

**U.S. CHINA POLICY AFTER TIANANMEN:
TWO-LEVEL GAME ANALYSIS**

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On the night of June 3–4, 1989, units of the Chinese army carried out a violent crackdown on students and Beijing citizens engaged in demonstrations and protests in and around Tiananmen Square. This event deeply shocked the public as well as policymakers in the United States and other western countries and led to strong calls for punishing China's leaders who had ordered the crackdown. Although U.S. President George H.W. Bush immediately imposed sanctions on the People's Republic of China (P.R.C.) and thus briefly succeeded in maintaining U.S. consensus over his China policy, it soon transpired that his views of the future of the Sino-American relationship were in clash with those of the U.S. public and particularly Congress. In his efforts to ensure continuation of U.S.-Chinese cooperation, paralyzed in the aftermath of Tiananmen, Bush resisted immense domestic pressure for stronger sanctions, which caused harm to his political standing.

This article covers U.S. China policy making in the period between the Tiananmen massacre and the end of 1990 since by December 1990 Bush had succeeded in restoring most of the facets of the Sino-American relationship to their pre-Tiananmen levels (the aforementioned pressure notwithstanding). Adopting the framework of two-level game theory I analyze President Bush's attempts to reconcile the contradictory international and domestic imperatives he faced in order to push through his preferred China policy. The aim of the analysis is to explain in a theoretically coherent manner what were the main international, domestic and personal factors involved in President Bush's China policy making.

Theoretical Framework – Two-Level Game Theory¹

Two-level game theory was introduced by Robert D. Putnam in 1988 with the goal to provide “a conceptual framework for understanding how diplomacy and domestic politics interact”.² What Putnam proposes is to conceive of the politics of many international negotiations as a two-level game, in which each chief of government (hereafter COG) is present at two separate and quite different negotiating tables. At the international one he faces his foreign counterparts, whereas at the domestic one he bargains with members of parliament, representatives of key interest groups, labor unions, his own political advisors and others. Therefore the theory sometimes describes the COG as a “two-faced” or “Janus-faced” executive involved in the bargaining process of “double-edged” diplomacy.

In its most simplified form, this bargaining process can be described as follows. Each side at an international negotiation is represented by its COG with no independent policy preferences, who seeks to achieve an agreement his domestic constituents will likely accept/ratify. For analytical convenience Putnam decomposes the process into two stages: *Level I* (bargaining between COGs, leading to a tentative agreement) and *Level II* (process of ratification of the agreement at the domestic level). *Ratification* is defined by Putnam as “any decision-process at Level II that is required to endorse or implement a Level I agreement, whether formally or informally.”³

¹ In this article I employ two-level game theory as it was presented in Robert Putnam. “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization*, 1988, pp. 427–460 and further developed in Peter B. Evans, Harold K. Jacobson, Robert D. Putnam, ed., *Double-Edged Diplomacy: International Bargaining and Domestic Politics*. Berkeley: University of California Press, 1993. See also Robert Pahre and Paul L. Papayoanou. “Using Game Theory to Link Domestic and International Politics.” *Journal of Conflict Resolution*. Vol. 41, Issue 1 (Feb. 1997), William M. LeoGrande. “From Havana to Miami: U.S. Policy as a Two-Level Game.” *Journal of Interamerican Studies & World Affairs*, Vol. 40, Issue 1 (Spring 1998), Krishna P. Jaykar. “The U.S.-China Copyright Dispute: A Two-Level Games Analysis.” *Communication Law and Policy*, 2 (4), 1997, Leonard J. Schoppa, “Two-Level Games and Bargaining Outcomes: Why *Gaiatsu* Succeeds in Japan in Some Cases but not Other.” *International Organization*, Vol. 47: 3, Summer 1993, Peter F. Trumbore, “Public Opinion as a Domestic Constraint in International Negotiations: “Two-Level Games in the Anglo-Irish Peace Process,” *International Studies Quarterly*, 42: 545–565, 1998, and Helen V. Milner. *Interests, Institutions, and Information: Domestic Politics and International Relations*. Princeton, N.J.: Princeton University Press, 1997.

² Robert Putnam, op. cit., p. 430.

³ *Ibid.*, p. 436.

Each Level II constituency has what Putnam defines as the *win-set*, which is “the set of all possible Level I agreements that would [...] gain the necessary majority among the constituents.”⁴ Thus if Congress is the dominant domestic player, which is the case here, the win-set is the set of all potential agreements on a certain issue that Congress would approve or at least would not override. Alternatively, the win-set can be defined as the group of all possible international agreements that the domestic constituency considers better than the least acceptable agreement.

In the most simplified form presented above we assume that the COG has no independent policy preferences and acts as an “agent” of his domestic constituency, called *COG-as-agent*. In reality, however, most COGs have their own policy preferences, based on their domestic goals, personal proclivities, professional background, ideas about national interests and other factors. Then the COG has his own set of preferred agreements, called the *acceptability-set*. It includes all agreements that the COG regards as better than the least acceptable one.

With COGs whose acceptability-sets are not identical with their countries’ win-sets, the whole bargaining process between two states might be portrayed as follows. Two COGs meet at a Level I negotiation to find an agreement on a certain issue. If their acceptability-sets concerning the given issue do not overlap, the negotiation ends without an agreement and the status quo prevails. If their acceptability-sets overlap the two COGs reach an agreement acceptable to both of them, nevertheless in order for the agreement to enter into effect it must be ratified by the two countries’ Level II constituencies. If at least one of the Level II constituencies fails to ratify the agreement since it lies outside the given constituency’s win-set, the status quo prevails, as in the above case of no-agreement at Level I.

The term negotiation is usually used broadly in two-level game theory. In addition to a summit meeting between chief executives or a meeting of the COGs’ proxies, the negotiation can take the form of discussing and clarifying positions via letters, phone calls, or even mass media. In other words, any process, whether direct or indirect, which allows exchange of demands, agreement proposals or policy recommendations can count as a negotiation.

Regarding the process of domestic ratification, it can be either formal or informal. In the case of formal ratification, the constituency with

⁴ Ibid., p. 437.

ratification power (e.g. Parliament or the public through a referendum) can directly vote an international agreement up or down. In fact the U.S. Senate, for instance, can do even more than just ratify an agreement. Through binding legislature it might (a) rule out some international agreements or even (b) obligate the COG and the executive to pursue a policy that might not fall into the COG's acceptability-set.

In the case of informal ratification, the involved domestic players cannot directly override the COG's preferred policy, but must influence it indirectly: interest groups can bring about a shift in the COG's preferences or instigate pressure from the legislature; labor unions might use the threat of a strike to have their preferred policies passed; and the voters can shift their preferences to other candidates in the next presidential elections.

To better understand the COGs' position in two-level game negotiations, it is useful to distinguish between two basic types of international issues or conflicts. In the case of *homogeneous* or *boundary* issues, the basic disagreement among domestic constituents is not what kind of international outcome is desired, but how much of it the COG should exact from the opposing side (e.g. curbs on industrial pollution). In other words, constituents only vary in their evaluations of the cost of no-agreement. Those who perceive the costs of no-agreement as substantial are likely to content themselves with less favorable agreements than those constituents who attach lower value to the failure of the negotiation.

