed Clinton to speak to a live television audience on a wide range of issues. As a result of these factors, the summit was considered by Clinton to have been a successful summit.³² While many of the summit's details are not especially important for the purposes of this paper, Clinton's statements regarding US foreign policy toward the PRC/ROC dispute are highly significant. When speaking of his earlier meeting in Shanghai on June 30th, President Clinton said,

I had a chance to reiterate our Taiwan policy, which is that we don't support independence for Taiwan or two Chinas, or one Taiwan-one China. And we don't believe that Taiwan should be a member of any organization for which statehood is a requirement.³³

³¹ Mann, 363-4.

³² For a transcript of Clinton's final press briefing, see www.usia.gov/regional/ea/uschina/hkong6.html. For the official White House version of the summit's achievements, see www.usia.gov/regional/ea/uschina/prcfact1.htm.

³³ Stephen J. Yates, "Clinton Statement Undermines Taiwan," The Heritage Foundation Executive Memorandum, July 10, 1998, No. 538, 1, [www.http://heritage.org/library/exec.memo/em538.html](http://heritage.org/library/exec.memo/em538.html).

With this statement, President Clinton became the first US President to utter these words in public. In spite of all the warning signals given off by the Clinton administration over the past several years, Clinton's "three NOs" statement set off a firestorm of controversy in the US. When asked at his final press conference before departing for the US why he thought it necessary to change US policy at that time, Clinton responded with the following:

First, I think there may be difference of opinion in Taiwan. Yesterday, the Taiwanese leader, Mr. Lee, said that the United States had kept its commitments not to damage Taiwan or its interests in any way here. I publicly stated that because I was asked questions in public about Taiwan, and I thought it was an appropriate thing to do under the circumstances. But I did not announce any change in policy. In fact, the question of independence from Taiwan, for example, has been American policy for a very long time and has been a policy that has been embraced by the government in Taiwan, itself.

So I believe that I did the right thing there to simply clarify to both sides that there had been no change in our policy. The substance of the policy is obviously something that the Chinese government agrees with. I think what the Taiwan government wants to hear is that we favor the cross-strait dialogue and we think it has to be done peacefully and in an orderly fashion. That is, I believe, still the intention and the commitment of the Chinese government.

So I didn't intend, and I don't believe I did, change the substance of our position in any way by anything that I said. I certainly didn't try to do that.³⁴

Regardless of Clinton's defense that he simply reiterated past policy, both houses of Congress felt that it was necessary to respond by passing a resolution stating the US's continued support for Taiwan in accordance with the TRA. Former ambassadors and Secretaries of Defense, not to mention vast numbers of think-tank intellectuals and policy advisors, have spoken out against Clinton's remarks and called for their swift retraction. Because of this dispute, in the following chapter, I will examine Clinton's statement in light of past policy and show why the "three NOs" is indeed a shift in US foreign policy.

³⁴ William J. Clinton, USIA: The US and China, "Transcript: Final Clinton Visit Press Conference," www.usia.gov/regional/ea/uschina/hkong6.htm.

Furthermore, by looking at the history of US-PRC negotiations, I will show why this change should not come as a surprise and demonstrate how it upsets the delicate balance in US-PRC-ROC affairs, further decreasing the chances for a peaceful resolution.

CHAPTER 12

PUTTING IT ALL TOGETHER

US Position. Though I have traced the evolution of US policy toward the PRC and the ROC, I recognize that the issue may still seem quite confusing. The intentional ambiguity that was built into the three joint communiqués to allow for policy flexibility is the same ambiguity that makes the clarification of US policy to this region very difficult to accomplish. Therefore, in an effort to simplify the analysis, I have constructed a chart that highlights the major points of each communiqué in terms of US policy toward the PRC and the ROC. Since a number of US Presidents have claimed to base their foreign policy on the three communiqués and the TRA, I will focus on the documents themselves and not on speculation regarding secret deals or private assurances that have never been formally codified.

In the chart that follows, I have very briefly summarized the parts of the communiqués and the TRA that deal directly with the US's policy regarding Taiwan. It was not my purpose to go into great detail in this chart, but rather to give the reader a visual comparison that might spark further investigation into the applicable chapter or referenced document located in the Appendix. The simplicity of the transitions as they appear on the chart is not meant to signify that these changes occurred overnight, but instead, to indicate a transition in thinking from one time period to the next. While most of the points are fairly self-explanatory, others require brief explanation. For instance, under the column entitled "Major Motivating Factor For the US," I have only listed the dominating factor that led to the particular policy during that time period.

Also, for the purposes of this chart, it is critical to keep the terms “Taiwan” and “ROC” distinct from each other. “Taiwan” represents the geographical island along with those geographical areas under the control of the ROC government, while the term “ROC” represents the name of the governing body located on Taiwan. Finally, the chart illustrates policy changes without indicating the importance of those changes to the dynamics of the dispute. Therefore, following the chart, I will discuss their importance in more detail.

TIME PERIOD	US POLICY REGARDING TAIWAN	MAJOR MOTIVATING FACTOR FOR U.S. POLICY	TAIWAN'S OFFICIAL STATUS IN U.S.	LEGITIMATE CHINESE GOV'T (U.S.)	TYPE OF GOV'T FOR PRC	TYPE OF GOV'T FOR ROC	ROC'S CLAIM TO GOVERNING
1945 to 1949	Cairo and Potsdam = Expectation that Peace Treaty would return Taiwan to Mainland	Strategic Consideration: Oppose Communist Monolith	Undetermined	Republic of China	Chinese Communist Party (Authoritarian)	Kuomintang (Authoritarian)	"1 China" = Taiwan part of China. KMT = legitimate gov't over all of China
1950 to 1971	S.F. Peace Treaty with Japanese doesn't specify. Taiwan status is officially undetermined	Strategic Consideration: Oppose Communist Monolith Exploit Sino-Soviet Split/Vietnam	Undetermined	Republic of China	Chinese Communist Party (Authoritarian)	Kuomintang (Authoritarian)	"1 China" = Taiwan part of China. KMT = legitimate gov't over all of China
1972 to 1978	Shanghai Communiqué. "Acknowledge" 1 China and Taiwan part of China. Chinese resolve peacefully	Strategic Consideration: Soviet Threat	Undetermined	Republic of China (but normalization with PRC is being pursued)	Chinese Communist Party (Authoritarian)	Kuomintang (Authoritarian)	"1 China" = Taiwan part of China. KMT = legitimate gov't over all of China
1979 to 1981	Normalization Communiqué. PRC = sole legal gov't of China, unofficial with people of Taiwan. "Acknowledge" Taiwan part of China. Defense Treaty Terminated	Strategic Consideration: Soviet Threat	Undetermined	People's Republic of China	Chinese Communist Party (Authoritarian)	Kuomintang (Authoritarian)	"1 China" = Taiwan part of China. KMT = legitimate gov't over all of China

TIME PERIOD	US POLICY REGARDING TAIWAN	MAJOR MOTIVATING FACTOR FOR U.S. POLICY	TAIWAN'S OFFICIAL STATUS IN U.S.	LEGITIMATE CHINESE GOV'T (U.S.)	TYPE OF GOV'T FOR PRC	TYPE OF GOV'T FOR ROC	ROC'S CLAIM TO GOVERNING
1979	TRA: Unofficial Relations, cont'd defense services and equipment, "expectation of peaceful resolution," non-peaceful measures are of "grave concern" to US	Congressional perception/fear of US "sell-out" of Taiwan	Undetermined	PRC	Chinese Communist Party (Authoritarian)	Kuomintang (Authoritarian)	"1 China" = Taiwan part of China. KMT = legitimate gov't over all of China
1982	Arms Sales <i>Communiqué</i> . "Acknowledged" Taiwan part of China. US won't "pursue" 2 China's or indep. Taiwan. Diminished arms sales, linked with peaceful resolution	Strategic Consideration: Soviet Threat	Undetermined	People's Republic of China	Chinese Communist Party (Authoritarian)	Kuomintang (Authoritarian)	"1 China" = Taiwan part of China. KMT = legitimate gov't over all of China
1998	1998 Summit. "We don't support independence of Taiwan, or two Chinas, or one Taiwan-one China. And we don't believe that Taiwan should be a member of any organization for which statehood is a requirement." --W.J. Clinton	Economic Consideration	?	People's Republic of China	Chinese Communist Party (Authoritarian)	Multi Party Democracy	"1 China" = 2 different political entities (i.e. Koreas) PRC=Mainland ROC=Taiwan

Explanation. In this section, I will concentrate on US policy prior to the Clinton administration. In a later section, I will address Clinton's contribution to this policy and the possible ramifications of these contributions on a peaceful resolution of the issue. First of all, Taiwan's status is important to discuss. In 1952, Taiwan's status was officially undetermined as a result of the peace treaties negotiated with the Japanese. While the US officially recognized the ROC government as the sole legal government of China until 1979, this recognition did not resolve the status of the island. After all, the ROC had already been forced to evacuate the mainland nearly three years earlier by the time the 1952 treaties were signed. Therefore, from 1952 until 1979, the officially recognized government of China was located on an island of officially undetermined status. Similarly, nothing in the joint communiqués or the TRA changed the island's status. Though Nixon and Ford (and perhaps others) communicated private assurances to the PRC that the US considered Taiwan to be a part of China, nothing to this effect was ever uttered or written down as a matter of official US policy. I am not trying to argue that these assurances did not affect US-PRC negotiations or influence US-PRC-ROC policy. Rather, my point is that due to the ambiguity maintained by the US in the three communiqués, Taiwan's status has officially remained undetermined—an issue for the “Chinese” on both sides of the strait to resolve peacefully. As further evidence of this fact, one needs only to re-examine the US's motive for engineering this status in the 1952 treaties. After the Korean War broke out, the US's policy toward the PRC-ROC dispute shifted significantly from a position of non-intervention to intervention. Since the ROC government was already located on Taiwan, the US needed a justifiable reason under international law to intervene in the conflict. In other words, if the US had recognized Taiwan as a province of China, the ROC-PRC dispute would have been an internal affair, leaving the US no basis for continued support of the island. Moreover, if the

assurances made under the Nixon and Ford administrations had been formalized as US policy, the US would not have been in a position to continue arming the ROC, much less maintain a defense treaty with it (which it did for more than six years after the Shanghai Communiqué was issued). The fact that the US was able to continue offering “defensive articles and services” to the island of Taiwan in spite of the three communiqués was a practical indication that US policy regarding the island’s status had not changed.

