

ADDRESS

BY

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CHINESE PEOPLE'S INSTITUTE
OF FOREIGN AFFAIRS

AND

UNITED NATIONS ASSOCIATION
OF CHINA

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I WANT TO THANK THE CHINESE PEOPLE'S INSTITUTE OF FOREIGN AFFAIRS AND THE UNITED NATIONS ASSOCIATION OF CHINA FOR INVITING ME TO SPEAK HERE AND I WISH TO THANK EACH OF YOU FOR HONORING ME BY YOUR PRESENCE HERE TODAY. I AM ESPECIALLY PLEASED TO BE HERE AGAIN WITH AMBASSADOR CAI ZE MEN, AMBASSADOR ZHANG WEN JUN AND AMBASSADOR HUANG ZHEN AND ALL MY OLD FRIENDS WITH WHOM I HAVE WORKED TO BROADEN AND ENRICH THE RELATIONS BETWEEN OUR TWO NATIONS. I SHALL ALWAYS CHERISH THOSE YEARS DURING WHICH WE WORKED TO OPEN AND EXPAND OUR RELATIONSHIP FROM ONE THAT BEGAN WITH THE FORMAL DIPLOMATIC OPENING AND WHICH WE THEN EXPANDED AND DEEPENED IN ALL RESPECTS. TODAY WE CAN SEE THE

ASTONISHING PROGRESS THAT HAS
MADE IN OUR RELATIONSHIPS IN
SUCH A BRIEF PERIOD. NOT ONLY
HAS THIS PROGRESS JUSTIFIED
OUR EFFORTS, BUT THE
FRIENDSHIP AND KINDNESS THAT
YOU HAVE ALWAYS SHOWN ME IS
SOMETHING I WILL ALWAYS
CHERISH.

THIS YEAR MARKS THE TENTH
ANNIVERSARY OF THE
NORMALIZATION OF RELATIONS
BETWEEN CHINA AND THE UNITED
STATES. ON DECEMBER 15, 1978,
YOUR GOVERNMENT AND MINE
REVEALED TO THE WORLD THAT, AT
LONG LAST, FULL DIPLOMATIC
RELATIONS WOULD BE ESTABLISHED
BETWEEN US. EACH SIDE
RECOGNIZED THE OTHER TO BE THE
SOLE LEGITIMATE GOVERNMENT OF
ITS PEOPLE.

IT WAS AN HISTORIC
MOMENT. THERE CAN BE LITTLE
DOUBT THAT THE SUCCESSFUL

CONCLUSION OF THE
NORMALIZATION NEGOTIATIONS WAS
ONE OF THE CROWNING
ACCOMPLISHMENTS OF THE CARTER
ADMINISTRATION. I HOPE THOSE
WHO PARTICIPATED IN THE
PROCESS OF SINO-AMERICAN
RECONCILIATION ON THE CHINESE
SIDE -- AND MANY ARE HERE
TODAY -- DERIVE A SIMILAR
SENSE OF SATISFACTION FROM
THEIR ACHIEVEMENT.

IN THE TEN YEARS SINCE
1978, OUR RELATIONS HAVE
FLOURISHED. OUR TRADE HAS
GROWN RAPIDLY. AMERICAN
BUSINESSES HAVE EXPRESSED
CONFIDENCE IN YOUR ECONOMIC
FUTURE BY LEADING THE LIST OF
FOREIGN INVESTORS IN CHINA.

OUR SCIENTIFIC, CULTURAL,
AND SCHOLARLY EXCHANGES HAVE
BECOME IMPORTANT PARTS OF THE
INTELLECTUAL FABRIC OF OUR
SOCIETIES. WELL OVER 20,000
CHINESE VISITING SCHOLARS AND

STUDENTS NOW GRACE AMERICAN
CAMPUSES, AND A STEADY STREAM
OF NATURAL SCIENTISTS, AND
SOCIAL SCIENTISTS, COME TO
STUDY AND LECTURE AT
UNIVERSITIES AND RESEARCH
INSTITUTES FROM HARBIN (HAH-R-
BIN) TO GUANGZHOU (GWANG-JOE),
FROM SHANGHAI TO LHASA AND
URUMCHI (URR-UMM-CHEE).

