POLICY IN EVOLUTION

The U.S. Role in China's Reunification

Martin L. Lasater

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Martin L. Lasater

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Organization

Chapter 1 contains an executive summary of the book. Chapter 2 discusses the origins of the Taiwan issue in Sino-American relations and traces the evolution of U.S. reunification policy through the normalization of U.S.-PRC relations in 1979 and the enactment of the Taiwan Relations Act. This chapter points to the complex interaction of the many factors which influence U.S. reunification policy, including relations between the Kuomintang (KMT) and Communist Party of China (CPC), the status of U.S.-PRC relations, the Soviet threat, the U.S. commitment to anti-communism, and the domestic debate over China policy which has been a feature of American politics since World War II.

Part 1 (Chapters 3-5) discusses the Reagan administration's initial handling of the Taiwan issue from 1981-1983. Chapter 3 describes how Reagan's presidential campaign statements in support of "official" relations with Taiwan soured Sino-American relations for much of his first term in office. During this period, the issue of U.S. arms sales to Taiwan became the focal point of contention between Washington and Beijing. The origins of this issue are discussed, as well as crucial changes in the PRC's strategic perceptions.

Chapter 4 considers the important issue of China's military threat to Taiwan. Such an assessment is necessary because the Taiwan Relations Act (TRA) requires the U.S. to sell arms to Taiwan to help deter a PRC use of force to achieve reunification. Beijing considers U.S. arms sales "interference in China's internal affairs," while the U.S. regards such sales as a way of maintaining peace and stability in the Taiwan Strait. The military threat to Taiwan is examined both from the military capabilities and political intentions points of view.

Chapter 5 analyzes two critical decisions over arms sales by the Reagan administration in 1982: the January decision not to sell Taiwan an advanced fighter, and the August agreement to a joint communiqué with the PRC in which the U.S. promised to limit future arms sales to Taiwan in exchange for Beijing's pursuit of a peaceful resolution of the reunification issue. These decisions represented major concessions on the part of the Reagan administration to preserve friendly Sino-American relations and to enhance U.S.-PRC strategic cooperation against the Soviet Union.

Part 2 (Chapters 6-8) discusses the reunification policies of Beijing and Taipei. These Chinese policies are important to U.S. reunification policy, because the goal of U.S. policy is a peaceful resolution of differences between China and Taiwan.

Chapter 6 reviews Beijing's proposals for peaceful reunification since 1979, as well as its periodic threats to resolve the issue by force if Taipei does not respond favorably. Chapter 7 examines the ROC's own proposals for reunification. It explains the rationale behind Taiwan's official policy of no contact, no compromise, and no negotiations with the communist regime on the mainland. The growing influence of Taiwanese in ROC politics is assessed for its impact on the reunification issue. Chapter 8 reviews the increased contacts in recent years between the two Chinese sides, a development which influences U.S. policy options.

Part 3 (Chapters 9-11) examines the evolution of U.S. reunification policy from 1984 to 1987. Chapter 9 discusses the impact of the 1984 Sino-British agreement over the future of Hong Kong. This agreement set forth in specific terms Deng Xiaoping's proposal for "one country, two systems" as a solution for China's reunification. Following the signing of the Hong Kong agreement, Deng requested the U.S. to "do something" to help China's reunification. A summary of the resulting review of U.S. policy is included.

Chapter 10 introduces the Soviet factor in U.S. reunification policy. U.S. security concerns over the Soviet penetration of the Asia/Pacific region are noted, as well as the impact of Mikhail Gorbachev's July 1986 speech in Vladivostok. His speech resulted in a further reexamination of U.S. policy toward China and Taiwan. Chapter 11 examines the gradual adjustment of U.S. reunification policy toward more active support for increased contacts between the two Chinese sides.

Part 4 contains concluding Chapters 12 and 13. Chapter 12 considers alternative futures for Taiwan and various U.S. policy options in response to these scenarios. Chapter 13 draws several conclusions which might be useful to U.S. policymakers as they attempt to manage the reunification issue.

