

**REAGAN'S CHINA POLICY 1980–1982:  
REAGAN V. HAIG AND THE CONTROVERSY  
OVER ARMS SALES TO TAIWAN<sup>1</sup>**

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The primary focus of the article “*Reagan's China Policy 1980–1982: Reagan v. Haig and the Controversy over Arms Sales to Taiwan*” is to follow the development of the Sino-American controversy over the U.S. arms sales to Taiwan in 1980–1982 which produced the worst crisis in Sino-American relations since 1972. Attention shall be drawn to major U.S. domestic factors contributing to the development of the controversy, namely to the differences between President Ronald Reagan and Secretary of State Alexander Haig over the perception of China's importance to the U.S. policy and consequently over the U.S. China policy as such. The article is an excerpt from M.A. thesis “*Reagan's Policy towards China and Its Determinants*,” which attempts to indicate the determinants of Reagan's policy towards China during the first term of Reagan's presidency.

**1 Introduction**

Reagan's conservatism and anti-Communism led to his determination to resurrect the American power vis-à-vis the Soviet Union. In one sense,

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<sup>1</sup> The article is an excerpt from M.A. thesis “Reagan's Policy towards China and Its Determinants” (Sehnálková, J.: *Reagan's Policy towards China and Its Determinants*, FSV UK, Praha, 2003).

this led the U.S. administration to strengthen the strategic bonds with China on anti-Soviet grounds. In another sense, Reagan's pro-Taiwan inclination inspired the determination of the new administration to stand by the people of Taiwan against Communist China's attempts to take over the island. In order to protect Taiwan, Reagan strongly expressed his support for the Taiwan Relations Act.<sup>2</sup> The conflict of these two goals of Reagan's Administration produced the worst crisis in the Sino-American relations since rapprochement in 1972. Let us now follow two factors that contributed to the Sino-American crisis: Reagan's perception of China and the U.S. China policy in campaign rhetoric on one hand and the instrumental role of the Secretary of State Alexander Haig in making the Sino-American relations on the other.

## 2 Candidate Reagan's Position on China and Taiwan in the 1980 Campaign

In the 1980 presidential campaign, Ronald Reagan voiced his critical perception of the U.S.-China normalization of 1978–1979 and his criticism of China as a part of the Soviet Communist empire. At the same time, he

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<sup>2</sup> **Taiwan Relations Act (TRA)** was approved by the U.S. Congress on March 29, 1979 as a reaction to the failure of President Carter to obtain a clear non-use of force commitment from the PRC during Sino-American Normalization talks in 1978. The TRA was a modification of originally Carter's bill on the future conduct of relations between the U.S. and Taiwan; it provided for stronger continuity of U.S.-Taiwanese relations as well as for Taiwan's security. The Taiwan Relations Act underscored that the decision of the U.S. to establish diplomatic relations with the PRC "*rests upon the expectation that the future of Taiwan will be determined by peaceful means.*" Consequently, the TRA asserted that any attempt to "*determine the future of Taiwan by other than peaceful means... [would be considered] of grave concern to the United States.*" United States would "*maintain the capacity to resist any resort to force or other means of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.*"

The Taiwan Relations Act provided for the security of Taiwan as it confirmed the United States' policy to continue providing Taiwan with arms "*of a defensive character... in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.... The President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan.*"

The People's Republic of China obviously protested against the approval of the Taiwan Relations Act. The Chinese Communists marked the Act as an infringement of December 15, 1978 Communiqué and criticized it for interfering into internal affairs of China as it was a domestic act of the U.S. which could have no legal force on the U.S.-PRC relations.

emphasized his support of Taiwan. Obviously, Reagan's rhetoric raised question marks about his concept of U.S. China policy. Would Reagan as president reverse the Sino-American relations? Would he establish official relations with Taiwan and risk PRC's retaliation? These questions attracted attention of many. In consequence of that, Reagan had to explain the controversy over his position towards Taiwan and the PRC.

During the 1980 presidential campaign, Ronald Reagan presented a strong ideological orientation. According to him, the world was divided into two parts – “immoral” communism and “moral” capitalism. Reagan perceived the United States as an exceptional country that stood for democracy, being the ‘island of freedom’ or the ‘city upon the hill’ while the USSR represented “*the focus of evil in the modern world... an evil empire*”<sup>3</sup> that had to be challenged. Reagan then claimed that Communism was dangerous and had to be resisted.

In his campaign, Ronald Reagan applied such a black-and-white perception of the world on the PRC even though it did not pose an immediate threat to the U.S., unlike the USSR. Beijing thus bore the side effect of Reagan's strong anti-Soviet posture just because it was Communist.<sup>4</sup> Reagan portrayed the PRC as a member of the “*evil Soviet empire*” as “*it subscribes to an ideology based on a belief in destroying government like ours*”<sup>5</sup> while Taiwan was perceived as an American ally and as a part of the anti-Communist front for which it had deserved to have official relations with the U.S.

## 2.1 Reagan's Criticism of Sino-American Normalization

Ronald Reagan was one of the most vocal critics of the Carter Administration's normalization of Sino-American relations, as he perceived the outcomes of the establishment of official relations with the PRC as too costly for the U.S. foreign policy. First, he refused that the U.S. should have established diplomatic relations with a communist country. Second, he perceived the normalization as a “*betrayal of an old friend and ally*”<sup>6</sup> referring

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<sup>3</sup> **Speech to the National Association of Evangelists**, Orlando (FL), March 8, 1983: [www.reagan.utexas.edu/resource/speeches/1983/30883.htm](http://www.reagan.utexas.edu/resource/speeches/1983/30883.htm)

<sup>4</sup> Chen, J.: *Ideology in U.S. Foreign Policy*, p. 96.

<sup>5</sup> *Ibid.*, p. 96.

<sup>6</sup> Mann, J.: *About Face*, p. 116.

to de-recognition of Taiwan as the Republic of China, which he found morally unacceptable for the United States.

Reagan's negative view of the PRC and his discontent with the outcomes of the Sino-American normalization inspired Reagan's idea to attempt to reestablish official relations with Taiwan if he was elected president. Voicing such a position on U.S. policy towards Taiwan in the campaign had, however, an explosive potential, as it was completely contrary to the position of the U.S. administration after the normalization.

At the same time, however, Reagan purposely hoped to continue to develop post-normalization relations with Beijing despite his suspicions. He understood the normalized Sino-American relation as a means of counterweighing the Soviet Union, which he perceived as the most dangerous threat to the U.S. In these circumstances, Reagan was considering the possibility of China becoming a member of the anti-Soviet coalition. However, he voiced his unwillingness to give up Taiwan just for the cause of strategic partnership with PRC against the USSR.

Presidential candidate Reagan therefore believed that he could successfully improve relations with Taiwan and at the same time continue developing relations with the PRC. Thus he separated Sino-American relations from Taiwanese-American relations as if he did not understand that whatever he would say in direction of Taiwanese-American relations would immediately have impact on Sino-American relations. This was a fundamental flaw of Reagan's campaign that bore serious consequences for the future.

## **2.2 Bush's Appeasing Trip to Beijing**

The People's Republic of China was obviously alarmed by Reagan's campaign rhetoric. The Chinese perceived Reagan's statements as interference into the Sino-American relations and as a threat to the terms of the Sino-American normalization. Beijing feared that Reagan, if elected president, would attempt to reverse the Sino-American normalization.

