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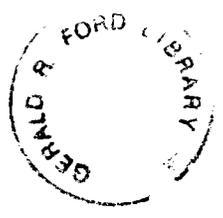
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Report to the
President



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 27, 1974

~~SECRET~~

MEMORANDUM FOR:

FROM:

SUBJECT:

THE PRESIDENT

GENERAL SCOWCROFT

HAK Talks with the Chinese

Secretary Kissinger sent the following message to you on his talks with the Chinese.

"I had an extremely cordial session with Vice Premier Teng Hsiao-ping this morning during which the Chinese invited you to visit here during 1975. In retrospect, I believe their invitation to Schlesinger was designed precisely to bring about your visit. I told them that a visit by Schlesinger would cause U.S. difficulties since we had repeatedly turned down a similar Soviet offer, but said that we would keep it in mind and would be prepared to send any other cabinet officer. I indicated a visit by you would be the most effective way of symbolizing the continuing strengthening of our bilateral relations. Teng, who obviously had authority from the Chairman in advance, immediately suggested that we say publicly that the visit would take place during 1975 and indicated that in practice this would mean in the latter part of the year. Significantly, at no time did he link such a visit to completion of the normalization process. They still might attempt to do this, but as of now, it looks like we can look toward your visit without any such conditions -- which is of course the optimum situation for us.

We will talk further with the Chinese on when to release the announcement of your trip. Clearly it should be part of the general communique we will be issuing as a result of this visit. My tentative thinking is to announce your trip at the White House some time Saturday morning. In this way it would not conflict with the coverage of your press conference the previous day but would make the Sunday newspapers. I could brief the travelling press on the plane and they would arrive in Washington in time to file their stories for the Sunday papers. We cannot hold this news until after I return to Washington because I would have to dodge questions from the press on the return trip and would mislead them. Also, I will have to brief the Japanese on your visit and they certainly will not keep

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E.O. 12958 Sec. 3.6



MR 97-7, #27; NSCLetter 12/5/97

By Lt NARA, Date 1/20/98.

~~SECRET~~ - XGDS (3)
CLASSIFIED BY: HENRY A. KISSINGER

it for long. I would appreciate your letting me know as soon as possible your views on timing so that I can work this out with the Chinese.

The Mood at this morning's meeting warmed up considerably as we got onto their favorite subject -- the Soviet Union, and Teng began to express Chinese positions on various issues. The Soviet threat clearly remains their overriding preoccupation and they made clear that their recent message to Moscow on a nonaggression pact contained nothing new. In any event, Brezhnev's speech yesterday in Mongolia meant to them that no progress was possible and even principles agreed upon in 1969 were "gone with the wind." I spend considerable time stressing our military strength and the advantages of the agreement you made in Vladivostok. That meeting, by the way, has clearly gotten the Chinese attention and I believe is helping us enormously on this visit. The Chinese also emphasized the need for Europe to keep up its guard at which point I emphasized that the demoralization of Europe through the oil crisis is not in the Chinese interest. We could go it alone on economic grounds, but we were cooperating with our friends in order to shore up Western unity and defenses.

We are meeting again this afternoon and I will send you another report this evening."



Teng/Ch'iao/HAK
memcon (pm)



THE WHITE HOUSE
WASHINGTON

~~TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLY~~

MEMORANDUM OF CONVERSATION

PARTICIPANTS:

- Teng Hsiao-p'ing, Vice Premier of the State Council, People's Republic of China
- Ch'iao Kuan-hua, Minister of Foreign Affairs
- Ambassador Huang Chen, Chief of the PRC Liaison Office, Washington
- Wang Hai-jung, Vice Minister of Foreign Affairs
- Lin Ping, Director, Department of American and Oceanic Affairs, Ministry of Foreign Affairs
- T'ang Wen-sheng, Deputy Director, Department of American and Oceanic Affairs, Ministry of Foreign Affairs
- Tsien Ta-yung, Counselor, PRC Liaison Office, Washington
- Ting Yuan-hung, Director, United States Office, Department of American and Oceanic Affairs, Ministry of Foreign Affairs
- Chao Chi-hua, Deputy Director, United States Office, Department of American and Oceanic Affairs, Ministry of Foreign Affairs
- Chang Han-chih, Translator
- Lien Cheng-pao, Notetaker

- Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
- Donald Rumsfeld, Assistant to the President
- Ambassador George Bush, Chief of the United States Liaison Office, Peking
- Winston Lord, Director, Policy Planning Staff, Department of State
- William H. Gleysteen, Deputy Assistant Secretary of State for East Asian Affairs
- John H. Holdridge, Deputy Chief, United States Liaison Office, Peking
- Richard H. Solomon, Senior Staff Member, National Security Council

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 E.O. 12958, SEC. 1.5
 RUC MEMO, INFORM, STATE DEPT. GUIDELINES, STATE views 9/15/03
 BY: [signature], NARA, DATE 12/31/03



~~TOP SECRET/SENSITIVE/EXCLUSIVELY EYES ONLY~~

Peter W. Rodman, National Security Council
Lora Simkus, National Security Council

DATE AND TIME: Wednesday, November 27, 1974
3:36 p.m. - 5:45 p.m.

PLACE: Great Hall of the People
Peking

SUBJECTS: Europe; Japan; Middle East; South Asia;
Cambodia; Energy and Food; Normalization

Vice Premier Teng: I hope you're not too tired.

Secretary Kissinger: No, I'm in good shape.

I see the Vice Premier has a list here, which he hasn't completed [discussing] yet. [Laughter]

Europe

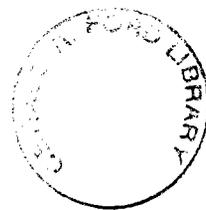
Vice Premier Teng: We touched upon the question of Europe this morning.

Secretary Kissinger: Yes.

Vice Premier Teng: Actually we believe it is essentially the same with Europe as with Japan. We have often expressed the view that it is our wish that the U.S. keep its good relations with Europe and Japan.

Secretary Kissinger: In fact the Chairman scolded me last year for not having good enough relations with Europe. [Laughter]

Vice Premier Teng: This opinion of ours is based on consideration of the whole [global] strategy. Because now the Soviet Union is determined to seek hegemony in the world, if they wish to launch a world war and don't get Europe first, they won't succeed in achieving hegemony in other parts of the world, because Europe is so important politically, economically and militarily. And now that Europe is facing the threat from the polar bear, if they don't unite and try to strengthen themselves, then only one or two countries in Europe will not be able to deal with this threat [in isolation]. We feel with respect to the United States that when the United States deals with the polar bear, it is also necessary for



the United States to have strong allies in Europe and Japan. With these allies by your side you will have more assurances in dealing with the polar bear.

Secretary Kissinger: We agree with you.

Vice Premier Teng: So it is always our hope that relations between the United States and Europe and Japan will be in a position of partnership based on equality. It is only on the basis of equality that you can establish real partnership.

Secretary Kissinger: I agree with you. I always say that the People's Republic is our best partner in NATO. [Laughter] If you want to arrange seminars here for visiting European Ministers, I can mention a few who would benefit by it. [Laughter] You had a very good effect on the Danish Prime Minister, although his nerves may not be up to your considerations.

Vice Premier Teng: We had very good talks.

Secretary Kissinger: Very good, very good.

Vice Premier Teng: Actually, the Prime Minister of Denmark really fears war very much.

Secretary Kissinger: Anyone who plans to attack Denmark doesn't have to prepare for a 20-year war or build so many underground tunnels. [Laughter] But seriously, we know your talks with the European Ministers are very helpful and we appreciate them.

Vice Premier Teng: But we also fire some cannons. With respect to our attitude toward Europe, we also say that if Europe wishes to establish relations with the United States on the basis of real equality, they should unite and strengthen themselves. This is in your interest too.

Secretary Kissinger: We agree. The only thing we object to -- and you should also -- is if they try to unite on the basis of hostility toward the United States, because this defeats the strategy we are discussing.

