

## “U.S.-China Bilateral Relations: The Lessons of History”

Remarks by Assistant Secretary David R. Stilwell

Center for Strategic and International Studies

December 12, 2019

### INTRODUCTION

- Good afternoon. Thank you to CSIS for inviting me – and for rescheduling this speech after I had to miss our initial date last week.
- The title of my remarks is “U.S.-China Bilateral Relations: The Lessons of History.” There is a well-known Chinese idiom, “Seek truth from facts.” Today I’d like to apply this principle to the history of America’s relations with China. This is a subject that unfortunately isn’t always discussed truthfully or factually.
- In particular, I’d like to examine a part of U.S.-China history that is hugely important and yet often overlooked: Namely, the vast range of official U.S. contributions, sustained over decades, to empowering the People’s Republic of China and aiding its development.

### U.S. SUPPORT FOR CHINA’S DEVELOPMENT

- Why recount this history? First of all, if we don’t acknowledge it, we can’t claim to understand the current state of U.S.-Chinese relations. Second, the history is colorful and dramatic, involving secret presidential directives,

sensitive diplomacy, and some of the most consequential economic and technological shifts the world has ever seen.

- Third and most important: Recounting this history refutes the false claims of propagandists who claim that the Trump Administration’s competitive posture toward Beijing is motivated by longstanding American animus, or a desire to keep China down. The fact is that for decades, American policymakers have extended the hand of friendship to the PRC—yet Beijing has not reciprocated. The historical record shows this clearly.
- When commentators occasionally discuss how American policy has contributed to China’s empowerment, they often focus on America’s general role in sustaining a free and open international order, including open sea lanes for international trade. Their point is that, in sustaining this international order, America provided China with a peaceful and stable external environment in which to grow. This is indeed a big part of the story, and to create and preserve that international order required enormous U.S. investments in blood, treasure, and ideas. But there is far more to the story than that.
- China was not just the *indirect* beneficiary of general American efforts to sustain a liberal world order. U.S. support for China’s development was deliberate, *direct* and *specific*. It took many forms. We provided military and intelligence assistance. We made generous technology transfers. We ensured preferential trade and investment access. We sponsored and arranged for vast educational exchanges. We provided development financing and organized government-to-government capacity building. And more.

- Now before we get into details, I want to note that the primary drivers of China's strengthening were the Chinese people themselves. China's greatest achievements in recent decades reflect the intelligence, talents, and courageous and entrepreneurial spirit of the Chinese. Those traits fueled China's growth when the Chinese Communist Party finally loosened the disastrous stranglehold that it had placed on the people during the PRC's first decades.
- Once Communist Party leaders recognized the failures of the Great Leap Forward, the Cultural Revolution, and the chaotic fight for succession after Mao, and moved to liberalize China's system, China's people were able to get to work – and the United States and others were enthusiastic to help. But acknowledging the centrality of the Chinese people in this story shouldn't blind us to the important contributions of others, especially the contributions of the United States.
- Yet the PRC has acted in recent years with increasing hostility toward the United States, our interests, and our principles. This has prompted the American people and the current administration to reevaluate some of our policies. As Secretary Pompeo has said, "We accommodated and encouraged China's rise for decades, even when that rise was at the expense of American values, Western democracy, security, and good common sense."
- Beijing's hostile behavior was not inevitable. It is not justified. It is a choice by Chinese leaders. It is by no means what American officials desired or expected forty years ago, when they initiated the multifaceted U.S. policy of intense support for Beijing's modernization and liberalization.

## THE HISTORICAL RECORD

- America's willingness to help China achieve its ambitions was clear to PRC leader Deng Xiaoping even before he inaugurated the era of "reform and opening" at a Communist Party work conference in December 1978. Indeed, on the very day he presented the "reform and opening" idea, he also accepted an invitation from the U.S. government to become the first PRC leader to visit America.
- By the next month, the U.S. and China had announced normalization of their relations and Deng was on an airplane to Washington. I mentioned this story in another speech earlier this month, but it bears repeating: On the airplane, as historian John Pomfret records, Deng's foreign minister asked him why he picked the United States for his first trip as leader. Because, answered Deng, America's allies are all rich and strong, and if China wanted to be rich and strong, it needed America.
- For Deng, the engineer of China's modernization and prosperity, it was clear that America could be relied on to help. Deng was pushing longstanding PRC plans for "four modernizations." These addressed science and technology, industry, agriculture and defense. The U.S. would help in all four areas, and then some.
- And it produced results. After the horrific privations caused by the Cultural Revolution, Deng Xiaoping intensely desired that Chinese students would study in the United States. When Deng received a visit from White House science advisor Frank Press in the run-up to normalization, he insisted that Press call

President Carter immediately with a request to accept 5,000 students.