Governmental recognition and normalized relations are easy to confuse with the legal status of Taiwan. Political recognition and normalized relations are issues between two governments and are not necessarily tied to the geographic location of those governments. For instance, at various times throughout history, the US has recognized a government in exile as the legitimate government of a geographic area. As it did for a short time in the early 1990s with Haiti’s elected leader when he was ousted by a military coup d’état, so it did with the ROC for thirty years. Nevertheless, nothing about the US’s recognition of the ROC as the sole, legal government of China altered the status of the geographic area on which the ROC was located. Legally, the ROC government could have just as easily been located on another sovereign state’s territory. To further clarify the point, had the ROC either retained or regained possession of mainland China and had the US expressed its position regarding Taiwan in a similar manner as it did in the communiqués, Taiwan’s status would have remained undetermined. Thus, when Carter normalized relations with the PRC and recognized that government as the sole, legal government of China, his actions merely transferred that recognition from the ROC government which was ruling in exile from the “undetermined” island of Taiwan, to the government of the PRC. By clinging to a formula that merely “acknowledged” the Chinese position that Taiwan was part of China, Taiwan’s status was left unresolved.

While Carter's announcement did not affect the status of Taiwan, it significantly affected the status of the ROC. Since both the ROC and the PRC claimed to be the sole, legal government of China, the US's recognition of the PRC changed the status of the ROC from a recognized legal entity with *de-jure* sovereignty over China, to an unofficial body with de-facto sovereignty over Taiwan (at best). In fact, as a result of the derecognition of the ROC, the US ceased to formally conduct business with the ROC, and began doing business with the "people of Taiwan." This was the case as long as the ROC persisted in its claim to be the legitimate government of "one China." To the US, the only legitimate government of China was the PRC.

Under Reagan, the PRC sought to further chip away at the US's interpretation of Taiwan's status. Considering Taiwan to be a province of China, the PRC used its negotiating leverage in the early Reagan years to seek an end to the US's "meddling" in its internal affairs. Nevertheless, when the communiqué was issued, Taiwan's status remained unchanged. Once again, the US "acknowledged" the Chinese position on Taiwan without agreeing with it. Additionally, the US stated that it was not "pursuing a policy of 'two-Chinas' or 'one China, one Taiwan.'" By phrasing the statement in this manner, the US was really just re-stating its policy of not supporting a particular outcome either way. While the US was not "pursuing" a two Chinas policy, neither was it "pursuing" reunification. The only pursuit the US officially sought was the peaceful resolution of the dispute among the "Chinese" themselves. This point is further demonstrated by the US agreement to limit arms sales to Taiwan. The US stated its goal of gradually reducing arms sales to Taiwan by linking the reduction to the issue of peaceful reunification. Substantively, US policy did not officially change.

The best way to describe official US policy regarding the situation on Taiwan prior to the Clinton administration would be to say that the "undetermined" (though contested) island of

Taiwan was effectively ruled by an unofficial governing body known as the Republic of China. This body claimed to be the sole, legal government of China, of which it considered Taiwan to be a part. While the issue of the legal government of China was settled in the PRC's favor, the status of Taiwan was left undetermined, though hotly contested. The official US position had consistently been that the "Chinese on either side of the Taiwan Strait" must peacefully resolve the dispute. In other words, the US chose to remain neutral in the final resolution of the conflict, provided that the resolution was peaceful. In order to ensure that the people of Taiwan were able to resist any non-peaceful attempts by the PRC to recover the island, the US agreed to provide the people of Taiwan with defensive articles and services.

US Strategy. Simply put, prior to Clinton's 1998 announcement, the US objective was to create a situation which prevented a major confrontation between the PRC and the ROC so that it could continue to enjoy the benefits of productive relations (either strategic or economic) with both entities. To accomplish this objective, the US employed a strategy of deliberate ambiguity that practically forced the disputants into a "wait and see" or "status quo" mentality. By predicating its actions on the "peaceful resolution" of the issue, the US remained in a position to oppose whichever side threatened to upset the delicate situation. By not openly supporting Taiwan's growing independence movement, the US created enough uncertainty in the people of Taiwan to keep the outright independence advocates largely under control. At the same time, by not recognizing the PRC's claim that Taiwan was part of China, the US prevented the PRC from initiating a non-peaceful "re-unification" of the mainland. In this strategy, too much clarification either way could lead to disastrous consequences.

Compared to the one unacceptable consequence of war, the US strategy of waiting presented a number of positive opportunities. First of all, there was the possibility that two sides

might have actually come to a mutually agreeable resolution. Under the current propositions, this would most likely have meant that the PRC evolved into a functioning democracy, that Taiwan decided to accept the PRC offer of significant autonomy under the banner of PRC sovereignty, that both agreed to a reunification under the “two Germanys/two Koreas” approach, or that the PRC gave up its claim to Taiwan and recognized Taiwan’s independence. While none of these scenarios ever seemed very likely, the US strategy of waiting also left open the potential of an inward collapse. With communism collapsing across the globe, the US could reasonably foresee the PRC as being the next country in a long line of communist bastions to fall. On the other hand, as the PRC grew more economically powerful and the people of Taiwan grew more dependent on the PRC markets, the US could also reasonably expect that the day would come when economic interests simply made taking the PRC’s offer of limited autonomy a wise decision.

PRC Strategy. Faced with US ambiguity, the PRC adopted a strategy that made the most of the “wait mentality.” First of all, after 1979, the PRC stopped talking about “liberating” Taiwan and started talking about reunification. Additionally, it put forth a number of “reasonable” reunification scenarios under the banner of “one country, two systems” that would allow Taiwan to maintain an almost unheard of degree of autonomy. While demonstrating their obvious desire for peaceful reunification, the PRC did not renounce the use of force. Instead, it listed three specific scenarios—a Taiwanese declaration of independence, Taiwan’s collapse into chaos, or Taiwan’s long-term refusal to negotiate—in which force would be used. By adopting this two-pronged strategy, the PRC gave the US no reason to favor Taiwan and prevented Taiwan from either stalling indefinitely or declaring independence.

To the PRC, waiting had a number of advantages as well. Since the PRC had the greatest potential for growth among the three primary actors in the dispute, there was a good chance that time would most benefit the PRC. First of all, as the PRC's power grew, it would be more resistant to US leverage. Eventually, the US would sacrifice Taiwan for a growing share in the PRC's vast market potential. Secondly, as the PRC grew stronger, its attempts to isolate Taiwan internationally would become more and more effective. The more isolated Taiwan became, the more dependent it would be on the PRC. The more dependent it was, the more likely the Taiwanese were to opt for the PRC's "reunification" offer. Thus, by waiting, the PRC could achieve its goals of reunification and enhance its international reputation as a progressive world power at the same time.

ROC's Strategy. As a result of the US's decision to remain neutral in the actual resolution of the dispute, the ROC took measures of its own to survive the wait successfully. First of all, the ROC renounced its claim on the mainland and adopted the more realistic position of governing only the territory it effectively controls. Secondly, the ROC reformed its governmental system into a fully functioning, multi-party democracy. Both of these measures were designed to prevent an abandonment by the US. The first gave the US additional flexibility in how it reconciled the idea of the ROC's continued existence. The second appealed to the US's ideological claim (and the sentiments of Congress) to be a firm supporter of democracies. Next, the ROC put forward its "Guidelines for Reunification" and its "one country, two political entities" approach. This approach assuaged PRC fears somewhat because it continued to call for reunification—even though its terms were totally unacceptable. Secondly, it gave the ROC a legitimate denial to the PRC accusation that it was delaying indefinitely, thus forestalling a PRC attack. Finally, the ROC engaged in "pragmatic diplomacy" and aimed to increase its indigenous

defense industry. These measures were designed to make the ROC less dependent on any one nation for its continued survival. “Pragmatic diplomacy” was intended to prevent economic dependence on the PRC, and an increased defense industry was aimed at preventing military dependence on the US.

As with the US and the PRC, the ROC’s “wait” strategy held a number of possibilities. First of all, by waiting, there was a chance that the communist leadership in the PRC would eventually collapse and be replaced by a democratic regime with different goals than the CCP. Secondly, even if the CCP did not collapse, there was a good chance that the rise of the PRC would eventually lead to a conflict between the US and the PRC. In this scenario, the ROC would once again become a key player in the containment of the US’s enemy. Finally, by waiting, the ROC hoped to achieve what the PRC achieved in the 1970s—eventual recognition of its legitimate place in the family of nations by enough countries to justify the ROC’s claim to *de-jure* sovereignty.

As should be clear, the US’s policy of strategic ambiguity paved the way for a complex, but relatively stable relationship to develop between the US, the PRC, and the ROC. In the following chapter, I will examine President Clinton’s “three no’s” statement in light of past US foreign policy and analyze the effects it is likely to have in the dispute.