Vice Premier Teng: It is not possible that Western Europe will separate itself from the United States.

Secretary Kissinger: That is our conviction.

Vice Premier Teng: From our contacts with people from Western Europe, we have this impression -- including the Prime Minister of Denmark.

Secretary Kissinger: You will see. Last year we had a period of turmoil, leading to a higher degree of order. [Laughter]

Vice Premier Teng: I suppose you will start talking philosophy again. [Laughter]

Secretary Kissinger: The President will meet with the German Chancellor on December 5th, and with the French President in the middle of December -- the 14th, 15th, and 16th. And I think you will see those meetings will be very successful.

Vice Premier Teng: The Doctor mentioned that the United States fears that the Left in Europe might get into power.

Secretary Kissinger: We have in France and Italy Communist Parties that are substantially influenced from Moscow.

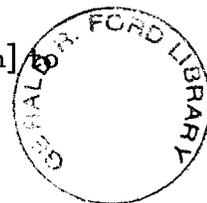
Vice Premier Teng: That is true.

Secretary Kissinger: They are now performing a strategy -- which is very intelligent -- of appearing very moderate and responsible. On the other hand, I think it has been one of the successes of our foreign policy that they have had to show their responsibility by supporting NATO -- at least the Italians.

Vice Premier Teng: But that is not reliable.

Secretary Kissinger: Absolutely unreliable. Absolutely unreliable. When you analyze our foreign policy you have to understand we have to do certain things and say certain things designed to paralyze not only our Left but the European Left as well. But we are opposed to, and we shall resist, the inclusion of the Left in European governments. We shall do so in Portugal because we don't want that to be the model for other countries. And we shall do so in Italy. And of course in France.

Vice Premier Teng: In our view it is by no means easy [for them] to get into power.



Secretary Kissinger: That is right.

Vice Premier Teng: Even if they do get into power, and they wish to appear on stage and give some performances, it may not be a bad thing.

Secretary Kissinger: I disagree with you.

Vice Premier Teng: For example, in Algeria: The people in Algeria have had a very good experience with the so-called Communist Party of France. After the Second World War in France, with DeGaulle as head of the Government, there was a coalition in which the French Communist Party took part. Some Ministers were from the Communist Party. One of the Ministers who was Communist was the Minister of the Air Force. It is exactly this Communist Minister of the Air Force who sent planes to bomb guerrillas in Algeria. And from then, the Algerians had good [sufficient] experience with the Communists in France.

Secretary Kissinger: You should have no misunderstanding: If the Communists come to power in France or Italy, it will have serious consequences first in Germany. It will strengthen the Left wing of the Social Democratic Party, which is very much influenced by East Germany.

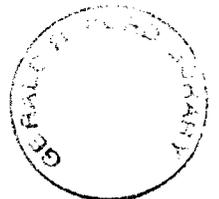
Vice Premier Teng: We don't like this Left. It is not our liking that they should come into power. What we mean is, suppose they do come into power and given some performances, they will be teachers by negative example.

Secretary Kissinger: If they come into power, we will have to face it. But it will have very serious consequences; it will create a period of extreme confusion. It will have a serious effect on NATO. As long as President Ford is President and I am Secretary of State, we shall resist it.

Vice Premier Teng: That is right. It is true that, should they come into power, it will produce this effect, but even if it happens, it will not be so formidable. We don't really disagree.

Secretary Kissinger: No, you are saying that if it happens, we should not be discouraged, and it will not be a final setback. I agree.

Vice Premier Teng: This is what I wish to say about Europe.



Secretary Kissinger: One thing more: You know about the discussions on Mutual Force Reductions that are going on, and I know the Chinese views with respect to those.

Foreign Minister Ch'iao: In Vienna.

Secretary Kissinger: In Vienna. And I know the Chinese view with respect to them. It is probably true that troops that disappear from one area will not disappear from the world. We face here the irony that the best way for the United States to keep very substantial forces in Europe is to agree to a very small reduction with the Soviet Union, because this reduces pressure from the internal Left. I see no possibility of very rapid progress, and there is no possibility whatever for very substantial reductions. Right now the negotiations are stalemated, and it is not impossible -- but this is based only on a psychological assessment -- that before Brezhnev comes to the United States next year they may make some small reduction. There is no indication [of this at the present time]; it is my psychological assessment based on the way they work. But we are talking about only something like 20-25,000 people, nothing substantial. This is just my instinct; it is not based on any discussion [with the Soviets]. So through 1976 I do not see any substantial change in the military dispositions.

Vice Premier Teng: We have not read much of the comments from Western Europe about your Vladivostok agreements with the Russians. But from what we have read, it seems Western Europe is a little worried that the agreements you reached in Vladivostok might lead to a reduction of American troops in Western Europe.

Secretary Kissinger: I haven't seen these accounts, but they are ridiculous. We discussed this this morning: as nuclear war becomes more complex, we have to increase conventional forces, not weaken them. There is no understanding about reduction of American forces in Europe. We paid no price for this agreement in Vladivostok, of any kind, in any area.

Vice Premier Teng: Of course this is a question to be discussed among NATO themselves, and between you and your Western European allies.

Secretary Kissinger: I am going to Europe for the NATO meetings on December 12th, and our allies will understand, at least by that time, that the Vladivostok meeting was a sign of Soviet weakness and was not purchased at the expense of concessions in any other areas.



Vice Premier Teng: Next, I wish to say a few words about the Middle East.

Japan

Secretary Kissinger: You are finished with Japan? The same principles as Europe.

Vice Premier Teng: I believe we have touched on the things we wish to say about Japan. And we have on many occasions expressed our views concerning relations between the United States and Japan. We have made our position clear.

Secretary Kissinger: Yes, and we discussed this this morning, and with the Foreign Minister on a few occasions.

I haven't seen any new reports about a new government [to replace the Tanaka cabinet].

Vice Premier Teng: We can say it in one sentence, which is what we say to Japanese friends: That first, they should keep good relations with you, the United States; and second, with us. The Chairman said you should stay longer there. [Laughter]

Secretary Kissinger: That is right. He scolded me, and said I should spend as much time in Japan as in China. Actually, after the President's [recently concluded] visit to Japan, our relations are much steadier. And this is very important for Japan. And as I have said, we will do nothing to interfere with Japan's improvement of relations with the People's Republic of China. We have encouraged them to work with the People's Republic.

Vice Premier Teng: We understand that.

Middle East

Vice Premier Teng: About the Middle East. It is the most sensitive area in the world now.

We have the impression, starting from early this year, that you have improved relations with Egypt. This is so?



Secretary Kissinger: This is so.

Vice Premier Teng: Then why is the Soviet Union going back to Egypt?

Secretary Kissinger: I don't think the Soviet Union is going back to Egypt. I think Egypt has to show, for domestic reasons, and for inter-Arab reasons, that it also has relations with the Soviet Union. But the Soviet Union stopped military aid and has reduced its economic aid.

Vice Premier Teng: It is said you promised to give Egypt something but didn't keep your promise. Is this true?

Secretary Kissinger: I don't know what you are referring to specifically. We promised Egypt \$250 million in economic aid which Congress has not yet approved. But we expect Congress will approve it, hopefully by the end of the year.

Vice Premier Teng: Anyway, our views -- as Chairman Mao said to you personally -- are that you must use both of your hands. Of course, it is not possible for you to stop aiding Israel. But once you aid Israel, you should use both your hands [and assist the Arabs].

Secretary Kissinger: I completely agree. In addition to the \$250 million [in economic aid], we have arranged another \$250 million from the World Bank; so it is \$500 million. And in addition we have arranged for 500,000 tons of grain, and we may give them more.

Vice Premier Teng: What about military aid? Weapons.

Secretary Kissinger: I think we had better have a small meeting again tomorrow. There were one or two other things I neglected to mention.