Awakened by the call at 3 a.m., Carter replied, “Tell him to send a hundred thousand.” So he did.

- By 1987, less than 10 years later, there were indeed 100,000 Chinese students studying in America – part of a boom in visas, scholarships, and other educational exchange that transformed science and technology in the PRC. It is still booming.
- Technology was a key theme of Deng’s 1979 first trip to America, as he visited Ford Motor Company, Boeing, and NASA. He signed an agreement for U.S. aid to science in China. And he agreed with the White House to establish a joint intelligence station in northwest China known as Operation Chestnut. It led to deeper military and intelligence cooperation.
- Several months after Deng’s trip, Vice President Mondale visited China and told Deng, “We have insisted repeatedly, and I will state it again: We strongly believe in the importance of a strong China.” Mondale showed it by previewing a major accommodation on trade policy and human rights: The United States would grant the PRC most-favored-nation trading status, cutting tariffs on Chinese goods to the preferential level offered to friends and allies, even though Beijing did not meet the political and civil rights standards required for that status under U.S. law. Creating this kind of exception for the PRC would become a common U.S. practice.
- The Carter administration also used America’s leading position at the World Bank to clear the path for China’s membership in 1980. Beijing began receiving

World Bank loans the following year. It has since received some \$62 billion, making it the world's second-largest beneficiary of World Bank support.

- After Carter left office many U.S. foreign policies changed, but the approach to aiding China's modernization endured. It even intensified. The Reagan Administration helped the PRC especially in the military and technology domains.
- In 1981, President Reagan issued National Security Decision Directive (NSDD) 11, opening the path to sell the PRC air, ground, naval and missile technology. This built on Carter's 1980 authorization of the sale to the PRC of nonlethal military equipment. In 1983, Reagan's NSDD 76 authorized "peaceful" nuclear cooperation to boost Beijing's civilian nuclear program. By the mid-1980s, the U.S. had agreed to sell the PRC hundreds of millions of dollars' worth of torpedoes, anti-artillery radar and other military systems and equipment.
- In 1986, the U.S. and China announced the "Peace Pearl" program to modernize China's F-8 jet fighters with sophisticated navigation, radar and other electronics. Peace Pearl, the Pentagon said, would "improve the security of a friendly country which has been an important force for political stability and economic progress in Asia and the world."
- The Reagan Administration loosened controls on the export of technology to the PRC in 1983, again furthering work that began in the Carter years. Before a 1984 visit by PRC Premier Zhao Ziyang, Reagan signed NSDD 120, directing the Administration "to lend support to China's ambitious modernization effort, especially through our liberalized technology transfer policy." That classified

policy document stated that the U.S. seeks “a strong, secure, and stable China” that “can be an increasing force for peace, both in Asia and the world.”

- In 1986 the Reagan administration even helped the PRC establish national research centers for genetic engineering, automation, biotech, lasers, space technology, manned spaceflight, intelligent robotics, and supercomputers. That year the U.S. also worked with Japan and others to usher Beijing into the Asian Development Bank, which later extended the PRC \$40 billion in loans for transport, energy, water, agriculture, finance and other projects.
- Now let’s recall that, in this first decade after normalization in 1979, as in the years immediately before 1979, a key consideration in America’s China policy was the Cold War, in which the PRC was a counterweight to the Soviet Union. But even when the Cold War ended, the U.S. policy toward the PRC remained highly favorable.
- As the Cold War was ending, U.S. leaders went out of their way to show their intention to remain committed to China. Recall the George H.W. Bush Administration’s response to the Tiananmen massacre of 1989. Here was a brutally violent refutation of the optimistic notion that modernization by the Chinese Communist Party would also mean political liberalization. Nevertheless, President Bush decided not to fundamentally reassess U.S. relations with the PRC.
- The senior President Bush suspended new arms sales but decided to follow through on many existing programs (including Peace Pearl, which was terminated later by the Chinese side, not the U.S.). President Bush also opposed

economic sanctions favored by a majority of members of Congress. “Now is the time,” he told the public, “to look beyond the moment to important and enduring aspects of this vital relationship for the United States.” Though the Administration announced it had suspended high-level contacts with the PRC, Bush dispatched his National Security Advisor on a secret mission to Beijing carrying letters that stressed the importance of getting “our relationship back on track.”

