1980s

Diplomatic relations between Washington and Beijing did not solve all problems between China and the United States, but considerable progress became possible in the decade following the decision officially to recognize one another. In China a reform era began in December 1978, with Deng Xiaoping's innovations at the third plenum of the Eleventh Central Committee, where the CCP agreed to reemphasize Zhou Enlai's Four Modernizations of agriculture, industry, science and technology, and military affairs. This plenum proved a watershed event, even though change in various sectors, such as the elimination of communes, had begun on a local level before the meeting. Deng initiated reform primarily to remedy internal deficiencies, of course, but eagerly sought American markets and technology to give impetus to change and found relations with the United States easier to legitimize as a result of the reform movement.

The effort gained momentum during the 1980s, and the opening to the United States did, as hoped, provide economic benefits. Trade between the United States and China rose rapidly, climbing from just over $4 billion in 1983 to some $13.5 billion by 1988. American investment also climbed steadily from a mere $18 million early in the decade to $1.5 billion at the end of 1988. So too did the flow of Chinese students to the United States rise where, by 1988, some 40,000 studied in American universities. A tourism industry also emerged, with roughly 300,000 Americans traveling in China in 1988.

Of course the new exposure to Americans did not always prove easy for the Chinese Communist leadership, particularly in the post-Cultural Revolution era when ordinary Chinese insisted upon expanding the boundaries of political expression. Growing American and Western cultural and political influences prompted efforts to retrench. Thus there were campaigns

against bourgeois liberalization (1980–1981), spiritual pollution (1983–1984), and, in the early 1990s, peaceful evolution (the specter of Secretary of State John Foster Dulles was revived to warn against Western subversion). Not all political upheaval could be blamed on Americans. The Democracy Wall Movement (1978–1979), during which posters and periodicals called for political reform, flourished as a result of a power struggle between Deng Xiaoping and Hua Guofeng (Mao's designated heir). The subsequent crackdown (1979–1980) led to the imprisonment of Wei Jingsheng, the man who became China's most internationally recognized dissident. After a period of repression, political radicals resurfaced with new demands for dialogue and liberalization in 1986–1987, prompting demonstrations in central China and Beijing, followed by a crackdown early in 1987 that toppled the general secretary of the CCP, Hu Yaobang. And finally, there would be the Beijing Spring of 1989, discussed in chapter 7, which combined domestic and foreign pressures for change into a national movement whose demise had a devastating impact on U.S.-China relations.

Early in the 1980s, in the United States a revolution of sorts also occurred, but this was in the mind of the American president and in the interests of the Republican Party. Ronald Reagan had been a vigorous anticommunist, as well as a domestic political conservative, for decades, and in that guise had promoted the cause of Chiang Kai-shek and the Nationalist Chinese government on the island of Taiwan. During the election campaign of 1980, he made clear that he did not approve of Jimmy Carter's decision to establish diplomatic relations with Beijing at Taipei's expense. His rhetoric nurtured expectations in Beijing and Taipei that there would be a drastic change in American policy were he to win the White House.

But the realities of international affairs and the hard work of critical members of the administration prevented Reagan's sympathies from undermining national policy. In 1983, the president declared he would rather adopt the young tennis star Hu Na than send her back to Communist China. But by 1984, he was off to China himself and was heard to declare that the Chinese were not communists at all. As the decade wore on links proliferated across economies and cultures, producing an era of good feeling for China among Americans. Although some critics began to voice concern over human rights abuses inside China, problems such as forced abortion, religious repression, and political disenfranchisement grew only gradually in importance as Americans and other foreigners built their relationships with the Chinese.

More disturbing, early in the decade, to the burgeoning relationship between Beijing and Washington than human rights was the confrontation over Taiwan. From the first days of the Reagan era, when representatives of Taiwan were invited to the inauguration, through negotiation of the August 17, 1982 communiqué, China found reason to object to American policies concerning the Guomindang regime. Tension over whether Americans encouraged the idea of Taiwan's independence were given impetus by changes on the island. During the 1980s, Taiwan turned from autocracy to democracy under the guiding hands of Chiang Ching-kuo and Lee Teng-hui. Coupled with its flourishing economy, democratization made relations with Taiwan more appealing and more important to Americans.

Significant changes also came to pass in Hong Kong, where the United States had long maintained a large diplomatic, intelligence, and commercial presence. Early in the decade Hong Kong's prosperity appeared to be at risk, in part because of the uncertainty of the colony's political future. Although London was bound by treaty to return portions of the territory to China in 1997, no provisions for this event had been made. Therefore, the British launched often acrimonious negotiations with Beijing over Hong Kong's future. The result was the 1984 Sino-British Joint Declaration in which London and Beijing agreed on general policies for retrocession. The renewed stability this brought to the territory bolstered American confidence and expanded trade and investment.

At the same time, profound differences between Moscow and Beijing began to be addressed in the 1980s, with unpredictable implications for the United States. Several factors, including Reagan's views on Taiwan and growing Soviet hostility to the Sino-American connection, led Beijing to reexamine its international posture and decide that it had positioned itself too close to Washington. Moscow, it was feared, might launch a preemptive attack on a China too much a part of the Western camp. Instead, during 1982, the Chinese began to follow a more independent foreign policy and sought to improve relations with Moscow. Nevertheless, the Chinese demanded that three obstacles be removed before serious progress could be made: (1) that the Soviets pressure Vietnam into withdrawing its troops from Cambodia, (2) that the Soviets pull their own forces out of Afghanistan, and (3) that there be a substantial reduction in troop levels along the Sino-Soviet border.

When Mikhail Gorbachev took the reigns of power in the Soviet Union in 1986, the Chinese finally got what they had long sought. In July 1986, at

Vladivostok, Gorbachev declared that he would remove Soviet forces from both Afghanistan and the border, particularly Mongolia. Skeptical Chinese leaders hesitated to move forward, however, so in 1988, Gorbachev revisited the issue and removed additional troops from East Asia while also persuading the Vietnamese to set a date [September 1989] for their own departure from Cambodia. As this reconciliation materialized, Americans worried about the impact it would have on U.S.-China relations. Even if there were no overt anti-American alignment, the alleviation of the Soviet threat to China would weaken the strategic rationale for close cooperation between Washington and Beijing. Chinese officials, recognizing American discomfort, however, worked hard to reassure the United States. In the end, as it happened, a triumphal summit in Beijing between Gorbachev and Deng was overshadowed by dissident protests in Tiananmen Square almost on the eve of the collapse of the Soviet Union.

ELECTION CAMPAIGN

During the 1980 presidential campaign, China policy became an issue between Ronald Reagan and Jimmy Carter. Reagan was not opposed to the China opening per se. In fact, he had been critical of Gerald Ford during his years in the White House for allowing the momentum of the relationship to slow, when, as Reagan saw it, China comprised a handy counterweight to the Soviet Union. However, Reagan wanted better relations with Beijing without abandonment of Taiwan. Therefore, he declared that upon entering office he would create a liaison office in Taipei, providing, once again, an official link between the two old allies. In response to vigorous Chinese protests, George Bush, Reagan's running mate, went to Beijing to clarify these statements. But while still on Chinese soil, the Bush mission was undermined as candidate Reagan reiterated his support for Taiwan. Eventually Reagan had to face reality and relinquish his rescue effort, but in the interim he caused considerable distress in Washington and Beijing.

FREEMAN: Ronald Reagan essentially proposed, over the course of 1980, to reverse two elements of the normalization understandings with regard to Taiwan, encouraged by Jim Lilley, who was at that time principal advisor to [George] Bush. First, he felt that an official relationship of some sort should be reestablished with Taiwan. Second, he did not

agree with the formulation that the Carter administration had carefully preconcerted with the Chinese on arms sales to Taiwan. That formulation was that the United States would continue to sell carefully selected defensive weapons to Taiwan, and there would be overall restraint in the level of sales. And he objected to that.

Subsequently, Reagan thought better of this, when he began to realize the importance of China to our overall international strategy, and specifically the things that the Chinese were doing with us with regard to Afghanistan—the collection of intelligence on the Soviet Union and the like.

HUMMEL: To upgrade our relations with Taiwan was a move which could have destroyed our relations with the PRC. Because the statements made by Reagan during the campaign upset the PRC a great deal, the Reagan people sent George Bush on a quick trip to Beijing [in August 1980] to try to explain. He, of course, had been the head of the U. S. Liaison Office in Beijing, 1974–75. The Chinese Communist leaders knew him very well. They liked him. However, he failed to mollify or calm the fears of the Chinese Communists as to what the Reagan administration might be up to.

LORD: There was a great deal of apprehension by the Chinese and others about what would happen to our China policy as President Reagan took office. I remember distinctly on various occasions with the Chinese in New York and Washington, reassuring them, saying that any president when he gets into the oval office tends to have a different view of geopolitics. This president would be no exception, particularly because he had chosen Al Haig as secretary of state, who had been heavily involved in the China opening and was very pro-engagement with China.

HOLDRIDGE: In 1980, our friends in Taiwan saw their great and good friend Reagan come along. Remember, Nixon sent Reagan to Taiwan to explain what was happening after the Shanghai Communiqué. Later on, to keep things on track, especially over the whole question of the United Nations' membership, Reagan was sent by Nixon to reassure Chiang Ching-kuo that we would stand firmly behind Taiwan and its position internationally. In comes President Reagan, and Taiwan thought that it was going to have it home free.

HUMMEL: At the time of Reagan's inauguration, Anna Chennault, the widow of General Claire Chennault,[1] was mixing her sticky fingers into all kinds of things. She was a member of the Republican National Com-

mittee. She was very actively involved in planning for the inauguration. Without consulting anybody, as far as I could find out, she decided to invite representatives from Taiwan to come to the official inauguration.

HOLDRIDGE: The governor of Taiwan, the secretary general of the Guomindang Party, and the mayor of Taipei were all included to represent Taiwan, the Republic of China, at the inauguration. Chai Zemin, the Chinese ambassador let it be known that if these people showed up, he wouldn't. The last thing we needed in the world to start the Reagan administration off with was a big fuss over China policy.

The way I resolved that one was first to go to Anna and tell her she had made a dreadful mistake, and that she should do what she could to pull back on the reins. I then made an international phone call in the clear, assuming that ears would be listening all over, to Chuck Cross, the head of our American Institute in Taiwan.[2] During that telephone call, I told him what dreadful consequences would ensue in the relationship with Taiwan if we started out the Reagan administration with a big brouhaha over China policy. The word got through, and the secretary general of the Guomindang Party, who was here, got a diplomatic illness. Jim Lilley, who was in the CIA at the time and was our AIT representative later on, and I went over and called on the poor, ill gentleman in his hospital room. This was to show that our hearts were in the right place.

HUMMEL: Anna's stock, of course, dropped sharply, both in Beijing and in many circles in Washington.

The Reagan administration came in with more ideological baggage than most. What impact did that have?

DONALD ANDERSON: Reagan scared us all to death before the election, and really immediately after the election. The transition team that he sent over to State was pretty shocking.

FREEMAN: The transition was a somewhat bizarre experience, because it went in two phases. First, there was a group of congressional right-wing types who landed in the State Department. They were ostensibly representing the president, before he had really selected a new secretary of state officially, although Al Haig was rumored. This group arrived, and they were hostile. I was told that Senator [Jesse] Helms had a list of 17 people who had to be purged, and that I was on that list. So there was

a very nasty atmosphere. These people went around and interviewed the different desks, including the China Desk, and tried to get some sense of what the state of play on the relationship was.

But the instant Al Haig was named as secretary, he thanked all these people for their good work, sent them packing, and brought in his own people, who were a great deal more strategically sensible and less ideological. So there was a sort of sigh of relief. It was a difficult transition, although it was a friendlier takeover than the one between Reagan and Bush in '88-'89, which was a very unfriendly thing indeed, as different wings of the Republican Party succeeded each other.

Secretary Haig was a strong supporter of a good relationship with China, and had maintained close contact with the Chinese when he was at SHAFE [Supreme Headquarters Allied Expeditionary Forces] as SACEUR [NATO Supreme Allied Commander, Europe], and had, of course, been involved with the opening of the relationship with China as Kissinger's deputy back in the early '70s. He did gradually gain ground with the president on these issues, and convince him that the enemy was the Soviet Union, not China, and that there were merits to maintaining a good relationship with China, and that that meant that we had to go through a certain level of contortion in our relationship with Taiwan to demonstrate that it was unofficial.

He did something extraordinary, early in the Reagan administration. He brought Ji Chaozhu, who was at that time still a mid-ranking Chinese official, but who had gone to Harvard and was actually on the ship of Chinese students who returned to China at the time of the Chinese Revolution and the Korean War, and who had served as Zhou Enlai's interpreter, in to spend some time with the president.[3] Ji was a very personable, fluent English speaker, a very glib spokesman for Chinese views, in terms that Americans can understand and relate to. Haig's motive was very clear, and it worked, and that was to show the president that the Chinese might be communist, but they were also decent human beings, and that you could talk with them. Reagan had entered office with an ideological stereotype of China really untempered by any human contact with the Chinese. Haig did everything he could to try to help President Reagan get a more sophisticated understanding of China. This began to break down a bit of the stereotype in Ronald Reagan's mind. So that all worked, thanks to the genuinely heroic willingness of Al Haig to impale himself on this issue.

On this battle for the "soul" of President Reagan on China, George Bush was vice president but had actually been Reagan's opponent for the Republican nomination for president. Bush had also been our representative in Beijing. Did you feel that he was playing much of a role, or was he not yet comfortable with Ronald Reagan?

HUMMEL: He was very much out of it. I am quite sure that George Bush, whom I got to know quite well, simply didn't want to have to argue with Ronald Reagan about China policy. He saw that Secretary of State Al Haig was doing the heavy lifting on this and that he was doing the right thing. Why should George Bush strain his own, personal relations with Reagan when he didn't have to?

DONALD ANDERSON: Haig kept the China thing on the trolley and prevented it from taking a real lurch. And once he had stabilized it, and the bureaucracy that was built up around the president, after that there were relatively few problems. We had a tougher bunch than we did in the early days. Paul Wolfowitz was the assistant secretary, and there was less empathy with the Chinese. He was more interested in other issues, and he didn't see why we were pandering to the Chinese. They took a more pragmatic attitude, and were willing to risk offending the Chinese more so than, say, during the Carter period.

SIGUR: I felt very deeply that we had not as strongly emphasized the U.S.-Japan relationship, that we had been somewhat mesmerized by China, with the opening to China under Nixon and Kissinger, and continuing on with that through the Ford and Carter administrations. I support fully the opening to China and the way in which we pursued our policy. But I thought that in some ways we had tended to neglect the Japan relationship, which, it seemed to me, was becoming more and more significant to us certainly in the trade area, but also in the security side as well, and that we therefore had to take some rather special steps. Not to say that in any way we diminished the China relationship, that is not true, but at the same time, we emphasized and tried to build up the Japan relationship.

HUMMEL: In the spring of 1981, Secretary of State Al Haig decided that he wanted to push me to be ambassador to Beijing. What Haig wanted in Beijing was somebody who would vigorously, and at probable risk to his career, oppose, in official communications, any stupid things that might be done by the White House. It was not only President Reagan

who wanted to be nice to old Taiwan friends, whom we had treated rather shabbily. It was also Richard Allen, who was then the national security adviser, who was also very vociferous about this issue.

Haig clearly understood the problem of China which had been created by Reagan's own personal proclivities and also by Richard Allen. Among other things, Haig made his own trip in June 1981, to the PRC to mollify the Chinese—or to promise them that he would do his best to keep the relationship on a reasonable track. Haig persuaded President Reagan to make some mollifying statements during the spring of 1981, saying that our relationship with the PRC was governed by two communiqués—the Shanghai Communiqué and the communiqué related to the switch of recognition from Nationalist China to the PRC. The main thrust of this was that there was only one China and we would not promote two Chinas—one in Taiwan and one in Beijing. Reagan publicly reaffirmed those principles.

TAIWAN ARMS SALES ISSUE

When the United States and China opened diplomatic relations in 1978, they did not seek final resolution of the issue of Taiwan because they could not agree on policies toward the island. Washington, as we have seen, did abrogate the defense treaty, withdraw its military forces, and sever formal relations. But Congress refused to drop the sales of weaponry designed to keep the island free. The Chinese objected from the first, and, by 1981, had concluded that continually expanding sales of advanced equipment would make it more and more difficult to bring about reunification. So Beijing decided to take action to try to stop the sales.

FREEMAN: On the arms sales issue, Reagan persisted in his view. It found expression, over the course of 1981, in the so-called FX issue, the FX being a fighter aircraft, that the Carter administration had authorized.[4] This would have been the first such major weapons system produced by the United States specifically for export, rather than for acquisition by our own armed forces.

This issue was a very political one. There were two companies competing for it: Northrop, which was based in southern California, and General Dynamics, which was based in Texas. The General Dynamics

aircraft was a downgraded version of the F-16. The Northrop aircraft was a newly designed aircraft, in effect, major re-engineering, based on the old F-5.

Which had been our principal export fighter.

FREEMAN: Exactly. That competition was left open during the campaign, because, of course, Carter wanted to appeal to the voters of both southern California and Texas, and didn't want to alienate one or the other. And he bequeathed this decision to Ronald Reagan. In the event, Reagan, solomonically, decided not to tear the baby in half, and to let both of them compete [further]. It meant that Northrop, which had put a huge amount of money into developing the F-20, as they called it, their version of the FX, was going to be in deep financial trouble if it couldn't make a sale to Taiwan.

HOLDRIDGE: Taiwan had been told earlier at some stage in the process that they would get an aircraft which would be an upgrade of the F5E/F series, which they had. It was known as the F5G, and it was carefully designed by Northrup so that it did not have a kind of a range or a loiter time capability which would allow it to be an offensive weapon against the mainland. It would be a fighter interceptor and useful for defensive purposes. Taiwan begins to talk about it all over the place. The Chinese fired back their responses. They could live with what was there—the F5E/F—but they could not accept an upgrade.

FREEMAN: So there were powerful economic interests and political interests involved. The conjunction of Ronald Reagan's sympathy for Taiwan and his gut feeling that it was wrong to deprive a former ally and a friend of access to this very potent weapons system with the economic and political muscle that was behind it from Texas and California meant that he strongly favored selling this aircraft to Taiwan.

HUMMEL: In China in June, Haig exceeded his instructions by saying publicly that we would now begin to sell selective, defensive armaments to the PRC. This matter had been discussed and studied, but he did not have the authority to make that statement. Al is pretty much of an unguided missile. On China he was very good, but in other ways he is kind of flaky.

