
Acknowledge and Commit, Disagree and Continue: US China Policy for the 21st Century

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Case study comparison of the China Policies of US Presidents Bill Clinton and George W. Bush can provide insight into how the relationship can be managed in the 21st century. A relationship built on trust and communication creates stability between America and China; trust acknowledges disagreement and reinforces commitments. Breaking agreements, making unreasonable demands, or acting for short term self interest undermines the relationship, reduces opportunity for genuine cooperation, and hampers communication when crises occur. Bush's management of the relationship was a highpoint of recent US-China interaction, and serves as a blueprint for the 21st century relationship for Australian and American elites.

The growth of China's economy is such that a recent Australian Treasury Working Paper predicted China's economy would surpass America's in less than sixteen years.¹ Given that the infrastructure of a modern nation-state's comprehensive power is ultimately based upon economic rather than military strength, this growth has intensified global concern about instability and conflict in the Asia Pacific region.² China's development is seen as a more serious (and less ideological) challenge to American pre-eminence than anything it has previously encountered. Even at the hottest of Cold War moments, the Soviet economy could not hope to muster a challenge to American primacy. However, China is not replaying the Cold War; it has accepted market economics and will outgrow the American economy by exploiting the rules of the international system, not by challenging them.³

Since most great power transitions of the past have been marked by conflict between challenger and hegemon, many observers feel a conflict between China and America will be an inevitable outcome of the new economic

¹ Wilson Au-Yeung, Michael Kouparitsas, Nghi Luu and Dhruv Sharma, *Treasury Working Paper 2013-02*, Commonwealth of Australia, The Treasury, 25 September 2013, <http://www.treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2013/Long%20term%20international%20GDP%20projections/Key%20Documents/PDF/Working_paper_2013_2.ashx> [Accessed 13 January 2014].

² For two prominent sides to this debate, see Hugh White, *The China Choice: Why America Should Share Power* (Melbourne: Black Inc., 2012); and Robert Lieber, *Power and Willpower in the American Future: Why the United States is Not Destined to Decline* (New York: Cambridge University Press, 2012).

³ For further exploration of the non-revisionist China argument, see Alastair Iain Johnston, 'Is China a Status Quo Power?', *International Security*, vol. 27, no. 4 (Spring 2003), pp. 5-56.

reality.⁴ US-China diplomacy must therefore seek to minimise the potential for such conflict. However, such diplomacy should not mean avoidance of confrontation at all costs. By reviewing case studies of US-China economic management and negotiation, crisis management, leader-to-leader relations and the Taiwan Strait issue during the Clinton and G. W. Bush administrations, this article argues that a successful Sino-American relationship must pragmatically acknowledge that genuine disagreements can arise between America and China. Leaders must confront the fact that interests between them will occasionally and legitimately diverge, as to pretend otherwise undermines genuine dialogue. Acknowledging differences candidly will reduce the chance of misunderstanding, further disagreement or noncooperation in other fields. Elite leaders in America should foster direct, durable relationships with their Chinese counterparts. Such a pragmatic, results-based relationship would most effectively minimise the potential for conflict between America and China in the 21st century. In comparing Clinton and Bush, this article contends that the more effective manager of US-China diplomacy was Bush, and that his China Policy is worthy of emulation as China grows in economic strength and further embeds itself into the international society.⁵

This article does not contend that Bush was a better manager of the relationship because he was a Republican, nor that Republican Presidents work more effectively with China than Democrat Presidents—an attitude encapsulated by a comment of Bush's first term Deputy Secretary of State, Richard Armitage:

China has been known to tell people that they actually prefer, historically, Republican governments ... because they're more predictable, their interests are more well defined, and so China can know what they're going to do tomorrow as well as what they're going to do today and they like that.⁶

The basic objectives of American China policy have been bipartisan for decades—regardless of presidential affiliation: to embed the Chinese economy within the current global economic order, to maintain peaceful

⁴ For a discussion of these issues, see M. Taylor Fravel, 'International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion', *International Studies Review*, vol. 12 (2010), pp. 505-32; Avery Goldstein, 'Power Transitions, Institutions, and China's Rise in East Asia: Theoretical Expectations and Evidence', *Journal of Strategic Studies*, vol. 30, no. 4/5 (August 2007); and Paul Wolfowitz, 'Bridging Centuries: Fin de Siecle All Over Again', *National Interest*, no. 47 (Spring 1997). For the 'China must be contained' arguments, see Edward Timperlake and William C. Triplett II, *Red Dragon Rising: Communist China's Military Threat to America* (Washington D.C.: Regenery Publishing, 1999); Joe Barnes, 'Slaying the Chinese Dragon: The New China Threat School', in *China and Long-Range Asia Energy Security* (Houston: Rice University Press, 1999); Arthur Waldron, 'A Free and Democratic China?', *Commentary Magazine*, November 2000; 'Eight Steps Toward a New China Policy', *Orbis*, vol. 41, no. 1 (Winter 1997); and Charles Krauthammer, 'Why We Must Contain China', *Time*, 31 July 1995.

⁵ This article does not excuse or exonerate President Bush from his foreign policy decisions in other fields; it does not discuss them at all.

⁶ Richard Armitage, interview with the author, 12 July 2012.

relations, and, ideally, to see the emergence of a non-authoritarian 'Good China'.⁷ Since different administrations have shared the same fundamental objectives, the level of success or failure in US-China relations must be dependent upon presidential technique, not party affiliation.⁸ It is the outlook of the President that frames the narrative of the relationship. In this sense, 'bumper stickers' have abounded, an effort to encapsulate what different administrations hope the relationship will become. In 2000, President Clinton called China a 'Strategic Partner', while Bush, during the election campaign, called it a 'Strategic Competitor'. Once in office, however, Bush sought to build a "candid, constructive relationship". Showing different priorities, President Obama's Secretary of State, Hillary Clinton, asked the Australian Prime Minister Kevin Rudd: "How do you deal toughly with your banker?"⁹ Bush's pursuit of a "candid, constrictive relationship" with China was a genuine blueprint for engagement that led to the "best relations since 1972".¹⁰ Bush's approach toward China, although confrontational at times, was distinguished by stability, cooperation and a results-focused diplomacy. Comparing specific examples of US-China relations in the Clinton and Bush administrations highlights the most effective bilateral guidelines for China engagement in the 21st century.

