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IR 341  
13 Dec. 2019

### Digging to China:

Bill Clinton, Charlene Barshefsky, and the Fight for Free Trade with China

*Today we must embrace the inexorable logic of globalization – that everything, from the strength of our economy to the safety of our cities, to the health of our people, depends on events not only within our borders, but half a world away.* – President Bill Clinton (February 26, 1999)<sup>1</sup>

*I believe the choice between economic rights and human rights, between economic security and national security, is a false one.* – President Bill Clinton (March 9, 2000)<sup>2</sup>

### Introduction

On October 10, 2000, after years of bilateral negotiations and months of legislative deliberations, United States President Bill Clinton signed the landmark United States-China Relations Act of 2000 into law. The momentous free trade bill's implementation meant official American support for World Trade Organization (WTO) membership for the People's Republic of China as well as the establishment of permanent normal trade relations (PNTR) between the U.S. and China.<sup>3</sup>

These free trade-enhancing arrangements were championed by President Clinton in his waning days in the White House. Despite encountering negotiating obstacles in China and objections from many American lawmakers, Clinton was convinced that reducing trade barriers with China was necessary to building a more secure and financially stable world heading into the 21<sup>st</sup> century.

In order to successfully navigate tense negotiations with China's President, Jiang Zemin, Premier Zhu Rongji, and Minister of Foreign Trade and Economic Co-operation Shi Guangsheng, President Clinton would need a pragmatic but tough delegate to represent the United States. As such, he called on United States Trade Representative (USTR) Charlene

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<sup>1</sup> Clinton, Bill. "Remarks by the President on Foreign Policy." *Mount Holyoke College*, 26 Feb. 1999.

<sup>2</sup> Clinton, Bill. "Full Text of Clinton's Speech on China Trade Bill." *Institute for Agriculture and Trade Policy*, Federal News Service, 9 Mar. 2000.

<sup>3</sup> "U.S. Enacts Law on Normalizing Trade Relations with China." *The American Journal of International Law*, vol. 95, no. 1, 2001, p. 145.

Barshefsky. Clinton would not regret this decision, as Barshefsky, in her successful bargaining with China, proved beyond a doubt that she was the right person for the job.<sup>4</sup>

It was difficult enough to reach the monumental agreement with an undemocratic, state-capitalist nation like China. However, Clinton would face an arguably bigger challenge back home: convincing American legislators that allowing Chinese WTO accession and PNTR was optimal in the long-term, both domestically and externally.

In a speech delivered at Johns Hopkins University in Baltimore, Maryland, on March 9, 2000, President Clinton made his position on the agreement clear.

*So if you believe in a future of greater openness and freedom for the people of China, you ought to be for this agreement. If you believe in a future of greater prosperity for the American people, you certainly should be for this agreement. If you believe in a future of peace and security for Asia and the world, you should be for this agreement. This is the right thing to do. It's an historic opportunity and a profound American responsibility. I'll do all I can to convince Congress and the American people to support it. And today I ask for your help.*<sup>5</sup>

While his efforts encountered significant internal resistance, Clinton ultimately succeeded in pulling off the achievement that he believed would cement his legacy as an unflinching evangelist of the liberal international order and free trade.

## **The Evolution of 20<sup>th</sup> Century U.S.-PRC Relations**

The United States first opened contact with China less than a decade after gaining independence from Great Britain.<sup>6</sup> However, the long-established relationship between the two countries fundamentally changed in 1949 when Mao Zedong's Communist Party triumphed over Chiang Kai-shek's Chinese Nationalist Party (KMT) regime in the Chinese Civil War, and subsequently established the People's Republic of China (PRC).<sup>7</sup>

Following the war, the U.S.-backed KMT, including Chiang Kai-shek, fled from mainland China to the island of Taiwan. Due to rampant Cold War anti-Communism in the U.S. at the time, the U.S. government elected to continue recognizing Chiang Kai-shek's KMT rather

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<sup>4</sup> Acharya, Alka. "The 'New Deal': China on the Threshold of WTO." *Economic and Political Weekly*, vol. 34, no. 51, 1999, p. 3565.

<sup>5</sup> Clinton, Bill. "Full Text of Clinton's Speech on China Trade Bill." *Institute for Agriculture and Trade Policy*, Federal News Service, 9 Mar. 2000.

<sup>6</sup> Monroe, Erin. "U.S.-China Relations: A Brief Historical Perspective." *U.S.-China Policy Foundation*, U.S.-China Policy Foundation, 2013, p. 1.

<sup>7</sup> Monroe, Erin. "U.S.-China Relations: A Brief Historical Perspective." *U.S.-China Policy Foundation*, U.S.-China Policy Foundation, 2013, p. 6.

than Mao's Communist Party as China's legitimate government. This, along with the PRC's initial alliance with the Soviet Union, would hinder U.S.-PRC relations for years.

The U.S. viewed the PRC as a staunch enemy for much of the Cold War due to its one-party, Marxist-Leninist dictatorship and even clashed militarily with China in the early 1950s in the Korean War. However, tensions between the two nations began thawing toward the end of the 1950s and in the beginning of the 1960s due to the so-called "Sino-Soviet Split," which distanced China from the U.S.'s chief Cold War adversary, the Soviet Union.

Still, it was not until the early 1970s, after China and the USSR had begun actively antagonizing one another, that U.S.-PRC relations started rapidly progressing. These advancements were made most obvious in 1972 by U.S. President Richard Nixon's diplomatic trip to China to open a dialogue with Chairman Mao. Nixon's visit paved the way for the U.S. government's eventual acceptance of the "One-China" policy – that is, the official acknowledgment that Taiwan was a part of the PRC – and created an opportunity for China to no longer face international isolation. The PRC had already gained United Nations (UN) membership with U.S. support in 1971, and shortly after Nixon's visit, the PRC became one of five permanent members of the UN Security Council.<sup>8</sup>

Nixon's stance on China was made plain in 1967 prior to becoming president.

*We simply cannot afford to leave China forever outside the family of nations, there to nurture its fantasies, cherish its hates, and threaten its neighbors. There is no place on this small planet for a billion of its potentially most able people to live in angry isolation.*<sup>9</sup>

Though he struck a less ominous tone, President Clinton would echo Nixon's sentiments three decades later while petitioning on behalf of his own China trade bill.

Shortly after Chairman Mao's death in 1976, Deng Xiaoping would rise to power in 1978. On December 15, 1978, it was announced that Deng and President Jimmy Carter had agreed to the U.S. and China beginning a formal diplomatic relationship and the enforcement of the "One-China" policy – meaning U.S. recognition of the People's Republic of China as the only legitimate Chinese government as well as the withdrawal of diplomatic recognition of Taiwan.<sup>10</sup> In 1980, China's integrated further into the American-led international system as it

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<sup>8</sup> Chang, Johannes Han-Yin. "China-US Relations: The Past as Looking Glass." *American Studies International*, vol. 38, no. 2, 2000, pp. 63-64.

<sup>9</sup> Girard, Bonnie. "Nixon's China Sell-Out." *The Diplomat*, James Pach, 11 July 2018.

<sup>10</sup> "Milestones: 1977-1980." *Office of the Historian, Foreign Service Institute, U.S. Department of State*, U.S. Department of State.

joined both the International Monetary Fund (IMF) and World Bank.<sup>11</sup> In the same year, China received conditional “most-favored-nation” (MFN) trade status from the U.S.<sup>12</sup> This was renewed on an annual basis until Clinton’s China trade bill made the arrangement permanent in 2001.

