FROM SANCTIONS TO ENGAGEMENT: NORMS AND AMERICAN ECONOMIC STATECRAFT TOWARD CHINA AFTER TIANANMEN

By

CHI-HUNG WEI

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To my family
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Abstract of Dissertation Presented to the Graduate School of the University of Florida in Partial Fulfillment of the Requirements for the Degree of Doctor of Philosophy

FROM SANCTIONS TO ENGAGEMENT: NORMS AND AMERICAN ECONOMIC STATECRAFT TOWARD CHINA AFTER TIANANMEN

By
Chi-hung Wei

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Chair: Aida A. Hozic
Major: Political Science

This dissertation explains why states lift economic sanctions and instead proffer economic engagement toward a target who has not engaged in desired behavior change. Examining America’s China policy in the 1990s, I argue that Washington made a sanctions-engagement policy reversal toward China because a pro-engagement coalition, concerned about American security and economic interests, attached moralistic and liberal values to an American foreign economic policy that had previously only emphasized the role of China in serving the American strategy of balancing Soviet power. At a time when sanctions were urged to address China’s “misbehaviors” regarding human rights, arms control, and trade, the “engagers” reversed the course of America’s China policy by arguing that open trade could make China not only prosperous and democratic at home but also play by the rules of the liberal world order abroad. Thus, I argue that the paradigmatic debate between realism and constructivism is overdrawn: realism and moralism are meaningless without each other. I also argue that the economic interdependence thesis embraced by liberals is ahistorical. It is not that the engagers sought to engage China because China was manageable, but rather that the engagers from time to time
portrayed China as manageable to justify their engagement policy. The image of China as malleable was a product, rather than a determinant, of America’s policy practices.
CHAPTER 1
INTRODUCTION

This study has two aims, one empirical and the other theoretical. The empirical aspiration is to explain why states lift economic sanctions and instead proffer economic engagement toward a target that has not engaged in desired behavior change. The theoretical ambition is twofold. First, I examine the paradigmatic debate between realism and constructivism. Second, I seek dialogue with International Relations (IR) liberals, defensive realists, and offensive realists concerning the changing images of China.

America’s China Policy after Tiananmen

After the end of the Cold War, the U.S.-China strategic alignment that had formed since the early 1970s was eroding. At the same time, China was on the rise and expected to become America’s primary great power competitor in the years ahead. As a result, U.S.-China relations became tense. To complicate U.S.-China relations further, Washington became increasingly concerned about a series of “misbehaviors” that China had engaged in during its rise. First, after the 1989 Tiananmen Square massacre, Washington imposed what was known as the “Tiananmen sanctions” to coerce China to improve its human rights policy. Second, China was reported to have proliferated nuclear weapons and missile technologies abroad; as a result, Washington imposed another wave of economic sanctions. Third, U.S. trade deficits with China had also skyrocketed. Washington thus became displeased with Beijing’s restrictive trade policy and threatened to impose punitive tariffs on Chinese products. To address China’s “misbehaviors” regarding human rights abuses, arms proliferation, and unfair trade practices, Washington frequently used, or threatened to use, negative forms of economic instruments.
In particular, congressional critics of China repeatedly sought to revoke or condition China’s most-favored-nation (MFN) treatment on human rights, arms control, and fair trade.\(^1\) Despite his codification of the Tiananmen sanctions, President George H. W. Bush made efforts to defend China’s MFN status (hereafter, China’s MFN). In 1992, he vetoed two bills that would impose conditions on China’s MFN. Upon taking office in 1993, however, President Bill Clinton followed through on his campaign promise of linking human rights to China’s MFN (hereafter the linkage policy). He renewed China’s MFN for another year but threatened to revoke it in 1994 unless China made “overall, significant” human rights progress.

In 1994, however, Clinton backed down and delinked human rights from China’s MFN, even though China had made no such human rights progress (hereafter the delinkage policy).\(^2\) Afterwards, he even stepped up efforts to engage China economically by integrating it into the World Trade Organization (WTO), despite the fact that several crises continued to strain U.S.-China relations.\(^3\) In November 1999, the United States and China finally reached a trade agreement that would grant China access to the WTO. In 2000, despite its criticism of China and Clinton’s China policy, Congress voted to grant China permanent normal trade relations (PNTR) status that exempted China from the annual review of its MFN treatment. In 2001, China finally entered the WTO.

Why did Washington abandon the use of economic sanctions in favor of economic engagement toward a rising China that had violated international norms of human rights, arms

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\(^1\) Chapter 3 will analyze the origin and development of MFN conditionality as required by the Jackson-Vanik Amendment to the 1974 Trade Act.

\(^2\) The linkage policy was a negative form of economic instruments, while the delinkage policy was a positive one.

\(^3\) Besides China’s “misbehaviors” regarding human rights abuses, arms proliferation, and unfair trade practices, several other incidents brought a chill to U.S.-China relations, including the Taiwan Strait crisis of 1995-1996, the alleged Chinese theft of sensitive U.S. technologies, and NATO’s bombing of the Chinese embassy in Belgrade. These crises will be discussed briefly in chapter 7.
control, and fair trade? According to Mastanduno, “economic inducement strategies clearly raise a moral hazard problem, particularly when dealing with potential adversaries. No government wishes the reputation of rewarding bad behavior.” In America’s Response to China, Cohen describes such a moral hazard problem:

“Engagement,” the pursuit of a working relationship with a disagreeable regime, has rarely been attractive to Americans of any political persuasion. If a government is certifiably nasty, if its leaders are openly hostile to American values and frequently pursue policies contrary to the interests of the United States, Americans are not easily persuaded of the value of befriending it. . . . During the Cold War, they grudgingly accepted the fact that the American government developed strategic partnerships with a wide range of reprehensible regimes, including that of Mao Zedong, as it struggled to contain the Soviet empire. In the 1990s, with no apparent threat to the security of the United States, it was much more difficult to provide a compelling case for paying court to the “Butchers of Beijing.”

Indeed, it is conventional wisdom that the sender state makes a sanctions-engagement policy reversal after succeeding in getting the target state to do something it otherwise would not do, namely, that the target engages in behavior change consistent with the sender’s expectations. For example, several Western countries lifted sanctions against Myanmar in 2012 after it moved toward political reform. The puzzle, then, is why Washington switched from sanctions to engagement in dealing with a rising, intransigent China? To influence China’s behavior regarding human rights, arms control, and fair trade, why had Washington first relied on the use and threat of sanctions, whereas it later switched to engagement? How and why did the United States choose between sanctions and engagement toward China?

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The Argument in Brief

To explain how and why Washington used economic statecraft toward China, I develop a constructivist model that focuses on two groups of actors in U.S. domestic politics with different positions toward China: pro-sanctions and pro-engagement. This model emphasizes the mutual constitution of agents and structures but grants agents the logic of consequences.⁷ I argue that the two groups used norms strategically when wrestling for control of China policy. Their strategic normative contestation experienced four phases: the Tiananmen sanctions of 1989, the MFN debate of 1990-1992, the 1993 linkage policy, and the 1994 delinkage policy.

After Tiananmen, domestic political goals motivated a Democrat-controlled Congress and Clinton to push the normative issues of human rights, arms control, and fair trade to the fore in order to attack the Bush administration’s China policy. They also urged sanctions against China as a better way to address U.S. human rights, security, and economic concerns. In particular, they placed significant emphasis on human rights, arguing that China would neither proliferate weapons abroad nor adopt a restrictive trade policy if it became humane and even democratic first. There was no contradiction, they argued, between U.S. security and economic interests in China, on the one hand, and human rights and even democracy in China, on the other, because the former could be advanced if the latter were promoted first. For these pro-sanctions actors, therefore, the United States should grant priority to pushing China toward democratization through the use of economic sanctions.

I argue that Washington abandoned sanctions in favor of engagement because a pro-engagement coalition, sharing security and economic concerns with the pro-sanctions coalition, attached moralistic and liberal values to a U.S. foreign economic policy that had previously only

emphasized the role of China in serving the U.S. balancing strategy against Soviet power. At a time when sanctions were put at the forefront of U.S. efforts to deal with China’s “misbehaviors,” pro-engagement actors reversed the course of U.S. China policy by arguing that open trade could not only induce China to abide by the rules of the liberal world order abroad but could also make China prosperous and therefore democratic at home. In their free trade-based normative discourse, there was no conflict between U.S.-China trade, on the one hand, and U.S. security, economic, and human rights interests in China, on the other, because the former, if advanced first, could simultaneously boost the latter. In particular, while the United States had viewed China’s political-economic reform as an endogenous process in the 1980s, pro-engagement actors now argued that the best way to bolster political reform in China was to bring economic prosperity to the country from the outside through higher levels of bilateral trade. For them, cutting off U.S.-China trade would unwittingly undermine human rights progress in China by discouraging the market-oriented reform that could serve as the engine for political reform.

I argue that the free trade-based normative discourse became dominant in U.S. domestic politics through a mechanism of normative development that I call “strategic co-constitution” of agents and structures. Specifically, three stages of strategic co-constitution brought the normative discourse to triumph (see Table 1-1). First, Bush took the lead in linking trade to China’s behavior at home and abroad, arguing that preserving U.S.-China trade could provide China with incentives to abide by international norms of human rights, arms control, and fair trade. While he had codified the Tiananmen sanctions because a unified Congress had left him no room for presidential vetoes, he was able to win the MFN debate when Senate support allowed him to veto two conditional MFN bills. Second, although the normative discourse faded after Bush lost the 1992 presidential election, it was revived in 1994 as American businesses that had stakes in the
Chinese market, Clinton’s economic team, non-governmental foreign policy experts, and moderate members of Congress presented the normative discourse to Clinton at a time when security and economic concerns were growing in the United States after it became clear that China had resisted the linkage policy. While Clinton had strategically raised human rights issues during 1992-1993, he accepted the normative discourse that Bush had articulated to justify his delinkage decision. Third, while Congress had strategically moved the normative issues of human rights, arms control, and fair trade to the fore and urged sanctions during 1989-1993, it overwhelmingly voted for China’s MFN and PNTR status after 1994 and articulated the normative discourse to justify its support for “business as usual” with Beijing.

Table 1-1. American Economic Statecraft toward China in the 1990s

<table>
<thead>
<tr>
<th></th>
<th>Forms of Economic Means</th>
<th>Dominant Normative Discourse</th>
<th>Pro-Sanctions Actors</th>
<th>Pro-Engagement Actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Tiananmen Sanctions</td>
<td>Negative</td>
<td>Human rights</td>
<td>Democrat-controlled Congress</td>
<td>The Bush administration</td>
</tr>
<tr>
<td>The MFN Debate of 1990-1992</td>
<td>Positive</td>
<td>Free trade</td>
<td>Democrat-controlled Congress, especially the House</td>
<td>The Bush administration</td>
</tr>
<tr>
<td>The 1993 Linkage Policy</td>
<td>Negative</td>
<td>Human rights</td>
<td>Congress and the Clinton administration</td>
<td>In decline</td>
</tr>
<tr>
<td>The 1994 Delinkage Policy</td>
<td>Positive</td>
<td>Free trade</td>
<td>In decline</td>
<td>American businesses, economic bureaucrats, non-governmental foreign policy experts, moderate lawmakers, and the Clinton administration.</td>
</tr>
</tbody>
</table>
Three notes are in order. First, the normative discourse of free trade, as I call it here, was different from free trade norms themselves. The engagers strategically linked free trade to the normative issues related to China’s “misbehaviors” regarding human rights abuses, arms proliferation, and unfair trade practices. The content of their normative discourse thus moved beyond free trade norms themselves.

Second, the distinction between the pro-sanctions coalition and the pro-engagement one is used only for analytical convenience and must be understood in the context of the four phases examined in this study. As demonstrated above, some actors cut across the two coalitions due to the strategic co-constitutions of agents and structures. Bush, for example, leaned toward engagement but was forced to codify the Tiananmen sanctions. By the same token, Clinton and Congress had first stood for sanctions but eventually switched to engagement. The strength of the pro-sanctions coalition was even in decline in the second half of the 1990s. Therefore, labeling some actors as pro-sanctions or pro-engagement is only for analytical convenience and should be understood contextually.

Third, table 1-1 shows that the form of economic statecraft during the MFN debate of 1990-1992 was positive. Indeed, Bush vetoed two conditional MFN bills in 1992. Despite his success in maintaining China’s MFN, however, domestic opposition hindered Bush from improving overall U.S.-China relations. He thus fell short of moving beyond renewing MFN to bringing China into the world economy, which Clinton would later accomplish.

Theoretically, this study suggests that the paradigmatic debate between realism and constructivism is overdrawn. Both realist and constructivist variables are needed when scholars explain both political and normative change. From a realist perspective, states have inherent interests in deploying economic statecraft, especially when they possess substantial economic
capabilities. However, I argue that realist variables are underdetermined with regard to the forms, negative or positive, of economic statecraft. While capabilities shape intentions, one cannot reasonably infer that states having capabilities will use economic statecraft, or assume that their economic statecraft will be of a specific form. To explain how states choose between sanctions and engagement toward a rising and intransigent target, I pay attention to the dynamics of the strategic normative contestation between pro-sanctions and pro-engagement actors. While human rights, security affairs, and economic exchanges remained the principle concerns in U.S. China policy throughout the 1990s, the pro-sanctions and pro-engagement coalitions competed with each other over China policy by framing their respective normative discourses in a way that harmoniously linked one of the three issue-areas to the other two. While the pro-sanctions coalition argued that a humane, democratic China would also serve U.S. security and economic interests, the pro-engagement coalition stressed the positive spill-over effects of economic exchanges on the other two issue-areas. Though embracing different forms of economic instruments, both sides argued that these three issue-areas could be simultaneously advanced when one of them was promoted first.

In particular, at a time when sanctions were strongly urged to address China’s “misbehaviors” regarding human rights abuses, arms proliferation, and unfair trade practice, the “engagers” countered the pro-sanctions coalition by bringing moralistic and liberal values into U.S.-China trade, which had only served U.S. geopolitical and geostrategic interests before Tiananmen. To the extent that engaging a rising and intransigent China would raise a moral hazard problem (in Mastanduno’s phrase), the engagers avoided a possible reputation of rewarding China’s “misbehaviors” by arguing that engagement could work better than sanctions in correcting China’s behavior, both at home and abroad. In addition, to the extent that engaging
a disagreeable China was unattractive to Americans (in Cohen’s phrase), the engagers strategically used the American missionary tradition of “saving” China to provide a compelling case for engaging China in the post-Cold War era.\(^8\) Therefore, the sanctions-engagement policy reversal was justified by the engagers’ strategic use of moralism. Realism and moralism, as Carr argues, are meaningless without each other.\(^9\) Norms are not peripheral to international relations; instead, norms are an integral component of great power politics, especially between the United States and China.

From a constructivist perspective, “norm entrepreneurs”\(^10\) persuade their audiences to comply with norms that are persuasive, liberal, or resonant with preexisting understandings of what is appropriate. However, this study challenges the rigid distinction between norm entrepreneurs and norm audiences. First, actors who have accepted “good” norms may articulate their own normative discourses. During the MFN debate, for example, Bush argued that trade could correct China’s behavior at home and abroad, despite the fact that he had previously put into law the Tiananmen sanctions in response to strong congressional human rights claims.

Second, norm entrepreneurs do not just promote “good” norms; they may also be subject to another social (re)construction process for consequentialist reasons. For example, once-outspoken human rights claimants like Clinton proved to be open to the normative discourse of

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free trade when revoking China’s MFN in retaliation for China’s human rights intransigence would run counter to U.S. security and economic interests. Because actors and structures constitute each other strategically, the distinction between norm entrepreneurs and norm audiences remains fluid.

In particular, under strategic co-constitution, “good” norms like human rights may not be as lasting as conventionally argued by liberal constructivists. While having codified the Tiananmen sanctions based on human rights, Bush refused to condition China’s MFN on human rights and the other issues. Clinton delinked human rights from China’s MFN, despite the fact that he had previously linked the two issues together. Only by granting agents the logic of consequences can a constructivist model explain such a normative change that led to the sanctions-engagement policy reversal.

It should be noted that to the extent that realism and constructivism are paradigmatically compatible, this study stands at the intersection of neoclassical realism and constructivism. Neoclassical realists argue that domestic politics is an intervening variable through which systemic forces are translated into the foreign policy behavior of individual states. Indeed, domestic politics provides a clue to explain why Washington engaged China at a time of rising Chinese power. However, what this study explores is not so much domestic politics as *domestic construction*. I examine the strategic co-constitutions in U.S. domestic politics that influenced U.S. foreign policy toward China. This is why this study stands at the intersection of neoclassical realism and constructivism.

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Alternative Explanations

There are at least three alternative explanations for U.S. economic engagement with China. First, a significant portion of the literature argues that U.S. China policy has been hijacked by American businesses. In this view, U.S. economic engagement with China reflects the preferences and interests of the dominant business community. However, merely focusing on business pressure is too narrow. As mentioned above, the American business community was only one member of the pro-engagement coalition. Moreover, security concerns also motivated Washington to engage China. This explanation also cannot account for why the stated purpose of U.S. economic engagement with China was to influence China’s behavior regarding human rights, arms control, and fair trade. Although this explanation points to domestic politics, it pays little attention to the domestic (re)construction processes that redefined U.S. China policy toward engagement.

Second, some scholars argue that security and economic concerns motivated Washington to engage China. Indeed, as mentioned above, the engagers were concerned about U.S. security and economic interests in China. However, security and economic concerns alone are underdetermined with regard to how Washington chose between sanctions and engagement. In

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addition to human rights, China was accused of violating international norms of arms control and fair trade throughout the 1990s. Therefore, Washington was concerned about its security and economic interests. When making the 1993 linkage policy, the Clinton administration had attempted to address these interests. But it believed that U.S. security and economic interests could be served if China first became humane and democratic. Because security and economic concerns remained constant in the 1990s, they cannot account for the sanctions-engagement policy reversal.

Third, the literature also attributes U.S. economic engagement with China to economic interdependence. However, this explanation is not convincing. First, economic engagement should not be confused with interstate cooperation. While interstate cooperation is a functional consequence of economic interdependence, economic engagement is a form of statecraft that deliberately expands economic interdependence to achieve foreign policy goals. In other words, while Washington hoped that economic interdependence could induce Chinese cooperation, it manipulated economic interdependence as a tool to its own advantage.

Second, table 1-2 shows that U.S.-China trade had expanded significantly since the late 1970s when the normalization of U.S.-China relations progressed. Because U.S.-China trade experienced little up-and-down variation, economic interdependence cannot consistently explain the sanctions-engagement policy reversal in the 1990s. Moreover, economic interdependence may be underdetermined with regard to the forms, negative or positive, of economic statecraft.

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15 Three approaches have been widely employed to explain American foreign economic policy: society-centered, system-centered, and state-centered. The explanation that focuses on American business pressure is a society-centered one, while the explanation that focuses on economic interdependence is a system-centered one. See G. John Ikenberry, David A. Lake, and Michael Mastanduno, “Introduction: Approaches to Explaining American Foreign Economic Policy,” *International Organization*, Vol. 42, No. 1 (Winter 1988), pp. 1-14.
Selden discusses economic sanctions and argues that “this international interdependence can be exploited to register displeasure with the actions of a particular country.”\textsuperscript{16} Indeed, the use or threat of economic sanctions will be feasible only after the sender has deliberately expanded economic ties with the target. Economic interdependence thus has no inherent logic with regard to the forms of economic statecraft. If economic interdependence can lead to both sanctions and engagement, how explanatory can that factor be?

Third, table 1-2 shows that U.S.-China economic relations were actually asymmetrically interdependent in favor of Washington. Beijing was more dependent than Washington upon U.S.-China trade. From a realist perspective, asymmetrical interdependence tends to create favorable positions for the sender to influence target behavior by threatening to interrupt bilateral commercial ties.\textsuperscript{17} Indeed, China’s economic dependence on the American market was the background against which the pro-sanctions coalition attempted to wield the MFN weapon. Asymmetrical interdependence thus cannot explain why Washington eventually backed away from the MFN threat.

\textsuperscript{16} Zachary Selden, \textit{Economic Sanctions as Instruments of American Foreign Policy} (Westport, Conn.: Praeger, 1999), p. 3.

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. imports from China</th>
<th>U.S. exports to China</th>
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Source:

* Exports and imports are in current U.S. millions of dollars.
The Changing Images of China

Liberals like Deudney and Ikenberry argue that China, once deeply enmeshed in a web of economic interdependence, will become more prosperous and democratic at home as well as peaceful abroad to the extent of embracing a status quo based on U.S. unipolarity.\(^{18}\) Trade, according to the liberal logic, stands at the top of the list of factors that bring about prosperity, democracy, and peace.\(^{19}\) What Friedberg calls liberal optimists thus believe that the rise of China can be manageable under the U.S. policy of economic engagement.\(^{20}\)

Interestingly, a defensive realist analysis of U.S. economic engagement with China is also predicated on the liberal logic. While defensive realists have emphasized East Asian bipolarity and the nuclear revolution as the countervailing mechanisms that will lessen the security dilemma between Washington and Beijing,\(^ {21}\) they point to the pacifying effects of economic interdependence on the rise of China when analyzing the political economy of U.S.-China relations. Mastanduno, for example, employs balance-of-threat theory to explain U.S. security strategy in the post-Cold War era. He views China as an “undecided” great power sitting

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“on the fence, with foreign policy intentions and aspirations more uncertain.” Because China may not be a threat, he argues, Washington has welcomed China’s participation in the world economy in the hope that China can be turned into a status quo power. As he puts it, “in an interdependent world economy, positive economic relationships are an important instrument in any effort to engage or reassure other major powers.”

In the liberal and defensive realist analyses, however, a manageable and non-threatening China is assumed. As Mastanduno admits, “the logic of economic engagement presupposes [emphasis added] that the target state is not unalterably revisionist, and that if it is not currently a status quo state, it can be transformed into one.” In his typology, Schweller also argues that the established power, while containing “revolutionary” powers, proffers economic engagement when the target is a “limited-aims revisionist” power. In a similar vein, part of the literature on international political economy (IPE) has explored whether or under what conditions states trade with “enemies” or “potential enemies” in addition to “allies.” However, one may wonder why a country is considered undecided, manageable, a limited-aims revisionist, an enemy, or an ally?


In particular, why is China considered manageable and non-threatening? Is such an image of China real? “Which China is for real,” as Kristof asked shortly after Tiananmen?27

In fact, China was viewed unfavorably after Tiananmen, and Chinese leaders were referred to as the “butchers of Beijing.”28 A repressive China was widely believed to be the real China.29 In 1993, National Security Advisor Anthony Lake even put China into his list of “backlash” states, which included North Korea, Iran, and Iraq.30 If China were malleable, as liberals and defensive realists claim, where did such an image come from? More broadly, why and how did U.S. perceptions of China change in the context of the sanctions-engagement transition? Liberals and defensive realists cannot answer these questions because they simply take a malleable China for granted.31

By tracing the change in U.S. economic statecraft toward China from sanctions to engagement in the 1990s, this study problematizes the presupposition that China is manageable and non-threatening. I trace such an image of China to the engagers’ rhetorical strategy of attaching moralistic and liberal values to U.S.-China trade in order to counter the pro-sanctions coalition and justify the engagement policy. I also demonstrate that the discursive change from human rights to free trade shifted the images of China from a pariah state to a malleable power, despite the fact that China had not changed its behavior in ways that met U.S. expectations.


29 See, for example, Kristof, “Which China Is for Real;” Bernstein, “Why the Crackdown.”


While Oren traces the changing U.S. perceptions of Imperial Germany to the subjectivity of the democratic peace, I trace the changing U.S. perceptions of China to the changing intersubjectivities from human rights to free trade.

Therefore, I argue that the economic interdependence thesis embraced by liberals and defensive realists is ahistorical. It is not that the engagers advocated economically engaging China because China was manageable and not a threat, but rather that the engagers from time to time portrayed China as malleable to justify their engagement policy. To the extent that China has been perceived as malleable, such an image of China is a product, rather than a determinant, of U.S. policy practices. “Which China is for real” cannot be understood apart from normative discourses. Whether China is a status quo power remains a highly debated question among scholars, but I argue that a malleable China, as viewed by liberals and defensive realists, is merely a discursive construct.

In particular, liberals overlook the fact that U.S. economic policy toward China before Tiananmen had only carried geopolitical and geostrategic purposes without moralistic attempts to influence China’s domestic features toward democracy or prosperity. The purposes of U.S. economic policy toward China were context-sensitive. Liberals also overlook the fact that in the 1980s, the United States believed that democracy and prosperity in China would grow from within if China continued with economic reform. It was not until after Tiananmen that moralistic and liberal values were brought into U.S.-China trade by the engagers to justify their engagement policy. By integrating China into the world economy, the engagers argued, the United States


could make China “become like us” in terms of prosperity and democracy. This is what Madsen calls “a liberal China myth.”

Indeed, offensive realists like Mearsheimer have called the economic engagement policy “misguided” and false because a rising China, however prosperous or democratic it may become, will translate its economic might into military might and challenge American hegemony. For scholars who view U.S.-China relations from a zero-sum perspective, U.S. economic engagement with China has unwisely encouraged Chinese economic power in ways that can harm U.S. national interests in the future. Thus, they argue that U.S. economic engagement with China is doomed to fail and that the United States will and should contain China’s growth by adopting a neomercantilist international economic policy.

Simply calling the engagement policy misguided, however, leaves the origin and maintenance of the policy unexplained. As Christensen criticizes, “If one accepts zero-sum reasoning, the lack of such a [containment] response to China’s continued rise later in the same decade must still be explained.”

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that their theory is suited not only for political military issues, but also for international political economy. If offensive realists simply view U.S. economic engagement with China as an unwise policy inattentive to relative gains, they would violate their own theoretical tenet.

To the extent that U.S. economic engagement with China has been misguided, I argue, such misguidance can be explained by the strategic co-constitutions in U.S. domestic politics that produced an image of China as malleable under the condition of economic interdependence. At a time of rising Chinese power, the engagers portrayed China as malleable in order to justify the sanctions-engagement policy reversal. Their rhetoric thus misdirected U.S. efforts to search for the real China.

**Outline of Chapters**

It should be noted at the outset what this study is not about. I focus on *U.S. foreign policy behavior*, especially on *U.S. economic statecraft toward China*, by examining U.S. domestic construction. Therefore, China’s domestic politics and foreign policy toward the United States are beyond the scope of this study. I do not explain in detail why China refused to kowtow to U.S. human rights pressure, especially during 1993-1994. Instead, I simply view China’s human rights intransigence as a given that forced both pro-sanctions and pro-engagement actors to reconsider how to use economic statecraft toward China. A model of U.S.-China relations, after all, would be more complicated than a model of U.S. foreign policy behavior.

Chapter 2 focuses on theory. I first deal with terminological issues related to both constructivism and economic statecraft, including such terms as norms, discourses, rhetoric, economic sanctions, and economic engagement. I then review the literature on economic

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39 For relative gains, see Grieco, *Cooperation among Nations*. 
statecraft in general, and economic sanctions in particular. This literature is primarily realist and rationalist as it emphasizes inherent state interests in using economic statecraft. Although the sanctions literature pays some attention to norms, it does not treat norms in the same way as constructivists, as it assumes rather than explains norms. I then review the few constructivist works that emphasize the translation of norms into sanctions. The constructivist variant they use, I find, is liberal constructivism. Therefore, I move on to the broader literature on liberal constructivism. However, I demonstrate the methodological weaknesses of liberal constructivism. I also argue that liberal constructivism cannot explain a sanctions-engagement policy reversal toward an intransigent target if the sender has applied sanctions against such a target for reasons of appropriateness.

In the rest of chapter 2, I develop a constructivist model that centers on the mutual constitution of agents and structures, but grants agents the logic of consequences. This constructivist model emphasizes actors' strategic use of norms and therefore allows for co-constitution. In the model of strategic co-constitution, actors, while having constructed a normative structure, may open themselves to another normative structure and use it to avoid a moral hazard problem coming from policy change. This model thus displays a path of normative development different from what liberal constructivists have suggested. After developing this model, I examine how this model is methodologically different from liberal constructivist models. I also analyze the eclectic trend that synthesizes different paradigms in the study of international relations. Finally, I explore the application of constructivism to the study of IPE by examining political reductionism and economic reductionism.

Chapter 3 puts U.S. China policy into historical-comparative context by discussing U.S. economic policy toward China before Tiananmen. Three cases are examined: the open door
policy in the first half of the twentieth century, the China embargo after the Korean War, and U.S. economic policy toward China in the 1970s and 1980s. They are compared in terms of three dimensions: the forms of economic instruments (positive or negative), the purposes of economic instruments (material interests or moralistic goals, or both), and U.S. policy concerns (China’s domestic features or China’s foreign policy behavior, or both).

In particular, I pay attention to whether these three U.S. economic policies carried missionary and moralistic efforts to influence China’s domestic features. At a time when China was weak and divided in the first half of the twentieth century, U.S. policymakers formulated and continued the open door policy and hoped for a democratic, prosperous, and stable China that fit the American image. That was the background against which the American missionary tradition of “saving” China took shape. However, Washington became disillusioned with its missionary efforts to save China at the peak of the Chinese Civil War. After the Korean War, U.S. officials even came to view Communist China as so evil and incurable that it should be isolated from the international community. When U.S.-China rapprochement unfolded after the early 1970s, U.S. economic policy toward China was only based on geopolitical and geostrategic purposes, without moralistic efforts to reshape China into the American image. In the 1980s, however, U.S. policymakers strategically articulated a liberal discourse that morally justified China as a Cold War ally of the United States. This liberal discourse, similar to modernization theory, maintained that a China fitting the American image would grow from within if it continued with economic reform. This discourse emphasized the endogenous process in China instead of exogenous forces from the United States. It was not until after Tiananmen that the United States became disillusioned with the endogenous process in China and began
emphasizing the role of U.S. economic instruments in influencing the course of development in China.

Chapters 4-7 examine, respectively, the Tiananmen sanctions, the MFN debate of 1990-1992, the 1993 linkage policy, and the 1994 delinkage policy. These four empirical chapters demonstrate the three stages of strategic co-constitution that brought the normative discourse of free trade to triumph in U.S. domestic politics. In each chapter, I examine what both pro-sanctions and pro-engagement actors said about China’s behavior and U.S. economic policy toward China. I also illustrate their logic of consequences by examining the circumstances that forced them to articulate their respective normative discourses or accept the ones articulated by the other.

Chapter 4 discusses the Tiananmen sanctions. Immediately after Tiananmen, a Democrat-controlled Congress pressured the Republican administration to influence China’s course of political reform from the outside by means of economic sanctions. Bush, by contrast, defended U.S.-China trade on the geopolitical and geostrategic grounds that had guided U.S. policy toward China since the early 1970s. To morally justify his stance, his rhetorical strategy was to argue that preserving U.S.-China economic relations was essential to human rights progress in China. However, Congress was unified enough to leave Bush little room for presidential vetoes. As a result, Bush was forced to accept Congress’s human rights claims and codify the Tiananmen sanctions.

Chapter 5 discusses the MFN debate of 1990-1992. It should be noted that the MFN debate actually raged throughout the 1990s in U.S. domestic politics. Chapter 5 thus only focuses on the MFN debate during the Bush years. It begins by briefly analyzing U.S. concerns about China’s policy on arms control and trade. With human rights, arms control, and fair trade
becoming issues of vital concern to Washington, Congress made a broader interpretation of MFN conditionality for China in ways that included these three issue-areas, a step that moved beyond mere emigration freedom, as required by the Jackson-Vanik Amendment to the 1974 Trade Act. In particular, Congress paid significant attention to human rights conditions, arguing that China would abide by international norms of arms control and fair trade if it first became humane and even democratic.

Bush, by contrast, opposed Congress’s manipulation of MFN conditionality. After the end of the Cold War, the geopolitical and geostrategic rationale that had guided U.S. economic policy toward China was eroding, but Bush added the normative issues of arms control and fair trade to U.S. economic policy, as Congress did. Unlike Congress, Bush argued that continuing MFN-based free trade could work its magic on China’s behavior regarding human rights, arms control, and fair trade. In particular, he developed a more complete explanation for the positive association between trade and human rights. What would link trade to human rights progress, according to Bush, was economic prosperity. Influencing China’s domestic features toward prosperity was thus brought into U.S. economic policy toward China. During his tenure, Bush won the MFN debate by acquiring Senate support to sustain his vetoes of two conditional MFN bills, despite the fact that he had previously codified the Tiananmen sanctions based on human rights.

Chapter 6 discusses the 1993 linkage policy. The 1992 presidential election changed the direction of the strategic normative contestation between the pro-sanctions and the pro-engagement coalitions. During the 1992 presidential campaign, Clinton criticized Bush’s China policy and advocated linking human rights to China’s MFN. After taking office, Clinton refrained from conflict with Congress over China policy, thereby following through on his
campaign promise. The process from candidacy to presidency that Clinton went through during 1992-1993 thus translated human rights into the linkage policy. Like Congress, the Clinton administration argued that a humane, democratic China would simultaneously abide by international norms of arms control and trade.

