The original documents are located in Box 4 folder "China, unnumbered items - (4), 10/2/74" of the Kissinger-Scowcroft West Wing Office Files at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Ch'iao Kuan-hua, Vice Foreign Minister of the PRC
Huang Hua, PRC Permanent Representative to the United Nations
Chi Tsung-chih, Deputy Director, West European Department, PRC Ministry of Foreign Affairs
Chang Han-chih, Deputy Director, Asian Department, PRC Ministry of Foreign Affairs (Interpreter)
Kuo Chia-ting, Second Secretary at the PRC Mission to the U.N. (Notetaker)

Henry A. Kissinger, Secretary of State
Philip Habib, Assistant Secretary of State for East Asian and Pacific Affairs
George Bush, Chief-Designate of the United States Liaison Office in Peking
Winston Lord, Director, Policy Planning, Department of State
Arthur W. Hummel, Jr., Deputy Assistant Secretary of State for East Asian and Pacific Affairs
Richard H. Solomon, Senior Staff Member, National Security Council

DATE, TIME, AND PLACE: October 2, 1974, 8:15 - 11:35 p.m.
Secretary's Suite, Waldorf Towers, New York City

SUBJECT: Secretary's Dinner for the Vice Foreign Minister of the People's Republic of China

(The evening began at 8:15 as the Chinese were escorted into the Secretary's living room for informal discussion and drinks before dinner.)

Vice Foreign Minister Ch'iao: We are late.

Ambassador Huang: The car came on 57th Street and the traffic was bad.

(At this point photographers entered the room to take pictures.)

Secretary Kissinger: My Chinese is getting better. We can't smile; we are mad at each other. (Laughter)

I must say the Vice Foreign Minister fired full cannons today [in his General Assembly speech], no empty cannons.

Vice Foreign Minister Ch'iao: I suppose what I said you had already anticipated?

Secretary Kissinger: No. You are establishing a degree of equivalence between us [the U. S. and the Soviet Union].

Vice Foreign Minister Ch'iao: No, this is wrong. If you study the speech more carefully ...

Secretary Kissinger: We'll have to study it more carefully.

Vice Foreign Minister Ch'iao: It [the characterization of the U. S. and the Soviets in the speech] was like that in the past. I feel this speech was more unequal than in the past.

Secretary Kissinger: I want the Vice Foreign Minister to understand that we appreciate equal treatment, but not on all occasions. (Laughter)

Vice Foreign Minister Ch'iao: We both speak with touches of philosophy, so our speeches are not easy to understand.

Secretary Kissinger: I don't say there was full equivalence, but more so than in the past. But this is a compliment to you. Of all the General Assembly speeches, I read only yours.

Vice Foreign Minister Ch'iao: I also can tell you that yours was studied most carefully -- although I was not here when you delivered it.

Secretary Kissinger: Mine did not touch on China.

Vice Foreign Minister Ch'iao: I know. That was also the case in the past. As for myself, I have to give you some criticisms. If I don't, then I'm not on good grounds for criticizing our neighbor [the Soviet Union].

Secretary Kissinger: I just want you to know that we won't feel neglected if you don't. (Laughter)

Vice Foreign Minister Ch'iao: The day before yesterday I met Ambassador Malik. He said he would come to hear my speech. I replied, "You can't run away." So today he just threw a copy [of the speech] down on the table.

Secretary Kissinger: I was worried that I didn't go to his reception, as I went to yours. However, Malik solved my problem as he came to yours.

Vice Foreign Minister Ch'iao: Yes. I recall that last night the three of us sat in a triangle, in a circle. You can draw the circle in many ways.

Secretary Kissinger: But it still comes out the same. We keep it constant; it comes out the same.

Vice Foreign Minister Ch'iao: Well, but frankly, since we met last April there have been many changes.

Secretary Kissinger: Before we get to these, there is one aesthetic point I wanted to raise. You said we overthrew the government in Cyprus. We did not. We did not oppose Makarios. It would serve no political purpose for us [to have overthrown him]. The only problem is that his talents are greater than the island he runs. But that's a vice of most Greek politicians. Basically this is just for your information -- it is not an important point. This was not an event which we desired. Once it happened, our basic desire was to keep the Soviet Union out, not to permit them to undermine the situation. I liked your description of their policy [in the G. A. speech] very much.

Vice Foreign Minister Ch'iao: Speaking of the Cyprus events, I have one question. You surely knew something of the situation before the event. Why didn't you take steps to prevent it? In our view it was a stupid event.

Secretary Kissinger: Yes. If I get you to come and visit Washington I could explain our system of government. (Laughter) There are many intelligence reports which float around, but if no one brings them to me I assume they do not exist. I can assume that a subordinate will leak to the press one I do see. What they don't leak are the ones I do not see.

When the coup occurred I was in Moscow. My people did not take these intelligence reports seriously as such reports had been very numerous in the past. Every three months there was a rumor of a possible coup. An intelligence officer even told Makarios about these rumors, but he

didn't believe them. He was away on a weekend holiday. If I had known about the report, I would have stopped it [the coup]. Once the coup occurred, I assumed that Turkey would intervene, as there was no government in Cyprus and Greece was unstable. Our press is violently anti-Greece. They were criticizing us [for our attitude on Greece]. The reason I didn't criticize Sampson was that we assumed we could get rid of him in any 36-hour period. But we knew that the Soviets had told the Turks to invade. We didn't want them [the Soviets] to have any other excuse to involve themselves in the situation. But the "Second World" in Europe, and the American press, kept egging on the Turks.

So it is an unfortunate situation, but it will come out all right. The Soviets can't do anything for either party. We will move to a settlement in a few weeks once the Greeks calm down.

Actually our problem is in calming down the Greek population in the U. S. We already have the basis for an agreement with the Greeks and the Turks, but if Congress cuts off aid, then they will remove our basis for a settlement. So if you have any influence with the Congress please use it. (Laughter) Fortunately there are more Chinese here than Greeks. They have better discipline.