Vice Premier Teng: Chairman Mao has made very clear our policy on the Middle East question. In the first place, we support the Arabs and the Palestinians in their just struggle; and secondly, we feel that a heavy blow should be dealt to the polar bear in this area. [Teng laughs.] We have this feeling recently -- it may not be very accurate -- that in the Arab world the Soviet Union has somehow gotten the upper hand on you.

Secretary Kissinger: I don't believe this will be true in three months. I think by February it will be apparent that further progress is being made as a result of American initiatives, and we will then see a repetition of last year's situation.



Vice Premier Teng: In the Middle East, the basic contradiction is Israel and the whole Arab world and Palestine. That is the basic contradiction in that area. And it is known to all that you are giving Israel an enormous amount of military aid as well as economic aid. As for the Arab world, since you are giving Israel so much aid, in order to resist Israel the Arab people will look to other people for aid, because if you don't give them some aid, others will. They aren't able to make what they need. And the Soviet Union will say, "We have things for you." And by giving them what they need, the Soviet Union gains politically, and by selling arms to the Arab world they gain economic benefits. And you get yourself bogged down in the Middle East.

Secretary Kissinger: But the Soviet Union faces the contradiction that they can give military aid but they can't promote political progress. And in country after country, once they give arms, they get into difficulty. We are studying the question of giving arms to selected Arab countries now.

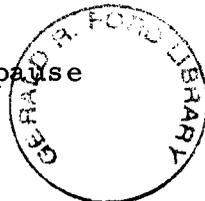
Foreign Minister Ch'iao: I have a question. Is it possible to encourage the European countries to give some arms to the Arabs?

Secretary Kissinger: Let's have a discussion of this tomorrow in a small meeting. We are aware of the problem, and we share your analysis. If you look at the Arab countries concretely -- in Egypt I think it will be apparent in the next three months that there is no significant change. In Syria, it is my judgment Syria would be prepared to move away from the Soviet Union if Israel were prepared to make any concessions at all in the negotiation.

Vice Premier Teng: They key point is whether you are using only one of your hands or both.

Secretary Kissinger: We are using both our hands, but in a way to minimize our domestic problem. And in Iraq, it is our impression -- as you may have noticed, there is some pressure in Iraq from Iran, and this has led to certain strains between the Soviet Union and Iraq. So much will depend on ...

First of all, we agree with your basic principle, that we must have an even-handed policy. And I have to confess that because of the Presidential transition in the summer, we lost two months, two to three months. In June, July, and August we could not begin to operate as effectively as we might. After the Syrian disengagement we had to pause



because of our domestic situation at that time. We are regaining this ground, although for various reasons we are now using spectacular methods.

Vice Premier Teng: I have also noticed your comment on the Rabat Conference.

Secretary Kissinger: Public comment? Here?

Vice Premier Teng: The comment you made here.

Secretary Kissinger: Oh yes, I remember.

Vice Premier Teng: I am afraid if you adopt an antagonistic attitude toward the Rabat Conference, it will not be conducive to your relations with the Arabs.

Secretary Kissinger: We will not adopt an antagonistic attitude. It is a question of timing.

Vice Premier Teng: The Arab question is not a question that can be solved in a few months. It will have to go on for a long period.

Secretary Kissinger: Therefore it is important to pick the right time. But you should remember the following principle, no matter how many cannons have to be fired: The United States will not yield to pressure in the Middle East, especially Soviet pressure. No diplomatic progress can be made without the United States. Therefore, everyone who wants progress in the Middle East will sooner or later have to come to the United States, no matter what they say in the interval. Thirdly, the United States is determined to bring about diplomatic progress, and it will succeed. The problem is how to do it so that we can handle our domestic situation in the meantime. But you will see on this matter that President Ford is determined.

We will keep you informed of our methods. But there will be ups and downs, especially when 15 Arabs get together in one room -- because they can't always make a distinction between epic poetry and foreign policy.

I must tell the Vice Premier something about the Arab mentality. After one consultation with the Israelis, we wrote a letter to all the Arab



Foreign Ministers, and one said to me, "We know you are not telling the truth." I said, "How?" "Because we compared letters. You told each of us the same thing. So we know it is not the truth." [Laughter]

Vice Premier Teng: But in our view, it is not right to underestimate the strength of our Arab people.

Secretary Kissinger: We don't underestimate it. We have one particular problem. If we propose grandiose schemes, we will be enmeshed in an endless domestic debate. We have to move a step at a time. As long as we move a step at a time, a solution is inevitable.

I have great respect for the Arabs, and have many friends there.

Vice Premier Teng: We believe the Arab people may not be able to win the war in a few months, but they are able to fight.

Secretary Kissinger: That is true. That is the change in the situation. No, we believe it is essential for Israel to make peace.

Vice Premier Teng: Our view is whether soldiers can fight or not depends on the principle for which they are fighting, whether they are fighting for the people. Here I will tell you a story. For the Chinese, it was a long-standing concept that the people of Kiangsi Province couldn't fight. But Ching Kang Shan Mountain was situation in Kiangsi Province. And at that time in the Red Army, led by Chairman Mao Tse-tung, it turned out that most of the cadre were people from Kiangsi Province. I believe among our American friends here there are some who are very familiar with Chinese history and know it was a concept for many years that Kiangsi people couldn't fight. And it turned out that when the people in Kiangsi knew what they were fighting for, they turned out to be the best fighters. And in America, people had the impression that people in Indochina couldn't fight. But it turned out that the people in Indochina fixed you up very hard. And the Cambodians -- but they can fight too.

Secretary Kissinger: The only ones who have yet to prove it are the Laotians. [Laughter]

Vice Premier Teng: You have a point in that. What I mean is you should never underestimate the strength of the Arabs.



Secretary Kissinger: We don't. We have the practical problem of making progress -- which we believe is necessary -- in a way that makes further progress possible. And to do it fast enough so the Soviet Union doesn't reenter the area. We believe we can solve both of these problems.

Vice Premier Teng: Actually the position of the United States in the Middle East, the weakest point of the U.S. is that you support Israel against the Arab world, which has a population of 120 million, and on this point the Soviet Union is in a better position than you.

Secretary Kissinger: Except that impotence never gives you a good position. Israel is both our weakest point and our strongest point. Because when all is said and done, no one else can make them move. Because the Arabs can't force them, and the Soviets can't do it. And anyone who wants progress will have to come to us. And this even includes the Palestinians.

Vice Premier Teng: With the Russians, their habit is wherever there is a little hole, a little room, they will get in.

Secretary Kissinger: It is extremely dangerous for the Russians to start a war in the Middle East. They will rapidly face the same dilemma they faced in October 1973.

Vice Premier Teng: So much about the Middle East.

South Asia

Vice Premier Teng: The Doctor mentioned India and the question of the Subcontinent yesterday. On this issue I believe we have exchanged views on many occasions in the past and we don't have anything new to add. Recently you visited India, and after your visit you improved your relations with India, and we believe that this was a good move. Because if there is only the Soviet Union there [they will be the only ones with influence], it is better to have you in India than the Soviets alone.

Secretary Kissinger: That was the intention of the trip. And it also will make it easier to do things in Pakistan without being accused of an anti-Indian motivation. [Teng spits loudly into his spittoon beside his



chair.] And as you know, we have invited Prime Minister Bhutto to Washington, and after that, there will be some concrete progress.

Vice Premier Teng: I think you said it would be possible for you to sell weapons to Pakistan. But will Pakistan be able to pay?

Secretary Kissinger: Yes.

Vice Premier Teng: That would be good.

As for India, you mentioned earlier that India was hegemonistic.

Secretary Kissinger: It is my assessment. One of my colleagues said he was not only in favor of giving arms to Pakistan, but arms and nuclear weapons to Pakistan and Bangladesh. [Ambassador Huang laughingly leans across the table and wags his pencil at Mr. Lord.] Mr. Lord [Laughter], head of our Policy Planning Staff.