Reagan's advisors were aware of the fact that if Reagan was elected president, his unconciliatory position towards China could harm Reagan's campaign in both domestic and foreign policy. Therefore, Richard V. Allen, Reagan's foreign policy advisor decided to defuse the issue.

Allen proposed to send the vice-presidential candidate George Bush on a "conciliatory trip" to Beijing. Bush had experience from China where he used to work as the Head of the U.S. liaison office in Beijing in 1974–1975.

Bush's goal was to persuade the PRC's officials that Reagan, if elected president, would not change the trend in Sino-American relations, would not challenge the terms of the Sino-American normalization, and on the contrary, would support cooperation with China.

Bush's August 1980 trip to China was a failure. While Bush was negotiating with Deng Xiaoping, Reagan continued his campaign by another speech, in which he expressed his support of some "official relation" with Taiwan.<sup>7</sup> When Bush heard about Reagan's statement, he "*reportedly grimaced, put a hand to his forehead, but declined to comment.*"<sup>8</sup>

Bush's visit in China thus failed to calm the Chinese down. Deng Xiaoping's question on what Reagan meant by "official relation with Taiwan" remained unanswered. The Chinese warned that any attempts to reestablish some form of official relations would cause retrogression in Sino-American relations and would be regarded as an attempt of the U.S. to create two Chinas.

### 2.3 Reagan's August 25th Speech

After Bush had returned from China, Reagan's advisors decided that Reagan himself should have defused the controversy over his perceptions of U.S. policy towards China. They persuaded Reagan to present a more conciliatory speech on Sino-American relations that would end the debate over Taiwan and China in the presidential campaign.

Reagan finally addressed the Sino-American relations on August 25, 1980 during his campaign speech in Los Angeles. The speech was drafted by Richard V. Allen and James Lilley who had a hard time to persuade Reagan to deliver it as it was not exactly what Reagan would want to say by himself.<sup>9</sup>

In the speech, Reagan highlighted the importance of stability of the Pacific region and declared the U.S. intention to promote this stability through cooperation with major partners of the U.S. – Japan, the People's Republic of China, the Republic of Korea, and Taiwan.<sup>10</sup>

As far as normalization was concerned, Reagan criticized Carter's Administration for being too amenable to Chinese requirements and for

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<sup>7</sup> Harding, H.: *A Fragile Relationship*, p. 110.

<sup>8</sup> *Ibid.*, p. 110.

<sup>9</sup> Mann, J.: *About Face*, pp. 117–118.

<sup>10</sup> **Statement by Presidential Candidate Ronald Reagan**, August 25, 1980. In: Hung-mao Tien (ed.): *Mainland China, Taiwan, and U.S. Policy*, p. 230.

accepting the Chinese conditions for normalization without getting a clear commitment of non-use of force by PRC against Taiwan: "*Jimmy Carter made concessions that Presidents Nixon and Ford had steadfastly refused to make. I was and I am critical of his decision because I believe he made concessions that were not necessary and not in our national interest.*"<sup>11</sup>

Reagan however acknowledged that the outcomes of the normalization could not be averted. Consequently, he expressed his support for Taiwan Relations Act and indicated that as president, he would carry out his policies in accordance and with respect to the TRA. Reagan thus regarded the TRA as a frame for the future president's conduct.<sup>12</sup>

Reagan also expressed more moderate position towards the idea of official relations with Taiwan. He dropped the call for the reestablishment of official relations with Taiwan, instead he perceived the relations with Taiwan through the Taiwan Relations Act: "*You might ask what I would do differently. I would not pretend, as Carter does, that the relationship we now have with Taiwan, enacted by our Congress, is not official... This Act (TRA)... provides the official basis for our relations with our long-time friend.*"<sup>13</sup> Here, Reagan simply acquiesced to the concept that the TRA provided sufficient frame for U.S. relations with Taiwan so that the relations could have been called official, even though they were not. In reality, there was not much difference from Carter, except for the verbal expression. The only variation was that TRA enabled Carter to have unofficial relations with Taiwan while to Reagan, TRA provided for "*official and adequate basis for safeguarding our relationship with Taiwan.*"<sup>14</sup>

Reagan expressed his intention not to change unofficial relations with Taiwan to official ones. He declared that the official policy of the United States was the policy of "*maintaining peace and promoting extensive, close, and friendly relations between the United States and the 17 million people on Taiwan.*"<sup>15</sup> Here, Reagan was not talking about official government-to-government relations, but only about relations between the Taiwanese people and the American people. This again was within the frame of the TRA and it thus represented no departure from the policy of Carter's Administration.

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<sup>11</sup> *Ibid.*, p. 230.

<sup>12</sup> *Ibid.*, pp. 230–231.

<sup>13</sup> *Ibid.*, p. 231.

<sup>14</sup> *Ibid.*, p. 231.

<sup>15</sup> *Ibid.*, p. 231.

The August 25, 1980 speech removed the Taiwan issue from the election campaign. Reagan tempered his decisiveness vis-à-vis the reestablishment of official relations with Taiwan and confirmed his commitment to continuity in Sino-American relations. After all, Reagan consented to the outcomes of the normalization. If elected president, his goal would be to respect the Sino-American relations and fully employ the Taiwan Relations Act. However, despite Reagan's more conciliatory approach towards China at the end of his campaign, the Chinese remained suspicious towards Reagan. Beijing warned against retrogression in Sino-American relations and protested against Reagan upholding the Taiwan Relations Act as it was only a domestic act of the United States that could "*in no way serve as a legal basis for handling U.S.-Chinese relations.*"<sup>16</sup> The Chinese rather wished for Carter's victory in the 1980 election to assure and confirm the improvement of Sino-American relations. It could have been expected that Reagan would not be Chinese first choice for the future U.S. president. Thus, by his campaign rhetoric, Reagan opened the Pandora's box.

### **3 President Reagan's China Policy and the FX Sale Controversy**

#### **3.1 Reagan's Appointments and China Policy**

Ronald Reagan arrived into the White House as a novice in the federal level of politics, therefore without knowledge of sufficient number of persons to be appointed into administration's offices. Therefore, in several cases, Reagan had to resort to the previous Republican administrations' human resources. By choosing personnel from Nixon's and Ford's Administrations, Reagan on one hand gained experienced, professional senior staff, but on the other hand, he created a conflict-prone environment as these senior staff's minds were often stuck in the Nixon-Ford era of policy making.

As far as American relations towards China were concerned, most of the new appointees shared Reagan's views on American relations towards the PRC and Taiwan. However, there were exceptions, the Secretary of State being the most striking one.

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<sup>16</sup> Lasater, M. L.: *Policy in Evolution. The U.S. Role in China's Reunification*, p. 42.