Under Deng, the PRC implemented numerous reforms that would grow China’s economy exponentially in the ensuing decades as the country transitioned from communism to state capitalism. While Presidents Gerald Ford and Ronald Reagan were not particularly focused on China, both followed Nixon’s lead by visiting the country. Additionally, relations between China and the international community continued to steadily improve under both Ford and Reagan.

Even after years of progress in U.S.-China diplomacy, the countries’ bilateral relationship remained fragile. The 1989 Tiananmen Square incident in which Chinese authorities slaughtered and imprisoned thousands of demonstrators in Beijing, and the subsequent fallout, illustrated this fragility. The massacre highlighted China’s disregard for human rights and led to international condemnation of the country’s government. The U.S. greatly reduced defense cooperation with China as a result, and if not for President George H.W. Bush’s efforts, bilateral trade between the U.S. and the PRC would have suffered the same fate. Though Bush opposed Chinese human rights abuses, he felt maintaining diplomatic relations with China was paramount to securing long-lasting peace and stability in the post-Cold War era.<sup>13</sup>

Moreover, he was optimistic that China could further adapt to the U.S.-led liberal international order. Though Clinton represented a different political party and even ran against and defeated Bush in the 1992 presidential election, Clinton would exercise similar judgment in his push for the U.S.-China Relations Act.

## **Bill Clinton**

In his 1994 State of the Union address, President Bill Clinton boasted that, “In one year,” his administration had done “more to open world markets to American products than at any time in the last two generations.”<sup>14</sup> Though certainly a bold claim, Clinton had the evidence to back it up. In 1993, he had helped champion the creation of the WTO as a replacement for the General Agreement on Tariffs and Trade (GATT) at the Uruguay Round multilateral trade negotiations,

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<sup>11</sup> Monroe, Erin. “U.S.-China Relations: A Brief Historical Perspective.” *U.S.-China Policy Foundation*, U.S.-China Policy Foundation, 2013, p. 9.

<sup>12</sup> Salam, Reihan. “Normalizing Trade Relations With China Was a Mistake.” *The Atlantic*, Atlantic Media Company, 4 Sept. 2018.

<sup>13</sup> Wang, Chi. “What President George H.W. Bush Meant for US-China Relations.” *The Diplomat*, James Pach, 8 Dec. 2018.

<sup>14</sup> Clinton, Bill. “Address Before a Joint Session of the Congress on the State of the Union.” *The American Presidency Project*, UC Santa Barbara, 25 Jan. 1994.

and had overseen the creation of one of the largest trade blocs in the world: the North American Free Trade Agreement (NAFTA), which included Canada, Mexico, and the United States.

In spite of these landmark victories, his second term had been conspicuously less eventful in terms of expanding free trade. With his time as president coming to a close and the Lewinsky sex scandal and subsequent impeachment proceedings behind him, Clinton set his sights on securing a final major diplomatic achievement: establishing long-term free trade with the People's Republic of China. He sought to do this by providing a path to China for WTO accession and implementing permanent normal trade relations (PNTR) between the U.S. and China.

This would be no easy task due to what Senate Majority Leader Trent Lott (R-MS) described as China's "predatory trade practices,"<sup>15</sup> as well as the U.S.'s massive trade deficit with China and concerns over China's poor record on human rights abuses, media censorship, and more. Additionally, the contentious impeachment proceedings that Clinton endured had highlighted what had become increasingly apparent in his presidency: the American political landscape had grown incredibly polarized, and this disconnect was very much reflected in Congress and the Senate. However, President Clinton, being a staunch neoliberal and ardent proponent of free trade who was desperate for a legacy-boosting legislative victory, was prepared to fight to the end.

Interestingly, Clinton's views on China relations changed markedly between his first and second terms. When Clinton arrived at the White House in 1993, he was fresh off a campaign in which he scolded then-President Bush for appeasement of China despite its repression of human rights. In office, he originally approached China from a morally rigid stance, arguing the country should only have its MFN status renewed annually if it improved its human rights record. By the turn of the century, however, Clinton believed offering China trade and a stake in the international system as opposed to isolating the country was the only way to turn China into a moral actor. Thus, he promoted "a 'constructive strategic partnership' with China" that he hoped would one day develop into something more robust.<sup>16</sup>

However, there was evidence from the start that suggested this shift was not all that surprising. In 1993, for example, when describing Clinton's general foreign policy agenda, National Security Advisor Anthony Lake stated, "The successor to a doctrine of containment must be a strategy of enlargement – enlargement of the world's free community of market democracies."<sup>17</sup>

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<sup>15</sup> Lai, Hongyi Harry. "Behind China's World Trade Organization Agreement with the USA." *Third World Quarterly*, vol. 22, no. 2, 2001, p. 240.

<sup>16</sup> Haver, Zachary. "Bill Clinton Never Said 'Butchers of Beijing.'" *China Channel*, Los Angeles Review of Books, 11 Jan. 2019.

<sup>17</sup> Editors, FP. "Think Again: Clinton's Foreign Policy." *Foreign Policy*, The FP Group, 19 Nov. 2009.

By the end of his second term, Clinton was convinced that in “joining the WTO, China is not simply agreeing to import more of our products; it is agreeing to import one of democracy’s most cherished values: economic freedom”<sup>18</sup> Clinton had come to the conclusion that the most likely way to push the increasingly powerful China from state or “Asian” capitalism and dictatorship towards market or “Anglo-American” capitalism and democracy was through diplomacy and negotiations, rather than economic sanctions and harsh rhetoric.

In a speech given in San Francisco on February 26, 1999, Clinton postured that he was ready to make one more big foreign policy splash when he said that bringing Russia and China into the international system as an important challenge that must be addressed. Between the two, he placed greater emphasis on China. Clinton asserted his belief that “sooner or later, China” would realize it “simply cannot purchase stability at the expense of freedom.” He continued,

*On the other hand, we have to ask ourselves, what is the best thing to do to try to maximize the chance that China will take the right course, and that, because of that, the world will be freer, more peaceful, more prosperous in the 21st century? I do not believe we can hope to bring change to China if we isolate China from the forces of change. Of course, we have our differences, and we must press them. But we can do that, and expand our cooperation, through principled and purposeful engagement with China, its government, and its people.*<sup>19</sup>

A little over a year later, President Clinton would recommend Congress enact legislation that would enmesh China in the international system to a greater extent than ever before.

To bring his dreams of permanent free trade with China to life, Clinton would need to overcome House and Senate skepticism of China as well as find a chief negotiator who could play hardball with Chinese Premier Zhu Rongji and Chinese Minister of Foreign Trade and Economic Co-operation Shi Guangsheng.

### **Charlene Barshefsky: G-O-4-I-T**

Charlene Barshefsky was born a child of Eastern European Jewish immigrants on the North Side of Chicago in 1950. Her father Gustave was a chemical engineer who hailed from Poland, while her mother Miriam was a substitute teacher who had immigrated from Russia.<sup>20</sup> Both were devoted Democrats.

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<sup>18</sup> Weissmann, Jordan. “Waking the Sleeping Dragon.” *Slate Magazine*, Slate, 28 Sept. 2016.

<sup>19</sup> Clinton, Bill. “Remarks by the President on Foreign Policy.” *Mount Holyoke College*, 26 Feb. 1999.

<sup>20</sup> Johnston, Robert D. “Charlene Barshefsky.” *Jewish Women: A Comprehensive Historical Encyclopedia*, Jewish Women's Archive, 27 Feb. 2009.

Growing up, she played a game called “Digging to China” with a girl who lived a few doors down. She would recall this during her trade negotiations with Chinese leaders as USTR. “I kept wondering, how did I get from digging with my mother’s kitchen spoons in the backyard to negotiating with Jiang?”<sup>21</sup> The answer to that question is not as straightforward as one might expect.

