Threatening Sanctions When Engagement Would Be More Effective: Attaining Better Human Rights in China

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Leaders use both coercion and engagement as leverage against other nations. Recent literature suggests economic sanctions are more effective than deployed sanctions to attain intended foreign policy goals. This paper examines a case of threatened coercion—the threat to remove China’s most favored nation (MFN) status following the Tiananmen Square massacre in 1989—where engagement would have produced better human rights in China. We show that the American threats to sanction China were counterproductive, while cooperative statements and MFN renewal proved to have a more beneficial impact on Beijing’s human rights policies. This paper suggests that economic sanction threats are not directly linked to China’s human rights behaviors. Instead, China uses accommodations to manipulate diplomatic relations with the U.S. As a result, engagement with China would have been a more productive policy when dealing with human rights issues.

When attempting to leverage another country to change its policy, leaders have options that range on a continuum from engagement to coercion. Often referred to as carrots and sticks, these options also range in the level of intensity (from threat to action) and include a variety of options (diplomatic, economic, and military). Engagement, or a carrot, is when one state promises to or actually provides some benefit to another state in return for favorable treatment on some issue. Examples of engagement include President Clinton’s Agreed Framework with North Korea, which attempted to get the latter to forgo its nuclear weapons program and President Reagan’s “constructive engagement” with apartheid South Africa whose goal was to reform the all-white government. Coercion, or the proverbial stick, occurs when one state threatens to or actively seeks to impose some kind of cost on another nation. Coercion attempts include events such as the 1999 bombing of Yugoslavia and sanctions against Iran and Syria for their support of terrorism. Additionally, these alternative policy options can be used in conjunction with each other—what George (1991) refers to as coercive diplomacy. Which of these policies—engagement, coercion, or a mix—is most effective is not clear. In both

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1See George (1991) and George and Smoke (1974) for cases of coercive diplomacy.
cases of engagement, the policy failed (North Korea is attempting to restart its reactor and Congress overturned Reagan's policy which would most likely have failed). In Yugoslavia, the bombing did bring an end to the conflict in Kosovo, but the sanctions against Iran and Syria have yet to bear any fruit. This paper examines a case of threatened coercion—the threat to remove China’s most favored nation (MFN) status following the Tiananmen Square massacre in 1989—where engagement would have been more successful. We show that the American threats to sanction China were counterproductive, while cooperative, engaging statements, and MFN renewal proved to have a more beneficial impact on Beijing’s human rights policies. Specifically, China was more repressive to its people during the height of the threats and more accommodating once the American threats subsided and carrots were offered.

Our argument unfolds in four sections below. First, we discuss the logic behind sanction threats as well as the current understanding of sanction effectiveness. Next, we build on previous arguments to show that Beijing could be expected to react to heightened U.S. threats by being (1) less repressive and (2) more accommodating. Third, we present the case—the U.S. threats to revoke or condition MFN status to the People’s Republic of China and Beijing’s reactions to those threats—and show that it provides no evidence for concluding that the threats were effective. In fact, the evidence suggests that they were counterproductive. Finally, we discuss the implications of the China MFN debate and return to the question of whether countries should coerce or engage. From this discussion, we offer some policy recommendations.

**Economic Sanction Threats**

Economic sanctions are a common tool of coercion. In the 1990s alone, 67 economic sanctions were initiated, up from 40 in the previous decade. As the literature is quick to point out, however, sanctions fail the vast majority of the time. Success rates are estimated to be as high as 30% to as low as 1–2% (Hufbauer, Schott, and Elliott, 1990a, b; Pape, 1997, 1998; Elliott, 1998). Although recently, scholars have suggested that assessments of sanction effectiveness ignore those sanctions that are merely threatened but not deployed, hence leading to a bias against sanction effectiveness (Morgan and Miers, 1999; Nooruddin, 2002; Drezner, 2003; Lacy and Niou, 2004).

A typical sanction episode involves two actors—the sender (the sanctioning state) and target (the sanctioned state)—and begins with an initial dispute over some issue between the two countries. Relations between the two nations decline with the occurrence of a precipitant, which is defined as a new action or policy that is offensive to the sender (Snyder and Diesing, 1977; Drury, 2000:625, 2001). This precipitant leads the sender to demand an end to the target’s offensive policy or action. At this point in time, the sender has only applied diplomatic coercion. If the target stands resolute, the dispute escalates, and the sender threatens harsher action, namely, an economic sanction. If the target continues to reject the sender’s demands, then economic sanctions are deployed and the level of hostility increases further. While some subtle differences exist in how a sanction episode unfolds, most follow the basic chain of events laid out above (Drezner, 2003).

If the target prefers acquiescence to sanctions, it is at the threat stage that one would expect a rational target to give into the sender’s demand so that it can forgo
the sanctions. That is, if the target is going to comply with the demand, it will prefer doing so before it feels the pain of the economic sanction. Conversely, targets that expect to rebuke the sender’s demand are willing to accept the sanction, thus making it more likely to fail. Therefore, as several game theoretic models conclude, economic coercion will be more successful when observed at the threat stage than at the implementation stage (Smith, 1996; Drezner, 1999; Morgan and Miers, 1999; Lacy and Niou, 2004). A few studies have provided some evidence for this assertion. Using regulatory issues, Drezner (2003) shows that threats to sanction non-complying countries tend to have a much higher success rate than do the deployed sanctions from the Hufbauer et al. (1990a, b) data. Nooruddin (2002) uses a selection corrected model to show that a selection bias exists and affects the success rate. Ancillary evidence of a different success rate between threats and deployed sanctions comes from Drezner (1998, 1999). Drezner shows targets that expect future conflict with the sender are less likely to comply because they are concerned that compliance would harm their future relations with the sender—they would develop a reputation for giving in to demands. Therefore, targets that expect such conflict will not give in to the sanctions, and thus, the sanctions deployed against them will count as failures. This finding indicates that at least some sanctions that are deployed are predestined to fail.