The other issue type is called *heterogeneous* or *factional* and is common when the negotiation involves multiple issues. In this case the COG faces domestic groups or factions which cannot agree on the type of the desired outcome (e.g. whether import taxes should be raised or reduced).⁵

In the cases involving boundary issues, which are relevant in this study,⁶ we might distinguish between three types of COGs. The aforementioned *COG-as-agent* simply attempts to negotiate an international agreement that is most likely to win domestic ratification. Accordingly he has no

⁵ On the topic of homogeneous and heterogeneous issues see Putnam, *op. cit.*, pp. 442–5.

⁶ Although the Sino-American agenda in the period of 1989–90 involved more issues than just human rights, there was little conflict among various domestic groups as to what China should do for Chinese-American cooperation to continue; namely decrease human rights violations, grant more freedom to Chinese citizens, end jamming the VOA, curb its arms exports, etc. The disagreement was over how much China should do to deserve the benefits associated with cooperation.

acceptability-set or we might say that his acceptability-set copies his domestic win-set.

The second type, called *COG-as-dove*, is caught between his Level II constituency and the Level I opponent. In other words the position of the COG-as-dove on a given issue is closer to his international opponent than is the case with most of his domestic constituents (they take on the role of hawks).⁷ In terms of no-agreement, the COG-as-dove perceives the cost of no-agreement as relatively high and hence is willing to accept less favorable agreements than his Level II constituency (which perceives the cost of no-agreement as comparatively low). Consequently the acceptability-set of the COG-as-dove is larger than his country's domestic win-set.

The third type, called *COG-as-hawk*, attaches lower value to no-agreement than most of his domestic constituents do and his positions are farther from his Level I opponent than is the case with his Level II constituency (which is now in the position of doves). Since the COG-as-hawk rejects some of the agreements the domestic constituency would ratify, his acceptability-set is smaller than the domestic win-set.

As will be analyzed below, during the whole period between June 1989 and December 1990 U.S. President Bush was in the position of *COG-as-dove*. Caught between his domestic constituency and the opposite number, the COG-as-dove faces two interrelated problems. First, his own acceptability-set does not overlap with his opponent's acceptability-set. Alternatively, even if overlap exists, agreements acceptable to the both COGs involved would not win domestic ratification. Second, agreements potentially acceptable to both the COG-as-dove and his domestic constituents are unacceptable to the opposing COG.

Consequently, the COG-as-dove pursues two basic goals. First, he attempts to expand his international opponent's acceptability-set. In other words, the COG tries to convince or force his opponent to accept an agreement this opponent previously considered unacceptable (outside his acceptability-set). In a situation when the opponent's domestic constituency blocks a certain agreement, the COG might also need to expand the opposite country's win-set. Second, the COG-as-dove needs to "synchronize" his domestic win-set with his own acceptability-set. With regard to the "synchronization" of the two aforementioned sets, the COG-

⁷ In the whole study, hawks/doves are defined as constituents whose positions are farther from/closer to the opposing side than is the case with the other domestic constituents.

-as-dove can apply the following strategies that two-level game theory operates with.

First, he can shift his acceptability-set in the direction of the domestic win-set, i.e. adopt a more hawkish stance toward his international opponent. With this move the COG can save domestic consensus and retain or even increase his domestic popularity. On the other hand due to this “betrayal” of his real acceptability-set he has to abandon at least some of his preferred policies. Even more importantly, by adopting a hawkish stand toward his international opponent the COG, all else being equal, makes the international agreement less likely.

Second, he can target certain domestic constituencies with concessions or services not directly related to the given international agreement. This instrument, called *side-payments*, is generally most effective when directed at cohesive powerful groups or individuals, whose support may help the COG acquire the necessary ratification majority. A good example of side-payments would be funding public programs from federal money in U.S. states whose representatives in Congress might in exchange vote for a certain agreement the president wants to get passed.

Third, the COG can use his prestige and popularity with the domestic audience in order to expand the domestic win-set. This strategy is called *persuasion*. The COG might use it in two basic ways: (1) as a public educator (delivering speeches, giving interviews, writing articles etc.) or (2) to target powerful groups as in the case of side-payments (e.g. by inviting a group of wavering members of Parliament to explain them the motives underlying his policy or urge them to vote along party lines).

Fourth, the COG might attempt to change the rules of domestic ratification of international agreements. By doing this, the COG does not change the preferences of domestic actors, but curbs their ability to challenge the international agreements he prefers. In the case of Bush’s China policy the option of changing congressional ratification procedures was, however, beyond the president’s power.

As was said above, on the international level the COG-as-dove attempts to expand the opponent’s acceptability-set and win-set. The aim is to make the international agreement feasible and its provisions more acceptable to the COG and particularly his domestic constituents.

One strategy serving this purpose is *reverberation*, which can be defined as a process in which actions by one country change the win-set in the opposite country. Reverberation can be a deliberate process such as

a carefully staged speech or interview aimed at making positive impact on a foreign audience, due to which the opposite country's win-set should expand. Or it can be an unintended result of a state's action such as the negative impact the Tiananmen massacre had in the United States. In this latter case the targeted win-set shrinks.⁸

Another strategy COGs use to enlarge both the acceptability-set and the win-set of the opposite country is raising the cost of *no-agreement*. In the simplified case described above, if the acceptability-sets of COGs did not overlap or if at least one of the countries failed to ratify the tentative Level I agreement, no-agreement in the form of return to the status quo prevailed. In relation to the status quo/no-agreement both the win-set and acceptability-set can be defined as sets of agreements/policies that the given constituency or COG consider better or not worse than the status quo. This definition implies that if no-agreement leads to a worsening situation (in comparison with the previous status quo), all else being equal, the acceptability-set and win-set should expand, as more agreements now seem better than the new status quo. One instrument which the COG can apply to raise the cost of "no-agreement" and which is relevant here is sanctions or a threat of sanctions.

In some cases, however, sanctions can cause the opposite effect than they were designed to bring about, particularly if the country threatened by the sanctions can reach an alternative agreement with another country. Some U.S. sanctions against the P.R.C. did not expand the Chinese win-set, i.e. China's hard-liners did not become more willing to make concessions to Washington. U.S. pressure led to Chinese attempts to redirect Beijing's overall trade and foreign policy orientation away from the United States to other countries. In other words, the sanctions created negative reverberation whose effect on China's win-set was stronger than the effect of raising the cost of no-agreement.

Thus far both reverberation and raising the cost of no-agreement referred to an action by a single COG. Yet in some situations COGs might discover that by joint action they can both end up better in terms of their desired results. In two-level game theory such cooperation is called *COG collusion*. The most likely setting for COG collusion is two doves facing hawkish domestic players, in which case both of them need to expand their

⁸ Any reverberation whose result is the expansion/shrinking of the opposing country's win-set is called positive/negative reverberation.

domestic win-sets. To accomplish this, they negotiate a package of reciprocal steps targeted at their domestic constituencies. In addition to steps aimed at creating positive reverberation it is likely to include side-payments to key groups in the opposite country.