Barshefsky’s path to serving as USTR – the top trade negotiator in Washington – under President Clinton was at once likely and unlikely. She claims she “came to the job in a most unusual way; much more on the basis of substance than politics.” On the one hand, she was a lifelong Democrat and had spent years working in trade. In her own words, she “had built up a significant reputation in the field, both litigation and policy advice, as well as speeches, articles, monographs, testifying on Capitol Hill and so on.”<sup>22</sup> However, by the time Bill Clinton became president, she was well-established as a partner at Steptoe and Johnson, a large Washington law firm and was mother to two young children. Moreover, she had not worked on the Clinton campaign, had never met him, and had never met Mickey Kantor – Clinton’s campaign manager who was appointed USTR during Clinton’s first term.

Nonetheless, she received a call from Kantor – who had no prior trade experience – because he had heard she was an expert in the field, wanted her advice, and thought she would be a good choice as Deputy USTR. Barshefsky claims she was undecided about whether to accept the position until a fortuitous morning commute 10 days after hearing Kantor’s offer. While pondering whether to take the job, Barshefsky spotted a car in the lane next to her with a license plate that read “G-O-4-I-T.” At that moment she made up her mind and accepted the position. She was put in charge of trade with Asia and Latin America. “I had no experience in Asia. I had never been to Asia before going into the administration,” Barshefsky claimed. “Of course as Deputy and then as USTR, I spent enormous amounts of time in Asia.” Regardless, she was unfazed by her lack of experience with the continent. “My concern was not so much my unfamiliarity with Asia, per se. I obviously knew Asian trade issues. I knew the policy I wanted to pursue.” She continued, “My concern was the travel commitment and the fact that I would have to spend a lot of time in Asia, which is a very long trip, away from the family.”<sup>23</sup>

Three years after accepting Kantor’s offer, tragedy would strike, ultimately leading to Barshefsky being promoted to USTR. On April 2 1996, an Air Force plane crashed near Dubrovnik, Croatia. Aboard the aircraft was Secretary of Commerce Ronald H. Brown, who lost

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<sup>21</sup> Sanger, David E. “THE TRADE DEAL: Woman in the News -- Charlene Barshefsky; Making a Career of Digging to China.” *The New York Times*, The New York Times, 16 Nov. 1999.

<sup>22</sup> Riley, Russell L., and Kimberly Elliott. “Interview with Charlene Barshefsky.” *Miller Center, University of Virginia*, William J. Clinton Presidential History Project, 2 Mar. 2005, Accessed 5 Nov. 2019.

<sup>23</sup> Riley, Russell L., and Kimberly Elliott. “Interview with Charlene Barshefsky.” *Miller Center, University of Virginia*, William J. Clinton Presidential History Project, 2 Mar. 2005, Accessed 5 Nov. 2019, p. 4.

his life alongside 34 others in the accident.<sup>24</sup> Shortly thereafter, Kantor was tapped by President Clinton to replace Brown as Commerce secretary.

Barshefsky, who had been nicknamed “Stonewall” during her time as Deputy USTR due to her tough approach to trade negotiations with Japan, was appointed acting USTR in the same month, before being confirmed as permanent USTR in March of 1997.<sup>25</sup> She became just the second woman to hold the office since its creation in 1962. As USTR when Clinton began actively pushing for PNTR with China and Chinese accession to the WTO in 1998, Barshefsky’s moment to leave her mark had come.

## **The Leaders in China**

**Zhu Rongji** When Zhu Rongji became China’s Premier in 1998, he had a history of advocating a non-hardline approach to domestic and international economics. Born in 1928, Zhu was attending college when the Communist Party took over the country. He promptly joined the party at that time. However, he was purged from the party twice: first for criticizing Mao’s economic policy amidst the “Great Leap Forward” (1958-1962), and then for displaying “reformist tendencies” during the “Cultural Revolution” (1966-1976).<sup>26</sup>

Upon Mao’s death in 1976, the door opened for reform in China, and thus, also for Zhu’s bureaucratic ascent. In 1988, he became mayor of Shanghai, and was recognized by Deng for his effective anti-corruption measures and energizing of the city’s economy through foreign investment. Despite his unwillingness to toe the party line in the wake of the 1989 Tiananmen Square massacre and statements that “Historical facts cannot be covered up by anybody,” and “The truth will always come out,” Zhu remained in Deng’s good graces.<sup>27</sup>

Later, Zhu supported Deng’s 1992 Southern Tour of the Shenzhen and Zhuhai Special Economic Zones, which was a surprisingly successful attempt to restore faith in the government leadership and return the nation’s focus to economic growth.<sup>28</sup> For his efforts, Zhu was rewarded with a seat among the top leaders of the PRC in the Politburo Standing Committee (PSC). In 1993, he would become both the Governor of the People’s Bank of China and the First Vice Premier of the PRC. In these roles, Zhu firmly established himself as a proponent of state capitalism, promoting economic reform while maintaining loyalty to the Communist Party.

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<sup>24</sup> Glass, Andrew. “Ron Brown Dies in Plane Crash, April 3, 1996.” *Politico*, Capitol News Company, 3 Apr. 2017.

<sup>25</sup> Johnston, Robert D. “Charlene Barshefsky.” *Jewish Women: A Comprehensive Historical Encyclopedia*, Jewish Women’s Archive, 27 Feb. 2009.

<sup>26</sup> Schell, Orville, and John Delray. “Entering the World: Zhu Rongji - Where Did Zhu Rongji Come From?” *Wealth and Power*, Asia Society, 2015.

<sup>27</sup> Eckholm, Erik, and Seth Faison. “China’s New Premier: Fast Riser Who Tamed Economy in Chaos.” *The New York Times*, The New York Times, 16 Mar. 1998.

<sup>28</sup> Smeall, Andrew. “The Southern Tour: Deng in Retreat.” *Wealth and Power*, Asia Society, 2 July 2013.

*If we can increase the speed of economic construction, and continually raise the people's living standards, then the Party will be trusted and respected, and the people will support us.*<sup>29</sup>

He would retain his role as First Vice Premier until 1998, when he was selected by President Jiang Zemin as Premier. With his new position he was intent as ever on expanding the country's economic reforms and integration into the international system. He set his sights set on what had proven an elusive goal for over a decade: Chinese GATT, and then WTO, membership.

***Jiang Zemin: "Flower pot" No More*** Following Deng's death in 1997, President Jiang Zemin consolidated power to become China's paramount leader. At the time Jiang, had not only been President of the PRC since 1993, but had also served as both General Secretary of the Chinese Communist Party (CCP) and Chairman of the Central Military Commission of the CCP since 1989. His wide-ranging experience made him Deng's natural successor. Unlike Zhu, Jiang's party record had been impeccable from the start. He joined the CCP as a college student in 1946, prior to its civil war victory. He would then enter a career as an engineer working in factories. In 1955, well before the Sino-Soviet split, he traveled to the USSR to gain further technical training.<sup>30</sup> Later, he would serve the government as a diplomat to Romania. After his return to China, he would go on to head a number of technological research institutes throughout the country. Though he was not considered a hardline communist, he never once came into conflict with CCP leadership during this time.

In 1980, with his appointment as Vice Minister of the State Commission on Imports and Exports, Jiang would begin his meteoric rise to power. He progressed rapidly in the party hierarchy from there, joining the CCP's Central Committee in 1982 before becoming Vice Minister of the Electronics Industry in 1983 – a position he would hold until becoming the mayor of Shanghai in 1985. As mayor, Jiang earned a reputation as a theatrical but ineffective leader. Per former U.S. Ambassador to China James Lilley, his nickname among citizens of Shanghai was "Flower pot." Why? "Lots of decoration, no action."<sup>31</sup> Despite his less than savory reputation, he was granted a seat in the Politburo in 1987, just two years after becoming mayor. In 1988, Jiang left his position as mayor to become Shanghai's CCP chief. His replacement: Zhu Rongji.