NOT A DAY PASSES IN THE
UNITED STATES WITHOUT AN
EXHIBIT OF EITHER ANCIENT
CULTURAL RELICS OR
CONTEMPORARY CHINESE ART BEING
HELD IN A MAJOR AMERICAN CITY.
QINGDAO (CHING-DAOW) BEER AND
MAOTAI ARE REGULAR ITEMS ON
MENUS OF THE RAPIDLY
INCREASING NUMBERS OF OUR
CHINESE RESTAURANTS. AND
COLONEL SANDER'S KENTUCKY
FRIED CHICKEN NOW IS HERE IN
BEIJING. THUS, WE HAVE BECOME
AN IMPORTANT PART OF EACH
OTHER'S LIVES.

I DO NOT MEAN TO SUGGEST THAT ALL IS WELL IN SINO-AMERICAN RELATIONS. SEVERAL SOMEWHAT CONTENTIOUS ISSUES AND PROBLEMS NOW ALSO CONFRONT US.

--MY GOVERNMENT HAS EXPRESSED CONCERN ABOUT CHINESE ARMS SALES ABROAD AND ESPECIALLY ABOUT THE ARRIVAL OF CHINESE MANUFACTURED SILKWORM MISSILES IN IRAN. YOUR GOVERNMENT HAS EXPRESSED CONCERN OVER LIMITATIONS PLACED ON THE FURTHER EXPANSION OF AMERICAN TECHNOLOGY TRANSFER STEMMING FROM CHINESE ARMS DELIVERIES.

-- YOUR GOVERNMENT IS CONCERNED ABOUT AMERICAN TRADE POLICIES THAT INHIBIT CHINESE ACCESS TO AMERICAN MARKETS. MY GOVERNMENT AND AMERICAN BUSINESSMEN ARE CONCERNED ABOUT A LONG LIST OF DIFFICULTIES IN DOING BUSINESS IN CHINA.

--IN SEVERAL RESOLUTIONS AND AMENDMENTS, THE SENATE AND HOUSE OF REPRESENTATIVE HAVE CRITICIZED ASPECTS OF CHINESE INTERNAL POLICIES: YOUR FAMILY PLANNING PROGRAM, OR THE SITUATION IN TIBET, FOR EXAMPLE. THE GOVERNMENT OF THE PEOPLE'S REPUBLIC HAS VIGOROUSLY PROTESTED THESE ENACTMENTS AS CONSTITUTING INTERFERENCE IN THE INTERNAL AFFAIRS OF CHINA.

--THE CHINESE PRESS HAS OFFERED BITING CRITICISMS OF SOME REAGAN ADMINISTRATION DEFENSE PROGRAMS AND ITS FOREIGN POLICIES IN LATIN AMERICA, AFRICA, AND THE MIDDLE EAST. YOUR OFFICIAL STATEMENTS, WHILE MORE POLITE, OFFER ESSENTIALLY THE SAME LINE OF ANALYSIS. AND THE AMERICAN PROPONENTS OF THESE POLICIES DISAGREE WITH THE CHINESE COMMENTARY.

--FINALLY, THE CHINESE SIDE CONTINUES TO BE CONCERNED ABOUT THE ISSUE OF TAIWAN. HOWEVER, MANY AMERICANS BELIEVE THAT THE UNITED STATES HAS PURSUED A PROPER COURSE TOWARD THE TAIWAN ISSUE -- ADHERING TO THE THREE AGREEMENTS WITH THE PEOPLE'S REPUBLIC AND ALLOWING AND EVEN QUIETLY ENCOURAGING THE CHINESE ON BOTH SIDES OF THE TAIWAN STRAIT TO SETTLE THE ISSUE PEACEFULLY, ON THEIR OWN. PARTLY AS A RESULT OF THIS POLICY, TENSION IS AT AN ALL-TIME LOW, AND TIME SEEMS TO FAVOR A PEACEFUL RECONCILIATION BETWEEN BEIJING AND TAIPEI.

