

## ***Thirty years later: the US-Chinese relationship***

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Two interesting documents, both related to US-China relations, have just been released. One deals with the first steps in the rapprochement between Washington and Beijing while the second focuses on the economic relations between the two nations today.

Volume XVII of the *Foreign Relations of United States* (FRUS) is a collection of previously classified documents on China published by the State Department. These letters, memoranda, transcripts of talks cover the period between 1969 and 1972.

The second document entitled "Is China a Threat to the U.S. Economy?" is published by the *Congressional Research Service* of the *Library of Congress*. It is written for the benefit of Congressmen by two eminent analysts. It is fascinating to look at the tremendous changes in the US-China relationship during these thirty years and relate it to Washington's new 'natural' partnership, New Delhi. President Richard Nixon came into office in 1969 determined to improve relations, which were practically inexistent with Communist China.

The original impetus for re-examining policy toward the People Republic of China (PCR) came from Nixon himself, though his Assistant for National Security Affairs, Henry Kissinger was quick to follow in his footsteps.

In the first months of the new Administration, most of the discussions in the corridors of the White House "tended to focus on how the United States could reduce tensions [with China], and whether the PRC would be receptive to any initiative."

The interesting point is that no one outside of the White House knew of Nixon's strong desire to secretly communicate directly with Beijing. Until July 1971, the Departments of State, Defense, Commerce and the CIA participated in several discussions on the subject. The President's idea was to have "laundry lists", meaning lists of possible lines of action (such as relaxation of economic or removal of travel restrictions, etc.) from which he could select his next move.

Late 1969, Kissinger already noted that the PRC had assumed a *"more pragmatic style of diplomacy"*. But while Secretary of State Rogers advocated a slow and cautious approach, Nixon wanted a more aggressive policy.

An interesting factor was the Sino-Soviet split. Nixon perceived the eventuality of a military conflict between the two Communist states as both a danger and also an opportunity. The White House however decided to tilt towards Beijing.

In early 1971, Kissinger began to secretly inform the PRC of the US Soviet policy. In August, he wrote to Nixon: *"We are building a solid record of keeping the Chinese informed on all significant subjects of concern to them, which gives them an additional stake in nurturing our new relationship."*

The contacts had already taken a new turn when in late summer 1969, Pakistani President Yahya Khan offered to play an active role in the rapprochement. During the following three years, the Pakistani channel was used to transmit messages to Beijing.

When in early 1970, the Chinese suggested that they were interested in "meaningful dialogue", Kissinger asked Yahya to relay a message to Beijing: the President was "prepared to open a direct White House channel".

In October 1970 during a meeting with Yahya in Washington, Nixon

offered to send a secret envoy to Beijing. A few weeks later Premier Chou En-lai answered via the same channel "a special envoy of President Nixon would be most welcome."

The rest is history. Kissinger himself was selected by the US President to go to China. He paid two ultra-secret visits in July and October 1971 paving the way to Nixon's visit in February 1972.

An interesting aspect of the US President's visit is the transcript of his talks with Mao in which Nixon gave his views on South Asia: *"I believe [you] and the Prime Minister when [you] say that China does not seek to reach out its hands ...it does not seek territory around the world. However ...looking to the south, as far as India is concerned, China could probably handle India in a month in the event they went to war. India is no threat to China, but India supported by the Soviet Union is a very present threat to China..."*

He then mentioned the Bangladesh Liberation war: *"in the recent crisis ...we felt it was very important to call the hand of India in moving against West Pakistan ...we had to call their hand and prevent that from happening. In other words, when we took a hard line against India and for Pakistan, we were speaking not just to India or Pakistan but also ...to the Soviet Union."*

Before leaving, Nixon warned Zhou Enlai that it was not going to be easy for him at home: *"Let me in complete candor tell the Prime Minister [Zhou] what my problem is... The left wants this trip to fail... because of the Soviet Union. And the right... believes that no concessions at all should be made regarding Taiwan. Then there is another group, the people in our country who are obsessed with pro-Indian sentiment, who don't like the idea of a U.S.–China détente. ...they might seize on the language [of the joint communiqué] and you would have the very unholy alliance of the far right, the pro-Soviet left*

*and pro-Indian left."*

The 'unholy alliance' did not eventually make a difference, though it was only after Deng Xiaoping's US visit in February 1979 that business began on a grand scale.

Our second Report shows a totally different picture. Thirty years later the US and Chinese economies have grown in such an entangled manner that the authors ask a relevant question: "Is China a Threat to the U.S. Economy?" The Chinese 'miracle' is described in detail: "*China has gone from a poor, backward economy to the world's second-largest economy*" The interesting point is that this miracle is much linked to the US Economy. While China's rapid growth is viewed with alarm by those who believe that the Middle Kingdom's rise as a superpower threatens to undermine the U.S. economy, the authors do not agree.

The fact is that China is today the third-largest U.S. trading partner, its second-largest source of imports, and its fourth-largest export market. Several factors make the two economies fully interdependent. The Report gives a few examples: first, lower-cost imports have helped keep inflation down in the US; second, low-cost imports have increased overall consumer welfare, enabling consumers to purchase other goods and services (and hence stimulating growth in other sectors of the economy); but also low-cost imports have benefited U.S. firms that use them as inputs for the production of other goods, thus these US firms become more competitive. The end result is that the Sino-US trade is mutually beneficial.

Regarding the much talked about purchase of U.S. companies by China, the Report believes that "given the growing importance of the U.S. economy to China's economic growth, policies to destabilize the U.S. economy would destabilize China's economy as well."

The conclusion is that *“China’s growth poses both challenges and opportunities for the United States.”*

Where does the subcontinent figure in this picture? Since the visit of the Indian Prime Minister in the US in July 2005, the US Administration seems to look at India with different eyes. Mainly because the economic over-dependency on China, Washington is toying more and more with the idea to use India, a ‘natural’ partner, to balance the rise of China: the nuclear deal is the consequence of this new policy. Washington believes that it is the best way to tackle the ‘Chinese challenges’. As for the ‘opportunities’, the American will continue to enjoy them.

Nixon used to say: “I’m the hard-liner on India”. Bush is a hardliner only on what he perceives as US interests.