- And so the two sides did. That measured U.S. response to the massacre reflected a hopeful and accommodationist frame of mind that continued to shape U.S. policy toward the PRC for years to come.
- Across decades, we accommodated the PRC’s human rights abuses without significant protest. We mostly shrugged at the PRC’s proliferation of nuclear and missile technology to Pakistan, Iran, North Korea and others. We largely overlooked the PRC’s diversion of U.S.-origin dual-use technology into its military. We offered little opposition to the PRC’s theft of intellectual property, piracy of trademarked goods, and countless other unfair trade practices. Policymaking requires balancing interests, and we often had reasons to let this or that PRC offense go unanswered, but the consequences mounted.
- Following Tiananmen, one change that did come was that PRC leaders introduced a harsh “patriotic education campaign” into the schools and culture. The aim was to shore up support for the Communist Party by playing to nationalism and vilifying foreigners—especially Americans and Japanese—as so-called “hostile forces” seeking to contain China and block its rise. Stoking



this mythology of U.S. hostility was itself a hostile act against the United States. But U.S. officials barely took notice.

- Instead, we concentrated on producing the next chapter in our policy of support for the PRC. This was probably the most favorable and consequential of all: PRC accession to the World Trade Organization.
- President Bill Clinton entered office highly critical of Beijing's human-rights record. He promised to reestablish the link between the PRC's trade privileges and human rights, as the Jackson-Vanik Amendment concerning "most-favored-nation" status had intended. By mid-1994, though, Clinton dropped that insistence.
- Clinton began to favor bestowing on the PRC "permanent normal trade relations" and backing its membership in the WTO, even if there weren't improvements in human rights. He embraced an idea, long part of U.S. thinking about trade with the PRC, that became dogma: If we expanded international trade links with it, China would inevitably liberalize politically, benefiting the Chinese people, the cause of human rights and the world in general.
- This view dominated thinking as the U.S. played an indispensable role in bringing about Beijing's WTO accession. And WTO accession was rocket fuel for the PRC's ambitions, giving it the global market access that turned China into the world's manufacturing and export powerhouse. No policy measure has strengthened the PRC more.

- And, like so much else, helping China enter the WTO involved our purposefully ignoring PRC improper trade practices and empty promises. As Secretary Pompeo has said, “We encouraged China’s membership in the World Trade Organization and other international organizations, premised on their commitment to adopt market reforms and abide by the rules of those organizations. And all too often, China never followed through.”
- The friendly U.S. approach to China in the 1990s was evident when Federal Reserve Chairman Alan Greenspan visited Beijing in October 1994. “It is very important to the United States as well as to the whole world that China succeed,” Greenspan told PRC Premier Zhu Rongji. “Therefore, we’re willing to provide as much assistance as we can to your central bank in those technical areas in which we have many years of experience.”
- Generous technical assistance was a U.S. policy priority for decades. Even before normalization, President Carter issued Presidential Directive 43 instructing federal agencies to support PRC capacity-building in education, energy, agriculture, space, geosciences, commerce, and public health. Soon there was hardly an agency or office in Washington, D.C. without a program to provide training and know-how to strengthen PRC government capacity, expand trade, and generally aid PRC integration into global affairs. These programs lasted for decades, into the current day. No other country has received such an outpouring of U.S. capacity-building aid as the PRC has.
- The U.S. government similarly helped American business help Beijing. In the 1990s, American investment banks worked with PRC leaders to create state-owned megafirms such as China Mobile and then raise money via stock listings

in places like New York and London. U.S. policy meanwhile allowed them to raise money from U.S. investors despite not meeting basic regulatory requirements. Tens of billions of dollars flowed into PRC state coffers.