Chapter 7 discusses the 1994 delinkage decision. When it became clear that China had resisted U.S. human rights pressure, security and economic concerns grew in the United States because revoking China’s MFN on human rights grounds would be too costly. A new dynamic thus emerged as American businesses with stakes in China, Clinton’s economic team, non-governmental foreign policy experts, and moderate members of Congress revived Bush’s normative discourse of free trade and presented it to Clinton. At the same time, the Clinton administration sought alternatives to total revocation of China’s MFN but found them infeasible. Such a circumstance explains why Clinton accepted the normative discourse that Bush had first articulated, despite the fact that he had previously translated human rights into the 1993 linkage policy.

Chapter 7 also demonstrates the increasing strength of the normative discourse of free trade in Congress after the 1994 delinkage decision. Anti-China sentiment raged in Capitol Hill in the second half of the 1990s, but the dynamics that had led to the delinkage decision also reconstructed Congress toward overwhelmingly voting for China’s MFN and PNTR status. The normative discourse was thus used by pro-engagement lawmakers to justify their support for “business as usual” with Beijing.

Chapter 8 concludes this study. I first provide a table summarizing the findings of this study. I then briefly analyze the discourses that U.S. policymakers articulated when opposing sanctions against Japan during the 1930s and South Africa in the 1980s. These two cases are
compared with the U.S. discourse of economic engagement with China. While U.S. policymakers had argued that open trade could make Japan’s foreign policy behavior more peaceful, Washington argued that open trade could make South Africa more prosperous and therefore democratic at home. The U.S. discourse about China, in contrast, emphasized the positive effects of open trade on China’s behavior both at home and abroad. After comparing these three cases, I analyze the implications of this study for the future of U.S.-China relations. From a historical perspective, I emphasize the danger of liberalism in guiding U.S. foreign policy toward China, especially when “economic interdependency” is merely a normative discourse, rather than a scientific law.
CHAPTER 2
NORMS AND ECONOMIC STATECRAFT

This chapter aims to provide a theoretical framework to explain why states lift economic sanctions and instead proffer economic engagement toward a target that has not engaged in desired behavior change. It begins by reviewing the literature on economic statecraft in general and economic sanctions in particular. It then reviews the constructivist literature. After the literature review, I develop a constructivist model that centers on the mutual constitution of agents and structures and grants agents the logic of consequences. The model focuses on agents’ strategic translation of different normative discourses into different forms of economic statecraft, namely, sanctions or engagement. Finally, I explore the application of constructivism to the study of IPE.

It is necessary to clarify terminological issues at the outset. First, following Finnemore, Katzenstein, and Klotz, I define norms as shared, social, or intersubjective expectations about appropriate behavior.¹ From a constructivist perspective, norms are held collectively by group members and define their interests, identities, or preferences.² With regard to economic statecraft, norms define when and how states should use economic statecraft, in what forms, and for what purposes. However, claims that norms define the use of economic statecraft explain little about why the forms of economic statecraft change. Such a constructivist approach would


be static unless we grant agents the logic of consequences, as will be explained in greater detail below.

Norms do not appear out of thin air; rather, they form when actors use discourses or rhetoric to name, interpret, or dramatize issues. In other words, norms are embodied by discourses or rhetoric. Observing actors’ discursive or rhetorical action is one of the ways to prove the existence of norms. Therefore, I use discourse analyses to indicate the existence of norms. I focus on what the pro-sanctions and the pro-engagement coalitions said about China’s behavior and U.S. economic policy toward China. I will discuss the methodological tools of discourse analyses later.

Second, statecraft is “the art of managing state affairs and maneuvering power politics among sovereign states.” Economic statecraft, simply defined, is an economic technique of managing state affairs and maneuvering power politics in the international system. According to Hirschman, economic statecraft means “the use of international economic relations as an instrument of national power policies.” The use of international economic relations, according to Baldwin, relies on “resources which have a reasonable semblance of a market price in terms of money.” By manipulating economic transactions and market exchanges, the sender can proffer economic benefits to or inflict costs on the target in order to influence target behavior.

Scholars of economic statecraft have also provided definitions of economic sanctions and economic engagement. Economic sanctions are defined as “the deliberate, government-inspired

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3 There are two additional ways to prove the existence of norms: violating norms brings about social criticism and norms create patterned behavior in line with their prescriptions. See Finnemore, National Interests in International Society, pp. 22-24.


5 Hirschman, National Power and the Structure of Foreign Trade, p. ix.

withdrawal, or threat of withdrawal, of customary trade or financial relations.”\textsuperscript{7} Through the denial of customary economic exchanges, economic sanctions act as negative forms of economic statecraft. It should be noted that in this definition, merely threatening to withdraw customary economic exchanges also counts as economic sanctions. Viewed in this way, Clinton’s threat to revoke China’s MFN, though not actually carried out, was a case of economic sanctions.

Economic engagement, by contrast, is a positive form of economic statecraft. According to Mastanduno, positive forms of economic statecraft are defined as “the provision or promise of economic benefits to induce changes in the behavior of a target state.”\textsuperscript{8} He also distinguishes between two positive forms of economic statecraft: tactical linkage and structural linkage. The former involves the promise of well-specified economic concessions in exchange for political concessions from the target. The latter, by contrast, involves the use of sustained economic engagement to restructure the balance of political interests within the target. Unlike tactical linkage, structural linkage is unconditional because its promised benefits are not turned on and off depending on target behavior. Instead, it is deployed for a systemic transformation of the target’s political regimes, values, or foreign policy behavior.\textsuperscript{9}

The U.S. policy of economic engagement with China through the WTO was a policy of structural linkage. In its efforts to integrate China into the free trade regime, Washington hoped that a steady, long-term stream of trade flows across China’s borders could strengthen the hands of Chinese internationalists who favored political-economic reform relative to Chinese nationalists who leaned toward Marxist-Leninist rule. When China became prosperous and open


\footnote{9}{Ibid., pp. 303-304.}
at home, from a U.S. perspective, it could become a constructive strategic partner of the United States.

**Economic Statecraft**

This section reviews the literature on economic statecraft in general, and economic sanctions in particular. I first analyze the realist tradition inherent in the economic statecraft literature. I then review the relationship between norms and economic sanctions.

**The Realist Tradition**

In his pioneering study of economic statecraft, Hirschman quotes a letter written by Machiavelli: “Fortune has decreed that, as I do not know how to reason either about the art of silk or about the art of wool, either about profits or about losses, it befits me to reason about the state.” The letter, Hirschman argues, “reveals the complete failure of Machiavelli to perceive any connection between economics and politics.”

Since Hirschman, scholars of economic statecraft have examined politics and economics in an integrated manner. On the one hand, they argue that economic exchange relationships may carry power implications. In the eyes of the economist, market exchanges occur simply when both buyers and sellers perceive bilateral trade as beneficial. In this utilitarian world, economic actors are neither malevolent nor benevolent. They simply pursue economic interests,

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11 For a review of economic statecraft literature, see Mastanduno, “Economics and Security in Statecraft and Scholarship.”

without any political motivations to dominate others at the expense of their own economic welfare. However, scholars of economic statecraft view power relations as embedded in economic relations. As Hirschman argues, “gain from trade” and “dependence on trade” are the twofold results of bilateral trade. In particular, when country A and country B develop asymmetrical trade relations in favor of the former, country A can acquire influence or power positions in country B by threatening to interrupt bilateral commercial ties.

On the other hand, scholars of economic statecraft have argued that national power policies should also include the strategic use of international economic relations. Because economic relations may have power implications, a big country (the sender) that pursues power can deliberately expand its commercial ties with a small country (the target) and therefore create conditions of asymmetrical interdependence to its own advantage. A textbook for the modern prince, as Hirschman argues, should contain not only Machiavelli’s classic chapters on power but also chapters on economic statecraft.

With a few notable exceptions, the economic statecraft literature has largely reflected the realist tradition, both classical and structural. From a classical realist perspective, it is fundamentally the nature of man that pushes states to deploy economic statecraft. As Hirschman argues, “so long as war remains a possibility and so long as the sovereign nations can interrupt trade with any country at its own will, the contest for more national power permeates trade.

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13 Baldwin provides an analysis of the difference between economic liberals and mercantilists. See Baldwin, Economic Statecraft, pp. 72-87.

14 See Hirschman, National Power and the Structure of Foreign Trade; Keohane and Nye, Power and Interdependence.

15 Hirschman, National Power and the Structure of Foreign Trade, p. ix.

relations, and foreign trade provides an opportunity for power which it will be tempting to seize.”¹⁷ Similarly, Baldwin argues that “as long as states continue to exist, statesmen will make influence attempts [through economic statecraft].”¹⁸ For Hirschman and Baldwin, states have innate interests in deploying economic statecraft to satisfy their appetite for power.

In particular, states have growing interests in deploying economic statecraft when they have substantial economic capabilities. In other words, capabilities shape intentions. As Carr points out, “the substitution of the economic weapon for the military weapon . . . is a symptom not so much of superior morality as of superior strength.”¹⁹ When states have substantial economic capabilities, they can turn their wealth into political influence through economic instruments. This is particular true for the United States. Hufbauer, Schott, Elliot, and Oegg document 174 cases of economic sanctions worldwide during 1914-2000, and find that the United States, either alone or in cooperation with its allies, has deployed sanctions 109 times.²⁰ Indeed, there has been a substantial body of literature on the use of economic sanctions as instruments of U.S. foreign policy.²¹ Besides economic sanctions, the United States has frequently used economic engagement—for example, with Western Europe and some East Asian countries after World War II. As Baldwin observes, free trade itself is one form of economic

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¹⁷ Hirschman, National Power and the Structure of Foreign Trade, p. 40.

¹⁸ Baldwin, Economic Statecraft, p. 27.

¹⁹ Carr, The Twenty Years’ Crisis, p. 129.

²⁰ Hufbauer, Schott, Elliot, and Oegg, Economic Sanctions Reconsidered, p. 17.

statecraft, and the United States has deliberately used free trade to pursue various foreign policy objectives.22

From a structural realist perspective, it is anarchy that pushes states to deploy economic statecraft. Baldwin, for example, argues that “all international economic relations are pathological because the international order is anarchical.”23 In his study of the relative risk of economic carrots compared to economic sticks, Drezner argues that “[economic] carrots are not feasible because of the high transaction costs involved in making political exchanges in an anarchic world.”24 For him, anarchy forces states to prefer the use of economic sanctions to economic inducements.25 In addition, Mastanduno emphasizes the impact of polarity on U.S. use of economic statecraft.26

The economic statecraft literature, however, says little about why states lift economic sanctions and instead proffer economic engagement toward a target that has not engaged in desired behavior change. From a realist perspective, states do have interests in using economic statecraft, and they do use economic statecraft when they have substantial economic capabilities. It is also conventional wisdom that the sender makes a sanctions-engagement policy reversal when the target changes its behavior in ways that meet the sender’s preferences. The puzzle, then, is why states make a sanctions-engagement policy reversal when the target remains intransigent.

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22 Baldwin, Economic Statecraft, p. 44.
23 Ibid., 60.
25 Ibid.
In fact, the economic statecraft literature has paid more attention to economic sanctions than to economic engagement.\textsuperscript{27} From a realist perspective, economic sanctions reflect the conflictual nature of international politics, and therefore economic engagement is simply an epiphenomenon of power politics. Some scholars of economic statecraft even view economic engagement as rare. Drezner, for example, employs a rational-choice approach and argues that anarchy produces such high transaction costs that it prevents the sender from proffering economic carrots for fear of strengthening the target’s capabilities, especially when the sender anticipates frequent conflicts with the target. Economic inducements, he continues to argue, are used only when economic sanctions fail to generate compliance from the target. He thus argues that economic inducements are simply a second-best option.\textsuperscript{28} In his rational-choice framework, the sender’s utility function or preference order is pre-given and even fixed; therefore, economic sanctions are always the sender’s first policy option toward a target with which the sender anticipates frequent conflicts.\textsuperscript{29}

In the case of U.S. economic statecraft toward China, however, economic engagement has taken precedence over economic sanctions on the U.S. China policy priority list since the mid-1990s, even though a rising China is expected to become America’s primary great power competitor in the years ahead. In the United States, those in favor of using economic sanctions to reap political concessions from Beijing have become less powerful. Even supporters of using punitive tariffs to reap economic concessions from Beijing on currency issues, politically


\textsuperscript{28} Drezner, “The Trouble with Carrots,” p. 190.

\textsuperscript{29} What Drezner explains is not the change from sanctions to engagement because he analyzes “economic inducements” or “economic carrots,” instead of economic engagement. For the difference between economic carrots and economic engagement, see Mastanduno, “Economic Statecraft, Interdependence, and National Security.”
palatable though they may be, are not popular, at least insofar as the present U.S.-China relationship is concerned. It is true that Washington primarily used economic sanctions to address China’s behavior in the early 1990s. It is also true that Washington engaged China because economic sanctions did not work. However, economic engagement has proven to be the number-one policy option for Washington, not a second-best one. In this respect, U.S. preferences concerning the forms of economic statecraft toward China have changed.

**Norms and Economic Sanctions**

Because economic sanctions have received significant attention in the economic statecraft literature, scholars have provided various reasons why states use sanctions. In addition to the “so long as” conditions outlined by Hirschman and Baldwin, according to the literature, states use economic sanctions when other states violate internationally held norms. Conventional wisdom in the literature maintains that economic sanctions in most cases do not work in changing target behavior. However, state leaders still deploy economic sanctions regardless. To explain why state leaders apply economic sanctions even when they believe that sanctions may be ineffective, the literature distinguishes between instrumental and expressive sanctions. While instrumental

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sanctions are used in order to influence target behavior, expressive sanctions are deployed to release moral disapproval of the target’s domestic or foreign policy behavior.\textsuperscript{33} In this view, expressive sanctions serve moralistic purposes. States use economic sanctions neither because they continue to exist nor because war remains a possibility, but because the target violates norms. Economic sanctions thus are deployed in retaliation for the target’s moral wrongdoings. In this respect, the economic sanctions literature, while primarily emphasizing state interests, does not ignore the role of norms in driving states to use economic sanctions.

Sanctions scholars who pay attention to norms are not necessarily constructivists, however. In large measure, this is because concepts central to constructivism—intersubjectivity and the mutual constitution of agents and structures—are missing in most sanctions analyses. Martin, for example, begins her coercive cooperation theory by admitting that states apply sanctions because the target’s domestic or foreign acts are “morally unacceptable.”\textsuperscript{34} Similarly, Nossal argues that what motivates a state to apply sanctions is “the perception that the target state has violated norms of moral behavior valued by the sender and thus deserves not only concrete penalties but also a public proclamation of the target’s impiety.”\textsuperscript{35} For him, sanctions act as a form of “punishment” against acts of wrongdoing. However, missing in Martin’s and Nossal’s sanctions analyses is how norms become intersubjective and translate into sanctions. As Klotz criticizes, most sanctions analyses assume rather than explain norms.\textsuperscript{36} Such an omission is


\textsuperscript{34} Martin, Coercive Cooperation, p. 16.


\textsuperscript{36} Klotz, Norms in International Relations, p. 6.
not surprising because the most frequently addressed question in the sanctions literature is whether or under what conditions sanctions can work.\(^{37}\)

Because most sanctions scholars do not treat norms with constructivist logic, they pay little attention to discourses or rhetoric. In the literature, conventional wisdom holds that economic sanctions are an intermediate option that allows the sender to do “something” but not “too much.” While using military force is too costly, according to the literature, words are too cheap to change target behavior. Baldwin, for example, argues that “the evidence suggesting that economic sanctions are likely to be more effective than other means of registering disapproval is so abundant that it is deeply embedded in such everyday sayings as ‘talk is cheap.’ . . . Incurring costs adds to the credibility of mere words.”\(^{38}\) Similarly, Crawford claims that “sanctions speak louder than words.”\(^{39}\) Hufbauer et al. also argue that the imposition of sanctions conveys a signal that “words will be supported with deeds.”\(^{40}\)

A constructivist explanation of economic sanctions has been pioneered by Klotz. She explains the international sanctions against South Africa’s apartheid regime in terms of racial equality norms—promoted by transnational anti-apartheid advocates. While Martin emphasizes the role of international institutions in coordinating multilateral sanctions,\(^{41}\) Klotz stresses the role of norms in changing state interests toward applying sanctions. As she argues, “a norm of


\(^{41}\) Martin, *Coercive Cooperation*. 
racial equality plays crucial roles in defining identity and interest, rather than simply functioning as a weak constraint on more fundamental strategic or economic interests."42

With its focus on the translation of norms into economic sanctions, constructivism provides a clue to explain why Washington threatened China with sanctions in the early 1990s. After Tiananmen, the pro-sanctions coalition persistently accused China of violating international norms of human rights, arms control, and fair trade and made efforts to translate these normative issues into sanctions in order to “punish” China for its “misbehaviors.” U.S. sanctions against China culminated when Clinton, after reaching a consensus with Congress, linked human rights to China’s MFN upon taking office.

Missing in such a constructivist explanation, however, is why Washington shifted from sanctions to engagement in dealing with a China that remained intransigent. Why did Washington stop “punishing” China and instead reward its “misbehaviors?” Such a constructivist framework is not satisfactory because it cannot explain such a sanctions-engagement policy reversal. Moreover, what is the relationship between norms and economic engagement? Can constructivism explain economic engagement, as it has explained economic sanctions? Unfortunately, the existing literature has not answered these questions. This is not surprising because, as mentioned above, little scholarly attention has been paid to economic engagement, let alone to the transformation of economic statecraft from sanctions to engagement.

**Liberal Constructivism**

In the constructivist literature, a key question is, where do norms come from? Addressing this question can help explain why and how a specific norm becomes dominant whereas others do not. A predominant explanation has been proposed by liberal constructivists. From a liberal constructivist perspective, a norm becomes dominant when norm entrepreneurs persuade, teach,

or socialize their audiences to accept it. In this view, persuasion, teaching, or socialization are the primary mechanisms through which “agent action becomes social structure, ideas become norms, and the subjective becomes the intersubjective.”

Persuasion, teaching, or socialization can work, according to liberal constructivists, because the norms conveyed by norms entrepreneurs are persuasive, liberal, or resonant with pre-existing understandings of what is appropriate. Finnemore, for example, argues that “normative claims become powerful and prevail by being persuasive.” In this view, the quality of norms matters. The audiences may at first be obsessed with their material interests and not know what is appropriate. After being persuaded, taught, or socialized by norm entrepreneurs, however, they may adopt and even internalize “good” norms despite contrary material interests.

The liberal constructivist model has also been employed by constructivists who study economic sanctions, though constructivist work on sanctions is still rare. In her study of the South African case, for example, Klotz argues that sanctions themselves are norm-enforcing and contribute to socializing the target. She also argues that racial equality norms originate from


45 Klotz, Norms in International Relations, p. 164.
pre-existing liberal social institutions. Crawford and Klotz also emphasize the socialization functions of sanctions toward the target, arguing that “sanctions, as a signal of international condemnation, may provoke a reassessment of fundamental assumptions about national interests and the legitimate means of pursuing them. Sanctions thus might function as a ‘teaching’ method.”

The liberal constructivist model, however, has three methodological weaknesses. The first weakness concerns how to operationalize persuasion, teaching, or socialization. Finnemore and Sikkink emphasize these as the mechanisms through which norm entrepreneurs promote norms. But they also present a staged analysis of the interplay between normative commitments and strategic action: norm entrepreneurs promote norms for either normative or strategic reasons, depending on the stages of the norm “life cycle.” However, we cannot methodologically label a mechanism of normative influence as persuasion, teaching, or socialization, nor can we label it as strategizing, when norm entrepreneurs actually use norms both persuasively and strategically throughout the norm life cycle. This is because persuasive and strategic uses of norms are different mechanisms of normative influence. As Krebs and Jackson stress, one of the methodological issues facing constructivists is to use a mechanism of normative influence highlighting either strategic action or normative commitments throughout the entire episode.

Second, how can we conclude that the audiences accept normative prescriptions for reasons of appropriateness? The audiences may adopt new norms for strategic reasons but

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46 Ibid., pp. 22-23.


deceptively claim that they are persuaded and convinced of appropriate behavior. Therefore, it is difficult for researchers to methodologically distinguish beliefs sincerely embraced from those adopted for strategic reasons.\(^50\)

Third, the argument that persuasive norms will prevail is unfalsifiable and tautological.\(^51\) How can we methodologically prove that a normative claim is persuasive? Can we objectively measure the quality of norms? Liberal constructivists provide no answer; instead, they simply assume normative persuasiveness. As Bially Mattern argues when examining soft power, persuasiveness in liberal constructivist arguments rests on “unexamined assumptions about its naturalness or on a particular type of circular logic characteristic of Habermasian approaches to persuasion.”\(^52\) Because liberal constructivists assume normative persuasiveness, they explain very little about why a particular normative claim becomes dominant whereas others do not.

**A Model of Strategic Co-Constition**

Besides these three methodological weaknesses, the liberal constructivist model cannot explain normative change between “good” norms because it views “good” norms as lasting. In the liberal constructivist model, norm entrepreneurs deploy “good” norms to change the interests, identities, or preferences of their audiences, but their interests, identities, or preferences are usually pre-given and exogenous to social interaction.\(^53\) As a result, the audiences and their interests, identities, or preferences may be socially (re)constructed, but norm entrepreneurs will

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not be subjected to any social (re)construction processes. In the liberal constructivist model, agents are granted ontological priority over structures, and therefore the constructivist concept of co-constitution is missing. Without co-constitution, “good” norms are usually durable after conveyed by norm entrepreneurs and accepted by their audiences for reasons of appropriateness. Ruggie’s analysis of embedded liberalism, for example, explains the change in the postwar economic order as a norm-governed change that revolves around free trade norms as social purposes. As he argues, “rules and procedures (instruments) would change but principles and norms (normative frameworks) would not.” Similarly, Finnemore argues that the patterns of humanitarian intervention over the past two centuries can only be understood through human rights norms, which have a progressive development trajectory. The targets of humanitarian intervention, for example, have extended from white Christians to non-white and non-Christian groups.

In the case of U.S. economic statecraft toward China, human rights became of significant concern to the United States after Tiananmen. Congress persistently pushed human rights to the fore, leading Bush to ratify the Tiananmen sanctions. During 1992-1993, the process from candidacy to presidency that Clinton went through also translated human rights to the linkage policy. The liberal constructivist model would predict that both Bush and Clinton would keep conforming to the logic of appropriateness and stick to human rights principles to “teach” or “punish” China. The model would also predict that human rights norms would be durable in U.S.

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54 For this critique, see Bially Mattern, “Why ‘Soft Power,’” p. 593.


China policy due to their persuasive quality. However, the fact was that Bush, while having ratified the Tiananmen sanctions based on human rights, vetoed bills that would condition China’s MFN on human rights, arms control, and fair trade. Furthermore, Clinton, while having linked human rights to China’s MFN in 1993, delinked the two issues in 1994. Even congressional voices for human rights were in decline in the second half of the 1990s. Why were human rights norms turned on and off? Why were they losing ground? Liberal constructivists in general, and Klotz in particular, cannot explain such a life cycle of human rights norms. Ironically, because they emphasize the logic of appropriateness and view “good” norms as durable, they suffer from the lack of transformational logic that Ruggie ascribes to structural realists.\(^58\)

To explain the change in U.S. economic statecraft toward China, this study develops a constructivist model that centers on the strategic co-constitution of agents and structures. I focus on U.S. domestic politics and examine two groups of actors: pro-sanctions and pro-engagement. In this model, both groups used norms strategically and competed with each other over China policy. On the one hand, one group strategically articulated its own normative discourses to the other and constructed a social structure. On the other hand, it accepted the other’s normative discourses when doing so was cost-efficient and therefore subjected itself to a social (re)construction process. Such a strategic co-constitution process (re)defined U.S. economic statecraft toward China.\(^59\)


After Tiananmen, Congress and Clinton, for political goals that targeted Bush’s China policy, persistently pushed to the fore the normative issues of human rights, arms control, and fair trade. U.S. China policy revolved around how to advance U.S. human rights concerns as well as security and economic interests. Unlike Bush, Congress and Clinton argued that sanctions should be deployed to correct China’s “misbehaviors” regarding human rights abuses, arms proliferation, and unfair trade practices. To this end, Congress made a broader interpretation of MFN conditionality in ways that included general human rights principles, arms control, and trade, a step that moved beyond the freedom of emigration, as required by the Jackson-Vanik Amendment. In particular, Congress and Clinton put significant emphasis on human rights, arguing that a humane, democratic China would simultaneously abide by international norms of arms control and trade. In their normative discourse, pushing China toward more respect for human rights and principles of democracy could simultaneously boost U.S. security and economic interests.

A group of pro-engagement actors, by contrast, countered the pro-sanctions coalition. It shared security and economic concerns with the pro-sanctions coalition but argued for engagement. To reverse the course of U.S. China policy, its strategy was to attach liberal and moralistic values to a U.S. foreign economic policy that had previously only emphasized the role of China in serving the U.S. balancing strategy against Soviet power. Bush took the lead in defending engagement with China by arguing that preserving and even broadening U.S.-China trade could make China not only abide by the rules of the liberal world order abroad, but also become prosperous and therefore democratic at home. Although the normative discourse of free trade faded after Bush lost the 1992 presidential election, it was revived in the spring of 1994 when American businesses with stakes in China, Clinton’s economic team, non-governmental
foreign policy experts, and moderate members of Congress joined the fray and presented the discourse to Clinton.

I argue that Washington switched its China policy from sanctions to engagement because three stages of strategic co-constitution brought the normative discourse of free trade to triumph in U.S. domestic politics. First, while Bush had accepted Congress’s human rights claims and ratified the Tiananmen sanctions because Congress was unified enough to deny him any room for presidential vetoes, he and his normative discourse of free trade were able to win the MFN debate because Senate support created room for him to veto two conditional MFN bills. Second, while Clinton had strategically raised human rights during 1992-1993, he switched to the normative discourse of free trade in 1994 when revoking China’s MFN on human rights grounds would not serve U.S. security and economic interests. Third, while Congress had moved human rights, arms control, and trade to the fore and urged sanctions during 1989-1993, it overwhelmingly voted for China’s MFN and PNTR status after 1994, and articulated the normative discourse to justify its support for “business as usual” with Beijing. Through these three stages of strategic co-constitution, the normative discourse of free trade became dominant in U.S. domestic politics and translated into U.S. economic engagement with China through the WTO.

By emphasizing strategic co-constitution, this constructivist model challenges the rigid distinction between norms entrepreneurs and their audiences. On the one hand, an audience that has been subject to a social construction process may in turn lead another social (re)construction process. Despite having accepted Congress’s human rights claims and ratified the Tiananmen sanctions, Bush took the lead in proposing the normative discourse of free trade to justify his support for China’s MFN. On the other hand, norm entrepreneurs who have led a social
construction process may be subject to another social (re)construction process. Once-outspoken human rights claimants like Clinton, and members of Congress who had supported sanctions against China, proved to be open to the normative discourse of free trade for consequentialist reasons. Because agents and structures constitute each other, the distinction between norm entrepreneurs and audiences remains fluid.

This study also demonstrates that the change in U.S. economic statecraft toward China involved normative developments different from what liberal constructivists have suggested. When Bush proposed the normative discourse of free trade, the human rights norms that had been translated into the Tiananmen sanctions were fading. Similarly, when Clinton and Congress switched to the normative discourse, human rights were delinked and proved not to be as durable as conventionally suggested by liberal constructivists. Only by granting agents the logic of consequences can a constructivist model explain the historically contingent nature of human rights norms in U.S. foreign policy toward China.

In terms of methodology, the constructivist model of strategic co-constitution is also different from the liberal constructivist model. First, I argue that the quality of the norms in question is underdetermined with regard to whether they will be accepted by actors. Both human rights and free trade fit within the American liberal tradition. Their normative quality thus cannot explain how and why the pro-sanctions and the pro-engagement actors chose one over the other.

Second, I use a mechanism of normative influence highlighting strategic action throughout the entire normative contestation between the pro-sanctions and the pro-engagement coalitions. I examine the strategic circumstances that motivated each of the two groups to articulate its own normative discourses. As will be examined in the following empirical chapters, such domestic political factors as legislative-executive, partisan, and electoral politics motivated
the pro-sanctions coalition to raise human rights concerns. Bush, by contrast, first linked trade to human rights progress for geopolitical and geostrategic reasons. After the end of the Cold War, he did the same for security and economic reasons.

I also examine the strategic circumstances that motivated each of the two groups to change its original normative stance. As will be examined later, Bush accepted Congress’s human rights claims when a unified Congress left him no room for vetoes. Conversely, Bush was able to insist on his free trade stance when Senate support allowed him to veto conditional MFN bills. Similarly, when China had resisted the linkage policy, the Clinton administration sought several alternatives to the total revocation of China’s MFN. Only after the alternatives were considered infeasible did Clinton accept the normative discourse that Bush had first articulated to justify his delinking decision.

Such situational explanations for normative developments have been employed by some constructivists. Krebs and Jackson, for example, argue that actors adopt new norms when they are left “without access to the rhetorical materials needed to craft a socially sustainable rebuttal.”\footnote{Ibid., p. 36.} Similarly, Bially Mattern argues that the audience “submits, in word and in deed, to the terms of the speaker’s viewpoint” when having “no room to refuse.”\footnote{Bially Mattern, “Why ‘Soft Power,’” p. 586.} For constructivists, situational explanations and constructivism are compatible with each other. As Dessler and Owen argue, “there is nothing in constructivism to prohibit the analyst from pursuing situational explanations.”\footnote{Dessler and Owen, “Constructivism and the Problem of Explanation,” p. 598.}

More importantly, a constructivist model that is combined with situational analyses has more explanatory power. Dessler and Owen examine the relationship between agency and

\footnote{Ibid., p. 36.}

\footnote{Bially Mattern, “Why ‘Soft Power,’” p. 586.}

\footnote{Dessler and Owen, “Constructivism and the Problem of Explanation,” p. 598.}
structure in rationalist and constructivist accounts of international relations. In rationalist accounts, they argue, “behavior is understood to be driven by the situation or the conditions of action. This approach makes if-then generalizations possible.” For them, a constructivist model that centers on situational behavior can avoid the tautological analysis ascribed to liberal constructivists.

In the following empirical chapters, therefore, I use situational analyses to examine the strategic circumstances under which the two groups of actors chose and changed their normative stances. I do not explore whether agents conform to the logic of appropriateness because their normative motives are methodologically unanswerable. As will be examined later, when Bush was forced by Congress to broaden the sanctions in 1989, he argued that he did so for reasons of appropriateness. Similarly, when using the normative discourse of free trade to justify his delinkage decision, Clinton argued that he was persuaded by the appropriateness of the normative discourse. Claims based on the logic of appropriateness thus may simply be a cloak used to rationalize strategic action.

In two respects, the constructivist model of strategic co-constitution is different from what Finnemore and Sikkink call “strategic social construction.” First, while normative commitments and strategic action coexist in their model of strategic social construction, my model of strategic co-constitution disregards normative commitments and instead only focuses on strategic action. Second, although admitting that norm entrepreneurs may promote “good” norms strategically, Finnemore and Sikkink grant ontological priority to agents (i.e., norm entrepreneurs); therefore, co-constitution is given less attention in their model of strategic social construction.

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64 Krebs and Jackson, “Twisting Tongues and Twisting Arms.”
65 Finnemore and Sikkink, “International Norm Dynamics and Political Change.”
By contrast, the model of strategic co-constitution gives equal ontological status to agents and structures. Norm entrepreneurs who have strategically promoted norms may be subject to a social (re)construction process for instrumental reasons.

Besides situational analyses, another methodology used in this study is discourse analysis. Indeed, discourse analysis is a necessary methodology for constructivism as it provides tools to read foreign policy texts. According to Hansen, linking and differentiation are two methodological tools for discourse analysis. Linking, not to be confused with Clinton’s linkage policy, is a process through which the Self designates a series of signs to himself/herself, such as civilized, democratic, and justified, while attaching another series of signs to the Other, such as evil, dictator, and murderer. At the same time, such a linking process differentiates the Self from the Other as it constructs the Other as contrary to the Self. Linking and differentiation thus are two mutually reinforcing processes and construct the dichotomy between Self and Other.

In Hansen’s model, however, the differentiation between Self and Other is a matter of degree because the Other may be transformed by the Self. In their conquests of the Americas, for example, the Spanish developed two competing discourses about the “Indians.” One portrayed the Indians as savages and therefore as incapable of being converted into Christian redemption. The other also constructed the Indians as savages but considered them as prone to transformation and salvation. Accompanying these two different views of the Indians were different policies toward them. While the first discourse legitimized the annihilation of the Indians, the second one pushed the Spanish to convert the Indians to Christianity.