CHAPTER 13

DISSECTING CLINTON'S CALL

"I had a chance to reiterate our Taiwan policy, which is that we don't support independence for Taiwan or two Chinas, or one Taiwan-one China. And we don't believe that Taiwan should be a member of any organization for which statehood is a requirement."¹ –W.J. Clinton

A Reiteration? In his remarks to the press on June 30th, 1998 (quoted above), President Clinton claimed that he merely reiterated the US's Taiwan policy when he uttered the "three NOs" in Shanghai. In all fairness to President Clinton, it is possible that his intended meaning behind these words is dramatically different from the interpretation to which they naturally lend themselves. After all, throughout this dispute, US leaders have shown themselves to be particularly adept at stating a seemingly radical change in policy only to interpret all of the change out of their statement at a later date. Reagan's interpretation of the arms reduction communiqué is a perfect example.² To my knowledge, however, the only interpretation that Clinton has given concerning his "three NOs" statement agrees with the remarks he made at the press conference in Hong Kong before leaving for the US (see Chapter 11). Based on those comments, it seems that Clinton intended his "three NOs" comment in Shanghai to be interpreted in the straightforward manner in which he uttered it.

¹ Stephen J. Yates, "Clinton Statement Undermines Taiwan," The Heritage Foundation Executive Memorandum, July 10, 1998, No. 538, 1, [www.http://heritage.org/library/exec.memo/em538.html](http://heritage.org/library/exec.memo/em538.html).

² Refer to Chapter 7, "Reagan Makes A Deal."

If he meant to reiterate the Taiwan policy that he had been communicating to Jiang in personal letters and that his State Department staff had been communicating for several years, then his statement was fairly accurate. However, this was not President Clinton's intent. Instead, he meant that he was repeating a US policy that had been in existence for twenty-five years. In defense of his "three NOs" utterance, Clinton made maximum use of the flexibility that comes with diplomatic ambiguity. Clearly speaking out of context and without any regard for Taiwan's interpretation of their present policy, Clinton said that not supporting Taiwan's independence "has been American policy for a very long time and has been a policy that has been embraced by the government in Taiwan, itself." There are several problems with this statement. First of all, the US has never publicly stated that it does not support independence for Taiwan. Instead, consistent with the Shanghai Communiqué, the US has continually maintained a neutral position on the resolution of the dispute. The closest US policy comes to Clinton's assertion occurred in the arms control communiqué of 1982. Once again, that communiqué stated that the US was not "pursuing" a one China-one Taiwan solution. The difference between "not pursuing" an outcome and "not supporting" one is fairly obvious. The former maintains a neutral position open to all peaceful options of resolution, while the latter forfeits neutrality by limiting which types of peaceful resolutions are acceptable. Clinton, rather than referring to this communiqué, must have been referring to the secret assurances made by the Nixon and Ford administrations prior to normalization with the PRC. However, since none of the communiqués ever stated this commitment in writing and no other president ever stated it in public, Clinton's statement was certainly a break from the long-standing American policy of "strategic

ambiguity.” The US’s policy of continued arms sales to Taiwan further demonstrates the flexibility that such ambiguity allowed.

As for Clinton’s statement that the government in Taiwan has never held a position advocating independence, he is technically correct. In fact, it was precisely because both the ROC and the PRC sought a reunified China that past US presidential administrations, particularly Nixon’s, were able to advocate a one-China policy without inciting the wrath of Congress. The wording of the Shanghai Communiqué on this very issue is probably the best example of the US’s carefully crafted ambiguity. However, Clinton’s comparison of ROC policy from 1949 to 1986 with ROC policy since that time is problematic. It is true that the government on Taiwan still formally advocates a reunified China, but as I’ve mentioned several times earlier in this paper, the meaning of reunification in the 1990s is totally from its meaning in the past. The ROC’s current reunification formula of “One China, Two Political Entities” comes as close to seeking formal independence as the ROC government can afford without inviting the wrath of the PRC and the abandonment of the US. Furthermore, past US communiqués and assurances were made at times when both the PRC and the ROC were single-party, authoritarian regimes. The major difference between the two entities at the time of these early assurances was that one claimed to be a communist government while the other did not. At the time of President Clinton’s remarks in 1998, the PRC was still a single-party authoritarian communist regime but the ROC was a fully functioning, multiparty democracy in a post-Cold War world.

The PRC’s reaction regarding the “three NOs” also negates Clinton’s claim. If uttering the “three-NOs” was merely a reiteration of long-standing American policy, why was the PRC so anxious to get it into writing? They were not anxious to have any other

“long-standing American policies” reiterated in writing. Almost from the time of Clinton’s first letter to Jiang, the PRC had been calling for a fourth communiqué that further defined Taiwan’s status according to this formula. The PRC understood the implication of Clinton’s statement quite well. They also understood the value of having it in writing or stated in public by the head of state as formal US policy. Since Kissinger and Nixon first uttered these words in private in 1971-72, the PRC must have been looking for a chance to publicly document them. Therefore, when Clinton first opened the door to this possibility early in his administration, PRC leaders seized on the opportunity. As I mentioned previously, when a secret team landed in Beijing in 1997 to work out the wording of the joint statement that would be issued at the end of the summit, the PRC was so insistent on the inclusion of this one point that the American delegation left without having completed the agreement. Such forceful responses could hardly be expected to result from a mere reiteration of long-standing US policy.

Finally, the reactions that the “three NOs” aroused in the US both before and after Clinton’s trip illustrate that this was no mere reiteration. For example, prior to leaving for the 1998 summit, a bipartisan group of House members sent Clinton a letter urging him not to compromise the US position with regard to Taiwan. Specifically, they urged Clinton

to reject any plans to codify any aspect of U.S. policy towards Taiwan which would deny Taiwan’s existence as a separate political entity and deny the Taiwanese their right to self-determination as delineated in Article 1 of the United Nations’ Charter. *Specifically, we ask that you refrain from a commitment to formalize the three policy points generally referred to as the ‘three noes.’* [Italics mine.]³

Clearly, these members of Congress did not share Clinton’s understanding of the US’s Taiwan policy. They obviously had the understanding that US policy was to leave open the

³ “House Sends Letter To Clinton,” http://www.taiwandc.org/nws_9823.html.

possibility for Taiwan's eventual existence as a separate political entity. The reaction after the summit was even more intensely critical of Clinton's "reiteration." While everyone from newspaper journalists to former Secretaries of Defense criticized Clinton's actions, I will concentrate on the reactions of the US Congress. Realizing that Clinton's statement could be perceived by the ROC and the PRC in such a way as to deem the conflict an internal matter, and therefore, to justify a nullification of the assurances in the TRA, both houses of Congress passed resolutions reaffirming US support for Taiwan in accordance with the TRA. Both resolutions emphasized that the resolution of the conflict should take place peacefully and with the consent of the people of Taiwan.⁴ Once again, had Clinton's statement been a mere reiteration of "long-standing American policy," such a clarification would not have been necessary.

The Effect of "3 NOs." While the recognition of such a policy shift is important, determining the effects of that shift are critical. US policy of "expecting" the Chinese and Taiwanese to peacefully resolve the PRC-ROC dispute among themselves has fostered a strained, but relatively stable environment for the last twenty-seven years. In this section, I will explore how the recent US policy shift could upset that environment and decrease the chances of a peaceful resolution.

Since the term "peaceful resolution" can be interpreted in a number of ways, it is important to keep in mind the US's definition of peaceful resolution as defined by the communiqués, the TRA, and the unilateral statements made to the press. Obviously, the use of military force falls under the category of non-peaceful means—but that does not mean that military action is the only form of non-peaceful measures to be considered. First of all, the

⁴ "Senate reaffirms support for Taiwan," Internet, , <http://www.taiwandc.org/news-9827.htm> and "House strongly supports Taiwan, , <http://www.taiwandc.org/news-9833.htm>.

US has consistently stated that the dispute is left to the Chinese on both sides of the strait to resolve. In other words, the resolution should come about as a result of a mutual agreement. This implies that any method which forces the will of one side onto the other is a coercive, non-peaceful method. Embargoes and boycotts (as listed in the TRA) as well as unilateral declarations of independence fall under this category of non-peaceful means. The US has further committed itself to refrain from negotiating on behalf of a third party, mediating between the ROC and PRC, or pressuring the ROC to enter into negotiations. Thus, in order for the resolution to be peaceful, both sides are to have a free hand in determining when and how a settlement of the dispute will be negotiated.

Based on these qualifications, the new US policy significantly reduces the likelihood of a peaceful settlement. Primarily, the “three NOs” disrupts the fragile ambiguity upon which all three nations have based their strategies. By not committing to any particular resolution as long as it was peaceful, the US gave both sides room to negotiate. The PRC could propose varying degrees of autonomy for the people of Taiwan under the overriding goal of reunification. Similarly, the ROC could present solutions with varying degrees of cooperation under the broader goal of independence. As a result of Clinton’s utterance of the “three NOs,” however, the ROC’s negotiating position is severely diminished since it completely removes the option of independence from acceptable solutions. The ROC now faces “negotiations” in which the outcome has already been determined—only the precise terms of the reunification remain to be settled.