Since economic sanctions and sanction threats are both forms of coercive diplomacy, “whether coercive diplomacy will work in a particular case may depend on whether it relies solely on negative sanctions or combines threats with positive inducements and assurances” (George, 1991: 11). As we mentioned above, carrots and sticks are often times used as complimentary strategies, and as a result, they are not competing policies. However, George (1991:11) suggests that “recognition that coercive diplomacy in principle can use a carrot-and-stick approach leaves open the question whether in practice the policy maker employing the strategy is willing or able to offer a positive inducement and if so, to decide what conditional offer and concessions to make.” In other words, policy makers must coordinate the use of carrots and sticks as bargaining strategies prior to any demands and actions being made.

In the case of China, we deal with both economic coercion and positive engagements. While we acknowledge sanctions and engagements can be complimentary, we argue that in China’s MFN case, coercion and engagements are independent of each other and thus, competing policies. The debate over China’s MFN renewal and human rights issues involved independent players: the White House, Senate, and House of Representative. Within the legislature, there were two competing political parties, and the presidency changed hands during the period in question. The different branches of government and different political parties were not only independent of each other but also competing for their respective policy preferences. On top of this competition, all of these groups were being lobbied by competing interest groups. Therefore, the parties involved did not coordinate their actions prior to issuing them. The threatened sanctions and engagements were not used in a bargaining situation with the ultimate goal being a median position or compromise between the worst and the best outcomes. Instead, they were issued in competition with each other. So in this paper, we treat negative sanctions and engagements as independent strategies. We now turn to our argument and then turn to the case analysis itself.

**How Could China Be Expected to React to a Threat?**

In this section, we first develop more fully the logic through which sanction threats operate. We then discuss the China case as it applies to that logic and conclude with an expectation of Chinese behavior.

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5Drury’s (2000) findings concur with this conclusion.
Factors of a Coercive Threat

There are three basic factors that determine the coerciveness of a threat: communication of the threat, the target’s perception of the sender’s intentions, and the target’s perception of the sender’s capabilities and resolve to use them (Baldwin, 1971). First, the target must understand the threat. This requires not only an appreciation of the consequences of non-compliance but also a clear understanding of the demand itself. The demanded change in behavior must be clear, tangible, and preferably measurable. That is, threats that demand specific actions (or non-actions) are clear and tangible. These clear threats have “substantive” goals, such as ceasing production of chemical weapons. Conversely, threats demanding less specific, general changes in behavior have “transcendent” goals, such as promotion of human rights. These goals “are so abstract that their mundane meanings cannot be clarified” (Li, 1993:352). Additionally, if the changes in the target’s behavior are easily codified or measured, then both sender and target can more easily understand what counts as compliance. For example, a demand to lower tariffs on a specific product can easily be measured while an increase in personal freedoms cannot.

The clarity of the threat allows the target to evaluate its options more accurately. Without a clear understanding of what the sender is actually demanding, the target has a disincentive to attempt complying with the threat. In the case of an unclear threat, the target may correctly guess what policy option the sender prefers, but such a guess may be wrong. Subsequently, the target will have given up an accommodation that does not help it comply with the sender’s demand. It therefore loses both the accommodation and gains nothing from it. Similarly, if the change demanded cannot be measured, then the target does not know how much it must give up before the sender is satisfied. The same disincentive applies here, as before—the target will be less willing to change if it does not know how much change is required. Clearer demands make for more successful sanction threats.

Second, the target must believe that the sender’s intentions are directed at attaining its stated goal and not linked to some domestic rent-seeking or international reputation goal. Put simply, if the target thinks that the sender is simply trying to satisfy domestic demands or desires, it will not consider the threat as valid. Instead, it will correctly realize that any actions it takes are inconsequential to the sender’s actual intentions. Likewise, if the sender is perceived to be concerned with setting an international precedent, the target must realize that a modification in its behavior is not in what the sender is truly interested. If the sender is responding to some direct action by the target, for example, then the target can be more certain that the sender’s intentions are directed at the target and not some other goal. Similarly, if the demand cannot easily be linked to the sender’s domestic interests, then again, the intentions are more likely to be linked directly to the actual demand (Baldwin, 1971; Li, 1993; Chan, 2000).

While the sender’s intentions may be immaterial if the threat is real and will be implemented, intentions signal the sender’s preferences. The more positive externalities the sender derives from the sanctions, the more special interests involved, and therefore, the less likely the sender is willing to suffer acute economic loss from sanctions. That is, the sender’s intentions are linked to the sincerity of the threat, and insincere threats are unlikely to succeed.

The last basic factor is the target’s perception of the sender’s capability and willingness to use said capabilities. Most fundamentally, the sender’s capability is derived from some advantage over the target, such as a larger economy and significant trade links between the two nations (Wagner, 1988). Additionally, the target must believe that the sender is willing to forgo its advantage and also suffer some pain if the threat must be acted upon (Schwebach, 2000). Without the advantage and willingness, the sender has no ability to make a legitimate threat.
(Chan, 2000). Therefore, if the target does not believe that the sender is capable and willing to carry out the threat, the threat has little chance of succeeding.