Reagan was originally considering two candidates for the post of the Secretary of State – Alexander Haig and George Shultz.<sup>17</sup> Haig was one of those who gained their experience during the Nixon-Ford era, being Kissinger's deputy and Nixon's White House chief of staff. However, the connection to Nixon disqualified Haig in the eyes of many Congressmen who believed that Haig must have been involved in the Watergate scandal. Therefore, many of the Congressmen declared that for this reason, they would oppose Haig's nomination and push for Shultz to become the Secretary of State. Paradoxically, this initiative facilitated Reagan's final decision. He did not want the Congress to influence president's choice and thus show that the new president was unsure of himself. Deliberately, Reagan thus appointed Haig the Secretary of State.<sup>18</sup>

Soon after Haig's appointment, it became evident that Reagan's decision was not well thought over. Reagan's and Haig's perceptions of U.S. foreign policy were substantially different. First, Haig believed that his role of the Secretary of State would be "*similar to Dean Acheson's or J. F. Dulles'... when Harry Truman and Dwight Eisenhower gave carte blanche to their secretaries of state*"<sup>19</sup> as he knew that Reagan had no foreign policy experience. Reagan however intended the contrary – he wanted to be in charge of the foreign policy himself. Second, Reagan soon learned that he and Haig could hardly reach agreement on various foreign policy issues.<sup>20</sup> Mutual antagonism between Haig and Reagan would later complicate the decision-making processes in the U.S. foreign policy making.

The character of U.S. relations towards China and Taiwan became one of the most conflicting issues between Reagan and Haig. While Reagan believed that the United States could develop relations with both China and Taiwan, Haig put an accent on the necessity of creating a strategic partnership between the United States and the People's Republic of China,

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<sup>17</sup> Mann, J.: *About Face*, p. 119.

<sup>18</sup> Evans, R.; Novak, R.: *The Reagan Revolution*, pp. 161–162. This initiative was led by the Democratic leader of the Senate, Robert Byrd of Virginia. Reagan himself, in his memoirs does not mention the above mentioned reasons for choosing Haig. Reagan justifies his choice by claiming that "*Haig was highly respected as the Supreme Commander of the NATO forces, and that was why I chose him as my first Secretary of State.*" (Reagan, R.: *Život jednoho Američana*, p. 322, translation by Jana Sehnálková).

<sup>19</sup> Evans, R.; Novak, R.: *The Reagan Revolution*, p. 179.

<sup>20</sup> Reagan, R.: *Život jednoho Američana*, p. 322.

the strategic importance of Taiwan to the U.S. being considerably lower. Haig viewed China as a major component of the U.S.-lead anti-Soviet coalition as he explains in his memoirs: *“In the terms of the strategic interests of the United States and the West in last quarter of the twentieth century, China may be the most important country in the world. If the main threat to human progress and world peace is Soviet expansionism, as the Chinese along with others believe, then it follows that this threat must be contained and drained of its energy... The Chinese do not believe that the United States and its allies can bring about the neutralization of Soviet adventurism without the participation of China, or that China can do so without the participation of the United States and the West.”*<sup>21</sup>

Unfortunately, the competition for the primacy in foreign policy-making between Reagan and Haig led to skirmishes between the White House and the Department of State, which consequently caused pulverization of the policy-making role resulting in the inability to present clear foreign policy objectives. At the beginning of the 1980s, the new administration was thus missing a clear formulation of some of its key policies, the U.S. policy towards the PRC and Taiwan being the very case.

### **3.2 American Arms Sales to Taiwan Controversy**

The ground for the U.S. arms sales to Taiwan after the Sino-American normalization had been laid within the Taiwan Relations Act<sup>22</sup> responding to the absence of clear Chinese obligation of non-use of force against Taiwan. China had been continuously opposing to any arms sales to Taiwan, as it had been perceived as major infringement of Chinese sovereignty, Taiwan being claimed to be a part of China. However, in 1978, under increasing Soviet pressure, the Chinese decided to set the issue of U.S. arms sales to Taiwan aside for the purpose of normalizing relations with the U.S. Beijing believed that in the future, the PRC would improve its security position and thus gain more leverage over the U.S. so that it would be able to act decisively to obtain clear commitment of the U.S. to terminate the arms sales to Taiwan. The time to open the issue of U.S. arms sales to Taiwan would come soon, with the outset of Reagan administration.

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<sup>21</sup> Haig, A.: *Caveat. Realism, Reagan and Foreign Policy*, p. 194.

<sup>22</sup> **Taiwan Relations Act.** Section 3 (a): *“The United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self defense capability.”* Public Law 96-8, 22 U.S.C. § 3301-3316.

There were several reasons for the Chinese to raise the issue of U.S. arms sales to Taiwan again and to demand solution with the coming of Reagan into the White House. First, the level of U.S. arms sales to Taiwan was continuously increasing which was contrary to the Chinese demands of terminating them. In 1978, the actual delivery of American arms to Taiwan was worth \$ 208 million; in 1980, it was worth \$ 268 million.<sup>23</sup> Furthermore, Reagan Administration was considering sale of advanced fighter planes that were more sophisticated than the current Taiwan's air force composed of F5-Es.

Second, Reagan's presidential victory stimulated Taiwan to become more self-confident as Reagan was perceived as one of the most vocal pro-Taiwanese U.S. politicians. Thus, Taiwan hoped for more support from Washington to improve its security. Taiwan's increasing self-confidence and security was obviously contradictory to the Chinese interests as Beijing hoped for reunification of Taiwan with the mainland China. Secure and confident Taiwan was less likely to accept Chinese reunification proposals.

Most important, Beijing detected the split over U.S. China policy within the U.S. administration and decided to take advantage of it, particularly of Haig's tilt towards China. Together with Beijing's assessment of the China's crucial importance to the U.S. resistance to the USSR, China gained confidence to pursue its goals vis-à-vis the U.S., the stopping of U.S. arms sales to Taiwan being the most important one.

The escalation of the Chinese pressure on the U.S. due to arms sales to Taiwan coincided with the U.S. intention to sell FX fighter planes to Taiwan.

The FX fighter plane was developed by a leading U.S. defense producer Northrop. "FX" was the short for any of the several different versions of the planes Taiwan would have been interested in buying. Each plane had new, improved, but still experimental (hence the X designation) electronics, engine or weapons systems.<sup>24</sup>

Originally, Northrop had envisioned selling the FX plane to Third World countries instead of F-16 fighter plane, which the Carter Administration would not have allowed for export. However, the Reagan Administration changed Carter's decision and allowed the F-16s to be sold to other

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<sup>23</sup> Harding, H.: *A Fragile Relationship*, p. 112.

<sup>24</sup> McNulty, T.: "Taiwan, China Put U.S. in Arms Vice." In: Chicago Tribune, December 27, 1981.

countries. Such a decision left Northrop with little chance to get back the expenses they had invested into the development of the FX. Still, there was a chance to sell the FX to Taiwan that wanted to modernize its air force. Reagan Administration would not have allowed Taiwan to purchase such an advanced fighter as the F-16 for it would have irritated China. The pressure of Northrop on the administration to assent to the sale of FX to Taiwan was thus very high.<sup>25</sup>

As could have been expected, the PRC strongly protested against the intended FX sale.<sup>26</sup> However, the central issue of the protest was not just the sale of FX fighter plane, it was rather more general question of American arms sales to Taiwan as China simply decided to use the FX issue to make the United States to stop all its arms sales to Taiwan. At that time, this was something the American administration had not realized as it was immersed in an internal conflict over the American policy towards China.

### **3.3 Department of State Initiative to Solve Arms Sales Dispute**

The Secretary of State Alexander Haig came with a possible solution to the Chinese protests over the intended FX sales to Taiwan. He believed that the U.S. should have offered American weapons to both China and Taiwan. By selling weapons to the PRC, the U.S. could have demonstrated the value it had attributed to the Sino-American relations. Moreover, he also believed that providing China with American weapons could have only been beneficial as it would have strengthened China's position vis-à-vis the Soviet Union. At the same time, Haig was persuaded that arms sales to the PRC could have balanced out the American arms sales to Taiwan.