Vice Premier Teng: There is something very peculiar about Indian policy. For example, that little kingdom of Sikkim. They had pretty good control of Sikkim. Why did they have to annex it?

Secretary Kissinger: It is a good thing India is pacifist. I hate to think [of what they would do] if they weren't. [Laughter]

Vice Premier Teng: Sikkim was entirely under the military control of India.

Secretary Kissinger: I haven't understood Sikkim. It is incomprehensible.

Vice Premier Teng: After the military annexation, their military position was in no way strengthened.

Secretary Kissinger: They had troops there already.

Vice Premier Teng: And they haven't increased their troops there. We published a statement about it. We just spoke up for the sake of justice.

Secretary Kissinger: Is it true that you have set up loudspeakers to broadcast to the Indian troops on the border? It makes them very tense. [Laughter]



Vice Premier Teng: We have done nothing new along the borders, and frankly we don't fear that India will attack our borders. We don't think they have the capability of attacking our borders. There was some very queer talk, some said that the reason why the Chinese Government issued that statement about Sikkim was that the Chinese were afraid after Sikkim that India would complete the encirclement of China. Well, in the first place, we never feel things like isolation or encirclement can ever matter very much with us. And particularly with India, it is not possible that India can do any encirclement of China. The most they can do is enter Chinese territory as far as the autonomous Republic of Tibet, Lhasa. And Lhasa can be of no strategic importance to India. The particular characteristic of Lhasa is it has no air -- because the altitude is more than 3,000 meters. During the Long March we did cross the region of Tibet.

Secretary Kissinger: Really.

Vice Premier Teng: Not the Lhasa area, but the southern part. Our experience was that when we wanted to take one step further, we couldn't.

Secretary Kissinger: It is a very dangerous area for drinking mao tai. [Laughter]

Vice Premier Teng: Frankly, if Indian troops were able to reach Lhasa, we wouldn't be able to supply them enough air. [Laughter]

Secretary Kissinger: I don't think their intention is with respect to Tibet; their immediate intention is in Nepal.

Vice Premier Teng: That is correct. They have recently been exercising pressure on Nepal, refusing to supply them with oil. It is the dream of Nehru, inherited by his daughter, to have the whole South Asian subcontinent in their pocket.

Secretary Kissinger: And to have buffer zones around their border.

Vice Premier Teng: It is not necessary.

Secretary Kissinger: It is like British policy in the 19th Century. They always wanted Tibet demilitarized.

Vice Premier Teng: I believe even the British at that time didn't make a good estimate of whether there was enough air. [Laughter]



Secretary Kissinger: I think an Indian attack on China would be a very serious matter that couldn't be explained in terms of local conditions, but only in terms of a broader objective.

Vice Premier Teng: There is no use in attacking Tibet, for the Indians. The most they can do is that the Indians give their troops to fight for a broader objective.

Ms. T'ang [helping with translation:] Provide manpower for a broader objective.

Secretary Kissinger: Very serious. There is no purely Indian objective that could be served.

Vice Premier Teng: We're not worried about that.

Secretary Kissinger: We're just analyzing the situation.

Cambodia

Vice Premier Teng: And next, according to the Doctor's order, is the question of Cambodia. On the question of Cambodia I also made myself clear, and I have nothing to add.

Secretary Kissinger: Your Ambassador [Huang Hua] fired a whole bunch of cannons [on Cambodia] yesterday, at the United Nations. [Laughter]

Foreign Minister Ch'iao: That's the routine work of our Ambassador. [Laughter]

Secretary Kissinger: But this time he hit a few fortified positions. [Laughter]

Vice Premier Teng: That proves these cannons are not so formidable -- but cannons will have to be fired.

Secretary Kissinger: We understand.

Vice Premier Teng: It can't be imagined that we will stop supporting the struggle of the Cambodian people.



Secretary Kissinger: Can I give you our analysis? The United States has nothing to gain in Cambodia. Having withdrawn from Vietnam, we can have no interest in a long-term presence in Cambodia. On the other hand, as a question of principle, we do not simply abandon people with whom we have worked. But this is not the key issue right now. The key issue right now is, according to our conception, the best solution of the Indochinese peninsula is one in which each country can realize its national aspirations. And therefore we believe that solutions in which each of the states in the area can maintain its national independence, without being dominated by one, is quite frankly -- though you're a better judge -- in your long-term interest. If Indochina was dominated from one center, an aggressive force, in the context of some of the schemes for Asian collective security, could cause you problems.

Therefore we prefer a national solution for Cambodia. We believe Sihanouk offers perhaps the best possibility for a national solution. We believe that for Sihanouk to act effectively he must be in charge of a balance of forces in Cambodia, similar to Souvanna in Laos. Souvanna Phouma.

Foreign Minister Ch'iao: The situation is not the same.

Secretary Kissinger: It's of a different nature. I'm just being professorial; I'm not saying it can be achieved. If Sihanouk comes back as the head of the insurgent forces, he will not last long. He will just be a figurehead. And in our analysis the insurgent forces are under Hanoi influence. So, curiously, we think it's in Sihanouk's interest to govern with some element of -- not Lon Nol -- but some other forces in Phnom Penh that he can use as a balance to help him preserve his position.

To be concrete, we would be prepared to cooperate in a peace conference whose practical result would be the return of Sihanouk, the transformation of the existing structure in Phnom Penh, and the participation of the resistance forces. And then Sihanouk could have a more balanced structure to govern.

Vice Premier Teng: I'm afraid that your information is not accurate. For example, there is talk that the Cambodian war is being fought by the Vietnamese. The accurate information which I can give you is that there is not a single Vietnamese soldier fighting in Cambodia.



Secretary Kissinger: That I believe, but the supplies come from Vietnam.

Vice Premier Teng: That's why I say your information is not accurate. You have to watch out, because the information supplied to you by Lon Nol is not accurate. And then you mentioned that the United States can't abandon those it has worked with. But, come to think of it, your relation with Lon Nol is only for four years.

Secretary Kissinger: I've told you we would be prepared to see a change in the structure in Phnom Penh as part of the solution. [Teng again spits into his spittoon.]

Vice Premier Teng: On this issue, Samdech Norodem Sihanouk has made many statements, and we support his statements.

Secretary Kissinger: With great passion.

Vice Premier Teng: That's true, and you don't lack passion either.

Secretary Kissinger: We have no emotional investment. And we don't oppose Sihanouk. He'll drive many people crazy before his political life is finished. [Laughter]

Vice Premier Teng: How is that possible? Who will be driven mad?

Secretary Kissinger: He's rather changeable, if you look at his history. But he's the biggest national figure in Cambodia, and as I said, we're not opposed to him.

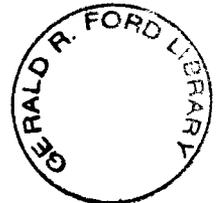
Vice Premier Teng: Regardless of his changes, he's a nationalist.

Secretary Kissinger: We agree, and we consider him the leader of the nationalist forces. Perhaps after the U.N. vote there could be a further exchange of views.

Vice Premier Teng: Well, so much about Cambodia then.

Energy and Food

Vice Premier Teng: Next, the Doctor has mentioned on a number of occasions the questions of energy and food. On these two questions both sides are clear about the viewpoints of the other. We have heard



a lot of talk and opinions from the Western world and Japan that the recent economic recession and inflation crisis are due to the recent rise of oil prices. Our view is that this is not the case. Before the rise of oil prices, there already existed a serious problem of inflation. And before the rise of oil prices, many of the products' prices had already gone up many times. Grain, for example, and many industrial products. With the rise of prices of many products, the losses suffered by the oil-producing countries were very great. And the time since the rise of oil prices is only about one year, starting from the Middle East war in October last year. Actually, the present situation is that the price of oil is falling down.