Then, in July and August 1981, just as I was preparing to go out to Beijing as ambassador, there were press stories emanating from the

Arthur W. Hummel, Jr. with Zhu Rongji. *Courtesy of Arthur W. Hummel. Jr.*

White House—which were all true—that Richard Allen had developed the idea that we would sell some military equipment to Beijing, just enough to keep them satisfied. Then we would radically increase our sales of military equipment to Taiwan. The PRC leaders, of course, read all of this. They had planned to send their vice chief of staff, an admiral named Liu Huaqing, on an exploratory trip to the United States, to arrive in August 1981, with a considerable list of things that we might be able to sell to the PRC and which we would discuss. We had an advance copy of this list. When the stories appeared in the press about this plan to entangle the PRC with a few purchases of military equipment, leaving us free to sell a great deal to Taiwan, the PRC decided that it had to react. First of all, they canceled Admiral Liu's visit. That was quite a shock to those of us who were working on China.

FREEMAN: These developments were a clear challenge to the normalization understandings with Beijing. As the summer proceeded, I began to get signals from Chinese contacts of two things. First, a renewed effort by them to engage Taiwan in peaceful reunification. I was able, in fact, on the basis of those contacts, to predict pretty accurately, well in

advance, the statement that Ye Jianying [chairman of the National People's Congress Standing Committee] made to what he called "Taiwan compatriots" [on September 30], a very detailed proposal on reunification, with major new elements of flexibility in it. And I anticipated, but not adequately, that this indication of flexibility by the Chinese on the Taiwan question would be accompanied by a ratcheting up of the pressure on the United States to re-adhere to the commitments that we had made at the time of normalization.

HUMMEL: The next move was much more serious. The PRC Prime Minister [Zhao Ziyang] and President Reagan met in Cancun [Mexico] at the time of a meeting of the Group of Seven Industrialized Countries [in October]. During the half-hour or 45-minute meeting that they had, the prime minister didn't have time to say what he wanted to say. So he sent the foreign minister, Huang Hua, on a separate visit to Washington. He presented a very tough ultimatum. He said that unless the United States agreed to set a date for ending all arms sales to Taiwan, there would have to be a downgrading of diplomatic relations between the PRC and the United States. The PRC wanted to see an end to what they saw as encouraging Taiwan's independence. In a way, that was true.

The Reagan administration was reviving the TRA legislation, not only as an excuse, but treating it as a mandatory obligation in law passed by Congress, as opposed to communiqués, which are only documents approved by the Executive Branch. The Reagan administration was using the TRA as a reason for acceding to the very sharp demands of the people in Taiwan, who at that time were still quite concerned over military readiness and the eventual possibility, down the road, of a PRC invasion of Taiwan. All of this led to the PRC ultimatum. We were told that we had to set a date for termination of arms sales.

HOLDRIDGE: Al very strongly resisted that idea, but said across the table that we would be willing to accept limitations on quantity and quality—keep it at an existing level. We had a big problem about what Taiwan's actual needs were. Various government agencies labored long and diligently to come up with the idea that Taiwan did not need an upgrade. The F5E/F was perfectly adequate for anything which China, at that time, was able to put into the air.

LILLEY: I was the guy at the NSC. So I said do a study on it. Get Defense to do a study. I don't think CIA will give you an objective account. So

Defense did the study and came back and said they don't need them. Haig loved it. It went up the line and Haig leaked it to the press, and the *Washington Post* picked it up. And eventually Bush and the president decided they weren't going to do it.

HUMMEL: At the time John Holdridge was assistant secretary for East Asian Affairs. I had come back to Washington to attend a crucial meeting on the PRC ultimatum. Of course, downgrading diplomatic relations would mean that I would lose my job as ambassador to the PRC, so this matter had my full attention.

FREEMAN: By the early part of 1982, we were engaged in intense negotiations. The first phase of these was really quite memorable, in that we were thundered at by the then Chinese vice foreign minister, Pu [Shouchang]. In the best Mandarin tradition, he lectured and hectored and put us in our place, seated in a high seat, with us in low seats, in the room. When it was clear that that was going nowhere, the Chinese then switched interlocutors, and we got Han Xu, who was assistant minister for American and Oceanian affairs, who had been in Washington and was very well known.

HUMMEL: The 10-month process of negotiations, which I carried on in Beijing, was done in very desultory fashion at first [beginning in February 1982]. Nobody quite knew how to approach this issue. I had very good, almost fortuitous support from Democrats. Walter Mondale came through Beijing. Harold Brown, a former secretary of defense [in the Carter administration] came through. I urged them—and they readily agreed—to tell the PRC leaders that no American president, Republican or Democrat, could set a date for terminating arms sales to Taiwan under the existing circumstances. The PRC leaders at the very top level did not understand the political nuances that made it impossible for any American president to do what they were demanding. However, the people further below in the PRC government had a more sophisticated agenda. Their agenda was simply to get the full attention of President Ronald Reagan, which they succeeded in doing.

Al Haig insisted on seeing President Reagan privately, and often. Over a considerable period of time, Al was able to persuade President Reagan that we had to work our way out of this impasse and that we could not, at that time, sell unlimited military equipment to Taiwan. In effect, we decided on a unilateral moratorium on all arms sales to Taiwan while negotiations were going on. This was a very difficult thing

for President Reagan to agree to do, but it is greatly to Al Haig's credit that he was able to persuade Reagan on this issue. His clinching argument with Reagan was, "We Republicans cannot have, in our first year in office, a foreign policy disaster like a rupture with the PRC. This would hurt us, domestically." It was the domestic aspect, then, which caught Reagan's attention, which was rather ironic, instead of the strategic and foreign policy damage.

Were there forces within the Republican-dominated Senate—or elsewhere, besides Allen—who were basically trying to hurt our relations with Communist China?

HUMMEL: Oh, yes, Senator Jesse Helms [R-NC]. And people around the edges, who had been involved with China for a long time in the China Lobby. I refer to Ray Cline, a former CIA official who was actually on the Taiwanese payroll, and Walter Judd, a former Congressman who had been a medical missionary in China and was very active in the China Lobby. There were a lot of people who were strongly urging—and who were being strongly urged by the Taiwan people, who were very deeply entrenched in and around Washington—to do something for Taiwan.

At that time the Taiwan people saw this as a zero sum game and did a lot of things around the edges to try to spoil the relationship between Washington and Beijing. Demonstrations in favor of the Guomindang political party were held at a time when PRC government officials were visiting here. There were damaging newspaper stories. There were all kinds of little things—and some not so little—to promote and support the cause of Taiwan, because advocates of Taiwan could see that support for Taiwan was eroding, as Americans became more and more involved in trade and negotiations of all kinds with the PRC.

FREEMAN: As the negotiations proceeded, they developed effectively two tracks: first, a series of formal meetings, chaired by the ambassador; and, second, far more productive and detailed, a series of informal lunches at my house, with two of the senior but subordinate members of the Chinese delegation, Zhang Zai and Zhang Wenpu, in particular, with some others, and the political counselor from the embassy, Jay Taylor, talking ostensibly totally on an ad referendum, off-the-record, trying to explore the basis of a compromise, on a sort of what-if basis—

What if we said this, what would you say to that? What about this set of words, would that do it? Although informal, these discussions were very closely controlled from Washington. The president was personally reviewing every account of these discussions, and they were conducted with meticulous care on both sides.

We kept in extraordinarily close contact with Washington. We actually communicated mainly in Chinese, written in Roman letters, in order to keep prying eyes from being able to read the comments that we were making about the state of play, and it produced candor. There were huge battles going on back in Washington, the precise details of which I didn't entirely know. But this resulted in very, very specific instructions with regard to wording changes and different approaches that we might take. Now we in Beijing made many of the suggestions that resulted in those instructions. We were occasionally overruled on our suggestions, but often they were accepted, although not without a battle.

Just to get a flavor for this, when you were doing the negotiating and you got somebody lecturing you, trying to put you in your place, what was the American riposte?

FREEMAN: The American reply to this, through Art Hummel, who is a consummate diplomat, was tough, but not strident, reasoned, and refused to allow us to be put on the defensive, as Mr. Pu was attempting to do. But this exchange of set-piece statements clearly wasn't going to go anywhere. The informal discussions were conceived, by both sides basically, as a kind of off-conference method of producing something. There actually were very, very few formal meetings, until the precise end. I think the Chinese had not been accustomed to this kind off-site, informal session. They, however, quickly grasped the ground rules and played very fair in the course of this rather intense and often quite unpleasant set of exchanges. People on both sides came to have increasing respect for each other. That helped subsequently in rebuilding the relationship, once we were able to get past this bad moment.

HUMMEL: The negotiations continued, with growing intensity, through the summer of 1982 and finally culminated on August 17, 1982, with a communiqué. The necessary shape of the communiqué had been pretty visible to everybody for a good many months. The PRC leaders just

couldn't bring themselves to agree to it until the very last minute. The PRC leaders like to stretch things out to the deadline. The shape of the communiqué was determined by the fact that we had to persuade the PRC leaders to link a continued diminution of our arms sales to Taiwan, in both quantity and quality, to a peaceful situation in the Taiwan Straits. We had a little escape valve there in terms of quality because I made sure that we said that we could not always match the quality of seven-year-old weapons, because we no longer would manufacture them. The effect of this, of course, was that if there was no peaceful situation, if the PRC decided to try to invade Taiwan, which we thought was very unlikely, then all bets were off. We could then sell or give anything we pleased to Taiwan. Also, we brought this communiqué into conformity with the TRA, which required us to sell things which are necessary for the defense of Taiwan. So the more necessary the defense, the more we could sell.

The negotiations were quite excruciating for several months. George Bush came over to the PRC. He carried letters from Ronald Reagan, which were later made public, reaffirming our fundamental policy of one China and also reaffirming that we would continue to have what we called unofficial relations with Taiwan.

HOLDRIDGE: The problem was the August 21 date. By August 21, 1982, the Air Force was going to have to notify Congress of the continuation of the F5E/F [production] line. If we didn't have a joint communiqué to resolve this whole question of arms sales to Taiwan by this time, our whole relationship could have been plunged into chaos.

Al Haig admits in his book that the best thing he did for his country at this time [June 1982] was to take himself out of the position of secretary of state.[5] He was so disliked in the White House—the suspicions were so intense—that anything that Al would have sent over would have been thrown back into the teeth of the Department of State. Time would have been wasted. In fact, Al actually opposed the visit of Vice President Bush to China in May of 1982, which happened to cut the Gordian knot. Maybe this is some explanation for why Bush was willing to send [National Security Advisor Brent] Scowcroft [after Tiananmen (see chapter 7)]. Somebody has to take an initiative. He went and was able to convince the Chinese that we were absolutely sincere in trying to find a resolution. We weren't trying to do them in, but we had our own domestic problems to take care of, as well.

HUMMEL: There were also other items of military equipment which we owed to the PRC, and many to Taiwan, which had already been paid for. There were several deadlines which we simply could not postpone any further. We persuaded the PRC leaders that, if we did not have an agreement on their ultimatum, the terms of which were public knowledge, we would then have to go ahead and make these sales to Taiwan, and the whole world would believe that we were just spitting in the eye of the PRC and ignoring their ultimatum. We pointed out that that would not be good for the PRC and not good for the United States, either.

FREEMAN: The break point in these negotiations was a personal communication from President Reagan to Mr. Deng, saying, "I just can't go any farther." That was the essence of it. And that came in about July. Mr. Deng and President Reagan both decided to hold their noses and call off the fight. We had a series of rapid plenary sessions between the ambassador and Han Xu that wrapped up the communiqué text in mid-August.

The core of the compromise was that the Chinese had to accept that U.S. arms sales would continue to Taiwan, something which stuck in their craw, thus making the United States the only country that had Chinese permission to sell weapons to what they regarded as a province in rebellion against the central government. We, for our part, had to agree to cap the quality of the weapons we transferred at existing levels and to reduce the quantity of sales progressively, with a view to ultimately reaching some complete solution of this problem and ending arms sales entirely.

LILLEY: They [the Reagan administration] worked in what they called the Six Assurances to Taiwan and these basically boiled down to the United States will not pressure Taiwan to negotiate, the United States will not serve an intermediary role, the United States will not terminate arms sales to Taiwan.[6] These were all worked into a statement that John Holdridge made subsequent to the communiqué. Reagan said his interpretation as relayed through Gaston Sigur was, "Listen, this thing hit me at the last minute. I don't like it. And I want you to understand that my understanding of this communiqué is that we will maintain a balance. And if China becomes belligerent or builds up a power projection capability that brings insecurity, instability to the area, we increase arms

sales to Taiwan regardless of what the communiqué says about quantity and quality."

LORD: In 1982, I testified backing the Reagan administration on the third communiqué that was negotiated with respect to arms sales to Taiwan. We couldn't actually get the Chinese to renounce force, but we felt there was a strong enough indication along with our commitment and arms sales in the same communiqué to give us sufficient linkage and therefore we could always provide for Taiwan's defense as long as they had a security problem. We would only reduce their arms sales as the situation got more peaceful.

SIGUR: In the accompanying statement by the president, he made that very clear that he would never have agreed to the communiqué without what we considered to be the Chinese acceptance that there would be no use of force. Now sometimes they'd quibble on this one, but we believed the Chinese acquiescence not to use force.

FREEMAN: The intelligent policy always had been rather than to make arms sales, to transfer technology, so that Taiwan, admittedly at somewhat greater expense, could produce major weapons systems in Taiwan. And there would not be the visible export and all of the debates in Congress and publicity that we uniquely generate when we transfer weapons to some foreign purchaser. In fact, that was attempted, and it was the genesis of the so-called IDF (indigenous fighter) program in Taiwan, as a substitute for the F-20 (FX). It was also attempted with other items, such as patrol boats and the like.

SIGUR: When we signed the communiqué, in August of '82, the opposition to the signing of it, from the side that felt we were in fact capitulating to the demands of Beijing and that we were not adequately providing for the security and future safety of our friends on Taiwan, it came from the Congress, and it was all over the place. It wasn't just . . .

You didn't feel this was the right wing of the . . .

SIGUR: No, sir. I don't want to go into names here, but it was people who you would not think of that way at all, who would give me phone calls and say, "What have you done? How dare you do something like this?" I'm talking about one of the leading Democratic senators. Yes, I got it from all sides. However, the fact that Reagan had done it in some ways muted some of the critics up there from the more right

wing of the Republican Party who would have, if it had been another president, really been much more loud than they were. And, during the course of the time of finalizing this communiqué, I and others really made a tremendous effort to explain what we were doing on the Hill. And we would try to tell them that in no way were we abandoning our friends on Taiwan. Quite the opposite. What we were trying to do was to create a more stable atmosphere in which we could continue to maintain good and close relations, unofficial, with Taiwan, and at the same time, build up the ties with Beijing, which was essential in our terms. And the president was perfectly behind this dual track policy. He went over it line by line and comma by comma in terms of what was being done.

You said earlier that these were excruciating negotiations. Could you talk a bit about your experience at that time with the Chinese style of negotiation?

HUMMEL: Frankly, I don't think that there's anything particularly unique about the Chinese negotiating style. Any clever negotiator—and many American lawyers—knows all of these tricks as well. One of them is to shame the other side, pulling out some ancient statement that you made two months before and pretending high indignation because you were now saying something else. Another one is trying to get matters of principle established before the negotiations start and, buried in these principles, of course, are the elements that they want to insist on. There have been books written about Chinese negotiating style.[7] There is a long list of their tactics, but none of them are unique to China.

FREEMAN: Both sides, frankly, postured. The Chinese would say that they could not ignore the feelings of 1.1 billion Chinese—by which they meant that they couldn't ignore the feelings of the handful of people who really mattered in China. We would cite congressional sentiment, on our side, as a constraint on what we could do. I'm sure both sets of statements did reflect some sort of reality, but both of us were aware that we were posturing.

Sometimes you get into one of these negotiating situations where everything has to be referred to someone else. The people you are negotiating with are nothing more than a "letter box." Did you find this to be the case?

HUMMEL: Well, yes. However, very frankly, this was true on both sides. I was a letter box, too. Now, I could—and did—make many strong suggestions back to Washington and obtained approval of those suggestions. However, I couldn't break new ground with the Chinese without obtaining permission from Washington. This makes one long for the sailing ship days when there was no radio and no undersea cable. Ambassadors were sent out with six months' worth of "Extraordinary and Plenipotentiary" powers to commit the United States government.

CHINA IN THE 1980s

The early days in Beijing proved to be difficult, but probably less dispiriting than some Foreign Service officers had feared. The Chinese kept tight controls, spying on Americans in the Middle Kingdom, but they also were happy to have them there. For the Americans, the challenge of operating in this sometimes oppressive communist dictatorship was matched by the exhilaration of witnessing the dramatic changes taking place almost on a daily basis.

HUMMEL: We had a considerably substandard embassy in terms of housing when I arrived [in 1981]. The office and the residence were squeezed together in a small compound, as well as the USIS office, too. The reason for this is that when we first came there to establish the U.S. Liaison Office, it was below the status of an embassy. Then, when we switched recognition to Beijing, the large estate which was the residence for the Chinese Nationalist ambassador in Washington was sold off so we could not turn over that residence to the PRC, which was very unhappy about it.[8] So because the PRC did not get preferential treatment in Washington, we couldn't get preferential treatment in Beijing. It took a lot of very hard work and wrangling with the PRC authorities to get better premises. In the beginning, Beijing was really a tough post. We had an average of, say, 20 to 30 new staff members living in hotel rooms with their families at any given time. Those hotels were not very good. The PRC authorities dragged their feet, trying to get us to do more things for them in Washington.

China is a country in the exotic Orient. Was there a problem with either male or female staff getting involved with a Chinese national more than would have happened elsewhere?

HUMMEL: In those very early stages of our relationship with the PRC, Chinese men and women who might have become involved with Americans would have been severely penalized if they were caught having sexual relations with foreigners. It was the PRC government attitude which prevented it. We had quite a few cases of this among the non-official American community.[9] That's another aspect. The non-official community was burgeoning—teachers, students, resident business people, and lawyers. All kinds of Americans were moving in, in great numbers. We had some nasty cases there where the Chinese authorities would pretend that they had information in their possession—so-called Chinese classified, internal documents. A lot of people, including journalists, had access to such documents. Anyway, they would use these excuses to expel someone—or even put them in jail.

What were the Chinese after in such cases?

HUMMEL: They were trying to separate the two societies. First of all, they had a paranoid attitude about security and national secrets, including economic statistics. Secondly, there was a genuine desire to prevent contamination of Chinese society with American social habits. The Chinese Residential Block Committees exercised very close control over the personal lives of everyone living in their area. If they went to bars and got drunk, they would be punished when they returned. All of this began to break down during the period from 1981 to 1985. The level of personal and social freedom improved substantially. Not, of course, political freedom.