Vice Foreign Minister Ch'iao: Well, it really was a bad situation at the beginning, after things first happened. As for the situation later, we can't criticize you.

Secretary Kissinger: I agree, the beginning was bad. But later it became better. The worst thing that the Chinese can say about a person is that he is stupid. (Laughter)

Vice Foreign Minister Ch'iao: Since you have contacts with the two sides, what do you think about the question of the withdrawal of Turkish troops? Will they make a demonstration of good will?

Secretary Kissinger: As I know that you don't leak to the press (Ch'iao: On that you can rely.) I will tell you. It is really contingent on our Congress. While I am on my Middle Eastern trip I will go to Ankara. While I am in Ankara the Turks will make a gesture of good will -- like withdrawing five to seven thousand troops, or withdrawing from some territory. Then we will ask Clerides and Denktash to agree to principles for a political dialogue, for political talks. These principles essentially

have been agreed to already. The Greek government will then express approval that political talks are starting. Then, nothing will happen until after November 10, which is the date of the Greek elections. They don't want anything to happen before then. After the election, we will put the issue in a larger framework, one which will solve such questions as territorial rights in the Aegean Sea, etc. This is all agreed to, but our Congress may upset these plans. If these maniacs will only leave the situation alone! I'm convinced that eighty percent of the madmen in the world live in the Eastern Mediterranean. So I can't be sure [of the outcome of the situation].

(At this point in the conversation, at 8:40 p.m., the living room conversation broke up and the group resumed the discussion at the dinner table.)

Secretary Kissinger: We have a number of new friends here tonight. Ambassador Habib is our new Assistant Secretary for East Asia. Of course you know George Bush. (Ch'iao: Our old friend.) He may not be used to the frankness with which we discuss issues. (Laughter) I always tell our Chinese friends the outlines of our policies. There have been no disappointments thus far. It is so rare to meet officials who understand what we are doing.

Incidentally, I joked with the Mongolian Foreign Minister that I would visit his country. He took me seriously and extended me an invitation. Should I pay his country a visit? (Laughter) Seriously, there are no U.S. interests in Outer Mongolia, other than creating a sense of insecurity in other capitals. I don't have to pursue this. I want your frank opinion.

Vice Foreign Minister Ch'iao: Considering this question, our position has been the same since the Yalta Conference. I've always told this to the Doctor. Maybe I am wrong, but you talked with Premier Chou about this.

Secretary Kissinger: Yes, but I don't know how you would view American efforts to establish relations with Outer Mongolia. I know your historical view and what it represents.

Well, I can defer a decision until a later occasion. The only reason to go is to show activity in this area. But if you object -- to a visit by me -- I won't go. Diplomatic relations, that we'll do. (To Ambassador Habib:) Where do we stand on this?

Ambassador Habib: We have had no response.

Mr. Solomon: I believe their northern neighbor objects to Mongolia establishing relations with us.

Vice Foreign Minister Ch'iao: There are two aspects to the situation there. We maintain diplomatic relations [with the Mongolian People's Republic], so there is no question of law. But this is really just a puppet state. It is in a situation of being occupied. So in such circumstances you will have to decide [whether or not to visit].

Secretary Kissinger: No, I can tell you now that it won't be done.

You spoke of changes regarding Cyprus. Are there any others -- our two countries?

Vice Foreign Minister Ch'iao: Not just our two countries. Primarily I was referring to the world besides our two countries. As for changes in your country, I believe we have explained our view. This is your domestic affair, and it won't affect relations between our two countries.

Secretary Kissinger: Exactly. We will pursue the policies that we have agreed to. During the course of the evening I want to discuss some specific issues with the Vice Foreign Minister. As for the specific understandings, we will completely uphold them.

What changes do you see in the world since April?

Vice Foreign Minister Ch'iao: (Pauses to reflect on a reply.) Superficially, Cyprus was the most drastic change. But our analysis is that two areas are in upheaval: the Balkans and the South Asian subcontinent.

Secretary Kissinger: Cyprus makes much noise, but no strategic difference -- unless we are prevented by domestic developments from conducting our foreign policy. The situation will probably come out with the Turks in a slightly stronger position.

In the Balkans, do you mean pressure on Yugoslavia? (Ch'iao: Yes.) You know that I will visit Yugoslavia in November. We told you about my visit to the Soviet Union. From there I will go to India, Pakistan, Romania, and Yugoslavia. So how serious do you think the pressures are on Yugoslavia?

Vice Foreign Minister Ch'iao: You know, that friend of ours is an opportunist. If you don't create some counter pressures they will take advantage of the situation. The situation is not as calm as it looks.

Secretary Kissinger: I agree. Especially after Tito dies. But the Soviets would not consider a move against Yugoslavia on the order of what they did to Hungary or Czechoslovakia. We would not treat such a development in the same category as Hungary or Czechoslovakia. We would take such a development with great seriousness. In fact, I plan to discuss this situation when I visit [Peking].

Vice Foreign Minister Ch'iao: I don't know how you view the situation in South Asia. Of course, we have discussed this many times.

Secretary Kissinger: I separate the strategic consideration from tactics. Our strategic analysis is the same as yours. For a "peace loving" people, the Indians create a great sense of insecurity. If they were not pacifists I would really worry about them. (Laughter) They are attempting to create a situation of great imbalance in strength with their neighbors.

They have repeatedly urged me to come for a visit. I have postponed one three times already. The general intention [of my visit] is to produce a greater degree of independence of Indian foreign policy in relation to the Soviets -- and to create some discouragement on the part of the Soviets regarding their investment in India.

Practically, what will come out of the visit? We will set up a scientific and economic commission, but there will be no American financial commitment -- other than that already in the budget. But Congress won't approve it, and we won't fight for it. (Laughter)

Ambassador Huang: Did you promise to give a certain amount of wheat to India?

Secretary Kissinger: We haven't made any promises yet. The amount we are now considering is substantially below the figures you read in the newspapers. (Mr. Lord: A half million tons.) But we haven't committed this yet. They have asked for three million tons. That is less than we are giving to Egypt. We are giving the Egyptians 600,000 tons, Syria 200,000 - 250,000. I just want you to understand our relative priorities in relation to the populations involved.