Washington and Beijing, 1989–1990⁹

Since Nixon's opening to China in 1972 up to the late 1980s, the basic force behind Chinese-American cooperation had been the two countries' shared opposition of the Soviet Union. Maintaining the Sino-American strategic relationship required the U.S. to assign lower importance to issues such as human rights. Although many Americans did not feel fully comfortable with this *realpolitik* approach, the Soviet Union's expansionism provided sound justification for strategic cooperation between Washington and Beijing. With the advent of Gorbachev in 1985 the anti-Soviet rationale started slowly to decline, nevertheless this trend was partly offset by the perception that the P.R.C. was only a "so-called communist country"¹⁰ on the path toward market economy and eventually more pluralistic society. In short, before the Tiananmen massacre of 1989 U.S. public opinion, mass media and Congress, including Democrats, generally supported the executive branch in promoting broader and deeper ties with China.

In terms of two-level game theory, the combination of (a) Sino-American strategic cooperation vis-à-vis the Soviet Union and (b) restrained public criticism of some less favorable aspects of the Chinese regime (e.g. human rights violations, Tibet, China's abortions program) fell into both the U.S. win-set and Reagan's and Bush's acceptability-sets, causing no fundamental clashes over U.S. China policy at Level II. On the Chinese side, Deng Xiaoping had exclusive control over China's American policy. In Deng's case, too, cooperation along the above described lines fell into his

⁹ For more details on Sino-American relations in 1989–90 see the following sources: David M. Lampton. *Same Bed, Different Dreams: Managing U.S.-China Relations, 1989–2000*. Berkeley: University of California Press, 2001, James Mann. *About Face: A History of America's Curious Relationship With China From Nixon to Clinton*. New York: Alfred Knopf: Distributed by Random House, 1999, and Harry Harding. *A Fragile Relationship: the United States and China since 1972*. Washington, D.C.: Brookings Institution, 1992.

¹⁰ The strongly anti-Communist President Ronald Reagan referred to "...this so-called Communist China" on his way back from the P.R.C. in 1984. See James Mann, op. cit., pp. 146–7.

acceptability-set and his policy toward Washington did not face any serious domestic challenges.

Upon replacing Ronald Reagan in the White House in January 1989, George Bush was determined to pursue his predecessor's China policy, which, as mentioned above, enjoyed domestic consensus. In the spring of 1989, Bush believed that the main challenge to Sino-American relations was posed by improving Sino-Soviet ties, leading to Gorbachev's groundbreaking May visit to Beijing. The real challenge to the relationship, however, emerged in early June 1989 from inside the P.R.C. itself.

Since mid-April 1989 Beijing witnessed massive student demonstrations, which were later in the spring joined by workers and Beijing citizens of various walks of life. Usually described as a movement for democracy, the main driving force behind the loose coalition of various student and workers groups was dissatisfaction with corruption, economic crime, inflation and inequality of opportunity.¹¹ During the initial stages of the protests the Chinese leadership was split over how to best respond, with conservative voices gradually prevailing. On May 20 Premier Li Peng signed the order imposing martial law in several Beijing districts and on the night of June 3–4 units of the People's Liberation Army violently suppressed the whole movement. Reports on casualties vary greatly, with best available estimates at between 1,000 and 2,600 deaths (including at least 36 students).¹²

Due to instantaneous TV broadcast from Tiananmen Square and the surrounding areas Americans saw much of the violence at the very time it was happening. Virtually overnight the previous positive image of China was in shambles. While in February 1989 a full 72 percent of polled Americans held a favorable or very favorable opinion about China, by August the same figure shrank to a mere 34 percent.¹³

From the viewpoint of two-level game theory, the crackdown created strong negative reverberation in the United States and made the U.S. domestic win-set shrink. For most American citizens and particularly Congressmen, the previous U.S.-Chinese deal "let not disagreements over domestic issues such as human rights complicate our strategic cooperation"

¹¹ For details on the protest movement see e.g. Richard Madsen. *China and the American Dream: A Moral Inquiry*. Berkeley: University of California Press, 1995.

¹² See Richard Baum. *Burying Mao: Chinese Politics in the Age of Deng Xiaoping*. Princeton, N.J.: Princeton University Press, 1994, p. 276.

¹³ See David M. Lampton, op. cit., Table 6.

was no more acceptable. The following are the three main factors to account for this dramatic shift in the U.S. win-set.

First, during the nearly two months of the Beijing protests, the U.S. press tended to give voice to the most radical elements among the Chinese students demonstrating in Tiananmen Square. Whereas most of the demonstrators protested against corruption and economic crime,¹⁴ some student factions expressed far bolder demands. As a result, most Americans came to the conclusion that it was a massive movement for western-type democracy, one that deserved their strongest possible moral support. The fact that the Chinese leadership long seemed to be unwilling to suppress the protests by force (which was due to the split within the Politburo) further increased expectations about the result of the protests. Given these expectations the brutal action by the Chinese army came as a huge shock.¹⁵

Second, by the summer of 1989 the Soviet Union had lost much of its formidability. Gorbachev's "new thinking" in foreign policy illustrated by shrewd public relations gestures such as the announcement of unilateral withdrawal of 1,000 tanks from Eastern Europe in December 1988¹⁶ or the early 1989 end of Moscow's military involvement in Afghanistan had given rise to much hope the Cold War might be ending soon.¹⁷ Ironically, the same weekend that the PLA crashed the protest movement in Beijing the first nearly free parliamentary elections took place in Poland, a member country of the Soviet bloc.

¹⁴ According to an opinion poll conducted among Chinese students and cited by Richard Baum, the leading cause of antigovernment protests during the Beijing spring was "popular resentment over the rising incidence of economic crime, corruption, and inequality of opportunity." See Richard Baum, *op. cit.*, p. 317.

¹⁵ The negative reverberation Tiananmen had in the United States was enhanced by the amount of attention the U.S. media paid to the Beijing events. According to NBC news anchor Tom Brokaw not since the explosion of the space shuttle Challenger had a story "so penetrated the American consciousness." Cited in Richard Madsen. *China and the American Dream: A Moral Inquiry*. Berkeley: University of California Press, 1995, p. 2.

¹⁶ In a speech at the United Nations in December 1988 Gorbachev announced the USSR would withdraw 1,000 tanks from Europe and realign Soviet forces in Europe from an offensive to a defensive configuration. For more background see e.g. Peter G. Boyle. *American-Soviet Relations: From the Russian Revolution to the Fall of Communism*. London; New York: Routledge, 1993. Chapter 15.

¹⁷ In early May, 1989, four leading U.S. foreign policy figures outside of government – Zbigniew Brzezinski, Robert McNamara, Henry Kissinger and editor of Foreign Affairs William Hyland – concluded that an end to the Cold War era was approaching. See Don Oberdorfer. *From the Cold War to a New Era: The United States and the Soviet Union, 1983–1991*. Baltimore, Md: Johns Hopkins University Press, 1998, p. 346.

In short, the two main factors by which the Sino-American cooperation had been previously justified by most Americans were now gone. Whereas the Soviet Union was less and less perceived as the “evil empire”,¹⁸ Deng Xiaoping transformed from a progressive reformer and *Time* magazine’s two-time “Man of the Year” into one of the “butchers of Beijing”.