Executive Summary

A concise statement of the Reagan administration's policy toward the reunification of China was made by Gaston J. Sigur, Assistant Secretary of State for East Asian and Pacific Affairs, before the World Affairs Council of San Francisco on December 11, 1986. Dr. Sigur said:

> Some have urged the U.S. Government to become involved in efforts to promote peaceful resolution of the differences between Beijing and Taipei. However, there is a real danger that American involvement would be counterproductive. For at least two decades, we have viewed this issue as an internal matter for the PRC and Taiwan to resolve themselves.

> We will not serve as an intermediary or pressure Taiwan on the matter. We leave it up to both sides to settle their differences; our predominant interest is that the settlement be a peaceful one.[1]

The policy described by Sigur is one of the most delicately balanced American foreign policy positions to be found on any issue. Since the early 1970s the U.S. has disclaimed a role in China's reunification and left the matter for the Chinese to decide. Toward this end Washington has pursued simultaneously friendly relations with the PRC on the mainland and with the ROC on Taiwan. After 1979 those relations were formalized diplomatically with the PRC, and legalized domestically with the people of Taiwan through the Taiwan Relations Act (TRA). When President Ronald Reagan assumed office in January 1981, he maintained existing U.S. China policy, including its policy toward the reunification of Taiwan and the mainland.

There are many indications which point to the success of U.S. reunification policy since 1981. American businessmen actively trade with and invest in both the mainland and Taiwan. Chinese students and scholars from both sides of the Taiwan Strait routinely meet on U.S. campuses and in research institutions. The PRC no longer is considered an enemy of the U.S., and elements of the U.S. Seventh Fleet have even called at a mainland Chinese port. By insisting that U.S. interests are tied to a peaceful resolution of the issue, the U.S. helps to deter a possible PRC use of force against Taiwan and thus reduces regional tensions. As American friends of the ROC have become convinced that Taiwan would receive adequate U.S. weapons to defend itself, China policy has faded as an issue in American domestic politics. In Asia and throughout most of the world, governments friendly to the U.S. have adopted models similar to the TRA to serve their political and commercial interests by maintaining ties with both Chinese governments.

Yet, as Dr. Sigur hinted in his remarks, there are some who advocate a change in U.S. reunification policy. Arguments for change suggest that Sino-American relations would improve significantly if Washington played a more active role in helping to resolve the reunification issue. Usually this role is described as convincing Taipei to be more receptive to PRC proposals for peaceful reunification. Ways to do this range from using friendly persuasion to applying pressure by withholding arms sales.

Advocacy of a change in U.S. reunification policy has mounted since 1982 when relations between the PRC and the Soviet Union began to improve. Since 1969 one of the most important U.S. motivations for normalizing relations with Beijing has been the expectation that a

friendly China would play a larger role in deterring Soviet expansion in Asia. U.S. leaders have hoped to complicate Soviet strategy by confronting Moscow with the possibility of having to fight simultaneously the U.S., China, Japan, and Western Europe. The key steps taken to advance U.S.-PRC relations have been in pursuit of these strategic objectives, including President Richard Nixon's opening to China in 1969-1972; President Jimmy Carter's normalization of diplomatic relations with Beijing in 1978-1979; and President Ronald Reagan's approval of the August 17, 1982, U.S.-PRC Joint Communiqué limiting future U.S. arms sales to Taiwan.

Since about September 1982, the PRC has pursued an "independent" foreign policy calling for the partial cooling of relations with the U.S. and a willingness to improve relations with the Soviet Union. Although Beijing continued to "lean" in the direction of the U.S. because of the more immediate Soviet threat around China's borders, the PRC's adoption of its independent foreign policy resulted in a fairly wide consensus within the U.S. that further concessions over Taiwan should not be made.