In Pakistan, we hope to have the most constructive talks possible. I hope to pursue the line which we discussed in Peking. Don't believe the statements you read by our Cabinet members. This particular one made two statements, and his second one was worse than the first. In the first he called the Shah "a nut." Then he said he had been quoted out of context, and that only in some circumstances did he consider the Shah to be "a nut." (Laughter)

On oil, we have good relations [with the Shah]. Our negotiations will have a positive outcome.

What is your assessment of South Asia?

Vice Foreign Minister Ch'iao: We have discussed this many times. Our views are similarto yours, although perhaps we view the situation as more serious [than you do].

Secretary Kissinger: Will there be a military outcome?

Vice Foeign Minister Ch'iao: Our feeling is that our friend [the Soviet Union] is more shrewd in his actions than you are. Their activities are more covered up. They make better use of domestic contradictions in various countries. Perhaps you don't pay attention to such things closely enough.

Secretary Kissinger: Perhaps because I know their leaders I don't rate them too highly. My judgment is that they usually prevail with brutality, not cleverness. But this is an interesting point. How do they use domestic contradictions?

Vice Foreign Minister Ch'iao: In one respect they use contradictions between the various countries in the region, especially Pakistan, Afghanistan, and Iran. Don't you feel the question of Baluchistan, promoted by Afghanistan, has gone further than before.

Secretary Kissinger: Not Pushtunistan? I thought ...

Vice Foreign Minister Ch'iao: Openly the Afghanistanis are talking about Pushtunistan, but they also make use of Baluchistan.

Secretary Kissinger: I'll look into this situation. I'll talk to the Shah when I see him. He has a Baluchi area on his border.

Vice Foreign Minister Ch'iao: Generally I agree with you [about the Soviets]. They are doing some stupid things. Eventually they will have to resort to brutality, but before they reach this point they take advantage of the situations.

Secretary Kissinger: Is it true that the three Soviet border negotiators have all had nervous breakdowns?

Vice Foreign Minister Ch'iao: That's probably just a story. Didn't you see that our comrade Ilichev, after he returned to Moscow, went to Cyprus?

Secretary Kissinger: He went to Greece also.

I'm tempted to accept the Soviet proposal on a conference on Cyprus just because it is comprehensive. We won't, but you described their situation very accurately.

Chang Han-chih: Yes, the phrase [in Ch'iao's U.N. speech] was they were acting like "ants on a hot pot."

Secretary Kissinger: When Gromyko came [to Washington] he raised the idea of a joint guarantee for Cyprus. I said let's try this on Poland first.

Vice Foreign Minister Ch'iao: Very good idea.

Secretary Kissinger: I hope for your emotional stability that you don't follow the European Security Conference. There is the issue of peaceful change of frontiers -- this is the German problem. We support the German formulation. When Gromyko was in Washington he told us he had said the Germans told him that they would support any position we two could agree upon. I said I would think about it for a few days. I then checked with the Germans. They said they had told the Soviets no such thing.

Gromyko then called me from New York. He said he had a compromise formula which he told me he had checked with the Germans. I then checked with the Germans and they said Gromyko had discussed a different proposal with them.

This is stupid. These little tricks don't bring changes about. A clause in a treaty won't change things.

Vice Foreign Minister Ch'iao: Didn't you agree that the last stage of the European Security Conference would be a summit conference?

Secretary Kissinger: We haven't agreed to this. We don't want our European allies to agree and then have us being the only ones who don't agree. So we follow the opinion of Europe. We don't care for such a summit. The idea of 39 heads of state in one room is more than my constitution can bear. They'll all have to talk.

My opinion is that there will be one. (Ch'iao: This year?) No, in March or April next year. That is a guess -- certainly not before.

Now they are debating "Basket Three." That will take six weeks just to state the issues, not even to get into negotiations.

We are not in a hurry. We just don't want the European Security Conference to do any damage. We are passive. We don't want it to do very much.

Vice Foreign Minister Ch'iao: South Asia?

Secretary Kissinger: As I said last year [in Peking], we support Pakistan's territorial integrity. We are arranging to have 300 Pak tanks rebuilt in Iran. We will contribute to the expenses, and the Shah will pay for the remainder. On my visit we will try to arrange for the training of Pak military men on Iranian weapons so that they can be used interchangeably. (To Ambassador Bush:) You are learning more about international politics this evening than you ever did at the U.N. (To Ch'iao:) Senator Fulbright thinks you don't give enough emphasis to the U.N. My staff, when they read a statement in my U.N. speech on torture, said I should apply this criterion to the way I treat my staff. (Mr. Lord: So far there has been no change. [Laughter]) Given our bureaucracy it was a miracle this didn't appear in the final text.

We understand completely your views on Pakistan. Strategically we agree, but practically we have some difficulties which I have described to you. We are thinking of ways to overcome them after November. It is an absurd situation: India, a big country, can import arms in great quantity. But if you supply arms to Pakistan then you are "threatening peace."

Vice Foreign Minister Ch'iao: We have discussed the Subcontinent many times. I don't want to appear to attach too much importance to the situation there. But it is important to you. I discussed this with Senator Jackson.

He wanted to talk about Diego Garcia. I told him that considering the present situation in South Asia, we understand your position on Diego Garcia. But suppose the Soviets one day realize their ambition of gaining a direct passage into the Indian Ocean. Then Diego Garcia will be of no use.

Secretary Kissinger: There is one point. We think of South Asia as closer to China than to the U. S.

Vice Foreign Minister Ch'iao: Yes, but there is another side to the question. We don't have anything in the Indian Ocean, no fleet. You know that Pakistan for a long time was in an antagonistic position against us. But we lived through that. Some day the Soviets may control all of South Asia ...

Secretary Kissinger: We would oppose that. I don't say we would approve of such a situation.