KURZBAUER: Fox Butterfield's China was challenging, exciting, and stressful. So my image of China from his book [*China, Alive in the Bitter Sea*][10] and others was dark. I had just read about the Cultural Revolution and the great dislocations and the terrible traumas. If somebody asked me how I imagined China, I would have said regimented, everybody in lock-step, everybody wearing the same clothes, everybody reading the same book—or turmoil or anarchy! These two kinds of

extremes. I know that is an emotional image, not a scholarly or professional image, but that was my view. So at first when I was assigned to Beijing, I didn't know what to expect and I didn't think it was going to be an easy assignment. I thought it would be isolated, difficult materially, but more importantly emotionally isolated. So my view was cautious, nervous, and uncertain.

HUMMEL: This leads to something else—the fact that we were quite sure that our houses and offices were bugged by the Chinese. This meant that a certain number of subjects—and you'd be surprised at how few they were—would have to be discussed in a special room. This was the so-called bubble, classified conference room. A room built of plastic inside another room, no windows, just drapes, and with fans blowing to make "white noise" so that you can't be overheard. This room was not supposed to be buggable. These subjects included future negotiating positions, anything relating to the CIA, and that kind of thing. However, there was no harm in letting the Chinese monitors know what our basic attitudes were about Chinese actions, about our routine operations, and most of our problems and work.

LORD: We had the constant reality that everything was bugged, including our entire household, so we were always careful whenever we spoke in the house, even in our car, unless we wanted to make a point like "I hope we aren't having sea slugs at the next Great Hall banquet." You felt, obviously, that you and your people were being followed. In my case, they probably did it out of security reasons. They wanted to make sure nothing would happen to me [the American ambassador]. Of course, you feel more secure ironically, in a communist-controlled society. You won't get hurt by criminals or other elements because the [security forces] are always around and they have got things under control.

What was your impression of the Chinese ruling apparatus?

HUMMEL: They had some quite good people. Deng Xiaoping was already somewhat in the background. He was not the head of the Communist Party of China and he was not the head of the government. However, he was the head of the Military Commission of the Party, which was still a very powerful position. Whatever he wanted to have happen would happen—in those days.

The prime minister, Zhao Ziyang, was a really first-class administrator and a nice person.[11] The top-level Chinese leaders never really grasped the complexities and difficulties of the American political system. We have an Executive Branch that can make promises and a Congress that can then refuse to carry them out. But the working levels understood this—the people in the ministries.

After we solved the problem of Taiwan arms sales, there was a year's period, nevertheless, when we continued to have abrasions and difficulties. I would be called in, roundly criticized, and urged to change American policy on all kinds of issues. But these were all manageable. They did not always go up to the highest level of government, as they previously had.

All during this period, from 1981 to 1985, the Chinese economy was booming and the farmers were making fabulous amounts of money for the first time. The government was beginning to allow private enterprise and small collectives. Everybody's standard of living was going up. There were no appreciable political frictions. The American side was not hammering away on human rights, the way we did later, after the Tiananmen incident.

You have a whole series of U.S. government agencies operating in the embassy. Could you, as ambassador, control them?

HUMMEL: The NSA [National Security Agency] have a completely insatiable desire to capture every damned thing that's possible to capture from air waves, telephones, and microwave relays. They would say that they needed to have three people with their "black boxes" inserted into a six-man consulate in China. I would just say, "Hell, no, you're not going to do it. Over my dead body, because it will instantly be obvious to the Chinese what these people are up to, and our whole access at that post will suffer." They might produce some reports that we or Washington might find useful, but I could never get them or CIA to show me precisely what interesting and important information they fed back to me out of all of this collecting. That was a common complaint, all over China. Sometimes, they do marvelous things, tracking shipments of nuclear weapons. But as far as political or economic information related to my interests are concerned, I didn't get anything useful.

I was often disappointed in the quality of the military attaches. The Defense Intelligence Agency, DIA, was invented by Robert McNamara, secretary of defense in the early 1960s. The purpose was to strip down the separate intelligence organizations of the various military services and centralize them, so that there would be less duplication. The purpose was not achieved because the separate services did not really downsize their own Navy, Army, and Air Force intelligence systems. Furthermore, because they had to staff their own intelligence organizations, the services didn't send their best people to DIA. The DIA is responsible for sending defense attaches abroad. This two-step process resulted in not sending the best intelligence people to the field.

There is also the problem that intelligence is not the way to the top in the military services. The intelligence function has some very good people, but it's still not a desirable assignment. How much of a burden was all this on the embassy?

HUMMEL: The department left very little time for voluntary reporting or think pieces. I resented the manipulation by Washington and the monopoly exercised by Washington on the kind of reporting we did.

As the deputy chief of mission, how did Arthur Hummel use you?

FREEMAN: He was an absolute model manager. He's a laconic man, very taciturn, and very quick to decide. Excellent judgment. Delegates easily. A typical encounter between him and me was brief. I would go in and describe a problem. He'd ask a question or two. He'd say, "Well, what do you think the choices are?" I'd give him some options. He'd either say, "Well, there's another option," or he'd say, "Of those, I think we ought to do this. Go do it." He never looked back on a decision. If he had made a mistake, against my advice, or with my advice, he accepted full responsibility for the decision.

As a negotiator, one of his merits indeed was his ability to maintain silence. Unlike many Americans, he's not bothered by a couple of minutes of sitting silently, looking at someone. Some recent studies have shown that the average American can only tolerate about 17 seconds of silence. Not Art Hummel. He would sit there, poker-faced, and wait for the other side to say something.

He's very personable, a warm person. His wife [is] very charming and very much in the old Foreign Service den mother mode, not excessively demanding on the women of the embassy, but very supportive of them.

Stape Roy (J. Stapleton Roy), [who became ambassador in China 1991] had been the chargé in Beijing, following the departure of Leonard Woodcock. Stape has a very controlling style. One of the first things I did when I got there was to change things around. I don't believe that the job of the DCM or chargé is to edit other people's work. If it was a purely analytical piece, with no real policy implication, I just told people, "Send it out. I'll read it afterwards. You have to take responsibility for what you write." Stape had been approving even visa cables, and I just cut all that off. So I tended to delegate a great deal and to try to use my time to direct and inspire, working with the different reporting and analytical offices.

Second, there was a staff meeting that went on for about an hour, and I used a technique there, which I subsequently used elsewhere, just saying, "This staff meeting is going to last twenty minutes, and after twenty minutes, I will get up and leave. So you've got twenty minutes to say what you need to say."

Art Hummel very much was the same way. He looked to me to do the long-range strategic planning papers for U.S.-China relations. Art Hummel let me be CEO of the embassy, and he was chairman of the board. He set the broad policy, he made the major decisions, but he looked to me to not just bring problems to him, but bring solutions.

Was there much cooperation with other embassies?

FREEMAN: I continued a tradition, organized by my predecessor, of having a five-power lunch with the deputy chiefs of mission, or equivalents, from Britain, France, Germany, and Japan. Once a month, we would meet to talk about the situation in China and international relations as they affected China.

We also had very close relations with the Yugoslav Embassy. They had an advantage over others, because they had a party-to-party relationship with the Chinese, and tapped into the International Liaison Department, which had a whole different set of insights and focuses than the Foreign Ministry. They often were very knowledgeable about

goings on within the Chinese Communist Party, or at least more knowledgeable than those of us who were not communists.

What about the management of relations with the Chinese?

FREEMAN: I tried very hard to broaden dialogue with the Chinese. I set up a series of regular luncheon discussions with the leadership of different geographic bureaus, at the Foreign Ministry, for example. I continued a practice, which Stape Roy had very wisely initiated, of meeting with some of the party ideologues and think tanks, editors of *People's Daily* and *Red Flag*, which was the ideological journal, and members of different institutes. This was quite innovative, in the Chinese context, because China, even though it is not a world power, thinks like a world power and expects to be a world power, and the United States was unique in that we were interested in what the Chinese were thinking about Africa, even though we weren't African. So the African Department over at the Foreign Ministry saw Africans and us, and that was about it. Once in a while, a European would go over and say hello.

What was your impression of these bureau heads that you were talking to in the Chinese Foreign Ministry? They had come out of the Cultural Revolution, in which you had to tread a very careful line or you were off to Mongolia.

FREEMAN: There were several exceptions, but by and large, these were really quite sophisticated people; as you say, very cautious because of the experiences they'd had. But suddenly confronted with an embassy that talked to them in Chinese, rather than demanding that they go through interpreters or speak a foreign language, they opened up quite a bit. We even got a discussion going, for example, with the Korean Desk, even though, at that time, Korea was the great symbol of the Cold War in Asia.

There were a couple of exceptions. We had major legal difficulties with the Chinese over antediluvian, literally antediluvian, railway bonds. Some railway bonds had been issued in 1911, which actually had a role in provoking the 1911 Sun Yat-sen Revolution, to build a railway in south China, between Hunan and Guangdong. These so-called "Hu-Guang" railway bonds had been bought out by someone in New York at half a penny on the dollar. And they were planning to attach Chinese property to get these things.[12] The Chinese equivalent of a legal advisor, Mr. Huang, a very

charming, Soviet-educated lawyer, was absolutely aghast at the American legal system, and refused to believe that it really could operate the way we described it. This issue went all the way up to Deng Xiaoping, who at one point angrily stated, "How many governments does the United States have? Let's see, you've got the Executive Branch, which doesn't pay any attention to the Congress, which doesn't pay any attention to the Executive Branch. And then you have this other thing, the courts. I can only deal with one government." He was exasperated by all this.

And the third sort of frustrating Chinese official, really quite aggravating, was the leadership of the Diplomatic Services Bureau. The Diplomatic Services Bureau at that time controlled virtually every element of our daily lives. It provided (or, rather, didn't provide) apartments to American officers and their families. It was the source of all of the local employees, who were actually employees of the DSB, not ours. Frankly, an outrageously exploitative organization. We would pay them hundreds and hundreds of dollars a month for the services of the Chinese; they would then turn over ten dollars a month to him or her. They were part of the Beijing municipality, not really responsive to the Foreign Ministry. They couldn't find land to build apartments. They didn't have the capital. They weren't terribly interested in learning anything about how Westerners wanted apartments designed.

Did you find a contrast in dealing with the Shanghai authorities? One gets the feeling that they really are a different breed than the people up in Beijing, much more aware of the world, and looser, and easier to deal with?

DONALD ANDERSON: There is a certain amount of that. As a matter of fact, up in Beijing in the Foreign Ministry you'll find an awful lot of Shanghainese. I used to kid them about the Shanghai mafia that used to run the American and Oceanian Department. Shanghai in many respects at that time was kept on a tighter leash by Beijing than many other parts of China because really the Gang of Four and this whole Maoist clique that attempted to usurp power, their power base was Shanghai. Jiang Qing herself had been an actress in Shanghai.

So Shanghai for a long, long time was viewed with a certain distrust, and there were a lot of hangovers and holdovers from the earlier period that were still in jobs; frequently not doing much but they had not been dislodged. So that it was a different atmosphere, but Shanghai people

are generally much more friendly, and effusive, and sophisticated, than in Beijing.

Shanghai was one of the more popular places for American businesses to come. Nike Shoes came in and tried to set up a joint venture. McDonnell Douglas was just beginning what became a major co-production operation building commercial jets. So we had the beginning of a business community, and we had regular meetings of this community to brief them and get their reactions. That grew into the Shanghai-American Chamber of Commerce.

How about the relations with the embassy? Any problems.

DON ANDERSON: No, we had quite good relations actually. We set up a courier system—it was illegal, but we used to send a diplomatic pouch up with our classified stuff. We'd send up an officer, so we got back and forth as frequently as possible.

RASPOLIC: When I was in Guangzhou, I regarded the Guangzhou operation as entirely independent. I would pick and choose which issues I wanted to inform Beijing about or to keep them informed if I thought they might be interested in it, or if I thought it might be precedent-setting, you know, contribute to consular operations in general in China. But I felt that we were the largest post in the country in terms of manpower and IV [immigrant visa] caseload, and we dealt directly with the department. Beijing did not visit us and was totally unaware of what the hell we were doing, so therefore I felt no strong allegiance to the consular section in Beijing.

Once I transferred to Beijing my opinion of Guangzhou is, "What the hell are they doing? Don't they know that they can't do that? Didn't they read our last directive? Why are they not acknowledging that this is not new ground? Why are they going directly to the department? Why aren't they asking us first? Why aren't they giving us the option of speaking for all posts in the country, rather than negotiating with the department independently?" Your perspective is quite different.

Can you talk a bit about the effort of reporting on China?

FREEMAN: China is a vast country, somewhat larger than the United States, including Alaska, with a huge population and an exceedingly

primitive transportation network. I took the view that if the consulates were reporting purely on events and trends within their consular district that didn't have any clear national analog, they should just report directly and they didn't have to clear it with us. This led to a bit of friction with the reporting officers, because I also insisted on, and we got a budget for them to do, quite a bit of traveling around the country. Jay Taylor, in particular, who was the political counselor, a very gifted writer and manager, insisted that his reporting officers be out of the office a certain amount of the day. If he found them in the office, he'd really kick them out. He said, "If you don't have an appointment, go sit in the park and talk to people. What makes you valuable is that you're here, not in Washington."

Of course, China was undergoing really kaleidoscopic change. All of the old givens were being undermined and overturned, as the reform process proceeded. Even the economic officers were astonished, and forced to continually upgrade their projections for the Chinese economy, as the reforms began to liberate labor power and produce more efficient use of capital assets and, therefore, astonishing growth rates in this period.

So from an intellectual point of view, it was an exciting time. And the reporting officers were, by and large, excited. There were one or two and they were probably useful correctives, and often they tended to be people with a background in the Soviet Union, who just couldn't believe what was going on, and who were always darkly pessimistic about it: It wouldn't work. It was all a fraud. What seemed to be happening couldn't really be happening. After all, this was a communist country. But for most officers, there was a sense that, as difficult as life was in China, and as constrained as politics were, and as hampered by socialism as economics were, the country really was opening up and moving in interesting directions.

There are two subjects that could always cause a problem: human rights and corruption. You want to be truthful, yet you don't want to give too much food to enemies.

FREEMAN: Yes, you're quite right to point to those dilemmas. On human rights, the principal exercise, of course, was the production of the annual human-rights report, where we did try to be very scrupulously

honest and straightforward, but also to put things a bit in perspective. Things always look different from the field than they do from Washington.[13] Corruption, at that time, was not that serious a problem, in the way that has subsequently become a problem. The point being that if bureaucrats buy and sell commodities, people buy and sell bureaucrats. That's just a law of nature. I can remember one case that was fairly typical. All housing and benefits for workers came from the so-called work unit.[14] So the Ministry of Posts and Telegraphs built housing, high-rise apartment buildings, for its workers. And then they sat vacant for a long time. What had happened was that the electric company said they wouldn't provide electricity unless twenty apartments were turned over to their people. And the water company said they wouldn't provide water unless a certain number of apartments were turned over to them.

Were you seeing, at this time, any signs of a breakdown of central authority at the provincial level?

FREEMAN: No, but certainly you got a very, very vivid sense of the differences between different regions and provinces and cities throughout the country. It was almost a joke. We would send out every two weeks a cable in which we would say, "In the next two weeks we're going to be looking at this issue, especially in light of this policy statement that was printed in the *People's Daily* on such and such a date in an editorial which represents the thinking of the Communist Party on this matter. We would like to have your analysis of what the local reactions to all this are."

Invariably we would get, from Shanghai, "The people are aware of this. They're talking about it. They disagree with it. They're angry. They think this is apostate." Or "They endorse it." Strong opinions and active debate. And we would get, from Shenyang, something that said, "The people up here are aware of it, but they're not really terribly concerned about it. We can't find anybody who really gives a damn about it." And we would get, from Guangzhou, "They never heard of this policy down here, and they could care less. Nobody down here reads the *People's Daily* anyway." So you began to get a sense of the diversity of the country. I'd always had an of image of China as centrally directed. But when you looked at it more closely, you realized that it was centrally coordinated, not centrally directed. That each province was essentially

self-sufficient economically. In fact, they even had nontariff trade barriers on the borders.

When Deng Xiaoping's revolution began, he took advantage of this. He very, very deliberately fostered experimentation at the provincial and city level, with different ways of doing things. Then he would go out and have a look at the six or seven ways that people had tackled Problem A, to see what lessons might be drawn for a national system. He fostered differentiation. To the extent that there is a serious problem in center-province relations, it's partly the result of that. But it's also just expression, in new form, of something that was always there—a lot of autonomy for provinces.

Did this autonomy extend to local dealings with foreign governments or businessmen?

KURZBAUER: Every provincial government has a *Waiban*, a foreign affairs office, that is suppose to facilitate and assist foreign activity in that area, but also keep an eye on it and make sure that what is being done is not contrary to the perceived interests of China or the provincial government. The cultural and educational and scientific and media institutions in Northeast China with whom our consulate had relationships had to report to their provincial government or at least their institutional foreign affairs office the contacts they might have with us, or the plans that they might have to do some program with the American consulate.

In light of what happened within a few years to the Soviet empire where the nationalities split it up, did you wonder whether China would hold together?