The issue of selling U.S. weapons to China had been mentioned among the U.S. policy-makers in connection with the threat of Soviet Union's use of force against the Solidarity movement in Poland. Particularly the Secretary of Defense Caspar Weinberger had supported the idea of supplying American weapons to the PRC as a way of warding off the Soviets from a possible invasion to Poland.<sup>27</sup>

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<sup>25</sup> Mann, J.: *About Face*, p. 120.

<sup>26</sup> In February 1981, the PRC downgraded diplomatic relations with the Netherlands to a chargé d'affaires level due to an agreement for sale of two submarines to Taiwan. The PRC thus signaled that continuing U.S. arms sales to Taiwan could have brought about similar outcome in the Sino-American relations.

<sup>27</sup> Harding, H.: "China Arms Sales Could Brew New Troubles for U.S." In: Los Angeles Times, July 3, 1981. Also see Ross, R. S.: *Negotiating Cooperation*, p. 178.

President Reagan finally agreed to suspend prohibition of arms sales to China as a means of strengthening anti-Soviet strategic alliance<sup>28</sup> and instructed Alexander Haig to discuss the issue with the Chinese officials during his visit of the PRC planned for June 1981.

The Secretary of State Alexander Haig arrived in Beijing on June 14, 1981. He expected the visit to be a demonstration of Sino-American friendship and strategic partnership. Haig believed that this visit would settle down the Chinese anxiety about Reagan Administration's intentions vis-à-vis Taiwan. After that, the U.S. and China could after all progress a step further with their partnership.

Haig's visit brought about high expectations both in the PRC and in Taiwan. The new administration had not made any major statement on its policy towards China and Taiwan yet, so it was expected that Haig, as the first official of the Reagan Administration traveling to China, would make a clear statement on U.S. policy towards the PRC, and thus to Taiwan as well.<sup>29</sup>

Haig had carefully prepared to debate the issue of arms sales to Taiwan with the Chinese. He believed that Beijing would become more tolerant to the arms sales to Taiwan if the U.S. would keep the arms sales level low and at the same time supply arms to the PRC. On the basis of this concept, Haig informed the Chinese that the U.S. would allow China to buy American weapons. On June 16, 1981, he announced that President Reagan had decided to "*suspend the American prohibition on arms sales to China... [T]he United States would be ready, on a case-by-case basis, to consider selling lethal weapons systems to China.*"<sup>30</sup> At the same time, Haig assured Beijing that the American arms sales to Taiwan would be of strictly defensive character and that the U.S. would be adhering to the commitments of the 1978 Joint Communiqué: "[B]ilateral relations with China would be carried out in accordance with the Joint Communiqué while relations with Taiwan would be unofficial; President Reagan intended to treat China as a 'friend,'... with common interests."<sup>31</sup>

By announcing the intention to sell weapons to China, Haig seized the initiative of the top foreign policy maker from Reagan. Originally, the

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<sup>28</sup> Ross, R. S.: *Negotiating Cooperation*, p. 181.

<sup>29</sup> Kamm, H.: "Taipei, Peking, and Haig Trip." In: *The New York Times*, June 13, 1981, p. 3.

<sup>30</sup> Mann, J.: *About Face*, p. 121.

<sup>31</sup> "Haig's Press Conference." In: *Time*, June 29, 1981, pp. 14-15.

President had instructed Haig to discuss the prospect of arms sales to China in secret. However, Haig announced what would be an important shift of the American foreign policy at a public press conference in Beijing.<sup>32</sup> Obviously, Haig believed that such a public announcement would be regarded as a clear demonstration of friendly American intentions vis-à-vis the PRC and would finally persuade Chinese officials of the pro-PRC trend within the Reagan Administration.

Reagan could not have tolerated Haig's ignorance of president's instructions to make the issue of weapons sales secret. He had good reasons not to make it public. The decision to make China eligible for some American weapons had only been made within the White House and had not had any definite form as it had not gone through the bureaucracy review yet. Most importantly, the issue was not cleared with American allies in Asia; Reagan particularly did not want to alarm Taiwan. Washington originally had not intended to reveal the intention in public for months, as it would take a long time before the U.S. would be able to sell some weapons to China. Haig's initiative thus went much further than Reagan had expected.

Reagan did not take long to correct Haig's statement and to get the foreign policy under his control. On June 17, 1981, few hours before Haig's departure from China, Reagan said at a press conference: "*I have not changed my feeling about Taiwan. We have an act, a law called the Taiwan Relations Act that provides for defense equipment being sold to Taiwan. I intend to live up to the Taiwan Relations Act.*"<sup>33</sup>

Haig was infuriated by Reagan's statement. He felt that the president's words destroyed all the positive outcomes of his talks with Chinese leaders, degraded his position of Secretary of State, and brought doubts about his policy-making role.<sup>34</sup>

If Secretary Haig hoped that his visit to China would contribute to unfolding the Sino-American relations, from this perspective it could be marked as a failure. The PRC approached Haig's offer of U.S. arms sales with much reservation. Proudly enough, the Chinese reiterated that they refused buying American weapons if it meant agreeing to American arms

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<sup>32</sup> Mann, J.: *About Face*, p. 121.

<sup>33</sup> Hsiao, G. T.; Witunski, M. (eds.): *Sino-American Normalization and Its Policy Implications*, p. 94.

<sup>34</sup> Haig, A.: *Caveat. Realism, Reagan, and the Foreign Policy*, pp. 207–208.

sales to Taiwan: “[A] policy seeking such a trade-off was ‘doomed to failure,’... ‘any arms sales to Taiwan’ would ‘certainly draw strong reaction from China’.”<sup>35</sup> The Chinese did not want a trade-off. What they wanted was a final and definite resolution of the U.S. arms sales to Taiwan. Therefore, Beijing maintained that it would not cooperate with the U.S. while there was ongoing U.S.-Taiwan military cooperation,<sup>36</sup> and thus held developing U.S.-PRC relations hostage to U.S. concessions on arms sales to Taiwan.<sup>37</sup>

China continued to make clear that it wanted a fundamental change of U.S. policy towards Taiwan. In August 1981, it increased its pressure on the United States – it suspended all the existing military cooperation<sup>38</sup> with the U.S. until concessions were made on the U.S. arms sales to Taiwan. In these circumstances, Haig finally gave up his concept of trading arms sales to China for arms sales to Taiwan, as he finally understood that it was not an acceptable solution to the Chinese demands.

Haig’s visit to China had far-reaching political consequences. The circumstances of the announcement of the suspension of prohibition of weapons sales to China clearly showed the divisions between the Department of State and the White House. Due to Haig’s premature announcement of the American arms sales to China, the debate over the pros and cons of such step did not take place behind closed door of bureaucracy, it was rather debated publicly. Thus, the formulation of U.S. policy towards China was further complicated.

### **3.4 The Cancun Conference and the Deadlock in Sino-American Relations over the Taiwan Issue**

President Reagan and Chinese Premier Zhao Ziyang decided to meet and debate the contested issues during the North-South summit in Cancun in October 1981. In the course of the talks, Zhao Ziyang asserted that since there was the nine-point proposal on reunification,<sup>39</sup> there was no reason

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<sup>35</sup> Ross, R. S.: *Negotiating Cooperation*, p. 181.