In addition, Tiananmen had ended the period of bipartisan consensus over U.S. China policy. From this moment on, the Democrats in Congress would have a strong issue on which they could challenge the Republican president.¹⁹

In the wake of Tiananmen Bush’s acceptability-set concerning Sino-American cooperation shrank too, but to a lesser degree than the U.S. win-set. The shift in his acceptability-set was due to two factors: (a) personally, Bush seems to have been appalled by the images of Beijing violence to the same extent most Americans were and (b) he and his aides felt that a clear signal had to be sent to Moscow that this kind of solution to domestic unrest Washington would not tolerate. Whereas these two factors called for adopting critical stance toward the Chinese leadership, there were other influences preventing Bush from shifting his acceptability-set toward a hawkish stance.

First, in contrast to his predecessor Reagan President Bush was a cautious politician without the ability to push ahead or embrace radical visions. Another important trait was Bush’s respect of established leaders and the status quo. These influences were reflected in Bush’s criticism of Reagan’s approach to Gorbachev, which Bush considered irresponsible.²⁰ In his evaluation the Soviet threat had not disappeared by summer 1989, which required continuation of Sino-American strategic cooperation.

Second, Bush composed his foreign policy team of like-minded individuals, mostly Bush’s close friends and former colleagues (Brent Scowcroft, James Baker, Secretary of Defense Richard Cheney or Ambassador to China James Lilley). As a result, the work of the team was

¹⁸ An opinion poll conducted in 1989 before Tiananmen found 62 percent of Americans having favorable attitude toward the USSR. A Gallup poll cited in Taifa Yu. “Sino-U.S. Relations During the Post-Tiananmen Era: Domestic Politics, Systemic Change, And Value Incompatibility,” *Asian Affairs* (New York), 19 (Winter 1993), Table 1.

¹⁹ In fact the previous bi-partisan consensus over China policy transformed into bi-partisan opposition of Bush’s policies toward Beijing, with many Republicans in Congress voting alongside their Democratic opponents.

²⁰ For more details see e.g. Don Oberdorfer, op. cit., particularly pp. 327–29.

not hindered by frictions as had been the case with many previous administrations; on the other hand it somewhat isolated Bush from alternative and more challenging views. Moreover the only member of the team more inclined to let U.S. China policy reflect public opinion and Congressional moods – James Baker – switched his focus to issues other than China as early as late June 1989.

Third, the three people most involved in U.S. China policy – Bush, Scowcroft and Baker’s Deputy Lawrence Eagleburger – had all been strongly influenced by Henry Kissinger and his strategic thinking (Scowcroft and Eagleburger having been his subordinates). To make this influence even stronger, Kissinger as well as Richard Nixon exerted direct influence on Bush, offering advice²¹ and making unofficial trips to China, which were, however, coordinated with the White House. While Nixon’s and Kissinger’s views of post-Tiananmen China and cooperation with Beijing ran contrary to public opinion and had little impact on Congress, Bush valued their advice, all the more as it was identical.²² Having been the founders of modern Sino-American relations, it was hardly surprising that Nixon’s and Kissinger’s basic message to Bush was to save the relationship.

Last but not least, evidence suggests that Bush valued his personal relationship with Deng to an extent that it verged on obsession.²³ Imposing sanctions on the regime Deng headed not only collided with Bush’s strategic vision of continued cooperation, but also went against his grain for personal reasons.

The above discussion shows that while Tiananmen caused shifts in both Bush’s acceptability-set and the U.S. domestic win-set, Bush’s acceptability-set shrank only little. Consequently, the policy toward China preferred by

²¹ E.g. Bush discussed the situation in China with Nixon as early as June 5. See George Bush and Brent Scowcroft, *op. cit.*, p. 98.

²² Bush writes that it “was reassuring that Nixon and Kissinger had returned from their separate trips to China with the same analysis of the situation.” George Bush and Brent Scowcroft, *op. cit.*, p. 158.

²³ In his two personal letters to Deng, Bush used at least nine times words “friend, friends and friendship” in the sense of friendship between him and Deng (see George Bush. *All the Best, George Bush: My Life in Letters and Other Writings*. New York, NY: Scribner, 1999, p. 428–435). Most likely it was in reaction to this excessive use of these words that Deng replied to Bush (via Scowcroft) that he also wanted to continue their friendship, yet that the problems in Sino-American relations could not “be solved by two persons from the perspective of being friends.” (See George Bush and Brent Scowcroft, *op. cit.*, pp. 106–7).

Bush was now outside the domestic win-set. Bush and his aides immediately realized that this was a problem which needed to be addressed. Otherwise, in the words of Representative Stephen Solarz, “the Congress will do it for him [for Bush]”.²⁴

In response, President Bush made two decisions. First, he tried to telephone Deng Xiaoping in order to discuss the new situation, yet his phone call was rebuffed. Second, he decided to “negotiate” with the Chinese leadership indirectly via sanctions. On Monday, June 5, Bush announced his first batch of sanctions against the P.R.C. These included a warning against American travel to China, the suspension of military sales to Beijing and the postponement of all high-level military exchanges.²⁵ Realizing that Chinese students and scholars visiting U.S. universities might face problems upon returning home Bush also announced that those who wished to prolong their stays could expect a sympathetic review of their requests.

By imposing the first batch of sanctions against the P.R.C. as soon as June 5, Bush shortly managed to save the national consensus over his China policy. These sanctions represented a tactical misrepresentation of Bush’s acceptability-set in the direction of the hawkish domestic constituency. In other words, public and Congressional pressure induced Bush to impose stronger sanctions than he would have adopted based only on his own preferences.²⁶

This strategy was most likely designed to work as follows: first, Bush hoped the sanctions and the overall international pressure would increase the price for China to pay for its no-agreement with the United States and the West. Consequently, Beijing would moderate its domestic suppression, or at least end it soon. This positive development would create positive reverberation in the United States and expand the domestic win-set. As a result Bush could withdraw at least some of the sanctions and resume cooperation with Beijing.

²⁴ Cited in Harry Harding, op. cit., p. 230.

²⁵ See e.g. Harry Harding, op. cit., p. 225.

²⁶ The fact that the sanctions represented at least partial misrepresentation of Bush’s acceptability-set was confirmed e.g. by Richard Solomon, Baker’s assistant secretary of state for East Asian and Pacific Affairs. According to Solomon, Bush and “Baker [...] said we’ve got to impose some sanctions, because if we don’t do it Congress will make things even worse.” See Nancy Bernkopf Tucker, ed., *China Confidential* (New York: Columbia University Press, 2001), p. 446.

Second, the shrunk U.S. win-set was likely to gradually expand itself – in time the salience of many issues tends to decrease as the public grows tired of the topic and refocuses on new issues. By imposing the first series of sanctions Bush hoped to retain initiative and gain some time for the win-set to expand.