Economic Interaction and Negotiation

During the 1992 election campaign, Clinton had criticised his predecessor, George H. W. Bush (Bush Senior), for his management of US-China relations after the Tiananmen Square Incident. Bush Senior, famed for being his own 'desk officer' on China, had felt that maintaining communications with the Chinese leadership was the best way to ensure China would continue to pursue reforms.¹¹ Contrastingly, Clinton berated Bush Senior for maintaining relations with the "Butchers of Beijing", and argued "that we should [not] give Most Favoured Nation Status to Chinese

⁷ For more on the bipartisan fundamentals of American policy in Asia (which includes stronger ties with America's regional allies), see individual and collaborative reports by Joseph S. Nye, Clinton's Assistant Secretary of Defence for International Security Affairs, and Richard Armitage, Bush's Deputy Secretary of State. See also *United States Security Strategy for the East Asia-Pacific Region*, US Department of Defense, 1995.

⁸ For a comprehensive overview of US-China relations from 1988 to 2000 (including the Presidency of George H. W. Bush), see David M. Lampton, *Same Bed, Different Dreams: Managing U.S.-China Relations, 1989-2000* (Berkeley: University of California Press, 2001).

⁹ 'US Embassy Cables: Hillary Clinton Ponders US Relationship with its Chinese "Banker"', *The Guardian*, 4 December 2010, <<http://www.guardian.co.uk/world/us-embassy-cables-documents/199393>> [Accessed 29 October 2012].

¹⁰ See Bonnie Glaser, 'Fleshing out the Candid, Cooperative, and Constructive Relationship', *Comparative Connections*, vol. 4, no. 2 (2002); Bonnie Glaser, 'The Best since 1972 or the Best Ever?', *Comparative Connections*, vol. 5, no. 3 (2005).

¹¹ For a further exploration of Bush Senior's response to the Tiananmen Square Massacre, see Henry Kissinger, *On China* (New York: Penguin Press, 2011), pp. 412-28.

communists who deny their people's basic rights."¹² Winning the 1992 election, Clinton declared America would follow a more human rights oriented agenda toward China, and that the extension of Most Favoured Nation Status (MFN) to China would only continue if genuine advances were made in China's respect for human rights. Clinton's 28 May 1993 Executive Order stated that MFN would not be continued unless China had made overall progress across several issues:

- taking steps to begin adhering to the Universal Declaration of Human Rights;
- releasing and providing an acceptable accounting for Chinese citizens imprisoned or detained for the non-violent expression of their political and religious beliefs, including such expression of beliefs in connection with the Democracy Wall and Tiananmen Square movements;
- ensuring humane treatment of prisoners, such as by allowing access to prisons by international humanitarian and human rights organisations;
- protecting Tibet's distinctive religious and cultural heritage; and
- permitting international radio and television broadcasts into China.¹³

This was certainly a confrontational approach.¹⁴ However, it also had two fundamental flaws. Firstly, the declaration was perceived by the Chinese as blatant interference in their sovereign affairs—an act of Western Imperialism reminiscent of China's humiliation in the 18th century. By backing China into a corner, Clinton ensured that the Chinese leadership would not want to cooperate, lest they be seen as obeying orders from an interfering outsider.¹⁵ Secondly, despite his rhetoric, Clinton was unable to resist pressures from America's business community to continue to give MFN status to China for economic reasons.¹⁶ The result was that China did not move to comply with Clinton's demands and Clinton was unable to maintain his position in the

¹² Peter Baker, 'Bush, Clinton and China', *The Washington Post*, 8 April 2008, <<http://voices.washingtonpost.com/44/2008/04/bush-clinton-and-china.html>> [Accessed 1 September 2013].

¹³ Bill Clinton, 'Executive Order 12850—Conditions for Renewal of Most-Favored-Nation Status for the Peoples Republic of China in 1994', 28 May 1993, <<http://www.presidency.ucsb.edu/ws/?pid=61546#axzz2gY3vuxIK>> [Accessed 28 September 2013].

¹⁴ For further exploration of this issue, see David M. Lampton, 'China Policy in Clinton's First Year', in James R. Lilley and Wendell L. Wilkie II (eds.), *Beyond MFN: Trade With China and American Interests* (Washington, D.C.: The AEI Press, 1994), pp. 9-35, 153-8.

¹⁵ For further exploration of such attitudes, see Alan Wachman, 'Does the Diplomacy of Shame Promote Human Rights in China?', *Third World Quarterly*, vol. 22, no. 2 (2001), pp. 257-81.

