

CHINESE NEGOTIATING BEHAVIOR

RICHARD H. SOLOMON

**CHINESE
NEGOTIATING
BEHAVIOR**

*Pursuing Interests Through
'Old Friends'*

with an interpretative essay by
Chas. W. Freeman, Jr.



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Cover: (top, left to right) Henry Kissinger, Zhou Enlai, and Mao Zedong (courtesy Chinese Government); (middle) Bill Clinton (left) and Jiang Zemin (AP Photo Greg Baker); (bottom left) Richard Nixon (left) shaking hands with Zhou Enlai (courtesy Richard Nixon Library); (bottom right) Deng Xiaoping (left) and Jimmy Carter (courtesy Jimmy Carter Library)

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Introduction to the New Edition



The Cold War produced many anomalies in international affairs. Among the more notable, of course, was the superpower-enforced bipolarity, in which ties between nations that may have had a long history of relations were suddenly severed in the global order of opposing alliances. In this world of political and military confrontation and ideological polarization, the United States was cut off for decades from direct dealings with a range of countries, especially in Asia—China, North Korea, Mongolia, North Vietnam. Re-establishing contact after decades of hostility, if not war, was a unique, at times dramatic, and politically momentous process. In the case of the United States and the People's Republic of China, renewing ties after more than twenty years of confrontation was not only a major diplomatic event, but also a strategic maneuver designed to counter a shared security challenge from the Soviet Union.

President Richard Nixon's surprise re-establishment of contact with China in 1971 was carried out through secret diplomacy. Nixon's national security adviser, Henry Kissinger, traveled to Beijing unannounced in the summer of that year to begin a

process of "normalizing" relations. Subsequent trips to arrange an agenda before Nixon's historic visit in February 1972 were also conducted in a shroud of secrecy. In the history of diplomacy, this initiative was unique in that Kissinger started out virtually *tabula rasa* in dealing with a country and political system quite different from the Western experience. China was seen as a mysterious and esoteric land on the other side of the world, both literally and figuratively. Bridging this gap—in distance, politics, and culture—became an exercise in exploring differences that were all the more pronounced because of the decades of separation.

A scholar of Western political and diplomatic history, Kissinger found the Chinese in 1971 to be, if not unique, then distinctive in their negotiating behavior. In preparing for his first trip to Beijing (which was done largely without the support of China specialists in the government, out of concern for secrecy), he expected the same kind of confrontational Marxist-Leninist rhetoric he had encountered in negotiations with the Soviets. Those two nations were the leading Communist countries, and the Chinese presumably had learned a great deal about managing negotiations from their colleagues in Moscow before the beginning of the Sino-Soviet rift in 1960. Yet to his surprise, Kissinger discovered that the Chinese employed quite a different negotiating style, dramatically personified in the reception he received from the country's senior political leaders such as Premier Zhou Enlai, a host of top-level foreign ministry officials, and—ultimately—Communist Party Chairman Mao Zedong.

Kissinger's memoirs are replete with almost awestruck recollections of the personal escorts, elaborate tours, and lavish banquets meticulously arranged by his Chinese hosts during his nine visits between 1971 and 1976. And within that relatively brief period, Kissinger found himself characterized as an "old friend" by his new Chinese counterparts. This is not to say that the U.S. national security adviser and, later, secretary of state was unable to assess the intentions of the Chinese behind the veneer of such blandishments and official "friendship," but Kissinger's memoirs reveal not only how enticing he found Chinese diplomacy to be, but also how much he did *not* know during those first encounters about his hosts on the other side of the world—

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not only about their negotiating behavior, but more generally their mores, their perceptions, and their conduct with foreigners.

Today, almost thirty years after Kissinger's first, secret trip to Beijing, China remains an esoteric society for most foreigners—whether they are foreign ministry officials, members of trade delegations, or business representatives. Although Kissinger's memoirs provide engrossing *descriptions* of how the Chinese negotiate, there have been relatively few in-depth *analytical* studies of Chinese negotiating behavior. It is in this context that the United States Institute of Peace reprints here my 1995 RAND Corporation study in an attempt to fill that lacuna.