The Threat to Remove MFN Treatment for China

With the basic factors of a coercive threat defined, we need to evaluate the coercive potential of the MFN threat. Throughout the China MFN case, the basic factors remained relatively constant. The greatest variance in the case was the intensity of the threat, conceptualized by: (1) how likely was the U.S. to follow through with the threat to sanction China, and (2) how severe was the threat (revoking MFN or simply making renewal conditional). Before we can determine if the threat intensity had an impact on Chinese behavior as intended, we must discuss the factors that did not change (communication, intentions, capability, and willingness). In addition to these factors, the differences between the Chinese and Western views on human rights are also crucial to understanding China's reaction to the MFN threats. The Confucian-based philosophical belief system and China's firm commitment to economic development in recent years make China's view on human rights issues quite different from that of the West's.

We begin with the communication of the threat. While it is clear that China realized that the U.S. was attempting to coerce it with the threat to revoke or condition its MFN status, the demands made by Washington were far from clear. Some relatively specific demands were made, such as those concerning weapons proliferation, trade openness, and intellectual property rights (Wang, 1993). However, most of the demands were centered on human rights. Ranging from demands to end the use of prison labor, to free Tibet, to grant greater religious tolerance, the demands coming from America were not clear, tangible, or their compliance measurable (Chan, 2000). Each of these threats falls into the "transcendent" category, making it very difficult for the target to comply with the demand (Li, 1993).

Adding to the ineffective communication, each of these demands came from different interest groups and different members of the House and Senate. Further, the White House often contradicted what Congress proposed, not to mention the shift from Bush to Clinton. Bush was clearly pro-MFN. Clinton's position, however, started as anti-MFN during the 1992 campaign, after which he shifted to pro-MFN (although not as strongly as Bush's), moving again to a conditional renewal policy, only to finalize his opinion after 3 years by de-linking China's MFN status from their human rights record. In sum, contradictions within Congress and the White House, as well as between the two, made the communication of the threat quite muddled. Beijing did not have a clear picture of what the U.S. wanted, what was required for compliance, or who was delivering the threat.

Besides the ineffective communication, U.S. intentions did not appear pure. Demands for better working conditions and no prison laborers were supported not only by human rights activists, but also American labor—a group that would directly benefit from less competition from cheap Chinese labor. Most of Washington's demands were supported for reasons other than their direct goals. Therefore, Beijing had good reason to suspect American demands and question their motives. While this suggests that the U.S. may have been less likely to sanction because their motives were so mixed that sanctions could not gain sufficient support (Lampton, 1997), it is also possible that the cooperation of such diverse U.S. groups

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6In addition to the three factors we specify above, outcome is also determined by the target's preference vis-a-vis the demand (Baldwin, 1971; Chan, 2000). See Chan (2000) for an excellent discussion of the properties of the MFN threats. Wang (1993) makes a somewhat counter argument for effectiveness, although across more issues than just human rights.

7In this paper, all references to President Bush refer to George Herbert Walker Bush.
(e.g., labor, environmentalists, and human rights activists) could make sanctions more likely. Further, whether the intentions were pure or not would be cold comfort to China if MFN were revoked.

The question of capabilities is also important to consider and not overly clear in the China MFN situation. The U.S. has greater capabilities in both absolute and comparative terms. In absolute terms, the U.S. does have a much larger economy. According to the World Bank’s World Development Indicators, the U.S.’s total GDP between 1989 and 1995 was more than 10 times greater than China’s. Thus, the U.S. can sustain a greater economic loss than China. In a comparative sense, the U.S.’s sale of high technology products is more critical to China’s development than Chinese goods are to the U.S., arguably. “China would lose more than the United States if such an economic tie were cut” (Wan, 2001).

Although the U.S. is very capable of deploying economic sanctions or revoking China’s MFN status, its willingness to do so appears to be questionable. Beijing does not perceive the American advantage so clearly (Chan, 2000). First, the U.S. would suffer significant economic dislocation from revoking MFN. The U.S.’s fastest growing market for exports is China, and many American manufacturers depend upon cheap Chinese imports (Chan, 2000:115). European firms competing with their American counterparts would quickly gain from the lack of U.S. competition in China if MFN were revoked (Cable and Ferdinand, 1994:256). Second, there would be considerable economic damage done to U.S. allies in Asia. For example, trade with Taiwan and South Korea would suffer a negative impact, and while not an ally, economic relations with Hong Kong would fall under the sanctions. Thus, the damage done by ending MFN would be to both target and sender. As Schwebach (2000) notes, if the sender is willing to suffer economic pain for the sanctions, their credibility goes up.8 However, this effect is most present once sanctions are put into place. After initiation, the sender has shown that they are, in fact, willing to suffer along with the target to attain their goals. Prior to deployment, the threat of mutual suffering must be backed up by reputation (Morgan and Miers, 1999) or some other guarantee. The U.S.’s record on this was mixed. It has endured significant economic loss in many cases, such as the loss of business in Cuba. However, the Reagan administration proved that it was more interested in profits for U.S. firms than preventing a pipeline in Europe for the Soviets (Doxey, 1971; Drury, 2000). In the end, Beijing is left with mixed information as to the U.S.’s capabilities and especially willingness.