LORD: We knew and we reported on tensions between the provinces and Beijing about taxes, about foreign exchange, about autonomy, about joint ventures, so there was already tension on the economic front between central control and the provinces. We felt this was in a safe framework of unity within the country. There was no real evidence or prospect that it was going to split apart. They have advantages in holding together that the Soviets and Russians did not have [when the Soviet Union collapsed in 1991]. First of all, 93 percent of the Chinese are Han, whereas in the Soviet Union they were 50 percent Russian and 50

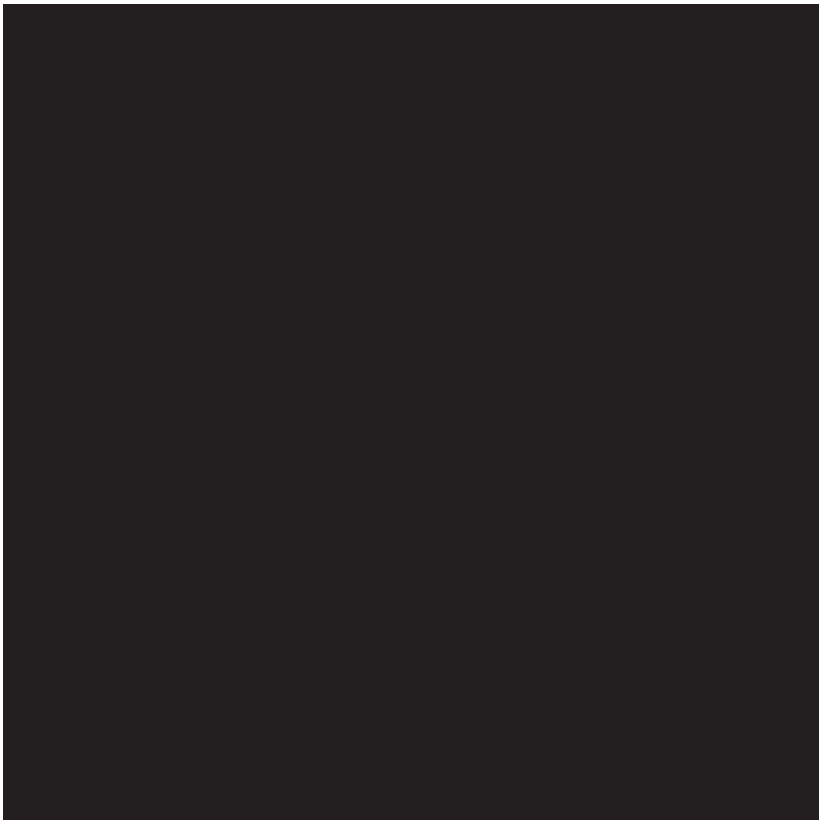
percent non-Russian. Secondly, Russia was an empire, whereas, on the whole the present territory of China, most people would argue, has been Chinese for a considerable period of time. Thirdly, the Chinese have always had a tremendous advantage in overseas investment [and remittances] in helping their economy, and the Russians never had that. Fourthly, the Chinese are more self-confident. Furthermore, those who are taking power at the center were generally coming from the provinces or cities and therefore they had some of the perspectives of the outlying areas they could bring to Beijing and some empathy and sensitivity on how to handle this. Having said that, there were considerable tensions between Beijing and the provinces. A good example was Shanghai, where in those days you had to pay very heavy taxes to Beijing. They felt they were the most dynamic part of China; Beijing was reaping the benefits and they weren't.

What about the prospects of warlordism?

FREEMAN: I did not believe that China was in danger of breakup, or that the military, which is a strong, centralized, national institution, would develop warlordism. There is still, after the past 150 years of tortured Chinese history, a strong sense among Chinese that the country cannot be allowed to fall apart, that unity is all important, and that the maintenance of social and political order has to take priority over virtually everything else. The Chinese have this conclusion because, literally, over this period, something on the order of one hundred million of them have died in disorders either caused internally or by foreign invasion. So I believed that these psychological and political factors would outweigh others.[15]

REAGAN VISIT TO CHINA

Ronald Reagan had never before visited a communist country when he arrived in China in April 1984. During his five-day stay, he emphasized American values of freedom and democracy, particularly in a rousing speech at Fudan University in Shanghai, but also highlighted areas in which the United States and China shared interests, including trade and resistance to aggression from the Soviet Union. During briefings for the trip, Reagan



David and Mary Dean with President Ronald Reagan. *Courtesy of David Dean.*

met with scholars and the president of the Council on Foreign Relations, Winston Lord, who had been active on China policy during Henry Kissinger's White House and State Department years. According to Secretary of State George Shultz, Bette Bao Lord made such an impression on the Reagans that it contributed to Lord's subsequent appointment as ambassador.

HUMMEL: What state visits like these do is to give an unmistakable signal to the bureaucrats on both sides that the relationship is stable. This is very valuable. It means that routine business between the two coun-

tries is conducted more smoothly. It is a signal that it is better to be nice to the other side. Regarding our very cumbersome export controls on technological exports to China, for example, the Department of Defense always dragged its feet hard on these things. Well, you could sense a little loosening up every time we'd have a high-level exhibition of the value of this relationship. The same effect was perceptible on the Chinese side. Visits like these are a hell of a burden on the staff of the embassy, temporarily, but it's "do-able," and the effects are noticeable in the relationship. In fact, it's almost essential in some respects.

How did Reagan respond to the visit? What was your impression?

HUMMEL: He was a trooper, in the sense that when he was briefed, he remembered his brief and did what he was supposed to do. I don't think that there was a great deal of gray matter there. He was more hard of hearing than I had realized. I frequently had to raise my voice in briefing him. I had breakfast with him and his top people each of his three mornings in Beijing. We would discuss what was likely to happen and who was who. He didn't absorb background very much, like the personal background of Deng Xiaoping. However, he did know what he was about and he did it. Down in Shanghai he put on a performance which nobody could have bettered at a Chinese university. Most of the questions were agreed on in advance. He was absolutely superb. This was his showman or trooper side. He did extremely well, including the meetings with high-level officials. He knew what he wanted to say, he didn't deviate or give away things, and he was not sloppy in his presentation.

DON ANDERSON: It was a major trip, but there was not major substance. There were not too many people that wanted any new breakthroughs or any major substantive changes. So it was a big photo operation. It was a chance for the great communicator to go to China, and communicate to the Chinese, but there was a very strong element of a desire to communicate really over the heads of the Chinese to the American people as well. And there was incredible television and press coverage of that trip, and he did it extremely well.

FREEMAN: When Reagan actually came to China, he suddenly discovered very warm, reasonable human beings, who spoke in pragmatic,

non-ideological terms. And he drew the extraordinary conclusion, which he voiced in a statement that he made during a stop in Alaska en route back to the United States, that the Chinese really weren't communists at all, which was news to those of us who were dealing with them. What he meant by that was that they were decent human beings, rather than ideological fiends.

His visit was fascinating. First of all, this kind of thing puts an enormous strain on an embassy. In his case, the entourage was over a thousand. Given his responsibilities as commander-in-chief in a period of the Cold War when every president was mindful that a submarine-launched missile attack on the United States meant that warning was down to seven minutes, when he traveled in China, he had to be within range of earth satellite stations. We actually installed these at intervals along the route.

Anyway, concern about security was pathological on both sides, and the city of Beijing was essentially shut down. The ill will that was caused was less due to the Secret Service than to the Chinese acceding easily to American security requirements, which meant that the whole rush hour was stopped for two hours—people outside, unable to move, bicycles everywhere.

George Shultz, who was the secretary of state by then, was along, and had very good talks with the Chinese.[16] Caspar Weinberger, the secretary of defense, also came out in what was a very important meeting, because, unlike Harold Brown's earlier travel, it was not in a condition of crisis.[17]

Did you find that you were having to peel off the layers of euphoria that the Chinese were wrapping around the presidential and congressional delegations? China is very exciting. Did you have to bring them back to reality?

FREEMAN: Yes, but also, quite honestly, I saw my role in accompanying these delegations as building a bit of enthusiasm for the relationship. There were a lot of things that the congresspeople might not have asked about, which I put them up to asking about, precisely because I wanted them to have their stereotypes shaken and to get a more accurate view of China. But, yes, they were often prone to very misguided positive over-interpretation of things that were going on, and they did have to be brought back to earth once in a while.

HONG KONG

The 1970s had been a peaceful decade along the Sino-British frontier as the Chinese Cultural Revolution and the war in Vietnam ended. With stability and peace came the expansion of the Hong Kong economy, particularly the service sector, including financial institutions linked to regional economic development. But at the beginning of the 1980s, this burgeoning prosperity abruptly stalled. The political uncertainty of retrocession to Chinese control in 1997, which affected contracts and leases, had become a palpable reality. In response to the anxieties of the business community, in 1982, London sought to initiate talks with Beijing regarding the future of the colony. Hopes that China might leave the enclave in British hands vanished quickly and a prolonged period of uncomfortable negotiations ensued. Under the provisions of the resulting 1984 Sino-British Joint Declaration, China guaranteed that Hong Kong would retain its economic, legal, and social structure for a period of 50 years after July 1, 1997. Apart from Beijing's control over foreign relations and military affairs, Hong Kong would also enjoy a "high degree of autonomy." During all these diplomatic exchanges the United States played a largely peripheral supporting role even though extensive American holdings in the territory made the outcome extremely important to Washington.

You went back to Hong Kong as consul general from '86 to '90. Was there any change in being in Hong Kong at that time?

DONALD ANDERSON: There were lots of changes, but not as many as many people might have expected. The assumption was at the time of normalization that Hong Kong would gradually shrink, would diminish, and in some respects it did. I mean the political section and economic section were considerably smaller. But strangely enough the consulate was at least as big, and maybe a little bigger, than I had ever known it to be. We had 12 or 13 different government agencies represented there, and there was constant pressure to increase. The big thing, of course, that had changed substantively was that in the 1984 Sino-British Joint Statement a time certain had been set for Hong Kong's reversion to Beijing, which affected a whole range of things in Hong Kong, and the attitude of the Hong Kong people. There was great fear and uncertainty, prior to the statement—in the period '82, '83, and into

early '84. Property values were affected, people were beginning to make arrangements to get out, and there was a high degree of uncertainty.

Then came the Joint Declaration in 1984, and the document was a very good document. There was a great collective sigh of relief. But the next phase in the process, as agreed, was to begin the preparation of the basic law for Hong Kong, in effect a miniconstitution. That process was just beginning in 1986 [and would not be completed until 1990]. There was again something of a deterioration of confidence, in part because of the negotiations over the basic law and a growing sense that the Chinese really weren't going to leave Hong Kong alone. And, of course, Tiananmen occurred, which was a terrible shock.

CHINA IN THE LATER 1980s

During the second half of the 1980s, Sino-American relations, as well as the domestic Chinese economy, experienced a period of rapid growth. As Ambassador Winston Lord makes clear, military and trade links were diversified and strengthened. Many observers in the State Department believed that the relationship between Americans and Chinese had matured so far that no problems were likely to cause serious disruptions in the future. This was an optimistic time.

Although China was embarking on reforms, there were those in the U.S. Congress who were still very critical of China. What impact did this have on your confirmation hearings in 1984–85?

LORD: My nomination [was] pretty bloody. Helms' opposition ostensibly turned out to be on the abortion/population issue, but he had other reasons not to welcome my appointment. He didn't like the China opening. The media paid a lot of attention to this, and there were editorials across the country, including lead editorials in the *New York Times* and the *Washington Post*, calling me a hostage and putting pressure on Helms. The population issue was a matter of funding for UN programs, which Helms didn't want to do. We pointed out that we were not funding abortion, and the UN programs were, in fact, for areas like education on contraception, which would lower the need for abortions if you looked at them sensibly. Helms' position was that all these funding operations

were fungible. Helms won somewhat of a victory. There was a crimping of our funding much to my dismay.[18]

Was there much difference between the period of your ambassadorship and that of your predecessor Art Hummel?

LORD: My timing, from November 1985 to April 1989, really was quite fortunate. I got there when things were really starting to move forward again after having been tense early in the administration. I left just after the first week of the Tiananmen Square demonstrations, the week of April 22 [see chapter 7]. So I was in a period which was probably the most positive period in U.S.-Chinese relations since the opening. There were a tremendous increase in exchanges and high-level visits in both directions and agreements even in trade.

We had some clandestine cooperation with the Chinese in the intelligence area. This included, on the positive side, working with them on monitoring Soviet missile tests and deployments, working with them to provide arms to the Afghan resistance against the Soviet invasion of Afghanistan, and sharing intelligence on other parts of the world. At the same time, of course, it still was a communist country. There was mutual suspicion on each side of spying like mad on each other, so it was a complex intelligence relationship. We had begun during the Kissinger-Nixon days sharing intelligence with the Chinese, but really began in earnest under Brzezinski and Carter when we began to monitor Soviet activities and provide joint aid to the Afghan resistance. Even when there was tension in the relationship on other issues or across the board, this aspect of the relationship was never really affected. We could go forward in good times and bad and build on a solid foundation, not known by the public and only by a few in the Congress, but it was important for both sides in times of tension that we had this overall strategic interest to work together as well as we could.

I also was interested over this period and had some success in expanding our military to military contacts. The military always had and always would play an important political role in China, so we wanted to reach that constituency. It would give us a chance over time to get a better sense of Chinese strategic and military intentions and capabilities. It would send useful signals to the Soviet Union and other

potential adversaries. The military was important with respect to the export of dangerous weapons, which we didn't like. We had some modest arms sales.

The issue of arms sales arose initially during the Carter years, and there was a very controversial article by Michael Pillsbury in Foreign Policy[19] *recommending that sales be used to get the relationship back on track. By the time you were ambassador, was it still controversial?*

LORD: It was still controversial but less so.[20] There were some things in the works, which included working with them on the avionics for their rather dated but important F-8 fighters. It included radar for their artillery, which is relevant to Vietnam, and some upgrading of their ships. We certainly weren't going to do anything that was going to be a threat to Taiwan in our view or to military balances in general. Most of the technology or help we are talking about was 20 years old, give or take a few years. We felt this limited attempt was useful politically and psychologically without causing any undue controversy.

How satisfied were you with transparency? There have been complaints that we show the Chinese everything; they don't show us much.

LORD: There hasn't been a particularly good balance. We always tried to get more access to what they were doing, and we would visit, some staged visits, some of their units and facilities. When the secretary [of defense] or the chiefs of staff would come, they were probably embarrassed by how far behind us they were. So there is no question we consciously knew that in terms of technology and access, that they were getting more. You couldn't see this as something you could balance off exactly. For example, if they see more of our bases and capabilities, we figured that would impress them about how strong we were militarily and how far behind they were. We had the same thing on the intelligence side. Generally we would tell them more about what was going on than we would get from them. Partly if it would advance our interests, if it would make them a little nervous about the Russians or concerned about some of their partners in the Middle East that we thought were not helpful elements to regional stability, partly to try to get more information out of them.

What were our military people saying to you about the Chinese capabilities?

LORD: Well, they were way behind us. When you visited their ships or saw their aircraft or even their elite ground units, you could see just how far behind they were. They were a major big army, but it was not that strong. They were just then beginning to cut down the size of the army. They were trying to begin to modernize, and that is, of course, where they had an interest with us in getting technology. They had an unfortunate experience with Vietnam: when they invaded in 1979, they really got a bloody nose from the Vietnamese. If they couldn't handle the Vietnamese, who could they handle?

We were concerned about nonproliferation, although most of the issues we had with the Chinese in that period were on missiles, Silkworms to Iran and some other missiles to Saudi Arabia. They did that to earn money for the PLA, as well as to gain friendship and influence in other countries.[21] On the nuclear side, they had a fledgling capability then for deterrent purposes, only regional in nature; they certainly couldn't reach us at that point. At the time they were obviously relaxed about proliferation; they were helping Pakistan with their program.[22]

How did you go about dealing with the Chinese on the very difficult issue of missile proliferation in the Middle East?

LORD: On the Silkworms to Iran, we finally got them to agree not to send any more. They claimed they never had sent any, but we got them to agree that they wouldn't do it again. Shultz worked hard on this. Then when their foreign minister was visiting Washington in the late '80s, we got reports of their sending missiles to Saudi Arabia, and we got them to clamp down on that.[23] There was still ambiguous activity with Pakistan with respect to the nuclear program. The other issue that has some resonance [in 1998] is Chinese rockets launching American satellites.[24] While I was there the Challenger blew up.

It was a manned orbital U.S. shuttle.

LORD: That was a tragedy obviously in personal terms, but also a setback for our whole launching capabilities. Our satellite industry wasn't able then as today to have enough launches of American capability. Plus we

felt the general orbiting satellites for communications purposes would feed into the whole communications information revolution and it would have a positive impact on China. Above all, we wanted to help our satellite makers. This was a major agreement we worked out when Secretary [of Defense Frank] Carlucci visited China in 1988. We had several conditions we worked on even after the Carlucci visit. One was the number of launches so they wouldn't unfairly hurt our own satellite launchers. Another was tight controls and inspections so there wouldn't be any security breach.

What kind of arguments did you make to the Chinese to try to persuade them not to engage in proliferation?

LORD: You use a combination of sticks and carrots. The Chinese were interested in getting more technology, including dual-use technology. For commercial reasons we were interested in this as well, so we would use that, saying, in effect, if you behave yourself on missile proliferation, we can do more on exporting dual use-technology. So there was that trade off. We also tried to appeal to their geopolitical interests, saying instability in the Near East and the Persian Gulf was not in their interest either. Now that argument has much greater weight in the 1990s when they have to import oil themselves. They want stability. We also made the point that arming Iran with Silkworm missiles that could hit American ships was a serious problem for U.S.-Chinese relations in terms of American domestic congressional opinion. Now, that had to be balanced off with their need to make money, the PLA in particular, and their desire to have an influence in the region. It was not easy going. There was a lot of tough work over many months by us at the embassy and in Washington, but we did make progress.

Was it more difficult to argue the case about Saudi Arabia since that is an American ally? Did you have to approach it differently than Iran?

LORD: I guess it was somewhat more difficult. I remember we hit them when Foreign Minister Wu [Xueqian] was in Washington [in March] '88. Shultz had a barbecue at his house in Washington. Wu got this from the national security advisor, Colin Powell as well. We thought it was destabilizing to have missile proliferation in the Middle East generally,

and of course, we had the Israeli connection.[25] It was mostly with the Saudis we had to appeal to instability in the region and the impact on American opinion.

Did you have any trouble at that time with dual-use technologies?

LORD: These are technologies that could be used for either military or civilian purposes, and the issue is that if you export it, you have got to make sure that it is used for the reasons it is supposed to be used for. I do recall that we were constantly trying to expand the list of exports we thought we could safely export to make more money for Americans and more jobs without endangering national security, including a looser definition of computers, because computers have advanced so far that we felt that some could now be safely sent to China.

SIGUR: Within certain elements of our government there were always differences of view. Toward China in the economic area, there was opposition to [the sale of high-level technology] from the Department of Defense—or from some elements in the Department of Defense. (I have to be careful about labeling one department, because it wasn't quite that simple.) But during the course of this time, the NSC and the State Department always pushed toward greater opening and trying to do what we could with the Chinese.[26]

What was the role of the ambassador in trade issues?

LORD: I felt that ambassadors and country teams had a distinct obligation to American businesses to help American jobs and exports. It would also help to strengthen the overall relationship with China. I spent as much time, if not more, on our economic relationship than any other aspect during my years there, seeing Chinese on investment or trade matters, opening exhibits, promoting deals, lobbying for American companies, reporting on economics back home, devising strategies to improve the investment and trade climate. As a result, I had very good relations with the American business community.

I can understand why for strengthening the overall relationship, the more American investment we had in China the better, but what is in it for the United States economically, the United States per se, to have a lot of McDonalds?

LORD: Well, it means increased earnings for American companies, increased jobs in America, increased exports to America, as well as the effect of American business practices and interactions loosening up the political and cultural restraints in China.