Jiang was promoted to General Secretary following the upheaval of the Tiananmen Square incident due to his loyalty to the Communist Party and dedication to free-market economic reforms. With Jiang out of Shanghai, Zhu became the city's undisputed leader, and his

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<sup>29</sup> "Entering the World: Zhu Rongji." *Wealth and Power: China's Long March to the Twenty-First Century*, by Orville Schell and John Delury, Random House Trade Paperbacks, 2014, p. 334.

<sup>30</sup> The Editors of Encyclopaedia Britannica. "Jiang Zemin." *Encyclopædia Britannica*, Encyclopædia Britannica, Inc., 13 Aug. 2019.

<sup>31</sup> "Profile: Jiang Zemin." *BBC News*, BBC, 23 Oct. 2012.

unusually aggressive reform tactics would create tension between the two. Despite never truly joining Jiang's "inner circle," Zhu would be relied upon by Jiang for years to come as China's market opened up.

Now, as paramount leader of China, President Jiang sought to shed his "Flower pot" nickname for good. Utilizing Zhu's economic foresight, Jiang would attempt to attain what Deng never could: WTO membership and PNTR with the U.S. If he was successful he could be known as more than just "a skilled politician and consensus builder."<sup>32</sup>

## **The Negotiations**

China first attempted to join GATT, the predecessor to the WTO, in 1986. However, that process was interrupted and eventually abandoned in 1989 following the Tiananmen Square incident. When the Soviet Union collapsed in 1991, China was again considered for GATT membership. China's per capita income firmly qualified as a developing nation, however GATT refused to recognize it as such due to the country's recent surge in exports. Had China received developing-nation status, the country almost certainly would have been able to join the organization, given the lower membership standards for developing nations. Alas, China could not meet the standards necessary for entry as a non-developing nation, and was shut out of GATT once again. China's hopes for international trade integration took yet another hit in 1994, when the WTO was created as a replacement of GATT at the Uruguay Round. The demands China would have to meet for WTO membership were even higher than those for GATT membership.<sup>33</sup>

However, starting in 1996, both Chinese President Jiang Zemin and U.S. President Bill Clinton would continue broaching the topic of Chinese WTO accession. Then, in 1999, China decided to make its move. After undertaking increased liberalization efforts, China gained approval for accession from 12 WTO member countries including Australia, Japan, New Zealand, and South Korea. It then turned to Clinton and the United States in hopes of gaining its most powerful advocate.

Thus, when Premier Zhu Rongji visited the United States in April of that year to agree to lowering tariffs and trade barriers on U.S. beef, wheat, and citrus imports as well as further openings of Chinese telecommunications, banking, and insurance, a WTO accession deal seemed inevitable. However, Clinton – who viewed continued Chinese liberalization efforts with optimism and was in search of a final marquee foreign policy victory – was hampered by Congressional concerns over China's trade practices, human rights record, and supposed

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<sup>32</sup> Eckholm, Erik, and Seth Faison. "China's New Premier: Fast Riser Who Tamed Economy in Chaos." *The New York Times*, The New York Times, 16 Mar. 1998.

<sup>33</sup> "China's Accession to the World Trade Organization." *Integrating China into the Global Economy*, by Nicholas R. Lardy, Brookings Institution Press, Washington, D.C., 2002, pp. 63–64. *JSTOR*.

espionage of American nuclear facilities, as well as the U.S.'s massive trade deficit with the country. Hence, Clinton, who feared Congressional Republicans would ruin his WTO deal, initially refused to make an agreement with Zhu. Instead, he asked for greater Chinese concessions, including further opening of China's telecommunications, banking, and insurance sectors. He also asked that the U.S.'s quotas on Chinese textile and steel imports remain in place.

Unsurprisingly, Zhu would not accept Clinton's counteroffer, and returned home to substantial party criticism from those who viewed his trip as a "diplomatic blunder." In response, Zhu stated, "If I have done harm to the state and to the accession of the WTO, I bear the responsibility and resign." However, Jiang unwaveringly stood by Zhu at a Politburo meeting. "Given the current China-US relations, Comrade Zhu Rongji's visit to the US has achieved our anticipated goal. He has neither deviated from the decision and policy of the Politburo, nor has he erred politically or on principle." Meanwhile, American corporations, business associations, and farm groups who had been prodded by Jiang, and saw a market with massive potential slipping away, urged Clinton to reopen negotiations.<sup>34</sup> In the wake of these negative responses, Clinton and Zhu signed a joint statement on April 8 that applauded China's substantial trade reforms in recent years – such as its 30 percent cut on import tariffs and allowance of joint venture companies within its borders – and pledged a commitment to a WTO accession deal being reached before the year was out.<sup>35</sup>

***Disaster in Belgrade*** Exactly one month after Clinton and Zhu had signed their agreement, an unexpected event in Yugoslavia nearly derailed the prospect of Chinese WTO accession, as well as enhanced U.S.-China relations. On May 8, 1999, the Chinese embassy in Belgrade, Serbia, was struck and destroyed by NATO during a bombing mission in the Yugoslav Wars. The reaction in China was swift and furious. While the U.S. and its NATO allies claimed the embassy was mistaken for a Yugoslavian government building, China's state-run media immediately painted the tragedy as an intentional measure taken by NATO as revenge for China's support of the Yugoslavian dictatorship.<sup>36</sup> Soon, public outcry in China was at a fever-pitch.<sup>37</sup> In the wake of the bombing, Zhu was labeled a traitor – which was nothing new for him – for the concessions he had offered the U.S. However, this would not be his last stand, as Jiang came to his defense once again. Though Jiang refused to answer a call from Clinton in the bombing's immediate aftermath, he was not willing to let go of China's WTO dreams. "If the talks go nowhere we are prepared to talk for another ten years," he asserted. Despite public

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<sup>34</sup> Lai, Hongyi Harry. "Behind China's World Trade Organization Agreement with the USA." *Third World Quarterly*, vol. 22, no. 2, 2001, p. 240. *JSTOR*.

<sup>35</sup> "China's Long March to WTO Entry." *CNN*, Cable News Network, 10 Dec. 2001.

<sup>36</sup> Ponniah, Kevin, and Lazara Marinkovic. "The Night the US Bombed a Chinese Embassy." *BBC News*, BBC, 7 May 2019.

<sup>37</sup> Tens of thousands of students in Beijing took to the streets to protest the bombing, surrounded the city's American and British embassies, and began lifting loose sidewalk tiles and throwing them over the embassies' walls. Meanwhile in a public television address, Vice President Hu Jintao told the protestors to remain within the bounds of the law, but endorsed the protests themselves.

outrage and tough rhetoric, China never backed down from its WTO commitments, and by June it appeared negotiations would be ready to start again soon. Finally, on September 11, at the APEC summit in New Zealand, Clinton and Jiang officially reopened negotiations.<sup>38</sup> Clinton's lofty free trade goals remained within reach. Now, it seemed, the real talks would finally begin, and Barshefsky, who had blamed the bombing on "men's inability to read directions,"<sup>39</sup> would have her chance to usher China into the rules-based international order.