<sup>36</sup> *Ibid.*, p. 181.

<sup>37</sup> *Ibid.*, p. 182.

<sup>38</sup> The U.S. developed informal military cooperation since 1980 with Defense Secretary Harold Brown’s visit to China. The military cooperation was based mostly on exchanges of information (intelligence cooperation) and army representatives’ visits. Since 1980, the U.S. permitted minor transfers on non-lethal military equipment.

<sup>39</sup> The nine-point proposal on reunification, also known as “Policy Concerning Return of Taiwan to Motherland and Peaceful Reunification” was worked out by Chairman Ye Jianying and made public on September 30, 1981. It provided conditions for reunification of Taiwan with

or necessity for any country to continue supplying arms to Taiwan as any continuing arms sales “would constitute an obstacle to the peaceful reunification of Taiwan and the mainland China as well as interference in China’s internal affairs.”<sup>40</sup>

When meeting the Chinese Foreign Minister Huang Hua in Cancun and later in Washington, Alexander Haig was presented with specific Chinese demands to resolve the tension in U.S.-PRC relations: 1. the United States should gradually reduce arms sales to Taiwan and ultimately terminate them within a specified period of time, 2. during the period leading to the definite termination of the arms sales, the U.S. arms sales to Taiwan must not exceed the quality and quantity of those of the Carter Administration,<sup>41</sup> as well as 3. the U.S. must give China a prior notice of all its arms sales to Taipei.<sup>42</sup> Additionally, Huang Hua warned that should Washington refuse to negotiate over these demands, the PRC might respond by downgrading mutual relations. Furthermore, he required that the U.S. would not carry out any arms sales to Taiwan while negotiating with the Chinese and before reaching a final arrangement on the Taiwan issue.

Washington’s first reaction to the Chinese demands was negative. Even Alexander Haig, usually pro-Chinese, refused Huang Hua’s demands as an ultimatum on the U.S. In his memoirs, he recollects that he reacted in raised voice and perhaps even thudded fist on the table: “*We have never insisted on an indefinite right to sell arms to Taiwan, but we have an obligation, and an imperative, to do so as long as reunification remains in the future. But to ask for a dare-certain cutoff when the ultimate outcome of reunification, which we favor, is neither realized nor accomplished by your side seems to be a profound departure. To have placed this new burden on this sensitive relationship will cause great problems. We, too, have our own imperatives! We, too, have a limit beyond which we won’t be pushed!*”<sup>43</sup>

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the PRC: Taiwan’s socioeconomic system would remain unchanged; Taiwan could retain its armed forces and would enjoy high degree of autonomy. Taiwan refused the plan as it would lose its sovereignty and as the plan did not rule out the use of force against Taiwan. Moreover, it was perceived as a means of persuading the U.S. that there was no need to upgrade Taiwanese defensive capabilities.

<sup>40</sup> Solomon, R. H.: “East Asia and the Great Power Coalitions.” In: *Foreign Affairs*, vol. 60, 1982, no. 3, p. 697.

<sup>41</sup> Chiu, H. (ed.): *The Taiwan Relations Act and Sino-American Relations*, p. 25.

<sup>42</sup> Harding, H.: *A Fragile Relationship*, p. 113.

<sup>43</sup> Haig, A.: *Caveat. Realism, Reagan, and Foreign Policy*, p. 210.

Both sides, however, seemed to want to avoid total breach of mutual relations and therefore declared their willingness to negotiate the issue. Particularly Haig was inclined to offer concessions to the Chinese as he believed that Reagan Administration had already provided Taiwan with such a quantity of arms that “*it was unlikely that it would wish to exceed these levels.*”<sup>44</sup> He also argued that the Sino-American relations reached a point of “*critical juncture... [so that] it was important to avoid setback which could gravely damage our global strategic posture.*”<sup>45</sup> Therefore, Haig set up for talks that would be carried out by the U.S. Ambassador in China Arthur Hummel Jr. and the representatives of the Chinese Foreign Office.

In order to define a frame for the U.S. possibilities in the negotiations, Haig designed an internal memorandum, which listed all possible steps the U.S. should have or could have done in order to reach accommodation with Beijing.

In his memorandum, Haig expressed his conviction that the strategic cooperation with China was of extreme importance to the U.S. In respect to that, he suggested that the U.S. could have offered some concessions to the Chinese. Haig suggested that 1. it would not be necessary to sell the FX fighter planes to Taiwan, 2. the U.S. could have agreed to the arms sales to Taiwan not to exceed A/ the quality and B/ quantity of the arms sale under the Carter Administration, and 3. the U.S. could have promised to reduce the arms sales gradually. In return for the restriction of arms sales, the U.S. would require Beijing to renounce use of force against Taiwan (a must) and to confirm explicitly its opposition to Soviet expansionism. Still, Haig declared that the U.S. should have strongly objected to setting a fixed date to termination of the arms sales to Taiwan.<sup>46</sup>

At the negotiating table, Haig responded to Huang Hua’s demands by conceding that the Reagan Administration would not exceed the levels of arms transfers of the Carter Administration (concession 2.B proposed in Haig’s memorandum – that would however mean that Haig would have to persuade the administration to say “no” to the advanced fighter sale to Taiwan).<sup>47</sup> Haig also proposed that the U.S. could have acted prudently on

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<sup>44</sup> *Ibid.*, p. 211.

<sup>45</sup> Man, J.: *About Face*, p. 124.

<sup>46</sup> Harding, H.: *A Fragile Relationship*, p. 114.

<sup>47</sup> Haig, A.: *Caveat. Realism, Reagan and Foreign Policy*, p. 211.

arms sales during the Sino-American negotiations, thus implicitly responding to Huang Hua's demand on the U.S. not to sell any arms to Taiwan while the negotiations were under way.<sup>48</sup> However, he refused to determine a clear cut-off date for the U.S. arms sales to Taiwan and required the PRC to commit itself to non-use of force vis-à-vis Taiwan.

The Chinese were not satisfied. Beijing maintained that the U.S. would have to set a timetable that would determine gradual reduction of arms sales to Taiwan leading to a final solution. At the same time, Huang Hua refused Haig's requirement to commit China to a peaceful resolution of the Taiwan issue for it was an internal matter of the PRC.

The American refusal to terminate arms sales to Taiwan within a definite period of time and the Chinese refusal to commit themselves towards the non-use of force against Taiwan in return for a reduction of American arms sales to Taiwan created a deadlock in the Sino-American negotiations as neither side was willing to make more concessions at that moment.

### **3.5 Breaking the Deadlock – “No” to FX and Sino-American Negotiations**

In the beginning of 1982, Beijing continued to refuse to make any concessions on its part as it expected the U.S. to make all the necessary adjustments in its policy to accommodate China's concerns over U.S. arms sales to Taiwan. According to the Chinese, the stalemate in Sino-American relations could have been broken only by such U.S. concessions that would lead to final termination of arms sales to Taiwan, any other U.S. attempts to proceed with the relations were ignored. The Chinese overlooked, for example, the renewed invitation of Ronald Reagan to Zhao Ziyang to visit Washington to celebrate the 10<sup>th</sup> anniversary of the Shanghai Communiqué in February 1982.<sup>49</sup>

Alexander Haig was however determined to bring the Sino-American relations back on track. At that time, his most important goal was to persuade the administration not to sell any advanced fighter planes to Taiwan (concession 1 proposed in Haig's memorandum) as he had promised to Huang Hua. This was a difficult task as far as the sale of the advanced planes to Taiwan was widely supported both within and outside the government. Haig however believed that if administration had not

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<sup>48</sup> Ross, R. S.: *Negotiating Cooperation*, p. 185.