Vice Foreign Minister Ch'iao: Even if this happened, we don't think this is the focal point of Soviet strategy. There has been no change in this, they have not shifted [the focal point of their efforts] to South Asia. They can only have one key point. If too many areas are called "key areas," then there will be no key area.

Secretary Kissinger: You see, my education stopped with Kant. So you are ahead of me! (Laughter)

Anyone's strategic situation will be affected by the Soviet situation. If the situation in one area becomes favorable to the Soviets, it can affect anyone's strategic situation, even though the focal point may be in Europe.

Vice Foreign Minister Ch'iao: Specific situations may have changed, but the world situation has remained the same.

Secretary Kissinger: But my point is that if any one country falls to Soviet hegemony it will affect the overall situation.

I agree that Europe is a major strategic concern of the Soviets, but there is nothing in Europe that can't wait for a few years.

Vice Foreign Minister Ch'iao: And what about the East? Isn't it the same?

Secretary Kissinger: My judgment is that in the East there is greater time urgency for the Soviets.

Vice Foreign Minister Ch'iao: I really don't agree.

Secretary Kissinger: I'd be delighted -- I'm just giving you my assessment. I don't insist on it. It is my genuine belief. But the problem is the same either way. If the Soviets have a strategic success in the East, it will affect the West. If they have a strategic success in the West, it will affect the East. So the situation is the same [for both of us].

Vice Foreign Minister Ch'iao: True. Whatever happens in different areas of the world it will affect other areas. But the focal point is still important.

Secretary Kissinger: Well, we will see in two or three years.

Vice Foreign Minister Ch'iao: Maybe we won't be able to tell in just two or three years.

Secretary Kissinger: Is this glass for mao-t'ai? (The Chinese: It is too big!) We want to torture the Vice Foreign Minister. Because we didn't have a Cultural Revolution our bureaucracy has to make decisions by committee. Winston Lord has formed a mao-t'ai committee. (Laughter)

Mr. Vice Foreign Minister, when you come to Washington we have a superb serving person at Blair House. He has an exquisite sense of timing. He clatters plates just as the toast is being given, especially when an American official is giving the toast. (Laughter)

Ambassador Huang: I had a similar experience in Ghana.

Secretary Kissinger: You were Ambassador to Ghana? (Huang Hua: Yes.)

Mr. Foreign Minister, to your health, to our friendship.

Vice Foreign Minister Ch'iao: You have done outstanding work in the Middle East, but it is only the beginning.

Secretary Kissinger: I agree. The situation is getting more complicated now. I'm going there next week. The next step has to be made with Egypt, then with Palestine, and then with Syria.

Vice Foreign Minister Ch'iao: We had heard that if it is not possible for you to supply sophisticated weapons to Egypt, then you would give the Soviets a loophole.

Secretary Kissinger: I'll discuss this matter in a smaller group when I am in Peking.

Mr. Foreign Minister, these annual dinners are useful, and pleasant personal events.

Vice Foreign Minister Ch'iao: They are not really annual. This is our second one this year. I think you know that we will welcome you on your visit.

Secretary Kissinger: You mentioned international changes. Of course, we've had internal changes. It was no accident that three hours after taking the oath of office President Ford received the Chief of your Liaison Office. He reaffirmed the continuity of our policy. Tonight I want to reaffirm that continuity. A few years ago we set ourselves certain objectives. Despite changes in the international situation, we will hold to these objectives, including the full normalization of relations.

We have kept in touch with you on major international events. We intend to continue to do this. I look forward to continuing such talks.

I would like to propose a toast: To the friendship of the Chinese and American peoples. To the health of Chairman Mao. To the health of the Premier. (All rise and toast.)

Vice Foreign Minister Ch'iao: Just now you talked about the world situation. As we described it in the Shanghai Communique, we are opposed to hegemony. Last time Doctor was in Peking we elaborated on this point: oppose hegemony. This is our basic principle.

Although domestically the U. S. has undergone many changes, you have told us such changes would not affect our relations. We believe that.

We talked about normalization of relations the last time Doctor was in Peking. You talked with Chairman Mao about this. He said that the Japan formula was the only way we could consider normalization. You asked the Premier at dinner what he [Chairman Mao] had meant by this.

Secretary Kissinger: I've learned that there is always more to what the Chairman says than appears at first glance.

Vice Foreign Minister Ch'iao: I remember you told the Premier there were "many layers" to what the Chairman says.

I would like to toast to the friendship of the peoples of China and the U. S., and to the continuation of this friendship. To President Ford. We wish to say he is already one of our friends. When he was in China he left a deep impression on us. So let us drink to the health of President Ford -- I don't like to toast you as "Secretary of State," I prefer your title of "Doctor."

Secretary Kissinger: That is a more lasting title. (All rise and toast.)

Secretary Kissinger (in German to Ch'iao:) You forgot to toast Ambassador Bush.

Vice Foreign Minister Ch'iao: Doctor just reminded me to toast Ambassador Bush. I forgot ...

Secretary Kissinger: I just wanted you to remember him. He's one of our best men. A good friend -- also a Presidential candidate.

Vice Foreign Minister Ch'iao: Ambassador Scali invited me to attend Ambassador Bush's farewell party on the 11th. Unfortunately I'll be leaving on the 8th. So I will take this opportunity provided by Doctor to welcome Ambassador Bush, to drink to the success of his mission. I am sure you will fulfill your mission. I hope you will like Peking. (All rise and toast Ambassador Bush.)

Secretary Kissinger: He could have had any post he wanted. He selected Peking.

Vice Foreign Minister Ch'iao (to Ambassador Bush): How's your mother?

Ambassador Bush: She is fine. She wants to come to Peking at Christmas time to visit her little boy.

(At this point, 10:30 p.m., the dinner conversation broke up and the group retired to the Secretary's living room.)

Secretary Kissinger: Let's talk a few minutes about your last point. I want to explore this further. (At this point the serving personnel came in with coffee and liqueurs.) I'll wait until after they have finished serving.