Unfortunately for Bush, from the viewpoint of the Chinese leaders far more was at stake than Sino-American relations, given the fact the Beijing protests had threatened the CCP's rule over Chinese society. In the days and weeks after June 4, the suppression of anti-government forces throughout China continued with unabated vigor. Even worse, in the second half of June first show trials of Tiananmen protesters were staged, with some convicts receiving death sentences.²⁷ The footage of these trials, intended as a preventive warning to China's citizens, was rebroadcast in the United States. With these images the initial negative reverberation in America further deepened and accordingly the U.S. win-set grew even smaller/more hawkish.

Recognizing domestic pressure to react to this development, on June 20 Secretary of State James Baker announced further sanctions during his pre-scheduled appearance before the Senate Foreign Relations Committee. First, he made public the administration's earlier decision to propose freeze on all international lending to the P.R.C. Second, the politically attuned Baker said he was proposing to the White House a ban on all government-level exchanges between the two countries. As at least two observers suggest this decision was Baker's own and caught Bush off guard, in any case the White House approved the ban on high-level exchanges the same evening.²⁸

Unable to contact Deng directly or at least via his ambassador to China James Lilley, Bush decided he needed to seize the initiative and send an envoy to Beijing. Via a long personal letter to Deng, the president obtained the patriarch's consent with a trip by Bush's envoy, for which were chosen Scowcroft and Baker's deputy Lawrence Eagleburger. Given the self-imposed ban on high-level visits, the trip was planned and carried out in utmost secrecy.

On July 2, Scowcroft and Eagleburger met with China's leaders including Deng and tried to make the following main points: (1) while China's internal

²⁷ According to Richard Baum, *op. cit.*, p. 292, China carried out at least 35 executions.

²⁸ James Mann, p. 205 and David M. Lampton, p. 303 and note 73 on p. 441.

affair, the Tiananmen massacre and the consequent suppressions created huge negative reverberation in the U.S. translating into pressure on Bush to impose even stronger sanctions on China than he did, (2) the U.S. president took no joy in imposing sanctions on China and (3) despite the sanctions he had a “deep personal desire” in seeing the Sino-American relationship continue.²⁹ In Baker’s words, Scowcroft and Eagleburger found China’s leaders “as inscrutable as ever”³⁰ and accordingly the secret negotiation did not yield any tangible results. Obviously the most important tasks for Deng at that time were restoring domestic stability and consolidating leadership unity. With many conservative cadres claiming the Tiananmen demonstrations were due to Deng’s reforms and opening to the United States, Deng could not afford to make any concessions to Washington. Consequently, there could be no overlap between Bush’s acceptability-set, however dovish it was, and Deng’s acceptability-set.

An interesting feature of the Scowcroft and Eagleburger trip was its secrecy, which enabled Bush to kill two birds with one stone: (a) by imposing several sanctions on the Beijing regime Bush pretended for the domestic audience that he understood the necessity to punish Beijing leaders for the Tiananmen massacre and its aftermath; (b) at the same time by secretly violating some of these sanctions Bush conveyed the message to Deng that the sanctions were to a great extent due to domestic pressure. In addition, this violation of his own sanctions showed to Deng Bush’s deep interest in keeping the Sino-American relationship alive.

Shortly after the Scowcroft and Eagleburger trip, during the annual economic summit of the G-7 group in Paris, the leading industrialized countries – including the United States – announced that World Bank loans to China were being postponed. Japan also announced freezing a further \$ 5.6 billion of its loans to Beijing.³¹ Additional sanctions against Beijing were also introduced in the U.S. Congress, pushed by a newly emerged anti-China coalition of liberals and conservatives from both parties. In June and July Congress codified the president’s June 5 sanctions and added to them. This amendment to a foreign aid bill was passed by convincing votes

²⁹ See e.g. the State Department’s document called “Themes”, prepared before Scowcroft’s and Eagleburger’s first secret trip to China. <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB16/documents/34-01.htm>.

³⁰ James A. Baker, III with Thomas M. DeFrank, *The Politics of Diplomacy: Revolution, War, and Peace, 1989–1992*. New York: G. P. Putnam’s Sons, 1995, p. 109.

³¹ See James Mann, p. 197–8.

of 418–0 (House) and 81–10 (Senate).³² In July the so-called Pelosi bill, which offered stronger protection to Chinese students in the United States than Bush had proposed, was introduced in Congress.³³

Summed up, shortly after the Tiananmen massacre Bush faced two major obstacles in his China policy. First, the U.S. and international sanctions obviously hit the P.R.C. and thus increased the cost of no-agreement for the Chinese government. Nevertheless in the eyes of Beijing leaders the costs generated by the sanctions were smaller than the price they would have to pay if they failed to restore stability and party authority in China. In addition, the U.S. sanctions created negative reverberation as they changed the preferences of many CCP politburo members. From their viewpoint the sanctions confirmed that Washington had never abandoned the plan to bring about the end of communism in China. This stance translated into a hawkish domestic win-set, with conservatives in the CCP politburo blocking any potential steps aimed at accommodating Washington. Consequently in the aftermath of Tiananmen no conciliatory gestures came from Deng that would make plausible Bush's point that continued cooperation with Beijing was possible and desirable. If Deng had expressed regret over the deaths of Beijing protesters or suggested martial law and other post-Tiananmen measures might be moderated in the foreseeable future, Bush would have been better able to argue that Tiananmen was only a temporary obstacle to Sino-American cooperation, not a one completely alternating the overall justification for the relationship.

Second, at home Bush faced several hawkish constituencies. The U.S. public considered Tiananmen and its aftermath deplorable and supported sanctions against Beijing. Yet Bush was willing to go against public mood to pursue his preferred China policy.³⁴ With no presidential elections within

³² See e.g. George Bush and Brent Scowcroft. *A World Transformed*. New York: Knopf; Distributed by Random House, 1998, p. 108. For the whole list of provisions added to Bush's initial sanctions see Robert Sutter. "China and the U.S. Congress: Policy Determinants and Constraints", pp. 45–46, in William T. Tow, ed., *Building Sino-American Relations: An Analysis for the 1990s*. New York: Paragon House, 1991.

³³ Many of the Chinese students in the United States had supported the Beijing demonstrations, which could bring them problems upon their return to China. Hence after Tiananmen both Bush and various Congressmen proposed measures allowing the Chinese students to prolong their U.S. visas. Unlike the proposals in Congress, Bush's initial protection to the students was rather vague, as the president understood that Beijing was irritated by these efforts to keep the students from returning home.

³⁴ While in 1990 Bush's handling of foreign affairs enjoyed the support of 68 percent of Americans, the respective number for his China policy was only 45 percent, which testifies

the next three years, the public had virtually no direct leverage over Bush's China policy.³⁵ The other actors with intense interest in influencing the course of U.S. China policy were various interest groups, most importantly Chinese students in the United States and groups focused on promoting human rights. Particularly the Chinese students became skillful lobbyists on Capitol Hill, enjoying substantial influence on many Congressmen and Senators. In the end, it was only the U.S. Congress that could attempt to directly participate on U.S. China policy making. As a result, the U.S. win-set was in reality nearly exclusively composed of policies acceptable to the Congress, the only domestic constituency with formal ratification power over U.S. China policy. And as the above described steps evidence (e.g. the foreign aid bill amendment and the Pelosi bill), Congress was anxious to participate on U.S. China policy making via imposing stronger sanctions on the P.R.C. than the president did. Since these sanctions were outside Bush's acceptability-set, he fought against them. In other words, he tried to expand the domestic win-set so as to reach at least some level of synchronization of his acceptability-set and the U.S. win-set.