***The Rebooted Negotiations*** Despite the official reopening of negotiations on September 11, talks between the American and Chinese negotiating teams sputtered. On September 27, the chief negotiators, Guangsheng and Barshefsky met in Washington to discuss the specifics of China's WTO accession. However, the talk, which were scheduled to last two days, ran for only a few hours, and primarily consisted of Shi simply listing the supposed differences – of which there were 15 – between China's original offer in April and the concessions listed on the USTR website. Especially important to China was maintaining state majority control of the country's telecommunications industry.<sup>40</sup>

It is important to note that Shi had only been Minister of Foreign Trade and Economic Co-operation since 1998, replacing Wu Yi, China's "Iron Lady," who had held the position from 1992 to 1998. Shi had worked for the Ministry of Foreign Trade and Economic Co-operation (MOFTEC) since 1986 including a stint as Vice Minister from 1993-1998. Thus, he had extensive trade experience. However, Barshefsky caught a massive break in not having to negotiate with the notoriously tough and quick-witted Wu Yi, who had become an icon in China and had received much praise from Deng for her numerous successful negotiations with the U.S. during her time as MOFTEC head.<sup>41</sup>

Then, on October 16, nearly a month after the disappointing Shi-Barshefsky meeting, Clinton called Jiang in an effort to reenergize the negotiations. As a result of the call, U.S. Secretary of the Treasury Lawrence Summers, who was in Beijing for an economic meeting, was sent on a side trip to the city of Lanzhou in Northwest China. There he met with Zhu to discuss the stalled WTO negotiations. By the time he left, he felt China was open to compromise.<sup>42</sup>

***Closing the Deal*** Still, there was little movement until November, when it became clear to American media that Clinton was intent on closing a deal by the end of the month. The ever-proactive Clinton called Jiang yet again on November 6. This time he was able to arrange a

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<sup>38</sup> "China's Long March to WTO Entry." *CNN*, Cable News Network, 10 Dec. 2001.

<sup>39</sup> Johnston, Robert D. "Charlene Barshefsky." *Jewish Women: A Comprehensive Historical Encyclopedia*, Jewish Women's Archive, 27 Feb. 2009.

<sup>40</sup> Fewsmith, Joseph. "China and the WTO: The Politics Behind the Agreement." *Institute For Agriculture and Trade Policy*, The National Bureau of Asian Research, Nov. 1999.

<sup>41</sup> "Wu Yi." *Encyclopedia of World Biography*, Encyclopedia.com, 3 Nov. 2019.

<sup>42</sup> Fewsmith, Joseph. "China and the WTO: The Politics Behind the Agreement." *Institute For Agriculture and Trade Policy*, The National Bureau of Asian Research, Nov. 1999.

meeting between the two negotiating teams in Beijing. Two days later, Barshefsky and Director of the National Economic Council Gene Sperling (Clinton's top economic adviser), boarded a plane for the Chinese capital. White House officials were unsure what was to come. One claimed, "Things didn't sound as positive as we would like. It was kind of right down the middle, and so we decided that there was very little to lose in trying." Meanwhile, another official reinforced these sentiments, stating "There seemed to have been enough there to make it worth the effort. But the fact is they don't know exactly what they are headed into."<sup>43</sup>

What Barshefsky and Sperling were headed into was a series of grueling negotiations with Shi and Zhu. Barshefsky and her team landed in Beijing on November 10 and entered into two days of negotiations with Shi, who accepted six U.S. concessions previously offered by President Clinton. Still, Shi was unsatisfied and pushed for further U.S. concessions. After completing two frustrating days of negotiating with the inflexible Shi on Friday, November 12, the American negotiating team decided to depart on Saturday emptyhanded. At 3:15 A.M. that Saturday, however, Barshefsky received a phone call alerting her that Zhu would meet the team. Later that day, Zhu explained which issues were most irritating to China's military and nationalists. Once again, the key concerns arose from the potential for foreign corporations owning a controlling stake in Chinese telecommunications. It was imperative to Chinese hardliners that outsiders would not control audio and visual entertainment in the country. Barshefsky says these issues were described as the two "nevers" by Zhu.

Despite the progress on Saturday, Sunday's talks were a failure. As Barshefsky remembers it, "Lots of backsliding. Lots of pull-offs from the table, indicating to me that they were treading water. They were not yet sure what final concessions they could make." Once again, negotiations came to a standstill and Barshefsky's team prepared to return to Washington on Monday. This time the Chinese called Barshefsky at 3:00 A.M. on Monday to invite her to the MOFTEC. This move being repeated signaled that while China appeared to be driving a hard bargain, its leadership was desperate not only to join the international system, but also to stimulate job growth, improve living conditions, and alleviate the poverty that had persisted throughout much of the country in spite of Deng's numerous economic reforms.

Upon the Americans' arrival, Zhu's team complained about the agreement yet again. Though she may have been tempted to walk out, Barshefsky addressed the concerns. When the meeting ended she was alerted that Zhu himself would soon be arriving. She says she knew at that time that they had closed the deal. Barshefsky and her team returned to their hotel expecting the deal to be signed that afternoon. Yet the Chinese called again, seeking to adjust aspects of the agreement at the last minute. Barshefsky simply dismissed these requests. "Oh, please. Too complicated. Can't possibly deal with it. What time is the signing?" After that, any further

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<sup>43</sup> Sanger, David E. "Clinton Sends Two Top Aides to Beijing to Work on Trade Accord." *The New York Times*, The New York Times, 9 Nov. 1999.

attempts at negotiations were put to rest, and Barshefsky and Shi signed the agreement later that day – November 15 – ending China’s 13-year long quest for WTO membership. Clinton remarked, “I think this is a good agreement for China, for America, and for the world.”<sup>44</sup>

The signing was not only a huge victory for both Clinton and Barshefsky, who claimed, “I always had my eye on China’s WTO accession.” According to Barshefsky, Clinton had told her in 1993,

*The way you change China is you engage with them, you bring them into the tent, and you help mold them to the extent you can. The way you change China is to give their people enough opportunity and enough exposure to the outside world that they begin to see there’s another way.*<sup>45</sup>

Six years later, she had done just that.

During the negotiations Barshefsky looked “for every point of leverage” she could find. That meant “saying things like ‘I have to have this because of Congress’” or reminding the Chinese that they had to act quickly so their country could only participate in the WTO Ministerial Conference scheduled for the end of the month in Seattle, Washington.<sup>46</sup> This was done in order to force her Chinese counterparts to take more moderate stances on key issues. However, Barshefsky says it was important to never “overuse the excuse” because “you can only use these things so many times before they get a little stale.” Additionally, she knew “China’s WTO deal would have been meaningless to it without PNTR [Permanent Normal Trade Relations status]. I knew PNTR had to go to the Congress.” As such, she worked to maintain “substantial Congressional communications throughout the negotiating process” so she could bring “home a great agreement that garner[ed] strong industry support.” She also relied on body language to display a strong but open-minded attitude. Finally, her wealth of knowledge on free trade and shrewd negotiating tactics developed through years in both the public and private sectors made her ideal for bringing Clinton’s free trade goals to fruition.<sup>47</sup>

Meanwhile, the Chinese government was able to “sail through the perfect storm in 1999 towards a WTO agreement” because “its decision making was restricted to a small circle” due to “senior leaders’ takeover of decision-making powers over the WTO bid” and “its closed political system.” For example, Chinese leadership worked to restrain the media during the negotiations

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<sup>44</sup> Time Staff. “Anatomy of a WTO Deal.” *Time*, Time Inc., 29 Nov. 1999.

<sup>45</sup> Riley, Russell L., and Kimberly Elliott. “Interview with Charlene Barshefsky.” *Miller Center, University of Virginia*, William J. Clinton Presidential History Project, 2 Mar. 2005, Accessed 5 Nov. 2019.