Are they going to have passionate debates in the General Assembly? On Korea, is it possible that our two Ambassadors can work out something as they did last year? Your Ambassador [Huang Hua] is such a master. The Soviets asked me how it was worked out last year on Korea. They still don't understand how you did it.

I don't think you have given us a reply to our last proposal [on Korea].

Vice Foreign Minister Ch'iao: I'll be very frank with you. You wanted us to convey your last proposal to the [North] Koreans. We did this. We didn't received a further response. Finally this question was put on the U.N. agenda. So now we will have a debate with each side speaking on its own separate views.

Secretary Kissinger: I understand. Didn't we have a debate last year? (Huang Hua: In the First Committee.) The question is whether we can have some way of eliminating the United Nations Command without abrogating the Armistice. This is basically what we are after.

Vice Foreign Minister Ch'iao: Do you have any specific form in your mind?

Ambassador Habib: Our proposal is that the Armistice in its present form be maintained, with South Korea and the U.S. ...

Secretary Kissinger: Yes, with the People's Republic, which is already a signatory, and North Korea on the other side.

Vice Foreign Minister Ch'iao: You understand that we keep on good relations with the Democratic People's Republic of Korea. On this issue we have to respect their views. Of course if your have more detailed views, more comprehensive views on this question, we will convey them to them.

Secretary Kissinger: Our problem is that we cannot accept abolition of the United Nations Command if there is no legal basis on both sides for the continuation of the Armistice.

For your information, we have had several approaches from North Korea -- from the Romanians, the Egyptians, even David Rockefeller, he is perhaps the largest power involved (laughter) -- but we can't respond to their initiatives until the issue of the U.N. Command is resolved. In principle we are not opposed [to having contact with them]. You can convey this to them.

Vice Foreign Minister Ch'iao: Regarding all these details on the Korean question, we don't feel they are of great significance. As you know from your discussions with Chairman Mao, this is not a major issue if you look at it in terms of the overall world situation.

Secretary Kissinger: As I told the Chairman and the Premier, we are not committed to a permanent presence in Korea. This is not a principle of our foreign policy. But we also don't want the speed of our withdrawal to create a vacuum into which some other power might project itself.

Vice Foreign Minister Ch'iao: It seems as if Japan does not feel the behavior of [ROK President] Park is satisfactory.

Secretary Kissinger: I wouldn't pay too much attention to that.

Ambassador Habib: There has been no major change in their relationship.

Vice Foreign Minister Ch'iao: True. Japan's policy regarding Korea is formulated according to many considerations.

Secretary Kissinger: But any sudden change in Korea could stimulate Japanese nationalism. You have to watch that former student of mine, Nakasone.

Vice Foreign Minister Ch'iao: How is it that you have so many bad students?

Secretary Kissinger: Like Ecevit.

Vice Foreign Minister Ch'iao: History will lay [responsibility for] all this on your shoulders! (Laughter)

Secretary Kissinger: Should Scali be in touch with Ambassador Huang Hua? Will there be confrontations?

Vice Foreign Minister Ch'iao: There will be confrontations, but it can also be said that there will not be confrontations.

Secretary Kissinger: But we know the vote. We don't care about the speeches. Ambassador Huang can perhaps create diversions.

Ambassador Huang: The differences in this respect are too great. It is beyond my capability [to resolve them].

Secretary Kissinger: Perhaps you can consider this [matter further]. We attach some importance to this question.

Vice Foreign Minister Ch'iao: I don't think it will bring any complications if the resolution [favorable to North Korea] passes.

Secretary Kissinger: But if it does, it will create complications in Korea, in Japan, or elsewhere.

Vice Foreign Minister Ch'iao: I met Foreign Minister Kimura [in New York]. We touched on this question, although we didn't go into any details. We'll wait a little while and see how the situation develops.

I want to repeat this -- I wasn't using diplomatic language: We keep on good relations with the Democratic People's Republic of Korea. This is mainly their position. This is not just a matter of just what China wants.

Secretary Kissinger: We have our Korean friends too. But if we have a general understanding then we can influence the situation.

We have reports that you may be interested in contacts with South Korea.

Vice Foreign Minister Ch'iao: They may not be accurate.

Secretary Kissinger: Let us return to the topic in your toast.

On my visit to Peking I want to talk more concretely about this issue, and work out a timetable. We think late 1975 or early 1976 would be a relatively good time for the completion of this process. But we are prepared to discuss its precise nature beforehand.

We understand your basic position. Your basic position is that normalization should be on the Japanese model. But as you correctly pointed out,

there are many layers of meaning. In particular, our conditions are not the same as Japan's. The history of our relations [with the Republic of China on Taiwan] are not the same, our internal situation is more complicated, and our legal requirements are complex. We want to move so that our public opinion does not have a bad feeling about our relations with China.

In general, given our concern with hegemony, it is important that we not be seen as throwing our friends away. I am now giving you our considerations, not a specific proposal.

As I interpret the Japanese formula, this would involve us having embassies in our respective capitals. There would be no embassy in Taipei. Ambassador Unger would then be unemployed. (Laughter) One point which Chairman Mao mentioned intrigued me. We understand that there would be no ambassador in Taipei, but he mentioned that there were ambassadors of the Baltic states in Washington and that this wasn't a situation of any importance.

Vice Foreign Minister Ch'iao: It is my understanding that Chairman Mao talked about this mainly as part of a discussion of political subjects. It was not closely related [to the discussion of normalization].

Secretary Kissinger: Not exactly, but it puzzled me. That's why I asked [about his remark].

Vice Foreign Minister Ch'iao: I remember that Chairman Mao discussed with you that whether or not we have formal diplomatic relations is not so important. We have diplomatic relations with India, but our relations with them are cold. With you, although we have no diplomatic relations, our contacts are warm. We can either solve this problem, or just leave it as it is. But concerning our relations, if you wish to solve this problem there is only one model, the Japanese model.

Secretary Kissinger: Let me ask two questions. First, you say that the quality of our relations does not depend on whether we have solved this problem. Whether we have liaison offices or embassies, our relations depend on other problems.

