

THE COLLAPSE OF CLINTON'S CHINA POLICY: UNDOING THE DAMAGE OF THE MFN DEBATE

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President Bill Clinton's decision last week to grant most-favored-nation (MFN) trading status for China has ended, many hope, the very difficult debate that the President has had with himself over the future of U.S.-China relations. Clinton began his term believing that trade sanctions could pressure China to improve human rights conditions. But after a year of debilitating debate, he was forced to reverse his policy of linking trade to human rights.

He was right to do so. By continuing to grant MFN to China, Clinton will help advance the \$38 billion trading relationship which the U.S. now enjoys with the world's fastest growing economy. Moreover, by increasing prosperity in China through greater trade, the U.S. can help to create the economic freedoms that are the foundation upon which political freedom will someday emerge.

The Damage Done

The main task for President Clinton now is to undo the damage caused by his confused China policy. Clinton's human rights crusade against China, and then its reversal, has seriously eroded U.S. influence in Asia. The problem was summed up neatly in a memo by Assistant Secretary of State for Asia Winston Lord, who wrote that Clinton's Asia policy is characterized by an "emerging malaise." Lord observed that Asians view the U.S. as adopting "tactics that destabilize relationships which are central to the region's peace and prosperity." The danger, Lord warned, was that, because of its confused policies, the U.S. "could subvert our influence and our interests."

The roots of Clinton's confusion over China date to the 1992 presidential campaign. At that time he accused then-President George Bush of "coddling" the tyrants in Beijing, hinting that he might withdraw MFN status for China. But as President Clinton approached the annual congressional battle over MFN, he discovered the complexities of the issue. He created a contradictory policy that was designed to please human rights advocates while he was approving MFN. In an Executive Order issued on May 28, 1993, Clinton stipulated that China had to improve its human rights record in the areas of immigration, the manufacture and export of prisoner-made goods, the treatment of prisoners, protecting Tibet, and allowing foreign radio broadcasts in order to qualify for renewal of MFN in 1994.

Instead of ending the debate, Clinton's decision only inflamed it. His vaguely worded Executive Order allowed human rights advocates in Congress to demand a larger share of Clinton's China policy, even after the July 1993 decision to push for delinking trade and human rights. The debate even raged inside the Administration, with embarrassing results for U.S. prestige and credibility in Asia. Secretary of State Warren Christopher traveled to Beijing in March to warn Chinese leaders to improve their human rights record.

Only two months before, Treasury Secretary Lloyd Bentsen had come to China with a completely different message, suggesting that cooperation and communication between the U.S. and China would improve the overall relationship.

Clinton Comes Around

Clinton began to end this spectacle of confusion last week when he decided to renew MFN almost without condition. Perhaps the most important aspect of his decision is philosophical; the President has now adopted the view that trade relations must be separated from U.S. political goals with China. Moreover, he has endorsed the view that increased U.S.-China trade can promote economic freedoms, which in the long run will spur the growth of political freedoms in China. In addition, by stating that he wants to end the annual debilitating congressional debate over MFN, Clinton is strengthening the President's authority over foreign policy. This step alone will help to reassure Asian friends and adversaries that Clinton plans to get a better grip on foreign policy.

Undoing the Damage

But granting MFN status to China alone is not enough to undo the damage caused to U.S. leadership, prestige, and credibility in Asia. The Administration should construct a new China policy that serves the totality of American interests. Now that Clinton has reversed his policy, he should move quickly to exact a price of Beijing's cooperation in two areas of critical concern to the U.S. They are:

- ✓ **Ending North Korea's nuclear threat.** Clinton should now press Beijing to cooperate fully with Washington, Seoul, and Tokyo to end North Korea's nuclear weapons program. North Korea's nuclear program is now the greatest threat to peace in Asia, and so far, Beijing has been reluctant to pressure its ally in Pyongyang. One reason for this reluctance has been Clinton's MFN policy. Now that this irritant in U.S.-Chinese relations has been removed, Beijing should be more cooperative on North Korea.
- ✓ **Better treatment for Hong Kong and Taiwan.** Clinton also should press Beijing to allow the citizens of Hong Kong to establish democratic institutions that help protect Hong Kong's freedoms. Clinton should explain to the Chinese that failure to do so will undermine international confidence in Hong Kong as a business center, and thus will jeopardize China's economic growth. In addition, the President should press Beijing to drop its objections to allowing Taiwan to join international organization like the General Agreement on Tariffs and Trade, the International Monetary Fund, the World Bank, and the United Nations. Clinton should explain that Taiwan can make an important contribution to these organizations that China cannot.

Conclusion

The spectacle of Clinton's confused and incoherent China policy should never be repeated. America cannot afford to allow such policy confusion to undermine its leadership in Asia or in other regions.

There is an important lesson to learn from Clinton's flip-flop on China policy: There is no substitute for presidential leadership. Being President entails making politically difficult choices to insure that all of America's interests in Asia are protected. On critical issues such as relations with China, the President must constantly navigate among competing demands such as human rights, trade, and potential regional conflicts. Clinton's failure to decide on a balanced China policy last year was the principal cause of this year's embarrassing policy reversal.

Now that he has admitted his failure, the President can begin restoring some of the credibility which he—and the country—have lost over the past year.

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