Even with such mixed evidence, however, China did appreciate the probable American ability and possible resolve to revoke or condition MFN based on the (1) split powers of government, (2) past record of Congress, and (3) actual votes in the House and Senate. First, Beijing almost surely felt safe with the White House’s preference for unconditional MFN status, at least under Bush. However, because legislation could have forced the president to carry out significant sanctions, the Chinese leadership could not be sure of keeping normal trade relations.9 The sanctions against South Africa make this point well. After Reagan initiated a set of rather weak economic sanctions, Congress overrode his veto to pass very strong economic measures. There was strong public support for more exacting anti-apartheid sanctions, not unlike the American public revulsion to the Tiananmen Square violence. Severe economic coercion directed at Beijing was not entirely out of the question. Finally, the actual voting record and election of Clinton to the White House indicated that while there did not seem to be as strong a support for

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8See also, Schelling (1960, 1966), Baldwin (1971, 1985), and Morgan and Miers (1999).
9Another point not lost on Beijing was Congress’s more local, political interests. Congress was more likely to be pressured successfully by rent-seeking constituents who would benefit from the change in trading status (Kaempfer and Lowenberg, 1988).
revoking MFN as there was for the embargo against South Africa, enough support existed to pass the legislation and perhaps more could develop.

Although American resolve and intentions were legitimately questioned by Beijing, there was still a possibility that the U.S. might enact the sanctions. Such a risk, even if rather small, would have serious economic consequences. As we discuss below, China did react to the U.S. threats with its timely release of some high-level dissidents. We can conclude, therefore, that Beijing perceived the sanctions to be unlikely but not impossible, and if the U.S. did follow through on its threats, the consequences could be severe.

**China’s Perspectives on Human Rights and MFN Threats**

So far, the discussion of the communication, intentions, and capability and willingness of sanctions has been largely based on the Western view of human rights. Therefore, a brief explanation of the Chinese perception of human rights and U.S.–Sino relations on this subject would help interpret why the Chinese reacted in the way that they did. In general, China’s current position on human rights is influenced by three factors: a different value system, a history of xenophobia, and a firm commitment to economic development.

First, the Chinese traditional value of Confucianism has for thousands of years influenced China’s definition of human rights. According to Confucianism, China’s social structure is based on a group of moral codes. It is for this reason that the governing class is thought to be a sufficient guarantor for the well-being of the society or the common folk (Ng, 1995). Therefore, there is no cultural basis for an ordinary Chinese citizen to request specific rights. In fact, human rights did not become a diplomatic issue between China and the U.S. until 1983 (Wan, 2001). Culturally speaking, therefore, Western rights do not make sense within China.

Second, China’s history with foreign occupation—once eight foreign powers occupied Chinese territory in the early 20th century—has created a culture that is particularly cautious and sensitive to issues involving foreign governments. As a result, Chinese xenophobia has often produced isolationist foreign policies. Western demands for human rights reforms refresh Chinese memories of foreign intervention and promote its xenophobia.

Third, in recent years, most Chinese citizens are more preoccupied with economic advancement than political freedom, regarding economic development as the number one priority of the country (Wan, 2001). This view comes from both the Chinese government’s constant propaganda and the mass public’s own experience. To divert Western criticisms of China’s human rights conditions and to ensure a stable domestic environment, Chinese leaders have recently emphasized the importance of economic development as a right. For example, China joined with a number of Asian governments in the Bangkok Declaration, which stresses economic development as a right and asserts that Western human rights must come only after a certain level of economic development has been reached (Ng, 1995). Former Chinese President Jiang Zemin expressed, on several occasions, that “without rights to survival and development one cannot think of other rights and that China is making a major contribution to the global human rights cause by assuring rights to survival and development for more than 1.2 billion people” (Wan, 2001:24). Surveys show that China’s public agrees with their former president (Wan, 2001:27).10

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10Based on a survey conducted in Beijing in December 1995, Yang Zhong, Jie Chen and John M. Scheb II found that 33.8% of those polled agreed that they would rather live in an orderly society than in a freer society, which is prone to disruption and another 61.8% strongly agreed with the statement. Only 3.6% and 1.6%, respectively, disagreed or strongly disagreed (Zhong, Chen & Scheb, 1997, cited in Wan, 2001).
For cultural, historical, and economic reasons, China’s view of the human rights issue is quite different from the view held by Westerners. Consequently, China becomes more nationalistic and defensive each time human rights are mentioned (Wan, 2001).

Beijing’s Potential Reaction

So, given the seemingly ineffective nature of the threats and China’s likely reaction to the U.S. demands for human rights improvements, is there any reason to suspect that the Chinese would make any changes in their policies whatsoever? There is both reason to suspect that Beijing would react, if only minimally, and some evidence that they did take actions aimed at mitigating U.S. demands.

As mentioned above, Beijing could not be certain that the U.S. would not follow through on their threat to revoke China’s MFN status. Considering this risk (although minimal), it seems quite rational that China would be willing to make some accommodations to U.S. demands. As Drezner (1998, 1999) points out, Beijing did not expect future conflict with Washington so some conciliation would not harm China’s future bargaining position. While major concessions would have been unwise from Beijing’s standpoint because the U.S. may not recognize the Chinese attempt to placate U.S. concerns and those placating actions could lead to more demands, some minor cooperative actions or rhetoric would not have been foolish.

Beijing seems to have followed just this course of action; that is, they provided some minor seemingly cooperative actions during the MFN debate in Washington. Specifically, the Chinese released several high profile dissidents throughout the period in an attempt to placate U.S. human rights demands. For example, after staying in the U.S. embassy in Beijing for almost a year, dissident Fang Lizhi and his wife were permitted to leave China in May, 1990, shortly before the U.S. Congressional review of China’s MFN renewal (Wan, 2001). Just 2 months later, more dissidents were released prior to the G-7 meetings to persuade those countries to lift (or continue lifting) the Tiananmen sanctions (Wan, 2001). The release of these prominent dissidents was based on strategic calculations rather than a willingness to change domestic policy (Wan, 2001).