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Methodologically, this study identifies linking and differentiation, and examines what the pro-sanctions and pro-engagement actors said about China’s behavior and U.S. economic policy toward China. In their normative discourses, both pro-sanctions and pro-engagement actors linked together China’s “misbehaviors” regarding human rights abuses, arms proliferation, and unfair trade practices. As such, both sides constructed a China that stood in contrary to the American image. Despite such a constructed differentiation between the United States and China, the pro-sanctions and pro-engagement actors agreed that China was an Other that should “become like American.” However, both sides diverged on the forms of economic instruments to be used toward China. While the pro-sanctions coalition urged to transform China through coercion, the pro-engagement coalition emphasized the use of inducement. In particular, the pro-sanctions discourse linked human rights progress to China’s behavior regarding arms control and trade, while the pro-engagement discourse stressed the positive spill-over effects of open trade on China’s behavior regarding human rights, arms control, and fair trade.

Theoretically, this study fits within an emerging literature that employs both realist and constructivist approaches to explain political and normative change. On the one hand, a constructivist model that emphasizes agents’ strategic use of norms carries a transformational logic and thus can explain a political change that involves a change from a “good” norm to another. On the other hand, the engagers reversed the course of U.S. China policy by attaching moralistic and liberal values to U.S.-China trade in order to fill the moral vacuum that would

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come from the sanctions-engagement policy reversal. Realism is meaningless without moralism. Therefore, the paradigmatic debate between realism and constructivism is overdrawn.

It should be noted that to the extent that realism and constructivism are paradigmatically compatible, this study stands at the intersection of neoclassical realism and constructivism. I explore the influence of the domestic (re)construction on U.S. economic statecraft toward China. This study thus develops an eclectic approach that synthesizes neoclassical realism and constructivism.

Indeed, several constructivists have refrained from calling constructivist works a single “-ism.” As Klotz and Lynch argue when suggesting strategies for constructivist research, while the ontological theme of constructivism is co-constitution, the boundaries between constructivism and other “-isms” remain fluid. For them, engaging in the disciplinary war of paradigms overlooks the commonalities that constructivism shares with other intellectual camps, leading to missed opportunities to learn from each other.69

Finally, this study also makes contributions to the economic statecraft literature by emphasizing the translation of different norms into different forms of economic statecraft toward an intransigent target. While the economic statecraft literature has explored the interplay between politics and economics, I suggest a trinity of politics, economics, and norms. These three factors should be understood in an integrated manner. Besides economic sanctions, constructivism provides a clue to explain not only economic engagement but also a sanctions-engagement policy reversal toward an intransigent target. In particular, to the extent that U.S.-China economic engagement would be “rare” or “misguided” under international anarchy or in the age

of rising Chinese power, the domestic (re)construction processes that produced the free trade-based normative discourse have made it possible.

In addition, I demonstrate that how normative discourses are framed determines the forms of economic statecraft. At a time when U.S. China policy revolved around how to use economic instruments to deal with China’s behavior regarding human rights, arms control, and fair trade, the pro-sanctions and pro-engagement coalitions framed their respective normative discourses in a way that harmoniously linked one of the three issue-areas to the other two.

It should be noted that I emphasize actors’ strategic translation of norms into economic statecraft. As such, a constructivist model that grants actors the logic of consequences is more compatible with the study of economic statecraft than the liberal constructivist model. After all, the economic statecraft literature, as reviewed above, is primarily realist and emphasizes actors’ strategic use of economic instruments. In addition to Machiavelli’s and Hirschman’s chapters, I thus argue, a textbook for the modern prince should also include chapters on the strategic use of norms. When used strategically, norms work with politics and economics as the three chapters for the modern prince.

**Limited Construction: Political or Economic Reductionism**

Unlike realists and neoliberals, constructivists refuse to take interests, identities, or preferences as given and instead problematize them. Constructivism thus is widely viewed as an approach relying on an anti-foundationalist epistemology. In her review of the constructivist works of Wendt, Kratochwil, and Onuf, however, Zehfuss finds that these three constructivists agree on the assumption of limited construction. She argues that their constructivist analyses epistemologically start with some reality that has already been made and is taken as given. Wendt, for example, adopts a process-centered approach to analyze the social construction of identities, but his constructivist approach excludes consideration of the genesis of state actors
and instead merely views state identities as given in the first place. Zehfuss argues that Wendt’s constructivist approach is somewhat “essentialist” because his starting point of analysis is a priori existence of states and their identities.  

Foundationalist epistemology is also inevitable in the study of political economy. The crucial questions in the study of political economy are the relationship between the state and the market and their relative influences over time and in different circumstances. While the logic of the market is to allocate resources in efficient and productive ways through price mechanisms, the logic of the state is to manage the pace of economic growth and capital accumulation. The mission of the political economist is thus to explore whether the logic of the state determines the logic of the market or vice versa; that is, whether politics is reduced to economics or vice versa.

Although the two logics can be compatible at times, as evidenced by the existence of mixed economic regimes, an inevitable analytical tendency for the political economist is to take one logic as the epistemological foundation and then explore how it affects the other. In other words, the choice is between political reductionism and economic reductionism. Without one logic as an a priori ground, the analysis of political economy would be difficult, if not impossible.

Because both constructivism and the study of political economy rely on a foundationalist epistemology, the constructivist study of IPE is no exception, though constructivist work on IPE is still rare. When studying IPE, constructivists inevitably take either the logic of the state or the logic of the market as given in the first place. On the one hand, some constructivists have adopted the logic of the market as their epistemological foundation. In his study of international economic leadership, for example, Barkin views a socially constructed market/monetary


exchange system as an internal inherent logic. Starting with the economic logic, he then proceeds to explain whether countries with substantial economic capabilities will choose to lead the international economic order and how they will lead.\textsuperscript{72}

Similarly, Ruggie adopts the logic of the market as his epistemological foundation. In his study of embedded liberalism, he takes the logic of free trade as given in the first place. For him, there is an inherent economic logic after the logic of free trade is socially constructed as a social purpose. Only after the socially constructed logic of free trade is examined can we proceed to discuss the formation and transformation of international trade and monetary regimes.\textsuperscript{73}

On the other hand, other constructivists start epistemologically with the logic of the state. Sterling-Folker, for example, denies any inherent economic logic and instead assumes the logic of the state as given. For her, there is no functional relationship between economic interdependence and interstate cooperation. Instead, whether interstate cooperation will occur in the backdrop of economic interdependence depends on the institutional contexts of the state.\textsuperscript{74}

Similarly, Helleiner denies any inherent economic logic concerning the existence of territorial currencies. Through a historical perspective, he argues that currency is a social construct without given and fixed values. Standing on the logic of the state, he argues that the emergence of territorial currencies was largely linked to political motivations to create national markets, control the domestic money supply for macroeconomic purposes, finance the expanding fiscal needs of the state, and strengthen national identities.\textsuperscript{75}

\textsuperscript{72} Barkin, \textit{Social Construction and the Logic of Money}.

\textsuperscript{73} Ruggie, “International Regimes, Transactions, and Change.”

\textsuperscript{74} Sterling-Folker, \textit{Theories of International Cooperation and the Primacy of Anarchy}.

Widmaier’s constructivist work on the “impossible trinity” is another example of political reductionism. For him, there is no inherent economic logic in international monetary relations. He instead argues that the reconciliation of the impossible trinity—capital mobility, full employment, and monetary stability—is reduced to state leaders’ interpretations of international economic crises by means of Keynesian, neoclassical, or classical ideas.  

The study of economic statecraft is a subfield within IPE. A constructivist approach to the study of economic statecraft thus inevitably begins with either political reductionism or economic reductionism. I argue that there is no inherent economic logic concerning the use of sanctions or engagement. First, there is no logical relationship between economic capabilities and the forms of economic statecraft to be used. One cannot assume that great powers with substantial economic capabilities will manipulate international economic relations in a specific form. Second, there is no logical relationship between economic interdependence and the forms of economic statecraft to be used, as explained in the first chapter.

I thus adopt the logic of the state as the epistemological foundation for this study. Specifically, I examine a socially constructed political logic as an internal inherent logic. At a time when the pro-sanctions coalition persistently pushed to the fore the normative issues of human rights, arms control, and fair trade, U.S. China policy revolved around how to use economic instruments, negative or positive, to address U.S. human rights concerns, as well as security and economic interests. The pro-engagement coalition shared its security and economic concerns with the pro-sanctions coalition, but argued that trade could not only advance U.S. security and economic interests but also promote human rights in China. Only after these three policy goals were reconciled through normative discourses could a socially constructed political

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logic come into being. What forms of economic instruments would be deployed thus were epistemologically reduced to a socially constructed political logic.

It should be noted that U.S. geopolitical and geostrategic interests are treated by this study as an objective given, rather than as a socially constructed given, as are U.S. security and economic interests. In 1989, Bush continued the geopolitical and geostrategic grounds that had dominated U.S. China policy since the early 1970s, and therefore strategically linked U.S.-China trade to human rights progress in China. In this respect, this study is somewhat essentialist because I view U.S. geopolitical and geostrategic interests as objectively given in the first place. As reviewed above, however, a starting point of analysis that assumes a priori existence of states and their identities or interests is inevitable even for constructivist works. Moreover, U.S. geopolitical and geostrategic interests disappeared from the scene after the end of the Cold War. In the post-Cold War era, U.S. policy goals toward China shifted to human rights as well as security and economic interests. These three policy goals would be socially constructed as the political logic that determined the forms of U.S. economic statecraft toward China.
CHAPTER 3
AMERICAN ECONOMIC POLICY TOWARD CHINA BEFORE TIANANMEN

This chapter discusses U.S. economic policy toward China before the 1989 Tiananmen Square massacre. I examine three cases: the open door policy in the first half of the twentieth century, the China embargo after the Korean War, and U.S. economic policy toward China in the 1970s and 1980s. I compare these three cases in terms of three dimensions: the forms of economic instruments (positive or negative), the purposes of economic policy (material interests or moralistic goals or both), and U.S. policy concerns (China’s domestic features or China’s foreign policy behavior or both).

The Open Door Policy

On July 3, 1844, the United States and China signed their first bilateral treaty, the Treaty of Wanghia. Signed after China was defeated in the Anglo-Chinese War of 1839-1842, the Treaty of Wanghia provided the United States with a MFN clause guaranteeing that whatever treaty rights other great powers gained in China with respect to trade, tariffs, residence, religious activities, or other commercial regulations would automatically accrue to the United States. The MFN clause was reconfirmed in the 1858 Treaty of Tientsin and the 1868 Burlingame Treaty. Through these three U.S.-China treaties, equality of trading rights in China became the fundamental principle underlying U.S. foreign policy toward China.

The American principle of equal commercial opportunity in China, however, became increasingly under challenge in the late nineteenth century. The challenge came not from China but from European and Japanese imperialists who had gained spheres of influence in China. For U.S. administration officials and businesses, European and Japanese imperialists might discriminate against American commerce within their own spheres of influence and therefore

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endanger the liberal American ideology of free trade. At the same time, the United States became a power in East Asia after it acquired the Philippine Islands from Spain in 1898, which allowed the United States to extend its economic activities to China. To protect and even expand U.S. economic interests in China, therefore, U.S. administration officials began considering a vigorous China policy.  

In 1899, U.S. Secretary of State John Hay sent the so-called “open door” notes to the powers that had acquired spheres of influence in China, asking them to promise that in their respective spheres they would not discriminate against commercial rights of other countries in matters of tariffs, railroad charges, and harbor dues. The open door notes restated the principle of equal commercial opportunity that had been set forth in the three U.S.-China treaties signed in the nineteenth century. Since the United States had no sphere of influence in China, U.S. commercial interests in China would be better protected if the goods of all nations were assured equal treatment in all parts of China. Although the European powers and the Japanese replied to the open door notes in an equivocal tone, Hay announced that the open door policy had been accepted by the great powers.  

After the 1898-1900 Chinese Boxer Rebellion, which expedited the imperialist partition of China, Hay further sent a circular note to the European powers and the Japanese, stating that the “policy of the Government of the United States is to seek a solution” of the difficulties in China which would “preserve Chinese territorial and administrative entity.” From a U.S. perspective, the balance of power in China was essential to U.S. economic interests because the

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4 Ibid.
domination of China by any one power would endanger the principle of equal commercial opportunity. The United States thus insisted that the balance of power in China should be manipulated in a way that would help preserve China’s sovereign rights. For several U.S. administration officials, a stable, secure, and strong China that could resist imperialism fit well within U.S. interests. To this end, the United States was willing to help China modernize. For example, when the Boxer Protocol required China to pay an indemnity of 333 million dollars over 40 years for the destruction of property and the loss of foreign lives in the course of the Boxer Rebellion, the United States returned 18 million dollars, out of its total indemnity of 25 million dollars, to the Chinese government in the form of a trust fund for the education of Chinese students in China and the United States.\(^5\) The American government also encouraged missionary activities in China, in hopes of not only the spread of Protestant Christianity but also the cultivation of science and democracy through the establishment of modern universities and hospitals.\(^6\)

Through Hay’s notes, equal commercial opportunity in China and respect for China’s territorial and administrative integrity became the twin principles underlying the open door policy. On the one hand, at a time when the European powers and Japan struggled for imperialistic dominance in China, Washington attempted to establish its influence in China in the form of economic presence, instead of spheres of influence. Equality of commercial opportunity in China thus would help the United States advance its economic interests and maintain the balance of power in China. On the other hand, the United States was sympathetic to China’s plight and thus made moralistic and missionary efforts to save China. Through its economic

\(^5\) Ibid., p. 3.

presence in China, the United States believed that it could maintain the balance of power in China, help China defend imperialism, and therefore preserve China’s territorial and administrative integrity. It also hoped for a China whose domestic features could be converted into the American image in terms of modernism, prosperity, Christianity, free trade, science, and democracy. In the 1940s, Senator Kenneth S. Wherry of Nebraska made the most moralistic, though paternalistic, expression of the American dream in China, “With God’s help, we will lift Shanghai up and up, and ever up, until it’s just like the Kansas City.” Of course, this moralistic objective was a consequence of the U.S. pursuit of economic interests. From a U.S. perspective, there was no contradiction between U.S. economic interests in China and U.S. moralistic expedition in China because the former, when achieved, could benefit the latter.

The open door policy, however, was still under challenge by the imperial powers, especially Japan and Russia. In subsequent years, therefore, the American government made efforts to restate and reconfirm the open door policy with the imperial powers. For example, after the Russo-Japanese War of 1904-1905, which was fought primarily in Manchuria, President Theodore Roosevelt invited Japan and Russia to conduct peace negotiations. In the resultant Treaty of Portsmouth, Japan and Russia pledged to restore Manchuria to China and to play by measures “which apply equally to all nations” in the commerce and industry of Manchuria. The open door policy was also restated in the 1908 Root-Takahira Agreement between the United States and Japan, the 1908 “Neutralization” Proposal made by Secretary of State Philander

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Knox, the 1917 Lansing-Ishii Agreement between the United States and Japan, and the 1922 Nine-Power Treaty.\(^{10}\)

In the first half of the twentieth century, President William Howard Taft was the American president who had the most fervent support for the open door policy. Applying his dollar diplomacy to China, Taft believed that by facilitating the flow of capital to China, the United States could increase its commercial interests in China, check Japanese aggression, and promote the stability and economic prosperity of China.\(^{11}\)

Of course, one cannot overestimate the moralistic purpose of the open door policy. U.S. administration officials never backed up China’s territorial and administrative integrity by force. Indeed, the United States was anti-interventionist and mainly concerned about economic problems at home before entering World War II. Moreover, U.S. foreign policy was preoccupied with European affairs, with Asian affairs being secondary. When dealing with Asian affairs, the United States took a policy of appeasement toward Japan before the late 1930s, believing that U.S. interests in China was limited and not vital, compared to those of Japan, and therefore not worth the risk of antagonizing Japan. Even President Woodrow Wilson, who had strongly advocated the principle of self-determination, sacrificed Chinese sovereign rights in the 1919 Paris Peace Conference when he yielded to the Japanese claims to the former German sphere of influence in Shantung Province. Because U.S. interests in China were commercial only, a Japanese guarantee of equal treatment for American goods would be satisfactory, and therefore

\(^{10}\) See ibid., pp. 3-9.

\(^{11}\) For Taft’s China policy, see Walter V. Scholes and Marie V. Scholes, *The Foreign Policies of the Taft Administration* (Columbia: University of Missouri Press, 1970).
at no time was the American government willing to champion China’s sovereign rights at the expense of U.S. relations with Japan.\textsuperscript{12}

By maintaining its economic presence in China, however, the American government at least attempted to influence the course of development in China. At a time when various Chinese warlords struggled for power in the first two decades following the collapse of the Qing Dynasty in 1912, Washington hoped that its economic ties with China could strengthen Chinese technocrats who were capable of relieving the American government from its nominal responsibility of defending Chinese sovereignty. To some U.S. administration officials, Chiang Kai-shek, head of the Chinese Nationalists, was the most competent candidate. Chiang, some U.S. administration officials believed, was a strong leader who had a progressive, modern outlook, became converted to Christianity, and was capable of unifying and defending China.\textsuperscript{13} When Chiang achieved a degree of unifying China in 1928, therefore, the United States immediately extended recognition to the Chiang government and reached with it a treaty restoring tariff autonomy to China.\textsuperscript{14}

A China that fit within the American image was especially attractive to the United States after the two countries became allies against Japan during World War II. To strengthen China’s wartime capabilities, the American government, under the authority of the Lend-Lease Act, began providing the Chiang government with lend-lease assistance in 1941, which was aimed particularly at improving the Burma Road, the only route connecting unoccupied China to the

\textsuperscript{12} For U.S. unwillingness to champion China’s cause against Japan, see Cohen, America’s Response to China, pp. 75-81.


\textsuperscript{14} U.S. Department of State, The China White Paper, p. 12.
outside world. From 1941 to 1945, a large amount of U.S. military and financial aid flowed to China, though U.S. aid to China was less than that to Europe.\(^\text{15}\)

It was in the context of U.S.-China wartime alliance that the American government began considering Chinese foreign policy behavior. Specifically, when it became clear that the Allies would win World War II, Washington began considering the role of China in world peace. President Franklin D. Roosevelt believed that with U.S. help, China would be a stable, democratic force in East Asia after World War II.\(^\text{16}\) On December 15, 1945, President Harry Truman articulated the goal of U.S. policy toward postwar China, “It is the firm belief of this Government that a strong, united and democratic China is of the utmost importance to the success of world peace. A China disorganized and divided either by foreign aggression . . . or by violent internal strife, is an undermining influence to world stability and peace.”\(^\text{17}\) From a U.S. perspective, only when the domestic features of China were consistent with the American image could the country’s foreign policy behavior make contributions to world peace.

To help China make contributions to world peace, the American government was willing to promote China’s international status. In 1943, Roosevelt took two steps in recognizing China as a member of the great power club. First, he insisted that China be included as a signatory, together with the United States, the United Kingdom, and the Soviet Union, of the Declaration of Four Nations on General Security. Second, Roosevelt invited Chiang to attend the Cairo Conference despite opposition from Winston Churchill and Joseph Stalin.\(^\text{18}\) From a U.S.

\(^{15}\) For American aid to China, see Ibid., pp. 28-33.

\(^{16}\) Cohen, America’s Response to China, pp. 131-134.


perspective, a China that fit within the American image and a China as a constructive member of the international community would reinforce each other.

In sum, the open door policy carried positive forms of economic instruments and aimed to pursue both material interests and moralistic purposes. On the one hand, at a time of the European and Japanese imperialistic expedition in China, the policy sought to advance U.S. economic interests and maintain the balance of power in China. On the other hand, the United States hoped for a China whose domestic features could be converted into the American image in terms of independence, modernism, prosperity, Christianity, free trade, science, and democracy. China’s foreign policy behavior finally became of U.S. concern when the American government outlined the role of China in contributing to world peace in the postwar international order.

**The China Embargo**

The American government soon became disillusioned with China and the Chiang government after the end of World War II. In September 1948 when the Chinese Civil War was at its peak, George Kennan, then Director of the Policy Planning Staff of the Department of State, finished a report redefining U.S. policy toward China. The report first claimed that the open door policy had been a failure “because fundamentally the American estimate of China varied from Chinese realities.”

19 First, U.S.-China trade had been limited, and therefore the United States had not gained much from the Chinese market. As the report claimed, “with its marginal standard of living, China was not the fabulous potential market that American traders though it was; in the 1930s, our trade with that country was about 4 percent of our total foreign trade.”

20 Second, U.S. missionary efforts to save China and spread the American way of life to

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20 Ibid.
the country had also failed because “the essentially unreligious Chinese proved to be comparatively indifferent to Christian proselytization.” Third, the Chiang government was so corrupt and weak that it could neither resist communist rebellion nor develop sufficient unity and strength to defend China’s territorial and administrative integrity.

Issued at a time when the Cold War between the United States and the Soviet Union just began, the report argued that the purpose of U.S. China policy was “to prevent so far as is possible China’s becoming an adjunct of Soviet politico-military power.” To this end, the report still advocated maintaining U.S. economic presence in China as the open door policy had long sponsored. However, U.S. economic policy toward China, according to the report, should serve U.S. geopolitical, rather than economic, interests in China by drawing China closer to the American side. More importantly, the report detached from U.S. foreign economic policy any moralistic efforts to shape China into the American image. From Kennan’s perspectives, the open door policy had been too idealistic, and therefore U.S. China policy should be realistic.

The report also suggested that the American government have the flexibility to give or withhold fully or in part economic favor because “economic favor becomes tribute if it continues to be given without exactions.” Both economic “fear and favor always have and still do control fundamentally the attitude of foreign governments toward us.”

In dealing with the Chiang government, however, the American government began refraining from providing it with economic aid because “the disappearance of the National

21 Ibid.
22 Ibid.
23 Ibid., p. 154.
Government . . . is only a matter of time.” On August 5, 1949, the Department of State published the so-called China White Paper. In the document, Secretary of State Dean Acheson argued that “the unfortunate but inescapable fact is that the ominous result of the Civil War in China was beyond the control of the government of the United States. Nothing that this country did or could have done within the reasonable limits of its capabilities could have changed that result. . . . It was the product of internal Chinese forces, forces which this country tried to influence but could not.” In 1945-1946, Truman had attempted to control the Chinese Civil War and therefore sent General George C. Marshall to mediate between the Nationalists and the Chinese Communists. After the mediation became a failure, however, the American government began refraining from involving itself in the Chinese domestic conflict and was ready to “let the dust settle.” For the Truman administration, China’s domestic politics was so chaotic that the United States could do little to influence the course of development in China.

At the time, the realistic concern to U.S. officials was the foreign policy orientation of Communist China (used interchangeably with China hereafter). To prevent China from becoming an adjunct of the Soviet Union, the Truman administration was willing to provide the Communists with economic aid, especially when the Soviet Union had no sufficient economic capabilities to help China. However, “the Ward case” began the confrontation between the United States and China. On November 2, 1948, Chinese Communist troops entered Mukden

26 Ibid., 151.
27 U.S. Department of State, The China White Paper, p. XVI.
28 For U.S. policy toward China in the Chinese Civil War, see Tucker, Patterns in the Dust.
and detained Angus Ward, U.S. consul general in Mukden. In retaliation, the Truman administration withheld economic favor to China. For example, Edmund Clubb, consul general in Beijing, reported to Acheson that Zhou Enlai, one of the Chinese Communist leaders, sent a message that China desperately needed American aid, but U.S. ambassador to China John Leighton Stuart argued that “atmosphere conductive to friendly cooperation cannot be created by such developments as present treatment [of] our Consular officers in China, particularly Mukden.” In February 1949, the U.S. Economic Cooperation Administration (ECA) also stopped distributing aid in Communist-held North China.

Under the authority of the Export Control Act of 1949, the Truman administration also imposed selective trade controls on China in February 1949. Serving as an instrument of national security in peacetime, the law restricted the global export of U.S. commodities under the “Positive List,” which contained commodities in short supply and those with strategic importance. However, China was only one of the targets of the export control measures because the law primarily aimed to weaken military potentials of the Soviet Union by limiting the export of strategic materials to China and other Soviet satellites. In other words, the selective export controls on China were merely a product of overall U.S. Cold War strategies.

In fact, U.S. administration officials were ready to accommodate Communist China in the face of the Chiang government’s collapse. They thus still attempted to maintain economic ties

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31 Historians in both America and China have argued that the message from Zhou might have been fabricated. See ibid., p. 56.

32 “The Ambassador in China (Stuart) to the Secretary of State, June 7, 1949,” in FRUS, 1949, Vol. VIII, p. 372.


35 Zhang, Economic Cold War, p. 23.
with China in order to prevent it from leaning toward the Soviet Union. In an outline of Far Eastern policy, U.S. administration officials recommended “trade with Communist China on a cash basis except in certain materials of specific strategic importance.”\(^{36}\)

In particular, U.S. administration officials were opposed to economic warfare against China. In June 1949, the Nationalist government implemented a “closure”\(^{37}\) of all Chinese ports and prohibited the entry of all foreign ships into Communist-held territory. However, Acheson was reluctant to recognize “the legality of the Chinese Nationalist order.”\(^{38}\) In particular, he protested in November when three American merchant ships were attacked by Chinese Nationalist warships off Shanghai. While saying that American vessels entering those blockaded waters did so at their own risk, he argued that the attacks were “unjustifiable and contrary to the law of practice of nations.”\(^{39}\) He formally warned the Nationalist government to “immediately issue such orders as will preclude the possibility of any future incident of this nature.”\(^{40}\)

The American government, however, became disillusioned with China after the breakout of the Korean War and the resulting Chinese involvement. After Beijing sent its troops into Korea in October 1950, Washington called China’s military action in Korea an act of “aggression.” For example, in a 28 November United Nations General Assembly meeting in which China was invited to discuss the Korean issue, U. S. Representative Warren Austin said,

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\(^{37}\) The Nationalist government used the term “closure” instead of “blockade” because it viewed the “closure” as an act of exercising its sovereignty against the Communist “rebels.”


\(^{39}\) Ibid.

\(^{40}\) Ibid.
It will be recalled that yesterday I used that word, “aggression” and then withdrew it, saying that I would not use it; I would only use the word, “intervention,” until the facts came to our knowledge which would justify the use of the word, “aggression.” I now employ it here in this Council and before all the world, by direction of my Government.\footnote{U.S. Appeals to Chinese Communists To Stop Aggression in Korea, Statement by Ambassador Warren R. Austin,\textit{ Department of State Bulletin}, Vol. 21, No. 546 (December 11, 1950), p. 929.}

In his 1 December message to Congress, Truman called Chinese Communists “law-breakers in the community of nations” because “the present attack on the United Nations forces by the Chinese Communists is a new act of aggression.”\footnote{Chinese Communist Attack on Korea Demands Strengthening of Free World’s Defenses,\textit{ Department of State Bulletin}, Vol. 23, No. 597 (December 11, 1950), p. 927.} In his speech on the Korean War on April 11, 1951, Truman also claimed that “the aggression against Korea is the boldest and most dangerous move the Communists have yet made.”\footnote{Harry Truman, Speech on Korean War, April 11, 1951,” available at http://www.faulkner.edu/academics/artsandsciences/socialandbehavioral/readings/hy/truman.asp.}

The primary U.S. goal in the Korean War was not to enter an all-out war against China but to force China to end the war.\footnote{Ibid.} To this end, the Truman administration not only sent troops to Korea but also, for the first time, closed China’s door by tightening the economic screws in order to weaken China’s military potential. On December 3, 1950, the Department of Commerce issued an order subjecting all American exports to China or to Hong Kong and Macao (as possible transshipment points) to screening procedures. On December 6, Commerce issued another order tightening the movement of strategic as well as non-strategic materials to China, Hong Kong, and Macao. On December 8, Commerce issued Transportation Order T-1 dictating that no person should transport arms, ammunitions, and commodities controlled under the Atomic Energy Act to China, Hong Kong, and Macao. On December 16, the Department of State froze Chinese Communist assets and funds within U.S. jurisdiction. The Department also

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\footnote{Chinese Communist Attack on Korea Demands Strengthening of Free World’s Defenses,\textit{ Department of State Bulletin}, Vol. 23, No. 597 (December 11, 1950), p. 927.}

\footnote{Harry Truman, Speech on Korean War, April 11, 1951,” available at http://www.faulkner.edu/academics/artsandsciences/socialandbehavioral/readings/hy/truman.asp.}

\footnote{Ibid.}
prohibited ships of U.S. registry from calling at Chinese ports.\textsuperscript{45} Through these economic sanctions, a total economic embargo against China took effect, and the Truman administration completely terminated exports to and imports from China by the end of 1950.\textsuperscript{46} In September 1951, Truman also suspended China’s MFN under the authority of the Trade Agreements Extension Act of 1951, which denied Communist countries MFN treatment.\textsuperscript{47}

The United States also sought the auspices of the United Nations to formulate multilateral sanctions against China. On May 18, 1951, the General Assembly passed a U.S. draft resolution demanding every state to ban the export of strategic materials to China.\textsuperscript{48} In July, the United States also cooperated with the United Kingdom, France, Canada, and Japan to establish a China Committee (Chincom) as a working group of the Coordinating Committee for Multilateral Export Controls (CoCom), which had been established in November 1949 in Paris to control trade of strategic materials with the Soviet Union.\textsuperscript{49} After the Korean War, and until the late 1960s, the United States maintained a policy of isolating Communist China from the international community.

Accompanying the China embargo was a belief that Communist China was a Red menace that ran contrary to every value the Americans cherished. In the postwar McCarthyist era, the


\textsuperscript{48} For the resolution, see http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/744/47/IMG/NR074447.pdf?OpenElement.

\textsuperscript{49} For CoCom and Chincom, see Mastanduno, \textit{Economic Containment}. 
slogan “who lost China” reflected a China that defected from the American image and sat in darkness and the shadow of death. As Madsen describes, “U.S. political leaders cast Communist China in the most dramatic light possible: It was a threat to everything Americans held dear, the most menacing of evils in an epic battle between good and bad.”\(^{50}\) From a U.S. perspective, Communist China was such an evil country that it could not be converted into the American image, and therefore the United States had moralistic obligations to defend American values by isolating China from the international society. As Oksenberg and Oxnam argued when discussing Secretary of State John Foster Dulles’s refusal to shake hands with Chinese Premier Zhou Enlai at the 1954 Geneva Conference on Indochina, Communist China was “so evil and illegitimate” in Dulles’s eyes that any contact with it would only taint the United States.\(^ {51}\) Such a policy of isolation was a sort of U.S. moralism backed up by force.\(^ {52}\)

In sum, U.S. economic policy toward China after the late 1940s pursued both material interests and moralistic purposes. On the one hand, U.S. officials first emphasized the role of China in the Cold War balance of power and attempted to use positive forms of economic instruments to draw China closer to the American side. After the Korean War, however, the China embargo was deployed and reflected the balance-of-threat logic and the conflictual nature of U.S.-China relations. On the other hand, the China embargo carried the moralistic objective of defending American values and resisting an “evil” China. Unlike the open door policy, however, the China embargo only aimed to change China’s foreign policy behavior (i.e., “aggression” in Korea) without moralistic efforts to shape China’s domestic features into the American image.

\(^{50}\) Madsen, *China and the American Dream*, p. 6.


\(^{52}\) Ibid., pp. 15-16.
American Economic Policy toward China in the 1970s and 1980s

After taking office, President Richard Nixon relaxed the ban on travelling to China in 1969 and then reopened U.S. trade with China in 1971. The two-decade China embargo thus was brought to an end. In 1972, he made a groundbreaking visit to China and met Chinese leader Mao Zedong. In 1973, the United States and China established the U.S. Liaison Office (USLO) in Beijing and a counterpart Chinese office in Washington, DC. In 1975, President Gerald Ford also visited China. On January 1, 1979, the two countries eventually established diplomatic relations when President Jimmy Carter granted China diplomatic recognition.

As in the late 1940s and until the Korean War, geopolitical and geostrategic concerns guided U.S. policy toward China in the 1970s and 1980s. In the bipolarity of the Cold War, better U.S.-China relations would enable the United States to push the Soviet Union toward détente and therefore give Washington the pivotal position in the Washington-Beijing-Moscow strategic triangle. When Moscow walked away from détente, China could also be a strategic asset for the United States to balance Soviet power. This balance-of-power logic became especially dominant after the Soviet Union invaded Afghanistan in 1979. As National Security Advisor Zbigniew Brzezinski argued in 1979, “a delicate balance of power exists favorable to our interests. We have normalized relations with China, in part, to consolidate the balance.”


55 See Richard M. Nixon, “Asia after Viet Nam,” Foreign Affairs, 46 (October 1967), pp. 111-125. In the early 1970s, Nixon also sought to enlist China’s cooperation to end the Vietnam War. After the Vietnam War, however, the broader strategic framework was the rationale for U.S. policy toward China.

With geopolitical and geostrategic concerns in mind, the American government took aside ideological differences between the United States and China, and therefore the anti-communist ideology that had dominated U.S. China policy since the Korean War began to fade. As Nixon argued when meeting Zhou Enlai on February 25, 1972, “You believe deeply in your system and we believe just as deeply in our system. It is not our common beliefs that have brought us together here.”