<sup>46</sup> The conference was an utter catastrophe. A rift between developing and developed nations as well as a lack of a clear agenda led to an unsuccessful meeting. Additionally, the conference sparked massive anti-globalization protests in Seattle, which forced the conference to end early. Eventually, it would reconvene in Doha, Qatar in November 2001.

<sup>47</sup> Riley, Russell L., and Kimberly Elliott. “Interview with Charlene Barshefsky.” *Miller Center, University of Virginia*, William J. Clinton Presidential History Project, 2 Mar. 2005, Accessed 5 Nov. 2019.

in order to prevent “reports [that] would hurt China-US relations.” These efforts “removed a key channel for the [CCP] bureaucracy, other political institutions and the disgruntled populace to express their opposition to the WTO deal.”<sup>48</sup>

In its final form, the agreement consisted of a number of significant aspects that came with China’s WTO accession. China agreed to shrink average import tariffs from 22.1 percent to 17 percent; eliminate export subsidies; continue to reduce agricultural output on products of high value to the U.S.; establish quotas on wheat, corn, rice, and cotton; allow 49 percent of telecommunications firms in the country to be foreign-owned; allow foreign banks to do business with Chinese firms; grant U.S. insurance companies access to operate in many sectors of the Chinese economy; grant U.S. exporters distribution rights; increase the import of foreign films on a revenue-sharing basis; and more. Meanwhile, the U.S. agreed to eliminate special provisions that had been used to stop import surges from China; reduce its request that Chinese textile export quotas remain in place until 2010 to 2005; and more. PNTR was not a binding condition of the agreement, as that was a strictly bilateral issue that would need Congressional approval. PNTR, however, was a necessity, if the agreement was to have any teeth. While Barshefsky had netted Clinton a major accomplishment, the fight was just getting started in Washington.

### **The Battle in Congress**

In China, the circle of people who had any say over the agreement was very limited, meaning once negotiations with Washington concluded, there was nothing to do but wait. Clinton did not have that luxury in the U.S. For the agreement his Barshefsky-led negotiating team had captured to take root, Clinton needed legislative approval in both the House of Representatives and the Senate. In February 2000, Clinton asserted, “This is not a political issue for me. This is a huge national security issue... So I’m going to push as hard as I can, I want to get the earliest possible vote I can and I can’t tell you how important I think it is.” However, Eric Schmitt and Joseph Kahn of *The New York Times* felt Clinton’s portrayal of the bill as a non-political issue was incorrect.

*[T]he real fight from the corridors of Congress to union halls and chambers of commerce nationwide cast the lobbying and advertising muscle of corporate America and farming groups against a fervent grass-roots coalition of organized labor, human rights groups, veterans organizations and religious leaders.*<sup>49</sup>

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<sup>48</sup> Lai, Hongyi Harry. “Behind China’s World Trade Organization Agreement with the USA.” *Third World Quarterly*, vol. 22, no. 2, 2001, pp. 244–6. *JSTOR*.

<sup>49</sup> Schmitt, Eric, and Joseph Kahn. “The China Trade Vote: A Clinton Triumph; House, in 237-197 Vote, Approves Normal Trade Rights for China.” *The New York Times*, The New York Times, 25 May 2000.

For her part, Barshefsky told the House Ways and Means Committee that not granting China PNTR would be “quite devastating to US relations with China.”<sup>50</sup>

On March 8, 2000, Clinton recommended Congress enact legislation to follow through on his government’s promises. Just one day later, Clinton made an impassioned plea on behalf of the agreement and pending bill.

*Membership in the W.T.O., of course, will not create a free society in China overnight or guarantee that China will play by global rules. But over time, I believe it will move China faster and further in the right direction, and certainly will do that more than rejection would.*<sup>51</sup>

Unfortunately for Clinton, many were not so optimistic. Immediately after the agreement with China had been finalized, *The Washington Post* conjectured that rather than China bending to the will of the West and WTO, “China will work to reshape the WTO away from the kind of open rules-based organization” it is.<sup>52</sup> The criticisms and concerns only grew after the bill was officially introduced in Congress by sponsor Bill Archer (R-TX) on May 15, 2000.<sup>53</sup>

Contrary to what Clinton expected, much of the opposition to his free trade bill came from the left rather than right. This should not have been all that surprising, however, as businesses had been championing PNTR and WTO accession for China – a country with little respect for human rights or environmental standards – from the start. In the weeks leading up to the vote, “A coalition of labor unions, religious groups, environmentalists and veterans waged a furious campaign to deny Beijing this trade plum,” believing “it wrongly rewarded a Communist government that threatens its neighbors, represses its citizens and thumbs its nose at the rule of law.”<sup>54</sup>

Both House Minority Leader Dick Gephardt (D-MO) and House Minority Whip David E. Bonior (D-MI) emerged as vocal critics, though they did so as individuals, not in their roles as part of Democratic leadership, and did not attempt to enforce their views on other party members. Nancy Pelosi (D-CA) objected to the bill as well. “In light of China's pattern of violation of trade agreements and the rapidly increasing trade deficit, I believe the US Congress

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<sup>50</sup> “Clinton, Barshefsky Press for China Trade Status Vote.” *Institute for Agriculture and Trade Policy*, Federal News Service, 16 Feb. 2000.

<sup>51</sup> Clinton, Bill. “Full Text of Clinton’s Speech on China Trade Bill.” *Institute for Agriculture and Trade Policy*, Federal News Service, 9 Mar. 2000.

<sup>52</sup> Acharya, Alka. “The ‘New Deal’: China on the Threshold of WTO.” *Economic and Political Weekly*, vol. 34, no. 51, 1999, p. 3565.

<sup>53</sup> “H.R. 4444 (106th): China Trade Bill .” *GovTrack.us*, Civic Impulse, LLC, 12 Dec. 2019, [www.govtrack.us/congress/bills/106/hr4444](http://www.govtrack.us/congress/bills/106/hr4444).

<sup>54</sup> Schmitt, Eric, and Joseph Kahn. “The China Trade Vote: A Clinton Triumph; House, in 237-197 Vote, Approves Normal Trade Rights for China.” *The New York Times*, The New York Times, 25 May 2000.

should not give up its authority to review annually China's trade record at this time.”<sup>55</sup> Additionally, civil rights hero John Lewis (D-GA), voiced ardent opposition to the bill. “We must stand up for human rights and democracy throughout the world. We have a chance to vote for the dignity of man and the destiny of democracy.”<sup>56</sup>

Moreover, a number of Congressional Democrats who supported the bill only did so tepidly and were unafraid to vocalize their concerns. For example, Charles Rangel (D-NY) voiced overall approval of the bill, but qualified his support. “[W]hile it is very important . . . that China does and will be entered into the world trade agreement, I think it’s important too that while we gain access to this potentially lucrative market, that we also find some way to enforce the commitments that China has made as it relates to human rights or the protection of [the] environment.” He continued, “Just as the potential benefits are real, so are these concerns.”<sup>57</sup> Ironically, despite only cautiously endorsing the bill, Rangel would prove instrumental in bolstering Clinton’s hopes for Congressional approval by convincing several Congressional Black Caucus members to vote in its favor.<sup>58</sup>

Clinton found much stronger support on the other side of the aisle. To illustrate, David Dreier (R-CA) optimistically felt there were “concrete benefits of bringing China into the rules-based system.”<sup>59</sup> Meanwhile, Thomas M. Davis III (R-VA) felt the vote was a no-brainer. “For America, this agreement is a one-way street. Our markets are already open to China.” Still, many Republicans opposed the bill. For example, Davis’ fellow Virginian Frank Wolf (R-VA) held nothing back in voicing his displeasure: “The Clinton Administration has a very poor record on human rights around the world,” he asserted. He added flair to this accusation by referencing the Simon & Garfunkel song “The Boxer.” The song’s opening verse is as follows:

*I am just a poor boy  
Though my story's seldom told  
I have squandered my resistance  
For a pocket full of mumbles, such are promises  
All lies and jests  
Still a man hears what he wants to hear  
And disregards the rest*

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<sup>55</sup> “Clinton, Barshefsky Press for China Trade Status Vote.” *Institute for Agriculture and Trade Policy*, Federal News Service, 16 Feb. 2000.