The Case: Threatening to Remove MFN Treatment for China

Now that we have discussed the context of the U.S. threat and why we could expect some change in China’s behavior, we turn to the case itself. We used two major sources of data to tap the official diplomatic communications between the U.S. and PRC. While diplomacy is often unavailable to the public, considerable information is indeed present in the public record as nations use official and/or public channels to communicate. Further, sanction threats may have more credibility when made in public since the sender commits itself to the threat in the international arena (Hart, 2000).

During the 5-year period of China’s MFN renewal debate, two major public channels were frequently used. The first one is China’s Xinhua News Agency. Xinhua is the official foreign language news service in China and is used by the Chinese government to communicate its issue positions to the rest of the world.

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11While high-profile political dissidents could propel democratic movements and consequently improve overall human rights conditions for the mass public, using releases of high-profile political dissidents as an indication of China’s overall human rights conditions can be misleading. Arresting or releasing a few high-profile political dissidents does not significantly alter China’s human rights conditions in general. Therefore, while we acknowledge the significance of high-profile dissidents’ releases, we are interested in the general human rights conditions in the People’s Republic of China.

12Beijing has used the release of dissidents for other political purposes as well. For example, Wei Jingsheng, China’s most prominent dissident, was released after serving only 6 months of his 15-year sentence. The release in September 1993 was apparently timed to influence the location of the 2000 Olympic Games.
Beijing not only uses Xinhua to utter its official positions and policies, but it also uses Xinhua to communicate its official reactions to any U.S. policies towards China. The second major communication channel is the U.S. Congressional Record. The Congressional Record includes all of the speeches, bills, and hearings in the House of Representatives and the Senate. These speeches, bills, etc. were used by Congress to communicate the coercive threats to China. The advantage to these sources is that they provide the official positions of the two governments, thereby giving a direct view of the interactions between them.

The rhetoric flowing between the U.S. and China provides a gauge of the relations between these two countries. By studying these communications, we can understand the nature (positive or negative) and intensity of those relations. To tap the human rights conditions in China, we use data on governmental repression. These event data detail the number of arrests and executions, censorship of the press, and the imposition of curfews, martial law, or other restrictions.

China and the MFN Debate

Since the mid-1980s, there had been several pro-democracy protests in China. The democracy movement reached its peak in 1989 with the death of Hu Yaobang—a prominent symbol of China’s political reform (Ginkel and Smith, 1999). Beginning in April 1989, pro-democracy demonstrators poured into Beijing. In the evening of June 3 and morning of the June 4, 1989, the Chinese government ordered the People’s Liberation Army to disperse the protestors in Tiananmen Square, killing hundreds, maybe thousands.

Immediately after the Tiananmen Incident, “there was no serious debate about withdrawing from normal trade relations” (Willkie, 1994:141). This lack of debate was in large part because of the short, weak, and ineffective sanctions suspending arms sales, and other products to China that President Bush imposed on June 5, 1989. These sanctions affected $600 million in government contracts and approximately $100 million in commercial sales. However, the White House soon began to reverse its stand on the sanctions, preferring a policy of engagement over coercion (Ding, 1991:1160). In July, only a month after the Tiananmen Square violence, the New York Times reported that the White House had altered the sanctions to allow for the previously prohibited sale of several Boeing jets. The U.S. continued to gradually lift the Tiananmen Square sanctions so that in a short time, any serious attempt at economic coercion had been abandoned.

Threats and Reactions

The debates about the MFN treatment to China became a real issue in 1990, when they became an annual Congressional event. The basis of the debate is the 1974 Jackson–Vanik amendment. The amendment is based upon the country’s emigration policies. A country’s compliance with the Jackson–Vanik amendment must either exist, or if not, under specific conditions the president may waive the requirements on an annual basis. Beginning in 1990, Congress began to impose new conditions on MFN in trade, security, and human rights areas according to the Jackson–Vanik amendment (Willkie, 1994). If the Chinese government failed to meet certain conditions, the MFN status would not be renewed for the next year.

13For example, when the U.S. President vetoes a bill that would revoke China’s MFN status, the veto would be more powerful than a senator’s mere rhetoric on the same matter. By the same token, if the Foreign Affairs Ministry of China repeatedly reacted to a particular U.S. policy which would jeopardize China’s MFN status, the reaction would be much more intense than a low level government official’s comment on the same matter.

14See Drury and Olson (2001) for a complete description of the data.

Non-renewal would effectively end normal trade relations and impose extremely heavy tariffs (Chan, 2000). Between 1990 and 1995, 12 bills were introduced to the Congress to either revoke or condition the MFN status for China. Except for 1989, the MFN debate could continue throughout a given year, but typically, the most extensive debates were through April–August. The deadline to renew China’s MFN treatment was June 3, each year.\(^\text{16}\)

The first bill on the MFN status for China (H. R. 4939) was introduced by Donald J. Pease on May 24, 1990. This bill would have prohibited the president from continuing to grant a waiver of human rights and emigration requirements for China’s MFN status. Additionally, the bill called for China to release prisoners who dissented in Tiananmen Square on June 3–4, 1989, and improve human rights records, including terminating martial law, easing restrictions on freedom of the press, terminating harassment of Chinese citizens in the U.S., easing restrictions on students and other citizens to study or travel abroad, observing internationally recognized human rights standards, and ending religious persecution. This very ambitious bill was never enacted. The White House made several speeches supporting MFN renewal for China and opposing the Pease bill; however, most of this rhetoric was not very intense. According to the data collected from Xinhua and U.S. Congressional Record, 37 Senators and Representatives made comments on China’s MFN status, among which only a handful supported MFN renewal to China. The Congressional members each spoke out against China’s domestic policies concerning human rights and other similar topics. China only had mild reactions to the U.S. rhetoric and the Pease bill. Most high-ranking officials tried to avoid making public comments in reaction to the U.S. On May 24, 1990, President Bush announced he would renew MFN status for China for another year. Despite the opposition to his decision to renew MFN, Bush used China’s gestures as evidence to support a positive engagement approach (Wan, 2001). China applauded the U.S. renewal of normal trade relations under MFN.