Were American jobs being lost because American firms were using cheaper Chinese workers rather than American labor?

LORD: This was really not an issue at the time. Prison labor hadn't really reared its ugly head at the time, although even [in the 1990s] it doesn't involve American businesses, or at least hopefully not. At that point we even had modest surpluses with the Chinese. Trade was growing strongly while I was there, but it was modest. It was a constant battle to get the Chinese to relax their investment climate so that we could get in there.

In the 30's there was a book called Oil for the Lamps of China,[27] *talking about millions of customers. This has been a theme throughout the history of Sino-American relations. It has usually turned out to be a myth. China has not been as profitable or as easy as was hoped. Can you talk about the attitude of business, the capabilities of American business, and any problems or maybe examples of what you had to deal with?*

LORD: This was still relatively early. Already there were frustrations for American business because some had been there for a couple of years and weren't getting anywhere, but on the whole there was a feeling, a recognition that they had to have some patience. They were anxious to be in there for the long run; if they got in early and earned some credit with the Chinese they would have the inside track when things got a little looser vis-à-vis their competitors. A lot depended also on local leadership. For example, in Shanghai, there was a tremendous contrast between the two mayors I dealt with. The first was a guy named Jiang Zemin, and he was not very helpful. The climate was not very good for investment in Shanghai when I first went down there in late '85–86.

He became general secretary of the CCP in 1989, and later president.

LORD: And the American business community was very frustrated. Then Zhu Rongji, who is now the prime minister of China, took Jiang's place

as mayor and there was an immediate change. For example, rather than have to go to a dozen different places to get permission to start a joint venture or public transaction, you started one-stop shopping where they were all consolidated in one place. When I went back to Shanghai in '87–88, the American businessmen were very pleased at the progress that was being made. The biggest problems were transparency, red tape, delays, ability to have access to the Chinese market as opposed to being pressured just to export or to provide technology. Also the hiring of the Chinese staff, the ability to get the best Chinese workers and keep them. Often they would get them, train them well, and the government would take them back and send them elsewhere. So there was control by the government over personnel working in American joint ventures

Was there much business community interest?

REUTHER: One of the first things we did was to commission our in-house [State Department] Intelligence and Research Bureau to conduct some studies for us. I remember one of the questions put to them was, if China had a telephone network equivalent to Italy or Spain, midlevel European, what would it require? The answer was that it would require the world's production of copper for the next five years to wire China. Fortunately, satellite technology was at hand, but if the stringent export control laws scared away U.S. business, we would have no commercial relationship, a weak Chinese economy, and potential supply and price problem in the international economy.

Of course, such an effort collided with the encrusted export control laws that applied to China. Over the previous 30 years, many a freshman congressman demonstrated his anti-communist mettle by sponsoring anti-Chinese legislation. The result hardly left any room for any significant trade.

At the time of normalization, our export control laws placed China and the Soviet Union in one category. The law assumed that the Chinese would potentially divert any purchase to Moscow, and that any sale to China became a precedent for a sale to the Soviet Union. One of the most acrimonious aspects of interagency implementation of the new relationship with China was overcoming these presumptions. In time, because of our interagency delays, the Chinese realized little was coming out the pipeline and at high level meetings we began to receive

queries from the Chinese as to this project or that computer. To State, China's economy was so needful that diversion to non-economic purposes was a remote chance we were willing to take. Defense fought us well into the next administration.

How else did you go about building a relationship with China?

REUTHER: The second element was to demonstrate to the Chinese that the U.S. sought a full and productive relationship. So one of our objectives was to look for areas in which we could engage our two countries in responsible, normal, commercial, diplomatic endeavors.

Were you involved in negotiating agreements?

REUTHER: At that moment, Chinese commercial aviation was in its infancy, few planes were in the air. When the Chinese were going to New York in those days, they had no experience in heavy traffic and the requirement to circle, waiting one's turn to land. Normally, New York air traffic controllers create two stacks of airplanes to safely separate the aircraft and prioritize landings. Apparently it got to the point that, when the Chinese aircraft arrived, the air traffic controllers pulled all the stacks away from New York, brought him down, and then returned to normal procedures. This story, however, isn't about safety. Its about Chinese inexperience with a commercial economy. We believed it was to our advantage to expose them to how we handled these kinds of problems.

The civil aviation negotiations were interesting because the Chinese brought with them their standard bilateral civil aviation agreement. It was quite inadequate because it assumed both countries had national airlines. During our initial meetings we explained at great length that there was no U.S. national airline. We had numerous airline companies. We described how we allocated routes through a bidding process. The Chinese were absolutely flabbergasted. How could a country like the United States not have a national airline? In their lobbying effort, the Pan Am representatives took advantage of the Chinese presumption, saying, in essence, "Don't listen to what the government guys tell you, we are the U.S. national airline. Remember we served China in the '20s . . ."

Pan Am actually participated in the discussions?

REUTHER: As with many of these negotiations, there is an official delegation and industrial representatives. On the one hand, the industrial representatives acted as resources for our delegation, but did not participate in the bilateral discussion. On the other, they had full access to the opposite delegation. They hosted some of the meals, privately met with the Chinese delegation, and made their own presentations to them. It would be interesting to get the Chinese to tell us what they thought of that whole thing.

What about Chinese business practices?

REUTHER: What we found out was that the National Science Foundation and the educational establishment in China opposed IPR [intellectual property rights].[28] They opposed it on the basis that since China had no patent or copyright legislation of its own, and it was un-Marxian to be paid for the results of your own intellectual endeavors, they saw no benefit in it. We also found out that the R&D [research and development] sections of industrial enterprises practiced what might be called reverse engineering.

Figure out how something works and is put together.

REUTHER: Exactly. On the other hand, when we talked to MOFERT [Ministry of Foreign Economic Relations and Trade] officials, they were very eager to obtain some agreement on intellectual property rights because foreign investors had come to them and said, "I am not going to bring my plant here until you can protect my industrial process." We tried to explain how we looked at patents and copyrights and why we deemed it important, why it was important to our trade, how much of our trade involved IPR issues. We argued how unfortunate it would be for them if they were unable to take advantage of the IPR gateway to technology by paying a few royalties. We pointed out that the industrial world would not be favorably disposed if China continued to violate these patents. For the Chinese ministries that had intellectual rights offices, and not all of them did, we learned that there was another major input into Chinese thinking on IPR negotiations. These

offices were very much aware of the status of our negotiation with the Japanese and Taiwanese on some of these same issues. During my ministry interviews, one of the very sharp comments I received was from a senior cabinet secretary who supervised economic ministries, who said, "You cannot expect China to get ahead of what you have gotten out of the other governments."

Across the straits, we had been seeking IPR agreement from the government of Taiwan for years. When I was in Taiwan, 1983–85, the Taiwan authorities finally agreed to some basic IPR protection, after almost 15 years of discussion, for American authored books. For years American manuscripts were pirated in Taiwan. The Taiwan publisher would mark the front page "for sale in Taiwan only," or something like that, but then sell throughout Asia. Everybody went through Taiwan to buy their copies of the American classics, academic volumes, book of the month volumes—the range of pirated books was significant.

What was happening in the domestic economy in the mid to late 1980s?

HOROWITZ: The Chinese were fully involved in the program of economic reform. There was more openness; it was easier to travel. Chinese officials had titles and they had calling cards; in *1973* to *1975*, an official might be identified as "a responsible person"; they had no phone books, no rosters. Now, they would speak more openly. We just had a lot more contact all up and down the line. There was no question that the economy was improving; compared to the *'70*s, there was much more food in the market, more clothing and things to buy. They were making good strides, but there was still a certain amount of political reaction from time to time.

As part of the reform efforts one of the first things that the Chinese did was to try to remove some of the stringent controls in the rural areas. The communes in effect had been taken apart; it became possible for people not to own land, but at least have land that was theirs [to use according to their own priorities]. Incentives were built in and agricultural production went up, and along with that a tremendous growth in small-scale local industry. It is one of the things that is different about China from Russia and East Europe; when there is food in the market and clothing to be bought and there is not a serious inflation situation in the economy, then you can begin to experiment with other reforms.

What impressions did you have of China's leadership?

LORD: I had really very good access to Chinese leaders in the sense that we had so many visits and high-level visits during my period, and they would always see most of the top Chinese leaders [and include the U.S. ambassador in those meetings]. Deng Xiaoping was pretty consistent. First, very self-confident and lively. Not as stiff as many Chinese leaders. He would smoke a great deal and occasionally use a spittoon. He was very short, you know, hardly reach the floor, but he was a commanding presence. He always wanted to talk about big issues, geopolitical as well as the bilateral relationship. He would never get down into details. He felt that was not consistent with his position. He was already phasing down some of his active involvement. Generally at most of the meetings where you had a visiting cabinet official like the secretary of state or defense or economic agencies, he would come toward the end and would usually be the good cop. If there were mixed messages to be sent in the course of a visit, some of the tougher ones would be sent by the premier or the foreign minister, whereas Deng generally would emphasize the positive. Also he was very much dedicated to U.S.-Chinese relations. He had a lot to do with improving it and clearly wanted to keep that moving ahead despite tensions. In almost every meeting there were cracks by him against the Russians and usually against the Japanese as well. His formulations on human rights would be minimal but emphasizing, as all Chinese leaders did, the need for stability, which was a code word for them for political control or even repression.

His general pattern was one of pretty firm control on politics. After all, he sacked Hu Yaobang, the party secretary general, in the early '80s [January 1987], partly because he felt that Hu was too liberal on political reforms, perhaps too liberal on issues like Tibet. Maybe he didn't like his freewheeling, self-confident style. There was also an element of feeding him to the conservatives who were upset about the student riots in Shanghai in December-January of 1986–87.[29] After all, Deng Xiaoping had been the henchman for Mao in the anti rightist campaign way back in the late '50s.[30] With all his positive aspects on economic reform and opening to the world and U.S.-Chinese relations, you get a consistent trend of political conservatism.

Hu Yaobang was unpredictable. He was somebody who really was spontaneous and he wasn't scripted. A very active and very small per-

son. I think he was the only one who was smaller than Deng. Clearly, he was for a looser political system. I have talked to many Tibetans who felt he was very enlightened on Tibet, and indeed he was trying to loosen up the repression in Tibet. There is documentation for that. Clearly he felt the need for political reform as well as economic reform. He was pushing the envelope. The reason he was sacked by Deng was the feeling among the conservatives that he was encouraging these trends.

Zhao Ziyang now looks very good to reformers and those of us who want to see a better political system in China. He was in the Tiananmen Square arguing for restraint, not using the army, meeting the students halfway, when he was sacked for it. He has kept up carefully from his house arrest his drumbeat for the need for political reform. He has come out dramatically twice in 1997 and 1998 on the eve of summits with letters to the leadership calling for a reversal on the official verdict on Tiananmen Square. He was, when I was there, trying to separate the party from the government, trying to loosen up the political system. Not dramatically, but pushing the envelope. So you would have to put him on that side of the spectrum along with Hu Yaobang. Very intelligent, very impressive in his meetings, generally on the friendly side in dealing with Americans, private citizens or official visitors, but gave a sense of great confidence. He was a good example of the new kind of leadership in China where they earn their leadership credentials as technocrats, economic experts, pragmatists.

Li Peng, who is everyone's convenient scapegoat, deserves a negative verdict from Americans in the sense that he clearly has been in his demeanor, the way he has acted in meetings, from intelligence reports, and from reports from other Chinese, he is generally more suspicious of the U.S., more conservative on economic reforms, certainly very tight on political issues. Probably tougher on Taiwan than some others. Clearly he not only declared martial law, but believed in putting down the students. He has not been a positive force in U.S.-China relations. On the other hand, he is enough of a pragmatist to recognize that China needs the U.S., particularly for technology, trade, investment, etc. He is an engineer by background and clearly wanted to forward the relationship for those reasons. Nevertheless, with his Soviet background and his general suspicion of the U.S., particularly our human rights policy subverting their political system he was a restraint

on U.S.-Chinese relations. He was not one for conceptual discussion, geopolitical discussion.

Now, having said that, the man obviously had more staying power than I gave him credit for. After his direct negative involvement in Tiananmen Square in 1989, I didn't think he would last very long. He clearly is head of the conservative camp and, with Jiang Zemin and Deng's general approach to a more collective leadership and the need for balance, plus his own bureaucratic alliances, he maintained his position, much to my surprise.

Jiang Zemin is obviously the most important in 1998. He was not that important when I was there, as mayor of Shanghai. He did not strike us then as a man of tremendous gravitas. He was friendly, he was jolly, and he would like to show off his English and his affinity for some Western culture classics, but didn't seem entirely serious. I would not have picked him as the future leader of China. He has balanced off the conservatives and the moderates. He has been very impressive, but none of this I would have predicted.

Doesn't he get launched in part because of how well he handled Shanghai during the Tiananmen period in '89 [see chapter 7]? Also maybe you could comment on the importance of Shanghai for producing political leaders.

LORD: That is a good point. Jiang certainly gets the credit for having defused very tense and large demonstrations in Shanghai without the kind of bloody put-down that you had in Beijing. That did capture people's attention. It also protects him somewhat about a reversal of the verdict [on Tiananmen], although it may not happen anytime soon. It will happen in my view. Clearly Shanghai had been a source of Chinese dynamism and leadership for good or for ill for many decades. That is where the Cultural Revolution started. You have, of course, Jiang Zemin from Shanghai, the number one guy. Now the number two guy, Zhu Rongji from Shanghai. The Foreign Ministry for decades, not so much in the '90s, but certainly when I was there during the '80s, dominated by key people from Shanghai, at least the American handlers.

You and the embassy were looking at how all these people fit together. In other words, a little bit like Kremlinology. How were decisions reached? How effective was the government at that time?

LORD: Well, on the whole we thought the government was pretty effective in the sense they were moving ahead on economic reform. Most of the time you had the feeling that the envelope was being pushed on political and cultural reform. Some lively journals like the *World Economic Herald* in Shanghai, which was subsequently shut down. People pushing the envelope like Liu Binyan, the reformist reporter, in covering corruption. You even had in some of the universities people beginning to speak up for political reform. On the whole we felt that things were moving in a generally positive direction. We were still very concerned, particularly about Tibet and the continuing holding of dissidents and repression. We knew that Deng was rather ambivalent. You would have attacks on spiritual pollution, on liberalization, even as the envelope was being pushed. Deng was falling into a pattern of dumping his successors. He got rid of two, both of whom were more liberal in a political sense than he was. On the economic front we felt we were making progress, and we thought the leadership was generally quite effective. They were beginning to promote people now based on merit and economic performance rather than revolutionary credentials or military expertise. Now in decision making, it was clear that Deng was calling the shots on any important issues, U.S.-Chinese relations, U.S.-China-Russia relations, relations with Japan, basic economic reform decisions, Taiwan. These were determined by Deng pretty much on his own. Day to day operations, details, and secondary issues including running the economy on a detail basis, he would delegate.

Did you have any sense whether some of this decision making on Deng's part was a result of negotiation with Li Peng or others who might have been more hard-line or liberal, or was he really just making up his own mind?

LORD: The honest answer is you can't be sure, because it was still a fairly opaque society and system. We had much more contacts and reporting, but an area that we were not strong in despite all our best efforts was decision making. Certainly our impression was that Deng had an absolute veto. There was no important policy that could be promoted if he opposed it.[31]

What was your impression of revolutionary Marxist fervor?

LORD: None of the fervor. Still a lot of the people didn't want to talk about it, a lot of bitterness about the Cultural Revolution. Also people, whether officials or non-officials, were cautious in their conversations. In the 1990s, people can't get up and make speeches that are unsettling to the Party, and they can't organize opposition or distinct parties, but at least they speak quite freely to you on their own. In the late '80s this was clearly the exception, not the rule. Ideology was pretty dead. Even then people were worried pretty much about economics.

HUMAN RIGHTS AND POLITICAL REFORM

The growing economic prosperity in China and exposure to foreign ideas helped to spur anticipation of political reform as well. The decade had begun with the crackdown on the Democracy Wall Movement, but by the mid-1980s, a resurgence of activism and greater flexibility on the part of the leadership produced a brief era of openness and experimentation.

LORD: On the whole, during the period I was ambassador [1985–1989], China with fits and starts was moving to become somewhat more open politically and culturally as well as economically. There were obvious tensions and some periods of setbacks. Partly as a result of that, Hu Yaobang was ousted, and indeed a period of some retrenchment on political and cultural freedoms set in. Not only was Hu kicked out as party secretary, many of his friends and intellectuals either were repressed or rounded up. There was a campaign against bourgeois liberalization, emphasis on the four cardinal principles.[32] Other incidents occurred at this time. Some overseas Chinese student had come home for the holidays and was arrested. Some Shanghai writers, some officials at the universities, and the Chinese Academy of the Social Sciences were all sacked.

All this at a time when Gorbachev was beginning to gain momentum and international reputation for reform, including on the political and cultural side in Russia. Of course, this was the classic Chinese dilemma. The leaders wanted to have economic reform without political reform, ambivalent about foreign influence, needing outside help but worrying about spiritual pollution. How do they get Western technology without Western influence?

What was the approach on human rights at the time?

LORD: I raised human rights lots of times, but I don't want to pretend we pushed it stridently or hard. We took it seriously, we raised it. It was a problem, but it was not a dominant issue.

Beyond that, we tried to have an impact by having philosophic and relatively candid discussions with Chinese officials on the need for political reform and loosening up. In addition, we personally and the embassy generally spent a lot of time with intellectuals, artists, academics, reformers, etc. My wife [Bette Bao Lord], her background and knowing the language, being Chinese of course, and knowing the culture, she was a tremendous advisor to me informally on how to deal with the Chinese culturally, psychologically, and even interpret their positions. She had an instinct no barbarian could have. She had a tremendous circle of contacts for both me and the embassy, as well as herself, and there was a whole area of Chinese society that would not have been possible without her and the fact that she was a well-known authoress[33]—academic circles, cultural circles, intellectual circles, artistic circles. She worked with Charlton Heston to put on a Chinese production of the *Caine Mutiny*, which was an extraordinary success. She was extremely well-known and popular in China. Chinese leaders probably had some concerns because she knew too much. They always liked to think they could fool the barbarians, but they knew they couldn't fool her.

Also, we were pushing the envelope in terms of political freedoms in China, seeing semi or outright dissidents. We wanted to do this partly to report to Washington what was going on in those areas and partly to push the envelope. We could do that culturally in some ways more than we could politically of course. Partly [we sought] to establish ties with what we felt would be future Chinese leaders, also people in think tanks, many of whom reported directly to Zhao Zhiyang or Hu Yaobang with ideas on reforms both economic and political. People already in positions of power although young, in their thirties and forties, in terms of ideas and the debates going on in China on the need for more political reform.