<sup>49</sup> *Ibid.*, p. 188.

approved the sale of fighter planes to Taiwan, China would have agreed to selling defensive weapons at the existing level to Taiwan. At the same time, State Department officials tried to devise a jet plane for Taiwan, which would not be too sophisticated to upset Beijing.<sup>50</sup>

The defenders of the FX sales to Taiwan claimed that Taipei's need for a more advanced air force was well established. Many of its present fighter planes were becoming obsolete and as a consequence, Taiwan's ability to defend itself vis-à-vis possible, even though not probable,<sup>51</sup> Chinese attack was decreasing.

The supporters of the FX sale to Taiwan most often referred to the Taiwan Relations Act, according to which "[T]he President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan."<sup>52</sup> In observance of the Taiwan Relations Act, the decision on the arms sales to Taiwan was to be carried out only by the President and the Congress and should not have been influenced or vetoed by any Chinese threats. Moreover, in a larger strategic frame, it would be dishonorable for Reagan's Administration to subdue to demands of a Communist country and make a decision unfavorable to a free, non-Communist nation friendly to the U.S.

The FX sales defenders also pointed out that the "*PRC needs help from the U.S. to protect it from the Soviet Union much more than the U.S. needs anything from Communist China.*"<sup>53</sup> Thus, Beijing's threats to react strongly against continuing arms sales were perceived as containing a "*strong element of bluff.*"<sup>54</sup> In other words, Beijing's reaction to the advanced fighter sale to Taiwan would not result, as they believed, in retrogression of relations despite Beijing's threats to do so.

However, Alexander Haig was of different opinion. He believed that the Sino-American strategic relation could have been saved only by the refusal of the advanced fighter planes sale to Taiwan. Haig was determined

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<sup>50</sup> *Ibid.*, p. 183.

<sup>51</sup> Since normalization, the U.S. assessment of PRC's threat to Taiwan was low. See Lasater, M.: *Policy in Evolution. The U.S. Role in China's Reunification*, pp. 55–56.

<sup>52</sup> **Taiwan Relations Act**, Section 3(a): Public Law 96–8, 22 U.S.C. § 3301–3316.

<sup>53</sup> Cline, R. S.: "Ronald Reagan and the Taiwan Arms Sales." In: *The Wall Street Journal*, December 21, 1981.

<sup>54</sup> "Taiwan Sale: Matter of U.S. Sovereignty." In: *The News World*, December 29, 1981.

to use all means to make the administration not to sell the advanced fighters to Taiwan.

The opponents of the FX sale most often claimed that as far as the assessment of the PRC's threat to Taiwan was low, Taipei did not have any need for the sophisticated fighters. Referring to the nine-point proposal for reunification, they professed that Beijing was pursuing the policy of peaceful reunification. The FX sale would then only impair the processes in the Taiwan Strait as well as it could jeopardize Sino-American relations.

Haig's way of making the administration decide against the sale of FX to Taiwan was regarded as a "*virtuoso bureaucratic performance*"<sup>55</sup> of the Secretary of State. Haig took advantage of the Congress being out of the session and of the departure of the National Security Advisor Richard V. Allen from the administration,<sup>56</sup> which enabled him to take full command of foreign policy.

First, Haig used all his influence to prepare arguments against the FX sale to Taiwan. He benefited from the fact that many officials from Carter's Administration were still in important positions in Reagan's Administration. Some of these colleagues of Haig shared his perception of the strategic importance of the Sino-American relations and thus opposed the sale of advanced fighters to Taiwan. With their help, Haig could shape Pentagon reports that he personally requested to decide whether the FX planes were necessary for Taiwan. These intelligence reports were negative to the sale of the advanced fighters to Taiwan.<sup>57</sup>

Second, Haig took advantage of favorable conditions within the White House. The departure of Richard V. Allen, the most vocal supporter of the FX sale with great influence over President Reagan, and his replacement by a foreign policy novice William Clark created conditions for Haig to act decisively.

On January 7, 1982, Haig called for a meeting of the National Security Council. Meanwhile, he managed to obtain agreement on the necessity of maintaining vital Sino-American relations from the Secretary of Defense Caspar Weinberger and the CIA Director William Casey. The National

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<sup>55</sup> Evans, R.; Novak R.: "*Taiwan Turnabout.*" In: The Washington Post, January 18, 1981.

<sup>56</sup> Richard V. Allen resigned from the NSC because of a scandal over his acceptance of Japanese gifts.

<sup>57</sup> Evans, R.; Novak R.: "*Taiwan Turnabout.*" In: The Washington Post, January 18, 1981.

Security Council then decided that the U.S. would not sell the FX advanced fighters to Taiwan.<sup>58</sup> Facing the united front of the Department of State, the Department of Defense, and the intelligence community, Reagan decided to give up the FX sale.

On January 11, 1981, the Department of State formally announced the decision that no FX advanced fighters would be sold to Taiwan, as there was no military need for such aircraft. Instead, the U.S. would continue in co-producing the F-5E, which had been sold to Taiwan since the Carter Administration.<sup>59</sup>

The Secretary of State believed that suspension of the FX sale to Taiwan would be viewed as a major concession on the part of the United States and thus open way to negotiations between the U.S. and the PRC. Therefore, in January 1982, Haig dispatched the Assistant Secretary of State John Holdridge to China to communicate the FX decision to the Chinese, to discuss future Sino-American cooperation, and to elicit support for Reagan's anti-Soviet policy (particularly due to the situation in Poland). Besides that, Holdridge was entrusted with the task of discussing a proposal of a U.S.-PRC statement on the U.S. arms sales to Taiwan that would have settled down the disputes so that both sides could have celebrated the upcoming tenth anniversary of the Shanghai Communiqué in more friendly atmosphere.

Haig's proposition for the U.S.-PRC statement provided that the U.S. would be committed to selling only defensive weapons to Taiwan, the sales would not exceed the level of the Carter Administration while the PRC would commit itself to the policy of peaceful reunification.<sup>60</sup>

However, Holdridge's mission was a failure. The Chinese refused Haig's proposition. Beijing was angry that Washington approved of selling F-5Es to Taipei instead of agreeing to set a cut-off date for the arms sales to Taiwan. To Beijing, selling F-5Es instead of the advanced FX fighter did not make any difference as far as the U.S. continued providing Taiwan with American arms. The Chinese also refused to criticize the Soviet policy in Poland.<sup>61</sup>

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<sup>58</sup> *Ibid.*

<sup>59</sup> **No Sale of Advanced Aircraft to Taiwan:** U.S. Department of State Statement, January 11, 1982. In: Hung-Mao Tien (ed.): *Mainland China, Taiwan, and U.S. Policy*, pp. 246–247.

<sup>60</sup> Ross, R. S.: *Negotiating Cooperation*, p. 189.

<sup>61</sup> Halloran, R.: "China Refuses to Criticize Soviet Over Poland." In: *The New York Times*, January 31, 1982.