<sup>56</sup> Schmitt, Eric, and Joseph Kahn. “The China Trade Vote: A Clinton Triumph; House, in 237-197 Vote, Approves Normal Trade Rights for China.” *The New York Times*, The New York Times, 25 May 2000.

<sup>57</sup> United States, Congress, Cong. House, Committee on Ways and Means. 106AD. 106th Congress, Second session, document 106-105.

<sup>58</sup> Schmitt, Eric, and Joseph Kahn. “The China Trade Vote: A Clinton Triumph; House, in 237-197 Vote, Approves Normal Trade Rights for China.” *The New York Times*, The New York Times, 25 May 2000.

<sup>59</sup> Kahn, Joseph. “Details of China Trade Pact Released by U.S.” *The New York Times*, The New York Times, 15 Mar. 2000.

After this, Wolf went for the jugular, comparing the PRC to Nazi Germany. “The human rights record in China today is worse than it has been for years. Giving China MFN, or PNTR, will not change them, just as giving it to Nazi Germany would not have changed the leaders of Nazi Germany.” He then aired concerns over national security, worrying that American lawmakers and citizens did not understand the threat China could pose to the U.S. and questioning whether China would gain access to sensitive American technology as a result of PNTR.<sup>60</sup>

Additionally, Christopher Smith (R-NJ) called the annual review of Beijing’s trading status “critically important leverage that we must not surrender.” Taking a pessimistic stance on China’s likelihood to embrace Western values and transition from state to free-market capitalism, he added, “The Beijing dictators change their conduct when they know they are being watched by people whose decisions may affect their wallets.”<sup>61</sup>

However, Clinton maintained support from key members of Congress from both of the major parties. The Congressional champions of Clinton’s bill were Chairman of the Trade Subcommittee Phil Crane (R-IL) and ranking minority member Sander Levin (D-MI). In Crane’s mind, granting China PNTR was an obvious decision to make. He believed it would help usher China from a state capitalist into a free-market system. “The opportunity Congress has to impose an enforceable system of fair trade rules on a nation of 1.2 billion people, as it emerges from the iron grip of communism and state planning, is one that cannot be lost.” Moreover, he asserted,

*The bilateral trade deal with China sells itself in every area. In one sector after another, there is no question United States workers and businesses will be better off if Congress passes the PNTR and puts these unilateral concessions in place. In exchange for steep tariff reductions and whole scale reforms of the Chinese trading system, the United States gives up nothing, gives up nothing.*

Like Clinton, Crane was optimistic about China’s prospects for integration into the liberal international order. “In a global economy, increasing trade with China is the best way to keep our economy growing and help improve the standard of living and human rights conditions in China.” While Crane was busy singing the bill’s praises, Levin – who represented the Detroit area, whose auto industry could benefit from expanded trade with China – appealed on logic to pitch to the bill to rest of Congress.

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<sup>60</sup> United States, Congress, Cong. House, Committee on Ways and Means. 106AD. 106th Congress, Second session, document 106-105.

<sup>61</sup> “Clinton, Barshefsky Press for China Trade Status Vote.” *Institute for Agriculture and Trade Policy*, Federal News Service, 16 Feb. 2000.

*The U.S. cannot block China's entry into the World Trade Organization. The U.S. also cannot receive the full benefits of the agreement we ourselves negotiated with the Chinese without granting PNTR. In my judgment, we cannot simply say no.*

He continued, "In my judgment, the only course is to actively shape globalization. We cannot ignore it. We must engage with China and we must confront it." He then laid out three goals that he believed were attainable through PNTR with China: 1) maximizing benefits to American businesses and workers through China's WTO accession; 2) minimizing the threat of trade competition posed by developing countries; and 3) "keep[ing] the heat on China when it comes to human rights and other dimensions of our relationship."<sup>62</sup> Moreover, Levin drafted amendments to the bill with Doug Bereuter (R-NE) that proposed "creat[ing] a 23-member commission to monitor human rights in China" and restricting "sudden surges of imports from China." According to vote counters, the inclusion of these amendments convinced an estimated 20 previously undecided lawmakers to support the bill.

Just two days prior to the official House vote, it was reported that the bill was a few supporters short of the 218 needed to pass. However, a number of last-minute agreements between supporters of the bill and undecided legislators over home-district issues essentially unrelated to China would ultimately decide the bill's fate.

Despite facing tough resistance, the bill passed in the House on May 25, 2000 by a vote of 237-197, albeit with 24 proposed amendments. In the end, 164 Republicans were joined by 73 Democrats in favor of the bill, while 57 Republicans, 138 Democrats and 2 independents rejected it. In response, a jubilant Clinton stated, "The House of Representatives has taken an historic step toward continued prosperity in America, reform in China, and peace in the world." Its passage precipitated immediate backlash from labor leaders. For example, George Becker, president of the United Steelworkers of America, called the passage "a betrayal of workers' interests" and complained it was "about moving factories from the U.S. so that they can export back here." However, John M. McHugh (R-NY) summed up his support of the bill in simple terms. "I decided that the gains from selling ice cream and cheese outweighed the potential for any potential job losses at G.M. It's not a magic elixir, but our dairy farms are really suffering, and they needed this."<sup>63</sup> Nonetheless, the bill still had to be approved by the Senate. It would pass in the upper house in September 2000 by an overwhelming margin of 83-15. Furthermore, all 24 proposed amendments, many of which could have severely damaged the strength of the legislation, failed to pass. Paul Wellstone (D-MN) was one of the few senators who was pessimistic about the outcome.

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<sup>62</sup> United States, Congress, Cong. House, Committee on Ways and Means. 106AD. 106th Congress, Second session, document 106-105.

<sup>63</sup> Schmitt, Eric, and Joseph Kahn. "The China Trade Vote: A Clinton Triumph; House, in 237-197 Vote, Approves Normal Trade Rights for China." *The New York Times*, The New York Times, 25 May 2000.

*I believe that we will deeply regret this stampede to pass this legislation and the way in which we have taken all the human rights, religious freedom, right to organize—all of those concerns and we just put them in parentheses, put them in brackets, as if they don't exist.*

With the final hurdles to achieving PNTR with China and building support for its accession to the WTO in the rear, Clinton signed the U.S.-China Relations Act of 2000 into law on October 10, 2000. Barshefsky said the development was “as important as any on China since 1972, with the opening of China.” Meanwhile, Robert Burt, chairman of The Business Roundtable CEO association, exclaimed, “This historic legislation will be remembered as the key that opened the door for America to sell its products and services to the world’s largest emerging marketplace.”<sup>64</sup> With Charlene Barshefsky’s invaluable help, President Clinton had won his final foreign policy battle, a gamble on China that would go far in defining the future of the international system.<sup>65</sup>

## **Epilogue**

Within months of the Congressional vote granting China PNTR, numerous U.S. corporations announced they were moving their manufacturing operations to China. Though American consumers benefited from lower-priced goods as a result, the impact on American jobs was severe. According to a study by the U.S. Bureau of Labor Statistics, “Between 1999 and 2011 ... about 985,000 American manufacturing jobs were wiped away by China’s export boom.” When accounting for “the restaurants, movie theaters, and other businesses that wilted as plants shuttered,” the study “estimate[s] that the ‘China shock’ ... cost the U.S. some 2 million to 2.4 million jobs.” From 2001 to 2011, the U.S. trade deficit with China grew from \$83 million to over \$295 million.<sup>66</sup> Additionally, China has failed to live up to American expectations for liberalization, as China’s current President Xi Jinping has brought his country’s society under tighter state control. Meanwhile, China has leveraged its enhanced position in the international system to challenge the U.S.’s status as the lone great power. It has done this through massive foreign direct investment projects that are part of the so-called “Belt and Road Initiative,” territorial expansion in the South China Sea, and aggressive rhetoric.<sup>67</sup> Now, with Donald Trump in the Oval Office, tensions between the U.S. and China are higher than they have been in

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<sup>64</sup> CBSNews.com Staff. “Clinton Inks China Trade Bill.” *CBS News*, CBS Interactive, 10 Oct. 2000.