We agree with the view expressed by many Third World or oil-producing countries. They oppose the talk about the cause of inflation being the rise of oil prices. We agree this sort of talk has no grounds. As for the rising of oil prices itself, it was only after it went up that we knew of that. We didn't encourage the rise in oil prices and didn't participate in planning it. But on the question of the Arab countries finding oil as a weapon for their struggle, we support that. Of course it's also the fact that at the present moment, following the rise of oil prices, the inflation and economic difficulties in consuming countries were also intensified. That's also true.

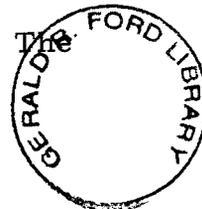
There are solutions for this question. One method is the method of confrontation and the other is the method of dialogue. And we noticed the method you've adopted is the method of confrontation. [Secretary Kissinger smiles.] Don't you agree?

Secretary Kissinger: It is contrary to every principle of mine. [Laughter] It is energetic shadow boxing. [Laughter]

Vice Premier Teng: I've read articles in your press regarding this question and I believe these reflect the views of the American government.

Secretary Kissinger: No, the views of the American government are reflected in my speech in Chicago. For example, many articles reflect criticism of the Shah. I am totally opposed to criticism of the Shah, because he is the crucial element of the strategy we've discussed.

Vice Premier Teng: I was not referring to that part of the press opinion that is against the Shah. They sum up only three methods: first is psychological warfare; the second is secret activity --



Ms. Tang: In Newsweek magazine.

Secretary Kissinger: Newsweek is my favorite fiction magazine.

Vice Premier Teng: The third is military intervention.

Secretary Kissinger: That's all nonsense. [Laughter]

Vice Premier Teng: Anyway, we feel the method of waving a big baton and the method of confrontation may not be conducive to a solution, but will only sharpen the contradiction between the consumers and the producers. So when we talk to our friends coming from Europe, we tell them we are in favor of dialogue.

Secretary Kissinger: Are you finished?

Vice Premier Teng: Yes.

Secretary Kissinger: Let me make two observations. First, concerning the Chinese attitude favoring the use of the oil weapon, I recognize the People's Republic stands for certain principles and these have to be followed. But at some point a contradiction develops between all-out support for this and the necessity of achieving a common front against the threats to international security. It is up to the People's Republic to decide where this point is reached. But if objectively Europe and Japan are reduced to a sense of impotence, this is something to which one cannot be indifferent from the point of view of international security. But this is a question for the People's Republic, and I will leave it

Let me turn to U.S. relations with the producers. Newsweek is not distinguished for its support of the Administration, and it is the last magazine we would tell what our strategy is. Of the three methods they mention, military intervention on the question of oil prices is out of the question. In the case of a total embargo, that would be another matter, but on the question of oil prices, it is out of the question. Psychological warfare against the Arabs is something I'd like to see. I can't imagine what it would be like. Anyway, we have no capability for it.

Our policy is quite different.

Vice Premier Teng: Well, if we give another term to psychological warfare, it would be "threats."



Secretary Kissinger: We're not making any threats.

We agree there should be dialogue. But I think for leaders who were on the Long March, they will not believe that conversation in the abstract will solve problems. Before the consumers talk to the producers, we think it is important for the consumers to know what they want and to adopt a comparable position. So we're attempting to organize the consumers precisely so they can have a dialogue in which they can speak with something like a common voice.

We believe it is also important that Japan and Europe should not be left in positions where they feel their future is in the hands of forces totally outside their control.

But our basic approach to the producers will be consiliatory. And we will agree to the French proposal provided there is prior consultation among the consumers.

Vice Premier Teng: I don't believe we can give you good suggestions on this question.

Secretary Kissinger: But we want you to understand our position. There will not be American military moves on the question of oil prices -- or military threats.

Vice Premier Teng: For us, China cannot be considered one of the producing countries, because the oil we produce is very little and we produce just enough for our own consumption. And we can't be considered an oil-consuming country. And even if we speak on this issue, I don't think the oil producers will listen to us.

Secretary Kissinger: We don't ask you to speak; we want you to understand. There may be an occasion when visitors come here, but we're not asking you.

Vice Premier Teng: Whenever visitors ask us, we give the same answer. We want the method of dialogue.

Secretary Kissinger: That is our approach.

Vice Premier Teng: As for food, we don't have anything to say.

Secretary Kissinger: I don't think this is an issue between us.



Vice Premier Teng: The basic question is to encourage countries to go into production to produce enough grain for themselves.

Secretary Kissinger: That is right.

Vice Premier Teng: For countries not to produce enough and to look to the United States is not the right solution.

Secretary Kissinger: That is exactly right. And the debate that went on at the Rome Food Conference -- whether the United States should give a million tons more or less -- is irrelevant to the problem. The deficit can be closed only if the countries with a deficit produce more food. The United States alone can't close the deficit. But we are prepared to help with technical assistance and matters of this kind.

Normalization

Vice Premier Teng: Last time we talked a lot about normalization of relations, and I have only a few words to add to that. On this issue, the Doctor gave us some concrete formulas. And yesterday I summed up three points as matters of principle that we would not agree to:

The first principle is that we will not accept any form of two Chinas or one-China - one-Taiwan, or one-and-a-half-Chinas, or any formula like that. It can only be the Japan model.

The second principle is that after the United States abolishes the defense treaty it signed with Chiang Kai-shek, the Taiwan problem should be left to the Chinese people themselves to solve; it is an internal matter for China, in which no one has the right to interfere.

The third principle is that in the course of the solution of the Taiwan question by the Chinese themselves, there should be no other country which should be allowed to interfere in the solution of the problem. Any kind of reviewing or guarantee or any kind of involvement in the process we will not accept.

And if the United States feels the time is not yet ripe for the solution of this problem and you still need Taiwan, we can wait. A so-called transitional period is too complicated. So we can wait until the time is ripe and then solve the problem in one gulp, like with Japan.



On this issue, the Doctor also mentioned that you have some domestic difficulties, the so-called Taiwan lobby or pro-Taiwan elements. Actually, as far as we know, the Taiwan lobby is much stronger in Japan than in the United States. But still, as I said before, if you have domestic difficulties, we can wait.

The second question is the method by which we are going to liberate Taiwan, and also includes the time of the solution.

I just wish to sum up the comments I made yesterday.

I wish to say the reason why the problem can't be solved as we visualize it should be solved is that on your side you have difficulties. It's not that we don't want to solve it.

Secretary Kissinger: I understand that.

Vice Premier Teng: This is all I want to say. I believe we've touched upon all the problems.

The Doctor took 18 days to tour 18 countries. I just took two hours to tour the circle [of global problems on the agenda for discussion]. [Laughter]

Secretary Kissinger: But you talked more sense. [Laughter]

Ms. T'ang: This shows the advanced technology of the Chinese!

Secretary Kissinger: Let me think about your last remarks, and I'll answer while I'm here in a general way. [Teng spits again into his spittoon.]

Vice Premier Teng: I don't think we can finish our talks on this issue this time.

Secretary Kissinger: I don't think so either.

Vice Premier Teng: So, shall we stop here? And you'll have a little rest, and I'll invite you to taste the well-known Peking mutton [at a restaurant for dinner].

Secretary Kissinger: I'm looking forward to it. I've never had it.



Let me do a draft of what we discussed this morning, and then I'll bring it to dinner. It will give the Foreign Minister a whole night to tear it to pieces. Or do you have one [draft of your own]?

Foreign Minister Ch'iao: I'm entirely with your suggestion, but only don't give me such a draft that it upsets my appetite for the mutton.
[Laughter]

Secretary Kissinger: No more than ten pages. [Laughter] And you won't know whether we're going up or down until the last sentence.
[Laughter] It's a brief statement, in the spirit of our discussions.

Vice Premier Teng: You don't want meetings tomorrow? Some rest, or some work to do?

Secretary Kissinger: We'll decide tonight.

Foreign Minister Ch'iao: In the morning, or tonight?

Secretary Kissinger: We can do it tomorrow morning.