THUS, WE HAVE OUR DIFFERENCES. THIS IS NATURAL. WE PURSUE SEPARATE FOREIGN POLICIES. BUT OUR DIFFERENCES DO NOT OVERRIDE OUR MORE IMPORTANT, SHARED INTERESTS. THAT I CAN FRANKLY DISCUSS OUR

DIFFERENCES REVEALS THE MATURITY OF SINO-AMERICAN RELATIONS. WE DO NOT MAKE EACH ISSUE A LITMUS TEST OF OUR ENTIRE RELATIONSHIP. WE CAN PLACE OUR DIFFERENCES IN PROPER PERSPECTIVE. HENCE, OUR RELATIONSHIP REMAINS VIBRANT, CONSTRUCTIVE, AND SOUND. WE RETAIN A SENSE OF THE LONG TERM VISION WHICH LED VICE PREMIERE DENG XIAOPING AND PRESIDENT CARTER TO NORMALIZE RELATIONS TEN YEARS AGO: TO FORGE BONDS THAT ARE A SOURCE FOR WORLD PEACE AND FOR THE PROSPERITY AND WELFARE OF OUR TWO NATIONS.

BUT WE MUST NOT STOP THERE. WE MUST LOOK TO THE FUTURE. WHAT COMMON INTERESTS CAN THE SINO-AMERICAN RELATIONSHIP SERVE DURING THE COMING DECADE? WHILE OUR RELATIONSHIP IS HEALTHY TODAY, WHAT MUST BE DONE TO KEEP IT THAT WAY? WHAT ARE THE MAJOR

CHALLENGES AND OPPORTUNITIES
THAT OUR RELATIONSHIP IS
LIKELY TO FACE IN THE COMING
DECADE? THOSE ARE THE
QUESTIONS I WISH TO PONDER
WITH YOU TODAY.

AS THE VICE PRESIDENT OF
THE UNITED STATES, I HAD THE
HONOR TO VISIT CHINA IN
AUGUST, 1979. AT THAT TIME,
THE FOREIGN POLICY OF THE
SOVIET UNION WAS IN AN
EXTRAORDINARY, EXPANSIONIST
STAGE. ALTHOUGH THE INVASION
OF AFGHANISTAN WAS STILL FOUR
MONTHS AWAY, THE SOVIET UNION
WAS ACTIVE IN THE HORN OF
AFRICA, STIRRING UP TROUBLE IN
AFGHANISTAN, DEVELOPING ITS
POSITION IN VIETNAM, AND
EXPANDING ITS MILITARY
PRESENCE IN THE SOVIET FAR
EAST AND THE PACIFIC. MY VISIT
TO CHINA OCCURRED UNDER THE
SHADOW OF THE GROWING SOVIET
THREAT, AND THE CONCERNS POSED
BY SOVIET EXPANSIONISM

PROPERLY AFFECTED SOME OF THE
PHRASING OF THE SPEECH THAT I
DELIVERED AT BEIJING
UNIVERSITY.

TO RECALL MY REMARKS, I
SAID: "WE ARE COMMITTED TO
JOINING WITH YOU TO ADVANCE
OUR MANY PARALLEL STRATEGIC
AND BILATERAL INTERESTS. ANY
NATION WHICH SEEKS TO WEAKEN
OR ISOLATE YOU IN WORLD
AFFAIRS ASSUMES A STANCE
COUNTER TO AMERICAN INTERESTS.
CHALLENGES WE FACE ARE TO
BUILD CONCRETE POLITICAL TIES
IN THE CONTEXT OF MUTUAL
SECURITY, TO ESTABLISH BROAD
CULTURAL RELATIONS IN A
FRAMEWORK OF GENUINE EQUALITY,
AND TO FORGE PRACTICAL
ECONOMIC BONDS WITH THE GOAL
OF COMMON BENEFIT. . . A
STRONG AND SECURE AND
MODERNIZING CHINA IS ALSO IN
THE AMERICAN INTEREST IN THE
DECADE AHEAD. . . TODAY, THE
UNPRECEDENTED AND FRIENDLY