Without US ambiguity working in its favor, the ROC’s attempts to gain international recognition through a strategy of pragmatic diplomacy have very little chance of succeeding. Regardless of ROC efforts, other nations will recognize that Taiwan’s ultimate fate is already

sealed and will move more firmly into the PRC's camp. (A similar situation occurred when the US decided to normalize relations with the PRC in 1979. Following the US lead, many nations quickly cut ties with the ROC and established them with the PRC). Furthermore, if independence is not an option for Taiwan, Clinton's statement comes dangerously close to calling the dispute an internal Chinese matter, which would make the US's continued involvement in the dispute (to include continued arms sales to Taiwan) very difficult to justify under international law.

By moving away from its position of deliberate ambiguity, the US clearly risks upsetting the delicate status quo or "wait" mentality that I described in Chapter 12. The alternative possibilities range from extreme violence to subtle coercion. For example, if the ROC perceived that the US was about to abandon Taiwan to the demands of the PRC, highly nationalistic forces on the island could gain considerable popularity, leading to the rise of an independence-minded government. As I've already mentioned, the KMT and the DPP do not differ that much in their basic platforms, and a "betrayal" such as this could be the incident to solidify the two leading parties. Backed into a corner, the nationalistic forces on the island might eventually challenge the PRC's international influence. This challenge could come in the form of something as simple as a stepped-up policy of "pragmatic diplomacy" (perhaps exploiting the division between the Congress and the White House), to something as threatening as the acquisition of weapons of mass destruction. Faced with the certain loss of its de-facto sovereignty, the island could very well decide that it would be better to fight for its independence than be subjected to the dominance of the CCP. If the ROC saw that war with the PRC was likely at some point in the future, it would probably elect to face the PLA sooner rather than later since the PLA continues to modernize at a rapid pace and will only

become stronger as time passes. Obviously this is an extreme position based purely on hypothetical inputs. Nevertheless, even if the ROC simply finds itself in a situation where it has no choice but to “accept” Beijing’s best offer, the resolution still would not have been a peaceful one.

Another possibility is that the PRC, sensing its new-found leverage over the US, would use economic “sticks and carrots” to pressure the US to continue distancing itself from Taiwan. This could come in the form of additional statements and communiqués that further defined Taiwan’s position in terms favorable to the PRC. In a relatively short period of time, Taiwan’s status would change from being “undetermined” to being defined by US policy as a province of the mainland that had been temporarily separated by “historical” factors. In this light, the dispute would become a completely internal matter. In such an environment, military force would not even be necessary. Without US backing, Taiwan would be relatively easy to isolate internationally, and because isolating Taiwan has been the PRC’s policy for so long, its efforts would not appear overly aggressive.

As the China continues to grow economically and as the economy continues to globalize, the PRC will begin to exert more and more leverage over the international community. Perhaps the PRC’s growth is already to the point where the US and PRC simply cannot afford to confront each other economically, even as the US and the Soviet Union could not afford to confront each other militarily during the Cold War. In such a situation, small countries like Taiwan often get sacrificed “for the good of international stability.”

My purpose in this section has been to demonstrate how delicate the US-PRC-ROC relations have been (especially since the rise of the ROC democracy) and how quickly they could deteriorate as a result of dramatic foreign policy changes on the part of the US. Only

by very careful planning and thoughtful negotiation has a conflict been avoided thus far. President Clinton and succeeding administrations would do well to move more cautiously in the future and attempt to return to the days of strategic ambiguity.

Surprise? Throughout this chapter, I have been particularly hard on President Clinton's utterance of the "three NOs." While I have shown that Clinton's statement is a significant policy change which is likely to reduce the chances for a peaceful resolution of the dispute, I am not at all surprised by his actions. In fact, examining the history of US policy toward the PRC-ROC dispute reveals a number of interesting trends in US foreign policymaking. The most obvious trend can easily be seen by a cursory glance at the chart in Chapter 12. Since 1971, the US has moved consistently away from its support of the ROC as it has sought to deepen its relations with the PRC. Nixon "opened" Red China for the purpose of normalizing relations. Furthermore, under his administration, the US exchanged official liaison offices with the PRC, while maintaining a defense treaty with the ROC Government in exile. Ford, during his short term in office, reinforced these measures and stated his intentions of adhering to Nixon's assurances. Carter's administration normalized relations with the PRC, while simultaneously removing recognition from the ROC government and unilaterally terminating the Mutual Defense Treaty. Reagan agreed to put a ceiling on future arms sales to Taiwan with the goal of eventually terminating them altogether. At the same time, his administration was the first to sell US weapons directly to the PRC. Bush vigorously attempted to engage the PRC, consistently vetoing attempts to restrict China's MFN status—even after the PRC Government ordered the brutal suppression of demonstrators in its capital city. The only exceptions to this trend came as direct results of congressional action. The TRA, the Foreign Relations Act of 1994-5, and the decision to

issue the ROC's President Lee a visa are three such examples. Unfortunately for the ROC, these victories were few and far between and were usually the backlash response to some greater injury that it had already suffered.

Another consistent trend in US foreign policy toward China was the use of secrecy by each administration in its effort to carry out foreign policy with the PRC. Inevitably, this secrecy was due to a fear of interference from the Taiwan Lobby in the US Congress. Interestingly, this fear proved to be warranted in every administration as Congress consistently supported close ties with the ROC. Kissinger made secret promises to the PRC on behalf of both Nixon and Ford only to deny them later when challenged by Senator Goldwater. Carter conducted the normalization agreement in absolute secrecy, notifying key members of Congress only a couple of hours in advance (in spite of the Dole-Stone Amendment that called for early Congressional notification). Haig, under Reagan's administration, developed a secret draft communiqué agreeing to the PRC's demand that the US set a termination date for arms sales to Taiwan. When confronted by Congress, Haig denied the draft's existence. Bush sent Scowcroft and Eagleburger to China on a secret mission just days after the Tiananmen massacre because he feared the congressional response that such a trip would elicit. Clinton wrote private letters to Jiang Zemin communicating his stance on Taiwan's position when relations were particularly strained. Additionally, he sent a secret delegation to Beijing to work out the wording of the joint statement that would be released during the 1997 summit.

Thus, while the particulars of Clinton's policy shift may be more dramatic and while their public nature presents tremendous potential for decreasing the likelihood of a peaceful settlement in the region, his actions are neither unique nor surprising. Each administration,

when faced with either a strategic threat or an economic opportunity, gradually negotiated away US support for the ROC.

The PRC has revealed a number of trends in its negotiating strategy with the US as well. First of all, whenever the PRC perceived that it was operating from a position of strength, its negotiators became highly inflexible and pushed for every concession they could get before backing down. The PRC's behavior during the arms sale communiqué in 1981-82 is a perfect example of this behavior. Haig, being a protégé of Kissinger, was convinced that strategic cooperation with China was absolutely critical to balancing the Soviet Union. Furthermore, this eagerness for cooperation coincided with a time of declining American influence, and the PRC quickly capitalized on the US position. Only when Reagan intervened and issued his bottom line, did the PRC stop its push. Similarly, when Clinton was weakened by domestic issues, the PRC saw the opportunity to force him to reverse his MFN policy in 1994.

The PRC has also consistently demonstrated itself to be much more resolute on the issue of Taiwan than the US. Frequently, the PRC has stated its position on Taiwan quite clearly and let the US react to it, as was the case in the Shanghai Communiqué. Rather than compromise on Taiwan issues, the PRC would typically state its disagreement with the US policy and bide its time until a more opportune moment. This method could easily be seen during the normalization negotiations when Carter insisted on continuing arms sales to Taiwan. The PRC was in no position to fight the issue at that time, but as soon as the strategic environment had changed somewhat, renegotiating the arms sales communiqué became its central focus.

I expect that these trends will continue to play themselves out in the future of Sino-US relations. If this is true, then one can expect US support for the ROC to continue to diminish slowly, barring some unforeseen tragedy that either ignites a Sino-US Cold War or brings about rapid change in the socio-political order of the PRC. Consequently, the White House and Congress will continue to disagree over the Taiwan issue, primarily because Congress has the luxury of being able to react to the emotions of the US population without instantly altering US foreign policy of the country. While I think that Congress will continue to support Taiwan with rhetoric, I also think that the emergence, organization, and tremendous capital of the business lobby will begin to counteract some of the more extreme, Pro-Taiwan reactions. Furthermore, just as the strategic environment dominated foreign policy from the beginning of the ROC-PRC dispute until 1989, so economics will dominate it in the near future. As the PRC continues to grow economically, it will find itself in an increasingly powerful position. It will not take long before the PRC begins to exercise that power around the negotiating table, systematically dealing with those issues that it has held in reserve in anticipation of once again occupying an advantageous position. As each issue is successfully resolved, Taiwan will find itself more and more isolated. During this time, the PRC and ROC authorities will engage in regular discussions, but Taiwan will refuse to reunify unless it is granted sovereignty over its own territory. As the PRC's power and influence increases, Taiwan's continued resistance to the PRC's "generous" offers will grow increasingly bothersome to the PRC. It is in this context that I see the greatest probability for the initiation of conflict. In the absence of conflict, Taiwan will most likely continue in its efforts to build up its international reputation. Recognizing the likelihood of decreased US support, the ROC will work hard to improve its defense industrial complex and to obtain

modern weaponry from abroad. Politically, I think Taiwan will strive to maintain a policy that addresses both its people's desire for autonomy and their fears of inciting PRC aggression unnecessarily. In summary, as long as Taiwan feels that it has some chance of maintaining its present de-facto sovereignty, it will hold fast to its present course--with or without US support.

APPENDIX 1

THE SHANGHAI COMMUNIQUE

Joint Communiqué between the People's Republic of China and the United States of America

Issued in Shanghai, February 28, 1972

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 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 reexamine 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 Strait 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.