In particular, the American government separated human rights from U.S.-China strategic cooperation. At a time when human rights abuses were rampant in China during the Cultural Revolution (1966-1976), human rights issues never gained relevance in U.S.-China negotiations. In 1978-1979, the Democracy Wall Movement spread across Chinese cities and then was suppressed after several Chinese dissidents were arrested. Despite his strong advocates for human rights diplomacy, however, Carter said little about the Chinese pro-democracy movement when negotiating U.S.-China diplomatic recognition. From a U.S. perspective, human rights abuses in China were China’s internal affairs and should not be barriers to U.S.-China rapprochement. As Brzezinski argued, “We recognize that the P.R.C. and we have different ideologies and economic and political systems. . . . We harbor neither the hope nor the desire that through extensive contacts with China we can remake that nation into the American image.” In sum, strategic imperatives forced the American government to turn a blind eye to human rights issues in China.

Similarly, President Bush took aside human rights issues when dealing with China. When he visited China in February 1989, U.S. ambassador Winston Lord made a guest list for a

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reciprocal banquet to be hosted by the American side. The guest list included Fang Lizhi, a vocal critic of Deng Xiaoping and the Chinese government, and then was sent to White House officials, who were inattentive to Fang’s name on the list and approved it. Not surprisingly, the Chinese government saw the guest list as provocative and used security forces to intercept Fang on his way to the banquet. After returning to Washington, National Security Advisor Brent Scowcroft blamed Lord for inviting Fang and said that Chinese concerns about inviting Fang was “not conveyed to top Bush advisors.”

At a time when overall U.S. China policy carried geopolitical concerns, U.S. economic policy toward China was no exception. In the 1970s and 1980s, U.S. officials viewed U.S.-China economic relations as a means to strengthen the U.S.-China strategic alignment. As stated in the 1972 U.S.-China Joint Communiqué, “both sides view bilateral trade as another area from which mutual benefit can be derived.” Marshall Green, Assistant Secretary for East Asian and Pacific Affairs, discussed U.S.-China trade on October 9, 1972, saying that “trade negotiations by private American firms may prove to be an especially significant arena for building mutual trust and confidence.” During the Cold War, U.S. economic ties with China were an integral component of overall U.S. efforts to draw China closer to the American side. As one prominent China scholar pointed out in 1981, “trade and other economic links are at the cutting edge today in the development of U.S.-China relations, and the success or failure of the two countries in

59 For the Fang incident, see Suettinger, Beyond Tiananmen, pp. 24-28.


their efforts to build lasting economic ties will have a major influence on long-term political and strategic relationships.”

After establishing diplomatic relations, the United States and China began negotiating MFN treatment. MFN non-discriminatory treatment was one of the most important principles underlying the General Agreement on Tariffs and Trade (GATT). In the United States, goods imported from MFN countries were subject to duty at the lowest available rates. Most Communist countries, however, were denied MFN treatment due to the Trade Agreements Extension Act of 1951. The Jackson-Vanik Amendment to the 1974 Trade Act stipulated that Communist countries could be granted MFN only if they allowed for the freedom of emigration, in particular of Jews from the Soviet Union. American presidents could grant a one-year waiver of the application of emigration freedom if they determined that extension of the waiver would promote emigration freedom in Communist countries.

At first, the Carter administration attempted to grant MFN to both the Soviet Union and China at the same time. Secretary of State Cyrus Vance, for example, argued that the American government should be evenhanded in its MFN policy toward these two major Communist countries. As a supporter for détente with the Soviet Union, Vance emphasized that granting China MFN while excluding the Soviet Union would result in an imbalance in the overall Washington-Beijing-Moscow relationship. Brzezinski, however, advocated a MFN policy that tilted toward China in order to play the China card and balance against Soviet power. Eventually,

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64 See “Most-Favored-Nation (MFN) Status,” *U.S. Department of State Dispatch*, Vol. 1, No. 3 (September 17, 1990), p. 106.
Brzezinski’s balancing logic triumphed over Vance’s logic of détente, and Carter only granted China MFN without waiting for the Soviet Union.\textsuperscript{65}

In July 1979, the United States and China signed a trade agreement that granted each other MFN. Besides providing for mutual extension of MFN, the trade agreement also included provisions that dealt with commercial disputes, financial transactions, government commercial offices, and protection for industrial property rights, industrial processes, and copyrights.\textsuperscript{66} In particular, the American government granted China other economic benefits that had long been denied to the Soviet Union, including Export-Import Bank financing and an easing of export controls.\textsuperscript{67} After the Carter administration received assurances from Beijing concerning freedom of emigration, Congress approved the trade agreement by overwhelming majorities in January 1980: 294-88 in the House and 74-8 in the Senate.\textsuperscript{68}

In a letter to Congress, Carter explained the trade agreement, saying that it “will provide a nondiscriminatory framework for our bilateral trade relations, and thus strengthen both economic and political relations between the United States and the People’s Republic of China. . . . It will also give further impetus to the progress we have made in our overall relationship since normalization of our diplomatic relations earlier this year.”\textsuperscript{69} For the Carter administration,

\begin{itemize}
\item \textsuperscript{65} For the decision-making process regarding China’s MFN, see Jimmy Carter, \textit{Keeping Faith: Memoirs of a President} (University of Arkansas Press, 1995), pp. 201-211. For the dynamics of bureaucratic infighting between Vance and Brzezinski, see Madsen, \textit{China and the American Dream}, pp. 124-125.
\item \textsuperscript{67} James Mann, \textit{About Face: A History of America’s Curious Relationship with China, from Nixon to Clinton} (New York: Alfred Knopf, 1999), p. 108.
\item \textsuperscript{68} Tan, “The Politics of U.S. Most-Favored-Nation Treatment to China,” p. 49.
\item \textsuperscript{69} “United States-People’s Republic of China Trade Relations,” pp. 1999-2000.
\end{itemize}
granting China MFN was an economic means to bring U.S.-China relations closer in the bipolarity of the Cold War.

Besides MFN, the American government began selling China military-related technologies, which would be suspended shortly after Tiananmen. After receiving nuclear nonproliferation commitments from China, the Reagan administration signed a nuclear cooperation agreement with China in 1985, which allowed U.S. companies to sell nuclear-related technologies for China’s nuclear-power infrastructure. In the same year, the administration approved a $98 million sale of equipment for the construction of a munitions factory. In 1988, it also permitted the export to China of U.S. satellites for the first time. American technology transfers to China increased from $8 million in 1984 to $106.2 million in 1989.

Under the broader strategic framework, U.S. economic policy toward China carried no moralistic attempts to reshape China into the American image. Like the open door policy, U.S. economic policy toward China in the 1970s and 1980s was a positive form of economic instruments. Unlike the open door policy, however, U.S. economic policy toward China in the 1970s and 1980s carried no moralistic objectives.

This does not mean, however, that the American government was not concerned about the course of development in China. By the mid-1970s, China had been mired in the fanatic Cultural Revolution. U.S. administration officials were concerned about whether China’s domestic features could support the kind of Chinese foreign policy behavior that was sufficient to balance Soviet power. For U.S. administration officials, a chaotic China would not be able to

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play the strategic role. Conversely, “a strong and secure China which contributes constructively to world affairs is in our interest,” as Carter argued when meeting Deng on January 31, 1979. Similarly, Deputy Secretary of State Warren Christopher argued, as he would repeatedly do again in the early 1990s when severing as Secretary of State under the Clinton administration, that “We want to encourage China to play a constructive and stabilizing role in Asia. We want to see a prosperous China, a China that can feed and fuel itself.” At the time of the Cold War, a strong, secure, and stable China would serve U.S. geostrategic interests.

In the 1970s and 1980s, however, U.S. officials believed that the course of development in China could only be a consequence of internal forces in China, instead of external forces from the United States. As argued by Oksenberg, who served on the National Security Council under the Carter administration, “the determination of China’s course . . . will rest primarily on internal Chinese conditions and policy decisions. The outside world can have only a marginal impact on the result and thus on China’s role in world affairs.” Perhaps due to the failure of the open door policy, the American government had been suspicious of its ability to use economic instruments to influence China’s domestic features since the late 1940s.

In terms of Chinese economic modernization, U.S. officials believed that economic prosperity could only grow from within. When discussing U.S.-China trade before China embarked on economic reform, Oksenberg argued that U.S.-China trade “depends on the PRC leaders’ vision of their economic priorities: how they wish to balance the goal of ‘self-reliance’ with that of rapid economic growth and mechanization (‘catching up with the West,’ in Mao’s

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75 Oksenberg and Oxnam, China and America: Past and Future, p. 11.
phrase), and how U.S. technology fits into these projections.”

For the American government, a prosperous China would not doubt serve American interests, but whether China would embark on economic reform could only be a consequence of the endogenous process in China.

In terms of human rights, the Carter administration believed that the best way to influence the Chinese government to improve its human rights policy was to leave human rights issues out of U.S.-China negotiations. For U.S. administration officials, only when China was free from U.S. human rights pressure would it become confident in improving its human rights policy. As Oksenberg argued, “We have improved the human rights situation in China by letting it come from within.” From a U.S. perspective, human rights progress in China, if any, could only grow from inside, not from the outside.

Of course, some members of Congress expressed a hope that U.S. economic ties with China could help human rights progress in China. Representative Charles Vanik was the most vocal proponent of this view, arguing that “I would hope that . . . the extension of MFN to the PRC would stimulate a broadening of human rights. . . . Seeds of democracy are growing in China.” Indeed, the Carter administration could not grant China MFN until it ensured that China allowed for emigration freedom. By granting China MFN, some members of Congress believed, Washington could induce Beijing to improve its human rights policy.

China’s emigration policy, however, was not a serious obstacle to MFN. When meeting Deng in the White House on January 30, 1979, Carter raised the subject of the Jackson-Vanik Amendment. Deng replied, “If you want me to release 10 million Chinese to come to the United

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76 Ibid., p. 67.
77 Madsen, China and the American Dream, p. 132.
78 Quoted in Ibid.
79 Quoted in ibid., p. 133.
States, I’d be glad to do so.” At a time when China began its programs of economic reform and opening to the outside world, permitting its citizens to travel at will was not so much a consequence of U.S. human rights pressure as one of domestic transformation.

More importantly, a reforming China seemed to deserve MFN. From the perspective of U.S. administration officials, China’s human rights record was not satisfactory, but China merited MFN because its economic reform, if continued, would inevitably contribute to human rights progress and even democratic governance. By the early 1980s, China’s domestic situations had undergone sweeping changes: Mao Zedong had died; the Cultural Revolution had ended; the Gang of Four had been purged; Deng had resumed power; the political climate had been liberalized, compared to that during the Mao years; and, more importantly, economic modernization had been granted priority over ideological contestation since the third plenary session of the eleventh Central Committee of the Chinese Communist Party in December 1978. Due to these positive developments in China, a predominant U.S. discourse about China in the 1980s was that China would someday become American-like if it continued economic modernization. In this American euphoria, such elements of the American image as modernism, the free market, economic prosperity, freedom, and even democracy would grow from within if China continued economic modernization.

In a *New York Times* article published a few weeks after Tiananmen, Bernstein described, with a critical tone, the American euphoria. “For some years, this view of China has been emerging: that it was becoming a pro-Western semi-democracy, a place that almost inevitably would, with the passage of time, an increase in contacts and greater prosperity, become ever more relaxed, open and even free. The country had improved so much since the Maoist years, when even an individual’s choice of clothes and music was determined by the state, that

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continued progress was deemed almost inevitable.” According to this liberal discourse about China, economic, sociocultural, and political freedoms were so intimately interconnected as to reinforce each other. In the 1980s, therefore, hope was growing in the United States that China would before long “become like us.”

On November 15, 1979, for example, Warren Christopher expressed an optimistic view that he would never say in the early 1990s: “It should be a source of satisfaction to us that the Chinese Government is determined to develop a legal system that would prevent the unchecked exercise of official authority.” For him, China was gradually developing in the direction of liberalization.

The liberal discourse about China might be traced to U.S. geopolitical interests in China. Because the United States cooperated with China to balance Soviet power, U.S. officials were ready to articulate the liberal discourse in order to morally rationalize the U.S.-China strategic alignment. As Madsen criticizes when discussing what he calls “a liberal China myth,” “powerful economic and political interests sustained the belief within the Carter administration and within elite circles of American society that China would steadily, inevitably, and naturally make progress in human rights.”

The liberal discourse about China was even articulated by some Republicans who had strongly opposed communism before the 1980s. As Harding observed, “some members of the American conservative community persuaded themselves that China would be the first Communist country to renounce Marxism, embrace capitalism, and possibly even adopt

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83 Madsen, *China and the American Dream*, p. 133.
democratic reforms.” In particular, President Ronald Reagan was the most vocal Republican for the liberal discourse about China. In an interview aboard Air Force One when he was returning from China during April and May 1984, he argued that “I have never thought that it was necessary for us to impose our form of government on some other country.” Describing what he had seen in China, he added, “The Chinese have begun opening up their economy, allowing more farmers and workers to keep and sell some of the fruits of their own labor. This first injection of free-market spirit has already enlivened the Chinese economy. I believe it has also made a contribution to human happiness in China and opened a way to a more just society.” For him, the endogenous process of economic reform in China had already produced not only economic prosperity but also political liberalization. He thus redefined China as not really communist but a “so-called communist” country. For him, a reforming China would become more prosperous and liberal and therefore move toward the American image.

Reagan’s redefinition of China as “so-called communist” marked an important change in U.S. policy toward China. From Nixon to Carter, the United States had normalized its relations with Communist China based on a “do business” approach and therefore put aside ideological differences between the two countries. Reagan, by contrast, “seemed to believe that he needed a moral justification for dealing with the Chinese leadership, in a way that Nixon did not. His solution was to suggest that its rulers were not really Communists.” By attaching the “so-called communist” label to China, Reagan morally justified Communist China as a Cold War ally of the United States. In Reagan’s remarks, U.S.-China relations were based not merely on strategic alliances but also on ideological affiliations in terms of the American image.

84 Harding, A Fragile Relationship, p. 17.


86 Mann, About Face, p. 147.
In the 1980s, Deng was widely portrayed as a reform-minded leader by the American press. The *Wall Street Journal*, for example, praised Deng for modernizing the Chinese economy and lifting millions of Chinese people out of poverty.\(^{87}\) *Time* magazine named Deng man of the year for 1985, the second time since 1977.\(^{88}\) The American press was enthusiastic about China’s reform. As Harding observed, “throughout the mid-1980s, each important breakthrough in Chinese economic reform was followed by a new wave of enthusiasm in the American press, and each new sign of relaxation in China’s political and social life was avidly chronicled.”\(^{89}\)

Of course, China experienced some difficulties in the reform process, including rising popular discontents over inflation and corruption and the division within the leadership over economic policy. From a U.S. perspective, however, these difficulties were minor and temporary because Deng was the unchallenged authority who was totally in charge of the country. As Mann observed, the prevailing view in Washington was that “China was in the midst of a long, steady reform process, in which there might be only a few bumps along the way, nothing more.”\(^{90}\) Such euphoria, however, would prove to be false in June 1989.

In sum, U.S. economic policy toward China in the 1970s and 1980s only emphasized the geopolitical role of China in serving U.S. balancing strategy against Soviet power. Although U.S. officials were also concerned about China’s domestic features, they viewed China’s course of development as an endogenous process. U.S. economic policy toward China in the 1970s and 1980s thus carried no moralistic efforts to change China’s domestic features. In the 1980s,

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88 For the reaction made by the American press to China’s reform, see ibid., p. 171.

89 Ibid., p. 169.

however, Chinese economic reform allowed U.S. officials to articulate the liberal discourse that China would soon “become like us” if it continued with economic reform.

Table 3-1 summarizes five cases of U.S. economic policy toward China in the twentieth century. It includes the three cases discussed in this chapter: the open door policy, the China embargo, and U.S. economic policy toward China in the 1970s and 1980s. It also includes the sanctions policy in the early 1990s and the engagement policy after the mid-1990s. These five cases are compared in terms of three dimensions: the forms of economic instruments, the purposes of economic policy, and U.S. policy concerns about China.

Seeing the open door policy as a failure, Washington began refraining from using economic instruments to influence China’s course of development in the late 1940s when the Chinese Civil War was at its peak. After the Korean War, Washington even embarked on embargo measures against China and held out no hope for a China that could be converted into the American image. After taking a policy of rapprochement with China and normalized U.S.-China relations, the American government did view a China whose domestic features fit with the American image as consistent with overall U.S. Cold War interests, but it viewed China’s course of development as only a consequence of the endogenous process in China, instead of external economic forces from the United States. In particular, the 1980s witnessed the liberal discourse that economic, political, and sociocultural freedoms would come together in China if China continued economic modernization. Only after Tiananmen did the United States become disillusioned with the liberal discourse, believing that the endogenous process in China was not sufficient to bring China into the American image and that the United States should influence China’s political reform from the outside through economic instruments.
After Tiananmen and in the early 1990s, the American government primarily relied on the use and threat of economic sanctions to pressure China toward more respect for human rights. Only after economic coercion failed did the American government delink human rights from U.S.-China economic cooperation. While the American government had maintained in the 1980s that human rights progress would be an endogenous process in China, the engagers argued in the 1990s that China’s human rights would improve if the United States brought China into the international trading system. The engagers’ discourse, also liberal, emphasized exogeneity, while the liberal discourse prevailing in the 1980s stressed endogeneity.

In addition to China’s domestic features, U.S. economic policy toward China had also aimed to address China’s foreign policy behavior. In particular, the open door policy and the economic engagement policy are worth comparison. In the first half of the twentieth century, especially during World War II, the United States believed that U.S. economic ties with China could reshape China not only into the American image but also into a constructive member of the international system that could resist imperialism and contribute to world peace. In this view, a China that fit within the American image and a China as a constructive member of the international community would be mutually supporting. Such a belief was also reflected in the economic engagement policy. By integrating China into the international trading system, U.S. officials believed that China would become not only prosperous and democratic at home but also a constructive strategic partner of America.

The economic engagement policy, however, was different from the open door policy in that the contexts against which the two U.S. policies toward China took shape were different. At a time when China was weak, chaotic, and divided, the open door policy was adopted for a stable, secure, and strong China. By contrast, the economic engagement policy was employed at
a time of rising Chinese power. Its purpose was to manage the rise of China. The origin of the policy shift from sanctions to engagement in the 1990s thus merits an explanation, to which I turn in the following four chapters.

Table 3-1. American Economic Policies toward China in the Twentieth Century

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CHAPTER 4
THE TIANANMEN SANCTIONS

Tiananmen triggered a significant change in U.S. foreign policy toward China. It shattered the American euphoria that the endogenous process of Chinese economic reform had the potential to bring China into the American image. Instead, it produced a sense of disillusionment with China in the United States. After Tiananmen, therefore, critics of China repeatedly urged the American government to influence China’s course of political reform from the outside by using economic instruments, a goal that had been missing in U.S. economic policy toward China since the late 1940s. This resulted in the Tiananmen sanctions.

Proponents of Sanctions

In April 1989, Chinese students began banding together in Beijing and other Chinese cities to demonstrate against the Chinese government. In Washington, U.S. officials had urged both Chinese officials and students to act with restraint. On June 3 when the news that the Chinese government began suppressing the demonstrations by force arrived in Washington, Bush issued a cautious statement: “I deeply deplore the decision to use force against peaceful demonstrators and the consequent loss of life . . . I urge a return to non-violent means for dealing with the current situation.” On the same day, Secretary of State James Baker, in a TV interview, was as cautious as Bush to describe the situation in China as “turning ugly and chaotic.” Asked

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1 For the Tiananmen Square demonstrations and Chinese leaders’ decision to use force, see Zhang Liang (translated by Andrew J. Nathan and Perry Link), The Tiananmen Papers (New York: Public Affairs, 2001).


twice about possible U.S. response to the Tiananmen crackdown, he declined to say whether the Bush administration would punish China by means of economic sanctions.  

The Tiananmen crackdown, however, was widely broadcast on American television, and therefore negative images of China began to grow significantly in the United States. According to several estimates, while 72 percent of Americans viewed China favorably in February 1989, the figure dramatically dropped to 31 percent in July 1989. Unfavorable views of China also rose from 13 percent to 58 percent in the same period.  

More importantly, American public opinion began urging the Bush administration to impose economic sanctions against China in retaliation for its human rights violations. In a letter to Bush shortly after the crackdown, for example, Freedom House argued that to punish China for its “significant violations of political rights and civil liberties,” the United States should suspend economic and military cooperation between Washington and Beijing. Other human rights groups, including Human Rights Watch and Amnesty International, also became critical of China’s human rights policy after Tiananmen and urged economic sanctions. Because Chinese political modernization could not grow from within, in their view, the United States should influence the course of political reform in China from the outside, and economic sanctions were the means.  

The American outrage over Tiananmen was not without international origins. While the Communist regimes in the Soviet Union and Eastern Europe moved toward democratization in

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the late 1980s, Communist China suppressed the Tiananmen demonstrations by force. Such a contrast within the Communist bloc thus raised a sense of frustration with China among those Americans who believed in the superiority and universality of American values, especially at a time when an American victory in the Cold War would soon become clear. Under such an international context, China was widely seen as a “discredited” regime that would not long endure, as argued by former U.S. ambassador to China Winston Lord, who left the Bush administration before Tiananmen and then became one of the leading critics of Bush’s China policy.8 Because the triumph of American values was inevitable, many Americans believed, the United States should play a role in facilitating the dissolution of Chinese Communism and pushing China toward “the end of history.”9

Even Chinese students who studied in the United States also urged the American government to apply sanctions against China.10 Of course, prolonging their stays in the United States was also what they fought for, despite the failed “Pelosi bill.”11 Chinese dissidents who fled China after Tiananmen also urged sanctions against Beijing.12

Under such a climate, Congress saw an opportunity to wrestle for control of China policy from the hands of the executive branch. Before Tiananmen, the legislative branch had mostly been willing to give the executive a relatively free hand in formulating and implementing China


11 In June, Representative Nancy Pelosi introduced the Emergency Chinese Adjustment of Status Facilitation Act of 1989 (H.R. 2712), which aimed to extend Chinese students’ visas. But the bill was vetoed by Bush in 1990. For the Pelosi bill, see Suettinger, Beyond Tiananmen, pp. 95-96.

policy. Although Congress took the lead in passing the Taiwan Relations Act in 1979,\(^{13}\) both the executive and legislative acknowledged the strategic importance of China to the United States and reached a consensus on developing strategic relations with China. As Lord argued in 1990, “for two decades, through five administrations, the United States enjoyed broad bipartisan consensus on dealing with China.”\(^ {14}\) With strategic concerns in mind, therefore, Congress had been relatively silent on issues related to China’s human rights policy, as had the executive. It was not until 1977 that the first congressional resolution condemning China’s human rights abuses was introduced. In 1980, Congress held its first hearing on China’s human rights record and began requiring the State Department to submit annual human rights reports on China. However, there was no harsh condemnation of China’s human rights abuses in two rounds of hearings held in 1982 and 1985.\(^ {15}\)

After Tiananmen, however, Congress became increasingly critical of China’s human rights abuses and thus sought to seize the initiative on China policy. On June 3, 1989, for example, Senator Jesse Helms (R-N.C.), the ranking Republican on the Senate Foreign Relations Committee, claimed that “the Chinese Communist leaders apparently are not willing to cease their historic repression of human rights.”\(^ {16}\) Known for his anti-communist stance, Helms argued that “all U.S. military cooperation and sharing of technology with the Communist government

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\(^{13}\) For the legislative process related to the Taiwan Relations Act, see Harding, *A Fragile Relationship*, pp. 82-87.


\(^{15}\) Xie, *U.S.-China Relations*, p. 102.

\(^{16}\) Pear, “President Assails Shootings in China.”
must be terminated.”\(^{17}\) Similarly, Representative Stephen J. Solarz (D-N.Y.), chairman of the House Foreign Affairs Subcommittee on Asian and Pacific Affairs, argued for curtailing political and trade ties between the two countries because it was “morally necessary.”\(^{18}\)

Congress’s reaction to Tiananmen was swift and harsh. According to Xie’s estimate, while only 35 bills concerning China’s human rights had been introduced in Congress from 1973 to 1988, 33 bills condemning China’s human rights abuses or proposing sanctions were introduced in 1989 alone.\(^{19}\)

Another factor that led Congress to wrestle for control of China policy was partisan politics. During the Bush years, Congress was overwhelmingly controlled by the Democratic Party: 259-174 in the House and 55-45 in the Senate during the 101\(^{st}\) Congress of 1989-1991, for example.\(^{20}\) While the Republican administration was reluctant to take tough action against China, the Democrat-controlled Congress persistently pushed human rights issues to the fore. As Mann observed, “China was an issue where the Democrats in Congress could oppose the Republican administration and know, with certainty, that they had public opinion on their side. If George Bush wasn’t going to convey the country’s outrage over Chinese repression, then the Democrats in Congress would happily volunteer.”\(^{21}\) In sum, partisan politics complicated the executive-legislative battle over U.S. policy toward China after Tiananmen.

\(^{17}\) Ibid.


\(^{19}\) Xie, \textit{U.S.-China Relations}, p. 105.

\(^{20}\) Suettinger, \textit{Beyond Tiananmen}, p. 23.

\(^{21}\) Mann, \textit{About Face}, p. 199.
Bush’s Human Rights Rhetoric

Taking office in January 1989, Bush immediately faced the Tiananmen crisis and the resulting domestic pressure for tough sanctions against China. Besides domestic politics, Bush was also concerned about the international environment. At a time when the “third wave” of democratization swept Eastern Europe and the Soviet Union, Bush was afraid that he might signal a green light for the Communist regimes to use force against their domestic opponents if he responded too softly to the Tiananmen crackdown.22

On June 5, Bush held a news conference, in which he called the Tiananmen suppression a “violent and bloody” crackdown against the demonstrators in Tiananmen Square who were “advocating basic human rights, including the freedom of expression, freedom of the press, freedom of association.”23 He especially mentioned a TV image in which a single student stood in front of a tank. “To strongly and clearly express our condemnation of the events of recent days,” he suspended U.S. weapons sales to and military exchanges with China in retaliation for the role that the Chinese People’s Liberation Army (PLA) played in the Tiananmen crackdown. His sanctions measures put on hold (1) a $500 million deal that would provide upgraded avionics for China’s F-8 fighter plane; (2) a $28 million program to modernize production facilities in China for large-caliber artillery ammunition; (3) a $62 million sale of AN/TPQ-37 artillery-locating radars; and (4) a $10 million sale of a Mark 46 surface ship and two anti-submarine torpedoes. He also suspended licenses for U.S. satellites to be launched on Chinese rockets.24


24 Felton, “Brutal Crackdown in Beijing.”
Despite suspending U.S.-China military cooperation, however, Bush was reluctant to extend the sanctions measures to the commercial side. Before the conference, he had talked to Nixon, and the former president suggested that “don’t disrupt the relationship, . . . but take a look at the long haul” and that U.S.-China trade not be suspended. Indeed, at a time of Soviet-China rapprochement, as evidenced by Soviet leader Mikhail Gorbachev’s May 1989 trip to Beijing, cutting off U.S.-China economic relations would only push China away from the American side and drive China into Soviet arms. Serving as head of the U.S. Liaison Office in China during 1974-1975, Bush had participated in the negotiations over U.S.-China normalization. Therefore, he understood the strategic importance of China to the United States. This is why he had visited China in February 1989, three months before Gorbachev had a chance to improve Soviet-China relations. Therefore, Bush argued that preserving normal economic relations between the United States and China was essential to consolidate the U.S.-China strategic alignment. As he said, “we’ve gained a lot from this relationship, and so have they. I still think that it is in the strategic interest of the United States....good relationships with China are in the national interest of the United States.” Indeed, the previous administrations from Nixon to Reagan had viewed U.S. economic policy toward China from a geostrategic perspective, and Bush simply followed suit.

Fearful that congressional legislative action might hurt U.S. geostrategic interests, Bush emphasized that it was the executive, not the legislative, that had foreign policy initiatives. As he said, “I’m the President. I set the foreign policy objectives and actions taken by the executive


26 In the second half of the 1980s, both Chinese leader Deng Xiaoping and Mikhail Gorbachev attempted to improve Soviet-China relations. Their efforts came into fruition when Gorbachev visited Beijing in May 1989.

branch.”\textsuperscript{28} At a time when Congress wrestled over China policy, the Bush administration opposed congressional legislative action, arguing that the executive should have the necessary flexibility to respond to changing situations in China.\textsuperscript{29}

In his efforts to defend U.S. geopolitical interests in China, Bush also emphasized that he was a president who understood China well. As he said, “My recommendations are based on my knowledge of Chinese history.”\textsuperscript{30} Because of his China experience, he knew a number of senior Chinese leaders personally, including Deng Xiaoping, who called Bush a \textit{lao pengyou}, an old friend of China. After Tiananmen, the president was his own China desk officer and made efforts to save U.S.-China relations.\textsuperscript{31}

In addition to U.S. geopolitical interests in China, Bush also argued that preserving normal economic relations between the two countries was essential to the development of human rights, freedom, and even democracy in China. Bush first presented a possible explanation for the Chinese pro-democracy movement. While the American government had hardly attached moralistic goals to U.S.-China economic relations in the 1970s and 1980s and instead argued that Chinese political reform could only grow from within, Bush attributed the pro-democracy movement to U.S.-China economic ties that had unfolded since the early 1970s. As he said, “I happen to believe that the commercial contacts have led, in essence, to this quest for more freedom. I think as people have commercial incentive, whether it’s in China or in other

\begin{itemize}
\item \textsuperscript{28} “News Conferences of June 5 and 8 (Excerpts),” p. 48.
\item \textsuperscript{29} Also see Richard L. Williams, “U.S. Response to Changes in China,” \textit{Department of State Bulletin}, Vol. 89, No. 2151 (October 1989), p. 28.
\item \textsuperscript{30} “News Conferences of June 5 and 8 (Excerpts),” p. 48.
\item \textsuperscript{31} See Bush and Scowcroft, \textit{A World Transformed}, pp. 86-111.
\end{itemize}
totalitarian systems, the move to democracy becomes more inexorable.”

He also said, “the budding of democracy which we have seen in recent weeks owes much to the relationship we have developed since 1972.”

In his remark, it was China’s contact with the outside world, not the endogenous process in China, that had played the primary role in contributing to the societal demands for democracy in China.

Bush thus repeatedly emphasized that in the post-Tiananmen context, the United States could better influence the course of political reform in China by continuing U.S.-China economic ties, instead of imposing economic sanctions. As he said, “I want to see us stay involved and continue to work for restraint and for human rights and for democracy....I would like to encourage them to continue their change.” Conversely, he continued, pulling U.S. economic forces out of China would only set back the force of political reform. As he said, “when you see these kids struggling for democracy and freedom, this would be a bad time for the United States to withdraw and pull back and leave them to the devices of a leadership that might decide to crack down further.” He emphasized that “it would be a tragedy for all if China were to pull back to its pre-1972 era of isolation and repression.”

In his news conferences held in June, Bush defended his China policy based more on moral grounds than on geostrategic grounds. Indeed, given that Congress and the human rights organizations urged economic sanctions to push China toward more respect for human rights,

32 “News Conferences of June 5 and 8 (Excerpts),” p. 46.

33 Ibid.

34 Also see Bush and Scowcroft, A World Transformed, p. 89.

35 “News Conferences of June 5 and 8 (Excerpts),” p. 47.

36 Ibid.

37 Ibid., p. 46.
Bush had to defend his China policy by articulating how he would achieve the same goal. He repeatedly argued that he was not playing the China card and that preserving U.S.-China economic ties could enable the United States to influence China’s policy on human rights, freedom, and even democracy. Conversely, he emphasized, the United States would lose its ability to influence China’s political reform if it cut off its normal economic relations with China.\(^{38}\)

Bush’s human rights rationale marked a partial but important change in U.S. economic policy toward China. Since Nixon, strategic rationale had dominated U.S. economic policy toward China, and U.S. officials had stressed political modernization in China as an endogenous process. However, Bush began associating human rights progress with U.S.-China economic ties, and therefore human rights issues were brought into the equation. What once had been strategic U.S. economic policy toward China now extended to include moralistic purposes. While Congress called for economic sanctions to influence China’s political reform, the Bush administration advocated maintaining economic ties for the same purpose.

Bush argued that limiting U.S. sanctions to the military side and avoiding harming the commercial side were “a prudent, reasoned response.”\(^{39}\) For him, there was no contradiction between U.S.-China economic relations, on the one hand, and U.S. geostrategic interests and human rights in China, on the other hand, because preserving the former could promote the latter. As Richard L. Williams, Acting Deputy Assistant Secretary for East Asian and Pacific Affairs, said when testifying before the House Foreign Affairs Committee on July 13, “the Administration’s policy since June 5 . . . is a policy which supports a more open Chinese society,

\(^{38}\) Also see “News Conferences of June 27 (Excerpts),” \textit{Department of State Bulletin}, Vol. 89, No. 2150 (September 1989), pp. 54-56.

\(^{39}\) “News Conferences of June 5 and 8 (Excerpts),” p. 48.
recognizes the long-term value of the U.S.-China relationship, and strives to keep our vital interests intact during this difficult period.”