For the last couple of years [that we were there], I decided that we would make a more concerted effort to get out to Chinese universities and think tanks in Beijing, Shanghai, and other cities, to have more

interaction with the younger generation, to show the flag, to get their mood, and to try to modestly encourage reform efforts. Bette and I were invited to come out to Beijing University to meet with the students outdoors on the lawn. I don't know if it was [called that] then, but in retrospect, it was known as democracy salon. The students, among whose leaders was Wang Dan, the famous dissident that got out of jail with U.S. efforts and was exiled to the United States [in 1998], invited various people to come and speak to them about China and its future, including political reform and concerns of young people, in informal settings. Not speeches but to sit on the grass and hold conversations. It turns out we were the fifth in a series. One of our predecessors had been Fang Lizhi. Frankly, at the time, perhaps naively, we would have done it anyway, we didn't realize just how sensitive this was for the leadership. We made no attempt to hide that we were going out. You couldn't anyway because you were bugged all the time and people following you anyway. Of course, no one ever complained. So we had the biggest audience they had ever had. It started between 300–500 and kept growing while we were there. We arrived at 6: 45 and we went on until it got dark at 9: 30. A very agitated, excited, enthusiastic crowd. Many of the questions were personal. What is it like to have an inter-racial marriage in China? How did you two meet? How does your marriage work? Some on foreign policy and U.S.-Chinese relations, but a considerable amount on the domestic situation. I was very struck at the degree of unhappiness, impatience, frustration of the students and by the openness and the fervor of this group. There was a lot of cynicism among the Chinese students including corruption, backdoor influence, inflation, future control of their lives. They wanted their leaders to be more accessible and engage in the kind of exchange that they did with us. I, of course, knew there would be security people in the crowd hearing every word. Partly for that reason, partly as ambassador, you shouldn't be overly provocative, partly out of conviction because I thought on the economic and opening front, Deng Xiaoping was doing positive things, and partly so the students wouldn't get in too much trouble, I was very careful. I found myself almost defending Deng against the students.

By a very unfortunate coincidence, the next day [June 2] a student was murdered by hooligans. As far as we know it was totally unrelated to any of this, [but] demonstrations broke out at Beijing University. It spread to meetings and to wall posters and a march on Tiananmen

Square that was aborted. This was quickly controlled by the security with warnings to the students, plus it quickly died out because many of them realized the '86–87 protest hadn't helped. In fact, although they were in favor of reform, they wanted to go faster, they realized that if they got too out of control, they would give the conservatives ammunition. They [knew the leaders] would always be concerned about the students and the workers linking up. It is one thing in a communist society to have students and intellectuals unhappy, but if you have in a Marxist society, the workers unhappy, then you really have a problem for social stability. Clearly they had been watching what had been happening in Poland and Hungary and Yugoslavia, lots of unrest even then in the USSR. There had been a heavy Reagan emphasis on student rights in the late May, June Moscow summit.[34]

So then you began to get warnings about meeting with students.

LORD: The country director for American affairs suggested in friendly fashion that in the future I notify the authorities in advance so that they could make proper arrangements for meetings like this. In Tianjin on June 9, a new vice mayor made a friendly warning about a visit to Nankai University that afternoon. Then during the following week we got reports of displeasure over the Beijing University appearance at a politburo meeting. On Sunday night, June 12, the ambassador to America Han Xu said the chairman, Deng Xiaoping, respected me greatly, and in a very friendly and private way he suggested I be more prudent with students. I went back very tough. I said I was astonished and upset. I wasn't rude, but I made clear I was mad. I had said nothing negative and behaved myself with the students. Someone was misinforming the chairman. I think Han was a little taken aback. Washington's comment a couple of days later was, it is great you guys are getting out and talking to all the students. Thanks and we applaud this, but do we really need to have such a high profile at this point?

When you are talking at think tanks were you getting good solid questions?

LORD: It would vary. There were times when you'd go to think tanks, and you could have very good discussions on international issues, you know the Middle East or Russia. Taiwan you'd get the party line. You wouldn't

raise that yourself unless they did, and they usually didn't. When it came to Chinese domestic scene, not much problem, even some debate on economic reforms. But I never felt there was much loosening up either in these joint sessions or even one-on-one on political issues. People were still very cautious, including my best friends in the government, as well as think tankers, certainly about talking in front of others with any degree of candor about political issues and even alone. Occasionally we'd have working dinners at our house with a mixture of officials, semidissidents, reformers. We were always trying to keep this debate going and hear about it and participate. The only frank discussions would take place when some of our embassy contacts who could speak Chinese were alone with people at times, and certainly Bette and her conversations in her circle.

Did you feel that you were alone in what you were doing or were the French ambassador, the British ambassador out there pushing these same themes?

LORD: Pretty much on our own. Certainly in any official government policies on human rights we were generally on our own. The others gobble up the contracts and hold our coat so to speak, while we take on the tough issues. The Japanese partly because of the guilt feelings of what they did in Nanjing in W.W.II,[35] partly because they worry about making money; the Europeans because of money. There were some exceptions—the Australians, occasionally the Canadians, sometimes the British or the Europeans—would weigh in. With respect to ambassadors, I can't be sure, but I don't know of any that were getting out to the students or the think tanks like I was.

What were conditions like for American journalists in China?

LORD: Journalists during this period generally had problems. John Burns who was a *New York Times* correspondent, although he was a Canadian citizen actually, had been detained by the Chinese [in the summer of 1986] because he had traveled in areas that he didn't have permission to travel in.[36] My instinct told me this was a possible bombshell. I immediately dropped my vacation and raced back to Beijing. It was very tense because there was some concern they might actually charge him with trespassing or violating security. In the Chinese so-called justice sys-

tem, once you are charged, you are guilty. So he probably would have been jailed. We worked extremely hard, much harder than the Canadians did. We finally got Burns expelled. In the process, of course, we lost a tremendous observer of the scene. Ironically he was writing an article for the *Times* that was positive about Deng's reforms in the countryside.

What arguments were you using with the Chinese authorities?

LORD: The main argument was of course the impact. You take the premier American newspaper, you jail that reporter, it is going to have a devastating impact. Secondly, he clearly wasn't spying. The journalists generally were always frustrated by the surveillance they had in China. The longer they stayed there, the more cynical they got about the Chinese and human rights in general. In fact, they were nervous about making contact with students or dissidents or intellectuals because they might get them in trouble. The fact their phones were bugged, and they always had to get permission to travel places. It was a tough place to do business, even though it was fascinating in terms of substance.

Could you talk about one of the most widely covered newspaper stories of the period, the Bush visit and Fang Lizhi?

LORD: President Bush's trip to China in early 1989 was in the home stretch of my tenure as ambassador. Bush I had known for a long time. I had played tennis with him on occasions. I had seen him almost every time I went back to Washington, talked to him about China when he was vice president. I briefed him on behalf of Nixon and Kissinger when he went out to head up a liaison office early in his career. I had what I thought was a very good relationship. He was going to Japan to see the emperor, and going to come to China on an official visit, but not on a full state visit. As an old friend of China, one who had worked on the relationship, he was looking forward as was Mrs. Bush to return and see all their old friends. The Chinese had gone out of their way to make this a friendly visit. The Chinese agreed to have him go on live television. The first time I believe any foreign leader, certainly the first time any American president had addressed the Chinese live.

As part of the trip, there was to be his return banquet for the Chinese in the Great Wall Hotel. We had instructions from the White House to

make it a big banquet, include all walks of life, old Chinese friends but all parts of society, reach a broad audience. They asked us for guest lists. Mao Zedong once said that a revolution is not a dinner party. Well, this turned out to be a dinner party that turned out to be a revolution. We came up with a full list, which included all kinds of people, officials, American business people, Chinese, academics. It also included a few dissidents, one of which was Fang Lizhi, who was outspoken on political reform. He had lost his job at Hefei University [the Chinese University of Science and Technology, in Hefei, Anhui province], but was still an official research worker for the Chinese government in Beijing. He was not some wild-eyed radical trying to overthrow the government. We said the Chinese won't like this, but frankly we did not expect an explosion in the reaction, and we said we thought it was important that the president demonstrate his overall concern with human rights as part of our engagement with the Chinese, both out of principle, also to try to help the situation and protect himself with his domestic audience and Congress back home. If we had a separate meeting with dissidents—after all, Reagan had done this in Russia—this we felt would be overly provocative to the Chinese. We finally got White House and State Department clearance on the guest list, including Fang.

Then at an advance team banquet, a protocol guy complains. It wasn't a huge complaint but it was the first warning we got. We said relax, big crowd, diverse. Don't get so upset about this. We immediately alerted Washington. Meanwhile, somehow the French press runs with something in Taiwan about how we invited Fang Lizhi and some idiot in our embassy on background said yes we did this to make a statement. Of course the Chinese, they would have reacted anyway, I'm sure. Throughout this, however, very warm friendly media coverage continued to go forward. Then at 9: 00 on February 24 we had the roughest meeting I have ever had with the Chinese. I went through all the arguments about how they shouldn't blow this out of proportion. It is just one person at a banquet. I immediately sent a message to Korea and Air Force One. It was less than 20 hours before the president's arrival. Basically because there was so little time, I didn't want the Chinese to have any illusion that we were going to back away. I said I would report to Washington, of course, but I said I doubt very much whether we are going to change the list.

Then at 12: 30—the president is landing four hours later—there is a

message from President Yang Shangkun to President Bush saying if Fang Lizhi comes to the banquet, he is not coming and nobody else is coming from the leadership. By now I know I have a disaster on my hands. I went up in the plane to greet the president, which you usually do. He was distinctly unfriendly. To have a return banquet and no Chinese leaders there would not have gone unnoticed by the press. Throughout the Chinese are keeping us hanging. It is a very productive, good trip, with warm public coverage, but this thing is hanging over us. Finally we get a note that the Chinese leaders have now agreed to come to the banquet. So we made sure Fang's table wasn't in direct line sight of the leaders. I'm feeling great. I can't see from where I am sitting at the head table, Fang Lizhi's table. I'm just assuming he is there. It turns out that Perry Link [an American scholar] was with Fang Lizhi. They had gone to the banquet hall and were turned away by the Chinese security and weren't allowed to attend. None of this we knew until I got into the car. My economic counselor lets me know that Fang Lizhi is at the embassy. My heart stopped. I figured the press were going to get a hold of this, but it turned out to be a disaster beyond my wildest dreams. That's all the press cared about, nothing else about the trip. It was all down the drain. It was a low point in my career.

After a short while we were making some progress; this thing was quieting down, and then there was a backgrounder in the press that was given by [Brent] Scowcroft [the national security adviser] saying the embassy had screwed up the president's visit and they hadn't kept the Washington team informed about the Chinese being upset, and that we had invited Fang Lizhi on our own. All of which is totally untrue, of course. My embassy was about ready to lob nuclear bombs on Washington. Over the next two days, with the help of [Peter] Thomsen [the DCM] and my wife, I decided to do a secret message to Scowcroft with a copy to [Secretary of State James] Baker. I said I'm a professional, I have been around for 30 years. There are times when you need a scapegoat for the national interest or the president, and an ambassador should take a fall. I don't have any problem with that principle. But what has this backgrounder done besides being totally inaccurate? Number one, it revived the whole issue. Number two, it looked weak to the Chinese, having the president look defensive and embarrassed. It is the Chinese who should be on the defensive. Thirdly, it was wrong. Fourthly, it was discouraging for Chinese reformers and dissidents. Fifthly, he undercut

all his credit with the human rights and congressional types by making clear that he was sorry this guy [was invited] to the banquet and hurt the Chinese feelings. Finally, he had destroyed any possible influence I could have in my remaining tenure as ambassador. I sent this message to Scowcroft, whom I had known for 15 years, was a relatively good friend and working colleague, who had praised the trip. To this day, I never had even an acknowledgment of the message or explanation. Not one.

What bothers me the most is the president didn't get mad at the Chinese for ruining his trip. He got mad at his own team. Now, I don't think it reveals a lack of experience in foreign policy, but frankly a clear softness on human rights, and a feeling that we shouldn't do anything to ruffle the Chinese. The president, in fact, did not raise human rights in his meetings with the Chinese at all. He got Baker to do it.

Bush considered himself somewhat of a China expert because of his experience in the Liaison Office in China. Were there any other people at the very top who had any interest in China, or were they mostly Europe oriented?

LORD: That is a good question. Scowcroft was more arms control and Russia. He had been national security advisor under Ford after all, so by definition he was a generalist including China. Baker hadn't had much dealings with Asia generally I believe, or with China. There were plenty of good people like Stape Roy [deputy assistant secretary] and others back there working on it.

Were there other key policy issues Bush was trying to resolve during the visit?

LORD: Resolve may be too strong a word. He was a brand new president, so the purpose was not to make breakthroughs, but to establish a positive tone to the beginning of the relationship as he came in. Secretary Shultz visited China a couple of times during my tenure, as did almost every other cabinet official. It was a sign of the times. We had three different CIA directors coming in black hats. We had a couple of secretaries of defense. Congressional delegations, which I encouraged. High-level visits from everyone from the Stock Exchange to President Carter to Billy Graham to Kissinger to Gregory Peck, Charlton Heston. A great variety. Probably the single most positive visit and the most important one, leaving aside President Bush one way or another,

in the spring of '89 [was] Secretary Shultz's trip from March 1 to March 6, 1987. It was an important time, because of the Hu Yaobang sacking and some tightening up. On our domestic scene, we had the Iran Contra issue flaring up.[37] The strategic purpose of the trip was to make sure that we moved forward again in our relationship and to have in-depth discussions on the international issues, which included Russia, Afghanistan, Indochina, Korea, the Iran-Iraq war. Then a lot of emphasis on the economic agenda and a careful declaration on Taiwan which in effect said we would welcome any progress between Taiwan and Beijing. The secretary did reference human rights themes publicly. I thought perhaps the touch was too light, but the references he did make in his toasts and speech got very good media reporting, and perhaps he judged the level he needed about right. So I felt this trip did provide new momentum in the relationship. We agreed with the Chinese on new contacts with the North Koreans through our respective embassies in Beijing, trying to encourage North-South dialogue. We began to preview how we might begin to liberalize some exports of technology. Again, if Beijing behaved itself in other areas. We agreed to a PRC consulate in Los Angeles. We got some movement in reciprocity issues of interest to us.

TIBET

The American public rarely paid a great deal of attention to Tibet after 1959, when the Dalai Lama fled Chinese forces and took up residence in exile in northern India. American policy recognized Tibet as a part of China and officials resisted being drawn into the issue of independence or autonomy after early covert activities in the area failed. But as human rights questions grew in importance in the later half of the 1980s, the plight of Tibet emerged as a salient issue in the United States. Tibetans began actively to seek support from American public opinion and Congress to put pressure on the Chinese. The Chinese themselves provoked greater outside scrutiny when in the autumn of 1987, they brutally suppressed a series of demonstrations in Lhasa.

FREEMAN: The background on Tibet is that, in the 1950s, the CIA spent a vast amount of money to produce a rebellion in Tibet. And that rebel-

lion was the precipitate cause of the Dalai Lama's flight over the border to India. That is, we attempted, as part of our general policy of destabilizing China, to destabilize Tibet and, if possible, detach it from China. We were all very sensitive, in the 1980s, to the way in which American maneuvers on Tibet might be viewed in Beijing, given this history.[38]

Subsequently, the issue of Tibet has been embraced by quite a range of people in the United States: some are simply drawn to exotic cultures and favor primitive peoples out of some sentimental impulse; others, for one reason or another, as the United States has become more anti-scientific, are more drawn to mysticism. There is a significant portion of the American public now that is avowedly dedicated to what is, in my view, superstition.

[In this period] there were some fairly promising exchanges going on between the Dalai Lama and the Chinese. At one point, it looked as though the Dalai Lama and the Chinese were about to do a deal, and that he was coming back. That was sabotaged by militant members of the Dalai Lama's entourage, rather than the Chinese.

In fact, this was a period of continuing liberalization in Tibet. The Cultural Revolution sacking of monasteries and libraries and the like was being repaired at the expense of the Chinese government. Large amounts of money were going into Tibet for reconstruction. The Chinese had reversed the Red Guard mentality. Although many of the Red Guards in Tibet were Tibetan, not Chinese, they had made an all-out effort to destroy both the relics and the reality of Tibetan culture. The Chinese had turned 180 degrees and were trying to restore and protect Tibetan culture.

LORD: The Tibet issue flared up a couple of times while we were in China. In 1987, particularly in the spring, there was a clamp down on political and cultural expression in China. Whether or not related, things began to heat up in Tibet. The Dalai Lama went to the U.S. in the middle of September 1987. On September 27, and the next few days, there were considerable riots and demonstrations in Tibet. There were about 20 deaths and hundreds injured. The Congress passed a resolution 98–0. Tom Brokaw had just been there for NBC and did a piece and said some nice things about the Dalai Lama. The Chinese weren't too happy about that. They were making it hard for us to have access, but we smuggled out reports.

Some American specialists on Tibetan affairs have suggested that one of the things that was happening was the Tibetans becoming more sophisticated on how to play to American public opinion. Was this a concern in the embassy that there was an effort to circumvent the diplomatic corps and get to Congress directly?

LORD: No, I don't think we had that feeling. [But] there was some synergy between the Dalai Lama's visit in the United States and the demonstrations taking place a few days later. Our reaction was not one of how dare the Tibetans express their views. We were really upset about the Chinese reaction. Now obviously without suffering from clientitis, we didn't want the Tibet issue any more than any other one issue to wreck our whole relationship. I pushed the Chinese on it, but we would also try to keep the overall relationship going. I went to Tibet, the first American ambassador to ever go there, from August 4 to August 10, 1988, both to convey our concerns to the officials running Tibet as well as back in Beijing. Show the American flag for whatever that might do for the morale of Tibetans and to show the congressional and domestic audience that we cared enough. I had the most comprehensive talks up to then on Tibet of any American official ever had with the Chinese. I can't say I got very far. I pressed the human rights situation there generally, the suppression of Tibetan culture and people. [They made] their familiar defense of how Tibet had been a feudal enclave before, of slavery under the Dalai Lama. How much better off the Tibetans were now. I did get more consular visits and some journalists in there. On prisoners all I got were some numbers.

Did you have the feeling that Tibet served as a good rallying flag for particular conservatives who detested our China policy, or did Tibet run deeply in your opinion in the consciousness of the American public?