This volume was initially produced to assess the “unique” aspects of Chinese negotiating behavior as perceived by the American officials who encountered the Chinese in the 1970s—after decades of political estrangement. The objective of the study was to better prepare U.S. negotiators for encounters with their unfamiliar and “mysterious” yet reputedly skillful Chinese counterparts. The fundamental assumption of the study was that the relatively isolated Chinese had a distinctive negotiating style. The methodology of the analysis was based on the assumption that the unique aspects of that style would be especially evident to an observer from another culture. In the cultural difference would lie the perception of the uniqueness of, and motivation behind, this distinctive negotiating behavior.

As the following analysis details, the Chinese certainly do evince distinctive negotiating characteristics. Among the more noticeable factors that make a given country's negotiating behavior “distinctive” are physical ambiance, institutional environment, culture (including language, customs, ways of thinking and perceiving), and the personalities of individual negotiators. Each nation possesses distinctive traits in its negotiating technique—for example, the preferred setting and mood, the pressure tactics and manipulative strategies, the pace and the rhythms of the discussions. These characteristics are shaped by the country's history, political institutions, and culture. Nevertheless, practically every nation conducts negotiations according to common “rules” and principles that stem from shared international norms and

the fundamental dynamics of a bargaining situation. In the case of the People's Republic of China, all these aspects of the negotiating process—the distinctive and the not-so-distinctive—are explored in this volume.

That said, I should emphasize that “distinctive” is not synonymous with either “unique” or “unfamiliar.” Certain negotiating ploys are universal in their utility; others, although given special emphasis by a certain country's negotiators, become comfortably familiar. Some negotiating techniques may be appealing; others, sources of discomfort. This study identifies a number of negotiating tactics that Kissinger found ingratiating and refreshing in the early phases of his discussions with the Chinese. Yet he also came to realize that his gracious hosts were quite practiced in using the crucial elements of time and pressure during the latter phases of a negotiation to attain an agreement that best served their interests.

As this study acknowledges, Kissinger is certainly not the only Western negotiator to have observed distinctive traits in negotiations with the Chinese. Yet he had a unique vantage point from which he could compare the negotiating style of the Chinese with that of many other nations' negotiators he had encountered over the years. Kissinger obviously saw something in the Chinese approach to negotiating that distinguished them from other foreign officials. If he was taken with their effort to establish bonds of “friendship” with representatives of the opposing side, he was equally impressed with another salient technique of the Chinese negotiating style identified in this study—the attempt early in the negotiation to press for commitment to certain fundamental “principles” that both sides could agree upon, and then proceed to bargain on subsidiary issues within the confines of such a mutually agreed upon “principled position.”

In a concise comparison of Zhou Enlai with Soviet foreign minister Andrei Gromyko, Kissinger makes clear the distinction he found between the Chinese and Soviet styles of negotiation, going beyond the strong personalities of both men to capture institutional and cultural attributes of their negotiating behavior:

Zhou Enlai, possessing the sense of cultural superiority of an ancient civilization, softened the edges of ideological hostility by an insinu-

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ating ease of manner and a seemingly effortless skill to penetrate to the heart of the matter. Gromyko, as the spokesman of a country that had never prevailed except by raw power, lacked this confidence: he was obliged to test his mettle in every encounter. It was easy to underestimate him. His bulldozing persistence was a deliberate method of operation, not a gauge of his subtlety.¹

All Countries Negotiate in Distinctive Ways

With the end of the Cold War, many countries long separated by the superpower confrontation resumed contacts in efforts to resolve shared problems or develop political and trade relations. Accordingly, many governments that had never negotiated before (U.S.-Mongolia, Japan-Romania, Germany-Vietnam) had their first encounters across the negotiating table. Today, negotiating with culturally and historically unfamiliar counterparts has become commonplace, as political and economic relations expand on a global scale and accelerate with each new technological advance in the telecommunications revolution.

Moreover, with the end of international ideological and political polarization, we live in a time when diplomatic approaches to addressing international problems predominate over the military assertions of power that were characteristic of the colonial era and the Cold War. Not only has the number of countries participating in the international negotiating arena increased dramatically, but also the issues under discussion have become much more diverse and complex. Issues of “low politics” (aid and trade, monetary flows, emigration, environmental disputes) are in many ways much more complicated technical affairs involving many more players than the “high politics” of security agreements and arms control that were dominated by the major powers of the Cold War’s opposing camps.