To this end, theory suggests that persuasion and side-payments can be applied. As to persuasion, after Tiananmen Bush faced certain pressure to deliver a comprehensive speech on U.S. China policy which would explicate why he attached so much importance to the continuation of Sino-American cooperation. In the end Bush's domestic advisors prevailed in dissuading him from making such a speech;³⁶ from the current perspective it seems very unlikely that such an effort at broadening the U.S. win-set would have had a chance to succeed. An isolated and inconsequential post-Tiananmen attempt at influencing the domestic win-set had the form of a "leak" to the *Washington Post* of the Bush administration's comprehensive discussion of Sino-American strategic cooperation, which was supposed to stress China's importance to overall American foreign policy.³⁷

Side-payments are generally most effective when targeted at a small cohesive group comprised of undecided or wavering individuals. As Bush

to Bush's willingness to pursue an unpopular China policy. A Harris poll cited in Taifa Yu, op. cit.

³⁵ In addition, during the latter half of 1989 the public was gradually becoming less hostile toward cooperation with Beijing – see discussion below in the text.

³⁶ Bush delivered his first comprehensive speech on China only in May 1991. See Lampton, p. 27.

³⁷ Harry Harding, p. 227.

faced a Congress nearly unanimously voting against him, the instrument of side-payments was useless.

Regarding China, the post-Tiananmen sanctions might have raised the cost of no-agreement, yet, as was said above, did not lead to a single sign of Deng's willingness to moderate the post-Tiananmen repression. In this situation, Bush decided to replace sanctions by concessions and gradually started to dilute some of the effects of his own sanctions. Already in July the president waived the military-related sanctions and permitted the sale of four Boeing aircraft to China. In October he allowed Chinese military officers to return to U.S. facilities where they cooperated with U.S. engineers on upgrading China's F-8 fighter.³⁸ Most importantly, in late November Bush announced his veto of the aforementioned Pelosi bill. Since the bill had been passed by veto-proof margins (403-0 in the House and by a unanimous voice vote in the Senate), the president announced he granted the students the same protection via an executive order. While this step did not make the provision look better in Deng's eyes, it helped Bush retain maximum control over the Sino-American agenda.

Despite the above-mentioned conciliatory gestures, during the rest of the summer and early fall 1989 there still emerged not a single sign of regret over Tiananmen or concession from the P.R.C. or Deng himself. This fact made Bush's task of defending before the U.S. Congress his conciliatory gestures toward China extremely difficult. Evidence suggests that via various channels Deng understood Bush's difficulties. The explanation why not a single tangible concession emerged from Deng lies in the P.R.C. itself. Deng's domestic as well as foreign policies were under severe attack from the conservatives and Deng's foremost task was defending his overall economic reform against these powerful critics. The sanctions had a strong negative effect on China's economy, yet due to the negative reverberation caused by international pressure and criticism, most Beijing leaders were against making any concessions demanded by Washington. To at least partially offset the negative impact of the sanctions, Beijing increased political and trade contacts with other socialist countries.³⁹ Nevertheless

³⁸ See e.g. Robert G. Sutter, *U.S. Policy Toward China: An Introduction to the Role of Interest Groups*. Lanham, Md.: Rowman & Littlefield Publishers, 1998, p. 30.

³⁹ Between July and November 1989, China concluded many trade and cooperation agreements with Eastern European countries. See e.g. John Garver. "Chinese Foreign Policy: The Diplomacy of Damage Control". *Current History*, Vol. 90, No. 557 (September 1991).

these efforts generally failed with the fall 1989 outbreak of revolutions and regime changes within the Soviet bloc. This failure partly accounts for the first signs of Deng's willingness to engage in negotiations with the Bush administration, brought from the P.R.C. by the former U.S. President Richard Nixon and the former Secretary of State Henry Kissinger.

In late October/early November 1989 these two architects of U.S. opening to China in the early 1970s made two separate trips to Beijing. These visits, coordinated with the White House, represented attempts at positive reverberation. Nixon and Kissinger took advantage of being highly respected by many Chinese leaders and persuaded Deng that he should engage in negotiations with the Bush administration on the outstanding issues blocking the two countries' relations. Deng agreed that Scowcroft and Eagleburger make a second trip to Beijing.

During this trip, taking place in December 1989, Scowcroft believed Deng and his supporters were ready for COG collusion and in fact indirectly proposed such a scenario in his opening toast. Scowcroft's words – "in both our societies, there are voices of those who seek to redirect or frustrate our cooperation... We must both take bold measures to redirect these negative forces..."⁴⁰ – implied that Bush and Deng were in the same position of COGs-as-doves facing domestic hawks. It is exactly this setting that is conducive to COG collusion. According to Scowcroft, the two sides did agree on such collusion or a "road map", consisting of mutual concessions and reciprocal gestures. In the language of two-level game theory, Bush's proxies and Deng found an overlap between Deng's and Bush's acceptability-sets, allowing renewed cooperation. The agreed mutual gestures and concessions were aimed to ensure that this agreement on renewed cooperation be acceptable to both sides' domestic constituencies. Beijing's moderation of its post-Tiananmen suppression was supposed to mollify the U.S. Congress, while Bush's steps would enable Deng justify the planned concessions.

The immediate domestic impact of Scowcroft's and Eagleburger's second trip to the P.R.C. was, however, devastating. Unlike during the first secret trip, this time TV cameras were present in Beijing and what they transmitted were images of Scowcroft clinking glasses with the "butchers of Beijing", despite the ban on high-level exchanges. Second, the trip took

⁴⁰ Cited in James Mann, *op. cit.*, p. 221.

place only weeks after the fall of the Berlin Wall and the Czechoslovak Velvet Revolution, which made it appear even more inappropriate and unjustified. Last but not least, the main justification for the trip – the aforementioned agreement on COG collusion – could not be revealed. Making things even worse, shortly afterward the news about Scowcroft's first secret mission to Beijing leaked to the press.

Strong domestic criticism notwithstanding, Bush started implementing the agreed "road map". In December he approved export licenses for three U.S. communication satellites to be launched in China and waived a congressional ban on Export-Import Bank loans to U.S. firms doing business in China. Most importantly, in late January 1990 Bush sustained his November veto of the Pelosi Bill. It was before the crucial Senate vote on the Pelosi bill veto that Bush had successfully employed the strategy of persuasion. Via extremely intensive lobbying, which culminated in Bush's breakfast with Republican senators in the White House, the president persuaded thirty-seven Senators not to vote in favor of overriding his veto.

In response to these conciliatory steps taken by Bush, on January 10, 1990, the Chinese side announced it was lifting martial law in Beijing. China also accredited a VOA correspondent and accepted the Peace Corps. Yet after these concessions, the process was "grinding to a halt".⁴¹ According to Scowcroft, in the wake of the December 25, 1989, execution of Romanian Dictator Ceausescu and his wife many Chinese leaders came to the conclusion it was dangerous to loosen their grip on Chinese society. As a result, the agreed COG collusion was put on hold.

