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## FOREIGN POLICY

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# Deng: 'U.S.-China ties not so good'

by Richard Katz

Deng Xiaoping's less than exuberant evaluation of the alleged U.S.-China alliance during a late February meeting with an American businessman—"Sino-U.S. relations are not good"—is a masterpiece of understatement. The China Card, the illusion that China can be used by Washington as a political-military ally and asset against the U.S.S.R., is dead. To whatever extent it existed outside of State Department scenarios, it exists no longer.

In part, this is so because China will be so preoccupied with internal convulsions in the coming years that it will be unable to play an activist international role. In part, this is so because China is in no position to build up the military strength required by such a scheme. But the China Card is dead mostly because neither of the two leading factions in Peking agrees that China should be a pawn in Washington's geopolitical schemes. Deng's opponents have traditionally opposed the China Card, and Deng's faction no longer supports it, if it ever did.

Deng's opponents, while no great friends of the Soviet Union, have long doubted the wisdom of inviting a Soviet military attack for the dubious benefit of an alliance with forces they regard as "the imperialist Americans." Beginning last spring, this faction criticized Deng's American Card gambit through allegorical press attacks on previous Chinese leaders who "cherished [the] illusion . . . of 'using foreigners to check foreigners.' Those who advocated this failed to see the nature of the aggressors." Anti-Dengist party Vice-Chairman Li Xiannian made the attack more explicit in a January interview with the Italian Communist newspaper *L'Unita* in which he applied to the United States Deng's term of opprobrium for the Soviet Union: "The United States also practices hegemonism."

In contrast to Deng's "manipulate the barbarians" foreign strategy, the more conservative civilian-military coalition led by Lixiannian and Marshal Ye Jianyins places more confidence in building up a strong military through a strong industrial base. This strategy, they believe, will provide the foundation for China's national power and international role. They are thus aghast at Deng's decimation of industry and drastic cuts in the military budget. During the period of

economic-military buildup they espouse, they see no reason to provoke tension with the Soviets for the sake of a strategic relationship with Washington, though they are certainly interested in maintaining good economic ties to the United States.

Being more attuned to Maoist ideology than Deng, they are not comfortable cozying up to Henry Kissinger. They find it harder to square such a relationship with the ideological anti-imperialism they feel is needed at home to control the increasingly restive population.

A victory by Deng's opponents would not likely mean a renewed alliance with Moscow, however. The Li-Ye coalition is not part of the army and party factions linked to the Soviets during the revolutionary era and the 1950s. The Soviet-linked factions were decimated during the Cultural Revolution. The Li-Ye coalition, at least at the top levels, stems instead from the circles around the late Premier Chou En-lai, as, ironically, Deng does. However, they look back fondly on the 1950s as the best period of Chinese economic development. And as they do not share Mao and Deng's visceral hatred of the Soviet Union, they would likely be ready to restore more normalized state-to-state relations with the Soviets.

Moscow is not unaware of the changes going on in China and, according to a senior Soviet diplomat, believes the China-U.S. alliance is over. Moscow leaders have put out a number of feelers in recent weeks, believing that whatever faction emerges from the current power struggle will have to act more favorably toward the Soviet Union. Most notably Prime Minister Tikhonov offered renewed border talks and, at Soviet prodding, the French Communist Party sent a high level delegation to Peking for the first time in years, presumably to evaluate the situation.

Late last year, as Deng grew weaker on the home-front due to mounting economic and political turmoil, the Li-Ye coalition stepped up its attacks on Deng's foreign policy, particularly on the Taiwan issue. Deng was vulnerable to the charge that he was befriending America as the latter prepared to sell advanced jet fighters to Taiwan.

In early January, Li told Japan's Kyodo press that if the United States went ahead with the sale to Taiwan, then "all leading officials, including Premier Zhao Ziyang and *Deng Xiaoping would have to resign.*" (emphasis added) As shown by the later political tumult in China, the Taiwan issue indeed represents a serious threat against Deng's political life. In Jan. 27 hearings before the U.S. Senate, Deputy Secretary of State Walter Stoessel admitted that behind the Reagan administration's decision to give Taiwan arms only at current technological levels was "the danger of a rupture of relations with Peking . . . there was a development in late December which indicated we should move

forward more quickly [on denying advanced arms to Taiwan].”