LORD: Well, the province of Tibet is so remote it is hard to get coverage of it and know what is going on and conveying that to the American people generally. I do think people in Congress and other human rights groups were absolutely sincere in their concern for Tibet and the extinguishing of Tibetan culture, the treatment of nuns and monks, the roundup of prisoners and the put down of demonstrations. Clearly those who were suspicious of China for human rights gener-

ally would also highlight this issue for that reason, but it was born out of a genuine concern for what was a genuine problem. I would say it probably had a higher profile in human rights than anything else while we were there.

SIGUR: The problem of human rights, particularly as it involved Tibet [was one] we had to continually raise with China and keep close touch with the Congress. Some people in the Congress didn't think we were strong enough with the Chinese. But I thought we were. I thought we handled that fairly well. We did get some communication going between their officials dealing with Tibet and members of our Congress and their staffs, who had discussions back and forth on it.

EXCHANGES BETWEEN CHINA AND THE U.S.

Among the most significant aspects of the growth in contacts between the United States and China was the flourishing of cultural and scholarly exchanges. During the 1980s, access to universities in both countries broadened and students and researchers took advantage of opportunities in increasing numbers. Among American diplomats this development seemed especially welcome, because they believed that exposure to American life would have a lasting impact, helping to make China and the Chinese more enthusiastic about the free market and democratic reform.

The Soviets tended to want to have ballet and jazz orchestras exchanged, but as far as students going, they wanted mainly students who would learn everything they could in the field of mathematics or physics, and they wanted our Americans to go look at icons. What was the Chinese attitude?

SOLOMON: Well, in the early period, the exchange programs were tightly controlled, highly structured. They involved primarily the exchange of established professionals in the various science disciplines, or musical or other entertainment groups. There was almost none of the free-wheeling exchanges of students that began in China in the spring-summer of 1978, when Deng Xiaoping opened the door to very active exchanges. At that time exchanges were designed to gradually turn public opinion in each country in a more positive direction. Later on, when the exchanges did develop, the Chinese students came over in tens of thou-

sands. They did tend to focus primarily on the sciences and engineering, some in the business management area, very few in the social sciences. There was a tremendous imbalance in the numbers exchanged; that is, not all that many American students went to China to study in contrast to the tens of thousands of Chinese who came to the U.S.

DONALD ANDERSON: I have always pushed [scholarly exchange] because Chinese that have come to the United States now, and it's growing every year, will be a tremendously important factor in our bilateral relations and in China's modernization. I was struck by that when I was consul general in Shanghai. After the Gang of Four period was wound up, many of the older people who had been in prison or had been under house arrest, or whatever, were coming back and getting responsible positions. Many of these people had been trained either in the United States, or at places like St. John's University in Shanghai, which was an American-run missionary university. Dealing with them was just marvelous because they understood, even after an absence of 35 years, what we were talking about.

FREEMAN: Over this entire period, beginning with normalization, there was an extraordinary trend in progress in which the children of the Chinese elite came to the United States to study. There are very few members of the Chinese Communist Party Central Committee or senior officials in ministries who have not had one or more children graduate from American universities. Even Deng Xiaoping's children came here to study, and, in one case, to serve as a wife of a military attaché in the Chinese Embassy.

Up to this point had there been a dearth of foreign education or were they switching from the Soviet Union to the United States?

FREEMAN: In the 1950s, there was significant exposure to the Soviet Union, but in far smaller numbers than later occurred with the United States. The Soviet system was just a lot less accommodating and much more controlled than the American one. That was the early period of restoration of full sovereignty under the communists, and there was suspicion of foreigners. So that the people who tended to be trained in the Soviet Union were being trained as specialists either for the Foreign Ministry or, in some cases, as engineers. Li Peng, the former premier, for example, studied in the Soviet Union [in the late 1940s and early

1950s]. He's an electric-power engineer, who has come to specialize a bit in nuclear power.

This enormous flow of young people, middle-aged people, many of them, whose education in China had been interrupted by the Cultural Revolution and domestic turmoil, to the United States has given a younger generation of Chinese an extraordinary familiarity with the United States. The effects of this were rather interesting. There was enormous regard for the American economic system, the openness it has to new ideas, the way in which ideas can move from the university laboratories or company laboratories into innovative production technologies. Probably the Chinese reforms were inspired in no small measure by the discovery of this whole new way, for them, of doing business and managing technology.

On the political level, there was a mixture of admiration and distaste for what the Chinese discovered here. No Chinese that I have met seems to want to emulate either the U.S. federal system or the constitutional democratic presidential system that we have.

So there was certainly an admiration for the intellectual freedom that the U.S. provides, but at the same time, a great distaste for what many of the Chinese see as the inevitable results of excessive acquisitive individualism and First Amendment rights. The Chinese tend to tie social disorder in the United States—high rates of teenage pregnancy, drug use, the extraordinary crime rate, the lack of personal security on the streets, some of the things that we Americans also find least admirable about our society— to our political system.

Over time, some of these ideas might well be adapted to China. But, in fact, a more potent example for the Chinese, one that they cite themselves frequently, is Taiwan, which evolved in an earlier period in which there was a greater sense of optimism and confidence in the United States than there is now, and many of the social problems hadn't emerged in their current virulent form. So the Chinese look for models that get on with the business of economic reconstruction, building prosperity first, and then deal with some of the political problems of the system later, in a gradual way.

The dominant sentiment for the Chinese, and the reason they react the way they do to some of the untidy aspects of American life—pornography and crime and addictions—has to do with the searing experience of Chinese history. Disorder in China can have catastrophic

consequences, and you don't have to be very old, if you're Chinese, to have actually experienced some of those. So that, while people would like to see human liberty expand, they're very cautious about how authoritarianism is to be relaxed.

But the expansion of student exchange was quite something to observe. And the management of this, just from an embassy technical view, was very difficult. First of all, we had visa forms that were deeply offensive to the Chinese, because they asked whether you were a communist, pusher, prostitute, or whatever, all in the same section, and the Chinese, who were rather proud to be communists, didn't see why these other affiliations should be associated with their political philosophy. Most of the Chinese who came here were communists, and every one of them required a waiver from the attorney general to get in. This added inordinate delay to travel, and complicated things. We began to press hard for a simplification of procedures, because we had to send a telegram on every visa applicant and wait for a name check and so on.

Taiwan had notorious levels of nonreturn (at one point, about 80 percent didn't go back), but the vast majority now do go back, although they may delay for a few years, to work in the U.S. In China, I was more surprised by how many did go back than by how many didn't, because living and working conditions in China in the early '80s, were really pretty awful, and you had to be fairly dedicated to want to go back. The Chinese seemed to take a very relaxed attitude about whether people came back or not.

But we had a number of notorious defections, not particularly by students. There was the Hu Na incident, a woman tennis player from Sichuan, who had been a sometime tennis partner for Wan Li, who was vice premier, and for Deng Xiaoping. Her defection was contrived by the immigration lawyer for the Guomindang in San Francisco, and I suspect was contrived in part for political effect. But whether that was the case or not, she did defect [in 1982, and was granted asylum on April 4, 1983], and all holy hell broke loose, and we lost our cultural exchange agreement.

Were you there at the time?

FREEMAN: Yes, I was. Because of Deng's personal involvement in the case, this became really quite a nasty matter. And Ronald Reagan got

personally involved and made various defiant statements about how she could move into the White House. The problem was that this sort of stuff got so easily bound up with Taipei's rivalry with Beijing. I remember arguing strenuously with friends in the Foreign Ministry that these things become causes célébres only to the extent that you make them such.

At the same time China was opening up, allowing its citizens to go abroad, people in the overseas Chinese community, including many who had fled the mainland, began to come back in very large numbers, to look at their old homes, to meet their old schoolmates, to see the Great Wall. This overseas Chinese connection, although at various points it's been attenuated, is one of the great differences between the Chinese Revolution and the Russian Revolution, in an earlier era. The Chinese seem to be very willing to forgive and forget, not make terrible demands on émigrés. They haven't had a history, for example, of going out and killing émigrés.

The old GMD group in Taiwan had a very effective apparatus in the United States, looking after émigrés, public relations, and spying. What was your impression of that of the Mainland Chinese?

FREEMAN: Much less effectively managed, on many levels, than comparable work from Taipei. Also less overtly demanding. Taipei really demanded positive loyalty from people. Beijing was much more tolerant and willing to have broad contact, perhaps because it was starting from a very low base and needed to appear flexible and accommodating. This sort of work was not done terribly well by Beijing during that period. To some extent, this kind of activity came at the expense of the sort of efforts that Beijing should have made to cultivate Americans with no close connection with China.

For example, they monitored very carefully Taiwan's activities with the overseas Chinese in Chinese. They didn't monitor Taiwan's activities with non-Chinese in English. So, in terms of Beijing's interactions with Taipei on this overseas Chinese battlefront, it seemed that Beijing was treating this more as an extension of the Chinese civil war than as something really involving the United States.

Did you have problems on the consular side with Americans getting into trouble?

RASPOLIC: American Citizen Services is very busy in Beijing because most American tourists who come to China visit Beijing. We had the traditional gamut of problems, a lot of deaths, a lot of people suffering from the "Peking duck syndrome." Death by duck. The elderly person, because a tourist in China generally is elderly, because they're the ones who have the money and the time to afford to go to China. They go, they're taken out at 6: 00 in the morning, they're off to see the Great Wall, then tromping through the Ming tombs, and they stop off at the Forbidden City. Then they go back to the hotel, shower and change, and go out for a banquet. By the time they get back to the hotel, it's 10: 00 or 11: 00 at night. You're 75 years old and you had a bypass 15 years before, and bingo!

How did you find the Chinese as far as helping you with the death cases?

RASPOLIC: Very helpful. We had very good relations with the major hospitals in town. We had two or three hospitals with foreigners' clinics that we dealt with extensively, both for death and illness cases. Tourism is an important business to them, it is their main industry, and they certainly don't like seeing tourists die.

On the cultural side, here is the ancient Chinese culture, and the very aggressive American culture, were there problems?

DONALD ANDERSON: The problems weren't between an ancient Chinese culture and a modern American culture. The problems were in the degree to which the Communist government wanted to maintain control. And the degree of openness that they were prepared to permit. We were always pushing for more and more open exchanges, more frank discussions, and the Chinese were always just a little bit nervous.

LORD: Basically the Chinese strategy was to get Western technology and Western money without being subverted by Western ideals, culture, and ideas. We would have reminders of their repression. I remember one example where we were going to send to China an exhibit from the National Portrait Gallery. Just before it was about to come over, the Chinese said there are two portraits that cannot be included in this. One is Golda Meir from Israel, the other is [General Douglas] MacArthur, because of the Korean connection. There were some in my USIA sec-

tion that wanted to bend on this. I thought this was absolutely wrong. It would be bad generally as a principle and secondly setting a precedent for future cultural exchanges, and also it would set off an uproar in the United States where there is still understandably great suspicion of China not only its human rights but its cultural backwardness. So we hung very tough on this, but the Chinese wouldn't give in and the portrait exhibit didn't take place. This was an example of their idiocy.[39]

TAIWAN

Efforts to codify the new U.S.-Taiwan relationship proved difficult in the early 1980s, largely because Nationalist Chinese officials continued to try to restore a measure of officiality to contacts between Washington and Taipei. On the other hand, as time passed, Taiwan's leaders came to recognize the harsh reality of the international arena and to adapt. As a result, Taiwan moved from authoritarian control toward democracy. It also began to reach across the Taiwan Strait to initiate new contacts with China.

LILLEY: [In 1982, when I arrived] Taiwan was on an upswing economically. They were developing the high-tech electronics industries. They had been in food processing, and textiles, and shoes. Then they started moving into semiconductors, transistors, electronic consumer goods, computers. They were in this transition period.

Politically it was still fairly stiff. They did not allow an opposition party. They only called the opposition Taiwanese group the *dangwai*, outside the party they called them. But they allowed them to publish. They closed down if they went too far, the magazines and the newspapers. But they did allow them to say things and they begin to allow them to come into the political process.

REUTHER: Members of the opposition would register a number of magazine names. When the Garrison Command closed one title, for some article mentioning Chiang Ching-kuo's secret fortune or Chiang Wei-kuo's activities, the opposition would return the next month under a new name.

LILLEY: A couple of things happened at that time that begin to change things. The first was Chiang Ching-kuo—he was a brilliant man, a real visionary—and he had early on told me indirectly but prophetically,

"I've got a four point program for Taiwan: (a) I'm going to democratize, (b) its going to become a Taiwan process, (c) I'm going to maintain prosperity because I have to, and (d) I'm going to open up to China." This was passed to me in '82. He did every one of them in his own sort of chessboard way, very careful moves. He took his old hard-line mentor Wang Sheng, who ran the political department in the military, sent him to Paraguay as ambassador, got him out of there. He brings in a Taiwanese governor, unelected governor, Lee Teng-hui to be his vice president in '84. He makes sure that I get to meet Lee [as AIT director] and spend time with him. Get to know each other. Nobody else would be there. He begins to allow more and more Taiwanese to come out, to have meetings etcetera, etcetera. He impresses people like [Congressman] Steve Solarz [D-NY] that he is beginning to release the bonds on these people.

REUTHER: Congressmen Solarz from New York visited Taiwan and publicly identified himself with the opposition. His attention assisted their cause and gave them some cover. I recall accompanying him to a speaking engagement at a Taipei hotel. His address was not as remarkable as the opportunity for the opposition to meet without being arrested.

How did the Taiwanese enter the political arena instead of being limited to making money and doing business?

REUTHER: Chiang Ching-kuo was an absolutely fascinating personality. He first came to Taiwan as a strict enforcer of the security system. Chiang, however, may have realized that the army, and then the party, in time would exhaust the pool of Mainlanders. This realization probably led to the Taiwanization of the upper reaches of the GMD and government. When a cabinet shuffle would occur, when the Guomindang would have a standing committee election, Chiang would add one or more Taiwanese, generally balanced by Mainlander appointments, but slowly resulting in increasing numbers of Taiwanese in positions of influence. Explaining the significance of creeping Taiwanization, we would add that our interlocutors characterized the Taiwanese appointees as younger, Western educated, and more talented. Young, American-educated Mainlanders suggested they and their Taiwanese counterparts were the group Chiang increasingly relied upon.

The GMD, which needed a mechanism to legitimize itself and extend

to the grass roots, had held elections on Taiwan since the early 1950s. These elections allowed them to fan rivalries among local Taiwanese factions. The GMD would support one local faction one election and another local faction the next election. But the older hard liners had always believed that the GMD should always win an election by a landslide. The people returning to the island, the moderates, the modernizers, were saying, you could win an election with 51 percent of the vote, your manhood was intact and you were still in power. That was a revolutionary idea and it took years before the older members of the party agreed that the only thing you had to do was to win the election, not overwhelm it.

How strong was the opposition?

REUTHER: In fact, one of the key things that was going on in Taiwan at that time was a consequence of the January 1979 change in diplomatic relations. The political opposition saw derecognition as damaging to the ruling party's claim to power. It argued that even the Americans have walked out on the GMD; that Taiwan was isolated, weak, and in danger of being turned over to Beijing because of GMD claims to be the government of all China. The end result of increased opposition pressure and derecognition was the Kaohsiung demonstrations on Human Rights Day in December 1979. The entire leadership of the opposition was in Kaohsiung on that day. The government trapped the opposition into a street riot and used that circumstance to crush it. One individual, because he was ill and couldn't make the rally, was the only *dangwai* leader not rounded up.[40] Also swept up in the government crackdown and tried in military court was the leadership of the Presbyterian Church of Taiwan. So from 1979 on, the worst aspects of the authoritarian government that had been in place since 1949 exhibited itself. Underlining the significance of these events, on the anniversary of the February 1947 massacre of Taiwanese protesting GMD rule, the family of one of the defendants [Lin Yi-hsiung] was slaughtered in its home.[41] When I arrived everyone was in jail, the family was murdered, and little incidents denoting pressure on the opposition happened from time to time. You know, a Chinese American visiting tripped and fell off a five-story building while in police custody.[42]

Was this Henry Liu?

REUTHER: No, that was Chen Wen-chen. Henry Liu was a GMD-trained political warfare officer, who worked as a journalist, had fallen out of favor with the GMD, and was in the process of writing a biography of Chiang Ching-kuo. The biography was supposedly very critical. He was living in the United States. A group came to the United States in 1984 and assassinated him in his garage in a town outside of San Francisco.

What is interesting about this event is that it appears to have become a turning point in the way the GMD governed Taiwan. It is my impression that the younger, American-educated members of the Guomindang—those who had been pushing for elections and similar procedures to keep the party in power rather than strong-armed tactics—were quite upset that they were a party to this murder. They were not willing to see the Taiwanese opposition come to power, but they thought different tools were available to the GMD; that it could base its legitimacy on its success in economic policy.

THAYER: The responsibility for this murder lay with one of the intelligence branches of the Taiwan government. There were a lot of discussions between us and our friends in Taiwan, a lot of American outrage about the murder. It eventually surfaced that this was connected to officially connected people, and three of them were, in fact, convicted in Taiwan court and jailed.[43]

Was this sort of a rogue elephant operation?

THAYER: The responsibility was at a fairly high level in the intelligence branch, and the key guy, as far as we know, was convicted; and justice, as far as we know, was done.[44] But we had to express our outrage—forcefully and at high levels—before action was taken.

Did you find the native Taiwanese leaders less confrontational than the GMD?

FREEMAN: The Taiwanese, with 50 years of Japanese occupation and 25 years of really brutal repression by the Chinese Mainlanders behind them, do have a different mentality. But far from being less confrontational, they are perhaps more fiery of temperament than the Mainlanders who came over, and really quite cocky. Taiwan is a wonderful success story. It's the first Chinese society that has successfully modern-

ized, both politically and economically. It is, in many respects, the most admirable society that has ever existed on Chinese soil. The achievements that people in Taiwan have made give them a kind of self-confidence that sometimes verges on obstreperousness and genuine rashness in their approach to the mainland.

What about Taiwan's relations with the United States?

LILLEY: There was steady movement on the United States' part to take care of their defensive needs. Secondarily, they wanted access to government officials and they had been frozen out [under Carter]. They thought immediately when Reagan came in they could walk right into State Department, right into the White House. They couldn't. But what we did was to discreetly meet with them. We began to meet with them at high levels. And we worked with them. They'd send over the foreign minister, the premier, the minister of finance, the chief of the general staff, the minister of defense. We met with them all.

Was there any trouble with the Mainland Chinese protesting?