MFN debates became most intense in 1991, during which five bills were introduced. On May 29, May 30, and June 3, 1991, Barney Frank, Gerald B. Solomon, and Wendell Ford, respectively, introduced three separate bills (H. J. Res. 262, H. J. Res. 263, and S. J. Res. 153) proposing joint resolutions to countermand the president’s recommendation to extend MFN treatment to China. The bills were not enacted. On June 25, 1991, James P. Moody introduced a bill (H. R. 2759) to condition the extension of MFN upon the determination that Beijing did not support or administer programs of coercive abortion or involuntary sterilization. The bill was not enacted. On May 2, 1991, a bill (H. R. 2212) was introduced by Nancy Pelosi. The bill would prohibit the president from continuing the waiver of human rights and emigration requirements for MFN status unless certain conditions were met. These conditions included releasing prisoners who dissented in Tiananmen Square on June 3, 1989, preventing human rights violations, easing restriction on freedom of press and assembly, and so on.\(^\text{17}\) After President Bush vetoed the bill, the House voted to override the President’s veto, by a recorded vote of 357 yeas and 61 nays. However, the Senate failed to override the President’s veto by a recorded vote of 60 yeas and 38 nays. Therefore, the veto stood.

As more people got involved in China’s MFN renewal, the debates became quite intense in 1991. Unlike the previous year, when only a few people supported China’s MFN renewal (in large part because of the proximity to Tiananmen), the number of people supporting the renewal of China’s MFN status increased.

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\(^{16}\)The debates continued past the initial deadline because legislation could still have an impact on the president’s decision to issue the waiver and renew MFN.

\(^{17}\)Other issues were added to gain greater Congressional support. Some of these amendments dealt with non-human rights issues. See Wang (1993) for a discussion of these.
dramatically. Thus, the debates between Congress and the White House intensified as the two sides became more insistent in their positions.

In China, government officials reacted strongly to the U.S. rhetoric on China’s MFN renewal. President Jiang Zemin, Premier Li Peng, and other high ranking officials expressed their strong desire for the U.S. to renew China’s MFN status and countered negative U.S. rhetoric on revoking China’s MFN status. Prior to Bush’s decision to renew China’s MFN status, most Chinese rhetoric stressed the importance of MFN status for both countries. Chinese ambassador to the U.S., Zhu Qizhen, said on May 7, 1991 that “should the MFN be revoked or any condition be attached to the renewal of the MFN, it would cause direct serious damage not only to economic and trade relations between China and the United States but also to the overall relationship between our two countries” (Xinhua, May 7, 1991). Only 2 days later, the ambassador warned the U.S. again that his country would not bow to U.S. pressure and that denying the MFN status to China would be harmful to both countries (Xinhua, May 9, 1991). After Bush recommended the Congress to renew the MFN status for China, the battle between the White House and the Congress escalated. China also increased the intensity of its verbal threats, saying it was prepared to cut back sharply on political and economic relations with the United States if Congress withdrew the MFN trade status or decided to renew it with unacceptable conditions. After the House voted against China’s MFN renewal, a spokesman of the Chinese Foreign Ministry accused the U.S. of interfering in China’s internal affairs (Xinhua, July 11, 1991). On July 12, 1991, a Chinese leading newspaper, the People’s Daily, carried a signed article, attacking recent U.S. accusations of Chinese arms sales and the threat to cancel MFN status for China. One day later, the People’s Daily called decisions on Capitol Hill a “dangerous signal.” Despite the intense debate on China MFN renewal in the Congress and China’s strong reaction, China did not take any steps toward improving its human rights record.

The 1992 presidential campaign had a significant impact on the threats toward China. Presidential candidate Bill Clinton spoke out against granting MFN to China and sided with human rights groups that objected to China’s repressive policies. President Bush, on the other hand, was firmly committed to renewing normal trade relations with China. Congress continued its drive against MFN when on June 5, 1992, Gerald B. Solomon introduced a bill (H. J. Res. 502) proposing a joint resolution to disapprove the MFN treatment to the products of the People’s Republic of China. In addition to increased rhetoric surrounding the campaigns, interest in China’s human rights dwindled as most of Washington vied for reelection. As such, Solomon’s bill was not enacted.

Once elected, Clinton appeared committed to linking human rights and MFN renewal (Xinhua, May 3, 1993). On May 3, 1993, President Clinton again linked the extension of China’s MFN trading status with human rights, but he also said that it was impossible to say what U.S.–Sino relations would be in the following month when the renewal decision would be made. Clinton did, in fact, renew MFN that year. While China appreciated Clinton’s decision to renew the MFN status for another year, it also condemned linking human rights conditions to the renewal. The widely circulated and party-run weekly, Outlook, accused the U.S. of “interfering China’s internal affairs through the handling of the MFN issue” (Xinhua, May 6, 1993).