Confronted with inadequate concessions on the Chinese side, in February President Bush began to speak about his disappointment with China's lack of progress. To add weight to his words, the president let it be known that he might not grant another waiver to the Jackson-Vanik amendment which would result in China's loss of its Most Favored Nation (MFN) status.

Via this announcement, Bush misrepresented his acceptability-set once again. The message that he might not renew China's MFN status suggested Bush's acceptability-set had shifted toward the U.S. domestic win-set, which served two purposes. First, it accommodated the hawkish U.S. Congress whose pressure Bush had opposed for nearly one year. Second, it

⁴¹ George Bush and Brent Scowcroft, *op. cit.*, p. 178.

created pressure on the Chinese leadership through his suggestion that the continuation of no-agreement could cost Beijing dear.

It was most likely this threat that helped persuade the Chinese leadership that the price for lack of cooperation with the Bush administration could be extremely high – one analysis estimated that the loss of MFN status could cost China around \$ 6 billion.⁴² Hence in spring Beijing released 211 dissidents and lifted martial law in Tibet. President Bush believed that these accommodating steps clearly signaled that the December COG collusion plan was back on tracks. Therefore in late May the president announced his decision to renew China's MFN status for another year.

Yet the Chinese leaders faced a far more daunting task of gaining at least some support for MFN continuation in the U.S. Congress, which had the ability to override Bush's MFN renewal. Hence, in late June it was announced that Chinese physicist Fang Lizhi and his family were granted safe departure from the country. Considered the most prominent domestic critic of the P.R.C. leadership, Fang and his wife had taken refuge at the U.S. embassy in Beijing immediately after Tiananmen. With their emigration from China one of the most vexing post-Tiananmen issues between Washington and Beijing disappeared.

Second, in June Beijing released another batch of dissidents and announced it would purchase \$ 2 billion worth of Boeing jetliners.⁴³ In an attempt to gain support among senators from farmer states, China also bought 400,000 metric tons of U.S. wheat.⁴⁴ All these measures were aimed at creating positive reverberation in the United States, which would translate into more Congressional votes in favor of MFN continuation.

Despite these efforts, in October the House of Representatives passed by very large majorities two bills concerning China's MFN status. The first proposed revocation of the status, the second called for attaching strong conditions China was supposed to meet. This hawkish stance of Congress could give the impression that the general mood in America in 1990 was still very hostile toward the combination of Sino-American cooperation and limited criticism of China's violations of human rights. In fact an opinion poll taken in January 1990 among U.S. citizens showed that the group of

⁴² An estimate made by the U.S.-China Business Council. Cited in Harry Harding, p. 260.

⁴³ Harry Harding, pp. 264–5.

⁴⁴ James Mann, p. 232.

respondents assigning higher priority to criticizing China's human rights record than maintaining good relations with Peking was smaller than the group of those who favored relations over human rights criticism (42 percent and 46 percent respectively).⁴⁵ Thus Congress' hawkish mood did not reflect public opinion as much as it was the result of three factors: (a) the fact that in the period following Tiananmen the U.S. business community exerted little pressure on Congress on behalf of continuing China's MFN, (b) the strong influence and lobbying power the Chinese students and human rights interest groups had in Congress, and (c) China was an issue the Democrats in Congress could use against Bush so effectively that few Republicans were willing to come to Bush's defense.

When in fall 1990 the U.S. Senate decided not to deal with the MFN legislature Bush's renewal of China's MFN status remained unchallenged. The Senate's failure to consider the issue meant that for the time being the domestic ratification process simply disappeared.⁴⁶

During the whole period between Bush's spring MFN renewal and the Senate's failure to consider the issue the president continued accommodating Beijing. In early summer 1990, the United States and the G-7 group announced relaxation of the ban on international loans to the P.R.C. Following a July trip to the United States by Shanghai Mayor Zhu Rongji,⁴⁷ Bush himself met with the former and current Chinese ambassadors to the United States. Via these meetings the Bush administration continued to terminate its own prohibition of high-level U.S.-Chinese exchanges.

However the biggest boost for the Bush-Deng COG collusion emerged with the Iraqi occupation of Kuwait in August 1990. Saddam Hussein's aggression influenced the U.S. domestic win-set on China in two ways. First, with the focus on Persian Gulf the salience of the China issue diminished. Consequently, Bush's controversial steps such as his meetings with Chinese officials received less attention than it would have been the case if China had been in the spotlight. Second, the United States favored conducting the operations against Iraq under the auspices of the United Nations. As a result, the value of Beijing's cooperation in the UN Security Council immediately increased.

⁴⁵ Harry Harding, p. 243.

⁴⁶ The main reason why Senate leader Mitchell declined to call the issue to the Senate floor was that at that time Mitchell and the Senate were preoccupied with budget negotiations. For more details see e.g. James Mann, *op. cit.*, p. 233.

⁴⁷ Zhu, a subsequent premier of the P.R.C., met with Scowcroft, Eagleburger and other officials.

Regarding Chinese leaders, they had three basic motivations to actively support UN sanctions against Baghdad. First, the goal of pushing Iraqi forces back from Kuwait did not run contrary to China's interest.⁴⁸ Second, active involvement in the work of the Security Council helped China end its international isolation. Third, by working closely with the United States in the Security Council Beijing deepened its ties with Washington and gained a bargaining chip for negotiations with President Bush. Accordingly China voted for eleven UN resolutions against Iraq, including Resolution 661 imposing mandatory economic sanctions.

A different situation arose when China was asked to vote in favor of Resolution 678, approving the use of force against Iraq. While evidence suggests that China was unlikely to become the only Security Council member to vote against the resolution, China's leaders decided to misrepresent their acceptability-set and ask for a side-payment – a White House audience for Chinese Foreign Minister Qian Qichen. Beijing sensed that the combination of China's vote for the use of force against Iraq and Bush's concession in the form of meeting with Qian fell into Bush's acceptability-set.

In the end Beijing decided to get the maximum benefit out of the situation. It only abstained on the crucial vote, which was in China's eyes the preferred move to actively supporting an international military operation against a sovereign state. In the case of Beijing's abstention, Chinese Foreign Minister Qian Qichen was supposed to meet only with Secretary Baker and not Bush. In the end Bush confirmed the correctness of China's estimate and the president's White House meeting with Qian took place.

Having secured China's cooperation on an issue as crucial to Washington as Iraq, Bush could at least partially justify his policy of rejuvenating Sino-American ties. Given the Senate's failure to deal with the MFN legislature and with the Bush-Qian meeting taking place in Washington it can be argued that by late 1990 Bush had generally succeeded in shaping U.S. China policy according to his own acceptability-set. As Robert S. Ross put it, "[b]y December 1990, Washington had for all

⁴⁸ June Dreyer: "Military Relations: Sanctions or Rapprochement?" pp. 212–213. In William T. Tow, ed., *Building Sino-American Relations: An Analysis for the 1990s*. New York: Paragon House, 1991.

intents and purposes restored diplomatic relations with the PRC to the pre-Beijing crackdown level.”⁴⁹

Conclusions

As the discussion of Bush’s policies toward Beijing shows, the obvious cause for Bush’s problems with promoting his desired China policy was the large gap between the U.S. and Chinese domestic win-sets. The more surprising finding is that despite this disadvantageous setting and the power of the U.S. Congress President Bush eventually managed to shape his China policy in accordance with his acceptability-set. The analysis above aimed to show the following points.