¹⁶ David M. Lampton, 'America's China Policy in the Age of the Finance Minister: Clinton Ends Linkage', *The China Quarterly*, no. 139 (1994).

face of domestic pressure. Almost a year later, on 26 May 1994, Clinton had to declare:

The Chinese did not achieve overall significant progress in all the areas outlined in the executive order relating to human rights ... Given the fact that there has been some progress but that not all the requirements of the executive order were met, how can we best advance the cause of human rights and the other profound interests the United States has in our relationship with China[?] ... I have decided that the United States should renew Most Favored Nation trading status toward China. This decision, I believe, offers us the best opportunity to lay the basis for long term sustainable progress in human rights, and for the advancement of our other interests with China ... I am moving, therefore, to delink human rights from the annual extension of Most Favored Nation trading status for China.¹⁷

This back down further undermined Clinton's standing with the Chinese Government. Attempting to link MFN status with human rights progress in China made Clinton look interfering and imperialistic. Abandoning this linkage less than a year later made Clinton look vacillating and weak as well. An issue of disagreement had been allowed to impact—temporarily and unproductively—on the relationship without profit or resolution. Clinton's announcement and its subsequent retraction was counterproductive for the relationship as a whole; it showed that Clinton's commitment to human rights, a traditional American priority, was not inviolate, and that Clinton could be outfaced with stiff resistance. David Lampton paraphrases one US Congressman speaking to visiting Chinese dignitaries before the initial announcement:

I have some good news and some bad news for you. The bad news is that President Clinton has promised to take MFN away from China if human rights don't improve. The good news is that he doesn't keep his promises.¹⁸

Given the mutual interest of economic development, Clinton had sought to define and defend his administration's China Policy as a 'Strategic Partnership'. However, this perception was firmly rejected by the 2000 Republican Candidate, George W. Bush, who instead positioned 'Strategic Competition' as the watchword for US-China relations for his term in office. During the 2000 campaign, Bush took a swipe at what he saw as Clintonian inconsistencies: "One year, it is said to be run by 'the Butchers of Beijing'. A few years later, the same administration pronounces it a 'Strategic Partner'".¹⁹ Bush, who prided himself on being the "calcium in the bones", thus scorned what he saw as a policy of inappropriate flexibility.²⁰ The Bush team also criticised Clinton's 1998 nine-day visit to China, designed to

¹⁷ 'Press conference of the President', Office of the Press Secretary, The White House, 26 May 1994.

¹⁸ Lampton, 'America's China Policy in the Age of the Finance Minister'.

¹⁹ John W. Dietrich (ed.), *The George W. Bush Foreign Policy Reader, Presidential Speeches with Commentary* (New York: M.E. Sharpe Inc., 2005).

²⁰ Bob Woodward, *State of Denial: Bush at War, Part III* (New York: Simon and Schuster, 2006) p. 326.

strengthen the relationship, as equally inappropriate since the visit did not include side trips to America's Japanese and South Korean allies: "Never again should an American President go to Beijing for nine days and refuse to stop in Tokyo or Seoul."²¹

While Clinton had changed position several times on trade issues, whether regarding Chinese human rights or, as will be discussed, on China's World Trade Organization (WTO) entry, Bush did not compromise on his outlook; trade was a good thing for the relationship and the Bush team felt that economic integration would be good for human rights in China, as well as for bilateral ties and the American economy. Domestic criticism would not be allowed to hijack or damage what Bush thought best. Written in 2000, Condoleezza Rice's 'Promoting the National Interest' declared that:

Trade and economic interaction are, in fact, good—not only for America's economic growth but for its political aims as well ... although some argue that the way to support human rights is to refuse trade with China, this punishes precisely those who are most likely to change the system.²²

It should be noted that Bush did not abandon human rights issues, but took a different approach to the Clinton administration. Richard Armitage stated that a more private method was more conducive to relations:

Approach the Chinese privately and say here's what you're doing, if you fix it in this period of time, it'll stay here, otherwise the pressure is going to go up ... they appreciate the fact that they got caught, we caught them, we handled it in a way which showed we wanted to have a tomorrow, we didn't want to score a short-time political point ... they appreciated it.²³

Bush recalled in his memoirs that, rather than terrorism, what kept Chinese President Hu Jintao "up at night" was "creating twenty-five million new jobs a year".²⁴ Bush's priority was to foster an endogenous Chinese appreciation of economic development, and to share the benefits of appropriate trade between the two countries. Bush also worked to convince the Chinese that his position and statements could be relied upon. As such, he did not want to 'own' economic engagement between the two countries, but rather see it develop as an issue of mutual benefit—even at the risk of staunch domestic criticism. For example, in 2004, the premier American trade union group, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), filed a trade complaint about Chinese labour conditions. The complaint was rejected by the Bush administration for the aforementioned

²¹ Condoleezza Rice, 'Promoting the National Interest', *Foreign Affairs*, vol. 79, no. 1 (2000), pp. 45-62.

²² *Ibid.*, p. 55.

²³ Armitage, interview with the author, 12 July 2012.

²⁴ Bush, *Decision Points*, p. 427.

reasons.²⁵ This proved to the Chinese leadership that Bush was genuine in his commitment to trade relations.

If China failed to fulfil its obligations, the Bush administration were in a position to respond by using official avenues of adjudication. In December 2001 China finally became an official WTO member, it promised to “abide by WTO rules and honour its commitments while enjoying its rights.” On 17 February 2003, Robert Zoellick, then a US Trade Representative, visited China to discuss its WTO ascension, economic reforms and bilateral and global trade issues. During his visit, Zoellick likened the WTO ascension as an economic tie comparable to the political tie created by the 1972 Shanghai Communiqué. With concerns about the sustainability of ‘Brand China’ in the face of copyright breaches and poor workmanship, Zoellick stressed China needed to continue to push economic reforms and ensure industrial and intellectual standards were maintained.²⁶ In March 2004, the United States filed the first case against China at the WTO, based on a 17 per cent Value Added Tax (VAT) on US-built semiconductors. The move triggered a sixty-day consultation period, and China responded to the case by expressing surprise and then agreeing to discuss the VAT.²⁷ Maintaining a firm commitment to mutual trade standards and tariff agreements, Bush was able to foster closer economic interaction and negotiation, without posturing or making unsustainable demands. Bush remained committed to shared agreements, and when China reneged (or was unable to enforce compliance) on such agreements, he used accepted norms of economic behaviour to foster Chinese recalibration, such as filing a complaint with the WTO rather than publically criticising the Chinese Communist Party (CCP) leadership in a way that could trigger resentment and truculence. These methods encouraged the CCP leadership to see Bush as a trustworthy, pragmatic figure.