APPENDIX 2

NORMALIZATION COMMUNIQUE*

Joint Communiqué on the Establishment of Diplomatic Relations between the People's Republic of China and the United States of America

January 1, 1979

The United States of America and the People's Republic of China have agreed to recognize each other and to establish diplomatic relations as of January 1, 1979.

The United States of America recognizes the Government of the People's Republic of China as the sole legal Government of China. Within this context, the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan.

The United States of America and the People's Republic of China reaffirm the principles agreed on by the two sides in the Shanghai Communiqué and emphasize once again that:

--Both wish to reduce the danger of international military conflict.

--Neither should seek hegemony in the Asia-Pacific region or in any other region of the world and each is opposed to efforts by any other country or group of countries to establish such hegemony.

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.

--The Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China.

--Both believe that normalization of Sino-American relations is not only in the interest of the Chinese and American peoples but also contributes to the cause of peace in Asia and the world.

The United States of America and the People's Republic of China will exchange Ambassadors and establish Embassies on March 1, 1979.

* This is the English version in which the U.S.A. takes precedence

*<http://www.china-embassy.org/Cgi-Bin/Press.pl?152>

APPENDIX 3

TAIWAN RELATIONS ACT*

TAIWAN RELATIONS ACT **Public Law 96-8 96th Congress**

An Act

To help maintain peace, security, and stability in the Western Pacific and to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Taiwan Relations Act".

FINDINGS AND DECLARATION OF POLICY

- SEC. 2. (a) The President- having terminated governmental relations between the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, the Congress finds that the enactment of this Act is necessary--
 - (1) to help maintain peace, security, and stability in the Western Pacific; and
 - (2) to promote the foreign policy of the United States by authorizing the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan.
- (b) It is the policy of the United States--
 - (1) to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan, as well as the people on the China mainland and all other peoples of the Western Pacific area;
 - (2) to declare that peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international concern;
 - (3) to make clear that the United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;
 - (4) to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States;
 - (5) to provide Taiwan with arms of a defensive character; and

- (6) to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.
- (c) Nothing contained in this Act shall contravene the interest of the United States in human rights, especially with respect to the human rights of all the approximately eighteen million inhabitants of Taiwan. The preservation and enhancement of the human rights of all the people on Taiwan are hereby reaffirmed as objectives of the United States.

IMPLEMENTATION OF UNITED STATES POLICY WITH REGARD TO TAIWAN

- SEC. 3. (a) In furtherance of the policy set forth in section 2 of this Act, the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.
- (b) The President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan, in accordance with procedures established by law. Such determination of Taiwan's defense needs shall include review by United States military authorities in connection with recommendations to the President and the Congress.
- (c) The President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the United States arising therefrom. The President and the Congress shall determine, in accordance with constitutional processes, appropriate action by the United States in response to any such danger.

APPLICATION OF LAWS; INTERNATIONAL AGREEMENTS

- SEC. 4. (a) The absence of diplomatic relations or recognition shall not affect the application of the laws of the United States with respect to Taiwan, and the laws of the United States shall apply with respect to Taiwan in the manner that the laws of the United States applied with respect to Taiwan prior to January 1, 1979.
- (b) The application of subsection (a) of this section shall include, but shall not be limited to, the following:
 - (1) Whenever the laws of the United States refer or relate to foreign countries, nations, states, governments, or similar entities, such terms shall include and such laws shall apply with such respect to Taiwan.
 - (2) Whenever authorized by or pursuant to the laws of the United States to conduct or carry out programs, transactions, or other relations with respect to foreign countries, nations, states, governments, or similar entities, the President or any agency of the United States Government is authorized to conduct and carry out, in accordance with section 6 of this Act, such programs, transactions, and other relations with respect to Taiwan (including, but not limited to, the performance of services for the United States through contracts with commercial entities on Taiwan), in accordance with the applicable laws of the United States.
 - (3)(A) The absence of diplomatic relations and recognition with respect to Taiwan shall not abrogate, infringe, modify, deny, or otherwise affect in any way any rights or obligations (including but not limited to those involving

contracts, debts, or property interests of any kind) under the laws of the United States heretofore or hereafter acquired by or with respect to Taiwan.

- (B) For all purposes under the laws of the United States, including actions in any court in the United States, recognition of the People's Republic of China shall not affect in any way the ownership of or other rights or interests in properties, tangible and intangible, and other things of value, owned or held on or prior to December 31, 1978, or thereafter acquired or earned by the governing authorities on Taiwan.
- (4) Whenever the application of the laws of the United States depends upon the law that is or was applicable on Taiwan or compliance therewith, the law applied by the people on Taiwan shall be considered the applicable law for that purpose.
- (5) Nothing in this Act, nor the facts of the President's action in extending diplomatic recognition to the People's Republic of China, the absence of diplomatic relations between the people on Taiwan and the United States, or the lack of recognition by the United States, and attendant circumstances thereto, shall be construed in any administrative or judicial proceeding as a basis for any United States Government agency, commission, or department to make a finding of fact or determination of law, under the Atomic Energy Act of 1954 and the Nuclear Non-Proliferation Act of 1978, to deny an export license application or to revoke an existing export license for nuclear exports to Taiwan.
- (6) For purposes of the Immigration and Nationality Act, Taiwan may be treated in the manner specified in the first sentence of section 202(b) of that Act.
- (7) The capacity of Taiwan to sue and be sued in courts in the United States, in accordance with the laws of the United States, shall not be abrogated, infringed, modified, denied, or otherwise affected in any way by the absence of diplomatic relations or recognition.
- (8) No requirement, whether expressed or implied, under the laws of the United States with respect to maintenance of diplomatic relations or recognition shall be applicable with respect to Taiwan.
- (c) For all purposes, including actions in any court in the United States, the Congress approves the continuation in force of all treaties and other international agreements, including multilateral conventions, entered into by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and in force between them on December 31, 1978, unless and until terminated in accordance with law.
- (d) Nothing in this Act may be construed as a basis for supporting the exclusion or expulsion of Taiwan from continued membership in any international financial institution or any other international organization.

OVERSEAS PRIVATE INVESTMENT CORPORATION

- SEC. 5. (a) During the three-year period beginning on the date of enactment of this Act, the \$1,000 per capita income restriction in insurance, clause (2) of the second undesignated paragraph of section 231 of the reinsurance, Foreign Assistance Act of 1961 shall not restrict the activities of the Overseas Private Investment Corporation in

determining whether to provide any insurance, reinsurance, loans, or guaranties with respect to investment projects on Taiwan.

- (b) Except as provided in subsection (a) of this section, in issuing insurance, reinsurance, loans, or guaranties with respect to investment projects on Taiwan, the Overseas Private Insurance Corporation shall apply the same criteria as those applicable in other parts of the world.

THE AMERICAN INSTITUTE OF TAIWAN

- SEC. 6. (a) Programs, transactions, and other relations conducted or carried out by the President or any agency of the United States Government with respect to Taiwan shall, in the manner and to the extent directed by the President, be conducted and carried out by or through--
 - (1) The American Institute in Taiwan, a nonprofit corporation incorporated under the laws of the District of Columbia, or
 - (2) such comparable successor nongovernmental entity as the President may designate, (hereafter in this Act referred to as the "Institute").
- (b) Whenever the President or any agency of the United States Government is authorized or required by or pursuant to the laws of the United States to enter into, perform, enforce, or have in force an agreement or transaction relative to Taiwan, such agreement or transaction shall be entered into, performed, and enforced, in the manner and to the extent directed by the President, by or through the Institute.
- (c) To the extent that any law, rule, regulation, or ordinance of the District of Columbia, or of any State or political subdivision thereof in which the Institute is incorporated or doing business, impedes or otherwise interferes with the performance of the functions of the Institute pursuant to this Act; such law, rule, regulation, or ordinance shall be deemed to be preempted by this Act.

SERVICES BY THE INSTITUTE TO UNITED STATES CITIZENS ON TAIWAN

- SEC. 7. (a) The Institute may authorize any of its employees on Taiwan--
 - (1) to administer to or take from any person an oath, affirmation, affidavit, or deposition, and to perform any notarial act which any notary public is required or authorized by law to perform within the United States;
 - (2) To act as provisional conservator of the personal estates of deceased United States citizens; and
 - (3) to assist and protect the interests of United States persons by performing other acts such as are authorized to be performed outside the United States for consular purposes by such laws of the United States as the President may specify.
- (b) Acts performed by authorized employees of the Institute under this section shall be valid, and of like force and effect within the United States, as if performed by any other person authorized under the laws of the United States to perform such acts.

TAX EXEMPT STATUS OF THE INSTITUTE

- SEC. 8. (a) The Institute, its property, and its income are exempt from all taxation now or hereafter imposed by the United States (except to the extent that section 11(a)(3) of this Act requires the imposition of taxes imposed under chapter 21 of the Internal Revenue Code of 1954, relating to the Federal Insurance Contributions Act) or by State or local taxing authority of the United States.

- (b) For purposes of the Internal Revenue Code of 1954, the Institute shall be treated as an organization described in sections 170(b)(1)(A), 170(c), 2055(a), 2106(a)(2)(A), 2522(a), and 2522(b).

FURNISHING PROPERTY AND SERVICES TO AND OBTAINING SERVICES FROM THE INSTITUTE

- SEC. 9. (a) Any agency of the United States Government is authorized to sell, loan, or lease property (including interests therein) to, and to perform administrative and technical support functions and services for the operations of, the Institute upon such terms and conditions as the President may direct. Reimbursements to agencies under this subsection shall be credited to the current applicable appropriation of the agency concerned.
- (b) Any agency of the United States Government is authorized to acquire and accept services from the Institute upon such terms and conditions as the President may direct. Whenever the President determines it to be in furtherance of the purposes of this Act, the procurement of services by such agencies from the Institute may be effected without regard to such laws of the United States normally applicable to the acquisition of services by such agencies as the President may specify by Executive order.
- (c) Any agency of the United States Government making funds available to the Institute in accordance with this Act shall make arrangements with the Institute for the Comptroller General of the United States to have access to the; books and records of the Institute and the opportunity to audit the operations of the Institute.