Necessarily, this expansion of the international negotiating environment has created a demand to understand new and unfamiliar negotiating counterparts—to discover the patterns and nuances of unfamiliar negotiating styles. As Chas Freeman’s interpretive essay in part two of this new edition makes clear,

1. Henry Kissinger, *White House Years*, Boston: Little, Brown, 1979, pp. 792–93.

culture provides for continuity in the distinctive aspects of a country's negotiating behavior, even as diplomats work to adapt their negotiating agendas and styles to a world that is slowly generating certain universal political norms and negotiating procedures, much as French diplomacy created universal diplomatic norms in the seventeenth and eighteenth centuries.

Given the need for understanding the negotiating behavior of many new actors in the international environment, it is surprising that relatively few efforts have been made to give diplomats, policymakers, nongovernmental organizations, and the business community concise "guides" to the negotiating characteristics of particular nations—what to expect of foreign counterparts before, during, and after the formal negotiations on a particular issue have been conducted. After completing this study of Chinese negotiating behavior in the mid-1980s, I urged the U.S. Foreign Service Institute to undertake a series of in-depth comparative assessments of national negotiating behavior. A result of this effort was *National Negotiating Styles*, Hans Binnendijk's 1987 collection of essays on six countries' distinctive negotiating styles. Yet the effort was not sustained; nor did it realize its full analytical potential, in part for lack of a comparative framework of analysis.

Project on Cross-Cultural Negotiation Analysis and Training

The congressional mandate of the United States Institute of Peace is to strengthen the nation's capacity to resolve international conflicts by political means. In partial fulfillment of that commitment, the Institute has established the Cross-Cultural Negotiation (CCN) project—a major, ongoing program of research, publication, and training that assesses through comparative analysis the ways different governments manage the negotiating process. The project is based on the development of a comparative analytical framework for examining different national negotiating styles, and it proceeds on the assumption that culture and institutional differences significantly shape negotiating behavior. The objective of the project is to penetrate the veil of mystery—or at least of unfamiliarity—surrounding different cultures and to remove the uncertainty that can confound American—or



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other foreign—diplomats and non-governmental negotiators when dealing with unfamiliar countries and counterparts, thus clearing the way for more productive negotiating encounters.

Chinese Negotiating Behavior: Pursuing Interests Through "Old Friends" is thus one of a series of country studies sponsored by the Institute. It joins Jerrold Schecter's *Russian Negotiating Behavior: Continuity and Transition* and forthcoming studies by Scott Snyder, Michael Blaker, and Richard Smyser of North Korean, Japanese, and German negotiating behavior, respectively. Underlying these country-oriented assessments are two interpretive works published by the Institute that are designed to systematically explore the proposition that culture plays a significant role in shaping negotiating behavior—Raymond Cohen's *Negotiating Across Cultures: International Communication in an Interdependent World*, and Kevin Avruch's *Culture and Conflict Resolution*.

In addition, the CCN project and the body of research that is emerging from it are designed not just to establish an analytical framework and comparative database, but also to provide the material for training practitioners, enhancing their cross-cultural negotiating skills, and helping them formulate more effective procedures and strategies for managing specific negotiations.

Background of the Chinese Case Study

I want to express appreciation to the RAND Corporation for the rights to reprint as part of the Institute's series on national negotiating styles the public version of this study, published by RAND in 1995 under the title *Chinese Political Negotiating Behavior, 1967–1984*.

The RAND study originated as a classified analysis of Chinese negotiating behavior commissioned by the U.S. government in 1983, when I was on the staff of the RAND Corporation. I was the study's principal investigator because of my familiarity with the negotiating record—having been a member of Henry Kissinger's China team at the National Security Council during the early years of U.S. efforts to normalize relations with the People's Republic. Because the analysis drew heavily on the official,

classified negotiating record, distribution of the study was originally restricted to government officials, although RAND published an unclassified summary of the findings in 1985.