Vice Foreign Minister Ch'iao: I remember in your discussion with Chairman Mao this was also touched upon. The major basis of our relationship is that we seek common ground on international problems. Of course

in our relations this problem [of Taiwan] lies between us. Diplomatic relations are affected by this situation, but it is not of too great significance. (Secretary Kissinger: We don't have ...)

For example, you started your visits to Peking in 1971. In 1972 you came with President Nixon. Then in 1973 we made further progress, but we still have this issue [of Taiwan]. So our relations do develop to a certain extent, but then we do confront this question. As this problem does exist, when you think of a timetable, then there is the question of the Japanese model. So I believe that in April, Vice Premier Teng Hsiao-p'ing mentioned that there were two aspects to our position: We hope that our relations can be normalized; but we are not in a hurry.

When Senator Fulbright visited China he asked this question: Can we have further development of our relations? As far as our relations are concerned, before normalization our relations will meet some obstacles. When I was discussing this issue with Senator Fulbright I gave an example. Each year I come to the United States, but I can only go to New York, not to Washington. (Secretary Kissinger: I'll lift the travel restriction on you. [Laughter]) He invited me to Washington. I said I can't come because Chiang Kai-shek has an Embassy there. (Secretary Kissinger: You know that President Ford would welcome a visit by you. You could just come from the airport directly to the White House and then back again if you wished.) Thank you, but I think President Ford will understand my problem.

Secretary Kissinger: Let me tell you our problem. We are in no hurry either. The question is whether our difficulties are ripe for overcoming. We see several problems. First, what sort of office we will maintain in Taipei after normalization. One obvious possibility is a liaison office there, which has the additional advantage that for the first time in four years we would do something which Senator Jackson can't oppose.

Vice Foreign Minister Ch'iao: This idea was his own. He did not talk with me about it, or with the Vice Premier. After he left China I read this [proposal of his] in the press. I was quite surprised.

Secretary Kissinger: Another possibility is a consulate. But we have a second problem which is more difficult. The defense relationship. We clearly cannot have a defense relationship with part of a country -- at least we are not aware that you can. (Laughter)

Vice Foreign Minister Ch'iao: You can create this.

(A secretary enters the room and hands Secretary Kissinger a message.)

Secretary Kissinger: Please excuse me for five minutes. This is the second call I have had from the President tonight. He's about to go to bed. (The Secretary departs the room for about ten minutes.)

Vice Foreign Minister Ch'iao (to Ambassador Bush): When are you going to Peking?

Ambassador Bush: On the 15th. My wife is now studying Chinese at the Foreign Service Institute. She talked to Huang Chen in Washington and used some of her Chinese. He laughed, and she thought it was a compliment. (Laughter) When will you be going?

Vice Foreign Minister Ch'iao: On the 8th.

Mr. Lord: Will you be going to Germany?

Vice Foreign Minister Ch'iao: Yes. I'll be there [in Peking] to greet Ambassador Bush. I will toast you (to Ambassador Bush).

Ambassador Bush: I have a weak stomach, and can't drink too much.

Vice Foreign Minister Ch'iao: Ambassador Bruce came to enjoy mao-t'ai -- with beer.

(There was then some light discussion about the visit of the Fulbright delegation to China, including Senator Humphrey's late night swim in West Lake at Hangchow.)

Ambassador Bush: These Congressmen must be confusing to you. (Ch'iao: Not very much.) They come back and argue among themselves -- they loved the warm hospitality, the food, and then they come back and argue about what they should have said.

Vice Foreign Minister Ch'iao: We are happy to have the opportunity to meet American friends of different views.

(The Secretary re-enters the room.)

Ambassador Huang: Ambassador Bruce is now in the United States? I met General Haig at the President's United Nation reception.

Secretary Kissinger: Yes. We will have a strong NATO team. Two close personal friends [will represent us there].

The President sends his warm regards to the Chairman and to yourself [the Vice Foreign Minister]. He apologizes for interrupting me.

We had just reached the interesting legal question [before the telephone call interruption] of how to have a defense treaty with a portion of a country. This would be an interesting question for Ambassador Huang Hua to present to the U.N. It would call on all his subtlety. (Laughter)

Let me discuss our problem. We obviously can't -- our problem is how to present a new relationship with you where we have not just abandoned people who we have had a relationship with, for whatever reason -- to ensure a peaceful transition. This was emphasized by Chairman Mao and the Premier in our talks.

We have to keep in mind that what has distinguished our relationship from that which we have with the Soviets is that there is no organized opposition. There is no Senator Jackson on China policy. It is not in our interest with respect to the hegemonial question to make our relationship controversial. If it will, then it is best to defer [the issue of normalization] for a while. This distinguishes us from Japan.

So there are two issues of principle: the nature of the office we will maintain [in Taipei]; and the nature of the guarantee for a peaceful transition.

Vice Foreign Minister Ch'iao: On the question of a peaceful transition on Taiwan, maybe your understanding is different than mine. In our view these are two different problems: the Taiwan question and relations between our two countries, and then our relations with Taiwan. Our idea is to separate these two questions. As for our relations with Taiwan, as Chairman Mao said, the main idea is that we don't believe in the possibility of a peaceful transition. But in our relations with the United States, that is another question.

Talking about a peaceful transition, there are also two aspects. That is, at present our [U.S.-PRC] relations, now you recognize Taiwan ...

Secretary Kissinger: That is why when our [domestic] transition came, the President received the Chief of your Liaison Office, while the Deputy Secretary of State received the Ambassador from Taiwan.

Vice Foreign Minister Ch'iao: I'm not finished. The transition in our relations can be smooth. But the possibility for a smooth transition in our relations with Taiwan is very small. I recall that this was the focal point in your discussion with Chairman Mao.

Secretary Kissinger: But I recall that he said the transition [in PRC relations with Taiwan] could take a hundred years -- by then Bush will be Secretary of State. (Laughter)

Let me sum up your points: The transition in U.S.-PRC relations will go smoothly. As for the transformation of the form of government on Taiwan, this will be over a long period. It does not have to occur immediately, but it isn't likely to be smooth. Do I understand your position correctly. (Ch'iao: Yes.)