Compared to U.S. geostrategic interests and human rights in China, the Bush administration paid little emphasis on U.S. economic interests when making efforts to preserve U.S.-China economic relations. When defending Bush’s China policy, Baker argued that “When we say the relationship is important and that we ought to try and preserve the relationship, . . . we are not suggesting that it is important solely on an economic basis. It is important economically, yes, but it is important as well from a geopolitical and geostrategic standpoint.” As of 1989, China was America’s 13th largest trading partner, but U.S.-China economic ties were not as close as they would become in the 1990s when China stepped up economic reform and trade liberalization. The Bush administration thus was more concerned about geostrategic interests than about economic ones.

Codification of the Tiananmen Sanctions

Congress was not satisfied with Bush’s measured stance on China, especially when the Chinese government continued to arrest the demonstrators after June 4. Many members of Congress believed that Washington should intensify and broaden its economic sanctions measures to force China to take account of U.S. human rights concerns. Congress thus pushed forward legislative measures to punish China. On June 6, both chambers of Congress first passed resolutions calling on the administration to consider additional sanctions. The House adopted its resolution (HConRes136) by 406-0, and the Senate passed its counterpart measure (SRes142) by

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42 Williams, “U.S. Response to Changes in China,” p. 27.
100-0. On June 8, Jesse Helms also introduced a bill calling on the administration to suspend trade, investment, and other economic ties with China unless China made “significant progress” toward democracy and human rights. Other members of Congress recommended working with American allies to suspend economic aid to China and recalling the American ambassador from Beijing.

For the Bush administration, however, congressional legislation for economic sanctions against China would tie Bush’s hands in dealing with China. To head off such a congressional action, the Bush administration agreed to extend its sanctions measures to the commercial side. On June 20, the White House declared its opposition to financial assistance to China from the World Bank and the Asian Development Bank, affecting over $1 billion in new loans. It also suspended all high-level governmental exchanges with China, including a planned July visit by Commerce Secretary Robert A. Mosbacher. Due to congressional pressure, the administration announced these new sanctions but it claimed that they were “taken in response to the wave of violence and reprisals by the Chinese authorities against those who have called for democracy.”

As I pointed out in chapter two when discussing the methodological weaknesses of liberal constructivism, actors may adopt new norms for strategic reasons but deceptively claim that they are persuaded and convinced of appropriate behavior. The Bush administration was no exception.

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43 Felton “Brutal Crackdown in Beijing.”

44 Ibid.


Congress, however, was still unmoved by the Bush administration’s gestures. On June 22, members of Congress sought to curtail exports of computers, weapons, satellites, and financing to China by introducing amendments to the fiscal 1990-1991 foreign aid authorization bill.\footnote{Thomas L. Friedman, “Congress, Angry at China, Moves to Impose Sanctions,” \textit{New York Times}, June 23, 1989, p. A5. The foreign aid authorization bill was the venue for major executive-legislative struggles over foreign policy.} Senate Majority Leader George J. Mitchell (D-Maine), one of the sponsors for the amendments, argued that “I ask—I urge—the President to condemn these [Chinese] actions personally and in the strongest possible terms.”\footnote{Ibid.} On the same day, the House voted 416 to 0 to approve a resolution calling on the Chinese government to stop executing those arrested in what the House called a “murderous crackdown.”\footnote{Ibid.}

On June 29, the House sought to put into law the sanctions that Bush had imposed against China by voting 418 to 0 in favor of amending the foreign aid authorization bill (H.R. 2655). It also approved new sanctions, including (1) prohibiting the Overseas Private Investment Corporation (OPIC) from writing political risk insurance for American companies doing business in China; (2) suspending previously authorized funds for trade and economic development projects; (3) imposing a ban on Trade Development Program (TDP) activity in China; and (4) applying tighter restrictions on the sale of nuclear technology that had both military and civilian use.\footnote{Robert S. Greenberger, “House Approves Further Sanctions on China, 418-0,” \textit{Wall Street Journal}, June 30, 1989, p. A14.} Representative Gus Yatron (D-Pa.), chairman of the House Foreign Affairs Subcommittee on Human Rights, stated that “we must send a clear message to Beijing...
that the loss of private capitals, skills and technological know-how is the price it must pay for the
disregard of human life.”

On July 14, the Senate also adopted an amendment to the foreign aid authorization bill
(S1160) by a vote of 81-10. It called for additional sanctions, including postponement of Export-
Import Bank financing of U.S. exports to China and opposition to loans to China by the World
Bank and other international financial institutions. On November 7, a Senate-House conference
committee passed a sanctions package that was attached to the final version of the foreign aid
authorization bill. The sanctions package was a combination of the amendments passed by the
House and the Senate in June and July, respectively.

The Bush administration, however, opposed tougher sanctions against China. On July 7,
just a month after Tiananmen, the administration waived the ban on the sale of four Boeing jets
that carried navigation systems capable of being converted to military uses. In early December,
the administration publicly sent National Security Advisor Brent Scowcroft and Deputy
Secretary of State Lawrence Eagleburger to Beijing. That was the first official contact shown in
public after Tiananmen but a violation of the previously imposed ban on high-level contact
between the American and Chinese governments.

After the Scowcroft-Eagleburger mission, Bush, declaring it in U.S. national interests, waived the restrictions on Export-Import Bank loans
to U.S. companies doing business in China as well as on the export of three communications

52 Ibid.

53 Helen Dewar, “Senate Votes to Tighten Sanctions against China; Bipartisan Bill Urges Major Review of Ties,”

(November 11, 1989), pp. 3083-3086.


56 For the Scowcroft-Eagleburger mission, see Bush and Scowcroft, A World Transformed, pp. 174-178.
satellites to China.\textsuperscript{57} However, each of these conciliatory moves stirred up congressional criticism, and therefore the administration was forced to retreat. On January 9, 1990, Bush announced his opposition to the resumption of World Bank loans to China after Congress criticized the Scowcroft-Eagleburger mission.\textsuperscript{58}

Because Congress had overwhelmingly pushed forward with legislating economic sanctions against China, Bush had no room for presidential vetoes and therefore signed the foreign aid authorization bill (H.R. 3792) on February 16, 1990. In his statement, Bush repeated his objection to putting economic sanctions against China into law, saying that “legislatively mandated sanctions represent an unwise constraint upon the president’s ability to conduct foreign policy.”\textsuperscript{59} But Bush had no choice but to accept the congressionally imposed sanctions package. At his insistence, and after five months of bitter negotiations between the White House and Congress, the law stipulated that Bush could lift any or all of the sanctions if he determined that doing so would serve U.S. national interests, or by reporting to Congress that China had made progress toward political reform.\textsuperscript{60} Within nine months after Tiananmen, the Tiananmen sanctions were put into law.

The Chinese government, however, was reluctant to improve its human rights policy under U.S. pressure. According to an estimate, between 1,500 and 2,000 individuals were arrested after the June 4 crackdown and tried for “counterrevolutionary” crimes, and between 10,000 and 15,000 were arrested and tried for disturbing the social order. About 300 people were


\textsuperscript{60} Lampton, \textit{Same Bed, Different Dreams}, p. 23; Bush and Scowcroft, \textit{A World Transformed}, p. 158.
executed for attempting to overthrow the Chinese government, and thousands more were sent to labor reform camps.\(^{61}\)

As early as three weeks after the Tiananmen crackdown, Bush had secretly sent Scowcroft and Eagleburger to China. When meeting with Deng, these two U.S. secret envoys said that while Bush acknowledged the strategic importance of U.S.-China relations, Congress had urged him to broaden economic sanctions against China. They thus urged Deng to stop post-Tiananmen crackdowns and grant amnesty for some people arrested at Tiananmen. If China accepted these U.S. requests, they told Deng, the Bush administration could persuade Congress to lift the sanctions measures imposed after June 5. Deng, however, accused the American government and media of siding with those who were trying to overthrow the Chinese government. Scowcroft called the meeting a "dialogue of the deaf," saying that "it was clear to me that the clash of cultures had created a wide divide between us. The resentment by the Chinese of foreign 'interference' was omnipresent. They were focused on security and stability. We were interested in freedom and human rights."\(^{62}\) China’s post-Tiananmen response, according to U.S. ambassador to China James Lilley, was to "close the door and beat the dog"—kick foreigners out and punish the demonstrators.\(^{63}\)

To be sure, China did ease its post-Tiananmen crackdowns in the face of U.S. sanctions pressure. On January 10, 1990, for example, China lifted martial law that had been put into effect since May 20, 1989. It also allowed the dissident Fang Lizhi to leave the country from the U.S. embassy in Beijing,\(^{64}\) released 500 political prisoners, and allowed Voice of America reporters to

\(^{61}\) Quoted in Suettinger, Beyond Tiananmen, p. 90.

\(^{62}\) Bush and Scowcroft, A World Transformed, p. 110.

\(^{63}\) Quoted in Suettinger, Beyond Tiananmen, p. 69.

\(^{64}\) After the Tiananmen crackdown, Fang took refuge in the U.S. embassy in Beijing until June 1990.
return to China. From a U.S. perspective, however, these Chinese concessions were too small to count as real improvements in human rights. Security forces were still heavily present in many Chinese cities, and post-Tiananmen arrests, trials, and executions still continued. Testifying before the Senate Foreign Relations Committee on February 7, 1990, Eagleburger admitted that not enough had been done by China in improving its human rights record.

The Chinese leaders were hostile toward Western countries, especially the United States. They viewed the Tiananmen sanctions as interfering in China’s internal affairs. In particular, those Chinese leaders who had supported opening China to the outside world were on the defensive relative to Chinese conservatives. To complicate matters further, the dramatic dissolution of Eastern European Communist regimes in late 1989 justified the Chinese leaders’ worry about deliberate Western efforts to overthrow the Chinese Communist regime through such means as “peaceful evolution,” “spiritual pollution,” and “bourgeois liberalization.” In these circumstances, it was not surprising that the Chinese leadership refused to kowtow to U.S. human rights pressure.

In sum, a normative contestation between human rights and free trade occurred shortly after Tiananmen. On the one hand, American public opinion became critical of China for its human rights violations. Taking advantage of American public opinion, Congress pushed human rights to the fore for political reasons. First, Congress seized the initiative on China policy and pressured the executive to broaden sanctions against China. Second, a Democrat-controlled Congress was willing to embarrass the Republican administration by accusing it of being too soft

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65 See Suettinger, Beyond Tiananmen, p. 102.

on China. Executive-legislative and partisan politics thus combined to be the domestic political backgrounds against which Congress raised human rights banners after Tiananmen.

On the other hand, Bush stood on the geopolitical grounds that had been established since Nixon and attempted to preserve U.S.-China economic relations. Because the issue at stake was human rights, his rhetorical strategy was to attach moralistic goals to a U.S. foreign economic policy that had previously only emphasized U.S. geostrategic interests in China. His rhetoric stressed that preserving U.S.-China economic relations was essential to human rights progress in China. From Tiananmen onward, therefore, U.S. economic policy toward China began carrying human rights purposes.

Finally, strategic interactions determined the outcome of the normative contestation. Because Congress was unified enough to leave Bush no room for presidential vetoes, the president had no choice but to accept Congress’s human rights claims and put the Tiananmen sanctions into law.
CHAPTER 5
THE MFN DEBATE

This chapter discusses the MFN debate during 1990-1992. In the post-Tiananmen context, Washington became increasingly concerned about China’s behavior regarding arms control and trade in addition to human rights. Still displeased with China and Bush’s China policy, Congress thus created a new battle that targeted at revoking or conditioning China’s MFN status on these three issue-areas. Bush, by contrast, defended China’s MFN, just as he had attempted to narrow sanctions against China in 1989. His rhetorical strategy was to argue that MFN-based free trade could transform China into a nation that was prosperous and therefore democratic at home as well as abiding by international norms of arms control and trade abroad. With Senate support, he succeeded in sustaining his vetoes of two conditional MFN bills, even though he had previously codified the Tiananmen sanctions based on human rights. Such a strategic co-constitution brought free trade norms to triumph during the MFN debate of 1990-1992.

Arms Control and Trade

The section discusses the backgrounds against which U.S.-China disputes over arms control and trade emerged in the early 1990s. I discuss China’s proliferation activities and restrictive trade policy in sequence.

Arms Control

In fact, China had proliferated weapons abroad since its founding in 1949. In the late 1970s, China began its programs of economic reform and opening to the outside world and therefore needed U.S. technologies to improve its nuclear-power infrastructure and other economic modernization programs. This provided Washington with a means of leverage to
negotiate arms control with China. In the following years, Washington would address China’s arms control policy by permitting or suspending high-technology exports to China.¹

U.S.-China disputes over arms control first emerged in the mid-1980s when China was accused of supplying Iran with so-called “Silkworm” cruise missiles. In mid-October 1987, Iran launched Silkworm missiles three times and struck several U.S.-flagged tankers in the Persian Gulf. In response, the Senate voted to ask the Reagan administration to review $528 million worth of U.S. military technology transfer to China. Senator Frank H. Murkowski (R-Alaska) said that the United States should send China a message that the “continued transfer of Silkworm missiles to Iran may seriously jeopardize U.S.-China relations.”² On October 22, therefore, the American government for the first time imposed sanctions against China for its proliferation activities, which suspended the sale of high-technology items to China. After several rounds of talks between Washington and Beijing, Chinese officials promised that they would take strict measures to stop silkworm sales to Iran, and therefore the Reagan administration lifted the sanctions in March 1988.³

Since the mid-1980s, the American government had also attempted to integrate China into international nonproliferation regimes. By the early 1990s, China had been members of several multilateral nonproliferation regimes, including the International Atomic Energy Agency (1984), the Biological Weapons Convention (1984), the Limited Test Ban (1986), the Treaty on the Non-Proliferation of Nuclear Weapons (1992), and the Chemical Weapons Convention


Beijing also agreed to the original guidelines of the Missile Technology Control Regime (MTCR) in 1991.\textsuperscript{4}

The American government, however, was still skeptical about these Chinese nonproliferation commitments because its intelligence agencies continued to detect evidence that China had exported nuclear weapons and missile technologies to such states as Iran, Pakistan, Syria, and Algeria. Although compliance with the norms of arms control would allow China to acquire U.S. technologies needed for its economic modernization programs, two factors complicated the management of arms exports in China. First, at a time of economic reform, the Chinese government cut off military spending and civilianized China’s defense industries, and therefore many PLA enterprises became involved in the arms-export business to compensate for the sharp declines in government spending. Second, family members of senior Chinese leaders held key positions in the defense industry. These two factors combined to diminish the Chinese government’s ability to control arms exports.\textsuperscript{5}

In 1991, it was reported that China had sold two ballistic missile systems—the M-9 (600-kilometer range) and the M-11 (290-kilometer range)—to Syria, Libya, Iran, and Pakistan. Under the authority of the 1990 Missile Control Act, which punished countries that exported MTCR-controlled items to non-MTCR members, the Bush administration announced a sanctions package on May 27 that suspended the exports of items listed in the MTCR’s Annex to two Chinese companies involved in the exports of M-9 and M-11 missile technologies. It also banned high-technology computer sales to China and blocked U.S. companies from participating in

\textsuperscript{4} See Lampton, \textit{Same Bed, Different Dreams}, p. 83.

\textsuperscript{5} See Medeiros, \textit{Reluctant Restraint}. 
future satellite launches with China. These sanctions measures affected 20 licenses pending for sales worth $30 million.⁶

For the United States, however, suspending high-technology exports to China involved a trade-off between security and economic objectives. On the one hand, high-technology exports to China could help China modernize its military infrastructure. Even civilian technology exports to China would be detrimental to U.S. security interests because such civilian technologies as satellites and supercomputers could be converted for military uses. For security reasons, Washington should limit high-technology exports to China, especially when it acquired evidence of Chinese proliferation activities. On the other hand, pulling the plug on the lucrative high-technology exports to China would stir up opposition from American high-technology industries because such a move would deprive them of business opportunities in China. To avoid harming American high-technology industries, the executive branch tended to waive export controls on U.S. technology transfers to China, as evidenced by Bush’s December 1989 decision to reinstate satellite export licenses after Tiananmen. However, allowing high-technology exports to China, especially at a time when China’s nonproliferation commitments were incredible, would expose the executive to charges from Congress that commerce took precedence over national security in dealing with China.⁷

In November, Bush sent Baker to Beijing, and that was the highest-ranking American mission to visit China after Tiananmen. Baker’s task was to negotiate with Chinese officials over such issues as arms control, human rights, and trade. On the arms control front, the Chinese said


⁷ For the economics-security trade-off in U.S. arms-export policy toward China, see Lampton, Same Bed, Different Dreams, pp. 90-97.
that they “intended” to observe the MTCR “guidelines and parameters” if the United States agreed to remove the sanctions measures announced in May. China also promised that it would accede to the Non-Proliferation of Nuclear Weapons (NPT) in 1992. In exchange, the Bush administration lifted the sanctions in March 1992.\(^8\)

These Chinese nonproliferation commitments, however, were ambiguous. First, the MTCR only had two parts—guidelines and annex, but China did not explain what it meant by “parameters.”\(^9\) Second, China only said that it “intended” to observe MTCR guidelines. In his memoirs, Baker described this commitment as a cheating, saying that China “objected to language saying that China ‘will observe’ the MTCR guidelines, demanding that it be changed to ‘intends to observe.’ By arguing forcefully a less categorical pledge, it seemed as though [Chinese Foreign Minister] Qian Qichen [was] tactfully acknowledging the possibility that some entity in China’s defense community might cheat on this commitment.”\(^10\) Third, while Baker interpreted China’s MTCR commitments as applying to the transfer of both M-9 and M-11 missiles, China claimed that its MTCR commitments did not apply to the shorter-range M-11 technology that was not covered by the MTCR.\(^11\)

In the early 1990s, U.S. intelligence also detected other proliferation activities made by China. In 1991, for example, U.S. satellites detected evidence that China was assisting Algeria in constructing a nuclear reactor. This nuclear deal with Algeria was a violation of the


\(^11\) See Medeiros, *Reluctant Restraint*, p. 118. The MTCR regime aimed to prevent the proliferation of missile technologies capable of reaching a range of at least 300 kilometers with a payload of at least 500 kilograms. Because the M-11 was only 290 kilometers in range, China viewed it as not subject to MTCR guidelines.
commitments that China had made when joining the International Atomic Energy Agency (IAEA) in 1984. Similarly, it was reported that China agreed to provide Iran with (1) a machine that could separate isotopes using magnetic forces in 1991; (2) a 20-megawatt research reactor in 1992; and (3) two 300-megawatt power reactors in 1993. In the early 1990s, China was also suspected of supplying Pakistan with nuclear materials.12

In the early 1990s, therefore, the American government received no unequivocal promises from China of observing the international norms of arms control. Among all of the reported Chinese proliferation activities, only the exports of M-9 and M-11 missile technologies in 1991 received U.S. sanctions. In other cases, the American government took no steps in imposing sanctions against China. Under the already-imposed sanctions after Tiananmen, any additional sanctions would not work in coercing further change in China’s arms control policy. The U.S.-China disputes over arms control, therefore, were far from resolved and continued into the Clinton era.

Bilateral Trade

In addition to human rights and arms control, trade imbalance became a contentious issue complicating the relationship between Washington and Beijing in the early 1990s. As Table 1-2 (in chapter 1) shows, U.S. trade imbalance with China began to occur in 1986, with a figure of only $0.5 billion. However, it dramatically increased to $22.9 billion in 1993, exceeded only by U.S. deficits with Japan. During the same period, the growth of U.S. exports to China was modest, only increasing from $4.7 billion to $10.6 billion. Chinese exports to the United States, by contrast, escalated significantly from $5.2 billion to $33.5 billion. In general, total bilateral trade increased from $10 billion to $44.1 billion in the same period due to tremendous Chinese

12 For all these proliferation activities, see ibid. Also, U.S. officials in 1988 had discovered that China had secretly sold medium-range Dong Feng 3 (2,650 kilometers) missiles to Saudi Arabia.
exports to the United States. This thus created a condition of asymmetrical interdependence between the United States and China: total bilateral trade only accounted for 1.6 to 4.1 percent of total U.S. trade, while comprising 13.3 to 22.6 percent of total Chinese trade.

From a U.S. perspective, U.S. trade deficits with China skyrocketed because China had conducted unfair trade practices, including pirating of U.S. software designs and other intellectual property rights (IPR), protection of its domestic markets through tariff and nontariff barriers to U.S. goods, exports of products made by prison labor, and disguising the origin of goods made in China by shipping them through Hong Kong and other non-Chinese ports. These Chinese unfair trade practices, Washington contended, had violated the international norms of trade and put U.S. businesses in a disadvantageous position. In terms of market access, Washington believed that China had been embracing the mercantilist, restrictive trade policy that other East Asian export-oriented countries had adopted to limit U.S. access to their domestic markets. In terms of IPR, U.S. industries estimated that China’s pirating of American computer software, compact discs, and videos reached $1 billion annually. According to U.S. Assistant Trade Representative Joseph Massey, China was the “greatest source of piracy of U.S. copyrighted works.”

To address China’s unfair trade practices and U.S.-China trade imbalance, the American government did not hesitate in using negative forms of trade policies toward China. At a time

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16 According to the economic sanctions literature, the use or threat of negative economic instruments for economic purposes sought in trade, financial tax, and commercial negotiations between states is usually not categorized as
when China made efforts to join the GATT/WTO, U.S. officials believed that China’s desire to join the GATT/WTO was a lever that the American government could use to force China to accept the international norms of trade.¹⁷

The American government first launched its economic threats against China on April 26, 1991, when the Office of the United States Trade Representative (USTR) named China a “priority foreign country” under the authority of the Omnibus Trade and Competitiveness Act of 1988 and initiated a special 301 investigation into China’s pirating of American IPR. China was the first country cited as a “priority foreign country” under the law.¹⁸ On November 26, USTR Carla Hills announced that her negotiations with China over IPR was unsatisfactory and that she would impose trade sanctions worth of $1.5 billion on Chinese imports if China did not agree to solve IPR piracy by January 1992. In retaliation, China publicized its own list of American products subject to punitive tariffs. When a U.S.-China trade war looked inevitable, however, China made concessions on the eve of the deadline, and therefore both sides reached the U.S.-China Memorandum of Understanding (MOU) on Intellectual Property Rights on January 17. In the MOU, China agreed to promote IPR legislation and to join the Berne Convention for the Protection of Literacy and Artistic Works. Some American industry analysts viewed the agreement as a good start on promoting China’s legal structures of IPR protection.¹⁹

The Bush administration also sought to address market access issues with China. In late 1991, under the authority of the 1974 Trade Act, the Bush administration initiated a section 301 economic sanctions. In other words, economic sanctions are deployed for political rather than economic purposes. See, for example, Hufbauer, Schott, Elliot, and Oegg, Economic Sanctions Reconsidered, p. 3.


¹⁸ Suettinger, Beyond Tiananmen, p. 120.

case against China over unfair trading practices that had adversely affected U.S. exports to
China, including tariff and nontariff barriers, quotas, and a lack of transparency in China’s trade
rules. In August 1992, the Bush administration threatened to impose punitive tariffs of 100
percent on $3.9 billion worth of Chinese goods if China did not agree to remove trade
restrictions by October. In retaliation, China threatened to place tariffs on American goods worth
$3.9 billion. On the eve of the deadline, however, both sides finally reached the U.S.-China
Memorandum of Understanding on Market Access. In the MOU, China pledged to remove a
broad range of trade barriers to American goods over the next five years, and the Bush
administration in return agreed to “staunchly support” China’s accession to the GATT. U.S.
officials said that the MOU was a major step toward transforming China toward adopting fair
and open trade rules.20

On August 7, 1992, the American and Chinese government also signed the U.S.-China
Memorandum of Understanding on Prohibiting the Import and Export of Chinese Prison Labor
Products. The MOU, which had both human rights and trade implications, provided for prompt
investigation of suspected violations of the laws of each side relating to prison labor products.21

Despite these three bilateral MOUs, however, the Bush administration failed to narrow
U.S. trade deficits with China. From a U.S. perspective, China did not make significant efforts to
enforce IPR protection, open its markets to foreign products, and prohibit the export of prison
labor products. The administration thus came under heavy criticism from Congress and labor

20 For the market access case, see Devereaux, Lawrence, and Watkins, Case Studies in US Trade Negotiation, p.
255; Steven Greenhouse, “China Will Lower Barriers to Trade in Accord with U.S.: Victory for Bush Effort,” New

21 For the prison labor MOU, see “Prohibiting the Import and Export of Chinese Prison Labor Products, Arnold
Kanter, Under Secretary for Political Affairs, Statement at the Signing of the Chinese Prison Labor Memorandum of
Understanding, Washington, DC, August 7, 1992,” U.S. Department of State Dispatch, Vol. 3, No. 33 (August 17,
organizations, especially at a time when the American economy was in a recession in the late 1980s and early 1990s.

Opponents of China’s MFN

In the early 1990s, debates over China’s MFN began to emerge in U.S. domestic politics. The Carter administration granted China MFN treatment in 1980, and the executive had to notify Congress of its decision to renew China’s MFN each year by June 3. The annual extension of MFN for China was routine throughout the 1980s. By the June 4 Tiananmen crackdown, China’s MFN had been renewed for another year. After 1990, therefore, Congress began pressuring the Bush administration to revoke or condition China’s MFN in retaliation for Beijing’s Tiananmen suppression. According to Xie’s estimate, while only four bills related to China’s MFN had been introduced by Congress from 1973 to 1988, the period of 1989-1993 witnessed 42 such bills.22

To complicate matters further, the geostrategic background against which Washington had continued China’s MFN throughout the 1980s was fading after the end of the Cold War. As mentioned in chapter 3, strategic concerns underlay the U.S. policy of extending MFN for China in the 1980s. The end of the Cold War, however, eroded the strategic alignment between the United States and China, and therefore other issues like human rights, arms control, and trade became salient in U.S. decisions over China’s MFN. As a result, Congress could be tough on China’s MFN without worrying about the consequence of losing the China card. Senator Harris Wofford (D-PA), for example, argued that “the collapse of the Soviet Union rendered the “China Card,” the notion that we need to support China as a balance to the Soviet Union, obsolete.”23

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23 Quoted in ibid., p. 107. For the implications of the end of the Cold War for China’s MFN, see Tan, “The Politics of U.S. Most-Favored-Nation Treatment to China.”
Another factor giving rise to the MFN debate was that the critics of China attempted to take advantage of China’s economic dependence on the American market. As mentioned above, China had run widening trade surpluses with the United States since 1986, and it was more dependent upon U.S.-China trade than Washington was. Such asymmetrical interdependence created a condition that made the interruption of U.S.-China economic relations of serious concern to China. Should China’s MFN be revoked, U.S. tariffs on Chinese products would increase by tenfold, rendering Chinese products more expensive and less competitive in the American market. The 6 percent tariff on Chinese apparel and footwear, for example, would jump to 60 percent and 35 percent, respectively.\(^{24}\) The critics of China thus attempted to threaten China with a loss of MFN in hopes that China would feel pressures and therefore change its behavior in line with U.S. preferences.

At first, Congress sought to revoke China’s MFN outright. This idea was embraced by such members of Congress as Nancy Pelosi (D-Calif.), Don J. Pease (D-Ohio), and Gerald B. H. Solomon (R-NY). In October 1990, Solomon proposed a resolution that requested an outright cutoff of China’s MFN. However, it passed the House only by a vote of 247-174, short of the two-thirds majority for overriding a presidential veto.\(^{25}\) As a result, a compromise soon emerged and gained support: China could be granted MFN treatment for another year but had to meet a series of conditions for future renewals. As Pelosi put it, conditional MFN could not only provide “the US with the best leverage” to influence China but also win “support from those in

\(^{24}\) “MFN and Trade with China (chart),” *Congressional Quarterly Weekly Report* (June 9, 1990), p. 1775.

Congress who might be afraid of the consequences of outright revocation, but who wanted to do something” about China.\textsuperscript{26}

Despite such a compromise from outright revocation to conditional MFN, however, Congress took several steps to broaden the conditions that would be attached to China’s MFN. According to the Jackson-Vanik Amendment, emigration freedom was the only condition for MFN treatment. However, Congress adopted a broader interpretation of the law to include general human rights conditions. On October 18, 1990, the House voted 384 to 30 in favor of a bill proposed by Pease. According to the Pease bill (H.R. 4939), the administration could not renew China’s MFN in 1991 unless it submitted a report to Congress stating that China had released all Tiananmen prisoners and had made “progress in reversing gross violation of human rights; terminating martial law (including in Tibet); easing restrictions on freedom of the press and on broadcasts by Voice of America; terminating harassment of Chinese citizens in the United States; removing obstacles to study and travel abroad for students and other citizens; taking appropriate action to observe internationally recognized human rights, including an end to religious persecution there and in Tibet; and adhering to the Joint Declaration on Hong Kong that was entered into between the United Kingdom and it in 1984.”\textsuperscript{27} In the Pease bill, the conditions attached to China’s MFN were broadened in ways that moved beyond emigration freedom required by the Jackson-Vanik Amendment. However, the bill expired when the Senate adjourned before acting on it.\textsuperscript{28}

From 1991 onward, China’s MFN became increasingly controversial when China’s proliferation activities and restrictive trade policy added fuel to the fire. Congress thus further

\textsuperscript{26} Quoted in Xie, \textit{U.S.-China Relations}, p. 112.

\textsuperscript{27} Quoted in Suettinger, \textit{Beyond Tiananmen}, p. 109.

\textsuperscript{28} Ibid.
broadened MFN conditionality to include arms control and trade, a step that moved beyond the legal requirement of the Jackson-Vanik Amendment. First, although the Bush administration imposed economic sanctions against China in May 1991 for its proliferation activities, many members of Congress complained that the scope of the sanctions was only limited to the military side and not able to force China to play by the international norms of arms control. They thus repeatedly raised the possibility of conditioning China’s MFN on Beijing’s nonproliferation performance. The most outspoken proponent of this MFN-nonproliferation linkage was Senator Joseph R. Biden Jr. (D-Del.), chair of the Senate Foreign Relations Subcommittee. In 1991 when U.S. satellites detected evidence that China was constructing a nuclear reactor in Algeria, Biden argued that “it appears China is rapidly becoming a rogue elephant among the community of nations.” If China’s proliferation behavior continued, he said, “We should be prepared to retaliate with a clear and unequivocal message that they will understand, that is, denying China ‘most favored nation’ trade status.”

Second, many members of Congress asked to condition China’s MFN on China’s trade practices. Senator Mitchell, for example, proposed a bill that conditioned China’s MFN on China’s policy on human rights, arms control, and trade altogether. On trade issues, he asked China to (1) protect U.S. IPR, (2) provide U.S. exporters “fair and unrestricted access” to the Chinese market, (3) reduce its trade deficits with the United States by buying more U.S. goods and services, and (4) stop exporting its products via third-party ports. For him, Washington could better address U.S.-China trade imbalance by means of conditional MFN legislation.


30 For the Mitchell bill, see Cloud, “China MFN Vote Falls Short of Veto-Proof Margin.”
Linking trade to MFN received widespread support from U.S. industries and labor organizations that suffered from the inflows of cheap Chinese products, such as textiles, toys, sporting goods, electrical appliances, and footwear. For them, the United States should protect its domestic markets from Chinese products through the MFN weapon.\(^{31}\)

With arms control and trade being added to the condition list that had contained human rights, the MFN debate began to revolve around how the United States should use the MFN weapon as a means of leverage to address U.S. concerns about China’s policy on human rights, arms control, and trade altogether. For members of Congress who advocated conditional MFN, the United States could better address these three concerns by linking them to China’s MFN. In his 1991 *Washington Post* article, Mitchell argued:

> By no reasonable standard does the Chinese government’s treatment of its own people or the people of Tibet reflect even the most minimal respect for basic human rights. The Chinese government has not honored commitments it made to act responsibly in controlling the proliferation of biological, chemical and nuclear weapons technologies. China has not become a better, fairer or more open trading partner. American interests, as well as American ideals, are served by a peaceful world with open trade. But even in this respect, the actions of the Chinese government have not earned favored trade treatment.\(^{32}\)

In mid-1991, members of Congress began to move forward with conditions of human rights, arms control, and trade. While a Solomon-sponsored resolution calling for outright revocation of China’s MFN passed the House only by a vote of 223 to 204, Pelosi submitted a conditional MFN bill on May 2 (H.R. 2212, later known as the United States-China Act of 1991). The bill claimed that China “continues to engage in flagrant violations of internationally recognized human rights, . . . is engaging in unfair trade practices against the United States, . . . has not

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demonstrated its willingness and intention to participate as a full and responsible party in good efforts to control the proliferation of dangerous military technology and weapons.” The bill prohibited Bush from continuing China’s MFN in 1992 unless he reported to Congress that China had made “overall significant progress” in human rights, arms control, and trade altogether. On July 10, the bill passed the House by a vote of 313-112, well above the two-thirds majority needed to override a president veto. On November 26, the House approved a conference report on the bill by an overwhelming vote of 409-21. On February 25, 1992, the Senate adopted the conference report by a vote of 59-39, but short of the two-thirds majority needed to override a presidential veto. On May 16, 1991, Mitchell also introduced a similar bill to the Senate. It passed the Senate on July 23, but only by a margin of 55-44, short of the two-thirds majority. In June 1992, Pelosi and Pease also cosponsored the “China Most Favored Nation Trade Status Bill” (H.R. 5318) and attached conditions of human rights, arms control, and trade to China’s MFN. Unlike the previous conditional MFN bills, the Pelosi-Pease bill only denied Chinese state-owned companies MFN in order to garner more congressional support. The bill passed the House on July 21 by a vote of 339-62 and the Senate on September 14 by voice vote.