RELATIONS AMONG CHINA, JAPAN, AND THE UNITED STATES BRING INTERNATIONAL STABILITY TO NORTHEAST ASIA. THAT IS WHY DEEPENING OUR RELATIONS IS SO STRATEGICALLY IMPORTANT--NOT ONLY FOR YOUR AND OUR SECURITY BUT FOR THE PEACE OF THE WORLD COMMUNITY."

THOSE WERE FRANK AND REALISTIC REMARKS. AND I WISH TODAY TO SPEAK WITH EQUAL CANDOR AND REALISM. THE KNITTING OF SINO-AMERICAN RELATIONS IN THE 1970'S WAS FACILITATED BY THE COMMON THREAT THAT SOVIET EXPANSIONISM POSED TO OUR TWO COUNTRIES.

IT IS NOW POSSIBLE, HOWEVER, THAT THE NEW LEADERS OF THE SOVIET UNION -- GENERAL SECRETARY MIKHAIL GORBACHEV IN PARTICULAR -- GENUINELY WISH TO TRANSFORM THE FOREIGN POLICY OF THEIR COUNTRY. WE

CANNOT KNOW FOR SURE, BUT SECRETARY GORBACHEV HAS ACKNOWLEDGED, FOR EXAMPLE, THAT THE SOVIET UNION CANNOT SUCCESSFULLY ATTAIN ITS SECURITY AT THE COST OF THE SECURITY OF ITS NEIGHBORS. GIVEN THE HISTORY OF CZARIST AND SOVIET FOREIGN POLICY AND IF THEY MEAN IT, THIS IS INDEED A MAJOR CONCEPTUAL BREAKTHROUGH!

ONLY THREE YEARS INTO THE GORBACHEV ERA, IT IS STILL PREMATURE TO ACCEPT THE NEW RHETORIC AT FACE VALUE. WE DO NOT KNOW IF THE GENERAL SECRETARY, WHO APPEARS TO BE STRIVING TO REVERSE SIXTY YEARS OF INTERNAL POLICIES, WILL BE SUCCESSFUL IN HIS EFFORT TO RESTRUCTURE THE SOVIET SYSTEM.

A PRESSING QUESTION IS BEING DEBATED IN THE CAPITALS OF COUNTRIES AROUND THE WORLD

-- INCLUDING, I PRESUME, BEIJING AS WELL AS WASHINGTON: HOW DO WE RESPOND TO THE FOREIGN POLICY OF MR. GORBACHEV? I BELIEVE WE SHOULD WELCOME A POSSIBLE HISTORIC OPPORTUNITY TO DRAW THE SOVIET UNION OUT OF ITS ISOLATIONISM AND SUSPICION OF THE OUTSIDE WORLD. WE SHOULD BE WILLING TO REACH VERIFIABLE AGREEMENTS THAT PROMOTE THE INTERESTS OF WORLD STABILITY. AN EXAMPLE IS THE INF TREATY SIGNED BY PRESIDENT REAGAN AND THE GENERAL SECRETARY. AMERICANS HOPE WE CAN REACH AN AGREEMENT TO REDUCE STRATEGIC WEAPONS AS WELL.

BUT SUCH AGREEMENTS SHOULD NOT LULL US INTO COMPLACENCY. IN NO SMALL MEASURE, THE ARMS RACE IS NOT THE CAUSE OF WORLD TENSIONS BUT THE RESULT OF LONG HELD SOVIET DESIGNS AND BEHAVIOR TOWARD WESTERN EUROPE,

SOUTHWEST ASIA, SOUTHEAST ASIA, AND NORTHEAST ASIA. I FOR ONE AM NOT YET PREPARED TO CONCLUDE THAT SOVIET FOREIGN POLICY INDEED HAS FUNDAMENTALLY CHANGED.