Then why don't we consider these problems further, and then discuss them in Peking.

There's one other question on which I wanted the Vice Foreign Minister's views, Cambodia. You agree that we should postpone debate for a year? (Ch'iao: We can't have our way.) I feel sorry for the Vice Foreign Minister surrounded by so many small, intractable countries. He can only have his way with the great powers. What would he do if a hundred Laotian elephants headed north? (Laughter)

The Ambassador (Huang Hua) should take a vacation, visit his family. He is so subtle that he cuts you but you don't know it until you have moved your limb. (Laughter)

Vice Foreign Minister Ch'iao: Let's think of this problem another way. Sooner or later the Lon Nol government will quit the stage. (There is some discussion of how to best translate the Chinese phrase to "quit the stage." The Secretary says there is no elegant way to translate the idea. Everyone laughs.) That is to say, the U.N. debate is something that neither of us can control. So if the GRUNK is admitted, Lon Nol will be expelled. Why not let it happen? It will pave the way for you in solving this problem.

Secretary Kissinger: Especially as there are not many royal governments in Peking nowadays.

What is your idea -- this is not a proposal -- in order to end the war in Cambodia, to convene an Asian conference, including the People's Republic, the United States, the Soviet Union, Japan, and Cambodia, to solve the problem.

Vice Foreign Minister Ch'iao: At the present moment I don't see what benefit such a conference would bring.

On this question, I'd go back and say that we have spent too much time settling small old problems which are a legacy of the past. As for yourself, you spent so much energy on Vietnam and finally a settlement was reached. Now there is Cambodia.

What I now say may turn out to be only empty words, but in my view the final result [of the present situation in Cambodia] is clear; it is only a matter of time. You see you solved the Vietnam question, and now only Cambodia is there each year as an obstacle. So now this question is not worthwhile, but it doesn't matter very much. Events have their own laws.

Mr. Solomon, didn't Fulbright raise this question?

Mr. Solomon: No.

Ambassador Huang: You discussed Vietnam with him.

Vice Foreign Minister Ch'iao: I said [to Senator Fulbright] that your aid [to Vietnam] was a mountain, while ours was a small hill. I told Fulbright that on the whole we took a restrained attitude [toward the Vietnam situation].

Secretary Kissinger: Our attitude is that we are prepared to restrict our military aid to replacements.

We believe we should announce my trip to the People's Republic when I return from India -- about November 8. I'll be in touch with the Ambassador.

Vice Foreign Minister Ch'iao: On these technical issues we don't have many problems. I'll consult with my government [regarding the timing of your trip].

Secretary Kissinger: Are there any questions I haven't raised?

Mr. Lord: Our European relations are better than they were in April.

Secretary Kissinger: You said last time that we were too harsh on the Europeans. Our relations are better.

Vice Foreign Minister Ch'iao: We have seen this. I think you remember that Chairman Mao also wished that you remain longer in Japan.

Secretary Kissinger: I never thought I'd hear him say that!

Vice Foreign Minister Ch'iao: So we are glad to see that, in comparison to April, you have improved your relations with Japan and with Europe. You had talks with Heath?

Secretary Kissinger: Yes. He was very impressed with his trip to China. I bought him a Chinese antique bowl as a present.

Vice Foreign Minister Ch'iao: Do you think he will lose [the upcoming elections]?

Secretary Kissinger: I'm afraid so. We have particularly strong relations with the Conservative leaders, although the Labor leaders are easy to get along with on a day-to-day basis.

Vice Foreign Minister Ch'iao: Many thanks for your hospitality this evening. I can only reciprocate in Peking.

(At this point, 11:35 p.m., the Chinese got up to depart. They were escorted to the elevator by the Secretary and the other American participants where final farewells were expressed.)

- Chi Exch file

DEPARTMENT OF STATE

Washington, D.C. 20520

September 27, 1974

~~TOP SECRET~~/SENSITIVE/NODIS

MEMORANDUM FOR THE SECRETARY

FROM : EA - Arthur Hummel
S/P - Winston Lord
NSC - Richard H. Solomon

SUBJECT : Your Meeting with Chiao Kuan-hua -- Dinner, October 2, 1974

The Setting

This meeting will serve both as the first extensive conversation with the Chinese since your dinner with Teng Hsiao-ping and Chiao Kuan-hua last April and as a prelude to your late November trip to Peking. Since April you have met periodically with Ambassador Huang Chen but as is customary these have generally been one-sided talks, with your outlining our views on various issues or briefing the Chinese on our diplomatic activities. On this occasion, Chiao will serve as an authoritative and direct channel back to the Chairman and the leadership. He should be prepared to speak authoritatively both on our bilateral relations and on third country issues around the globe, although, as he and other Chinese have indicated, they are essentially waiting to hear from us on our bilateral relationship.

Following are the main events or trends that have taken place since your April talks:

-- President Ford has replaced President Nixon, and he and you have affirmed through messages and in meetings with Ambassador Huang the continuity of our policy. Nevertheless, the Chinese will be sensitive to any shifts or different nuances in our positions. The President has strongly reaffirmed your own crucial role and his confidence in you, but the Chinese may have noted that there has been some domestic criticism of your role.

-- The domestic turmoil in China has calmed down, at least for the time being. It would appear that the campaign

is not going to get out of control or fundamentally reorient Chinese policy: and there is some speculation that the Chinese may be preparing to hold their often delayed National People's Congress to fill key government positions. At the same time Chou's declining health, and perhaps other factors, have clearly circumscribed his role; it now seems unlikely that he will resume the role he played between 1970 and 1973 in the development of our relationship. This decline was previewed in your November trip, with Mao playing a much more central role and Chou a more tactical one than ever before, and it was reconfirmed in your April dinner when the Chinese never once mentioned Chou's name. Those who are taking up the slack, such as Teng Hsiao-ping and Li Hsien-nien, are Chou's lieutenants; and well-disposed officials identified with Chairman Mao -- Wang Hai-jung, his grand niece, and Nancy Tang -- have assumed key American policy positions in the Foreign Ministry. Nevertheless, Chou's condition and the political uncertainties underline that the succession problem is looming ever larger. This cannot but help create some uncertainties in our relationship.