First, one factor explaining Deng’s lack of cooperation with Washington after Tiananmen was the failure of U.S. and international sanctions against Beijing. In two-level game theory, international sanctions are aimed at increasing the cost of no-agreement. As a result, the win-set of the country hit by the sanctions expands, as previously unacceptable agreements are now perceived as better than the new status quo. As Washington’s post-Tiananmen policy toward Beijing shows, this logic does not apply if the sanctions create negative reverberation, whose effects are stronger than the impact of the sanctions on the cost of no-agreement. The U.S. sanctions after Tiananmen further shifted the preferences of many CCP politburo members who adopted a strongly anti-American stance, in other words China’s win-set shrank. Consequently Deng knew he could not afford to be seen as yielding to U.S. pressure. The domestic price he would have, most likely, had to pay if he had tried to accommodate the United States would have far exceeded the potential benefit stemming from cooperation with Washington. The second consequence of the international sanctions was reorientation of China’s foreign and trade policies toward Eastern European socialist countries. It was exactly in late fall 1989, when the shift to Eastern Europe proved pointless, that Deng agreed to engage in negotiations with Washington.

The implication of these findings for our understanding of sanctions in two-level game theory is as follows: in order for sanctions to be effective in

⁴⁹ Robert S. Ross. “The Bush Administration and China: The Development of a Post-Cold War China Policy,” p. 24. In William T. Tow, ed., *op. cit.*

expanding the opposite country's win-set, two conditions should be met. First, the sanctions should not create negative reverberation by changing the preferences of the main constituents in the opposing country. The stronger the negative reverberation is, the lesser impact of the sanctions on the win-set should be expected.⁵⁰ Second, the effect of raising the cost of no-agreement via sanctions tends to be limited if the country hit by the sanctions can offset the sanctions' impact by reaching agreements with other countries. Logically, if both of the above factors are present (i.e. negative reverberation and other countries with which agreement can be reached), the likelihood that the sanctions will succeed becomes still lower.

The second reason for Deng's unresponsiveness to Bush's sanctions and conciliatory steps alike was that in late spring 1989 Deng's own acceptability-set became very close to China's hawkish domestic win-set. Deng understood that the crackdown on Chinese society, which he considered necessary for his regime to survive, was unacceptable in Washington. In other words Deng knew that however dovish Bush might have been there could be no overlap between his and Bush's acceptability-sets. Accordingly Deng decided after Tiananmen not to negotiate with Washington and wait. It was only after Deng's acceptability-set had expanded in late 1989 that he became willing to agree on COG collusion with Bush's proxies. The juxtaposition of developments between and after the December 1989 negotiations in Beijing suggests that COG collusion between two COGs-as-doves can be a very powerful instrument. With Deng willing to reciprocate Bush's gestures and conciliatory steps, the two sides gradually managed to overcome domestic obstacles on the way to revived cooperation.

Third, international and domestic context unrelated to Sino-American relations played an important role. The principal goal of the above-mentioned COG collusion was to expand the respective domestic win-sets and to this end Bush and China's leaders employed several strategies. Yet two of the most important events influencing the U.S. win-set were the Iraqi aggression against Kuwait and the inability of the Senate to consider

⁵⁰ This conclusion is implicitly included in John Odell's analysis of the overt threats in international economic bargaining. See John S. Odell. "International Threats and Internal Politics: Brazil, the European Community, and the United States, 1985 - 1987." In: Peter B. Evans, Harold K. Jacobson, Robert D. Putnam, op. cit. In his study, however, Odell does not directly specify the relationship between a threat's impact on the cost of no-agreement and negative reverberation the threat might create.

the anti-MFN legislature already passed by a veto-proof margin in the House of Representatives. Without these two events the process of reviving the Sino-American relationship would have been far more arduous.

Fourth, the case of Bush's post-Tiananmen China policy shows one possible mode of domestic ratification of international policies. Regarding public opinion, Bush was willing to promote China policies enjoying little public approval, which was due to several factors. First, the next presidential elections were relatively remote. As a result, the power of public pressure on Bush was somewhat limited. Second, Bush strongly believed in the correctness of his vision of U.S. China policy, which translated into his willingness to invest political capital into the struggle for this vision. Last but not least, since the initial post-Tiananmen shock the public's support for cooperation with Beijing was gradually increasing, which restrained the negative impact of Bush's China policies on his popularity. On the other hand, the U.S. Congress was nearly unanimously hostile to Bush's vision of cooperation with China, which was partly due to the influence of various human rights groups and Chinese students on Capitol Hill and the relative inactivity of business community. In addition, many in Congress felt that given Bush's unwillingness to shape his China policy according to domestic preferences Congress should directly participate on U.S. China policy making. As a result Bush's struggle with Capitol Hill took dominance over his attempts to make his policies more palatable to the general public, i.e. in this case Congress was the exclusive domestic player ratifying Bush's policies toward Beijing.

Finally, in terms of two-level game theory the most interesting feature of Bush's policies toward Beijing was his use of clandestine diplomacy. By keeping the first Scowcroft and Eagleburger trip secret, Bush managed to present two acceptability-sets to two different audiences. Acknowledging the trip would face strong domestic criticism, at home Bush pretended his acceptability-set was close to the U.S. win-set. Consequently Bush agreed to put into effect the ban on high-level Sino-American exchanges. By violating his own ban, the president showed to Deng and other Beijing leaders his real acceptability-set, i.e. his desire to continue Sino-American cooperation, the Tiananmen massacre notwithstanding. In terms of immediate results, the use of secret diplomacy was clearly unsuccessful, as the first secret trip failed to elicit any positive change in Beijing's policies. In longer term it seems plausible that the trip played an important role in Deng's late 1989 decision to enter into negotiations with Bush's proxies.

Namely, by taking the risk of sending secretly two envoys to Beijing Bush convincingly proved to Deng he was more dovish than his public statements and official policies suggested. Consequently, in fall 1989 Deng came to the conclusion that an overlap between his and Bush's acceptability-sets existed and COG collusion was possible. On the other hand, the domestic criticism following the disclosure of the secret trip highlights the risks that clandestine diplomacy poses. Hence, the practical implication of this case is that clandestine diplomacy should remain publicly undisclosed as long as it fails to produce results soundly justifying its application. Without a good prospect for success, it should not be attempted at all.

In sum, U.S. post-Tiananmen China policy suggests that even when a huge gap between two countries' win-sets exists cooperation is still possible. It requires patience and strong determination on the side of the COGs involved and their willingness to agree on and ability to carry out COG collusion. With these factors in place the U.S. president can succeed in neutralizing domestic opposition, even if it is constituted by a player as strong as the U.S. Congress.