Taiwan Strait Issue

The negative interpretation of Clinton’s agenda and personality following his human rights back down was a significant contributor to the 1996 Taiwan Strait crisis. A traditional flashpoint of relations, a cloak of ambiguity about America’s intentions had helped keep the Strait comparatively peaceful. As Joseph Nye explained,

if the U.S. were to say we will come to the defence of Taiwan, no matter what happens, then clearly Taipei would say “oh, we can do whatever we want”—and that would be destabilizing. On the other hand, if the U.S. said we will not defend Taiwan in the case of unprovoked attack, then Beijing

²⁵ Anita Chan, ‘America, Chicken Feet, Chinese Tires and the Struggle for Labor Rights’, *New Labor Forum*, vol. 19, no. 3 (2010), p. 58.

²⁶ Bonnie Glaser, ‘China and the U.S. Disagree, but with Smiles’, *Comparative Connections*, vol. 5, no. 1 (2003).

²⁷ Bonnie Glaser, ‘A Familiar Pattern: Cooperation with a Dash of Friction’, *Comparative Connections*, vol. 6, no. 1 (2004).

would think “Oh, we can do whatever we want”—and that would be destabilizing. So that’s the tactical reason ... for why the U.S. is careful not to give either side a carte blanche or a free ticket.²⁸

However, Taiwan had also fostered strong relations with the American Congress, which largely supported the democratic traditions of the island. In 1994, Clinton had received a great deal of opprobrium from House Republicans for refusing to allow Taiwan President Lee Teng-hui to disembark from his plane during an over-night refuelling in Honolulu. A year later, Lee requested a visa to visit his alma mater, Cornell University. Although Clinton’s Secretary of State assured the Chinese that such a decision would be inconsistent with the administration’s stance on Taiwan, a visa was granted following domestic pressure from a nearly unanimous Congressional resolution to that effect.²⁹ The speech that Lee gave at Cornell, entitled ‘Taiwan’s Democratisation Experience’ further outraged an aggrieved People’s Republic of China, which subsequently declared a number of missile tests would be held along the coast close to Taiwan.³⁰ Seeking to influence the upcoming Taiwan elections, the Chinese display then escalated into live ammunition exercises and amphibious assault exercises stretching from November 1995 onward.³¹ Faced with an unheralded crisis, the US Government moved two aircraft carrier battle groups into the region, while the Chinese bellicosity actually ensured President Lee was re-elected during the crisis. Tensions gradually eased thereafter, and the US battle groups were able to move away from the region.

America’s response to this crisis had been largely preordained by the Taiwan Relations Act and the Three Joint Communiqués, but these understandings had traditionally afforded the US President a degree of diplomatic malleability and opacity on the issue.³² At the start of 1995 cross-strait relations had been no more dangerous than usual, and tensions seemed at a “four decade low” until Lee’s visa was granted.³³ The ferocity of the Chinese action was exacerbated by a sense of Chinese betrayal; having

²⁸ Quoted in Ronald C. Keith, ‘Strategic Ambiguity and the New Bush Administration’s “China Threat”’, *The Review of International Affairs*, vol. 1, no. 2 (2001), p. 3. See also Pan Zhongqi, ‘US Taiwan Policy of Strategic Ambiguity: A Dilemma of Deterrence’, *Journal of Contemporary China*, vol. 12, no. 35 (2003).

²⁹ ‘Lee Teng-hui Now Welcome to the USA, But Needs to Improve Democracy in Taiwan’, *Taiwan Communique*, no. 66, June 1995, <<http://www.taiwandc.org/twcom/66-no1.htm>> [Accessed 1 September 2013].

³⁰ Andrew Nathan, ‘China’s Goals in the Taiwan Strait’, *The China Journal*, no. 36 (July 1996), p.87-93.

³¹ Dennis Van Vranken Hickey, ‘The Taiwan Strait Crisis of 1996: Implications for US Security Policy’, *Journal of Contemporary China*, vol. 7, no. 19 (1998).

³² For further exploration of this issue, see Steven M. Goldstein and Randall Schriver, ‘An Uncertain Relationship: The United States, Taiwan and the Taiwan Relations Act’, *The China Quarterly*, no. 165 (2001).

³³ Andrew Scobell, ‘Show of Force: Chinese Soldiers, Statesmen, and the 1995-1996 Taiwan Strait Crisis’, *Political Science Quarterly*, vol. 115, no. 2 (2000).

being told that Lee would not receive a visa, the Washington policy turnaround further undermined Chinese trust in Clinton's word, which in turn weakened the effectiveness of the ambiguity with which America had traditionally shrouded and protected the Taiwan question.³⁴ Unlike the awkward Human Rights/MFN issue, the 1996 Taiwan Strait Incident was a full blown crisis, unleashed by the granting of a visa against Clinton's assurances to Beijing, which allowed Lee's comments to be made to a prestigious American forum. As will be discussed, Bush's handling of Taiwan/China/America tensions was markedly different. Although more confrontational toward China than Clinton in many respects, Bush's presidency did not experience any crisis similar to the 1996 events, even when China was again upset by the mutterings of independence by a Taiwan President in 2002-2003. Had Clinton kept his word on the visa issue, the Chinese Government would not have felt the need to risk hawkish action to reaffirm the 'One China' status quo.³⁵

Having seen such incidents unfold during Clinton's presidency, Bush took a different approach to the Strait issue, seeking from his first moment to improve stability and understanding between Washington and both Beijing and Taipei.³⁶ However, Bush's public support of Taiwan changed during his first term—but the reasons for this lie with Chen, not Bush. After the 1996 crisis, Clinton had been wary of supporting further visits to America by President Lee, or his successor, Chen Shui-bian. Bush felt that this policy swung too far toward appeasement of Beijing. During a visit to America in 2000, Chen had been allowed on American soil, but was "effectively quarantined ... in his hotel in Los Angeles, [the Clinton administration] not allowing him to hold a press conference or give a public speech."³⁷ In contrast, Chen's 2001 visit under the Bush administration was far more open and interactive; New York City Mayor Rudolph Giuliani praised Taiwan in terms that contradicted the One China Policy, and in Texas Chen met with the vocal pro-Taiwan Republican Senate Leader Tom Delay.³⁸ Although Bush reaffirmed his commitment to the One China Policy, and the Three Communiqués, the change in treatment of the Taiwan President was part of Bush's policy to ease Taiwan's diplomatic isolation—motivated by the established and growing democratic tradition on the island.