In 1994, the *Los Angeles Times* filed a Freedom of Information Act suit that led to a federal court decision ordering declassification of most of the 1985 study. In 1995, RAND decided to publish the declassified portions of the original study, in the words of RAND senior vice president Michael D. Rich's preface to that edition, "because of the analytical and historical value of the work, and because of the continuing interest to the United States of managing effectively a relationship with a major country that is likely to be of even greater significance in world affairs in the coming century."

With the passage of more than a decade since the study was completed, it is fair to ask whether the analytical findings from the original study have become dated. In order to assess the degree of continuity or change in Chinese negotiating behavior, we asked Ambassador Chas Freeman, a career Foreign Service officer with more than three decades of experience in dealing with the Chinese, to evaluate the ways in which Chinese negotiating behavior has, and has not, changed since the original study was conducted. As Ambassador Freeman notes in his essay included in this edition, while the People's Republic has undergone tremendous political, economic, and social changes in the post-Mao era, one facet of contemporary Chinese behavior in the international realm that remains remarkably durable is their negotiating technique. "Fifteen years after Dick Solomon first published his analysis as a classified document, his conclusions have lost none of their force and utility. . . . With respect to the fundamentals of the Chinese negotiating practices he describes," Ambassador Freeman concludes, "it seems fair to say: *plus ça change, plus c'est la même chose.*"

The analysis in the pages that follow elaborates on the sources, elements, and nuances of that negotiating style.

PART ONE

Summary



This study of Chinese political negotiating behavior assesses patterns and practices in the ways officials of the People's Republic of China (PRC) managed high-level political negotiations with the United States during the "normalization" phase of relations between the two countries. It is designed to provide guidance for senior American officials prior to their first negotiating encounters with PRC counterparts and to establish control over the documentary record of U.S.-PRC political exchanges between 1967 and 1984.

This assessment is based on analysis of the official negotiating record of U.S.-PRC exchanges during this period (the memoranda of conversation—"memcons"—and reporting cables that document formal exchanges), interviews with more than thirty U.S. officials who have conducted political negotiations with the Chinese, and such additional materials as the memoirs of former senior U.S. government officials, Chinese press statements, and official PRC documentation.

The basic finding of this study is that Chinese officials conduct negotiations in a distinctive, but not unique, manner consisting of a highly organized and meticulously managed progression of well-defined stages. It is an approach influenced by both Western

diplomatic practice and the Marxist-Leninist tradition acquired from the Soviet Union and through dealings with the international communist movement. Its fundamental style and most distinctive qualities, however, are based on China's own cultural tradition and political practices.

The most distinctive characteristic of Chinese negotiating behavior is the effort to develop and manipulate strong interpersonal relationships with foreign officials—a pattern termed here “the games of *guanxi*,” or relationship games. This approach to politics is shaped by China's Confucian political tradition. The Chinese distrust impersonal or legalistic negotiations. Thus, in managing a negotiation they attempt to identify a sympathetic counterpart official in a foreign government and work to cultivate a personal relationship, a sense of “friendship” (*you-yi*) and obligation; they then attempt to manipulate feelings of good will, obligation, guilt, or dependence to achieve their negotiating objectives. The frequently used term “friendship” implies to the Chinese a strong sense of obligation for the “old friend” to provide support and assistance to China.

The Negotiating Process

American officials have characterized negotiations with the PRC as a linear process of sequential and relatively discrete stages which unfold as the two sides explore issues of common concern. This process is illustrated in the table on page 5.

Opening Moves

PRC officials make a determined effort at the outset of a negotiation to establish a sympathetic counterpart official as an interlocutor, to cultivate a personal relationship (friendship) with him; they press for the acceptance of their principles as the basis of the relationship. They also seek to structure a negotiating agenda favorable to their objectives.

The Chinese view a political negotiation as reconciling the principles and objectives of the two sides and testing the other government's commitment to a relationship with the PRC. They do *not* see it as a highly technical process of haggling over

The Linear Process of PRC Political Negotiations

(1) → Opening Moves	(2) → Period of Assessment	(3) → End Game	(4) → Implementation
<ul style="list-style-type: none"> • Establish a relationship with a "friendly" counterpart official • Establish a favorable agenda • Gain commitment to PRC "principles" 	<ul style="list-style-type: none"> • Draw out interlocutor • Apply pressures • Test intentions, patience 	<ul style="list-style-type: none"> • Conclude an agreement, or • Reserve position, or • Abort the negotiation 	<ul style="list-style-type: none"> • Press for adherence • Make additional demands

details, in which the two sides initially table maximum positions and then move to a point of convergence through incremental compromises.