Of the three conditions attached to China’s MFN, human rights stood out uttermost in these conditional MFN bills. It was human rights conditions that gave the MFN debate much of its intensity, especially when the 3 June deadline for a presidential decision on China’s MFN

33 Quoted in Suettinger, Beyond Tiananmen, p. 119.
35 Cloud, “China MFN Vote Falls Short of Veto-Proof Margin.”
repeatedly reminded the congressional China critics of the 4 June massacre. It was on moral
grounds that the congressional China critics sought to attach human rights conditions to China’s
MFN. Mitchell, for example, argued that “The president speaks as though upholding the status
quo in China is the only moral thing to do. . . . With all due respect, he is mistaken. There is
nothing moral in upholding power that is misused.” He argued that Bush’s support of China’s
MFN was “without any moral or logical basis.” Similarly, Senator Dennis DeConcini (D-Ariz.)
argued that “our principles are not well served when we are going to grant most-favored-nation
status. . . . I believe we are losing our moral compass by this kind of action.” For members of
Congress who advocated conditional MFN, morality meant revoking or conditioning China’s
MFN as a means of leverage to coerce China toward more respect for human rights.

Since Tiananmen, Congress had pushed human rights to the frontlines. However,
Congress’s human rights claims in the MFN debate were somewhat different from those
underlying the Tiananmen sanctions. Shortly after Tiananmen, human rights became of central
concern to Congress. In the MFN debate, by contrast, Congress incorporated issues of arms
control and trade into its human rights claims in a way that emphasized the positive spill-over
effects of human rights progress on China’s behavior regarding arms control and trade. As
Mitchell said, the purpose of conditional MFN legislation was to serve “as a building block for a
genuine new world order, based on respect for human rights, without which our world will not

37 Pamela Fessler, “China Trade Creates Moral Debate Shaded by Political Undertones,” Congressional Quarterly

38 Ann Devroy, “President to Renew China’s Trade Status, Other Actions against Beijing Announced,” Washington

39 “News Conference: Democratic Senators Object to Bush’s China Decision,” Congressional Quarterly Weekly
achieve stability and lasting peace.”\textsuperscript{40} Indeed, the Tiananmen suppression had produced so profound mistrust of China in U.S. domestic politics that Congress viewed China’s proliferation activities and restrictive trade policy as natural consequences of the authoritarian nature of the Chinese Communist regime. For members of Congress who advocated conditional MFN, China would abide by nonproliferation principles and follow fair trade practices as long as China became humane and even democratic. Although human rights, arms control, and trade were put together as conditions attached to China’s MFN, human rights conditions were granted priority over the other two issue-areas.

Human rights conditionality received widespread support from well-established human rights organizations, including Amnesty International, the Lawyers Committee for Human Rights, Human Rights Watch-Asia, and the Campaign for Tibet. Washington director of Human Rights Watch Holly J. Burkhalter, for example, argued that “Asia Watch favors tough sanctions against China, including limits and conditions on MFN.”\textsuperscript{41} For these human rights groups, the MFN weapon should be used to pressure China toward improving its human rights policy.

Having criticized the December 1989 Scowcroft-Eagleburger mission as “misguided,”\textsuperscript{42} Lord also supported conditional MFN. In May 1990, he testified before Congress and argued that “the hard-liners in Beijing could argue that their repression entails no international costs” if the Bush administration granted them MFN unconditionally.\textsuperscript{43}

\textsuperscript{40} Mitchell, “No, China Hasn’t Earned It.”


\textsuperscript{43} See “Most-Favored-Nation Status for the People’s Republic of China.”
Chinese dissidents and students who stayed in the United States also joined the fray. As mentioned above, they had urged the Bush administration to impose sanctions against China shortly after Tiananmen. When the MFN debate raged, they also supported conditional MFN for China. Zhao Haiqing, chair of the National Committee on Chinese Student Affairs, which represented around 40,000 Chinese students and scholars in the United States, argued that continuing China’s MFN “sends a very wrong message to the Chinese government that their suppression of human rights can go on unimpeded.”44 In the early 1990s, Chinese student groups actively joined forces with the congressional China critics. In June 1991, for example, Zhao and other Chinese students testified before Congress, arguing that China would only improve its human rights record under pressure from the United States and other countries in the West. They thus advocated conditioning China’s MFN on human rights progress, including the release of all Chinese political prisoners and the adoption of freedom of the press and expression.45

Similarly, Fang Lizhi, coming to the United States after leaving the U.S. embassy in Beijing, argued for conditional MFN. He said that Bush’s support of China’s MFN was objectionable because “this encourages the Chinese hard-liners. They will feel no pressure.”46 For him, China would be under no pressure to improve human rights if it continued to enjoy MFN without conditions.

**Proponents of China’s MFN**

Although the end of the Cold War had rendered the China card irrelevant, Bush was still concerned about U.S. security interests in China. At a time when Iraq invaded Kuwait in August


46 Isikoff, “Hill Democrats to Fight Beijing Trade Benefits.”
1990, the United States needed Beijing’s vote on a United Nations Security Council resolution that authorized the use of force against Baghdad. China’s cooperation was also essential for Washington to resolve the conflict in Cambodia and relax tensions on the Korean Peninsula. Moreover, China played a role in influencing the peace and stability of the Asian-Pacific region and even the entire world.47 With security concerns in mind, therefore, Bush took the lead in opposing conditional MFN for China and instead advocating renewing China’s MFN without attaching any conditions.

Another reason for Bush to defend China’s MFN was economic. While he had resisted the Tiananmen sanctions primarily for geostrategic reasons, economics began to enter into the equation when he defended China’s MFN. Because revoking China’s MFN would cause an economic confrontation between Washington and Beijing, he emphasized its negative consequences on the American economy, such as China’s retaliation against American businesses (including aircraft and aerospace equipment, grain, industrial machinery, steel products, chemicals, fertilizers, and computers), the loss of American jobs contributing to U.S. exports to China, and higher prices American consumers would have to pay for Chinese products.48

To counter the congressional action for conditional MFN, the Bush administration began by opposing Congress’s broader interpretation of MFN conditionality and the Jackson-Vanik Amendment. Bush emphasized that “MFN is not a special favor; it’s not a concession. It’s the

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basis of everyday trade.” Similarly, Richard H. Solomon, Assistant Secretary of State for East Asian and Pacific Affairs, explained MFN in a House hearing held on May 24, 1990, “the term ‘most favored nation’ is something of a misnomer: it merely means that normal tariff rates—rather than discriminatory tariffs—will apply to bilateral trade. It does not mean that the country in question is our most favorite nation.” Because MFN was not a special favor, he argued, “granting MFN is in no sense an act of approval of a given country’s policies.” The Bush administration emphasized that even countries such as Iraq, Cuba, and Libya retained MFN status, despite U.S. economic embargoes against them.

For the Bush administration, if conditionality was needed for MFN renewals, that would be emigration freedom only, and nothing else. As Bush argued, “MFN is based on emigration, and emigration has continued from China at respectable levels.” For Bush, China would deserve MFN as long as it met the improvements in emigration required by the Jackson-Vanik Amendment, and therefore there was no basis for conditioning China’s MFN on other human rights principles, arms control, or trade. As Solomon argued, “To broaden the terms of the [Jackson-Vanik] amendment is not the way to go.” To renew China’s MFN unconditionally,

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50 “Most-Favored-Nation Status for the People’s Republic of China: House Testimony by Nancy Pelosi and Richard Solomon,” in Kennedy, China Cross Talk, p. 120.


53 “News Conference: Bush Defends China Decision In Meeting With Reporters.”

54 Alyson, “Trade: Bush Renews MFN for China.”
the Bush administration even attempted to narrow the terms of the law. As Bush once murmured to Scowcroft, “No Jews in China.”

Besides debating with Congress the legal terms of MFN conditionality and the Jackson-Vanik Amendment, Bush proceeded to emphasize the positive spill-over effects of MFN-based free trade on China’s behavior regarding human rights, arms control, and trade altogether. On May 27, 1991, he delivered a speech at Yale University, in which he comprehensively outlined his China policy. Because human rights issues were central to conditional MFN legislation relative to the issues of arms control and trade, Bush based his MFN policy on moral grounds, as he had when making efforts to preserve U.S.-China normal commercial relations in 1989. Compared to in 1989, he now developed a more complete discourse of morality by articulating what morality meant with regard to the MFN issue. Responding to such members of Congress as Mitchell, Bush argued that “some argue that a nation as moral and just as ours should not taint itself by dealing with nations less moral, less just. But this counsel offers up self-righteousness draped in a false morality. You do not reform a world by ignoring it.” For Bush, revoking or conditioning China’s MFN, well-intended and noble though it might be, was merely a “feel good” morality without doing any good.

What morality meant, Bush argued, was to continue MFN-based free trade as a positive way to encourage the pace of Chinese political reform. As he said, “the most compelling reason to renew MFN and remain engaged in China is not economic, it’s not strategic, but moral.” In the debate over U.S. moralistic missions to influence Chinese political reform, Bush repeatedly

56 President Bush, “Remarks at the Yale University Commencement Ceremony,” p. 675.
57 Ibid., p. 676.
emphasized that human rights, freedom, and even democracy in China could be better advanced by preserving MFN-based free trade between the United States and China. As he said, “it is right to export the ideals of freedom and democracy to China. . . . It is wrong to isolate China if we hope to influence China.”

How could trade advance Chinese political reform? In the Yale speech, Bush developed a more complete explanation than what he had argued in 1989. The causal mechanisms linking trade to political reform, Bush argued, were economic reform and prosperity. He first explained the course of development in East Asia,

Today, this dynamic region plays an important role in the world economy. As it has grown more prosperous, it has also grown more free. Driven forward by the engine of economic growth and trade, especially with the U.S., South Korea and Taiwan have shed their once authoritarian rule in favor of democracy and freer trade.

In his speech, Bush emphasized that open trade with the United States had brought about democratization in such East Asian countries as Taiwan and South Korea by encouraging the development of the private sector that had resisted bureaucratic authoritarianism. Such a model, he argued, could also apply to China. As he said,

Critics who attack MFN today act as if the point is to punish China, as if hurting China’s economy will somehow help the cause of privatization and human rights. The real point is to pursue a policy that has the best chance of changing Chinese behavior. If we withdrew MFN or imposed conditions that would make trade impossible, we would punish South China, in particular, Guangdong Province, the very region where free market reform and the challenge to central authority are the strongest. Right now, there’s an estimated two million Chinese who are working and proving that privatization can work—all in South China. Withdraw MFN and their jobs would be in jeopardy.

58 Ibid.
59 Ibid., p. 675.
60 Ibid., 676.
Bush emphasized that revoking China’s MFN would destroy the thriving, market-oriented segment of the Chinese economy—a segment which would serve as the engine not only for China’s economic prosperity, but also for political reform. He thus argued that continuing China’s MFN would encourage political liberalization in China by boosting economic reform and development in those areas of China that were most open to the West.61

By emphasizing economic prosperity, Bush attached another moralistic goal, in addition to human rights, to U.S. economic policy toward post-Tiananmen China. At a time when Deng was still struggling for power against Chinese conservatives who opposed economic reform and opening to the outside world, Chinese economic reform was not as irreversible as the United States had thought it was in the 1980s, and therefore Bush emphasized that it was crucial for the United States to continue China’s MFN in order to encourage China’s course of development toward economic reform and modernization. When China became prosperous, Bush argued, political reform would be more likely to ensue. While the United States had viewed Chinese economic reform as an endogenous process in the 1970s and 1980s, Bush emphasized that the United States should influence the course of Chinese economic reform from the outside through the use of economic engagement.

In 1989, Bush had also emphasized the importance of U.S.-China commercial ties to U.S. geostrategic interests. In the post-Cold War era, however, Bush did not mention the relationship between MFN and U.S. geostrategic interests when defending his MFN policy. Instead, at a time when China’s behavior regarding arms control and trade came to the fore, Bush linked MFN to these two issue-areas, as did Pelosi, Pease, and Mitchell. Unlike these congressional China critics, however, Bush argued that the United States should influence China’s policy on arms

control and trade by continuing, instead of revoking or conditioning, China’s MFN because MFN could enable the United States to engage China on a broad range of issues including human rights, arms control, and trade.

In early 1991, Bush proposed a policy of “comprehensive engagement” with China that aimed to address such issues as human rights, nonproliferation, and trade altogether. That was the background against which Bush sent Baker to Beijing in November 1991, the highest-ranking American mission to visit China after Tiananmen. “Our approach,” Bush argued, “is one of targeting specific areas of concern with the appropriate policy instruments to produce the required results.” He argued that continuing China’s MFN without imposing conditions would give China sufficient incentives to stay engaged on issues of arms control and trade. For Bush, U.S. policy instruments that sought to address the issues of arms control and trade would be able to extract cooperation from China as long as China continued to have economic stakes in U.S.-China relations. Continuing China’s MFN, from Bush’s perspectives, was the best means of leverage to influence Beijing’s calculations toward observing the international norms of arms control and trade.

Just as Congress incorporated the issues of arms control and trade into its human rights claims, so too Bush incorporated the two issues into his free trade claims. Both sides changed the content of their respective normative claims when contexts changed. However, while Congress emphasized the positive spill-over effects of democratic governance on China’s behavior regarding arms control and trade, Bush argued that MFN-based free trade would create incentives for China to improve its policy on human rights, arms control, and trade altogether. As he argued, “upholding the sanctity of human rights, controlling the spread of weapons of mass destruction, and free and fair trade are issues of vital concern.” But he added, “my objection lies

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62 “China’s MFN Status, President Bush,” p. 189.
strictly with the methods proposed to achieve these aims.” If conditions were imposed on China’s MFN, “the result will be weakened ties to the West and further repression. The end result will not be progress on human rights, arms control, or trade.”63

Bush also pointed out that through various policy instruments other than conditional MFN, his administration had received cooperative behavior from China on human rights, arms control, and trade altogether. In terms of human rights, China had taken some steps that responded to U.S. human rights concerns. On May 1, 1990, Beijing lifted martial law in Tibet and restored U.S. consular access there; on May 11, it released 211 Tiananmen prisoners and, for the first time, provided their names in order to boost the prospects for MFN renewal;64 and it released another 97 prisoners after Bush announced his MFN renewal on June 3.65 In terms of arms control, China had promised to observe MTCR guidelines and accede to the NPT. In October 1992, China cancelled the sale of a 20-megawatt reactor to Iran after Bush vetoed a bill (H.R. 5318) that attached conditions to China’s MFN on September 28.66 In addition, China did not vote against a United Nations Security Council resolution that authorized the use of force against Iraq.67 In terms of the trade imbalance, China had signed the MOUs on IPR, market access, and anti-prison labor with the United States. These Chinese cooperative actions, Bush argued, were “the clear achievements of my Administration’s policy of comprehensive

63 Ibid.
64 “News Conference: Bush Defends China Decision In Meeting With Reporters.”
65 Suettinger, Beyond Tiananmen, pp. 109-110.
66 Medeiros, Reluctant Restraint, p. 62.
67 In fact, China abstained on the vote.
engagement.‖ Bush thus repeatedly emphasized that China would not cooperate with the United States on human rights, arms control, and trade if it were deprived of MFN.

Of course, the congressional China critics argued that Bush’s policy of comprehensive engagement with China had been a failure. As Mitchell put it, the policy “hasn’t produced improved human rights conditions in China. It hasn’t improved China’s trade record with the U.S., and it has not made China a more responsible world citizen with respect to arms proliferation.” However, Bush insisted that continuing MFN without imposing conditions would provide the best instrument for correcting China’s behavior and promoting U.S. interests in China. For Bush, “We are making a difference in China by remaining engaged” with China through MFN.

In 1990-1992, Bush acted as the most outspoken proponent of China’s MFN. In 1992, he vetoed two congressional bills (H.R. 2212 and H.R. 5318) that attached conditions of human rights, arms control, and trade to China’s MFN. To avoid congressional overriding of his vetoes, he primarily sought support from the Senate because the House had voted overwhelmingly in favor of conditional MFN. Even the majority of House Republicans voted for conditional MFN: by a vote of 151-14 in approving H.R. 2212, for example. Although the Senate had passed the two conditional MFN bills, it fell short of the necessary two-thirds vote to override presidential vetoes. In 1991-1992, therefore, the Bush administration targeted its

68 “China’s MFN Status, President Bush.”


70 “China’s MFN Status, President Bush.”


72 For congressional votes concerning China’s MFN status from 1990 to 2000, see Devereaux, Lawrence, and Watkins, Case Studies, pp. 257-258.
lobbying efforts at the Senate. In 1992, the Senate failed to override Bush’s vetoes of the two conditional MFN bills, with a vote of 60-38 and of 59-40, respectively.  

In the Senate, the MFN vote was nearly a party-line battle. Among the 44 Senators who voted against the Mitchell bill in 1991, for example, 37 Senators were Republicans. In addition to partisan reasons, some of the 37 Senate Republicans supported unconditional MFN for economic reasons. Senator Slade Gorton (R-Wash.), for example, voted to extend China’s MFN because the state of Washington had $3.1 billion worth of trade with China in 1990. Only six Senate Republicans voted for conditional MFN: Alfonse M. D’Amato (R-N.Y.), Jake Garn (R-Utah), Jesse Helms, Connie Mack (R-Fla.), Robert C. Smith (R-N.H.), and Malcolm Wallop (R-Wyo.). By contrast, Senate Democrats voted overwhelmingly for conditional MFN. Only seven Senate Democrats voted against it: Max Baucus (D-Mont.), John B. Breaux (D-La.), Quentin N. Burdick (D-N.D.), Kent Conrad (D-N.D.), Jim Exon (D-Neb.), J. Bennett Johnston (D-La.), and Richard C. Shelby (D-Ala.). Most of them came from farm states that had increasingly exported wheat and fertilizers to China. In particular, Max Baucus worked closely with Minority Leader Bob Dole in maintaining a minimum of 34 Senate votes needed to sustain the presidential vetoes of the two conditional MFN bills.

The Senators who opposed conditional MFN for China agreed with Bush that revoking or conditioning China’s MFN would only discourage China from cooperating on human rights, arms control, and trade. Baucus, for example, argued that “withdrawal of MFN would break the

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73 Ibid.


75 Cloud, “China MFN Vote Falls Short of Veto-Proof Margin.”

growing business ties between China and the United States, devastate US export industries, and push China further into the hands of hardline Marxists.”\textsuperscript{77} He emphasized that the United States could extract Chinese concessions on human rights, arms control, and trade if it continued China’s MFN.

In the battle between Bush and Congress over China’s MFN, the American business community was relatively absent. To be sure, American businesses were concerned about the loss of business opportunities in China if China’s MFN were revoked. To defend China’s MFN, for example, the U.S.-China Business Council, a trade association composing of American companies doing business in China, sent a position paper to Congress in mid-1992, arguing that revoking China’s MFN would result in a decrease in U.S. exports to China, jobs, and investment as well as an increase in U.S. trade deficits and consumer prices. The trade association also stood on moral grounds, arguing that “foreign trade and investment promote the reform of any communist system” toward “greater freedom and respect for human dignity.”\textsuperscript{78} In 1990-1992, however, American businesses were not as active as they would become during 1993-1994 when speaking out for China’s MFN. Their relative absence was due to three reasons. First, economic policy in post-Tiananmen China was primarily made in the hands of Chinese conservatives, and therefore both economic reform and growth in China slowed down. American business opportunities in China thus were far less than they would later become when Deng resumed power in 1992. For example, the U.S.-China Business Council lost members rapidly at the time.\textsuperscript{79} Second, many American businesses were reluctant to lobby for China’s MFN not only

\begin{itemize}
\item \textsuperscript{77} Ibid.
\item \textsuperscript{79} Mann, \textit{About Face}, pp. 231-232.
\end{itemize}
because they saw the Tiananmen suppression as morally unacceptable but also because they felt that lobbying for China’s MFN in public would hurt their reputation.\textsuperscript{80} Third, American businesses believed that Bush himself would defend China’s MFN, and therefore they needed not speak out for China’s MFN at the expense of their reputation.\textsuperscript{81}

In sum, the normative contestation between the pro-sanctions coalition and the pro-engagement coalition continued during the MFN debate of 1990-1992. On the one hand, the congressional critics of China moved beyond emigration freedom required by the Jackson-Vanik Amendment and made a broader interpretation of MFN conditionality to include general human rights principles, arms control, and trade. In particular, they paid much emphasis on human rights, emphasizing that China would play by the international norms of arms control and trade if it became humane and even democratic first.

On the other hand, Bush emphasized MFN-based free trade between the United States and China. While he had emphasized the positive association between trade and human rights in 1989, he emphasized during 1990-1992 that continuing MFN-based free trade could help China achieve the kind of economic prosperity conducive to political reform. He also emphasized that maintaining MFN-based free trade would provide incentives for China to improve its policy on arms control and trade in the post-Cold War era.

As in the case of the Tiananmen sanctions, strategic interactions determined the outcome of the normative contestation. While a unified Congress had left Bush no room for presidential vetoes of the Tiananmen sanctions in 1989, Bush won the MFN battle by targeting his lobbying efforts at the Senate. With Senate support, he acquired some room to resist Congress and


\textsuperscript{81} Lampton, “America’s China Policy in the Age of the Finance Minister,” p. 604.
therefore succeeded in sustaining his vetoes of the two congressional bills that attached conditions to China’s MFN. Such a strategic co-constitution thus brought free trade norms to triumph during the MFN debate of 1990-1992.
CHAPTER 6
THE 1993 LINKAGE POLICY

The 1992 presidential election changed the direction of the MFN debate. While Bush had won the MFN debate during his tenure, his loss in the election brought an end to the normative discourse of free trade he had articulated. U.S. China policy thus was in a state of normative vacuum and up for grab until Clinton linked human rights to China’s MFN.

This chapter analyzes the origin and content of the linkage policy. It first examines the role of electoral and executive-legislative politics in pushing Clinton to translate human rights into the linkage policy. It also examines the Clinton administration’s discourse that emphasized the positive spill-over effects of human rights and even democracy on China’s behavior regarding arms control and trade, a discourse that had first been articulated by Congress during 1991-1992.

Campaign Strategy

During the 1992 presidential campaign, Democratic candidate Clinton primarily attacked Bush’s approach to deal with the recession of the American economy. When it came to China, his campaign strategy was to criticize Bush’s China policy on human rights grounds. According to Lord’s observation, “Surely, there was a partisan element. Clinton saw that Bush was vulnerable on this [human rights] issue, and it might play well before the American people.”¹ Electoral politics thus motivated Clinton to raise human rights issues as a weapon to attack Bush’s China policy. On July 16, for example, Clinton accused Bush of “coddling” Chinese “tyrants” in his acceptance speech at the Democratic National Convention.² On October 1, he

also argued that “there is no more striking example of President Bush’s indifference to democracy than his policy toward China.”

Clinton also criticized China for its human rights abuses. Besides “tyrants,” he called the Chinese leadership “potentates and dictators.” His campaign also used the term “butchers of Beijing” to call the Chinese leaders, though Clinton used it sparingly. More importantly, Clinton advocated linking human rights to China’s MFN. On June 3, he said that “I hope the Congress will move quickly to enact [China’s MFN conditionality] legislation and that the President will allow it to become the law of this land.” His position paper stated that “we should not reward China with improved trade status when it has continued to trade goods made by prison labor and has failed to make sufficient progress on human rights.” In the 11 October presidential debate, he also stated that “if you [China] want to continue Most-Favored-Nation status, . . . observe human rights in the future.”

Clinton also criticized China’s proliferation activities and unfair trade practices and therefore advocated linking these two issues to China’s MFN. As stated in his 14 July Democratic Party platform, “[The United States should condition] favorable trade terms for China on respect for human rights in China and Tibet, greater market access for US goods, and

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7 Ibid.

8 Ibid., p. 19.
responsible conduct on weapons proliferation.”

However, Clinton primarily criticized China for its human rights abuses. As Lampton argues, Clinton’s core idea about China during the campaign was to link human rights to MFN.

At first, Clinton advocated denying MFN to the products of all Chinese enterprises. However, he soon moderated his stance by calling for removing MFN from only Chinese state-run enterprises. When the Senate approved H.R. 5318 on September 14, Clinton argued that “MFN privileges would not be revoked for private enterprises in China or for US joint ventures. China can avoid this revocation by meeting these reasonable conditions.”

After winning the election, Clinton promised that he would use American power whenever “the will and conscience of the international community is defied,” as stated in his inaugural address. In his May 1993 report to Congress on the China issue, Clinton pledged to make “human rights a cornerstone of our foreign policy.” He appointed several human rights advocates to key posts in his administration, including Warren Christopher (Secretary of State), Anthony Lake (National Security Advisor), Madeleine Albright (U.S. Ambassador to the United Nations), John Shattuck (Assistant Secretary of State for Human Rights and Humanitarian

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9 Ibid.


11 “In His Own Words: Clinton on China MFN,” p. 18.


Affairs), and Winston Lord (Assistant Secretary of State for East Asian and Pacific Affairs). Campaign rhetoric, as Tucker claims, bound Clinton to a tough approach to China.\textsuperscript{15}

\textbf{Executive-Legislative Politics}

In the spring of 1993, however, the China issue was not at the top of the new administration’s list of foreign policy priorities. Instead, the administration was troubled by its foreign policy missteps in the former Yugoslavia, Somalia, and Haiti. Although the National Security Council issued a policy review directive on China in late January, there were about ninety policy review directives on other foreign countries under consideration in the spring of 1993. For Asia alone, policy review covered not only China but also Japan, Korea, Taiwan, Vietnam, and Cambodia. The administration was even preoccupied with such domestic issues as budget plans, health care reform, and other legislation. In particular, Clinton was concerned about whether his first-ever budget plan could pass Congress.\textsuperscript{16}

Congressional pressure, in large measure, pushed Clinton to follow through on his campaign promise. On April 22, Pelosi and Mitchell introduced bills that sought to attach conditions to China’s MFN, as they had during the Bush years. Their purpose was to push Clinton toward conditional MFN for China. As Pelosi said, “We hope we can work with President Clinton on this and have a unified view.”\textsuperscript{17} To extract support from Congress for his domestic legislation agenda, Clinton thus began moving forward with China’s MFN conditionality. For Clinton, domestic issues were of primary importance, and therefore any battle


with Congress over the China issue was unnecessary and unwise. The Clinton administration thus sought to develop a consensus with Congress on China policy.

The Department of State was the lead agency in a working group that dealt with China’s MFN conditionality. In particular, Lord was in charge of consulting with Congress, especially the critics of China. As a leading critic of Bush’s China policy after Tiananmen, Lord served the Clinton administration and sought a closer working relationship with Congress on China policy. In early May, Lord even travelled to Beijing and negotiated with the Chinese leadership. He handed the Chinese leadership a list of fourteen items that included such issues as human rights, arms control, and trade. If Beijing made progress on the list, Lord promised, China would be exempted from MFN conditionality. However, Beijing rejected the list and called it a “coercive ultimatum,” and thereafter Lord was determined to move ahead with MFN conditionality.  

In the decision-making process regarding China’s MFN conditionality, such economic bureaucracies as Treasury, Commerce, the newly-established National Economic Council (NEC), and the Office of the U.S. Trade Representative did not share the upper hand that the Department of State enjoyed. From an economic perspective, these economic agencies opposed imposing conditions on China’s MFN, but they complained that they were denied a fair enough crack at the decision-making process that Lord was in charge of.  

Neither was the American business community well consulted by Lord. Like the economic agencies of the American government, American businesses were opposed to conditional MFN for China. From the start, however, business leaders had gained little access to the China policy review. Although more than 300 companies and business associations sent a letter to Clinton on May 12, 1993 and urged him to renew China’s MFN unconditionally,

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19 Tucker, China Confidential, p. 456.
American businesses complained that they had not been consulted, at least not until rather late in the process.20

In Lord’s consultation with Congress, two issues were at stake. First, should MFN conditionality be imposed through legislative means? While Clinton had explicitly supported conditional MFN legislation during the 1992 presidential campaign, the Clinton administration now adjusted its policy positions in favor of issuing a presidential executive order. From the administration’s perspectives, issuing an executive order could not only preserve presidential authority over foreign policy, but would also leave some flexibility for Clinton to decide on China’s MFN a year later.21 Such a stance was eventually accepted by Pelosi and Mitchell. Because the new administration was willing to impose conditions on China’s MFN, they agreed that an executive order was a sufficient step and that congressional action would be unnecessary.22 Such moderate members of Congress as Representative Lee H. Hamilton (D-Ind.), while emphasizing the importance of U.S.-China relations, reluctantly supported issuing an executive order as long as legislative action could be sidestepped.23

Second, what conditions should be imposed? Should conditionality be limited to human rights or extend to arms control and trade? The conditional MFN bills passed by Congress during the Bush years attached these three conditions altogether, though human rights lay at the heart of the MFN debate. For the Clinton administration, however, it would be difficult for China to improve its policy on human rights, arms control, and trade altogether within one year.

Moreover, such a harsh list of conditions, if China failed to follow up on it, would only tie Washington’s hands toward revoking China’s MFN. Therefore, Lord came out in favor of moderate MFN conditionality. He said, “The point here was to lay out some objectives, sufficiently concrete to be meaningful, but not so specific and detailed that we would box ourselves in.”24 Finally, a compromise emerged and received support from most members of Congress: conditionality would be limited to human rights. As Pelosi said, “These conditions are calibrated to be met.”25 Senator Joseph Biden, who had been concerned about China’s proliferation activities, was displeased upon hearing the compromise but acquiesced.26 For both the executive and the legislative, limiting conditionality only to human rights would be a workable exercise instead of a feel-good one. According to Lord, “even the people in the business community and former colleagues of mine like Kissinger were somewhat pleased over how moderate the conditions on MFN extension ultimately were.”27

On May 28, 1993, Clinton signed an executive order (No. 12850) that for the first time conditioned China’s MFN on human rights. He extended China’s MFN for another year but asked China to improve its human rights policy within the one-year grace period before he would decide again over China’s MFN in 1994. For the president to renew China’s MFN again in 1994, he would need a recommendation from Christopher that China had complied with two mandatory conditions: the freedom of emigration as required by the Jackson-Vanik Amendment and the 1992 U.S.-China MOU on prohibiting Chinese prison labor products. In addition, China had to make “overall, significant” progress in the following five areas: adhering to the Universal

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24 Tucker, China Confidential, p. 454.

25 Quoted in Cranford, “Clinton Ties MFN for China to Human Rights Gains.”

26 Lampton, “China Policy,” p. 27.

27 Tucker, China Confidential, p. 458.
Declaration of Human Rights, releasing and providing a list of political prisoners, allowing access to prisons by international humanitarian and human rights organizations, protecting Tibet’s distinctive religious and cultural heritage, and permitting international radio and television broadcasts into China.\(^\text{28}\)

To emphasize the consensual basis of the policy, Clinton said that “it is time that a unified American policy recognize both the value of China and the values of America. Starting today, the United States will speak with one voice on China policy. We no longer have an executive branch policy and a congressional policy; we have an American policy.”\(^\text{29}\) When Clinton announced his linkage decision, such congressional China critics as Mitchell and Pelosi were present with him, so were some representatives of the business community (at least serving symbolic purposes for the administration) and Chinese students who stayed in the United States.\(^\text{30}\)

**The Clinton Administration’s Human Rights Rhetoric**

While human rights, arms control, and trade remained the principal concerns in U.S. foreign policy toward China, the executive order only imposed human rights conditions, leaving arms control and trade to be handled through other policy instruments. However, the Clinton administration was not so idealistic as to dismiss U.S. security and economic interests in China. Instead, the broader objective of the linkage policy was to address these three concerns simultaneously. As Clinton said, the linkage policy aimed to support “peaceful democratic and pro-market reform” in China and to “work with China as an active member of the international


\(^{29}\) Ibid.

\(^{30}\) Ibid.
According to Clinton’s remark, the United States should grant priority to pressuring China toward more respect for human rights and principles of democracy because China, once becoming humane and democratic, would necessarily embark on economic reform at home and play by the norms of arms control and trade abroad; in other words, a China whose domestic features were democratic and prosperous would adopt the foreign policy behavior that was consistent with U.S. security and economic interests.