TAIWAN INSTRUMENTALITY

- SEC. 10. (a) Whenever the President or any agency of the United States Government is authorized or required by or pursuant to the laws of the United States to render or provide to or to receive or accept from Taiwan, any performance, communication, assurance, undertaking, or other action, such action shall, in the manner and to the extent directed by the President, be rendered or Provided to, or received or accepted from, an instrumentality established by Taiwan which the President determines has the necessary authority under the laws applied by the people on Taiwan to provide assurances and take other actions on behalf of Taiwan in accordance with this Act.
- (b) The President is requested to extend to the instrumentality established by Taiwan the same number of offices and complement of personnel as were previously operated in the United States by the governing authorities on Taiwan recognized as the Republic of China prior to January 1, 1979.
- (c) Upon the granting by Taiwan of comparable privileges and immunities with respect to the Institute and its appropriate personnel, the President is authorized to extend with respect to the Taiwan instrumentality and its appropriate; personnel, such privileges and immunities (subject to appropriate conditions and obligations) as may be necessary for the effective performance of their functions.

SEPARATION OF GOVERNMENT PERSONNEL FOR EMPLOYMENT WITH THE INSTITUTE

- SEC. 11. (a)(1) Under such terms and conditions as the President may direct, any agency of the United States Government may separate from Government service for a specified period any officer or employee of that agency who accepts employment with the Institute.

- (2) An officer or employee separated by an agency under paragraph (1) of this subsection for employment with the Institute shall be entitled upon termination of such employment to reemployment or reinstatement with such agency (or a successor agency) in an appropriate position with the attendant rights, privileges, and benefits with the officer or employee would have had or acquired had he or she not been so separated, subject to such time period and other conditions as the President may prescribe.
- (3) An officer or employee entitled to reemployment or reinstatement rights under paragraph (2) of this subsection shall, while continuously employed by the Institute with no break in continuity of service, continue to participate in any benefit program in which such officer or employee was participating prior to employment by the Institute, including programs for compensation for job-related death, injury, or illness; programs for health and life insurance; programs for annual, sick, and other statutory leave; and programs for retirement under any system established by the laws of the United States; except that employment with the Institute shall be the basis for participation in such programs only to the extent that employee deductions and employer contributions, as required, in payment for such participation for the period of employment with the Institute, are currently deposited in the program's or system's fund or depository. Death or retirement of any such officer or employee during approved service with the Institute and prior to reemployment or reinstatement shall be considered a death in or retirement from Government service for purposes of any employee or survivor benefits acquired by reason of service with an agency of the United States Government.
- (4) Any officer or employee of an agency of the United States Government who entered into service with the Institute on approved leave of absence without pay prior to the enactment of this Act shall receive the benefits of this section for the period of such service.
- (b) Any agency of the United States Government employing alien personnel on Taiwan may transfer such personnel, with accrued allowances, benefits, and rights, to the Institute without a break in service for purposes of retirement and other benefits, including continued participation in any system established by the laws of the United States for the retirement of employees in which the alien was participating prior to the transfer to the Institute, except that employment with the Institute shall be creditable for retirement purposes only to the extent that employee deductions and employer contributions, as required, in payment for such participation for the period of employment with the Institute, are currently deposited in the system's fund or depository.
- (c) Employees of the Institute shall not be employees of the United States and, in representing the Institute, shall be exempt from section 207 of title 18, United States Code.
- (d)(1) For purposes of sections 911 and 913 of the Internal Revenue Code of 1954, amounts paid by the Institute to its employees shall not be treated as earned income. Amounts received by employees of the Institute shall not be included in gross income, and shall be exempt from taxation, to the extent that they are equivalent to amounts received by civilian officers and employees of the Government of the United

States as allowances and benefits which are exempt from taxation under section 912 of such Code.

- (2) Except to the extent required by subsection (a)(3) of this section, service performed in the employ of the Institute shall not constitute employment for purposes of chapter 21 of such Code and title II of the Social Security Act.

REPORTING REQUIREMENT

- SEC. 12. (a) The Secretary of State shall transmit to the Congress the text of any agreement to which the Institute is a party. However, any such agreement the immediate public disclosure of which would, in the opinion of the President, be prejudicial to the national security of the United States shall not be so transmitted to the Congress but shall be transmitted to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives under an appropriate injunction of secrecy to be removed only upon due notice from the President.
- (b) For purposes of subsection (a), the term "agreement" includes-
 - (1) any agreement entered into between the Institute and the governing authorities on Taiwan or the instrumentality established by Taiwan; and
 - (2) any agreement entered into between the Institute and an agency of the United States Government.
- (c) Agreements and transactions made or to be made by or through the Institute shall be subject to the same congressional notification, review, and approval requirements and procedures as if such agreements and transactions were made by or through the agency of the United States Government on behalf of which the Institute is acting.
- (d) During the two-year period beginning on the effective date of this Act, the Secretary of State shall transmit to the Speaker of the House and Senate House of Representatives and the Committee on Foreign Relations of Foreign Relations the Senate, every six months, a report describing and reviewing economic relations between the United States and Taiwan, noting any interference with normal commercial relations.

RULES AND REGULATIONS

- SEC. 13. The President is authorized to prescribe such rules and regulations as he may deem appropriate to carry out the purposes of this Act. During the three-year period beginning on the effective date speaker of this Act, such rules and regulations shall be transmitted promptly to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate. Such action shall not, however, relieve the Institute of the responsibilities placed upon it by this Act.'

CONGRESSIONAL OVERSIGHT

- SEC. 14. (a) The Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, and other appropriate committees of the Congress shall monitor-
 - (1) the implementation of the provisions of this Act;
 - (2) the operation and procedures of the Institute;
 - (3) the legal and technical aspects of the continuing relationship between the United States and Taiwan; and
 - (4) the implementation of the policies of the United States concerning security and cooperation in East Asia.

- (b) Such committees shall report, as appropriate, to their respective Houses on the results of their monitoring.

DEFINITIONS

- SEC. 15. For purposes of this Act-
 - (1) the term "laws of the United States" includes any statute, rule, regulation, ordinance, order, or judicial rule of decision of the United States or any political subdivision thereof; and
 - (2) the term "Taiwan" includes, as the context may require, the islands of Taiwan and the Pescadores, the people on those islands, corporations and other entities and associations created or organized under the laws applied on those islands, and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and any successor governing authorities (including political subdivisions, agencies, and instrumentalities thereof).

AUTHORIZATION OF APPROPRIATIONS

- SEC. 16. In addition to funds otherwise available to carry out the provisions of this Act, there are authorized to be appropriated to the Secretary of State for the fiscal year 1980 such funds as may be necessary to carry out such provisions. Such funds are authorized to remain available until expended.

SEVERABILITY OF PROVISIONS

- SEC. 17. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of the Act and the application of such provision to any other person or circumstance shall not be affected thereby.

EFFECTIVE DATE

- SEC. 18. This Act shall be effective as of January 1, 1979. Approved April 10, 1979.

APPENDIX 4

ARMS CONTROL COMMUNIQUE*

Joint Communiqué between the People's Republic of China and the United States of America

August 17, 1982

(1) In the Joint Communiqué on the Establishment of Diplomatic Relations on January 1, 1979, issued by the Government of the United States of America and the Government of the People's Republic of China, the United States of America recognized the Government of the People's Republic of China as the sole legal Government of China, and it acknowledged the Chinese position that there is but one China and Taiwan is part of China. Within that context, the two sides agreed that the people of the United States would continue to maintain cultural, commercial, and other unofficial relations with the people of Taiwan. On this basis, relations between the United States and China were normalized.

(2) The question of United States arms sales to Taiwan was not settled in the course of negotiations between the two countries on establishing diplomatic relations. The two sides held differing positions, and the Chinese side stated that it would raise the issue again following normalization. Recognizing that this issue would seriously hamper the development of United States-China relations, they have held further discussions on it, during and since the meetings between President Ronald Reagan and Premier Zhao Ziyang and between Secretary of State Alexander M. Haig, Jr. and Vice Premier and Foreign Minister Huang Hua in October 1981.

(3) Respect for each other's sovereignty and territorial integrity and non-interference in each other's internal affairs constitute the fundamental principles guiding United States-China relations. These principles were confirmed in the Shanghai Communiqué of February 28, 1972 and reaffirmed in the Joint Communiqué on the Establishment of Diplomatic Relations which came into effect on January 1, 1979. Both sides emphatically state that these principles continue to govern all aspects of their relations.

(4) The Chinese Government reiterates that the question of Taiwan is China's internal affair. The message to Compatriots in Taiwan issued by China on January 1, 1979 promulgated a fundamental policy of striving for peaceful reunification of the motherland. The Nine-Point Proposal put forward by China on September 30, 1981 represented a further major effort under this fundamental policy to strive for a peaceful solution to the Taiwan question.

