

China's economic weakness strengthens U.S. hand

In the wake of the June 3-4 massacre, China's next moves have become a focus of the entire world. At this time, the Bush administration has three major concerns: 1) Would the Chinese government play the Soviet card? 2) Will China return to a closed society like that of 20 years ago? 3) Will Americans lose their business interests in China?

There is also much debate about either imposing total economic sanctions and severing diplomatic relations as a response to the troops firing on the nonviolent demonstrators, or not going beyond what has already been done. It is certainly difficult to decide, because there are many interrelated considerations, such as national interest, people's welfare, strategic interests, humanitarian concerns, and so forth.

One thing is certain, China's door must remain open for the benefit of the pro-democracy movement. Communism will ultimately be buried if the people inside China still have connections to the outside world. But the question remains: How can you shake hands with these butchers who ignore their recent murders? How can you do "business as usual" with those who lie about the killing?

Let us go back to a more fundamental question: Who needs an open China? If we read the Chinese leaders' recent statements and speeches carefully, it is clear that they are more eager than anyone to retain the open-door policy. Since 1979, China has gradually shifted from an economy based on self-reliance to one more dependent on foreign trade. Approximately one-third of national income, particularly the newly developed "coastal econom-

ic regions" and "special economic zones," are closely linked to foreign countries.

During the past ten years, the agricultural sector has also changed. With the liquidation of communal agriculture, the government has lost a convenient method of extracting surplus from the peasants. The current decentralized system does not work as well. Thus, the government has counted on foreign investment to provide necessary capital in order to achieve its modernization goals.

After the Soviets withdrew their experts and discontinued aid to 156 industrial projects, China struggled through a three-year "difficult period" in 1960-63. It is unlikely the government would be willing to risk a similar economic crisis by closing its door again.

In addition, a significant difference between now and then is that the Chinese people were still loyal to the Communist Party in the 1960s. Today, people must bear a 30% inflation rate. Any further worsening of the economic situation could trigger a crisis and the government would have to deal with complaints from workers and peasants as well as from students and intellectuals. Also, those officials who have profited in past years by using their power would not like to see the door closed.

Because of this, the American government is in a strong bargaining position with the Chinese government. No matter how much the Chinese government threatens by saying that they will close the door. It is only a political show designed to shift the people's attention by condemning "American imperialism." The Chinese leaders want to direct pressure outward in order to unify the people at home. In reality, the government hopes the foreigners will return as soon as possible. One needs only observe the official praise given to those foreigners who did not leave China or came back soon after the massacre.

In short, the U.S. should not hesitate to punish China out of fear that its leaders are going to close the door.

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as part of then Vice President Bush's Iran-Contra deals. Saudi Arabia purchased a battery of CSS-2s in 1988, again with Bush's personal approval.

To aid Chinese targeting capabilities for its missile fleet, the U.S. government has given the Chinese military the access codes to the U.S. Landsat satellite system. The Landsat system gives the Chinese military hourly readings on potential targets. Meanwhile, the U.S. government allowed, and encouraged, ST Systems to sell the P.R.C. military the sophisticated computer equipment required to process the satellite intelligence. The P.R.C. has even purchased a Digital

Equipment VAX computer production facility, to produce its own computers for such purposes.

Meanwhile, lest Chinese pilots feel left out, Grumman Aviation has a contract to provide advanced avionics for the Chinese air force's entire F-8-2 interceptor jet fleet, while Garret aerospace is providing the engines for the L-8, its short-range interceptor. McDonnell Douglas has already built an assembly line in Shanghai for final assembly of its MD-80s, a passenger liner intended to be used for troop transport. It was such planes which were used to transport Chinese soldiers to Tiananmen Square this spring.