But since the December 1984 signing of the Sino-British accord returning Hong Kong to Chinese sovereignty in 1997, the PRC has mounted a sustained effort to convince the Reagan administration to "do something" to help resolve the reunification issue. In early 1985 the Reagan administration seriously considered a message from Chinese leader Deng Xiaoping to this effect. However, little positive response was forthcoming from Washington at that time.

Soviet General Secretary Mikhail Gorbachev's speech in Vladivostok in July 1986 caused another examination of U.S. reunification policy. The Soviet Union launched a series of diplomatic moves designed to match Moscow's military presence in Asia with political and economic influence. A key component of Gorbachev's *glasnost* in Asia was major improvement in Sino-Soviet relations. Several initiatives were made in that direction, particularly on symbolic issues such as border talks, acceptance of the other's system as being truly "socialist," and discussion of the "three obstacles" in Sino-Soviet relations (the Soviet occupation of Afghanistan, Soviet forces along the Sino-Soviet and Sino-Mongolian borders, and Soviet backing of the Vietnamese occupation of Cambodia).

The Soviet peace offensive in Asia raised arguments that Washington should attempt to improve Sino-American relations by removing the Taiwan obstacle. Although most U.S. policymakers rejected the argument, many Chinese analysts on Taiwan and the mainland believed this consideration may have led Secretary of State George Shultz to say in Shanghai on March 5, 1987: "We support a continuing evolutionary process toward a peaceful resolution of the Taiwan issue. . . . We have

welcomed developments, including indirect trade and increasing human interchange, which have contributed to a relaxation of tensions in the Taiwan Strait."[2]

The State Department quickly denied that Shultz's remarks implied a change in U.S. reunification policy. Nonetheless, his statement did indicate U.S. approval of increased contact between the two sides. Beijing saw this as a nod in the direction of its proposals for peaceful reunification, while observers in Taipei perceived a subtle hint that the U.S. wanted steps taken to resolve the outstanding differences between the two Chinese sides.

Whether the Secretary's remarks heralded an eventual shift in U.S. reunification policy is difficult to say. Interviews with key government officials closely involved with U.S. China policy suggest that President Reagan will not play a role in China's reunification.[3] But, as the Secretary noted in Shanghai, the situation between the two sides of the Taiwan Strait "has not and cannot remain static." Although Shultz said that "our policy has been constant" and that the pace of the reunification issue "will be determined by the Chinese on either side of the Taiwan Strait, free of outside pressure," the fact remains that U.S. interests require a continuous weighing of the costs and benefits of maintaining current policy.

The analysis presented in the following chapters suggests that U.S. reunification policy will not be changed except under certain circumstances. Principally, these would include a major change in the reunification policy of either Beijing or Taipei. The PRC, for example, might elect to use force to compel Taiwan to negotiate. Under these circumstances, the U.S. might find it appropriate to support a move toward Taiwan's independence. On the other hand, Taipei might request U.S. assistance in arranging a negotiated settlement between the two Chinese sides. In this instance, the U.S. might be willing either to act as a mediator or to guarantee the final reunification settlement. But current trends in the PRC, ROC, and the U.S. suggest that, for the foreseeable future at least, U.S. interests are best served by maintaining its current reunification policy and by sustaining the status quo in the Taiwan Strait.

Notes

1. Gaston J. Sigur, Jr., "China Policy Today: Consensus, Consistence, Stability," U.S. Department of State, *Current Policy,* No. 901 (December 1986), p. 4.

2. "Remarks by the Honorable George P. Shultz, Secretary of State, Shanghai Banquet, Shanghai, China, March 5, 1987," Department of State, *Press Release,* No. 59 (March 10, 1987), p. 3.