Vice Premier Teng: You wanted another small group meeting. Should we do it in the morning or afternoon?

Secretary Kissinger: It really makes no difference.

Vice Premier Teng: Shall we say 4:00 in the afternoon? [It is agreed.]
So I hope you can sleep more in the morning.

Secretary Kissinger: I will see you at dinner.

Foreign Minister Ch'iao: I'll come fetch the communique.



Report to the
President



THE WHITE HOUSE
WASHINGTON

INFORMATION
November 28, 1974

~~SECRET~~/SENSITIVE

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT

BS *gms*

The Secretary asked that I pass you the following report of his Wednesday afternoon meeting:

"I held another meeting with Vice Premier Teng Hsiao-P'ing at the Great Hall of the People Wednesday afternoon which lasted for two and a quarter hours. He outlined various Chinese positions in a general tour d'horizon of international issues. He demonstrated across the board continuity on Chinese international policies, with the central theme once again being Soviet hegemony and ways to counter it. The difference from our talks with Chou lay in the manner of presentation, with Teng staying within carefully framed positions and reluctant to engage in extensive philosophic excursions or to get into uncharted areas. The Vice Premier did liven up considerably and presented the Chinese position competently and sometimes humorously but he has none of Chou's elegance, flair, breadth or subtlety -- though admittedly Chou represents a very high standard. He quoted Chairman Mao with great frequency as have all Chinese interlocutors during the past year. There has been only very occasional reference to Chou during this trip.

"Teng began by stressing the importance of good relations among the US, Europe and Japan, just as Chairman Mao did a year ago. He said that we need these allies to deal effectively with the Russian 'power bear.' I agreed with him that we had to work together on a basis of equal partnership, underlining the improvement of our allied relations during the past year and said that your forthcoming meeting with Schmidt and Giscard should make further progress. I told him China's emphasizing to European leaders the need for allied unity has been very helpful. Like Mao and Chou before him, Teng showed contempt for the left in European politics, saying that China preferred conservatives. I pointed out the danger of Moscow controlled communist parties gaining power in Europe, but we agreed that even if this were to happen, it would only be a short term phenomenon. I said that the MBFR negotiations were

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By LT NARA, Date 1/20/98

the best vehicle for maintaining substantial forces in Europe by defusing Congressional pressures for reductions and said that any agreement on these negotiations would only amount to about a ten percent cut.

"On Japan, Teng said that Japan's relations with us were the first priority, and its relations with China came second. I said that your visit to Japan had put our relations on a steady course.

"Teng called the Middle East the most sensitive area and suggested that the Russians were making a comeback against our earlier inroads. He said it was important for us to help the Arabs as well as Israel. China in turn must support the Arab/Palestinian cause, but at the same time wishes to see erosion of Soviet influence. I responded that we were continuing to make progress, though in less dramatic fashion, and that I expected further movement by February, which should once again give us momentum vis-a-vis Moscow. I explained that we have to follow a step-by-step approach in order to handle our domestic situation and promised him a further rundown on our assistance to various Arab countries in a more restricted session tomorrow. I emphasized three main principles: (1) The US will not yield to pressure in the Middle East, especially Soviet pressure; (2) No diplomatic progress is possible without us and therefore sooner or later everyone, including the Palestinians, would have to come to us; (3) We were determined to bring about diplomatic progress and we would succeed though there will be temporary ups and downs.

"The Vice Premier approved of our bettering relations with India, in order to counter Soviet influence. I explained that this was the purpose of my trip and that we plan to help Pakistan in the wake of Bhutto's visit early next year. We agreed on India's essentially expansionist impulses, though he stressed China's lack of concern about any direct Indian military threat.

"Teng repeated familiar Chinese position on Cambodia, suggesting once again that we leave the field.

"I emphasized that we had nothing particular to gain in Cambodia but that we could not simply abandon our friends. I stated that we had nothing against Sihanouk but thought he should lead a balance of forces and not be a figurehead completely dependent on forces controlled by



Hanoi. I said that it was not in China's interest to have Indochina dominated by one power. I said that we were prepared to see a conference on Cambodia out of which might emerge a new government with an important role for Sihanouk. Teng claimed that the Khmer communists are essentially free of Hanoi's influence. I said that we might exchange views with Peking further on this question after the UN vote.

"With respect to the oil crisis, Teng said that inflation and worsening economic problems preceded the hike in oil prices and were due largely to price increases in other commodities. He said that China supports the use of oil as a weapon but hoped that a solution could be found through dialogue rather than confrontation between producers and consumers. I replied that while we understood China's ideological support of the third world, at some point this ran up against China's real concerns about security. (I meant this as a general point, given China's policy of hitting us in international forums on behalf of the third world, while simultaneously dealing with us as a counter-weight to the Soviet Union.) If the oil prices demoralized Europe and Japan and weakened their defenses, this would surely not be in China's interest. Nor should these countries be dependent on forces outside their control. I explained the strategy of developing consumer cooperation and stressed that our objective was to have a constructive outcome with the producers rather than confrontation. I suggested very lightly that the Chinese might want to be helpful on this question, but I did not press this because I doubt that their ideological imperatives will permit it.

"With respect to developments on food, we both agreed that the solution to the world's problem is to develop production in the deficit countries. It would not do for these countries to be dependent on a few exporters and the gap could not be made up in this way in any event.

"The Vice Premier closed the meeting with the issue of normalization. He repeated and seemed to slightly harden their basic principles on this question, while at the same time making it clear that they were in no hurry if we did not feel the time was ripe to move on this problem. He said that this did not imply their lack of desire in solving the issue but China is willing to wait. We agreed that there would be no breakthrough on this trip.

"Teng hosted a dinner in a local restaurant featuring a Mongolian hot pot wherein you cook very tender lamb yourself. The mood at both the meeting and the dinner was very friendly. I will meet one more time with Teng Thursday afternoon to go into a little more detail on the communique with the Foreign Minister. I am giving a return banquet Thursday night and we are off for Soochow sightseeing Friday morning."

November 28





DEPARTMENT OF STATE

Memorandum of Conversation

DATE: November 28, 1974
9:00 a.m.

SUBJECT: Secretary Kissinger's Visit to Peking: Counterpart
Discussions on Exchanges and Claims/Assets
(Second Session)

PARTICIPANTS:

Lin Ping - Director, American and Oceanic Affairs Department
Tsien Ta-yung - Counselor, PRC Liaison Office in Washington
Cheng Chi-hung - Deputy Director, U.S. Section
Ni Yao-li - Staff Member, American and Oceanic Affairs Department
Chao Chia, Staff Member, American and Oceanic Affairs Department
Ambassador Philip C. Habib, Assistant Secretary of State for East
Asian Affairs
William H. Gleysteen, Deputy Assistant Secretary, EA
Oscar V. Armstrong, Director, EA/PRCM

(Note: The secretary who took verbatim notes mislaid her steno pad after returning to Washington. This record is based on Armstrong's notes.)

Lin led off by commenting on the exchanges. He said these had proceeded very well on the whole in 1974, and he asked Habib to convey the Chinese side's appreciation for the reception given to Chinese delegations. Eight American groups will have visited China in 1974, the foreign affairs group will be carried over into 1975, and the U.S. side did not send the track and field team. The Chinese sent seven groups to the U.S., and two from the 1974 list (the arts troupe and the CCPIT) would take place in 1975. (He did not mention that the Chinese municipal officials, on the 1974 list, did not come.)

Lin then outlined the number of groups the CSC and NC would send or receive in 1975. His explanation was rather confusing, but it added up to the initial Chinese response to the proposals of the Committee on Scholarly Communication with the PRC (CSC) and the National Committee for US-China Relations (NC). (For CSC, 5 to China, 7 to the U.S. For NC, 3 to China, 2 to the U.S.)