³⁴ Pan Zhongqi, 'US Taiwan Policy of Strategic Ambiguity: A Dilemma of Deterrence', *Journal of Contemporary China*, vol. 12, no. 35 (2003), p. 387. See also Lawrence Grinter, 'Handling the Taiwan issue: Bush Administration Policy toward Beijing and Taipei', *Asian Affairs*, vol. 29, no. 1 (2002); Ronald C. Keith, 'Strategic Ambiguity and the New Bush Administration's "China Threat"', *The Review of International Affairs*, vol. 1, no. 2 (2001).

³⁵ Andrew Scobell, 'Show of Force: Chinese Soldiers, Statesmen, and the 1995-1996 Taiwan Strait Crisis', *Political Science Quarterly*, vol. 115, no. 2 (2000).

³⁶ Bonnie Glaser, 'Mid-Air Collision Cripples Sino-U.S. Relations', *Comparative Connections*, vol. 3, no. 2 (2001).

³⁷ Bruce J. Dickson, 'New Presidents Adjust Old Policies: US-Taiwan Relations under Chen and Bush', p. 648.

³⁸ *Ibid.*, p. 653.

Although Bush favoured stronger diplomatic and military ties with Taiwan, he did not support moves toward independence. Bush's support of Taiwan was finite, and based on his own intentions for the trilateral relationship, not those of Taipei or Beijing. Although he supported Chen during the 2001 visit, agreed to the biggest arms sale to Taiwan since his father's presidency, and, during a morning television interview, declared that America would do "whatever it takes" to defend Taiwan, Bush did not write a blank cheque in support of Chen. As Bonnie Glaser commented: "It was not clear in 2001 that Chen Shui-bian was going to be the problem that he became."³⁹ This became clear when Chen began pro-independence agitation in May 2003 by calling for a national referendum on Taiwan membership of the WTO (membership required sovereign status). Private warnings to Chen by US officials fell on deaf ears, and continued manoeuvrings by Chen prompted an official statement by Bush in December 2003 that America did not support

any unilateral decision by either China or Taiwan to change the status quo. And the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally, to change the status quo, which we oppose.⁴⁰

Bush's criticism of Chen outraged many American conservatives, including Congressional Republicans and think-tanks. Neoconservative writers William Kristol and Robert Kagan circulated a memo that warned "appeasement of a dictatorship simply invites further attempts at intimidation".⁴¹ However, to the Chinese Communist Party, Bush's statement was a critical moment of his first term. It showed that Bush was not a blind supporter of Taiwan, and that he had a genuine commitment to regional stability (as they saw it) even in the face of American domestic opposition. The reining-in of Chen gave Bush a great deal of 'face' in Beijing. Robert Sutter argues that the Bush administration's previous support for Taiwan had been wilfully misinterpreted by President Chen as support for *de jure* independence, and that the United States was also concerned that Chen's efforts reflected a growing pro-independence sentiment in the Taiwan population—and this changing opinion motivated Bush to publicly rebuke pro-independence movements.⁴² However, since Bush recognised such outcomes would be unacceptable to the Chinese, and since Chen had ignored private conversations, Bush was forced to publicly castigate Chen for his manoeuvring. Although this did not mean that US-Taiwan relations were discarded in favour of closer US-China relations, it proved the largesse Taiwan received was carefully controlled. As Denis Van Vranken Hickey suggested:

³⁹ Bonnie Glaser, interview with the author, 10 July 2012.

⁴⁰ Michael D. Swaine, 'Trouble in Taiwan', *Foreign Affairs*, vol. 83, no. 2 (2004), p. 42.

⁴¹ Joshua Kurlantzick, 'Chinese Wall: Bush's Outdated Taiwan Policy', *The New Republic*, 15 March 2004.

⁴² Robert Sutter, 'The Taiwan Problem in the Second George W. Bush Administration—US Officials' Views and their Implications for US Policy', *Journal of Contemporary China*, vol. 15, no. 48 (2006), p. 418.

The U.S. has not sacrificed Taiwan to gain China's friendship and support. However, all available evidence suggests the Bush administration will not endorse any major adjustments in security or political relations with Taiwan ... In short, it appears that Taipei's drive to upgrade relations with Washington has hit a 'glass ceiling'.⁴³

The point is that these changes of policy regarding Taiwan were based on Bush's consistency and Chen's inconsistency, not the reverse.