3. Interviews by author in Washington, D.C., March 1987.

2

Origins of U.S. Reunification Policy

This chapter presents a brief historical overview of U.S. relations with China through 1979. It introduces many of the factors which relate to U.S. reunification policy, including the long struggle for control of China between the Nationalist Kuomintang (KMT) and the Communist Party of China (CPC), the history of friendly ties between the U.S. and the Republic of China (ROC), China policy as an issue in U.S. domestic politics, the close relationship between China's domestic and foreign policies, Sino-Soviet relations, and the slow evolution of American perceptions of the People's Republic of China (PRC) from an enemy of the U.S. to a strategic partner to contain Soviet expansion.

The historical record shows a series of twists and turns in U.S. policy toward China and its reunification with Taiwan. This reflects not so much inconsistency on the part of the U.S. as strong disagreement over the proper U.S. relationship with Beijing and Taipei. The origins of this disagreement stem from early U.S. relations with China.

Historical Background

Early U.S.-China Relations

U.S. contact with China dates back to 1784, when the American ship "Empress of China" arrived to trade in the middle of the Qing dynasty (1644-1911).[1] Because the U.S. was a latecomer to the China trade, American interests were in securing equal access to Chinese markets. Decades of effort finally bore fruit during the late nineteenth century, when Secretary of State John Hay played a leading role in the "Open Door Policy" in China. Under the "Open Door," foreign nations received equal opportunity for trade with China and promised to respect China's territorial and administrative integrity.

To a large extent, it was the "Open Door Policy" which prevented China from being carved up into several colonies controlled by Europe, Russia, and Japan. The greatest resistance to the "Open Door" was Japan. In 1908 and 1909 the U.S. attempted unsuccessfully to convince Japan to accept the "Open Door" principle in Manchuria. Japan earlier had seized Korea and Taiwan from China as a result of its victories in the 1894-1895 Sino-Japanese War.

The desire for trading profits dominated U.S. interests in early relations with China. But there was a strong moral element to U.S. involvement with China as well. The first American missionaries arrived in 1811. Although relatively few in number, they became enormously influential in Chinese intellectual circles and in forming American perceptions of China. Virtually every denomination had its China mission society, and U.S. congregations received periodic missionary reports praising the good qualities of the Chinese people and pointing to their desperate need for food, medicine, and modern education. Of particular importance were the many mission-run schools and universities established throughout China. These schools became the primary means whereby Chinese intellectuals learned about western thought.

The U.S. military also had a role in early Sino-American relations. U.S. forces regularly protected American traders and missionaries, and a sizeable contingent of Marines was deployed to assist in the suppression of the Boxer Rebellion in 1900. Most of the money received by the U.S. as indemnity for the Boxer Rebellion was used to educate Chinese students in the U.S.

The most emotional issue in early Sino-American relations was Chinese immigration into the U.S. Thousands of Chinese were recruited to help build the first transcontinental railways across the U.S. during the 1850s and 1860s. Violent agitation against the Chinese led Congress in the 1880s to pass a series of laws restricting further immigration and requiring resident Chinese to register and carry identification. Angered by this discrimination, Chinese students led boycotts against American goods in China during the early part of this century.

Founding of the Republic of China

One Chinese student educated in Hawaii was Dr. Sun Yat-sen. After ten futile attempts, he and other revolutionaries, including a young military cadet trained in Japan named Chiang Kai-shek, overthrew the Qing dynasty in October 1911. Dr. Sun was elected provisional president of the Republic of China in January 1912. He organized the Kuomintang (KMT) in August to consolidate the various Chinese revolutionary parties then in existence.

The KMT's ideology was Dr. Sun's *San Min Chu-i,* or Three Principles of the People (nationalism, democracy, and social welfare). The structure of the government was a mixture of western institutions (executive, legislative, and judicial branches) and traditional Chinese institutions (examination branch to select the civil service and control branch to enforce standards of behavior among officials). Dr. Sun theorized that the ROC would go through three stages of development: military dictatorship, political tutelage under the KMT, and constitutional democracy.