- The 1990s also saw U.S. aid to Chinese civil society—at the request, I should stress, of the PRC government. The Asia Foundation and Ford Foundation partnered with PRC officials on economic reform, international relations, and Beijing’s own overseas assistance programs. The Carter Center signed an MOU with Beijing’s Ministry of Civil Affairs in 1998 to help with experimental village elections. The American Bar Association spent two decades working with PRC judges, officials, and lawyers on criminal justice reform, legal training, and combating domestic violence. Heifer International helped thousands of Chinese farmers raise livestock more sustainably. Such efforts often received funding from the U.S. government—transparently, and in alignment with Beijing’s own policies.
- Unfortunately, the PRC has grown inhospitable to foreign civil-society groups. Beijing today paints foreign NGOs as insidious subversives, not partners in Chinese development. It’s not that the NGOs have changed. Beijing has. It has lost its former enthusiasm for more openness, transparency, and foreign links. Nor is the CCP keen to share any credit with outsiders for China’s development, lest the starring role of the Party be diminished. So, Beijing today claims that U.S. civil-society groups are a “black hand” undermining China. Beijing also enforces a 2016 law designed to drive foreign NGOs from China, and which has done just that—reducing the number of NGOs from 7,000 in 2016 to a few hundred today.

- These weren't the outcomes sought by U.S. leaders before the 1990s or since. Presidents George W. Bush and Barack Obama both had concerns about aspects of Beijing's behavior, as their predecessors had, and both took measures to hedge against risks posed by Beijing. But both ensured that the United States engaged the PRC fundamentally as a partner and supporter.
- Both expanded trade and technology ties with the PRC, even as Beijing cheated and the U.S. trade deficit with China soared above a cumulative \$4 trillion. Both supported elevating's Beijing status in important international organizations, even as Beijing often subverted the mission and spirit of these organizations. Both believed the Beijing line that irritants in the bilateral relationship could be worked out via ever more diplomatic pageantry and high-level dialogues. And both welcomed more and more PRC students, with some 270,000 in America by 2015. And for the record, the number of PRC university students in the United States is now a whopping 370,000, contrary to Beijing's allegations.
- We are proud of America's long record of pursuing friendship with China and the Chinese people. In this 40<sup>th</sup> year since U.S.-PRC normalization, it's worth recalling that U.S. optimism and friendship toward China and the Chinese people dates back centuries. American missionaries established hospitals and universities in China in the 1800s. American diplomats backed the Open Door policy in the late 1800s, then set up the Boxer Indemnity Scholarship in 1909 that seeded Tsinghua University. American soldiers defended China during World War II, sacrificing thousands of lives to support our alliance commitments and resist an expansionist and aggressive force. After the war,

America insisted that China receive a seat among the founding members of the United Nations with a veto on the Security Council.

## CONCLUSION

- So it was natural that, once the PRC turned to reform and opening forty years ago, America would extend our hand in friendship. And it is altogether bogus that Beijing today claims that America's new competitive posture toward the PRC betrays a desire to keep China down as a nation. On the contrary, our posture today is based on disappointment that Chinese Communist Party leaders decided to respond to our good faith with such aggressive and consistent bad faith.
- I have reviewed this history not as an opponent of good U.S.-Chinese relations. On the contrary, I want our relations to be good, rich and mutually beneficial. Anyone who wants friendly U.S.-China relations should expose and oppose propaganda designed to stimulate hostility. Pushing back on such misinformation is in the interest of constructive ties. Confucius highlighted the virtue of the "rectification of names." Likewise, we want the record to be clear—confident that if it is, it will *defuse*, not foster, hostility.
- A personal story illustrates the point. Some years ago, I was the U.S. Defense Attaché in Beijing. Because of my last name, I met a group of Chinese patriots who put together a stirring project called "National Memories." Their work began in 1999, when one of the founders came across an old photo, clearly taken in China, of a U.S. Army chaplain conducting a funeral for a Major McMurray, with a mix of U.S. and Chinese military personnel in attendance. In

disbelief, my friend tried to access World War II records in his own national archives, without success. But he could access the U.S. National Archives, so he found 60,000 digitized photos of U.S.-China cooperation as allies in World War II. He has since published these photos in multiple books and venues, including here in Washington. And yet, all along, the official narrative out of Beijing remains that the U.S. has always been hostile to China.

- Going forward, the United States will continue to seek good relations with China, and we expect Beijing to reciprocate. We continue to believe that this is what the Chinese people want and seek. In the interests of truth and of friendly ties, Beijing should acknowledge the history of American helpfulness and support that I have outlined here. It was the result of the belief that China and the world are improved when China and America cooperate and strengthen the existing global order. In all events, Americans will strive to remain clear-eyed about our history and our future.
- Thank you.