IN THIS REGION, "FUNDAMENTAL CHANGE" MUST BE MEASURED BY ACTIONS SUCH AS:

- SOVIET DEPARTURE FROM AFGHANISTAN
- CESSATION OF SOVIET SUPPORT FOR THE VIETNAMESE OCCUPATION OF KAMPUCHEA
- DEPARTURE OF SOVIET FORCES FROM VIETNAM
- REDUCTION OF SOVIET FORCE DEPLOYMENT IN THE FAR EAST
- SOVIET AGREEMENT TO ASSYMETRICAL REDUCTIONS IN CONVENTIONAL FORCES AS A NECESSARY ACCOMPLISHMENTS TO

DEEP CUTS IN NUCLEAR WEAPONS. NOT UNTIL THE SOVIETS HAVE TAKEN CONCRETE ACTIONS THAT MATCH THEIR RHETORIC CAN WE CONCLUDE THAT A GENUINE OPPORTUNITY EXISTS FOR FUNDAMENTAL TRANSFORMATION OF THE NATURE OF WORLD POLITICS.

I DIGRESS TO DISCUSS SOVIET FOREIGN POLICY BECAUSE THE SINO-AMERICAN RELATIONSHIP DOES NOT EXIST IN ISOLATION. BOTH AMERICANS AND CHINESE MUST REALISTICALLY ASK THEMSELVES: HOW SHOULD THE PROSPECTS OF AN ALTERED SOVIET FOREIGN POLICY AFFECT OUR RESPECTIVE APPROACHES TOWARD THE SINO-AMERICAN RELATIONSHIP? SOME PEOPLE MIGHT CONCLUDE THAT SINCE SOVIET EXPANSIONISM HELPED BRING US TOGETHER, A MORE PEACEFUL SOVIET UNION MIGHT DEPRIVE THE SINO-AMERICAN RELATIONSHIP OF ONE OF ITS MOTIVE FORCES.

I CATEGORICALLY REJECT THIS NOTION. FIRST WE MUST RECOGNIZE THAT SINO-AMERICAN COOPERATION PROBABLY HELPED MR. GORBACHEV TO CONCLUDE THAT THE POLICIES OF HIS PREDECESSORS HAD WORSENERED THE SOVIET POSITION IN WORLD AFFAIRS. YOUR GOVERNMENT AND MINE MUST CONTINUE TO EXPAND OUR RELATIONS TO ENCOURAGE THE SOVIET UNION TO BEHAVE IN ACCORDANCE WITH ITS NEW FOUND RHETORIC.

MOREOVER, IF MIKHAIL GORBACHEV SHOULD SUCCESSFULLY TURN HIS NATION AWAY FROM ITS PREVIOUS, ADVENTURIST APPROACH TO WORLD AFFAIRS, AN HISTORIC OPPORTUNITY WOULD BE PRESENT FOR CHINA, JAPAN, THE UNITED STATES, THE SOVIET UNION AND POSSIBLY BOTH KOREAS TO WORK CONSTRUCTIVELY TO BRING ABOUT A MORE STABLE NORTHEAST ASIA. THE POSSIBILITY MIGHT EXIST TO BRING ABOUT A VIETNAMESE

WITHDRAWAL FROM KAMPUCHEA AND THE CREATION OF A NEUTRAL, INDEPENDENT KAMPUCHEA. SINO-AMERICAN COOPERATION WILL BE MORE NECESSARY THAN EVER, IF WE BOTH ARE TO ATTAIN THE OPPORTUNITIES WHICH AN ALTERED SOVIET FOREIGN POLICY WOULD OFFER: THE CHANCE FOR MULTI-LATERAL ARMS CONTROL AGREEMENTS IN THE ASIA-PACIFIC REGION, AND THE INVOLVEMENT OF MULTI-NATIONAL CONSORTIA IN THE ECONOMIC DEVELOPMENT OF THE ENTIRE REGION. IN SHORT, SINO-AMERICAN COOPERATION WILL BE EVEN MORE NECESSARY TO ATTAIN THE NEW OPPORTUNITIES PRESENTED BY A MORE PEACEFULLY INCLINED SOVIET UNION.