EA/PRCM:ORArmstrong:bjs

(Drafting Office and Officer)

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Lin then discussed Congressional visits, saying that the visits are of some help in promoting understanding and are in the spirit of the Shanghai Communique. He said the Chinese are willing to receive another Congressional group in 1975, totaling 15 persons, including both Congressmen and Congresswomen. Because of limited facilities, the PRC cannot meet all Congressional requests.

Lin then launched into a fairly lengthy discussion of numerical reciprocity, his main point being that numerical reciprocity is a good general principle, need not be strictly observed in any one year. (He cited statistics for 1973-75, designed to show that for this period as a whole, there was in fact approximate numerical reciprocity.) Moreover, it should be looked at in terms of the U.S. and Chinese sides, not taking into account any particular organization. There are many U.S. organizations, the CSC, the NC, and the NCUSCT, as well as delegations sponsored by none of these organizations (apparently a reference to Congressional visits, etc.).

Lin said Habib's suggestions regarding Congressional groups, White House Fellows and environmental delegations will be referred to the appropriate Chinese organizations for their consideration.

Lin said Habib had mentioned possible difficulty in sending an amateur track and field team. This was on the 1974 list, but was cancelled by the NC. The NC proposed it again for 1975, the Chinese gave their approval, and the NC raised no disagreement. The Chinese would like to know as soon as possible if a track and field team will be sent to China.

Lin said that the petrochemical, automation and communications delegations are obviously scientific and technical since they were included in the list of scientific and technical exchanges. The scientific and technical exchanges should not be limited to seminars; some should also visit sites. It is therefore hard to understand why the U.S. side raised the question; the question does not arise.

In responding to these remarks, Habib first said he would convey the Chinese appreciation to the U.S. organizations, and asked that Lin also convey our appreciation to the appropriate Chinese organizations.



With respect to reciprocity, Habib said that he wanted to mention, for future consideration, the desirability of reciprocity in the type as well as the number of exchanges.

Habib said that to avoid any misunderstanding he would like to compare the detailed list of exchanges. He then read the CSC and National Committee lists. There was a brief discussion about whether the National Committee's proposal was for a delegation consisting solely of the Council on Foreign Relations or whether it would include other world affairs organizations, with Lin maintaining the former position.

Mr. Habib said that both the CSC and the NC have suggested other possible exchanges for 1975. We hope that we can tell them that the Chinese will take these additional proposals under consideration for example, a visit to the U.S. by a group of Chinese municipal officials was on the 1974 list but was not implemented. Also the NC would welcome a delegation from the Chinese People's Institute for Foreign Affairs. Regarding Congressional delegations, we agree with Lin that these are a great help and in the spirit of the Shanghai Communique. Regarding Lin's suggestion that some women members of Congress could be included in a Congressional delegation, those members will appreciate the Chinese interest in them. With respect to the one Congressional delegation which Lin mentioned, we assume that the figure of 15 did not include staff. It might be more fruitful to divide this number into two groups rather than having them all in one. Could the Chinese side consider this? There is also the question of wives. We can pursue the matter of a Congressional group later but perhaps two groups would be more useful.

Habib said that we will inform the two committees of Chinese views. The dialogue on these exchanges can be continued in Washington and Peking.

He then noted that Lin Ping had said that the Chinese would review our proposals about Congressional visits, the White House Fellows and an environmental exchange. We hope that on the latter two it might be possible to maintain the principle of reciprocity for example, White House Fellows going to China and a delegation of young Chinese leaders going to the U.S. would be an excellent pairing.



There could also be reciprocal visits by environmentalists. It is also worthwhile to consider whether some type of Chinese delegation might visit the U.S. to reciprocate the Congressional visits.

Lin Ping said he had a few comments on what Habib had said. Regarding qualitative as well as numerical reciprocity, the exchanges are of course mutual. In general there should be reciprocity of quality, but this is not an absolute certainty in any one year. Some times one side can send one type of delegation and the other side cannot reciprocate in the same year. Instead it might be able to do so the following year or a year after that and in some fields we cannot reach qualitative reciprocity. For example, there is no way the Chinese can reciprocate Congressional visits. In some fields reciprocity is also related to the state of political relations.

Habib said he appreciated Lin's point but our doors are always open to any delegations the Chinese think they can send.

Tsien Ta-yung, referring to the idea of qualitative reciprocity, humorously noted that in 1975 the Chinese will receive an American delegation to study early man but the Chinese can hardly send a delegation to the U.S. to study early American man. As another example, although he has been in the U.S. for one and a half years, he does not know of anything equivalent to the Chinese martial arts group.

Habib said that he was referring to qualitative reciprocity in broad terms; obviously we must be practical. Lin Ping rejoindered that even in broad terms qualitative reciprocity cannot be achieved. Decisions must be based on the actual conditions and situations.

Habib gave as an example the fact that the Chinese would be sending a performing arts troupe and perhaps a sports team to the U.S. to be hosted by the National Committee, while the Chinese would be receiving a group of mayors and a foreign affairs delegation. This is the type of situation we should consider in the future as part of our planning process.

Lin Ping said that we should both look at qualitative reciprocity from an all around viewpoint, not a limited viewpoint.



Lin then referred to what he called the Council on Foreign Affairs Delegation, which he noted was proposed by the U.S. last year. If this delegation is to include other organizations, this is something new. It will have to be discussed with the concerned Chinese organizations, but it will probably be difficult.

Habib responded that there are a variety of Foreign Affairs groups and suggested that the PRCLO discuss the matter with the National Committee in order to get a better understanding of the situation and to avoid the problem of singling out any one organization.

Lin Ping said the matter need not be discussed further now; it will be passed on to the organizations concerned. However, he personally thinks it is better to stay with the original agreement on a delegation from the Current Foreign Relations. Habib said that he believed that that was not the original proposal but the matter could be left for further discussion by the concerned organizations. He and Lin need not get into such details now. Lin agreed.

Lin noted that Habib had asked if he could tell the CSC and the NC that the Chinese will take their additional proposals under consideration. There must be some misunderstanding regarding what matters would be passed to the concerned organizations for consideration. He was previously referring only to the proposals regarding the White House Fellows and the environmentalists. Regarding the CSC and NC proposals, we think general agreement has been reached. In his personal opinion there is little possibility for agreement on these additional proposals.

Habib said that he would convey that to the two committees, and leave them to work out details.

Lin then suggested that the list for 1975 had been agreed. Habib said "no." He will report to the committees and they will be in touch with PRCLO. Lin said that without question there should be contact between the Liaison Offices and the organizations concerned. Past experience shows that each side cannot have too many in any one year; eight for each side is feasible. The number is related in part to available facilities.



Lin then said that the figure of 15 for the Congressional delegation included staff and wives. He stressed that the delegation should be comprised of members of Congress. In the past some wives had been included and the Chinese would leave this question for the U.S. side's discussion with Congress. The Chinese are willing to receive some wives, but they would be included in the figure of 15. We think that we do not want a delegation that is half members of Congress and half wives; the responsible organization would have problems.

Habib responded that this might make the wives' union very unhappy. The Chinese have been so hospitable with previous Congressional wives that a precedent has been set.

Lin Ping said that in the past wives were included in the total number. With respect to dividing the Congressional group into two visits, we think it best to have it all at one time. From past experience 15 is an ideal size; if it's larger the arrangements cannot be as good.

Habib said he did not wish to debate the point but Congress is a most important group with respect to our long-term relations based on the Shanghai Communique. We hope the Chinese will keep this in mind in terms of our mutual long-term objective. However, we need not pursue particulars now; we can be in touch through normal channels.

Lin said that with respect to claims/assets he had already expressed his views and noted that Habib had said he would have some further remarks.

Habib said that he had reviewed the bondholders' issue and has concluded that this need not be an issue between us. He wished to make one point clear: we have not asked your Government to accept these bonds as a claim against the PRC. We did not mention the bond holders' question to create an issue; we raised it to explain that it was not an issue. Perhaps we should not have raised it but in any event it need not be part of the claims settlement. He then repeated that we have not asked the Chinese Government to accept these bonds as claims against the PRC.