The State Department answered the Chinese embitterment by trying to offer additional concessions. This time, Haig enlarged the scope of the limits to the U.S. arms sales - besides limiting the U.S. arms sales to Taiwan to the levels of the Carter Administration, Haig proposed that the U.S. would not sell weapons of higher quality than those of the Carter Administration (concession 2.A of Haig's memorandum). Moreover, Haig proposed that the quantity of the arms sales would gradually decrease (concession 3 of Haig's memorandum).<sup>62</sup>

However, the Chinese again refused the proposal and continued to demand a clear cut-off date for the American arms sales to Taiwan. The celebration of the 10<sup>th</sup> anniversary of the Shanghai Communiqué was thus condemned to nil importance as it was reduced to a mere exchange of letters between President Reagan and Chinese Premier Zhao Ziyang on February 28, 1982.<sup>63</sup>

In April 1982, Ronald Reagan sent a personal letter to Vice Chairman Deng Xiaoping and to Premier Zhao Ziyang. Reagan tried to be more specific about the American position towards the PRC and towards Taiwan in order to accommodate the Chinese irritation.

In his letter to Deng, Reagan emphasized the importance of the PRC's participation in a united front against the Soviet Union. The very threat of growing Soviet influence should have compelled the United States and the PRC to cooperate. Reagan reassured Deng of the U.S. commitments stated in the 1978 Normalization Communiqué, and particularly emphasized the U.S. respect for one-China policy. Reagan also presented a positive U.S. appreciation of the nine-point proposal on reunification. On the other hand, Reagan hinted that the U.S. would maintain unofficial relations to Taiwan and would continue to have "*an abiding interest in the peaceful resolution of the Taiwan question*". At the end of the letter, Reagan expressed his wish to continue negotiations with the PRC to resolve the mutual difference in order to develop "*enduring bilateral and strategic relationship*".<sup>64</sup>

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<sup>62</sup> Ross, R. S.: *Negotiating Cooperation*, p. 192.

<sup>63</sup> See **Letter from President Reagan to Premier Zhao Ziyang on the Tenth Anniversary of Nixon's China Trip**, February 28, 1982. In: Hung-Mao Tien (ed.): *Mainland China, Taiwan, and U.S. Policy*, pp. 248-249. **Letter to President Reagan from Premier Zhao Ziyang on the Tenth Anniversary of Nixon's China Trip**, February 28, 1982. In: Hung-Mao Tien (ed.): *Mainland China, Taiwan, and U.S. Policy*, pp. 250-251.

<sup>64</sup> **Letter from President Reagan to Vice Chairman Deng Xiaoping**, April 5, 1982. In: Hung-Mao Tien (ed.): *Mainland China, Taiwan, and U.S. Policy*, pp. 252-253.

Reagan's letter to Zhao Ziyang repeated the formulations of the letter to Deng. This time, however, Reagan explicitly expressed his position on reducing arms sales to Taiwan – he linked it to the peaceful resolution of the Taiwan issue. He declared that the U.S. “*expects that in the context of progress toward a peaceful solution, there would naturally be a decrease in the need for arms by Taiwan.*” In addition to that, Reagan also hinted that from that time on, the Chinese should not expect more U.S. initiatives to solve the mutual differences, rather, the U.S. was “*prepared for, and indeed welcome*” China's suggestions.<sup>65</sup>

Both April 1982 letters also mentioned that Vice President Bush would be traveling in Asia at the beginning of May. Reagan thus suggested that Bush could be invited to Beijing as the “personal emissary” of the U.S. president to negotiate over the contested issues.

The importance of Reagan's two letters consisted in Reagan's formulations on the U.S. policy of arms sales to Taiwan and on the peaceful reunification proposal. The formulations were suggesting shift in the U.S. policy towards Taiwan and the PRC. For the first time, Reagan welcomed the nine-point reunification proposal which he had ceased to comment earlier. For the first time, Reagan specified the conditions under which arms sales to Taiwan would end by linking them to peaceful resolution of the Taiwan problem. This shift was commented in *Far Eastern Economic Review*:

*“This is the first time the White House has deviated from the studied neutrality which in the past the U.S. was careful to maintain in the issue of negotiations between Taipei and Beijing. It is also the first time that a U.S. official has specified the conditions under which arms to Taiwan would end... [however] Reagan's tilt in favor of Peking's nine-point proposal therefore is viewed here as a direct response to the roots of China's concerns while avoiding the politically explosive commitment to a definite cut-off for arms sales to Taiwan.”*<sup>66</sup>

Moreover, the letters also hinted an important shift in Reagan's position on Taiwan. Unlike his campaign statement that the Taiwan Relations Act “*provides an official and adequate basis for safeguarding our relationship with Taiwan*”,<sup>67</sup> in his letter to Deng, he declared that “*our policy will continue to*

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<sup>65</sup> *Ibid.*, pp. 254–255.

<sup>66</sup> Nations, R.: “*Bush and His Master's Voice.*” In: *Far Eastern Economic Review*, May 14, 1982, p. 12.

<sup>67</sup> **Statement by Presidential Candidate Ronald Reagan**, August 25, 1980. In: Hung-Mao Tien (ed.): *Mainland China, Taiwan, and U.S. Policy*, p. 230.

*be based on the principle that there is but one China. We will not permit the unofficial relations between the American people and the Chinese people on Taiwan to weaken our commitment to this principle.”*<sup>68</sup>

Vice President Bush visited Beijing upon the invitation of Chinese officials in the beginning of May 1982. Bush did not bring any new U.S. concessions or other initiatives on the arms sales to Taiwan, as was suggested in the Reagan’s letter to Zhao Ziyang. To the contrary, Bush simply confirmed the position of the U.S. administration that the United States would not agree to a cut-off date to arms sales. Though, he modified the strict American position by admitting that “*the refusal of the United States to agree to a cutting-off date did not imply that it foresaw U.S. arms sales to Taiwan continuing indefinitely.*”<sup>69</sup> At the same time, the Vice President underscored Reagan Administration’s commitment to all the principles upon which the official relations between the U.S. and the PRC were established.

The Chinese probably expected more from such a high-level visit. However, all the statements by Bush gave evidence that the U.S. did not want to move any further and that what Bush declared in Beijing was the final offer.

Despite the signals that the U.S. administration was open to negotiations, the Chinese maintained their insistence on cutting-off date for the American arms sales to Taiwan. The Chinese still remained confident of their negotiating leverage over Washington as they continued to perceive the U.S. as vulnerable power and therefore in need of China’s cooperation vis-à-vis the USSR. Beijing hoped that Washington would finally compromise and terminate the arms sales to Taiwan. However, the situation in Washington slowly started to change. The Chinese started to lose their negotiating leverage as hostility was increasing in Washington towards the administration’s, and particularly toward Haig’s conciliatory tone towards Communist China.

In Washington, conservative politicians expressed their disappointment over Reagan Administration’s moderate approach towards the PRC and

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<sup>68</sup> Letter from President Reagan to Vice Chairman Deng Xiaoping, April 5, 1982. In: Hung-Mao Tien (ed.): *Mainland China, Taiwan, and U.S. Policy*, pp. 252–253.

