

## China Watch by Gregory F. Buhyoff

### A shift in U.S. policy

*Peking is counting on U.S. high technology to modernize its army, and has allies in the Reagan administration.*

**A**t a time when Chinese military leaders are demanding technological modernization of the People's Liberation Army (PLA), circles within the U.S. Commerce and State Departments are pushing hard for the sale of high technology to China with the full knowledge that it will be used in Peking's military modernization plans.

State and Commerce are promoting this policy shift in an effort to salvage the U.S.-China strategic alliance—this despite growing opposition in China to "both superpowers." The issue is a point of contention within the Reagan administration because White House and Pentagon officials reject any American strategic reliance on China as a crutch for declining U.S. presence in the region. These aides favor returning to the pre-Kissinger policy of close strategic ties with Japan.

In late May, Commerce Secretary Malcolm Baldrige was in China where he assured his hosts that Washington intends to ease restrictions on the sale of advanced U.S. technology to Peking, an issue China considers a major impediment to improved bilateral relations. Though Baldrige did not mention specifics, shortly after the secretary's departure, diplomats in the Chinese capital were predicting that the administration would soon permit the sale of high technology—including items with a potential military application—beyond the limits set in June 1981 when Alexander Haig declared that the United States would consider selling weaponry and "dual use" technology to China on a case-

by-case basis.

Sources in Washington have disclosed that something more concrete may be announced within the next 60 days. A source said that the policy change sought by Commerce and State is as follows: technology requests below a certain threshold, previously considered on a case-by-case basis, would now be approved automatically, whereas requests above a certain threshold which had previously been rejected as a matter of policy would now be considered on a case-by-case basis. China's new designation as a "friendly, non-aligned country" would circumvent COCOM restrictions on sales of advanced computer technology with military applications. COCOM is the agency of the OECD that determines policy on Western exports.

In early June, columnist Jack Anderson revealed the contents of a memorandum sent by Baldrige to National Security Adviser William Clark briefing him on the recommended sale of a Hyshare-700 computer to a university in China known to be associated with China's nuclear missile program. The sale, which had been approved in 1981 with the proviso that several crucial components be removed first, was rejected by the Chinese who demanded the entire system intact. The proposed sale, on China's terms, has been tabled again.

But Commerce appears to be laying the groundwork. Intelligence sources in Washington reported that Scott Sullivan, special aide to Assistant Secretary Larry Brady, toured several Chinese military installations

in early June.

U.S. capitulation to the Chinese demands would be a windfall for the PLA, which is reasserting its influence over policy matters. Chinese military leaders want to apply the most advanced technological capabilities to their badly outmoded army (see *EIR*, June 7). Advanced computer capabilities would allow Peking to upgrade not only backward communications and logistics systems, but its nuclear deterrent as well. One of China's pet projects is to equip its nuclear attack submarines with the underwater firing system successfully tested last October. Peking, with the help of the United States, may soon acquire a means to hit the "two superpowers" from the sea.

Chinese leaders will be understandably satisfied if they are able to exact this concession from Washington without giving up their frequently exercised right to sling mud at the Reagan administration, as part of their "independent" foreign policy.

However, Peking is well aware that opposition within the Pentagon and White House could derail the plan at any time. Vice-Premier Yao Yilin told visiting U.S. columnists Evans and Novak the first week in June that any breakthroughs implicit in Baldrige's offerings were likely to be undermined by the "petty manueverings" of opponents in the Reagan administration. Fueling this sentiment was the recent U.S. blockage of a Belgian telecommunications computer sale to China.

Peking's harping on the need for "mutual trust" between the United States and China has not been persuasive thus far. The Chinese are counting on the eagerness of those who still want to court China strategically, regardless of the cost, to win over administration skeptics.