Furthermore, in making his public statement opposing Taiwanese independence, Bush concurrently, and privately, informed Chinese Premier Wen Jiabao that America's policy position remained unchanged, and that America would still 'have to get involved' if force were used against Taiwan—a position acknowledged by the Chinese leadership.⁴⁴ Most importantly, Bush's public statement about independence was not a case of a reactive American foreign policy stamping down on Taiwan's President, but a coordinated, sustained management of the US/China/Taiwan situation, bound by the Taiwan Relations Act, that avoided a repeat of the 1996 crisis. Former Special Assistant to the President for National Security Affairs Mike Green argues that this incident helped strengthen Bush's reputation in Chinese circles as a President who could be trusted: "The President could do anything after that, because the Chinese ... foreign minister told me that they knew from that that he was supportive of Taiwan, but there were boundaries, and it's clear that there were."⁴⁵

Leader-to-Leader Relations

As China's economic base strengthens and its power grows, the issue of 'face' is seen as increasingly important to the CCP leadership, and to the Chinese people. As the 'Leader of the Free World', the President of the United States can enjoy a great deal of cachet with the Chinese leadership. Equally, however, there is great risk that a Chinese leader can feel or act slighted, if they are not treated with the respect that they feel they, and China, are due.⁴⁶ The visit of Premier Zhu Rongji to Washington in late 1999 provides an example of the latter. Although the visit did not result in general embarrassment for Clinton, or a military crisis, it was another occasion when relations between America and China were undermined. After thirteen years of negotiation for China's entry into the WTO, Zhu had arrived in Washington assuming the last bilateral trade issues were squared away and an overall agreement could be signed. Zhu had made significant concessions to reach

⁴³ Dennis Van Vranken Hickey, 'Continuity and Change: The Administration of George W. Bush and US Policy toward Taiwan', *Journal of Contemporary China*, vol. 13, no. 40 (August 2004), p. 268.

⁴⁴ Bonnie Glaser, 'Wen Jiabao's Visit Caps an Outstanding Year', *Comparative Connections*, vol. 5, no. 4 (2004).

⁴⁵ Mike Green, interview with the author, 11 July 2012.

⁴⁶ There is extensive literature on this issue, tied as it is to issues of nationalism and China's political development. See Jonathan Fenby, *The Penguin History of Modern China: The Fall and Rise of a Great Power, 1850-2009* (London, Penguin Books, 2009).

what he thought was, essentially, an agreed contract.⁴⁷ However, Clinton and his advisors, looking at these concessions, and facing domestic challenges to the agreement, sought to introduce a new round of last-minute qualifications and guarantors—changes of which Zhu was not aware when flying to America. An American official closely involved in the negotiations admitted the situation reflected “bad communication”.⁴⁸ Zhu returned to China almost empty-handed, embarrassing his own domestic audience.⁴⁹ Zhu had put a considerable amount of political capital into pushing domestic reforms for Chinese WTO access, and Clinton’s decision was seen as both a rebuff of these efforts and as evidence of American unreliability. The subsequent publication of those concessions that Zhu *had* been willing to make further undermined his position, with Chinese students and internet commentators labelling the concessions a betrayal of Chinese interests reminiscent of the ‘Century of Unequal Treaties’ of the 1800s. It took several months, and several letters from Clinton to Zhu, before the Chinese leadership felt they could return to WTO negotiations.⁵⁰

It was a matter of both policy and inclination that Bush’s relationship with the Chinese leadership should be frank and productive, which, according to Green, was part of Bush’s executive outlook even before becoming President:

it was a very deliberate, Governor’s approach—investing in relationships ... He had that instinct ... of a successful governor ... he built relationships, he helped people out, sometimes when they didn’t even ask, he helped people out. It was a very Asian way of doing business ... His personality was therefore very well suited to the region.⁵¹

Green differentiates this from Clinton’s own famous charm, arguing that Bush sought to invest relationships over the long term. Rumsfeld argues that this aspect of Bush’s personality was a distinct asset for American foreign policy:

When it came to personal diplomacy, George W. Bush was an active and productive, if publically underestimated, asset ... In meeting after meeting, I saw the President put his foreign interlocutors at ease. This personal rapport paid dividends ... His relationships translated into closer ties between our countries and tangible support for initiatives like the ninety-country Proliferation Security Initiative.⁵²

An example of this leader-to-leader relationship building is found in Bush’s response to the 2002/2003 Severe Acute Respiratory Syndrome (SARS)

⁴⁷ Bonnie Glasser, ‘Challenged by New Crises’, *Comparative Connections*, vol. 1, no. 1 (1999).

⁴⁸ Discussion with the author, 2013.

⁴⁹ Joseph Fewsmith, ‘China and the WTO: The Politics Behind the Agreement’, *NBR Analysis*, December 1999.

⁵⁰ *Ibid.*

⁵¹ Mike Green, interview with the author, 11 July 2012.

⁵² Donald Rumsfeld, *Known and Unknown: A Memoir* (New York: Sentinel, 2011), p. 628.

outbreak in China. The outbreak triggered a major crisis for the CCP. With 5,327 infections and 348 deaths, CCP priorities of “maintaining social stability” had actually undermined public health efforts. Rather than criticise the CCP for its handling of the disease, Bush publicly supported his Chinese counterpart by praising President Hu’s willingness to be open about this transnational threat.⁵³ Green argues that this particular gesture, a public statement of support toward Hu, was an important moment for the new Chinese President and gave Bush a great deal of prestige in Hu’s eyes. Green argued:

When Hu Jintao became President in the midst of SARS, when he was being criticized around the world, the President called him and said: “You’re doing a good job ... if there’s anything I can do to help [call].” And the Chinese came back and said “Man! That had an impact on Hu Jintao.” No other world leader did that, they all just said you’ve got to do something and they criticized him.⁵⁴

Green argues that this was a conscious decision by Bush, for “investment in relationships for the long run, so that you have them in a crisis, whether an ally or the Chinese Leader, you need to [be able to] pick up the phone next time there’s a crisis.”⁵⁵

Crisis Management

The importance of these direct relationships between American and Chinese leaders was highlighted in America’s accidental bombing of the Chinese Embassy in Belgrade on the night of 7 May 1999. The lowest point of Clinton’s relationship with China, five missiles hit the compound during the attack, killing three Chinese civilians. It was reported as a mistake in targeting by the CIA, but the bombings triggered virulent anti-American riots across China. Many Chinese officials shared the outrage of the rioters, while more pragmatic officials were limited in salvaging the benefits of the Sino-American relationship without losing face in the eyes of the Chinese public.⁵⁶ Although the Chinese deemed the relationship with America essential for China’s future, their relationship with Clinton received further damage, and Premier Jiang Zemin did not answer the phone when Clinton called on the newly established Washington-Beijing hotline. Again, Clinton was left with no option but to scramble to re-establish ties, doggedly pursuing the concept of China-US ‘Strategic Cooperation’. Ultimately, the incident showed how little genuine political capital or trust Clinton had been able to develop with China after nearly eight years as President.