To establish a framework for a relationship, PRC officials will press their counterparts at the outset of a negotiation to accept certain general "principles" (such as those embodied in the Shanghai Communiqué of 1972). Such political ground rules are then used to constrain the interlocutor's bargaining flexibility as the negotiation proceeds and to test the sincerity of his desire to develop and sustain a relationship with China. Experience shows, however, that when a PRC negotiator wants to reach an accord, he can set aside the emphasis on principles and reach a concrete agreement that may appear to have little relationship to the principles that were seemingly essential early in the negotiation.

Period of Assessment

Chinese officials are skilled in protracting a negotiation to explore the limits of their adversary's views, flexibility, and patience. They will resist exposing their own position until their counterparts' stand is fully known and their endurance has been well tested.

Facilitating maneuvers. The Chinese try to conduct negotiations on their own territory, as this gives them maximum control over the ambience of official exchanges. They seek to establish a positive mood through meticulous orchestration of hospitality (cuisine, sightseeing, etc.), media play, banquet toasts, and protocol. They may attempt to minimize confrontation or differences of view through subtle and indirect presentation of their positions. They may communicate difficult messages through trusted intermediaries. And when they seek to avoid the breakdown of a negotiation, they may resort to stalling tactics or reach a partial agreement while reserving their own position on important issues on which they do not wish to compromise.

Pressure tactics. PRC officials will resort to a variety of tactics to put an interlocutor on the defensive and make him feel he has minimal control over the negotiating process. They are skilled at making a foreign counterpart appear to be the supplicant or *demandeur* in the relationship. They play political adversaries against each other and may alternate hard and accommodating moods by shifting from "bad guy" to "good guy" officials. They may urge a foreign negotiator to accommodate to their position using the argument that if he does not, his "friends" in the PRC leadership will be weakened by failure to reach agreement. And they tend to put pressure on a sympathetic counterpart negotiator on the assumption that a "friend" will make a special effort to repair problems in the relationship.

The Chinese often present themselves as the injured party, seeking to shame an interlocutor with recitation of faults on the part of his government or his failure to live up to past agreements or to the "spirit" of mutually accepted principles. They are meticulous record-keepers and will hold a negotiator responsible for his past words and the commitments of his predecessors. They are skilled at using the press to create public pressures on a foreign negotiating team. And they may seek to trap a negotiator against a time deadline (so that he must make decisions under pressure).

The essential quality of Chinese pressure tactics is to make the foreign negotiator, with whom they have gone to some lengths to develop a personal, or "friendly," association, feel that his positive relationship with China is in jeopardy, that he has not

SUMMARY

done enough to warrant being considered an “old friend,” and that he must do more for the relationship to justify Chinese support and good will. It is this tension of the relationship game that gives dealings with the Chinese much of their distinctive quality.

End Game

When PRC officials believe that they have tested the limits of their negotiating counterparts’ position and that a formal understanding serves their interests, they can move rapidly to conclude an agreement.

They may let a negotiation appear to deadlock to test their interlocutor’s patience and firmness, then have a senior leader intervene to cut the knot of the apparent deadlock. Agreements are usually reached at the very last moment of a negotiating encounter—or even just after a deadline has passed. Once Chinese leaders have decided to reach an agreement, their negotiators can be quite flexible in working out concrete arrangements.

Implementation

Chinese officials assess the manner in which a counterpart government implements an agreement as a sign of how seriously or sincerely that government views its relationship with the PRC. They press for strict implementation of all understandings and they are quick to find fault.

At the same time, Chinese officials sometimes give the impression that agreements are never quite final. They will seek modifications of understandings when it serves their purposes; and the conclusion of an agreement is the occasion for pressing the counterpart government for new concessions. If they are unable to fully implement an agreement themselves, however, they will ask the counterpart to “understand” their difficulties on the basis of friendship, or they will make excuses that put the burden of responsibility on the other party.