LET ME NOW TURN TO THE SECOND CHALLENGE WE WILL INCREDINGLY CONFRONT IN THE COMING DECADE: TO RECOGNIZE OUR GROWING INTERDEPENDENCE AND TO MANAGE IT WELL. WHEN WE NORMALIZED OUR RELATIONS TEN

YEARS AGO AND WHEN I DELIVERED MY SPEECH TO BEIDA TEN YEARS AGO, WE DID NOT FORESEE HOW RAPIDLY AND EXTENSIVELY CHINA WOULD OPEN ITS DOORS TO THE OUTSIDE WORLD. IT IS NOT JUST THE SINO-AMERICAN RELATIONSHIP THAT HAS PROSPERED IN THE 1980'S. WESTERN EUROPE AND JAPAN HAVE ALSO DEVELOPED EXTENSIVE TIES WITH YOUR COUNTRY. INDEED, IN SOME RESPECTS, THOSE LINKS ARE MORE EXTENSIVE THAN THOSE WITH MY COUNTRY.

CHINESE PARTICIPATION IN VARIOUS INTERNATIONAL ORGANIZATIONS HAS CONTRIBUTED GREATLY TO THE ACTIVITIES OF THESE ORGANIZATIONS. CHINESE MEMBERSHIP IN THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK HAS STRENGTHENED THESE ORGANIZATIONS, AS WELL AS ASSISTED CHINA'S DEVELOPEMENT. YOUR GOVERNMENT NOW SEEKS TO

BECOME A MORE FULLY ENGAGED CONTRACTUAL MEMBER OF THE GATT, AND NEGOTIATIONS ARE NOW UNDERWAY ON THAT VITAL SUBJECT.

CHINA IS BECOMING AN IMPORTANT MEMBER OF THE INTERNATIONAL ECONOMY, AND CONVERSELY, THE INTERNATIONAL ECONOMY IS BECOMING A MORE IMPORTANT FACTOR IN YOUR OWN DOMESTIC ECONOMY. THE PERCENTAGE OF YOUR NATIONAL INCOME WHICH FALLS INTO THE FOREIGN TRADE SECTOR MORE THAN DOUBLED FROM 1978 TO 1985, FROM ROUGHLY FIVE TO OVER TWELVE PERCENT.

AS WE ALL KNOW, WE ARE WITNESSING THE EMERGENCE OF A TRULY GLOBAL ECONOMY, IN WHICH THE LEADERS OF ANY COUNTRY WILL HAVE A MORE LIMITED CAPACITY TO INSULATE THEIR PEOPLE FROM THE ADVERSE CONSEQUENCES OF TRADE AND

ECONOMIC POLICIES, CURRENCY FLUCTUATIONS, WORLD INTEREST RATES, AND SO ON. IN SUCH A WORLD, THE LEADERS OF EVERY NATION WILL HAVE A COMPLEX SET OF RESPONSIBILITIES TO BOTH PROTECT THE WELFARE OF THEIR OWN PEOPLE AND TO MAINTAIN WORLD WIDE ECONOMIC GROWTH. WE MUST COORDINATE AND COOPERATE TO THAT END.

DURING THE PAST EIGHT YEARS, THE UNITED STATES HAS NOT BEHAVED IN AS RESPONSIBLE A FASHION AS IT SHOULD HAVE. THROUGH GROSS MISMANAGEMENT OF ITS FISCAL AFFAIRS, BY PILING UP HUGE GOVERNMENT DEFICITS, AND BY MAINTAINING HIGH INTEREST RATE, THE UNITED STATES HAS FINANCED ITS BUDGET THROUGH GLOBAL BORROWING. THIS HAS NOT BEEN GOOD FOR THE UNITED STATES--OR FOR OTHER COUNTRIES. AT THE SAME TIME, MANY OTHER COUNTRIES HAVE ALSO NOT BEHAVED RESPONSIBLY. THEY