⁵³ Bonnie Glaser, ‘SARS, Summity, and Sanctions’, *Comparative Connections*, vol. 5, no. 2 (2003).

⁵⁴ Green, 11 July 2012.

⁵⁵ *Ibid.*

⁵⁶ Peter Hays Gries, ‘Tears of Rage: Chinese Nationalist Reactions to the Belgrade Embassy Bombing’, *The China Journal*, no. 46 (July 2001), pp. 25-43.

Yet a crisis of similar proportion in the opening days of Bush's presidency led to a different outcome. On 1 April 2001, an American EP-3 surveillance plane collided mid-air with a Chinese F-8 fighter off the Chinese coast—the Chinese pilot was killed and the American plane made an emergency landing on Hainan Island, where the crew were immediately detained.⁵⁷ The collision triggered the first serious foreign policy challenge for the Bush administration—and could have become a serious diplomatic or military embarrassment or disaster.⁵⁸ The main issue of the crisis was the Chinese demand for an apology for the loss of the pilot's life, matched by America's demand for the release of the US Servicemen without an apology.⁵⁹ Once these demands had been publicly stated, the defusing of the crisis was only possible through a diplomatic compromise that would allow both sides to 'save face' without admitting fault.⁶⁰ Efforts at communication by the State Department were confounded by a Chinese bureaucracy that was grudgingly slow to respond to American overtures. As with the Belgrade bombing, Premier Jiang Zemin was slow to respond to calls from the American President. Deputy Secretary of State Richard Armitage recounted: "After some initial flurries of not being able to find the Chinese—they didn't want to answer the hot line, because they didn't have their act together, over time we were able to resolve this."⁶¹ It was later discovered that one of Jiang's reasons for delaying his response was the misinformation he had received about the incident from the People's Liberation Army (PLA).⁶²

Ultimately, the crisis was defused by a letter drafted by Powell and the State Department regretting the incident and the pilot's death, but without taking responsibility for the collision. The incident indicated to Bush that proper management of bilateral relations required a top-level connection between leaders which could bypass not only bilateral tensions between countries, but also circumnavigate tensions within the Chinese Government hierarchy, which might have bureaucratic reasons for obfuscating the facts when crisis struck. Green argues

the lesson was the President of the United States has got to have a very strong relationship with the President of China, because all the other channels are unreliable, and the PLA is beyond the control of the Foreign Ministry, and even beyond the control of the CCP, in an operational sense

⁵⁷ Jean A. Garrison, *Making China Policy: From Nixon to G. W. Bush* (Boulder: Lynne Rienner Publishers, 2005), p 169.

⁵⁸ Glaser, 'Mid-Air Collision Cripples Sino-U.S. Relations'.

⁵⁹ For an examination of the technicalities of this linguistic showdown, see Kevin Avruch and Zheng Wang, 'Culture, Apology and International Relations: The Case of the Sino-U.S. "Spy Plane" Crisis', *International Negotiation*, vol. 10 (2005), pp. 337-53.

⁶⁰ Garrison, *Making China Policy*, p. 170.

⁶¹ Armitage, 12 July 2012.

⁶² It is suggested this was partly as a cover-up by the PLA to avoid responsibility for the collision and death of their pilot; see James R. Lilley and Arthur Waldron, 'The U.S. Owes No Apology to the Chinese', *The Wall Street Journal*, 05 April, 2001, <<http://www.aei.org/article/foreign-and-defense-policy/regional/asia/the-us-owes-no-apology-to-the-chinese/>> [Accessed 23 September 2013].

... so the lesson was ... the President's ability to talk to and trust in the Chinese leader matters.⁶³

The need to foster personal ties between Bush and the Chinese leadership reinforced Bush's pre-existing commitment to leader-to-leader ties of trust and understanding—and would contribute to the success of US-China relations as a whole, as Bush's response to the SARS outbreak would later show. The Hainan Island Incident was the first major test of Bush's China policy and his nuanced response—firm, yet open to dialogue—successfully resolved a crisis.

Conclusion

By mid-1999, near the end of Clinton's Presidency, relations with China were still so difficult that Bates Gill could ask "what happened to the 'constructive strategic partnership' professed by the two sides just a year ago?"⁶⁴ In 2000, Ralph Cossa labelled any Clinton-era claim of cooperation and unity between the two countries as "more style than substance".⁶⁵ Yet by late 2003, management of the US-China relationship was being praised inside and outside the administration. During a speech at George Washington University, Powell declared US-China relations "the best they have been since President Nixon's first visit". Powell repeated this statement in a 2004 Foreign Affairs article, in which he also underlined that the United States welcomed "the emergence of a strong, peaceful and prosperous China".⁶⁶ Armitage declared the administration was "absolutely delighted with the state of our relations with the People's Republic of China and the direction we're going", and that the Chinese leadership shared his sentiments.⁶⁷ In addition to Chinese cooperation regarding the Six Party Talks, the United States also felt it was seeing genuine, endogenous Chinese progress or concession across the entirety of American interests in the relationship. Robert Sutter argued that Bush's China policy had been vindicated by the outcome of the Hainan Island Incident, and that Bush had secured ongoing Chinese accommodation:

since mid-2001 ... [the Chinese Leadership], have carried out what appears to be their most important adjustment in Chinese foreign policy toward the United States and US interests in world affairs since the end of the Cold War, strongly emphasizing the positive while eschewing pressure, confrontation and conflict ... moderation is all the more striking because US policy in these sensitive areas during the Bush administration has moved

⁶³ Green, 11 July 2012.