(5) The United States Government attaches great importance to its relations with China, and reiterates that it has no intention of infringing on Chinese sovereignty and territorial integrity, or interfering in China's internal affairs, or pursuing a policy of "two Chinas" or "one China, one Taiwan." The United States Government understands and appreciates the Chinese policy of striving for a peaceful resolution of the Taiwan question as indicated in China's Message to Compatriots in Taiwan issued on January 1, 1979 and the Nine-Point Proposal put forward by China on September 30, 1981. The new situation which has emerged with regard to the Taiwan question also provides favorable conditions for the settlement of United States-China differences over United States arms sales to Taiwan.

(6) Having in mind the foregoing statements of both sides, the United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution. In so stating, the United States acknowledges China's consistent position regarding the thorough settlement of this issue.

(7) In order to bring about, over a period of time, a final settlement of the question of United States arms sales to Taiwan, which is an issue rooted in history, the two Governments will make every effort to adopt measures and create conditions conducive to the thorough settlement of this issue.

(8) The development of United states-China relations is not only in the interests of the two peoples but also conducive to peace and stability in the world. The two sides are determined, on the principle of equality and mutual benefit, to strengthen their ties in the economic, cultural, educational, scientific, technological and other fields and make strong, joint efforts for the continued development of relations between the Governments and peoples of the United States and China.

(9) In order to bring about the healthy development of United States-China relations, maintain world peace and oppose aggression and expansion, the two Governments reaffirm the principles agreed on by the two sides in the Shanghai Communiqué and the Joint Communiqué on the Establishment of Diplomatic Relations. The two sides will maintain contact and hold appropriate consultations on bilateral and international issues of common interest.

APPENDIX 5

ROC'S GUIDELINES FOR REUNIFICATION*

Guidelines for National Unification

Mainland Affairs Council, The Executive Yuan, Republic Of China.

Adopted by the National Unification Council at its third meeting on February 23, 1991, and by the Executive Yuan Council at its 2223rd meeting on March 14, 1991.

I. FOREWARD

The unification of China is meant to bring about a strong and prosperous nation with a long-lasting, bright future for its people; it is the common wish of Chinese people at home and abroad. After an appropriate period of forthright exchange, cooperation, and consultation conducted under the principles of reason, peace, parity, and reciprocity, the two sides of the Taiwan Straits should foster a consensus of democracy, freedom and equal prosperity, and together build a new and unified China. Based on this understanding, these Guidelines have been specially formulated with the express hope that all Chinese throughout the world will work with one mind toward their fulfillment.

II. GOAL

To establish a democratic, free and equitably prosperous China.

III. PRINCIPLES

1. Both the mainland and Taiwan areas are parts of Chinese territory. Helping to bring about national unification should be the common responsibility of all Chinese people.
2. The unification of China should be for the welfare of all its people and not be subject to partisan conflict.
3. China's unification should aim at promoting Chinese culture, safeguarding human dignity, guaranteeing fundamental human rights, and practicing democracy and the rule of law.
4. The timing and manner of China's unification should first respect the rights and interests of the people in the Taiwan area, and protect their security and welfare. It should be achieved in gradual phases under the principles of reason, peace, parity, and reciprocity.

IV. PROCESS

[1]. Short term -- A phase of exchanges and reciprocity.

1. To enhance understanding through exchanges between the two sides of the Straits and eliminate hostility through reciprocity; and to establish a mutually benign relationship by not endangering each other's security and stability while in the midst of exchanges and not denying the other's existence as a political entity while in the midst of effecting reciprocity.
2. To set up an order for exchanges across the Straits, to draw up regulations for such exchanges, and to establish intermediary organizations so as to protect people's rights and interest on both sides of the Straits; to gradually ease various restrictions and expand people-to-people contacts so as to promote the social prosperity of both sides.
3. In order to improve the people's welfare on both sides of the Straits with the ultimate objective of unifying the nation, in the mainland area economic reform should be carried out forthrightly, the expression of public opinion there should gradually be allowed, and both democracy and the rule of law should be implemented; while in the Taiwan area efforts should be made to accelerate constitutional reform and promote national development to establish a society of equitable prosperity.
4. The two sides of the Straits should end the state of hostility and, under the **principle of one China**, solve all disputes through peaceful means, and furthermore respect -- not reject -- each other in the international community, so as to move toward a phase of mutual trust and cooperation.

[2]. Medium Term -- A phase of mutual trust and cooperation.

1. Both sides of the Straits should establish official communication channels on equal footing.
2. Direct postal, transport and commercial links should be allowed, and both sides should jointly develop the southeastern coastal area of Chinese mainland and then gradually extend this development to other areas of the mainland in order to narrow the gap in living standards between the two sides.
3. Both sides of the Straits should work together and assist each other in taking part in international organizations and activities.
4. Mutual visits by high-ranking officials on both sides should be promoted to create favorable conditions for consultation and unification.

[3]. Long term -- A phase of consultation and unification.

A consultative organization for unification should be established through which both sides, in accordance with the will of the people in both the mainland and Taiwan areas, and while adhering to the goals of democracy, economic freedom, social justice

and nationalization of the armed forces, jointly discuss the grand task of unification and map out a constitutional system to establish a democratic, free, and equitably prosperous China.

5. Both sides of the Taiwan Straits agree that there is only one China. However, the two sides of the Straits have different opinions as to the meaning of "one China." To Peking, "one China" means "the People's Republic of China (PRC)", with Taiwan to become a "Special Administrative Region" after unification. Taipei, on the other hand, considers "one China" to mean the Republic of China (ROC), founded in 1911 and with *de jure* sovereignty over all of China. The ROC, however, currently has jurisdiction only over Taiwan, Penghu, Kinmen, and Matsu. Taiwan is part of China, and the Chinese mainland is part of China as well.
6. Since 1949, China has been temporarily divided, and each side of the Taiwan Straits is administered by a separate political entity. This is an objective reality that no proposal for China's unification can overlook.
7. In February 1991, the government of the Republic of China, resolutely seeking to establish consensus and start the process of unification, adopted the "Guidelines for National Unification". This was done to enhance the progress and well-being of the people, and the prosperity of the nation. The ROC government sincerely hopes that the mainland authorities will adopt a pragmatic attitude, set aside prejudices, and cooperate in contributing its wisdom and energies toward the building of a free, democratic and prosperous China.

*<http://peacock.tnrc.edu.tw/guide.html>

The Meaning of "ONE CHINA"

Adopted by the National Unification Council August 1, 1992

8. Both sides of the Taiwan Straits agree that there is only one China. However, the two sides of the Straits have different opinions as to the meaning of "one China." To Peking, "one China" means "the People's Republic of China (PRC)", with Taiwan to become a "Special Administrative Region" after unification. Taipei, on the other hand, considers "one China" to mean the Republic of China (ROC), founded in 1911 and with *de jure* sovereignty over all of China. The ROC, however, currently has jurisdiction only over Taiwan, Penghu, Kinmen, and Matsu. Taiwan is part of China, and the Chinese mainland is part of China as well.

9. Since 1949, China has been temporarily divide, and each side of the Taiwan Straits is administered by a separate political entity. This is an objective reality that no proposal for China's unification can overlook.
10. In February 1991, the government of the Republic of China, resolutely seeking to establish consensus and start the process of unification, adopted the "Guidelines for National Unification". This was done to enhance the progress and well-being of the people, and the prosperity of the nation. The ROC government sincerely hopes that the mainland authorities will adopt a pragmatic attitude, set aside prejudices, and cooperate in contributing its wisdom and energies toward the building of a free, democratic and prosperous China.

APPENDIX 6

PRC PRESIDENT JIANG ZEMIN'S REUNIFICATION ADDRESS*

Continue to Promote the Reunification of the Motherland by Jiang Zemin, January 30, 1995

Comrades and friends, Following the celebration of the 1995 New Year's Day, the people of all ethnic groups in China are now seeing in the Spring Festival. On the occasion of this traditional festival of the Chinese nation, it is of great significance for the Taiwan compatriots in Beijing and other personages concerned to be gathered here to discuss the future of the relations between the two sides of the Taiwan Straits and the great cause of the peaceful reunification of the motherland. On behalf of the Central Committee of the Communist Party of China and the State Council, I should like to take this opportunity to wish our 21 million compatriots in Taiwan a happy New Year and the best of luck.

Taiwan is an integral part of China. A hundred years ago on April 17, 1895, the Japanese imperialists, by waging a war against the corrupt government of the Qing Dynasty, forced the latter to sign the Shimonoseki Treaty of national betrayal and humiliation. Under the treaty, Japan seized Taiwan and the Penghu Islands, subjecting the people of Taiwan to its colonial rule for half a century. The Chinese people will never forget this humiliating chapter of their history.

Fifty years ago, together with the people of other countries, the Chinese people defeated the Japanese imperialists. October 25, 1945 saw the return of Taiwan and the Penghu Islands to China marked the end of Japan's colonial rule over our compatriots in Taiwan. However, for reasons everybody knows, Taiwan has been severed from the Chinese mainland since 1949. It remains the sacred mission and lofty goal of the entire Chinese people to achieve the reunification of the motherland and promote the all-round revitalization of the Chinese nation. Since the Standing Committee of the National People's Congress issued its "Message to the Taiwan Compatriots" in January 1979, we have formulated the basic principles of peaceful reunification and "one country, two systems" and a series of policies towards Taiwan. Comrade Deng Xiaoping, the chief architect of China's reform and opening to the outside world, is also the inventor of the great concept of "one country, two systems". With foresight and seeking truth from facts, he put forward a series of important theories and ideas concerning the settlement of the Taiwan question which reflect the distinct features of the times, and defined the guiding principles for the peaceful reunification of the motherland.