In line with Clinton’s anti-MFN statements, Gerald B. Solomon re-introduced his now year-old bill on June 8, 1993 (H. J. Res. 208). The bill disapproved the recommendation of the President of the United States to extend the MFN for the People’s Republic of China. During an interview with the CNN on May 21, 1993, Chinese President Jiang Zemin said: “If the MFN is revoked, both sides will suffer
For the United States, it would mean a loss of at least 100,000 jobs and more expensive consumer goods. In my view, the United States is important to China’s foreign trade, likewise, China is not insignificant to U.S. foreign trade." Even with Clinton’s previous statements, the bill failed to be enacted, and the president renewed China’s normal trade status on May 28. However, when Clinton renewed China’s MFN, he also attached human rights conditions to future renewals of China’s MFN. China welcomed Clinton’s decision to renew China’s MFN status for another year, but strongly resented the U.S. government’s announcement of the conditional renewal. Several high-ranking Chinese officials condemned the conditional renewal of the MFN status, calling it "no good", "unwise", and "a practice left over from the cold war."20

In 1994, Gerald B. Solomon twice introduced bills (H. J. Res. 372 and H. J. Res. 373) on May 26 and June 8, respectively, to revoke MFN status. Neither bill was enacted. In between Solomon’s attempts, President Clinton made the critical announcement that he was de-linking China’s human rights behavior and its MFN status. China reacted favorably to Clinton’s decision to de-link China’s MFN renewal from its human rights performance; however, the reaction was not exuberant. A Chinese spokesman said: "we welcome the positive efforts that the U.S. side made to change this situation . . . but we have to point out with regret that, while announcing the renewal of China’s MFN status, the U.S. side stated that the existing sanctions against China would be maintained."21

Clinton’s announcement did not dissuade Congress, however. On June 16, 1994, Nancy Pelosi introduced a bill (H. R. 4590) to provide conditions for renewing the MFN treatment for the People’s Republic of China. The bill asserts that the MFN treatment can only be given to China if Beijing made progress with respect to adhering to the provisions of the Universal Declaration of Human Rights; ceasing the exportation to the United States of products made with convict, forced or indentured labor; ceasing unfair and discriminatory trade practices which restrict and unreasonably burden American businesses; and adhering to the guidelines of the Missile Technology Control Regime and the controls adopted by the Nuclear Suppliers Group and the Australia Group. The House rejected the Pelosi bill with 270 nays and 158 yeas, arguing that the bill had sought to deny the president’s request to provide MFN trade status to China. Finally, on June 16, 1995, Frank Wolf introduced a bill (H. J. Res. 96) to disapprove the MFN treatment to the products of the People’s Republic of China. This bill was laid on the table in the House, by a recorded vote of 321 yeas and 120 nays. China was very pleased with the defeat of Pelosi’s and Wolf’s bills to revoke or condition China’s MFN status and made multiple statements against the bills’ intentions. Since President Clinton de-linked the annual review of China’s MFN status and China’s human rights conditions, China focused on getting a more permanent normal trade status. In responding to a question in a press conference, Chinese Foreign Ministry spokesman Shen Guofang said that “it must be pointed out that the U.S. practice of annual review of China’s MFN status is not conducive to the long-term stable economic relations and trade between the two countries. We request the U.S. side to reverse this practice at an early date” (Xinhua, June 6, 1995). Later on that year, several high-ranking officials expressed the same view to the U.S.

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19Jiang Zemin was interviewed by Mike Chinoy, Chief of the Beijing Bureau of the CNN, see “Jiang Hopes Good Will of Developing Sino-U.S. Ties to Become Reality”, from The Xinhua General Overseas News Service, May 23, 1993.


Human Rights in China

With all the American threats and Chinese reactions between 1991 and 1995, the question still remains whether China changed its human rights policies. As is commonly known, Beijing did not make any major alterations on its policies toward human rights issues. However, did they attempt to limit political repression during the debates in the U.S. that created the threat to remove MFN status? The event data (Drury and Olson, 2001) show that the level of Chinese repression actually increased during the months the MFN debates were held. There were more arrests, detentions, and other political restrictions and fewer, if any, accommodations (loosening of restrictions, prisoner releases, etc.) during those months that the debate raged in the U.S. Beijing was the least repressive during the last and first quarters of each year after 1992. These periods did not, of course, overlap with any of the MFN debates in the U.S. Essentially, Beijing was more repressive when the U.S. was threatening. This trend is the exact opposite of what Pelosi, Solomon, Wolf, and the other congressional members had intended. Instead of reducing the level of repression (and thus, improving the quality of human rights), the American threats seem to have led to a reduction in the quality of the Chinese people’s civil liberties.

It is also worthwhile to note that prior to Tiananmen, the event data show more public criticisms within China. Between 1989 and 1994, there were almost no publicly recorded criticisms. This trend suggests a generally repressive political climate. After Clinton de-linked human rights and MFN, the political climate seems to have been more open to critical statements in public. While this may be easily explained by the time that passed since Tiananmen, it also shows that the threats from Washington did nothing to enhance the political freedoms in China.

Case Summary

Despite the fact that the U.S. threatened to revoke China’s MFN status if certain human rights improvements were not made, Beijing refused to comply. As the discussion above illustrates, threat after threat, the U.S. attempted to coerce China for 6 years, and the only reactions were an increase in hostile statements toward the U.S. and increased levels of repression prior to and during the debates. Only after MFN was renewed did Beijing seem to offer some accommodations to its public. We now turn to the conclusions, implications, and potential lessons that can be drawn from the case.

Conclusions, Implications, and Lessons

As we have attempted to show in our assessment of the U.S. threats aimed at attaining better human rights in China, the threats were not just ineffective but even counterproductive. While the U.S. did communicate both threats and incentives, these efforts were uncoordinated and usually contradictory. Instead of being coerced into improving their human rights policies, Beijing manipulated prisoner releases either to (1) manipulate Washington’s threats or (2) reciprocate cooperative and engaging American behavior. Perversely, the MFN debates led to worse human rights in China rather than improving them. Beijing’s tightening of political controls at the time of the debates and loosening of political restrictions after MFN had been renewed leads us to conclude that engaging China would have been a more productive option for Washington.