Discussion

Reflecting the workings of the relationship game, American negotiators describe their dealings with the Chinese as at once

elating and frustrating. PRC officials can establish a positive mood when they want to build a constructive relationship; and they impress their U.S. counterparts as personally attractive, highly competent individuals with whom it is easy to deal at a human level. On the other hand, Chinese officials—who consider themselves the representatives of a once and future great power—can adopt a self-righteous and lecturing air, presuming the right to criticize their “friends” (while being highly defensive of their own positions) and requiring that negotiations be conducted on their own terms.

The experience of countries that have established highly interdependent relations with the PRC has demonstrated that the Chinese can be highly demanding and manipulative of those on whom they have established a dependent relationship (as was the case with the “elder brother” Soviet Union in the 1950s), or self-righteously assertive in dealing with those who have established a subordinate relationship with them (as was the case with Albania in the 1960s).

Guidelines for Dealing with PRC Counterparts

This analysis suggests the following “lessons learned” that U.S. officials should keep in mind if they are to be more effective in dealing with PRC counterparts:

Know the substantive issues cold. Chinese officials are meticulous in preparing for negotiating sessions, and their staffs are very effective in briefing them on technical issues. They will use any indication of sloppy preparation against an interlocutor.

Master the past negotiating record. PRC officials have full control over the prior negotiating record, and they do not hesitate to use it to pressure a counterpart.

Know your own bottom line. A clear sense of the objectives of a negotiation will enable a U.S. official to avoid being trapped in commitments to general principles and to resist Chinese efforts to drag out a negotiation. Incremental compromises suggest to the Chinese that their interlocutor’s final position has not yet been reached.

SUMMARY

Present your position in a broad framework. The Chinese seem to find it easier to compromise on specific issues if they have a sense of the broader purposes of their interlocutor in developing a relationship with the PRC. They distrust quick deals, and they appreciate presentations that suggest seriousness of purpose and an interest in maintaining a long-term relationship with China.

Be patient. Do not expect quick or easy agreement. A Chinese negotiator will have trouble convincing his superiors that he has fully tested the limits of his counterpart's position if he has not protracted the discussions. Assume you will be subjected to unexplained delays and various forms of pressure to test your resolve.

Avoid time deadlines. Resist negotiating in circumstances where you must have agreement by a certain date. The Chinese will assume that your urgency to conclude a deal can be played to their advantage.

Minimize media pressures. PRC negotiators use public expectations about a negotiation to pressure their interlocutors. Confidential handling of negotiating exchanges, the disciplining of leaks, and the minimizing of press exposure are taken by the Chinese as signs of seriousness of purpose. Negotiation via the press will evoke a sharp Chinese response.

Understand the PRC political context and the style of your Chinese interlocutor. Despite the difficulties of assessing the domestic PRC political scene, an evaluation of internal factional pressures and the style of your counterparts will help in understanding Chinese objectives and the limits of their negotiating flexibility, as well as in reading the signals or loaded language of a very different culture and political system.

Understand the Chinese meaning of *friendship*. Know that the Chinese expect a lot of their "friends." Resist the flattery of being an "old friend" or the sentimentality that Chinese hospitality readily evokes. Do not promise more than you can deliver, but expect that you will be pressured to honor past commitments. Resist Chinese efforts to shame or play on guilt feelings for presumed errors or shortcomings.

Develop a strategic orientation to dealing with the Chinese.

The blandishments of the friendship game and Chinese pressure tactics are most effectively defended against by developing a strategic orientation suited to American negotiating practices and objectives. An attitude of restrained openness and interest in identifying and working to attain common objectives is the best protection against Chinese efforts to maneuver the foreign negotiator into the position of *demandeur* or supplicant.

Parry Chinese pressure tactics in order to maintain control over the negotiating process.

Chinese negotiating tactics are readily understandable and, in some measure, even predictable. Therefore, U.S. negotiators should develop countertactics that will parry PRC maneuvers and will demonstrate competence and control over the negotiating process. Tactical manipulations applied in excess or for their own sake, however, are likely to erode confidence and undermine the credibility of a negotiation.

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1. Lucian W. Pye, *Chinese Commercial Negotiating Style*, Cambridge, Mass.: Oelgeschlager, Gunn & Hain, 1982.