Comrade Deng Xiaoping has pointed out that the most important issue is the reunification of the motherland. All descendants of the Chinese nation wish to see China reunified. It is against the will of the Chinese nation to see it divided. There is only one China, and Taiwan is

a part of China. We will never allow there to be "two Chinas" or "one China, one Taiwan". We firmly oppose the "independence of Taiwan". There are only two ways to settle the Taiwan question: One is by peaceful means and the other is by non-peaceful means. The way the Taiwan question is to be settled is China's internal affairs, and brooks no foreign interference. We consistently stand for achieving reunification by peaceful means and through negotiations. But we shall not undertake not to use force. Such commitment would only make it impossible to achieve peaceful reunification and could not but lead to the eventual settlement of the question by the use of force.

After Taiwan is reunified with the mainland, China will pursue the policy of "one country, two systems". The main part of the country will stick to the socialist system, while Taiwan will retain its current system. Reunification does not mean that the mainland will swallow up Taiwan, nor does it mean that Taiwan will swallow up the mainland. After Taiwan's reunification with the mainland, its social and economic systems will not change, nor will its way of life and its non-governmental relations with foreign countries, which means that foreign investment in Taiwan and the non-governmental exchanges between Taiwan and other countries will not be affected. As a special administrative region, Taiwan will exercise a high degree of autonomy and enjoy legislative and independent judicial power, including that of final adjudication. It may also retain its armed forces and administer its party, governmental and military systems by itself. The Central Government will not station troops or send administrative personnel there. What is more, a number of posts in the Central Government will be made available to Taiwan.

Over the past decade and more, under the guidance of the basic principles of peaceful reunification and "one country, two systems" and through the concerted efforts of the compatriots on both sides of the Taiwan Straits and in Hong Kong and Macao and Chinese residing abroad, visits back and forth by individuals and exchanges in science, technology, culture, academic affairs, sports and other fields have expanded vigorously. A situation in which the economies of the two sides promote, complement and benefit each other is taking shape. The establishment of direct links between the two sides for postal, air, and shipping services at an early date not only represents the strong desire of vast numbers of compatriots in Taiwan, particularly industrialists and businessmen, but has also become the actual requirement for future economic development in Taiwan.

Progress has been registered in the negotiations on specific issues, and the "Wang Daohan-Koo Chenfu talks" represent an important, historic step forward in the relations between the two sides. However, what the entire Chinese people should watch out for is the growing separatist tendency and the increasingly rampant activities of the forces working for the "independence of Taiwan" on the island in recent years. Certain foreign forces have further meddled in the issue of Taiwan, interfering in China's internal affairs. All this not only impedes the process of China's peaceful reunification but also threatens peace, stability and development in the Asia-Pacific region. The current international situation is still complex and volatile, but in general, it is moving towards relaxation. All countries in the world are working out their economic strategies which face the future and taking it as a task of primary importance to increase their overall national strength so as to take up their proper places in

the world in the next century. We are pleased to see that the economies of both sides are growing.

In 1997 and 1999 China will resume its exercise of sovereignty over Hong Kong and Macao respectively, which will be happy events for the Chinese people of all ethnic groups, including our compatriots in Taiwan. The Chinese nation has experienced many vicissitudes and hardships, and now it is high time to accomplish the reunification of the motherland and bring about its all-round rejuvenation. This means an opportunity for both Taiwan and the entire Chinese nation. Here, I should like to state the following views and propositions on a number of important questions that have a bearing on the development of relations between the two sides and the promotion of the peaceful reunification of the motherland:

1. Adherence to the principle of one China is the basis and premise for peaceful reunification. China's sovereignty and territory must never be allowed to suffer split. We must firmly oppose any words or actions aimed at creating an "independent Taiwan" and the propositions "split the country and rule under separate regimes", "two Chinas over a certain period of time", etc., which are in contravention of the principle of one China.

2. We do not challenge the development of non-governmental economic and cultural ties by Taiwan with other countries. Under the principle of one China and in accordance with the charters of the relevant international organizations, Taiwan has become a member of the Asian Development Bank, the Asia-Pacific Economic Cooperation forum and other international economic organizations in the name of "Chinese Taipei". However, we oppose Taiwan's activities in "expanding its living space internationally" which are aimed at creating "two Chinas" or "one China, one Taiwan". All patriotic compatriots in Taiwan and other people of insight understand that instead of solving the problems, such activities can only help the forces working for the "independence of Taiwan" undermine the process of peaceful reunification more unscrupulously. Only after the peaceful reunification is accomplished can the Taiwan compatriots and other Chinese people of all ethnic groups truly and fully share the dignity and honor attained by our great motherland internationally.

3. It has been our consistent stand to hold negotiations with the Taiwan authorities on the peaceful reunification of the motherland. Representatives from the various political parties and mass organizations on both sides of the Taiwan Straits can be invited to participate in such talks. I said in my report at the Fourteenth National Congress of the Communist Party of China held in October 1992, "On the premise that there is only one China, we are prepared to talk with the Taiwan authorities about any matter, including the form that official negotiations should take, a form that would be acceptable to both sides". By "on the premise that there is only one China, we are prepared to talk with the Taiwan authorities about any matter", we mean naturally that all matters of concern to the Taiwan authorities are included. We have proposed time and again that negotiations should be held on officially ending the state of hostility between the two sides and accomplishing peaceful reunification step by step. Here again I solemnly propose that such negotiations be held. I suggest that, as the first step, negotiations should be held and an agreement reached on officially ending the state of hostility between the two sides in accordance with the principle that there is only one China. On this basis, the two sides should undertake jointly to safeguard China's sovereignty and

territorial integrity and map out plans for the future development of their relations. As regards the name, place and form of these political talks, a solution acceptable to both sides can certainly be found so long as consultations on an equal footing can be held at an early date.

4. We should strive for the peaceful reunification of the motherland since Chinese should not fight fellow Chinese. Our not undertaking to give up the use of force is not directed against our compatriots in Taiwan but against the schemes of foreign forces to interfere with China's reunification and to bring about the "independence of Taiwan". We are fully confident that our compatriots in Taiwan, Hong Kong and Macao and those residing overseas would understand our principled position.

5. In face of the development of the world economy in the twenty-first century, great efforts should be made to expand the economic exchanges and cooperation between the two sides of the Taiwan Straits so as to achieve prosperity on both sides to the benefit of the entire Chinese nation. We hold that political differences should not affect or interfere with the economic cooperation between the two sides. We shall continue to implement over a long period of time the policy of encouraging industrialists and businessmen from Taiwan to invest in the mainland and enforce the Law of the People's Republic of China for Protecting the Investment of the Compatriots of Taiwan. Whatever the circumstances may be, we shall safeguard the legitimate rights and interests of industrialists and businessmen from Taiwan. We should continue to expand contacts and exchanges between our compatriots on both sides so as to increase mutual understanding and trust. Since the direct links for postal, air and shipping services and trade between the two sides are the objective requirements for their economic development and contacts in various fields, and since they are in the interests of the people on both sides, it is absolutely necessary to adopt practical measures to speed up the establishment of such direct links. Efforts should be made to promote negotiations on certain specific issues between the two sides. We are in favor of conducting this kind of negotiations on the basis of reciprocity and mutual benefit and signing non-governmental agreements on the protection of the rights and interests of industrialists and businessmen from Taiwan.

6. The splendid culture of five thousand years created by the sons and daughters of all ethnic groups of China has become ties keeping the entire Chinese people close at heart and constitutes an important basis for the peaceful reunification of the motherland. People on both sides of the Taiwan Straits should inherit and carry forward the fine traditions of the Chinese culture.

7. The 21 million compatriots in Taiwan, whether born there or in other provinces, are all Chinese and our own flesh and blood. We should fully respect their life style and their wish to be the masters of our country and protect all their legitimate rights and interests. The relevant departments of our party and the government including the agencies stationed abroad should strengthen close ties with compatriots from Taiwan, listen to their views and demands, be concerned with and take into account their interests and make every effort to help them solve their problems. We hope that Taiwan Island enjoys social stability, economic growth and affluence. We also hope that all political parties in Taiwan will adopt a sensible,

forward-looking and constructive attitude and promote the expansion of relations between the two sides. All parties and personages of all circles in Taiwan are welcome to exchange views with us on relations between the two sides and on peaceful reunification and are also welcome to pay a visit and tour places. All personages from various circles who have contributed to the reunification of China will go down in history for their deeds.

8. Leaders of the Taiwan authorities are welcome to pay visits in appropriate capacities. We are also ready to accept invitations from the Taiwan side to visit Taiwan. We can discuss state affairs, or exchange ideas on certain questions first. Even a simple visit to the other side will be useful. The affairs of Chinese people should be handled by ourselves, something that does not take an international occasion to accomplish. Separated across the Straits, our people eagerly look forward to meeting each other. They should be able to exchange visits, instead of being kept from seeing each other all their lives. Our compatriots in Hong Kong and Macao and those residing overseas have made dedicated efforts to promote the relations between the two sides, the reunification of the country and the revitalization of the Chinese nation. Their contribution commands recognition. We hope that they will make new contributions in this regard. The reunification of the motherland is the common aspiration of the Chinese people. The patriotic compatriots do not wish to see reunification delayed indefinitely. The great revolutionary forerunner of the Chinese nation Dr. Sun Yatsen once said: "Reunification is the hope of entire nationals in China. If reunification can be achieved, the people of the whole country will enjoy a happy life; if it cannot be achieved, the people will suffer." We appeal to all Chinese to unite and hold high the great banner of patriotism, uphold reunification, oppose secession, spare no effort to promote the expansion of relations between the two sides and facilitate the accomplishment of the reunification of the motherland. In the course of the development of the Chinese nation in the modern world, such a glorious day will surely come.

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