China’s decision not to acquiesce is largely because of its interest in maintaining domestic stability and authority over its people. The tightening of political control
during the MFN debate sent a signal to both the Americans and the Chinese population that Beijing would not bow to U.S. pressure. For the U.S., this message signaled Beijing’s position that human rights issues fall under its own sovereignty and no compromises would be made. For the dissidents in China, the increased arrests and political restrictions indicated that their supporters across the Pacific had no influence with Beijing, consequently creating no incentive for public protests. Simply put, Beijing signaled that the Americans would be of no help in the dissident’s reform movement.

A perverse implication arises from the U.S. threats: Beijing’s use of high level dissidents to attempt to placate the U.S. and the increased level of repression during the MFN debates creates a moral hazard for the U.S. First, for China to have dissidents to release or curfews to lift, it must first detain those dissidents or impose those curfews. Thus, Beijing could and did “round up the usual suspects” prior to the U.S. MFN decision and release them later as a sign of good will. Second, since Beijing felt the need to signal the dissidents that Washington had no influence in what the Chinese leadership considered a sovereignty issue and to signal the U.S. that human rights were non-negotiable sovereignty issues, they increased political restrictions. Therefore, the U.S. threats gave China ample reason to detain more of its citizens and curtail general civil freedoms. After all, the release of a few high level political dissidents does not help China to improve its overall human rights conditions. Instead, the MFN debate itself created a perverse, counterproductive situation.

That the threats not only failed, but also were counterproductive and created such a moral hazard for the U.S. strongly suggests that engagement with Beijing would have better served American interests and the Chinese public. First, from a policy effectiveness standpoint, China’s desire to enter the WTO is indicative of wanting to play a larger, more equal role in international affairs. As such, threatening demands (especially those aimed at sensitive domestic policies) degrade China’s perceived position in the world. Positive, engaging behavior by the U.S. gives China more prestige and therefore leverage internationally. In addition, Beijing does not perceive U.S. positive engagements as threats to its sovereignty. As a consequence, China is more willing to make accommodations when treated equally by the U.S. and when it feels more secure internationally. Moreover, the American MFN threats were extremely public; they were mostly constituted in public debates and open votes in Washington. For Beijing to comply, even with trivial accommodations, meant that it was publicly bowing to U.S. pressure. Thus, China had a disincentive to offer any positive behavior to the U.S. in the face of these negative threats, but, as argued above, it had an incentive to react favorably to U.S. engagement. Second, concerning the moral hazard created by the threats, engaging or providing incentives to China would not have created an incentive for Beijing to repress its people. Conversely, engagement may have created an incentive for Beijing to ease the political restrictions for fear that repressive actions may endanger future incentives from the U.S. At a minimum, engagement would not create any incentives to repress the public. In the future, the U.S. should be more careful about what negative externalities its policies generate.

Of course, the question of whether engagement would be more productive with countries other than China needs to be addressed. Although China is historically a fierce defender of its sovereignty, making it ill disposed to human rights demands, virtually all states prioritize their sovereignty with ultimate importance. Therefore, if a country decides to repress, it does so probably because of the perceived needs of its leaders. Consequently, threats aimed at procuring better human rights are not likely to be effective against any country.

This is not to say that engagement is the right policy in all human rights situations. Engagement would have been more effective in the China case because Beijing wanted to increase its presence in the world community, e.g., joining the
WTO. This goal required greater openness to world markets as well as a willingness to abide by international norms. Given these conditions, engagement is more likely to be effective. Recent studies published by the National Bureau of Asian Research make a similar point. They argue that U.S. and EU sanctions against Myanmar (formerly known as Burma) have been counterproductive in moving the Southeast Asian country toward democracy. The report suggests that the sanctions have undermined reformers within Myanmar’s military who might be inclined to seek a compromise with Ms. Suu Kyi and that positive engagement with the Myanmar government would have been a more effective approach (Badgley, 2004; see also Hiebert, 2004).

In the China and Myanmar cases, specific conditions made engagement more likely to succeed. However, when a country does not tie its future to economic development and world trade or when no significant reformers/moderates exist within a government, engagement is not likely to be effective. Closed dictatorships such as North Korea are more likely to see engagement as a sign of weakness or opportunity for extortion. Pyongyang’s decision to restart its nuclear program after receiving payments from the Agreed Framework suggests that the leadership is seeking more payments, monetary or otherwise. It seems very clear from the current standoff and intransigence of the North Koreans that engagement and incentives were a failure. 23

We do not mean to suggest that coercion does not have its place in foreign policy, even that which is aimed at securing better human rights. Strict coercion or a combination of carrots and sticks may work better with smaller countries that have less ability to resist influence from major powers and want continued integration with the world community. Great powers, such as China and Russia, have a much greater ability to resist demands from other great powers making it likely that sanctions and sanction threats will produce counterproductive effects. However, the Myanmar case suggests that even small powers can resist coercive pressure. Ultimately, the utility of coercive measures seeking to improve human rights is very limited, at best. Engaging other countries seems much more likely to be profitable.

There is no doubt that engagement, coercion, and a mixture of the two have their place in diplomacy. Policy makers need to carefully assess each situation to determine how the target will react to these different types of diplomacy and what incentives or externalities they might create. Although demanding better human rights and threatening action if the demands are not met may prove politically expedient at home, the demanding country may find that engagement is a more productive tactic.

References


23This does not necessarily mean coercion will succeed; just that engagement is very unlikely to be effective. For an alternative analysis, see Newnham, 2004.