Such a logic was repeatedly articulated by his administration officials. First, when explaining the purpose of the linkage policy on June 8, Lord stated that “the U.S. has a basic national interest in a more open, prosperous, and humane China which will also be a more peaceful and cooperative member of the world community.” Having viewed Communist China as “transitional” since the fall of 1989, Lord emphasized that China would be a responsible, constructive member of the international community if it became humane and democratic first.

Second, in his January 1993 confirmation hearings, Christopher maintained that “we cannot ignore continuing reports of Chinese exports of sensitive military technology to troubled areas, widespread violations of human rights, or abusive practices that have contributed to a $17 billion trade imbalance between our two nations. Our policy will seek to facilitate a peaceful evolution of China from communism to democracy by encouraging the forces of economic and

31 Ibid.


33 Lord, “China and America.”
political liberalization.”

For Christopher, the U.S. pursuit of security and economic interests in China could be realized when China first became democratic, prosperous at home.

Third, in his September “from containment to enlargement” speech, Lake argued that America’s foreign policy in the post-Cold War era would be a strategy of enlargement of market democracies. In particular, he argued, democracies that respected human rights would ensure peace and prosperity because they would neither proliferate weapons abroad nor adopt a restrictive trade policy. Speaking of China, Lake labeled China, along with Iraq, Iran, and North Korea, as a “backlash” state that the United States should confront with penalties that raised the costs of repression and aggressive behavior. Such a rhetoric about China, as Kissinger claims, was more pejorative than that of any administration since the 1960s.

Indeed, Lake’s rhetoric about China, to some extent, was an atavistic throwback to the anti-communist rhetoric that the United States had adopted after the Korean War. As mentioned in chapter 3, in the postwar McCarthyist era, Communist China had been cast as an evil country sitting in darkness and the shadow of death. By analogizing China to Iraq, Iran, and North Korea, Lake described a China whose behavior had been satanic, both at home and abroad. However, while the United States had held out no hope for a China that could be converted into the American image in the 1950s and 1960, it threatened China with the loss of MFN in 1993 in hopes of reshaping China’s domestic features into the American image. For the Clinton administration, China would play by the international norms of arms control and trade if it

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36 Ibid.

became humane and democratic first, a discourse that had first been articulated by Congress during 1991-1992.

**Containing the Rise of China?**

The linkage policy, however, was not the end of a tough U.S. approach to China. In the second half of 1993, the Clinton administration additionally imposed two economic sanctions measures against China. First, China made tremendous efforts in 1993 to compete to host the 2000 Olympics, but China’s Olympic bid triggered U.S. opposition. On July 26, the House passed a resolution by a vote of 287-99 urging the International Olympic Committee (IOC) to reject Beijing’s Olympic bid. The ground on which Congress opposed China’s Olympic bid was human rights. Representative Tom Lantos (D-Calif.), a sponsor of the resolution, argued that “given the abominable human rights record of Communist China, it would be unthinkable and unconscionable to agree to holding the Olympics in China in 2000.”

The Senate also wrote the IOC a letter, signed by 60 Senators, expressing its opposition to China’s Olympic bid. U.S. human rights groups, such as Human Rights Watch, also began a campaign to urge the IOC to reject Beijing’s Olympic bid. Human Rights Watch chairman Robert L. Bernstein argued that “given China’s widely condemned human rights record, a Beijing-based Olympiad is likely to seriously damage the prestige of the Olympic Games.”

Finally, Beijing lost to Sydney. Of course, China’s failed Olympic bid cannot completely be attributed to U.S. opposition, but U.S.

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opposition to Beijing’s Olympic bid was integral to the overall sanctions approach that the American government had adopted since Tiananmen.\textsuperscript{41}

Second, the Clinton administration imposed economic sanctions against China in August in retaliation for its violation of MTCR guidelines. In late 1992, the Bush administration had announced that it would sell 150 F-16 fighter jets (worth about $4 billion) to Taiwan. Not surprisingly, China was outraged and saw the F-16 sale as a violation of the U.S.-China 1982 Communiqué, in which Washington promised that it would gradually decrease its arms sales to Taiwan. Since then, U.S. intelligence agencies had discovered some evidence that China began to reship the shorter-range M-11 to Pakistan, a move that the Clinton administration viewed as retaliatory for the F-16 sale. Based on the 1990 Missile Control Act, the Clinton administration then imposed sanctions that banned exports of high-technology items listed in the MTCR’s Annex to China.\textsuperscript{42}

Adding to the U.S.-China dispute over arms control was the \textit{Yinhe} incident. In July 1993, U.S. intelligence agencies received information that the Chinese ship \textit{Yinhe} (Milky Way) was shipping to Iran a large quantity of chemicals used in the production of the chemical weapons banned by the Chemical Weapons Convention, which China had signed earlier in the year. The Clinton administration immediately demanded that the ship return to China, but Beijing simply refused. An agreement was finally reached in August between the two sides: the \textit{Yinhe} could stop in Saudi Arabia, and an inspection team of American, Chinese, and Saudi experts would jointly

\textsuperscript{41} For some scholars of economic statecraft, boycotts of Olympics count as economic sanctions. See Baldwin, \textit{Economic Statecraft}.

\textsuperscript{42} Medeiros, \textit{Reluctant Restraint}, p. 146.
examine the ship. However, it turned out that no chemicals banned by the Chemical Weapons Convention were found, and the Clinton administration never issued an apology to China.\textsuperscript{43}

The year 1993 witnessed a confrontational U.S.-China relationship. Through the use and threat of the sanctions announced in 1993, Washington seemed to have adopted a policy of containment against China. Indeed, the U.S.-China strategic alignment during the Cold War came to an end after the collapse of the Soviet Union, and therefore U.S.-China relations in the post-Cold War era became increasingly tense.

To complicate U.S.-China relations further, China began to rise, at least in economic terms, in the early 1990s and therefore had the potential to become America’s primary great power competitor in the years ahead. In the spring of 1992, Deng resumed power and embarked on his trip to southern China. The period following Deng’s southern tour witnessed one of the most extraordinary periods of rapid economic growth in the world. During 1992-1994, China’s economic growth rates reached 12 and 13 percent, making China the most dynamic center of economic growth in the world. China also attracted a substantial amount of foreign direct investment: from $11 billion in 1992 to $25.75 billion in 1993.\textsuperscript{44}

In 1993, the International Monetary Fund (IMF) began to calculate national wealth in terms of purchasing power parity (PPP), instead of currency exchange rates. According to the new method, China’s GDP was four times larger than that calculated in terms of the old method, and China became the third largest economy in the world, narrowly after the United States and Japan. Regardless of its methodological problems, the new method constructed an image of

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\textsuperscript{43} For the \textit{Yinhe} incident, see ibid., p. 137.

China as an economic giant and therefore increased the threshold for China’s accession to the GATT/WTO. More importantly, it provided the economic basis for portraying China as an emerging power and a potential competitor of the United States in the years ahead.\textsuperscript{45}

Around 1993, therefore, the debate over the rise of China began to emerge,\textsuperscript{46} as evidenced by Kristof’s 1993 \textit{Foreign Affairs} article.\textsuperscript{47} At the time of rising Chinese power, especially when China had been running counter to the international norms of human rights, arms control, and trade, a voice for containing a rising and intransigent China began to emerge.

Even the Chinese viewed the U.S. sanctions as a U.S. policy of containment against the rise of China. As early as 1990, Deng had predicted that “Under the present international situation all enemy attention will be concentrated on China. They will use every pretext to cause trouble, to create difficulties and pressures for us....The next three to five years will be extremely difficult for our Party and our country.”\textsuperscript{48} For China, the use and threat of the sanctions made by the United States since Tiananmen were a deliberate U.S. policy of containment.

In sum, the 1992 presidential election changed the normative contestation between the pro-sanctions and pro-engagement coalitions in favor of the former. Clinton first criticized Bush’s China policy during the 1992 presidential campaign and advocated linking human rights to China’s MFN. Upon taking office, Clinton refrained from conflict with Congress over China policy and therefore followed through on the campaign promise. The process from candidacy to presidency that Clinton underwent in 1992-1993 translated human rights into the linkage policy.


\textsuperscript{46}Ibid., p. 36.


The Clinton administration also argued that a humane, democratic China would simultaneously abide by the international norms of arms control and trade, a discourse that had first been articulated by Congress during 1991-1992.
CHAPTER 7
THE 1994 DELINKAGE POLICY

In the sanctions-engagement transition, the decision that Clinton made in 1994 to delink human rights from China’s MFN status was a critical juncture. This chapter discusses the 1994 juncture and examines two stages of strategic co-constitution that translated the normative discourse of free trade proposed by Bush into U.S. economic engagement with China. I first examine the dilemma the Clinton administration faced when China had resisted the U.S. human rights pressure. I then pay attention to a pro-MFN coalition that included American businesses, Clinton’s economic team, non-governmental foreign policy experts, and moderate members of Congress. The coalition revived Bush’s normative discourse and presented it to Clinton. To avoid the costs of revoking China’s MFN, Clinton accepted the discourse to justify his delinkage decision.

I finally examine Congress’s votes for China’s MFN and PNTR after the delinkage policy. Although the congressional voices for denying China MFN had been dominant relative to the ones for unconditional MFN for China, the congressional China critics who stood on human rights grounds was in decline in the second half of the 1990s.

China’s Intransigence and America’s Dilemma

By 1993, U.S.-China relations had witnessed a downward spiral. To prevent further deterioration, the Clinton administration began seeking a new approach to China. From July to September, Lord laid out a memorandum that called for “comprehensive engagement” with China, a policy that had first been proposed by Bush. Unlike the linkage policy, which had granted priority to human rights and punitive means, the comprehensive engagement policy considered overall U.S. interests in China and emphasized the use of dialogue and contact in addressing such issues as economics, security, and human rights. As Lord claimed, the purpose
of the new approach was “to promote China’s opening up to the outside world in economic, political, strategic, and humanitarian dimensions.”\textsuperscript{1} Clinton adopted the memorandum in September because, according to Lord, “the President wanted a broader framework” to deal with China.\textsuperscript{2}

The key element of the comprehensive engagement policy was high-level exchanges between the American and Chinese governments. On September 25, Lake and Lord called in Chinese ambassador to Washington Li Daoyu to inform him of the new approach and delivered him a letter from Clinton to Jiang containing an invitation to the first-ever APEC (Asia-Pacific Economic Cooperation) leaders’ meeting that would be held in Seattle, Washington, in November.\textsuperscript{3} Besides the presidential summit at APEC, the comprehensive engagement policy also contained a series of high-level American missions to China, including Assistant Secretary of State for Human Rights and Humanitarian Affairs John Shattuck (October 1993 and February 1994), Agriculture Secretary Mike Espy (October 1993), Assistant Defense Secretary Chas Freeman (November 1993), and Treasury Secretary Lloyd Bentsen (January 1994). Christopher also met Qian five times during 1993-1994.\textsuperscript{4}

In November, Jiang visited Seattle to attend the APEC leaders’ meeting. To enlist American businesses’ support for China’s MFN, he made efforts to win the hearts and minds of American businesses. For example, he visited the Boeing plant to demonstrate the importance of

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\textsuperscript{2} Lampton, \textit{Same Bed, Different Dreams}, p. 135.


\textsuperscript{4} For these American missions, see Lampton, “America’s China Policy,” p. 610.
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the Chinese market to American aircraft companies.⁵ Such a Chinese strategy, known as “playing barbarians off against each other,” aimed to mobilize American businesses to lobby and pressure the Clinton administration to back away from the linkage policy, as Chinese officials implied that the Chinese market would be closed to American businesses were China’s MFN revoked. The strategy continued into 1994, as China frequently sent purchasing delegations to the United States.⁶

During the APEC meeting, Clinton began to realize that China was too big to punish and too important to isolate.⁷ In Seattle, he kept telling his advisers that he did not want to isolate China because “this is over a billion people we’re talking about.”⁸ Indeed, for a president whose campaign mantra had been “It’s the economy, stupid,” it would be insensible for him to ignore the possible damage to the American economy were China’s MFN to be revoked.

The planned presidential summit between Clinton and Jiang, however, was under heavy attack in U.S. domestic politics because meeting the “butchers of Beijing” was criticized as inappropriate, especially at a time when China had not improved its human rights record since the May 28 executive order. Besides media criticism,⁹ Pelosi and 270 members of Congress wrote a letter to Clinton, claiming that there had been “no sign of improvement in human rights in China and Tibet.” When Clinton decided to move ahead as scheduled with the presidential

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⁵ Mann, About Face, p. 292.


⁸ Ibid.

summit, the members of Congress instead urged Clinton to be tough with Jiang at the summit.\footnote{Jim Mann, “Executives Press Clinton to Smooth U.S.-China Ties,” \textit{Los Angeles Times}, November 19, 1993, p. 1.} When meeting Jiang, therefore, Clinton told him that “there are human rights issues that are a barrier to the full resolution of normal and complete and constructive relations between our two nations.”\footnote{President Clinton, “Remarks and an Exchange with Reporters Following Discussions with President Jiang Zemin of China in Seattle, November 19, 1993,” \textit{Weekly Compilation of Presidential Documents}, Vol. 29, No. 47 (November 29, 1993), p. 2413.} He stressed to Jiang that human rights progress should be made by June 1994 if China desired to maintain its MFN status. Besides human rights, Clinton also discussed with Jiang trade imbalance and arms control.\footnote{Ibid.}

After the APEC summit, the Clinton administration intensified its human rights pressure on China. In January 1994, Christopher met Qian in Paris and warned him that China had not “made enough progress to justify my saying that there has been significant overall progress.” In response, Qian restated Beijing’s opposition to the linkage policy but agreed to hold human rights dialogue with the United States. He also invited Christopher and Shattuck to Beijing to discuss human rights issues.\footnote{See Thomas Lippman, “U.S. Says China Lagging on Human Rights Issue: Continuing Bilateral Talks Suggest Progress,” \textit{Washington Post}, January 25, 1994, p. A16.}

On February 1, the Department of State released its annual report on human rights and claimed that China’s “overall human rights record in 1993 fell far short of internationally accepted norms as it continued to repress domestic critics and failed to control abuses by its own security forces.”\footnote{Mary E. Kortanek, “China’s Trade Status Tops Debate on Human Rights,” \textit{Congressional Quarterly Weekly Report} (February 5, 1994), p. 258.} In late-February, Shattuck visited Beijing to discuss human rights issues with Chinese Foreign Ministry officials. During his stay in Beijing, he privately met the dissident Wei Jingsheng, who had been jailed since 1979 due to his participation in the Democracy Wall
Movement and was not released until 1993 when Beijing curried world favor in order to win its bid to host the 2000 Olympics. However, Wei was soon arrested after he publicized the meeting to the American press.\(^\text{15}\) Wei’s arrest immediately concerned the Clinton administration and cast a shadow over China’s MFN.

To pressure China to improve on human rights, Christopher visited Beijing in March 1994. During the trip, he emphasized that “if they [Chinese leaders] wanted to keep their low-tariff trading privileges, there had to be significant progress [on human rights], and soon.”\(^\text{16}\) However, Chinese Premier Li Peng gave him the cold shoulder, countering that China’s human rights policy was not America’s business.\(^\text{17}\) During the visit, Christopher was convinced that China could not meet the human rights conditions as spelled out in the 1993 executive order. As he would report to Clinton in late May, China had not achieved “overall, significant” progress in all the areas outlined in the executive order. Although China had resolved all emigration cases and prison labor issues, according to his report, serious human rights abuses continued in China, including the arrest of dissidents and the suppression of Tibet’s religious and cultural traditions.\(^\text{18}\)

Given China’s human rights intransigence, the 1993 executive order would require the Clinton administration to carry out its threat to pull the plug on China’s MFN. However, administration officials understood that revoking China’s MFN on human rights grounds would not serve U.S. interests because it would certainly lead China to retaliate in kind. That would in turn result in decreased economic exchanges between the two countries and disadvantage not only the Chinese economy but also the American economy. Moreover, revoking China’s MFN

\(^{15}\) See Suettinger, Beyond Tiananmen, pp. 185-187.

\(^{16}\) Kissinger, On China, p. 468.

\(^{17}\) Ibid.

would deprive the United States of a possible means of leverage to influence China’s behavior regarding security affairs and therefore run counter to U.S. strategic interests. When the self-imposed deadline approached, therefore, administration officials became softer on the MFN threat and seemed ready to drop the human rights conditionality. On May 4, for example, Lord said in a Senate hearing, “We are not seeking to transform Chinese society.”

Another administration official also said: “We are not trying to change Chinese society overnight.” If administration officials still insisted on the human rights conditionality, they would only tie their own hands and bind themselves to carry out the MFN threat.

The Clinton administration, however, was also concerned about its policy credibility at home and abroad because failing to pull the MFN trigger, or dropping the human rights conditionality, would be “face-losing” and make a mockery of the U.S. threat. In early May, the administration sent an envoy to Beijing, hoping that China could give the administration some “face” by making last-minute human rights progress. Beijing finally made some concessions, including releasing two prominent dissidents, agreeing to discuss the jamming of Voice of America, and providing a list of political prisoners. However, China conceded less than what was required to justify MFN renewal.

Because neither revoking China’s MFN in retaliation for China’s intransigence nor continuing it absent human rights progress was feasible, administration officials came up with two alternatives. First, they sought an intermediate option that allowed them to do “something” but not “too much.” In April, Lord and other administration officials began considering the

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20 Ibid.

possibility of “selective sanctions” or “targeted sanctions,” both of which sought to only deny MFN treatment to the products of Chinese state-owned companies. 22 By April, administration officials were saying, “no one is for total revocation.” 23 However, ideas about selective or targeted sanctions were eventually put aside because identifying the products of Chinese state-owned companies would be difficult. Moreover, such a half-way approach would not prevent China from retaliating, which in turn would still cause damage to the American economy. 24

At first, the congressional China critics, including Pelosi and Mitchell, also advocated selective or targeted sanctions, as they had in 1992 when passing H.R. 5318. Such a half-way approach also received support from such Chinese dissidents as Fang Lizhi and Zhao Haiching. 25 After the approach was considered invalid, however, the congressional China critics fell short of coming up with any effective policy alternative. On April 20 when the MFN deadline approached, Mitchell insisted that China had made no “overall, significant” human rights progress, but he was reluctant to say what the United States should do, arguing that “no decision need be made as of right now.” 26 Pelosi also conceded that she was reluctant to revoke China’s MFN. 27

22 For scholarly discussions of selective or targeted sanctions, see David Cortright and George A. Lopez, eds., Smart Sanctions: Targeting Economic Statecraft (Lanham, M.D.: Rowman & Littlefield, 2002).


Second, the 1993 executive order conveyed a vague notion of “overall, significant” human rights progress and therefore would be subject to flexible interpretations for political purposes. As Asia Watch’s Sidney Jones put it, “the term significant progress can be interpreted loosely or very tightly. In our experience, this can be a loophole.”²⁸ To justify MFN renewal for China, some administration officials did consider taking advantage of the loophole and writing a report claiming that China had made “overall, significant” human rights progress over the previous year. Before Christopher reported to Clinton on China’s human rights situation in late May, administration officials had debated what the administration should say about China’s human rights practices. For some officials, China had not met all the human rights conditions outlined in the 1993 executive order, but it had occasionally showed willingness to hold human rights dialogue with the United States. Such a Chinese move, they argued, was sufficient for Clinton to claim that China had made “overall, significant” human rights progress.²⁹

Human rights organizations, however, were keeping their eyes open for the administration’s human rights report on China. As Jones warned, “[the Clinton administration] will be under close scrutiny to see how the Administration interprets ‘significant progress.’”³⁰ Under such pressure from human rights organizations, administration officials, especially the human rights advocates in the State Department, promised that “we will not make a phony report [on human rights in China].”³¹ Lord argued that the administration should not twist the truth about human rights abuses in China. Another administration official also said, “we would not say

²⁸ Quoted in Lampton, “China Policy,” p. 29.
²⁹ For the debate, see Mann, About Face, pp. 305-306.
things were so when they weren’t.”\textsuperscript{32} For these administration officials, overselling human rights progress in China would certainly stir up opposition from human rights groups and therefore cause damage to U.S. human rights stance. Moreover, the administration was afraid of losing credibility in Beijing because, according to Lord, Chinese leaders would conclude that “the American government was so desperate to renew MFN status for China that they were calling our bluff.”\textsuperscript{33}

\textbf{Reviving the Normative Discourse of Free Trade}

While China’s human rights intransigence had put the Clinton administration on the defensive, the normative discourse of free trade first articulated by Bush reemerged. Unlike the Bush years, the spring of 1994 witnessed new and more active proponents of the discourse, including American businesses, Clinton’s economic team, non-governmental foreign policy experts, and moderate members of Congress.

These four pro-MFN groups had different stakes in U.S.-China relations, but they all emphasized the importance of MFN-based free trade to U.S. commercial interests. Viewing MFN from a security perspective were non-governmental foreign policy experts and moderate members of Congress. To justify their emphasis on U.S. economic and security interests, these four pro-MFN groups all attached moralistic goals to MFN, as had Bush, by arguing that revoking China’s MFN would unwittingly discourage human rights progress in China and that the best way to advance human rights in China was to boost Chinese economic reform and prosperity via broader U.S.-China trade.

\textsuperscript{32} Quoted in Mann, \textit{About Face}, pp. 305-306.

\textsuperscript{33} See Tucker, \textit{China Confidential}, p. 466.
American Businesses

The most outspoken proponent of China’s MFN was the American business community. To defend China’s MFN, American businesses waged such strong lobbying campaigns that they became known as “the new China lobby,” which, according to Destler, was “the most formidable, pro-trade coalition ever sustained by U.S. business on its own initiative.” Their lobbying efforts led the congressional critics of China to lament that “the most ardent defenders of Chinese communism are U.S. capitalists.”

The spring of 1994 witnessed the strongest business lobbying for China’s MFN after Tiananmen. As mentioned in chapters 5-6, American businesses had been relatively silent on China’s MFN during the Bush years. In the decision-making process regarding the linkage policy, they had not even been well consulted by the Clinton administration. However, they became active in defending China’s MFN in the spring of 1994 for three reasons. First, the Chinese economy grew rapidly during 1992-1994, and therefore American businesses had become increasingly tantalized by the Chinese market. Second, state leaders of U.S. allies, including German Chancellor Helmut Kohl, Japanese Prime Minister Morihiro Hosokawam, and French Prime Minister Edouard Balladur, visited China during 1993-1994 and returned home with billions worth of Chinese contracts because they expressed their opposition to conditional forms of economic exchanges. Lured by the Chinese strategy of “playing barbarians off against each other,” American businesses were afraid of losing their business opportunities in China to European and Japanese companies were China’s MFN to be revoked. Third, while Bush had taken the lead in defending China’s MFN, the imminent possibility of revoking it no longer

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35 Quoted in Xie, *U.S.-China Relations*, p. 120.

allowed American businesses to remain passive or tolerant of being ignored by the Clinton administration.

Not surprisingly, American businesses viewed MFN from an economic perspective. For example, the Business Coalition for U.S.-China Trade, composed of more than 400 California companies, sent a letter to Clinton in April, warning him that more than $1.7 billion worth of California’s exports to China, representing some 35,000 jobs, would be at risk were China’s MFN revoked. It went on to say that “we look into our crystal ball and we see China. That’s where the market is for us. . . . And this is what President Clinton is talking about when he says he wants to protect jobs.”

In an interview with an oral history program, Lord complained that the American business community had undercut the linkage policy, saying that it “doesn’t care a damn about human rights at all.” However, the fact was that American businesses defended China’s MFN on moral grounds by stressing the positive spill-over effects of trade on human rights. For example, the Business Coalition for U.S.-China Trade was doing more than just emphasizing U.S. economic interests. The trade association also argued that U.S. trade and investment would provide “crucial support for the entrepreneurial forces in Chinese society that advocate further economic and political reform and pose a fundamental long-term challenge to the hard-liners.” Endorsed by such firms as Hewlett-Packard, Intel, Atlantic Richfield, and Pacific Telesis, its letter stated that “all of us deplore human rights abuses in China and elsewhere around the world

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38 Quoted in Tucker, *China Confidential*, p. 460.
but believe that revoking MFN would undermine important steps toward greater respect for human rights and political freedom for the Chinese people.”

Similarly, nearly 800 companies continued writing to Clinton in the spring of 1994, arguing that revoking China’s MFN would trigger a damaging economic confrontation and a trade rupture between the United States and China, which in turn would harm U.S. businesses and jobs. On the human rights front, these companies told Clinton that U.S. companies in China had created better working conditions, living standards, and economic rights for Chinese workers and that revoking China’s MFN would undermine the process of economic and political liberalization.

The Emergency Committee for American Trade (ECAT), composed of 65 companies with annual sales of $1 trillion, also lobbied for China’s MFN on both economic and moral grounds. Attending hearings of the Subcommittee on Trade of the House Committee on Ways and Means on February 24, the trade association stated that “ECAT is strongly supportive of MFN trade status for China” because “China could have the largest economy in the world early in the 21st century.” On the human rights front, it argued that “we strongly believe that human rights can better be achieved through conditions of economic plenty than of economic scarcity.” The trade association emphasized that U.S. trade ties with China could fuel the development of China’s market economy, which in turn would promote human rights in China.

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39 Schoenberger, “Human Rights in China or Jobs in California?”


43 Ibid.
In his letter to Clinton, Abbott Laboratories chairman D.L. Burnham also said that as “the U.S. business presence in China grows, so will the attendant human rights of the Chinese population.” Such an argument was also made by 82 U.S. companies doing business in China in a survey issued by the National Association of Manufacturers and sent to Clinton.

The American Chamber of Commerce in Beijing also conveyed the same argument to Christopher during his March 1994 trip in China. While complaining that the linkage policy had undermined American business opportunities in China, the chamber argued that it was misguided to use MFN to force change in China’s human rights policy and that the best way to improve human rights in China was to open China to broader international markets.

**Economic Agencies**

Standing on its own professional perspectives, Clinton’s economic team had opposed the linkage policy from the start, but it had only exercised limited influence over China policy in 1993, compared to the State Department. After Christopher’s failed China trip in March 1994, however, decision-making power shifted from the State Department to the White House, as a joint team composed of both the National Security Council (NSC) and the National Economic Council (NEC) was formed to take charge of China policy. Although the NSC was also filled with human rights advocates, this joint team allowed Clinton’s economic bureaucrats to play a more vigorous role than before in influencing Clinton’s China policy.

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44 Behr, “Major U.S. Companies Lobbying Clinton.”

45 Ibid.

46 See Suettinger, *Beyond Tiananmen*, p. 188.

Like American businesses, Clinton’s economic bureaucrats viewed MFN from an economic perspective, emphasizing the importance of the Chinese market to U.S. commercial interests. National Economic Advisor Robert E. Rubin, for example, argued that “There is no question that absent some unexpected event, China will become the largest economy in the world, not too far into the next century.” Therefore, he argued, “I think probably everybody feels [trade and human rights] ought to be delinked.” In the spring of 1994, the Department of Commerce also formulated a “big emerging markets” list that included China and nine other countries, with which the United States should seek to strengthen its engagement. Revoking China’s MFN, Commerce argued, would alienate the United States itself, instead of China, from the world market.49

Commerce Secretary Ron Brown, who had criticized Bush’s MFN policy during 1990-1992 and called MFN “More Failed Notions,” now urged that China’s MFN be preserved without conditions because it was a matter of economic security, an unalienable part of national security.50 In an April 1994 meeting on the China issue, Lake listed some selective sanctions that the administration might impose on Beijing, but Brown defied the “moral superiority” of State Department officials worrying about human rights in China more than U.S. jobs. “This is not what we ought to be talking about. . . . Look at some of these inner cities; take a ride over to Anacostia, a poor Washington, D.C., neighborhood. What about their human rights?”51 From


49 Mann, About Face, p. 294.

50 Ibid.

51 Greenberg and Frisby, “Clinton’s Renewal of Trade Status for China.”
Brown’s views, revoking China’s MFN would disadvantage American consumers because they had to pay higher prices for Chinese products.

To defend China’s MFN on moral grounds, Clinton’s economic bureaucrats also attached moralistic objectives to MFN, as did the American business community. They argued that continuing China’s MFN would work better than revoking it in promoting China’s human rights. When proposing the “big emerging markets” list, Under Secretary of Commerce for International Trade Jeffrey Garten argued that “we are entering an era when foreign policy and national security will increasingly revolve around our commercial interests, and when economic diplomacy will be essential to resolving the great issues of our age.” For him, “the great issues of our age” included human rights. When it came to China, Commerce advocated that only through capitalist tools could freedom and human rights be promoted in China. In the eyes of Clinton’s economic team, “reform plus carrots,” instead of “reform or stick,” should be the centerpiece of American economic policy toward China.53

Among Clinton’s economic bureaucrats, Treasury Secretary Lloyd Bentsen was the most outspoken proponent of the “reform plus carrots” approach. He visited China in January 1994 to discuss U.S. access to the Chinese market and to urge Beijing to comply with the 1992 U.S.-China MOU on prisoner labor. After negotiations, China promised that it would allow U.S. Customs officials to inspect five prisons suspected of violating the prisoner labor MOU. That was the background against which Christopher would report to Clinton in May that China had satisfied the prison labor condition, in addition to the emigration condition, set forth in the 1993 executive order. On the human rights front, Bentsen believed that there was no contradiction


between trade and human rights because “one of the ways to promote human rights is to encourage market reform and trade.” He argued that market reform and expanded trade “can be the engine of political change.” To promote human rights in China, he argued, the United States should encourage economic reforms in China and broader U.S.-China trade.\(^{54}\)

**Non-Governmental Foreign Policy Experts**

Non-governmental foreign policy experts also opposed the linkage policy and viewed U.S.-China relations broadly in ways that moved beyond human rights issues. Henry Kissinger and Cyrus Vance, for example, wrote a letter to Clinton, arguing that the United States had broader interests in China and that a single dimension of U.S. interests as human rights should not become the thread running through overall U.S.-China relations.\(^{55}\)

On March 15, the Council on Foreign Relations convened televised public hearings in Washington, D.C., with participants including Kissinger, Vance, Oksenberg, Lawrence Eagleburger, and Paul Wolfowitz. All the participants agreed that “the United States has a national interest in a China that is stable, modernizing, reform-minded, cohesive, secure, outward-looking, and that meets international human rights standards and pursues constructive diplomatic and security policies.”\(^{56}\) While the China they hoped for was not different from that embraced by the Clinton administration, they emphasized the use of incentives and support, instead of penalties, in shaping such a China.

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Like American businesses and Clinton’s economic team, the non-governmental foreign policy experts emphasized U.S. commercial interests in China. They argued that “the United States should maximize its opportunities to participate in China’s economic growth and to knit China into the international economy.”\textsuperscript{57} Such an approach “will provide jobs to hundreds of thousands of Americans; it will give American consumers access to low cost commodities.”\textsuperscript{58} For the non-governmental foreign policy experts, U.S. economic interests in China would be served if China’s MFN were continued.

Unlike American businesses and Clinton’s economic team, the non-governmental foreign policy experts also viewed MFN from a security perspective. Despite the end of the Cold war, they argued, China still carried security implications for the United States in the post-Cold War period. First, in terms of arms control, “the U.S. interest lies in bringing China more fully into international regimes to control proliferation.”\textsuperscript{59} Second, U.S. security concerns regarding China had moved beyond arms control in the post-Cold War period: China was one of the five permanent members of the United Nations Security Council and thus had veto power over Security Council resolutions; China had various territorial disputes with its neighbors and might drive toward military conflict with them; China was rising due to its rapid economic growth; China had significantly increased its defense budget, much of which was not transparent; and China was one of the few countries that could persuade North Korea to end its nuclear weapons projects.\textsuperscript{60} In particular, North Korea became of serious concern to the Clinton administration in the spring of 1994 when the United States asked the United Nations to impose economic

\textsuperscript{57} Ibid., p. 12
\textsuperscript{58} Ibid.
\textsuperscript{59} Ibid., pp. 14-15.
\textsuperscript{60} Ibid.
sanctions against North Korea after months-long diplomatic negotiations with Pyongyang over its nuclear weapons projects had collapsed. However, China opposed UN-authorized economic sanctions against North Korea.\textsuperscript{61}

Because China engaged “U.S. security concerns in the post-Cold War era in the spheres of proliferation, peacekeeping and Asian regional security,”\textsuperscript{62} the non-governmental foreign policy establishment argued that continuing China’s MFN would create incentives for Beijing to remain cooperative on these security issues. In particular, Kissinger and Vance told Clinton that revoking China’s MFN would rupture “one of the world’s most important bilateral and potentially productive relationships” and endanger “a strategic dialogue between our two countries.”\textsuperscript{63}

On human rights in China, even those foreign policy experts who were famous for their human rights stances cast doubt on the effectiveness of the linkage policy. Vance, for example, argued that “at times, some forms of linkage are appropriate but such linkages must be considered carefully for their realism and effectiveness.”\textsuperscript{64} In his meeting with Clinton, Jimmy Carter suggested delinking because the linkage policy was not able to promote China’s human rights. In mid-May, White House officials asked Carter to head up a commission on China’s human rights, but Carter simply refused.\textsuperscript{65}


\textsuperscript{64} Lampton, “America’s China Policy,” p. 608.