<sup>65</sup> The parameters of the act were finalized under President Clinton’s successor, George W. Bush on December 11, 2001 and December 27, 2001, respectively. Such a turn of events would have been inconceivable a little more than a decade before. This was a fitting conclusion to the enactment process, given that George W. Bush’s father, former President George H.W. Bush, had been one of the earliest American proponents of strengthening bilateral trade relations with China.

<sup>66</sup> Weissmann, Jordan. “Waking the Sleeping Dragon.” *Slate Magazine*, Slate, 28 Sept. 2016.

<sup>67</sup> Boxwell, Robert. “Piracy and Clinton: How Trump’s Trade War Came to Be.” *Inkstone News*, South China Morning Post Publishers Limited, 4 Dec. 2018.

decades as a trade war between the two countries that was launched by Trump in January 2018 rages on despite recent progress in negotiations over a new trade deal.

## Exhibit A<sup>68</sup>

### Timeline of Key Dates in China's Accession to the WTO

- 1986** – China applies for membership in GATT, the WTO's predecessor.
- 1989** – Negotiations halted after the Chinese government's brutal suppression of pro-democracy demonstrators in Beijing's Tiananmen Square.
- 1994** – The Uruguay Round leads to the replacement of GATT by the WTO, which has more stringent membership standards.
- 1995** – China implements economic and trade reforms that will cut import tariffs by 30 percent and allow joint venture companies to operate in the country. This is done in an effort to win American support for Chinese WTO accession.
- April 8, 1999** – U.S. President Bill Clinton and Chinese Premier Zhu Rongji sign a joint statement recognizing recent Chinese liberalization reforms and pledging to complete a WTO accession deal by year's end.
- May 7, 1999** – Discussions come to a standstill after NATO's accidental bombing of China's embassy in Belgrade.
- September 11, 1999** – Talks resume after Clinton and Chinese President Jiang Zemin meet at APEC summit in New Zealand.
- November 8, 1999** – After little progress is made for nearly two months, Clinton sends his top negotiating team, led by USTR Charlene Barshfesky and top economic adviser Gene Sperling, to Beijing to close the deal.
- November 15, 1999** – After a week of negotiations, the China and the U.S. announce an agreement that will allow Chinese accession the WTO and permanent normal trade relations (PNTR) between China and the U.S.
- March 8, 2000** – President Clinton recommends U.S. Congress enact legislation to bring the November agreement's terms to fruition.
- May 19, 2000** – The EU signs a WTO accession pact with China.
- May 25, 2000** – U.S. Congress agrees to Chinese WTO accession and PNTR with the U.S., passing the U.S.-China Relations Act of 2000 by a margin of 237-197. Congress proposes 24 amendments to the bill before it heads to the Senate.
- September 19, 2000** – President Clinton signs the Act after it passes the Senate without approval of any of the proposed amendment by an 83-15 margin earlier in the month.
- September 14, 2001** – WTO members informally agree to terms for China's entry into the organization by the end of the year.
- November 10, 2001** – WTO trade ministers unanimously approve China's accession to the organization at a conference in Doha, Qatar.
- December 11, 2001** – China officially joins the WTO. One of the U.S.-China Trade Relations Act's key parameters is met under President Clinton's successor: George W. Bush.

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<sup>68</sup> "China's Long March to WTO Entry." *CNN*, Cable News Network, 10 Dec. 2001.

**December 27, 2001** – President Bush officially establishes PNTR with China, making its accession to the WTO even more impactful.

### **Exhibit B**

#### **Notable Players in the Trade Negotiations**

##### **UNITED STATES**

**Bill Clinton** – President (1993-2001)

**Charlene Barshefsky** – U.S. Trade Representative (1997-2001)

**Gene Sperling** – Director of the National Economic Council (1996-2001)

##### **PEOPLE’S REPUBLIC OF CHINA**

**Jiang Zemin** – Paramount Leader (1997-2002), General Secretary of the Communist Party of China (1989-2002), Chairman of the Central Military Commission (1989-2005), President (1993-2003)

**Zhu Rongji** – Premier (1998-2003)

**Shi Guangsheng** – Minister of Foreign Trade and Economic Co-operation (1998-2003)

### **Exhibit C**

U.S. and PRC Leaders Since the End of World War II until the U.S.-China Relations Act of 2000

##### **UNITED STATES**

**Harry S. Truman** – President (1945-1953)

**Dwight D. Eisenhower** – President (1953-1961)

**John F. Kennedy** – President (1961-1963)

**Lyndon B. Johnson** – President (1963-1969)

**Richard Nixon** – President (1969-1974)

**Gerald Ford** – President (1974-1977)

**Jimmy Carter** – President (1977-1981)

**Ronald Reagan** – President (1981-1989)

**George H.W. Bush** – President (1989-1993)

**Bill Clinton** – President (1993-2001)

##### **PEOPLE’S REPUBLIC OF CHINA**

**Mao Zedong** – Paramount Leader (1949-1976)

**Hua Guofeng** – Paramount Leader (1976-1978)  
**Deng Xiaoping** – Paramount Leader (1978-1997)  
**Jiang Xemin** – Paramount Leader (1997-2002)

## Questions

1. The 1989 Tiananmen Square human rights massacre in China occurred as diplomatic talks with the U.S. were warming up. As an adviser to then-President George H.W. Bush, would you have pushed for maintaining diplomatic relations or pulling back in response?
2. Given the disparate histories and world views of the two countries, which personalities — on either side — were most conducive to getting a deal done?
3. In the Bosnian War, NATO planes accidentally bombed the Chinese embassy in Serbia. The U.S. and NATO apologized but China threatened to leave the table. As a U.S. negotiator how would you try to calm the waters?
4. President Clinton believed the way to change China from a human rights standpoint was to “bring them into the tent” and expose them to the outside democratic world. Do you agree or disagree?
5. China wanted to be part of the WTO meetings in Seattle at the end of 1999. How — directly or indirectly — would you, as a U.S. negotiator, leverage this hard date to maximize advantages for your side?
6. Any trade deal on the U.S. side requires Congressional approval — a fact that served US negotiators well when confronting certain ideas and concessions they didn’t want to entertain. How does this exemplify the idea of the “Second Image” in international relations?
7. When it came time for Congressional approval, Clinton went hard down the “it’s in the best interests of our national security” path to get this deal done. What do you see as the pros and cons of this strategy?
8. Clinton found more opposition to the trade deal on the left (due to human rights concerns) than on the right. What do think Clinton could have done to help blunt criticism from the left?
9. What signs in the case suggest it was going to take more than accession to the WTO and PNTR with the U.S. to get China to abandon state capitalism and authoritarianism in favor of free market capitalism and democracy?
10. Based on the epilogue, who was right about China, the optimists or the pessimists?