⁶⁴ Bates Gill, 'Limited Engagement', *Foreign Affairs*, vol. 78, no. 4 (July/August 1999).

⁶⁵ Ralph A. Cossa, 'Ushering In the Post Post-Cold War Era', *Comparative Connections*, vol. 3, no. 2 (2001), p. 3.

⁶⁶ Colin Powell, 'A Strategy of Partnerships', *Foreign Affairs*, vol. 83, no. 1 (2004).

⁶⁷ Glaser, 'The Best since 1972 or the Best Ever?'

forward without concessions to Chinese concerns ... major credit has to go to an effective Bush administration policy toward China.⁶⁸

Policy Recommendations

These various case studies help to identify key recommendations for foreign policy toward China for American and Australian strategic leaders. A priority must be placed on fostering leader-to-leader relationships of trust and candour, which allow calibration and finessing of other areas of engagement. From an American standpoint, announcing ultimatums for the relationship is counter-productive and disingenuous – if they are inconsistent, irresolute or contingent on domestic circumstance. Forcing China to change a policy only works if it maintains Chinese ‘face’, if dialogue is maintained, and if American commitment to that policy is unwavering. Negotiation with China on regional issues can be volatile, and must take into account political considerations within China. Finally, relationships in crises are dependent upon the relationship as a whole; a good relationship allows opportunity for crises to be quickly overcome, a bad relationship lets them fester and contaminate bilateral relations beyond the specific issue or moment in time.

President Obama has experienced a number of challenges in the bilateral relationship. Shared tensions over North Korea have been carefully defused, and Obama has called Chinese bluffs where necessary, such as deciding to include an aircraft carrier in joint exercises in the Yellow Sea (despite Chinese protests) after the sinking of the ROKS *Cheonan* and, most recently, flying two B-52 Bombers through East China Sea airspace days after China claimed the area as an “air defence identification zone”.⁶⁹ All of this has taken place against the backdrop of America’s recent ‘pivot to Asia’. The implications of the ‘pivot’ to Asia have been widely discussed and disseminated, and for the purposes of this article, it is clear that the subsequent attempt to rebrand this as a ‘realignment’ was, in part, motivated by a desire to appear less confrontational and challenging to China—to save face, rather than to antagonise. The two-day summit between Obama and the new Chinese President Xi Jinping in January 2013 was welcomed by China as a substantial, workman-like meeting of equally powerful and professional governments and leaders. For future American leaders, the need to establish person-to-person ties of trust and reliability should remain the highest priority, even in the face of persistent domestic policy concerns or rising tensions between both countries.

⁶⁸ Robert Sutter, ‘Bush Administration Policy Toward Beijing and Taipei’, *Journal of Contemporary China*, vol. 12, no. 36 (2003), p. 478.

⁶⁹ See John Pomfret, ‘U.S. and South Korea to announce joint military exercises’, *Washington Post*, 15 July 2010, <<http://www.washingtonpost.com/wp-dyn/content/article/2010/07/14/AR2010071405675.html>> [Accessed 12 December 2013]; and ‘U.S. Sends Two B-52 Bombers Into Air Zone Claimed by China’, *New York Times*, 26 November 2013, <http://www.nytimes.com/2013/11/27/world/asia/us-flies-b-52s-into-chinas-expanded-air-defense-zone.html?_r=0> [Accessed 12 December 2013].

Compared to the United States, Australia's China engagement is far smaller in both scale and complexity, but certain issues remain comparable and leader-to-leader ties remain essential. Comments on Asian immigration, stated while in opposition, came back to haunt Prime Minister John Howard, and Howard's initial China engagement foundered on Chinese antipathy. A 'reboot' of the relationship took place during the 1996 APEC meeting in Manila, when Howard and Jiang Zemin met face to face, which Howard claims "laid the groundwork for the productive links developed between [Australia and China] ... over the ensuing five years."⁷⁰ By focusing on mutual interests, particularly on economic issues, Howard was able to build a largely constructive relationship with China. Howard recognised that attempting to influence China required finesse:

I think this idea of saying to the Chinese "we won't deal with you unless you lift your human rights game or we're going to do this or that" ... it won't work because you're never really in a position to deliver on the threats. That's the problem with making threats like that ... you actually have to deliver on them. And unless you're in a strong position to do that, that's quite hard.⁷¹

The 'China Choice' issue facing Australia—whether Australia should embrace closer ties with China, at the expense of traditional ties to America—does not necessarily need to be made. Howard was able to balance both relationships throughout his term, and the October 2003 addresses to both Houses of Parliament by Bush on one day, and then by Hu the next, was the epitome of Australia's trilateral relationship management which, as with America's stance on Taiwan, is aided by ambiguity and a lack of resolution. As the current Australian Prime Minister, Tony Abbott, feels his way into the Australia/China relationship, a direct, Prime Ministerial relationship with Chinese leaders will be essential for promotion of Australian interests, in trade, diplomacy and crisis management, in addition to the 'day to day' management of the relationship by the Australian Foreign Minister and the Department of Foreign Affairs and Trade.

Although interests may remain divergent, the perception of how these interests and divergences can be managed by elites in America, China and even Australia will have a great impact on relations between the world's two largest economies. By establishing a relationship of trust, Bush was able to defuse Chinese fears about keeping or losing 'face', and allow China's leaders to rely upon his word as they coordinated the legion of challenges facing 'China's Rise'. This strengthened both the US-China relationship and broader regional stability. Twenty-first century policy makers should take note of the elite level engagement underpinning this successful management of US-China relations.

⁷⁰ John Howard, *John Howard: Lazarus Rising* (Sydney: HarperCollins Publishers, 2010), p. 390.

⁷¹ John Howard, interview with the author, 15 October 2010.

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