\textsuperscript{65} Suettinger, \textit{Beyond Tiananmen}, p. 196; Mann, \textit{About Face}, p. 307.
Like American businesses and Clinton’s economic team, the non-governmental foreign policy community argued that the best way to encourage human rights progress in China was for the United States to expand its trade with China and promote Chinese economic prosperity, instead of revoking China’s MFN. Kissinger and Vance, for example, argued that revoking China’s MFN would poke “a stick in the wheels of the rapidly growing private economy there. . . . By giving Chinese men and women access to jobs, more income, better goods and services and ideas, an expanding private economy is the best guarantee of a more pluralistic Chinese society.”66 Similarly, former U.S. ambassador to China James Lilley advocated a “freedom through trade” approach toward China. He argued that “through encouraging broadened American involvement in China’s economy, the United States fosters democratic forces and enhances human rights. Rapid economic growth and joint ventures have done more to improve the human rights situation in South China than innumerable threats, demarches, and unilaterally imposed conditions.”67

Moderate Members of Congress

After the linkage policy, the atmosphere in Congress began to change as a growing number of lawmakers, both Democrats and Republicans, visited China, a move that had been scant since Tiananmen. During the congressional recess from December 1993 to January 1994, for example, around 60 members of Congress travelled to China. Witnessing the economic and social development that had occurred in China, many lawmakers emphasized that the United States had multiple interests in China and that economic and security concerns should be given the same weight as human rights. Even those members of Congress who had supported the

66 Kissinger and Vance, “The Right Decision.”

linkage policy shifted their opinions toward renewing China’s MFN. Senator John F. Kerry (D-Mass.), for example, had been a proponent of the linkage policy but now became supportive of China’s MFN after his China trip, saying that “I came back from my visit there just absolutely convinced that things are much different now than in 1989.”\textsuperscript{68} Relaying his thoughts to Clinton several times, he argued that “The situation in China has changed enough, and dynamics between the United States and China have changed enough that it is time to begin a new dialogue” that would help Washington and Beijing deal together with human rights, security affairs, and economic exchanges.\textsuperscript{69}

Like the other three pro-MFN groups, many members of Congress were worried about the possibility of a U.S.-China trade war because “there are too many jobs at stake.”\textsuperscript{70} Members of Congress who came from those states having closer economic relations with China, such as California, Washington, and wheat-growing states, were particularly fearful of job losses in their districts and therefore opposed revoking China’s MFN. Representative Baucus, for example, described revoking China’s MFN as “an economic nuclear bomb” that would “cut China’s exports to us by 96 percent” and eradicate “$9 billion in U.S. exports and 180,000 high-paying export jobs.”\textsuperscript{71} Similarly, Representative Jim McDermott (D-Wash.) was worried about Boeing jobs in his district and therefore sent Clinton a letter signed by 106 members of Congress calling for renewing China’s MFN unconditionally.\textsuperscript{72}

\textsuperscript{68} Greenberg and Frisby, “Clinton’s Renewal of Trade Status for China.”

\textsuperscript{69} Chandler and Daniel Williams, “The Hollowing of a Threat.”


\textsuperscript{72} Peter Behr, “U.S. Businesses Waged Year-Long Lobbying Effort on China Trade.”
Like the non-governmental foreign policy community, many members of Congress viewed MFN from a security perspective, stressing that revoking China’s MFN would discourage Chinese cooperation with the United States on regional and even global security. Baucus, for example, emphasized the contributions that MFN had made to Chinese cooperation on arms control, saying that “We also are doing well on security. The administration has held China to its word on the Missile Technology Control Regime. When talking didn’t work, suspending satellite sales did.”\(^{73}\) For him, targeted sanctions, rather than the MFN threat, would be enough to address China’s arms control policy as long as MFN continued to provide China with incentives to stay cooperative on arms control.

Baucus also emphasized that the United States had security interests in China that moved beyond arms control in the post-Cold War period. If the United States revoked China’s MFN, he said, “we lose Chinese cooperation on such issues as containing Iraqi and North Korean nuclear proliferation. As the succession to Deng Xiaoping begins, we discredit pro-American factions in China’s government. And by forcing much of Taiwan’s investment in Chinese export plants to pull out, we weaken our strongest guarantee against a crisis in the Taiwan Strait.”\(^{74}\) He thus emphasized that MFN would be the precondition for comprehensive Chinese cooperation on security affairs.

On the human rights front, a growing number of lawmakers emphasized that issuing a public ultimatum on human rights was not an appropriate approach to deal with human rights situations in China. Senator J. Bennett Johnston (D-La.), for example, argued that stripping China of its MFN status would be “a disaster for human rights” in China, a statement made

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\(^{73}\) Baucus, “MFN Is Not the Way.”

\(^{74}\) Ibid.
during his January 1994 trip to Beijing. Therefore, a growing number of lawmakers called for continuing China’s MFN as an alternative way of promoting China’s human rights. For example, Representative Hamilton, who had reluctantly supported the 1993 executive order, made a speech in the American Enterprise Institute in May 1994 and argued in favor of renewing China’s MFN because trade could bolster liberalizing trends in China, saying that “We should seek ways to support those trends.”

Similarly, Kerry talked to Clinton several times and argued that “China wasn’t as black and dark as they thought... the breadth and depth of economic change means that our leverage was seen as less.” During his China trip, he saw Beijing streets dotted by satellite dishes and construction cranes, as well as numerous stores stacked with televisions and VCRs. He was also told by a dissident that facsimile machines allowed news of political arrests to spread in Beijing. He thus told Clinton that revoking China’s MFN could only strengthen the hands of Chinese hardliners and that China’s human rights could be better promoted by open trade.

**Clinton and Delinkage**

While the four pro-MFN groups had presented the normative discourse of free trade to Clinton since the spring of 1994, a short-term factor in Clinton’s decision on China’s MFN was Clinton’s extensive consultations with various actors by the self-imposed deadline. Between late-April and mid-May, Clinton consulted with congressional leaders, his domestic advisors, cabinet-level officers, Carter, Kissinger, and Brzezinski. While some human rights advocates still insisted on revoking China’s MFN, most of the people Clinton consulted suggested

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75 Chandler and Williams, “Bentsen to Push China on Economic Reforms.”

76 Chandler and Williams, “The Hollowing of a Threat.”


78 Greenberg and Frisby, “Clinton’s Renewal of Trade Status for China.”
delinking for the sake of overall U.S.-China relations. At a White House meeting in late May, therefore, he first called in Commerce Secretary Brown and Treasury Secretary Bentsen, and it was only then that Madeleine Albright, who insisted on human rights, was called in. On May 26, Clinton finally announced his delinkage decision. He began by acknowledging that “we have reached the end of the usefulness of that [linkage] policy” because China had made no “overall, significant” human rights progress. He then mentioned his consultations with various people on how to promote human rights in China, saying,

To those who argue that in view of China’s human rights abuses we should revoke MFN status, let me ask you the same question that I have asked myself over and over these last few weeks as I have studied this issue and consulted people of both parties who have had experience with China over many decades. Will we do more to advance the cause of human rights if China is isolated or if our nations are engaged in a growing web of political and economic cooperation and contacts?

Clinton argued that “I am persuaded [emphasis added] that the best path for advancing freedom in China is for the United States to intensify and broaden its engagement with that nation.” “I believe we can do it by engaging the Chinese. . . . We will have more contacts. We will have more trade.”

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79 For the consultation process, see Lampton, “America’s China Policy,” pp. 617-619.

80 Greenberg and Frisby, “Clinton’s Renewal of Trade Status for China.”


82 Ibid.

83 Clinton adopted the normative discourse of free trade to justify his delinkage decision but argued that he was persuaded by the logic of appropriateness. Situational explanations for why actors accept new norms thus can avoid the methodological weaknesses of liberal constructivism.

84 Ibid.

85 Ibid.
Clinton also argued that continuing China’s MFN could advance U.S. economic and security interests in China. As he said, “I am determined to see that we maintain an active role in this region, in both its dynamic economic growth and in its security.”86 In sum, “the actions I have taken today to advance our security, to advance our prosperity, and to advance our ideals, I believe, are the important and appropriate [emphasis added] ones.”87

Each year throughout his tenure, Clinton renewed China’s MFN and repeatedly emphasized that open trade could not only advance U.S. economic and security interests in China, but could also transform China’s domestic features toward economic prosperity and therefore political openness.88 Those administration officials who had supported the linkage policy, such as Christopher and Lord, also followed suit after the delinkage decision.89 More importantly, the Clinton administration continued to articulate such a discourse when making efforts to integrate China into the WTO. On April 7, 1999, the eve of Chinese Premier Zhu Rongji’s visit to Washington to sign a bilateral trade agreement, Clinton argued that an “open, prosperous and stable” China that could shoulder its responsibilities for a safer world was consistent with U.S. interests. To construct such a China, he argued, the United States should

86 Ibid.

87 Ibid.


bring China into the WTO. As he said, “we also have an interest in integrating China into the world trading system, and in seeing it join the World Trade Organization. . . . that will give us broad access to China’s markets, while accelerating its internal reforms and propelling it toward acceptance of the rule of law.” In his March 2000 message to Congress on China’s PNTR status, Clinton also argued that “by integrating China more fully into the Pacific and global economies, it [the 1999 U.S.-China trade agreement] will strengthen China’s stake in peace and stability. . . . While we will continue to have strong disagreements with China over issues ranging from human rights to religious tolerance to foreign policy, we believe that bringing China into the WTO pushes China in the right direction in all of these areas.” Advancing the economic agenda alone, according to Clinton, could simultaneously boost U.S. security interests as well as political-economic reform in China.

Indeed, economic engagement was the linchpin of the “comprehensive engagement” policy that the Clinton administration stepped up during its second term. First proposed by Bush and then presented by Lord to Clinton in 1993, the comprehensive engagement policy aimed to address China’s behavior regarding human rights, regional and global security, and trade altogether. For the administration, economic engagement could provide China with incentives to stay cooperative with the United States on these issue-areas. When articulating his China policy in 1996, Clinton argued that “Number one, we can continue to push open trading systems that work to the benefit of all involved,” before he would propose other steps. Indeed, the


administration made tremendous efforts to integrate China into the WTO. When China refused to accept “commercially meaningful terms” and enter the WTO as a developed country that would largely open its markets to foreign competition, the administration blocked China’s bid to become a founding member of the WTO in 1994. When China retaliated for the U.S. blockade by refusing to comply with the 1992 U.S.-China MOU on market access, the administration announced its threats in March 1995 to impose punitive tariffs on Chinese products as a means to coerce China back on track. When China’s compliance with the 1992 U.S.-China MOU on IPR was not satisfactory, the same threats were announced twice, in 1995 and 1996, by the administration in order to coerce China toward improving IPR protection and enforcement.

After the delinkage policy, the Clinton administration’s discourse about China began to change. In fact, Lake had removed China from his “backlash states” list in his March/April 1994 Foreign Affairs article. In 1995, Assistant Secretary of Defense Joseph Nye argued that “it is wrong to portray China as an enemy. Nor is there reason to believe China must be an enemy in the future.” He made a constructivist argument: “suppose that we simply posited a 50 percent chance of an aggressive China and a 50 percent chance of China becoming a responsible great power in the region. On this hypothesis, to treat China as an enemy now would in effect discount 50 percent of the future. . . . Enmity would become a self-fulfilling prophecy.” For him, U.S.-

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97 Ibid.
China hostility would be what America made of it if the Clinton administration took a policy of isolating or containing Beijing, and therefore the United States should engage China to turn it into a status quo power.

**Congressional Vote for Trade with China**

Despite Clinton’s efforts to engage China, however, anti-China sentiment was rising in the Republican-controlled Congress.\(^9^8\) For Congress, Clinton’s China policy had failed to correct China’s behavior regarding human rights, arms control, and trade altogether. On the human rights front, Congress continued to criticize China’s human rights record. In 1999, for example, both the House and the Senate adopted resolutions (SRES45 and HCONRES28) that called on the administration to sponsor a resolution criticizing China’s human rights abuses at the United Nations Commission on Human Rights (UNCHR) in Geneva.\(^9^9\) On the arms control front, when it was reported that a Chinese company had sold 5,000 ring magnets—used for uranium enrichment—to Pakistan in early 1996, Congress called on the administration to impose sanctions against Beijing.\(^1^0^0\) On the trade front, because U.S. trade deficits with China continued to increase (from $27 billion in 1994 to $66 billion in 1999, see table 1-2), many members of Congress urged the administration to stick to a tough stance on China’s WTO entry terms.\(^1^0^1\)

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\(^9^8\) After 1995, Congress was mostly controlled by the Republican Party. See Devereaux, Lawrence, and Watkins, *Case Studies in US Trade Negotiation*, pp. 257-258.

\(^9^9\) Each year from 1990 to 2000 (except 1998), the American government sponsored a UNCHR resolution criticizing China’s human rights record, but China was able to block the resolution by mobilizing its allies at the UNCHR. See Miles A. Pomper, “The China Policy Syndrome: U.S. Struggles to See Clearly,” *Congressional Quarterly Weekly Report* (May 1, 1999), pp. 1001-1007.

\(^1^0^0\) For the “ring magnets” case, see Medeiros, *Reluctant Restraint*, pp. 66-70.

Besides human rights, arms control, and trade deficits, Congress also criticized China for triggering the Taiwan Strait crisis of 1995-1996 and accelerating its buildup of missiles aimed at Taiwan thereafter. Unease was also growing in Congress over the status of Hong Kong after it would be reverted to Chinese control after July 1, 1997. China was also accused of illegally funneling campaign donations to the Democratic Party in the 1996 Federal elections, an allegation that was known as Chinagate. During 1998-1999, China was also accused of stealing sensitive U.S. military-related technologies, an allegation that culminated in the release of the so-called Cox Report in May 1999. In 1999, China also opposed the U.S.-led Kosovo War. All these events heated up anti-China sentiment in Congress.\textsuperscript{102} Senator Tim Hutchinson (R-Ark.), for example, articulated a possible Chinese threat, “China has made a very aggressive effort in military modernization. It’s a grave error to view them as a strategic partner. They view us as a hostile power, and they are expansionist.”\textsuperscript{103}

When China engaged in the above-mentioned “misbehaviors,” Congress harshly criticized Clinton for being too soft on China. In particular, Congress frequently criticized Clinton for caring about American business interests at the expense of China’s human rights. Represented Richard A. Gephardt (D-Mo.), for example, criticized Clinton’s pro-business stance, saying that “This country is not just about business. This country is about an idea, a moral belief that every human being in the world is created with liberty and freedom.”\textsuperscript{104} When Clinton attended a welcoming ceremony in Tiananmen Square and reviewed PLA troops for his 1998 state visit to China, he was under heavy domestic attack for forgetting what had happened there.

\textsuperscript{102} For all these events, see Suettinger, \textit{Beyond Tiananmen}, chapters 6-9.

\textsuperscript{103} Pomper, “The China Policy Syndrome.”

in 1989. Representative Benjamin A. Gilman (R-N.Y.), for example, criticized Clinton’s “pro-profit” China policy, saying that “The spectacle of our president hobnobbing with the architects of the Tiananmen massacre is offensive to most Americans. . . . We should not be so avid for profit that we allow dollars to take precedence over our moral values.” For him, Clinton ignored China’s human rights abuses for the sake of American business interests.

To register their displeasure with China and Clinton’s China policy, the congressional critics of China continued anti-MFN campaigns. After Clinton announced his delinkage decision in May 1994, the congressional critics of China immediately introduced legislation that sought to overturn Clinton’s decision. Representative Solomon introduced a bill that would revoke MFN outright for all Chinese products, and Mitchell and Pelosi cosponsored another bill that would deny MFN to goods produced by Chinese state-owned enterprises. However, because the atmosphere in Congress had changed in favor of renewing China’s MFN, both bills were overwhelmingly defeated, 75-356 and 158-270, respectively. Conversely, the House passed a bill (HRES188) that codified Clinton’s renewal of China’s MFN by a vote of 280-152.

Each year during 1995-1997, the House also introduced a resolution disapproving of Clinton’s decision to renew China’s MFN, but all of the resolutions were defeated by a wide margin: 107-321, 141-286, and 173-259, respectively. During 1998-1999, the House also voted 166-264 and 170-260 against two resolutions that would reverse Clinton’s decision to extend normal trade relations (NTR) to China (MFN had been renamed NTR in 1998 by the Internal


Revenue Service overhaul measure that Clinton signed into law on July 22). During 1994-1999, the Senate never even voted on China’s MFN or NTR.

In 2000, a battle was fought on Capitol Hill over whether to permanently waive the Jackson-Vanik Amendment for China so that it could be granted PNTR upon its entry into the WTO. In November 1999, the administration had signed a trade agreement with China that would allow China to enter the WTO. Since then, Congress had been asked to vote on whether to exempt China from the annual review of its trade status. However, the PNTR battle was polarized as both opponents and proponents of PNTR led their respective lobbying campaigns on Capitol Hill. Opponents of PNTR included human rights groups, religious groups, environmentalists, labor unions, and conservatives. Proponents of PNTR, by contrast, included businesses and farm groups. Finally, both the House and the Senate passed a bill (H.R.4444) that granted China PNTR, by 237-197 and 83-25, respectively.

During 1994-2000, the legislative branch voted for the executive’s policy of economic engagement with China, despite its criticism of China and Clinton’s China policy on a host of issues ranging from human rights, trade imbalance, arms control, Taiwan, the Chinagate controversy, the alleged Chinese theft of sensitive U.S. technologies, and the Kosovo War. After the delinkage policy, voices that advocated denying China trade status (MFN, NTR, or PNTR) became less powerful in Congress. Therefore, an executive-legislative consensus existed on U.S. economic engagement with China.

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108 For the PNTR battle, see Devereaux, Lawrence, and Watkins, Case Studies in US Trade Negotiation, pp. 277-291.
Economic engagement with China was also a bipartisan consensus. During the 1996 presidential campaign, Republican candidate Bob Dole attacked Clinton’s overall approach toward China, but he was supportive of renewing China’s MFN unconditionally.\textsuperscript{109} Although Congress was controlled by the Republican Party, most Republicans voted for Clinton’s policy of economic engagement with China. In the 2000 PNTR vote, for example, some 164 out of 221 House Republicans voted for PNTR, compared to merely 73 out of 211 House Democrats. The Republicans had more support for China’s PNTR than the Democrats. In the Senate, both Republicans and Democrats overwhelmingly voted for China’s PNTR: 46-8 and 37-7, respectively.\textsuperscript{110}

Economic concerns played an important role in driving Congress to support “business as usual” with Beijing. With bilateral commerce booming, China became America’s fourth-largest trading partner in 1997.\textsuperscript{111} Although attacking China and Clinton’s overall approach toward China, Congress granted priority to U.S. economic interests and therefore upheld Clinton’s policy of economic engagement with China.

Despite their emphasis on U.S. economic interests, those members of Congress who voted for economic engagement with China did not forget to emphasize that there was no contradiction between U.S. economic relations with China, on the one hand, and U.S. security interests and China’s human rights, on the other hand, because the latter would be promoted if the former were advanced first. As Representative Hamilton said when defending China’s MFN,


“Do we promote our security, economic and human rights interests in China through engagement or through confrontation?” Similarly, Representative Tim Roemer (D-Ind.) argued that rejecting NTR would demonize China and that “the choice is clear. Are we going to have a constructive engagement policy with China or a new evil empire?” Both Hamilton and Roemer emphasized that the United States should avoid a policy of confrontation because denying China MFN or NTR would seriously damage overall U.S.-China relations.

In sum, the normative discourse of free trade triumphed after 1994 through two stages of strategic co-constitution. First, when China had resisted the U.S. human rights pressure, the Clinton administration understood that revoking China’s MFN on human rights grounds would run counter to U.S. economic and security interests. The administration thus sought alternative options but only found them invalid. At the same time, there emerged a pro-MFN coalition that was concerned about U.S. economic and security interests, including American businesses, Clinton’s economic team, non-governmental foreign policy experts, and moderate members of Congress. These four pro-MFN groups told Clinton and economic engagement could work better than economic sanctions in advancing not only U.S. economic and security interests in China but also China’s economic prosperity and therefore human rights. To avoid the high costs of revoking China’s MFN, Clinton delinked human rights from China’s MFN while at the same time adopting the discourse to justify his delinkage decision. Such a strategic co-constitution thus redefined U.S. China policy toward economic engagement to manage China.

Second, the dynamics that led to the delinkage policy also helped restore a consensus on China policy between the legislative and the executive and even between the Democrats and the Republicans. Although the Republican-controlled Congress continued to criticize China and

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112 Fleming, “House Upholds Favored Status for China.”

113 Nitschke, “China’s Human Rights Record Dominates Debate.”
Clinton’s China policy, it voted for “business as usual” with China. As a result, the strength of the congressional China critics was on the decline, as their voices lost ground to the normative discourse of free trade.
CHAPTER 8
CONCLUSION

Table 8-1 summarizes the findings of this study. It demonstrates the three stages of strategic co-constitution that transformed U.S. China policy from sanctions to engagement in the 1990s. First, despite his geopolitical concerns over China, Bush codified the Tiananmen sanctions because a unified Congress left him no room for presidential vetoes. During the MFN debate of 1990-1992, however, he took the lead in arguing that open trade could work better than sanctions in correcting China’s behavior at home and abroad. With Senate support, he was able to win the MFN debate and vetoed two conditional MFN bills. Second, although the normative discourse of free trade faded after Bush lost the 1992 presidential election, it was revived in 1994 as American businesses, Clinton’s economic team, non-governmental foreign policy experts, and moderate members of Congress joined the fray and presented the normative discourse to Clinton at a time when security and economic concerns were growing in the United States in response to China’s resistance to U.S. human rights pressure. While Clinton had strategically raised human rights and translated them into the linkage policy, he accepted the normative discourse to justify his delinkage decision. Third, while Congress had pushed the normative issues of human rights, arms control, and trade to the fore and urged sanctions during 1989-1993, it overwhelmingly voted for China’s MFN and PNTR status after 1994 and articulated the normative discourse to justify its support for “business as usual” with China. Through these three stages of strategic co-constitution, the normative discourse of free trade became dominant in U.S. domestic politics and shifted U.S. economic statecraft toward China from sanctions to engagement. It also became, and continues to be, the normative foundation for U.S. economic engagement with China through the WTO.
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<td>1. American businesses, Clinton’s economic team, non-governmental foreign policy experts, and moderate lawmakers argued that open trade could advance not only U.S. security and economic interests, but also prosperity and democracy in China.</td>
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<td>3. Congress used the normative discourse to justify its votes for China’s MFN and PNTR</td>
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Anti-Sanctions Discourses in Comparative Perspectives

In the case of U.S. economic engagement with China, the engagers countered the pro-sanctions coalition and justified their engagement policy by arguing that open trade could work better than sanctions in correcting China’s behavior both at home and abroad. In fact, U.S. policymakers had long attached moralistic and liberal values to U.S. foreign economic policy when opposing sanctions against other countries for security, strategic, or economic reasons.

On the one hand, the argument that open trade was a better tool than sanctions in correcting human rights abuses had been articulated by U.S. policymakers when resisting domestic and international pressure for broader sanctions against South Africa’s apartheid policy. Beginning in 1962, the United Nations General Assembly had passed several resolutions that imposed sanctions against South Africa on a host of economic exchanges ranging from military sales, trade, and finance. In 1963 and 1978, the United States followed suit with two waves of sanctions against South Africa. However, because South Africa carried geopolitical and economic importance to the United States, U.S. policymakers were reluctant to broaden sanctions against South Africa. In the spring of 1981, therefore, the Reagan administration announced a policy of “constructive engagement” with South Africa. The policy relaxed previously imposed bans on economic, diplomatic, and military contact between the United States and South Africa. A State Department official said, “there is a limit on the U.S. capacity to use negative pressure to achieve policy results in South Africa.”

To morally justify constructive engagement with South Africa, the Regan administration attached moralistic and liberal values to U.S. foreign economic policy toward South Africa.

1 For the timing of major sanctions against South Africa, see Klotz, Norms in International Relations, p. 5.

While Reagan in 1984 had argued that China’s economic reform would dispense with any U.S. efforts to externally impose democratic governance on China (see chapter 3), he delivered his first speech on South Africa on July 22, 1986 and argued that the best way to promote racial equality and dismantle apartheid in South Africa was to bring economic prosperity to the country through open trade.  

As he said,

To achieve that, we need not a Western withdrawal, but deeper involvement by the Western business community as agents of change and progress and growth. The international business community needs not only to be supported in South Africa but energized. We’ll be at work on that task. If we wish to foster the process of transformation, one of the best vehicles for change is through the involvement of black South Africans in business, job-related activities, and labor unions.  

On the other hand, the argument that open trade could induce a rising power to act peacefully had also been articulated by U.S. policymakers when dealing with the rise of Japan before World War Two. In the 1930s, U.S. policymakers were opposed to sanctions against Japan for its expansionist activities in East and Southeast Asia. First, although U.S. policymakers were concerned about Japanese expansionism in the Far East, U.S. security interests in the region were minor. From a U.S. perspective, therefore, it was not worth applying sanctions at the expense of provoking Japan. Second, American businesses, though concerned about the loss of the Chinese market due to Japanese expansionism, were opposed to sanctions against Japan because they had profited from the Japanese market. Indeed, at the time of the Great Depression, State Department

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3 Of course, there was a difference between China and South Africa. Because China had embarked on economic reform, Reagan had reasons to be optimistic about the endogenous force that could bring about democratic governance in China. By contrast, South Africa was in crisis, both politically and economically. This gave Reagan grounds to argue for the exogenous force that could bring about racial equality in South Africa.

economic advisers listed “widespread domestic economic dislocation” as one of the reasons against sanctions against Japan.⁵

While refusing to apply sanctions against Japan, the doves in the Roosevelt administration optimistically believed that U.S. economic ties with Japan would strengthen the hands of the moderates in Tokyo and therefore direct the rise of Japan toward a peaceful end. On October 19, 1939, U.S. Ambassador to Japan Joseph C. Grew delivered a speech at the American Japan Society in Tokyo. He said,

Nations are now increasingly dependent on others both for commodities they do not produce themselves and for the disposal of the things which they produce in excess. . . . It is this system of exchange which has not only raised the standard of living everywhere but has made it possible for two or even three persons to live in comfort where but one had lived in discomfort under a simple self-contained economy. Not only the benefits of our advanced civilization but the very existence of most of us depends on maintaining in equilibrium a delicately balanced and complex world economy . . . postulated upon the ability of nations to buy and sell where they please under conditions of free competition.⁶

For Grew, economic interdependence would advance not only economic exchanges but also political cooperation between the United States and Japan. Under economic interdependence, according to Grew, a rising Japan would become a peaceful power that served U.S. interests. Such a discourse became particularly predominant after Hitler’s victories in Europe made easy prey of European colonies in Southeast Asia. In October 1940, Roosevelt told Secretary of State Cordell Hull that “we were not to shut off oil from Japan . . . and thereby force her into a military expedition against the Dutch East Indies.”⁷

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It should be noted that the American government had different policy concerns toward Japan and South Africa. In the Japanese case, on the one hand, the Roosevelt administration was concerned about Japan’s foreign policy behavior and argued that open trade could safely bring the rising sun into the regular orbit. In the South African case, on the other hand, the Reagan administration was, perhaps only rhetorically, concerned about South Africa’s domestic features and argued that open trade could reshape South Africa toward prosperity and therefore democracy.

In the Chinese case, however, the engagers emphasized the positive impacts of open trade on both the foreign policy behavior and domestic features of China. The engagers shared their security and economic concerns with the pro-sanctions coalition but argued that open trade could make China’s foreign policy behavior consistent with the international norms of arms control and trade. Although their human rights concerns might also be only rhetorical, the engagers linked open trade to human rights progress in order to counter the pro-sanctions coalition.

**Implications for the Future of America-China Relations**

From a liberal constructivist perspective, China will be more likely to be socialized into the international community when the country increasingly participates in international institutions that embody liberal norms. What Friedberg calls “constructivist optimists” believe that China’s repeated interactions with the outside world will move the country toward embracing appropriate behavior prescribed by international norms and expectations. For them, liberal norms are so attractive that China will conform to them in order to be accepted as a modern, responsible member of the world community.\(^8\) Johnston and Evans, for example, argue that China has been willing to enter into multilateral international institutions in recent years.

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because its leaders are “more sensitive to social incentives” and more fearful “of appearing to be the pariah.”

When China accepts and even internalizes liberal norms, according to the liberal constructivist logic, Chinese leaders will be more likely to abandon the old-fashioned “Chinese realpolitik” or a strategic culture that Johnston describes as characterized by a “parabellum paradigm.” For constructivist optimists or liberal constructivists, therefore, socializing China into the international community will make the rise of China peaceful.

“Constructivist pessimists,” by contrast, believe that repeated interactions between the United States and China will reinforce, rather than erode, mutual suspicions and hostilities. For example, China’s continued human rights abuses tend to give credence to the American view that China is an evil challenger to American values. By the same token, ritualized American criticisms of China’s human rights abuses tend to reinforce the Chinese view that the United States is seeking to undermine the rise of China. For constructivist pessimists, such interactions will create a self-fulfilling prophesy of eventual confrontation between the two countries.

This study shares a pessimistic view of U.S.-China relations with constructivist pessimists, but its pessimism infers from the theoretical framework I have developed to explain Washington’s sanctions-engagement policy reversal toward China. I call into question whether

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China has been socialized to the extent of internalizing liberal norms for reasons of appropriateness. Just as the engagers used or accepted norms strategically, the same may be true of China. In his study of Chinese strategic culture, Johnston explores a Chinese concept *quan bian*, meaning absolute flexibility. In Chinese strategic culture, he describes, “The strategist cannot be restricted, constrained by, or wedded to self-imposed a priori political, military, or moral limits on strategic choices” because “constant change is the key characteristic of conflict situation.” As a result, the strategist must be prepared to adapt to changing circumstances and weigh all relevant factors in a strategic situation.13 Johnston also explores the Chinese notion of “righteous war” and finds that “within the context of righteous war, the ends clearly justify the means. Once the ends of war are deemed righteous, then any and all means become righteous by themselves. Righteousness does not constrain one’s options, but rather opens them up.”14 In Chinese strategic culture, a war that should be unrighteous will become righteous when infused with moral language by which it is justified.

Because Chinese culture is consequentialist and instrumentalist, China’s embrace of international norms may be strategic as well. As Wang points out, China’s attitudes toward multilateralism are instrumental. As a result, she argues, China’s increasing participations in multilateral international institutions has accompanied neither China’s socialization into nor internalization of the norms of multilateralism.15

The U.S.-China negotiations over China’s WTO accession also illustrates China’s strategic acceptance of free trade norms. In the decade-long negotiations, the United States

13 For the Chinese notion of *quan bian*, see Johnston, *Cultural Realism*, pp. 102-103.

14 For the Chinese notion of righteous war, see Johnston, *Cultural Realism*, pp. 69-71.

insisted that China should accept “commercially meaningful terms” and enter the WTO as a developed country that would largely open its markets to foreign investment and competition. Because the United States had set WTO rules, China eventually made tremendous economic concessions in ways that met WTO principles. As Lardy argues, “in the end the Chinese had little choice but to accept most of the demands of the United States.”

Because China has accepted WTO principles strategically, whether it has internalized them and become socialized into the free trade regime is doubtful. Indeed, this is why there has been debate over whether China has complied with its WTO commitments. Furthermore, China may reset international norms and rules when its power grows to the extent that allows it to do so. As a Chinese official shouted during China’s negotiations over its WTO membership, “We know we have to play the game your way now, but in ten years we will set the rules!” When China becomes capable of resetting WTO rules, a process of strategic co-constitution would occur and substitute Chinese principles for American ones. Although this study has only explored strategic co-constitution at the domestic level in the United States, the process of strategic co-constitution may also apply to China and happen at the international level.

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This study thus is pessimistic about the future of U.S.-China relations. Unlike constructivist optimists or liberal constructivists, who emphasize the tendency of China to internalize international norms and become socialized into the international community, I argue that China, while having been strategically subjecting itself to social construction processes, may in turn strategically constitute the international system according to its versions of international order, including the dynastic tribute system that had regulated China’s relations with the barbarians surrounding the Middle Kingdom.\(^{20}\) As a result, there is no guarantee that the U.S.-centered world order that has been accepted by China will be lasting. The term PNTR may be a misnomer because U.S. economic engagement with China will not necessarily be “permanent.” PNTR, after all, is just a legal term that cannot reflect the changing characters of international politics. Just as human rights were delinked, the normative discourse of free trade may be historically contingent as well.

LIST OF REFERENCES


BIOGRAPHICAL SKETCH

Chi-hung Wei received a bachelor’s degree in journalism from Catholic Fu-jen University, Taiwan (2000), and a master’s degree in political science from National Cheng-chi University (2002). His research interests are in international relations theory, U.S.-China relations, Chinese politics, and economic statecraft. His research has been published in Issues and Studies and The China Quarterly.