HAVE MAINTAINED NON-TARIFF BARRIERS THAT MEAN THE UNITED STATES HAS NOT HAD A LEVEL PLAYING FIELD IN ITS SEARCH FOR FOREIGN MARKETS. NOR HAVE MAJOR SURPLUS COUNTRIES, UNTIL RECENTLY, MAINTAINED SUFFICIENT DOMESTIC GROWTH RATES TO SERVE AS LOCOMOTIVES FOR WORLD WIDE ECONOMIC EXPANSION. THAT BURDEN HAS FALLEN EXCESSIVELY ON THE UNITED STATES.

AS WITH MY DIGRESSION ABOUT SOVIET FOREIGN POLICY, I BRIEFLY TURN TO THE WORLD ECONOMIC PICTURE BECAUSE OF ITS IMPLICATIONS FOR SINO-AMERICAN RELATIONS. IN MY VIEW, THE UNITED STATES HAS BEHAVED WITH UNDERSTANDING AND VISION IN THE COMMERCIAL REALM TOWARD CHINA DURING THE PAST DECADE. AMERICAN FIRMS HAVE BEEN AT THE FOREFRONT IN INVESTING IN CHINA AND IN TRANSFERRING TECHNOLOGY. WE

ARE WAY AHEAD OF JAPAN IN THESE AREAS. NO COUNTRY HAS OPENED ITS DOORS WIDER TO CHINESE GOODS THAN THE UNITED STATES. AND NO COUNTRY HAS INVESTED MORE IN THE TRAINING OF YOUR NEXT GENERATION OF SCIENTISTS AND TECHNICIANS THAN THE UNITED STATES.

YOUR PURCHASERS FREQUENTLY PREFER JAPANESE OR WESTERN EUROPEAN DEALS BECAUSE OF THE FAVORABLE CONCESSIONAL INTEREST RATES THEIR GOVERNMENTS PROVIDE. THIS IS FREQUENTLY SHORTSIGHTED, NOT ONLY BECAUSE YOUR ECONOMIC CALCULATIONS FREQUENTLY DO NOT TAKE INTO ACCOUNT SIDE ASPECTS OF THE DEAL THAT MORE THAN OUTWEIGH THE FAVORABLE INTEREST RATES. I HOPE YOU WILL CONSIDER THE OVER-ALL PICTURE: THE GREATER ACCESS YOU HAVE ENJOYED TO AMERICAN MARKETS.

THIS IS WHAT I MEAN BY A
LEVEL PLAYING FIELD. NO
NATION CAN EXPECT THE AMERICAN
PEOPLE TO CONTINUE TO TOLERATE
FAVORABLE ACCESS TO OUR
MARKETS WITHOUT SOME MEASURE
OF RECIPROCITY, WITHOUT SOME
LOWERING OF TARIFF AND NON-
TARIFF BARRIERS AND WITHOUT
APPROPRIATE CURRENCY VALUES.
THIS IS WHAT THE AWARENESS OF
INTERDEPENDENCE ENTAILS: A
RECOGNITION THAT WE BEAR
MUTUAL RESPONSIBILITIES IN OUR
EFFORTS TO EXPAND OUR
COMMERCE.

THE THIRD CHALLENGE THAT
WILL INCREASINGLY CONFRONT
SINO-AMERICAN RELATIONS
PERTAINS TO THE REALM OF
VALUES AND BELIEFS. THE
SPREAD OF ELECTRONIC
COMMUNICATIONS--TELEVISION,
VIDEOTAPES, TAPE RECORDERS,
AND SO ON--IS HAVING A
PROFOUND EFFECT ON OUR WORLD.
SO TOO IS IMPROVED

TRANSPORTATION FACILITIES AND
THE INCREASED MOVEMENT OF
PEOPLES. IDEAS NOW CAN SWEEP
ACROSS OUR PLANET RELATIVELY
UNIMPEDED BY POLITICAL
BOUNDARIES.