LILLEY: Oh yeah. They would get wind of one of these things and they would throw a fit. But we could tell it was—you have to tell the difference between rhetoric and the real thing. [In Taiwan] I didn't meet them at the Foreign Ministry. I met them at a guest house, although I went to the Foreign Ministry once or twice. And I went into the presidential office too, sub rosa. The [Taiwan authorities] had a sense that we were inhibited by the rules but that we knew how to get around them.

You became the third director of the American Institute in Taiwan [AIT], following Chuck Cross and Jim Lilley. How did that work?

THAYER: None of the AIT staff is legally an official employee of the American government. All of us who were Foreign Service officers were legally separated from the State Department.

REUTHER: We needed an administrative device which allowed Foreign Service officers to resign their commissions, take a job with this private company—AIT—and still be eligible for reinstatement as a commis-

sioned officer without the lost of benefits. Let me tell you, it took a lot of legal thinking to turn that light on, and in the end we were never able to apply that system to our own military. AIT Taipei had a military section, but there is no way in our legislation, or via the regulations the uniformed services followed, for a military officer to resign his commission and then return to duty.

So they were all retired military?

REUTHER: They were all retired military who had had full military careers, retired, and then were picked up as private hires.

THAYER: But the American Institute in Taiwan, which is modeled after the Japanese equivalent entity that they established when they broke relations with the PRC, is set up to conduct relations with Taiwan in very much the same way as an embassy conducts relations. We were broken down into the same kind of sections—political, economic, and so forth. But we called them by different names. The political section was called the General Affairs Section [GAS], for example.

The point being that we wanted to remove all the symbols of government-to-government relations and all the symbols of an embassy, while still being able to carry out the substantive work. We had no American flag flying in Taiwan. I was not known as ambassador; I was known as director. I did not call on officials of Taiwan in their government offices. If I wanted to complain to the minister of economic affairs, as I did more than once, to get some trade problem straightened out, I would have to ask him to meet me either in a hotel room or a restaurant. I technically didn't deal with the Foreign Ministry. I dealt with the head office of the Coordination Council for North American Affairs [CCNAA], which was my counterpart.

REUTHER: The authorities on Taiwan spent all their time trying to prove to themselves and their public that we had an official relationship. For two years [1983–1985], we engaged in a running game of thrust and parry with the local authorities. For example, Taiwan's unofficial counterpart to AIT was the CCNAA. It had an office in Washington (and other American cities) and one in Taipei, with which we conducted liaison as if it were the "Foreign Ministry." Publicly we were seen working with CCNAA, which was housed in a separate building a few blocks from the Ministry of Foreign Affairs. In fact, we

worked closely with talented and patriotic officials at the Ministry of Foreign Affairs, but in unofficial venues. At one point, for their domestic reasons, the authorities on Taiwan told us that they would move CCNAA into offices on the backside of the building that housed the Ministry of Foreign Affairs. This would create a situation where, if you will, the address for the ministry is 1500 Third Street, but the address for the opposite side of the same building was 1500 First Street. Despite their arguments of efficiency, their intent was to impart the appearance of officiality to the relationship. We begged them not to tinker with the symbols of unofficiality, and they finally dropped this idea. Our objective was not to put Taiwan down. The reality was that we could have as robust a relationship with Taiwan as we desired, as long as we kept it unofficial, meaning out of the public eye. A public event would force Beijing to notice; otherwise Beijing would turn a diplomatic blind eye. At issue for the authorities on Taiwan was their domestic legitimacy, which they had tied to their claim to be the government of all of China.

FREEMAN: The unofficial representatives of Taiwan throughout the country, and their many, many offices, were constantly engaging in petty moves to demonstrate the officiality, as they put it, of the relationship. This would include arranging with local officials to fly the flag of the Republic of China over the mayor's office, or, in some cases, to acquire consular license plates from the local officials, since there's no federal regulation of this, or to list themselves, as they did in many telephone books, including in Washington, as the Embassy of the Republic of China. They took out ads in the *Yellow Pages*, portraying themselves as an embassy, and stressing that they were the Republic of China, and so on. All of this entirely understandable from their perspective, but enormously irritating to the State Department and to the PRC, as they were endlessly ingenious in the way in which they sought to score these political points.

Where was the American Institute in Taiwan located? How did this work?

FREEMAN: There was a small Taiwan coordination staff in the Bureau of East Asian and Pacific Affairs, which I eventually succeeded in having moved down adjacent to what was then the Office of Chinese Affairs. There is an internal corridor connecting the two (called the Taiwan

Strait, of course). That move greatly facilitated cooperation within the department.

The American Institute in Taiwan has its Washington offices [across the Potomac River] in Rosslyn, Virginia, and it is responsible for day-to-day contact and providing a venue for meetings, of an unofficial character, with officials from Taiwan. It is also the body that is responsible for the post—management and other administrative support functions for the American Institute in Taiwan offices in Taipei and Kaohsiung, in Taiwan. So if a delegation from Taiwan came here, it would be received by AIT, and AIT would arrange appropriate meetings with American government officials, outside of U.S. government offices, in appropriately informal settings.

Well, it turns out, of course, that appropriately informal settings are far more productive than the usual formal settings, and that to insist that all business must be done over a working lunch or over a drink in a hotel lobby produces far better results than making people come to your office. So I don't think Taiwan lost, in any respect, by this, and maybe even gained.

THAYER: When the relationship was first established, there was little confidence, or certainly not full confidence, on the part of our friends in Taiwan that we could have an unofficial relationship that really worked.

SHOESMITH: As a matter of fact, it's worked so well that other governments have adopted that system for maintaining relationships with Taiwan.

REUTHER: Part of the change of relations in 1979, of course, was a much less intimate relationship with the elite, the Guomindang. AIT had good relations with the economic and the commercial offices of the government and the business community, but not with the ruling party. So my job was to reestablish the relationship with the Guomindang.

What were the major issues that you had to deal with between the United States and Taiwan?

LILLEY: When I got there it was probably 90 percent security, and we began to get this behind us, and by the time I left [in 1984] we were spending 40–50 percent of out time on our issues, which were trade.

This included the problem of intellectual property and the fact that Americans were getting ripped off?

LILLEY: Taiwan was the capital of the world. Encyclopedias for what, 20 bucks? Rolex watches, Gucci bags, it was all there.

THAYER: The major issues we had [after 1984] that I can discuss here were in the trade area. Taiwan was targeted by the USTR, United States Trade Representative's office, for a number of negotiations—and Section 301[45] actions were threatened more than once. We had some very heated times with the authorities in Taiwan over trade matters. The most unpleasant was, for me, the American effort to get Taiwan to open its market to American cigarettes. Taiwan wasn't the only place where we've done that. This was an issue in Korea, Thailand, and so forth. The tone of this debate on cigarettes got to be quite nasty. We brought a lot of pressure. The trade issue thus became a big *political* issue, with overtones of pushing opium on the Chinese.

The fact is that Taiwan has a tobacco monopoly bureau and Taiwan makes its own cigarettes, and a good deal of revenue was earned by this. Their market was closed, relatively speaking, to American cigarettes, closed to American cigarette advertising, but open to Taiwan advertising. The American tobacco companies wanted it open. We at AIT failed to anticipate what should have been obvious. We had the papers just flooded with reports about bringing this huge pressure on poor innocent Taiwan, Americans pushing poison, cancer-inducing substances, on the people of Taiwan. The fact is that the Taiwan monopoly was pushing their cigarettes as hard as they could. So a lot of this was, of course, hypocritical posturing on the part of our Taiwan interlocutors.

In the mid-1980s, to what extent was there interaction between Taiwan and the mainland? Was there investment by Taiwanese entrepreneurs in China?

REUTHER: The Taiwan Garrison Command watched Mainlander and Taiwanese alike. In those days it was recognized that it was the Mainlanders, brought to Taiwan in the last days of 1949, who longed to visit the mainland. The Taiwanese did not like the Mainlanders they knew. One *dangwai* stalwart at the time told me that Taiwanese were always worrying about a sell-out; that, as the Mainlanders aged, they might turn to Beijing in their twilight years and turn Taiwan over. After all, the GMD and the CCP were of a single mind that Taiwan was just a Chinese province.

For the Mainlanders, despite Garrison Command, there was a safety

value. One could go to Hong Kong and once in Hong Kong one would disappear and visit mainland relatives. There were rumors that, because the people in Fujian Province spoke the same language as people in Taiwan, Taiwanese business people could sneak back to Fujian and do a little business. Such travel was easily monitored by the security forces. But the GMD couldn't cut it off because that would damage Mainlander support.

KOREA

In the 1980s, the Democratic People's Republic of Korea remained a client state closely associated with Beijing. But although Kim Il Sung, North Korea's leader, still called his friendship with Beijing "invincible," Beijing had begun to expand its economic relations with South Korea and to think about ways to resolve hostilities on the peninsula that threatened the peace vital to Chinese modernization and development.

FREEMAN: [In the early 1980s, the Chinese] grossly misperceived Korea through ideological blinkers. The South Koreans were fumbling around with the Chinese, through the Korean CIA in Hong Kong. Koreans are very direct and tough people, and they were making quite a hash of this. They tended to demand things up front, and to use very blunt and insulting bargaining techniques, and to misunderstand the difference between things that needed to be done with a wink and a shrug and things that could be done explicitly. And so they were getting nowhere.

Over the spring of 1983, I had quite a number of discussions with the Chinese, arguing with them that they should find a way to have an opening to South Korea, which was something the South Koreans desperately wanted and which we supported, in general terms. This culminated during [Caspar] Weinberger's visit to China in the summer of '83.

He was secretary of defense.

FREEMAN: Deng Xiaoping actually proposed to Weinberger a meeting in Beijing between the South and North Koreans, with the U.S. in attendance, all hosted by the Chinese. I was astonished. That evening, after he left, as we got the reporting cable done, we confirmed with the Foreign Ministry that indeed Deng had said this, that indeed it was very

important, and that indeed he was making a major policy initiative. And we sent off a cable saying that, only to discover that Paul Wolfowitz [assistant secretary of state for East Asian and Pacific affairs] had edited this comment out of the conversation, alleging that he hadn't heard any such thing. Then he denied adamantly that it had been said, and accused us of having put words in Deng's mouth. Washington was mystified by our cable reporting a Chinese initiative in Korea.

During George Shultz's visit to China with President Reagan in the spring of '84, the Chinese again raised the issue of meetings with South Korea, the U.S., and North Korea. Shultz agreed, talking to [Ambassador] Art Hummel. Between Beijing and Shultz's arrival in Seoul, Paul Wolfowitz again reversed this.[46]

Again, we were talking about opening relations at that point?

FREEMAN: We were talking about a Chinese proposal to host a South Korean-North Korean meeting, with the U.S. in attendance, in Beijing, which would have involved, inevitably, U.S. and Chinese mediation between South and North Korea, and which, frankly, was a pretty creative and useful suggestion. It followed up on Deng Xiaoping's earlier suggestion.

And then there was a very nasty leak in the Periscope section of *Newsweek*, accusing Art Hummel of having manipulated George Shultz on the Korean issue. I later discovered that there was a notation made in my personnel file to the effect that I had put words in the Chinese mouths on Korea. Very nasty stuff.

Korea was a very ideological question for us as well as for the Chinese, and evidently, by the middle of '83, the Chinese were thinking a little more creatively and less rigidly on this than we were. The point here was that the United States and China share an interest in maintaining peace and stability in the Korean Peninsula. And this issue had a history of which the Reagan administration was blissfully unaware. Dick Holbrooke, in his last days [in office] had begun a discussion with the Chinese on parallel moves by China toward South Korea, and by the U.S. toward North Korea. That, of course, was killed by the defeat of Jimmy Carter in the 1980 election. Probably, therefore, I was one of the few people left in the government who was aware of that. They then began to do things with South Korea, but we did nothing. From their

perspective, this was puzzling backtracking by us. But this was a very controversial issue in Washington, very dear to certain elements of the right wing.

The Chinese also were absolutely disgusted when, right in the middle of their efforts to broker some contact between the U.S. and North Korea with the South Koreans, Kim Jong Il, Kim Il Sung's son, evidently inspired and directed the bombing in Rangoon of the Korean Cabinet, which resulted in the deaths of many able people.[47] The interesting thing to me was that, having spent a lot of time talking to the Chinese about Korea, I got a sense of the extent to which they maintained a stiff upper lip about their alleged allies in North Korea, but really regarded them with a mixture of contempt and derision.[48]

At any rate, the North Koreans, by their own actions, ended up obviating any possibility of an opening to either South Korea or the United States. And maybe that was what they tried to do. Still, we had some opportunities that we missed, because of people not hearing what they didn't want to hear.

Why didn't Paul Wolfowitz subscribe to the idea of having a meeting with China, North Korea, and the United States?

FREEMAN: I'm not entirely sure, but I would speculate that there were several reasons. First of all, Mr. Wolfowitz took a very jaundiced, rather ideological view of China, and was inherently suspicious of any initiative that originated with the Chinese. Second, with regard to contacts with North Korea, he was apprehensive about the political reaction from the Republican right, which he has courted and from association with which he has benefited, and that therefore he saw such a development as politically unattractive. And he might also have been concerned about the adequacy of prior consultation with South Korea. On the other hand, he must have been aware that South Korea itself was conducting a whole series of maneuvers intended to get the Chinese to put forward just exactly this sort of proposal.

Could you explain how we felt about North Korea in the late 1980s?

SIGUR: We were particularly concerned about what they might do to upset things in South Korea during the changeover of power from Chun

[Doo Hwan] to a civilian.[49] This was something that was of great concern to us. We were also very much concerned about the [1988 summer] Olympics and the possibility of the North trying to upset the games. So during this time of crisis in South Korea, we made it as clear as we could to the North that any efforts on their part to try to take advantage of disturbances in the South would lead to American reaction. And we made this clear to the Soviet Union and to China, and urged them to make this clear to their North Korean clients, so that they wouldn't misunderstand here, that the United States would not sit by. I'm not saying that the United States was the mover and shaker in all this; it was the Koreans themselves.

SOVIET UNION

Chinese efforts to better relations with the Soviet Union during the 1980s were slow and hesitant, but ultimately successful. After the Chinese had been satisfied regarding Soviet troop deployments, it appeared that no further barriers would exist to re-establishment of close ties. In fact, in May 1989, Gorbachev traveled to China for a summit judged by all to be a triumph for Deng Xiaoping and a significant advance for peace in Asia. Indeed, Americans increasingly viewed improvement of Sino-Soviet relations as a positive factor, enhancing rather than undermining triangular diplomacy.

SHOESMITH: There was speculation about the possibility of a warming of China-Soviet relations, but at that time it seemed very remote. As of 1981–1983, the Cambodian issue was still very hot, as well as Afghanistan. On both of those issues the Chinese and the Soviets were at loggerheads. There were still problems along their own border. The Soviets were building up their military presence in East Asia. None of these things seemed to augur any improvement in Sino-Soviet relations. On the contrary, although it was regarded as a possibility, if not a near term probability, those who thought it was a possibility would always add the caveat that it will never get back to where it was prior to 1960, at the time of the Sino-Soviet split. That both countries—and particularly China itself—had moved to a degree that any sort of full rap-

prochement was unlikely. There would still be suspicions on the Chinese side. There would still be conflicts of interest between the two.

How about the Soviets at this time—were they trying to find out what we were up to, still feeling frozen out, or were things beginning to relax for them?

HOROWITZ: By the mid-80s, the Chinese had moved to a situation where they had a more independent foreign policy—not lining up again with the Soviets but trying to have more normal relations with the Soviets and a more normal range of contacts with them. They were interested in the changes that were beginning to take place there; they were watching it closely. They were not anymore so much worried about imminent Soviet attack as they had been in the '70s. That had all disappeared—back in the '70s they would show you the air raid shelters they had been digging in the villages.

How were the Chinese, during this period, looking at the Soviet Union?

FREEMAN: The Soviet Embassy was essentially isolated; no one would speak with the Soviets. They had extremely limited access to the Chinese government. Some of them were really quite fine Sinologists, and genuinely, personally distressed by this situation. But while there was some minor movement, there wasn't anything too much going on.

At one point, we used to talk about the China card. Were we, at least from Washington, trying to manipulate China in any way vis-à-vis the Soviet Union?

FREEMAN: We were trying to give the Soviets the impression of their being effectively encircled, and the idea that the U.S. and China could, if provoked, respond together to the provocation. This was part of the general policy of keeping the pressure on the Soviet Union and containing it. It did contribute rather directly to the ultimate collapse of the Soviet Union, so it was a successful policy.

The shift in Chinese emphasis was illustrated in the wrangling we had in the August 17 communiqué negotiations over how the Chinese would state their opposition to hegemonism and whether they would recognize common strategic interests with us. They frankly didn't want

to be quite so closely associated with us, by 1982, as they had in 1972. The Chinese didn't want to state flatly that they did not want an intimate strategic connection with the United States, but they clearly didn't.

What was the nature of Sino-Soviet relations in the mid-to-late-1980s, at a time where the Soviets were still involved in Afghanistan and the Soviet Union was the Soviet Union, not yet Russia?

LORD: [The Soviet Union] was still [China's] primary concern. Now they were already easing relations with the Russians during this period. Gorbachev gave a speech in Vladivostok on Asia [July 1986] that I considered very significant at the time.[50] Clearly that was a pitch for better relations with China. The Chinese felt if they could ease relations with Russia, it would help them in terms of their military deployments and expenditures.

Did you use the Soviet card or did you let the Chinese figure out what the Soviets were up to themselves?

LORD: We kept telling the Chinese we hope you can improve relations. In fact, our view was, and it was sincere, we wanted a Sino-Soviet relationship that was not tense or hostile but certainly wasn't an alliance. The situation that had existed in 1969, the border clashes, we genuinely thought were too dangerous and too tense. It could lead not only to a conflict between them but a wider conflict in the region with others and even perhaps the nuclear dimension. Even if you could crudely say it is nice to have these two guys fighting each other, we didn't want that kind of hostile, tense relationship between these two major powers. Now, we obviously didn't want them to go all the way back to the 1950s and be solid allies again. We wanted to have better relations with each one than they had with each other. You don't want to make them feel that they are getting you nervous with their relations with the Russians. We felt that the Russians and the Chinese each needed us more than they could possibly use each other. Similarly on the geopolitical front, no matter how much they patched up their relations, there would be this suspicion.

We knew that they were suspicious of what Gorbachev was doing and had real ambivalence. They liked the fact that he wanted to improve relations with China, and they worked with him on that, but they were

very concerned about what Gorbachev was doing on the domestic political front in terms of freeing up that society, both because it might have a contagion effect in China and unleash similar currents there and because they felt, and they were correct in a way, that this would lead to lack of control by the Communist Party in Russia and even loss of their empire.