Habib then commented on the problem of a definition of the assets, saying that he wished first to briefly review its history. In the February 1973 draft, there was language which met our needs. In March, the Chinese side presented a revised draft which eliminated some of our language. Since then, we have made an effort to find a way to meet our needs that would be acceptable to the Chinese side. This is not a side issue, nor is it a new one. Our purpose is merely to find language acceptable to both sides. In November 1973 the Chinese said that the changes it proposed were not intended to change the content of a settlement. Our suggestions also are not intended to change the content of a settlement. We still consider that we are talking about a package proposal and about issues present from the beginning. After my study of the record, it seems to me that the only matter preventing a settlement is language to define the assets. I hope that this explanation is satisfactory to Director Lin.

Lin asked why we raised the bondholder's question if it is not an issue. Habib responded that we raised it in order to make it clear that it is not an issue and not part of a settlement. Tsien interjected, "Should we raise all questions that don't exist?" Habib said we were talking about a matter somewhat related to a claim settlement. He repeated that we are not asking the PRC to acknowledge a liability. He said that he hoped that what he has explained removes any misunderstanding.

Tsien maintained that the issue arose after the US side raised it, so now it is an issue. It is new question. Habib answered that if we had intended it to be part of a settlement, we would have put it in the draft.

Lin said Habib had said that the issue does not exist and that the US has not maintained that the bonds are a claim against the PRC. If the US had not raised the question, we would not have responded. In March 1973 in the proposed exchange of letters, the US side attached a note about bondholders. This meant it was an issue. Thus there was a hidden meaning behind it. The US side has said it would not espouse the bondholder claims but that it cannot prevent them from making claims. This is a contradiction. Because of this, we stated our point of view in November 1973.



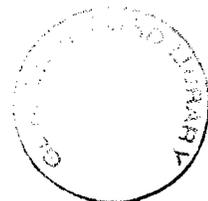
Habib said we seem to be going in a circle. My statements should break that circle. I suggest you study my statement. As I have stated, we are not saying that these bonds constitute a claim. If my explanation is not satisfactory, let's put the matter to one side now and consider other aspects. There is no hidden meaning in what I have been saying.

Lin said he had listened carefully to Habib's explanation. Habib had said he never raised this issue. Habib responded that he had stated that we are not asking the PRC to accept the bonds as a claim against the PRC, then reiterated there was no hidden meaning in his statements. You can make it an issue if you wish but I have made a clear statement of our views.

Lin said that he did not agree that this is an issue created by the Chinese side. Such a statement is a distortion of the fact. Habib said that he does not wish to pursue the matter. If you do not accept my explanation, let's not pursue it. You can study what I have said and I will study your statements. We can put it aside now and consider it later. However, I have not distorted the facts. Lin reiterated that the US side is creating a side issue and that is not a distortion of the fact because it is in the record. We have explained our position and we stick to it. Habib said that he has explained our position and there is no need to discuss further.

Lin said, "All right," and Tsien added that we will agree to disagree. Habib noted that that often happens.

Lin then said that Habib had raised the question of a definition of the assets. The US side used the wording "designated nationals and special designated nationals." We believe this is also a side issue created by the US side. It was the US side which raised the question of terminology. This is not just a question of terminology. It contains serious political questions. Habib must know the background of the term "designated nationals." It is a product of the hostile attitude of the US Government in 1950. If we still use that term, it would not be in the spirit of the Shanghai Communique. The American side said it would like to find some appropriate term. In the December 22 Aide-Memoire, it still insisted upon the implications of that term. The only change was in method, not essence. So we could not accept the wording.



Habib said that in recent exchanges, we have avoided use of those terms which Lin finds objectionable. Lin responded that this was a change in form but not in essence. Habib said that we are trying to find terms that are legally acceptable. Lin asked "What laws?" Habib said we must take into account possible litigation, otherwise we are laying ourselves open to court suits. Lin asked what the law is based on. Habib said it is not just a question of a law. Claimants can take the US Government to court if the assets are not properly defined. We must define the assets that are blocked; that's all that we are trying to do in words acceptable to both sides. If we can't reach agreement, we can come back to it later. After further study we might find wording acceptable to both of us. The problem is that if the assets are not defined an owner of an asset can go to court and claim that the asset has not been assigned to the US Government.

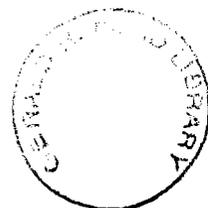
Lin responded that the Chinese side had carefully considered the matter and has no need to study it further. "I asked what the law was based upon; you talked a lot but did not answer my question."

Habib said that he had been trying to define the problem. If we understand the problem we can find an answer. I understand your difficulty. The question is whether we can find a solution.

Lin reiterated that he had asked what the law was based on. Habib has not answered; instead he has talked in a round about way. But he, Lin, can answer the question. The US side actually wants to follow the hostile law of 1950. If we accept that hostile law, it will create a strong reaction. It is a political question, not a legal one.

Habib answered that he had been trying to define the problem. If there is no solution now, we can put it off until later. After further consideration, we may find a solution.

Lin said the Chinese position was made clear in November 1973 and in the proposed exchange of letters. Habib had said that the purpose is to find a solution acceptable to both. It is not for us to put forward a solution but the US side must think of a solution. Our position has been made clear. Perhaps Habib thinks the US in December put forward a solution. We studied it carefully. There was a change in form but none in essence. This means that the US side still insists upon its unreasonable demand. We have had two talks and the US side has not made a new proposal. This shows



that the US side is not sincere. If the matter stands as it is now, there is no way to find a solution. I thought you would make a new proposal.

Habib noted that Lin had said we should understand the Chinese position. We hope they will understand ours.

Lin said that to settle the matter we must follow the spirit of the Shanghai Communique and the February 1973 agreement in principle. We must think about a political package settlement. If the US insists on using the term "designated nationals," it would not be in accord with the Shanghai Communique and the February 1973 agreement.

Habib said each side could study the matter and come back to it later.

Lin noted the question of the \$17 million involved in third country banks and said he would like to hear Habib's comments. Habib said we agree that we should look at the settlement as a package. When we get to the package, all the items will be in it.

Lin said he fully agreed regarding the package settlement and the Chinese side is trying to solve the matter in the spirit of a package settlement. Habib said we are approaching the matter in the same spirit.

Lin said that it was in the spirit of a package settlement the Chinese side put forward its November 1973 proposals. Since Habib has made no new comment he would reiterate their position. The US side has no right to ask for the \$17 million withdrawn from third country banks. This concerns our relations with third countries, and the banks have also raised the matter. This is why we cannot give back the \$17 million.

Habib said that we had accepted Premier Chou En-lai's proposal as part of the package and we still consider it as part of the package. Lin said that the Chinese side had made its position clear in the past, but the US side had created side issues and made unreasonable demands. Therefore the Chinese side had withdrawn the offer regarding the \$17 million. Habib responded that when we find the package, it will cover everything. Lin said that his understanding of a package settlement is different. The package is a political package; it need not contain every small item.



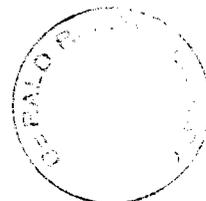
There was a further inconclusive discussion, during which Lin again mentioned the US side's "lack of sincerity," which Habib denied.

Habib then mentioned the question of press representation and visits, saying that the American press had asked that the matter be raised. We will be interested in anything Lin has to say on the subject. He noted that very few American journalists had been permitted to visit the PRC recently.

Lin said that in the present stage of relations between the US and PRC, permanent press representation in each other's countries was not feasible. Regarding press visits, there have been some (he mentioned Sam Jaffe), so the question does not arise. If individual journalists are interested in visiting, they will have to apply.

Habib said he understood the Chinese position.

The meeting then ended.





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