<sup>69</sup> Ross, R. S.: *Negotiating Cooperation*, p. 194.

demanded more hard-line attitude towards Communist China. Some conservative senators criticized Reagan over the decision not to sell the FX planes to Taiwan, e.g. Barry Goldwater declared that Reagan “*was bending to Beijing’s demands.*”<sup>70</sup> Many Congressmen also exerted pressure on Reagan to remind him of his commitment to support Taiwan and the Taiwan Relations Act. It seemed that Haig’s pro-Chinese era was coming to an end.

### 3.6 The Road to Sino-American Communiqué and Haig’s Resignation

On June 2, 1982, the Washington Times reported that the Department of State was secretly negotiating a draft of a communiqué with the Chinese. It was leaked that the draft would have represented a major shift in U.S. policy on arms sales to Taiwan for it agreed that the U.S. would terminate the arms sales to Taiwan: “[I]t is not the long-term policy of the U.S. to sell arms to Taiwan. [The United States intend to] gradually diminish and ultimately cease arms sales to Taiwan.”<sup>71</sup>

The Department of State, namely Haig, denied existence of any of such drafts when queried by the White House and by Senator Barry Goldwater, a leading supporter of Taiwan.<sup>72</sup> However, the existence of such drafts was soon confirmed and that sealed the fate of Alexander Haig as the Secretary of State.

On June 25, 1982, Alexander Haig announced his resignation. It was a result of long-term disagreements with the President, the withholding of information about the communiqué draft playing its role as well. Even after his resignation, he still did not want to give up the issue of China. Haig believed that “*Deng was waiting for a response, and the future of Sino-American relations depended upon the answer he received.*”<sup>73</sup>

On June 29, 1982, Haig sent Reagan a memorandum where he proposed further steps the administration should have taken in order to settle down the Taiwan issue. The memorandum basically offered two options for the U.S. policy towards China: either reconciling to the Chinese demands by promising to end the arms sales to Taiwan, or maintaining the U.S. current position by refusing the cut-off date for arms sales to Taiwan and thus risk

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<sup>70</sup> Hsiao, G. T.; Witunski, M. (eds.): *Sino-American Normalization and Its Policy Implications*, p. 105.

<sup>71</sup> Nations, R.: “*The President’s Seal.*” In: *Far Eastern Economic Review*, vol. 116, June 4, 1982, no. 23, p. 16.

<sup>72</sup> Lasater, M.: *Policy in Evolution. The U.S. Role in China’s Reunification*, p. 86.

<sup>73</sup> Haig, A.: *Caveat. Realism, Reagan and Foreign Policy*, p. 214.

a break down of the Sino-American relations with far-reaching consequences to the U.S. strategic position.<sup>74</sup>

While Haig and other officials in the Department of State would have definitely given priority to the first option and thus give China what it wanted for the sake of the strategic importance of China, Reagan was not willing to go so far and was rather inclined to opt for the second option outlined in the Haig's memorandum.

With Haig's departure, Reagan could at last get full grip of the U.S. foreign policy. In June 1982, he appointed George Shultz to become the new U.S. Secretary of State. It was clear that Reagan would draw lessons from his unpleasant experience with Haig and would choose such a Secretary of State who would share Reagan's views. President wanted the White House and the Department of State to be unanimous in foreign policy making, instead of isolated actions that gave rise to ambiguity and contradiction.

George Shultz shared Reagan's perception of U.S. China policy. Compared to Haig, Shultz assessed China's importance to the U.S. at much lower level. His approach signaled that he would accommodate the U.S. China policy more to Reagan's liking. Thus, the Chinese could have expected a change in the U.S. policy towards China that would bring about reduction of Beijing's negotiating leverage.

As far as the current negotiations with the Chinese were concerned, Reagan administration could have hardly backed away from what had been arranged by Haig. Still, Reagan took a personal initiative and made some changes to the State Department's secret draft of the communiqué. Particularly, he refused to recognize that the U.S. arms sales to Taiwan should have "ultimately ceased".

On August 17, 1982, the U.S. and the PRC finally reached agreement and issued a new Joint Communiqué.<sup>75</sup> The document was ambiguous and created space for various interpretations. The Communiqué itself did not provide any clear solution to the core problem of the Sino-American relations (even though it aimed to do so) – the differences over Taiwan were by no means completely resolved – it still enabled both sides to avoid potential crisis threatening to lose valuable connection between the U.S. and the PRC and created enough space to reexamine their respective positions.

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<sup>74</sup> Ross, R. S.: *Negotiating Cooperation*, p. 195.

<sup>75</sup> **Joint Communiqué of the United States and the People's Republic of China**, August 17, 1982: <http://usinfo.state.gov/cap/eastasiapacific/china/chinacommuniques.html> (1. 3. 2005).

#### 4 Conclusion

At the outset of Reagan's Administration, Washington and Peking became enmeshed in a bitter dispute over the U.S. arms sales to Taiwan. The Chinese protested against Reagan's treatment of Taiwan and argued that during normalization, the United States had recognized the fact that there was only one China and Taiwan was the province of China, therefore the U.S. arms sales to Taiwan under the Taiwan Relations Act represented interference in China's internal affairs and were therefore unacceptable.

There were many factors that contributed to the controversy. First, Reagan came to the office apparently committed to upgrading U.S. relations with Taiwan, either by restoring official contacts between Washington and Taipei or by increasing American arms sales to the island. Reagan's campaign statements suggested that he planned to reverse the terms of the normalization. Despite the fact that Reagan finally stepped back from his demand of reestablishing official relations with Taiwan, Beijing perceived Reagan with great mistrust and wanted to test his commitment to the terms of the Sino-American normalization.

Second, divisions within the administration over the importance of China and Taiwan to the U.S. also contributed to the deepening of the crisis over the U.S. arms sales to Taiwan crisis. Reagan Administration was divided over the importance of cooperation with China in order to resist the Soviet Union. Ronald Reagan and the conservative community were strongly pro-Taiwan and pushed hard for continued arms sales to Taiwan and upgraded ties with Taipei. They refused to give up Taiwan in order to cooperate with China as they believed that cooperation with both Beijing and Taiwan was possible. Nevertheless, there were State Department officials under the leadership of Alexander Haig, who were responsive to Chinese pressure as they believed that U.S. cooperation with China was the crucial factor in resisting the Soviet threat. Consequently, they were inclined to give up the U.S.-Taiwanese ties and to yield to Chinese demands. Because of these divisions, the administration was unable to agree over a comprehensive policy towards China and Taiwan. Such a situation enabled Beijing to exert pressure on the pro-Chinese circles of the administration in order to try to extract maximum concessions from Washington.

Reagan's determination to resist the Soviet power, combined with an appreciation that China would not cooperate with the United States in the case of continuing arms sales to Taiwan, led the president to involve himself

directly in efforts to resolve the Taiwan issue in 1982. After several months of fruitless negotiations, Reagan sent Vice President Bush to Beijing in May 1982, who convinced Chinese leaders that there were strict limits on Reagan's ability to compromise.

Ten weeks later, on August 17, 1982, after intense negotiations on final wording, the United States and China issued a joint communiqué on American arms sales to Taiwan. The carefully worded document used ambiguous language that enabled both sides to maintain their differing views on the arms sales issue. Even though the communiqué did not provide a clear solution to the problem of the U.S. arms sales to Taiwan, it defused the current crisis.

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The texts of all Sino-American Communiqués mentioned in this article can be obtained at <http://usinfo.state.gov/regional/ea/uschina>