AND I BELIEVE CERTAIN
YEARNINGS ARE COMMON TO ALL
HUMAN BEINGS. THESE INCLUDE
THE SEARCH FOR JUSTICE,
DIGNITY AND SECURITY, THE
QUEST TO PARTICIPATE
MEANINGFULLY IN ONE'S
GOVERNANCE, AN AVERSION TO
ARBITRARY AND TYRANNICAL RULE,
AND THE DESIRE TO DISCOVER AND
USE ONE'S TALENTS TO THE
MAXIMUM. DO DOUBT MY CHINESE
FRIENDS WOULD ADD OT HIS LIST:
THE RIGHT TO ENJOY FAMILY
RELATIONS, THE RIGHT OF THE
ELDERLY TO ENJOY RESPECT AND
STABILITY, THE RIGHT OF
CHILDREN TO RECEIVE PROPER
MORAL GUIDANCE.

AS OUR TWO NATIONS DRAW CLOSER TOGETHER, WE ARE LIKELY TO BECOME MORE AWARE OF EACH OTHERS STRENGTHS--AND OUR INADEQUACIES. MORE AND MORE IDEAS WILL PASS BETWEEN OUR COUNTRIES, AND PEOPLE IN OUR SOCIETIES WILL BE AFFECTED BY THESE IDEAS. THIS IS INEVITABLE.

RATHER THAN REJECTING THIS PROCESS AS AN INTRUSION INTO OUR INTERNAL AFFAIRS, WE MUST LEARN TO WELCOME THIS PROCESS. WHEN AMERICANS CRITICIZE THE CHINESE GOVERNMENT FOR ITS HUMAN RIGHTS RECORD, I WOULD HOPE THE CHINESE GOVERNMENT WOULD REBUT THE COMMENTS WHEN THE FACTS ARE WRONG, AND REFLECT UPON THE SITUATION WHEN THE FACTS ARE RIGHT.

AND I ENCOURAGE MY CHINESE FRIENDS TO BE EQUALLY VIGILANT IN SCRUTINIZING THE

AMERICAN RECORD. ACCURATELY
ANALYZE OUR RACE RELATIONS,
OUR DRUG PROBLEMS, AND OUR
TREATMENT OF OUR VULNERABLE,
WE CAN LEARN FROM YOU IN THESE
AND IN MANY OTHER AREAS.

LET US THEREFORE USE THE
SINO-AMERICAN RELATIONSHIP FOR
THE FULL BENEFIT IT CAN OFFER
OUR PEOPLES AND ALL HUMAN
BEINGS. THAT IS MY MESSAGE
TODAY. LET US USE THIS
RELATIONSHIP NOT IN OPPOSITION
TO THE SOVIET UNION BUT TO
ENCOURAGE THE SOVIET UNION TO
JOIN THE INTERNATIONAL
COMMUNITY AS A CONSTRUCTIVE
PARTICIPANT. LET US DRAW UPON
THIS RELATIONSHIP TO HELP
CREATE AN EQUITABLE
INTERNATIONAL ECONOMY IN WHICH
EACH NATION PLAYS ITS
RESPONSIBLE ROLE. LET US
WELCOME THE FLOW OF IDEAS
ACROSS OUR BOUNDARIES TO
STIMULATE OUR SEARCHES FOR
SOLUTIONS TO PROBLEMS COMMON
TO THE HUMAN CONDITION.

THE SINO-AMERICAN
RELATIONSHIP CONTINUES TO BE
SPECIAL IN WORLD AFFAIRS. IT
HOLDS UNIQUE PROMISE. AS A
RESULT OF OUR EFFORTS IN THE
PAST TEN YEARS, WE CAN NOW
EMPLOY OUR TIES TO ADDRESS
SOME OF THE CRUCIAL PROBLEMS
OF OUR ERA. LET US SEIZE THE
OPPORTUNITIES BEFORE US, NOT
JUST FOR OUR WELFARE BUT FOR
FUTURE GENERATIONS AND FOR ALL
HUMAN BEINGS.



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