### Deng's 'third force' foreign policy

Whatever illusions Washington cherished that this compromise would placate Peking were quickly shattered. Instead, Peking chose to harp on the fact that any arms at all were being sent to Taiwan. Relations have deteriorated ever since.

Washington was taken by surprise only because their evaluations had underestimated the strength of Deng's opponents and ignored the fact that the Taiwan issue merely symbolized larger underlying differences with all the factions in Peking, even Deng's.

While the Dengists may have temporarily seen an advantage in a close relationship with Washington, they have now dropped that approach in favor of a revival of Mao Tse Tung's "three worlds" theory, which pits the Third World (including China) plus the "second world" of Europe and Japan against the "first world" of the United States and Soviet Union. Deng himself believes China's future lies in a downfall of both superpowers. A year-end commentary by the official Xinhua news agency declared: "The United States and the Soviet Union belong to the same category. In the eyes of the other countries they are the superpowers and each is the other's number-one adversary."

The Chinese press, including that favorable to Deng, is now full of articles attacking the United States for "hegemonism" toward the Third World. Xinhua articles now habitually accuse "U.S.-backed troops" in El Salvador of "slaughtering" civilians, and of "suppressing national liberation struggles" across Latin America. At a recent meeting in India of 44 developing countries, in which high U.S. interest rates and credit cutoffs were the focus of attention, the Chinese delegate pointedly attacked the United States for obstructing Third World progress, and notably *omitted any attack on the Soviet Union*, an unprecedented omission in Chinese speeches in recent years.

Part of the reason for Deng's growing coldness to Washington is, as Deng told the above-cited American businessman, that the Dengists feel China can get by without U.S. economic assistance, particularly given its retrenchment.

More importantly, the Dengists feel the United States has shown itself to be a paper tiger. For one thing, Peking felt that Washington, not Moscow, lost the diplomatic war over Poland.

Article after article in the Chinese press reports the United States on the defensive and the Soviets on the offensive. "The United States is no longer what it was in the 1940s or 1950s . . ." says Xinhua. "In its contentions with the Soviets over the past year, the United States has not freed itself from its passive,

unfavorable position. The reason is its many weaknesses." Other articles add "The United States can no longer throw its weight around the world as in the 1950s . . . has lost control of the United Nations . . ." and so on. Premier Zhao Ziyang in a fall trip to North Korea accused the U.S. role in Korea of being "a major factor in the instability of Northeast Asia."

### Deng's Pacific economic basin strategy

In contrast to the Li-Ye coalition's reliance on industrial-military strength, the Dengists' foreign strategy is based on building up international networks of financial-political manipulation. The Dengists have virtually abandoned the interior of China in their economic program in order to build up Hong Kong-like "Special Economic Zones" (SEZ) on the coast. Peking has invited investments in these SEZs from both the West and the overseas Chinese who dominated the economies of Southeast Asia, as well as those who left the mainland in 1949. This hoped-for rapprochement is epitomized by the presence on the board of the Bank of China of Sir Y. K. Pao, a Shanghai banker who left in 1949 and who since has joined the boards of the opium-linked Hongkong and Shanghai Bank, the international board of Chase Manhattan Bank, and has been knighted by the Queen of England.

With aid from such multinational-oriented Anglo-American institutions as Chase Manhattan, Hong Shang, the Stanford Research Institute, etc., the Dengists hope to create a China-centered Pacific economic basin, centered on offshore oil and the raw materials of the region. No matter what illusions are cherished in London or elsewhere, the Chinese do not see themselves as the pawns of the West in this game, but as manipulating the financial-political elite of the West. For the meantime, they will cooperate with those Western forces who agree the bipolar world should be changed to a multipolar one.

Certain strategists in the United States have seen this development as a new kind of China Card to replace the now-obsolete military notion of China's role. They foresee a China-centered political-economic bloc that will suppress the industrial nationalism of countries such as Malaysia and Indonesia, keep the Soviets out of Asia, and isolate Vietnam. This scheme will no more succeed than the first version of the China Card. The reasons are: 1) that China's neighbors have no intention of tolerating Chinese hegemonism, having stated publicly that they fear China even more than the Soviet Union; 2) that China's coasts have never been immune from the kind of economic catastrophe China now faces as a result of Deng's war on industry policies; and 3) that the Deng faction is not likely to last long enough to carry out any such scheme.

In whatever version, the China Card is dead.