A few months after being named provisional president, Dr. Sun resigned to allow a central government to be formed in Beijing under warlord Yuan Shih-kai. Yuan became a dictator and attempted to reestablish the monarchy with himself as emperor. He dissolved the KMT and sent its members into exile. Yuan died in 1916, but most western governments, including the U.S., recognized the Beijing regime as the legitimate government of China.

During World War I, the U.S. tried to help Beijing reject the Twenty-One Demands of Japan, which would have made China a Japanese protectorate. The Chinese government secretly accepted Japan's claim to Shandong province, however. When this became public at the close of the war, massive student protests against the Beijing government and the Japanese occurred on May 4, 1919. The May Fourth Movement rekindled enthusiasm for Dr. Sun's republican revolution, but led other Chinese to explore communism as a solution to China's problems.

Not finding support for his cause among the western democracies, Dr. Sun turned to the newly established Soviet Union. In 1923 Michael Borodin and other Soviet Comintern agents arrived to assist both the KMT and the recently founded Communist Party of China (CPC). At Soviet urging, the KMT and CPC entered into their first period of cooperation from 1923-1927 to defeat the warlords and unite China. The Soviet advisers sent Chiang Kai-shek to Moscow for military training. Chiang returned to China late in 1923 and established the Whampoa Military Academy in Guangzhou, the seat of the KMT-CPC alliance. Chiang became head of the KMT following Dr. Sun's death in 1925 and relocated the ROC capital to Nanjing.

Chiang moved against the northern warlords in 1926, gradually expanding ROC control over most of the country. In June 1928 Beijing was captured by the Nationalists. On June 25, 1928, the U.S. became the first country to recognize Chiang's Nanjing government as the national government of the Republic of China. Unification of the country under the ROC was completed by the end of the year.

In 1927 Chiang decided to rid the KMT of the communists. He launched a series of campaigns which nearly destroyed the CPC. Chiang's

relentless attacks forced the communists to undertake the arduous Long March of 1934-1935, in which a small remnant under Mao Zedong finally escaped to Yan'an (Yenan) in southern Shaanxi province. While Mao worked out his ideology and gradually expanded his base of support, Chiang turned to the new threat from Japan.

Japanese Invasion of China

In 1931 Japan initiated its seizure of Manchuria. The following year Manchukuo was declared an independent state under Japan's protection. The U.S. refused to recognize the territorial change. Undeterred by American protests, the Japanese moved to establish a demilitarized area in China stretching from the Great Wall to the outskirts of Beijing and from the coast 250 miles inland. Full-scale war between China and Japan broke out in July 1937, following a clash of troops at the Marco Polo Bridge outside of Beijing.

In December 1936 Chiang Kai-shek was kidnapped by one of his generals and held captive in Xian to force him to work with the communists to fight the Japanese. Chiang finally agreed, and from 1937-1945 the KMT and CPC had a second period of cooperation. Throughout the war with Japan, however, the KMT and CPC attacked each other as well as the Japanese.

The internecine struggle between the Chinese was a source of great frustration to the U.S., which entered the war against Japan in December 1941. Throughout the war, one of the aims of the U.S. was to bring about a cessation of hostilities between the Nationalists and the communists.

Despite disagreement with Chiang over how to deal with the communists, the U.S. and the ROC became firm allies during World War II. U.S. military aid began in February 1942. In January 1943 the U.S. relinquished extraterritorial and related rights in China, and in December President Franklin D. Roosevelt repealed discriminatory legislation aimed at Chinese immigration. At U.S. insistence, China was accepted as a "great power" in Allied strategy. In the Cairo Declaration of December 1943, the ROC was promised that Manchuria, Formosa (Taiwan), and the Pescadores would be returned to China at the conclusion of the war. The Republic of China became one of five permanent members of the Security Council of the United Nations, formed in June 1945.

But American decisions in Asia were not always beneficial to the ROC. In the February 1945 Yalta agreement the U.S. ceded Outer Mongolia to the Soviet Union, along with strategic ports and railroads in Manchuria, in exchange for Moscow's entering the war against Japan.