-- On Taiwan, Chinese officials have been consistently playing the twin themes of patience on Taiwan's reintegration and firmness on the nature of bilateral relations with us. Teng, Chiao, and others have been saying to visiting congressmen and other audiences that they can wait 100 years if necessary to reincorporate Taiwan, while seriously questioning the possibility of peaceful liberation (themes previewed by Mao last November). These statements notwithstanding, they do expect movement on "normalization." They indicate that further progress in such areas as trade and exchanges must await diplomatic relations (they do this to preserve leverage on us); that we must follow the Japan model (though presumably there is some elbow room here given the differences between Japan and ourselves and our additional leverage); and that what we do with issues such as our Defense Treaty is our problem.

-- Bilateral relations on day-to-day matters have moved along moderately well, but have not been trouble-free. The exchange program has proceeded approximately as agreed during your November 1973 trip, although it appears that the Chinese will not carry through on two of the agreed exchanges, and we have had to postpone a Chinese performing group because of a conflict with a

long-scheduled tour by a performing group from Taiwan. The National Committee on US-China Relations is particularly concerned by what seems to be an uncooperative Chinese attitude, and there is growing evidence that the PRC will increasingly use the US-China Friendship Associations as a "chosen instrument" for arranging for various American groups to visit the PRC. Trade continues to grow, and may reach about a billion dollars in 1974, still imbalanced about 10 to 1 in our favor. However, there are also problems here, resulting from our controls on export of ferrous scrap, from PRC refusal to recognize officially our requirements for end-use information on items requiring export licenses, and from impurities which the Chinese have found in grain shipments. There has been no movement on the blocked assets/private claims issue since the PRC's harsh rejection in June of our last proposals. We still have occasional visa problems, although recently the Chinese gave a visa to one of our political officers in Hong Kong to visit Peking for consultation with USLO -- the first such visa in 1974. The PRC tightly controls access to USLO by Chinese who wish to apply for visas or passports. In short, while there are no critical problems, there are issues and assymetries which are troublesome.

-- The Chinese remain as hostile to the Soviet Union as ever. But they now strongly emphasize the theme that the real Soviet threat is to the West and not to them, pointing out that 3/4 of the Soviet troops are deployed toward the West and that there are not enough on the Sino-Soviet border to present a real threat to China. There is undoubtedly some gamesmanship here since the Chinese know full well that the Soviet danger is our single greatest lever in Peking. At the same time they may believe that we are stalled in our relations with the Soviet Union, given such factors as the less than spectacular June 1974 summit, the lack of progress in such negotiations as SALT, MBFR, and CSCE, and the challenge to detente in this country. Nevertheless they will remain sensitive to US/Soviet cooperation and will want to know what we are up to in your October trip and President Ford's subsequent meetings.

-- The Chinese were making tentative moves toward better relations with India in the wake of the Simla process, but this seems to have been cut short by the Indian nuclear test (and Pakistan's reactions) and Indian annexation of

Sikkhim. The Chinese continue to believe that we do not support Pakistan sufficiently, especially in military aid, and will be interested in your forthcoming trip to the Subcontinent.

-- The Chinese have welcomed U.S. diplomatic activity in the Middle East and the concurrent erosion of Soviet influence. Nevertheless they may be beginning to wonder just how much further we will be able to carry forward this process, given the increasing intractability of the negotiating issues.

-- The Chinese have concluded a civil aviation agreement with the Japanese and continue to stress the importance of our maintaining good relations with Tokyo. They also loom as an important oil exporter to the Japanese which will give them more leverage in the Soviet-Chinese-Japanese triangle. They will be interested in President Ford's trip to Japan.

-- At the United Nations the Chinese are continuing to sound the theme of solidarity with the third world against the two super powers as they have been in other forums. This may partly be a reflection of their domestic struggle as well as their calculation that over the long term the third world can provide some counterweight to Soviet designs. Peking might see increased potential in the third world option when they view the tremendous impact on U.S., Europe, and Japan of the oil producers' pressures. But they are no doubt worried at the same time that this weakening of the West will only serve Soviet purposes.

Objectives

Against this background we believe your primary objectives at this meeting should be as follows:

-- To underline the basic continuity of our policy under President Ford, both with respect to normalization of relations and our strategic geopolitical approach.

-- To gain a better appreciation of the forces at work in China and the key figures and policies that are likely to emerge, given their uncertain domestic situation and the various geopolitical factors outlined above.

-- To preview your forthcoming trip to Peking, most particularly discussions on Taiwan and normalization of relations. In making a general presentation, you will want to indicate that we are giving serious thought to those issues and will be prepared to talk concretely in Peking about moving ahead, but that there are genuine difficulties. You should try to create some elbow room for the more detailed talks later by outlining some of our problems (especially on the security side) which it is in their interest to recognize and help alleviate. They have been citing the Japan model and our visiting Congressmen have not really raised our potential difficulties in the normalization process. You will want to leave the Chinese with the message that they must show some flexibility, both in order to handle our domestic situation and to insure that Taiwan does not make drastic moves toward independence or turn toward the Soviet Union. At the same time you don't want to leave any impression that we are backing away from any of our commitments.

-- To emphasize that it is in neither of our countries' interests to see tensions or conflicts heightened in third areas which might affect our bilateral relations, especially in Asia. In particular, you should make our pitch on a Cambodian Peace Conference and press them for a response to our latest suggestions on the Korean United Nations Command issue.

-- To give them a rundown on the prospects for our relations with Moscow, including the forthcoming trips and the various negotiations.

-- To give them the customary briefing on other third country areas, including the Middle East and Cyprus, as well as previewing your forthcoming trip to South Asia and Iran.

Approach to the Meeting

-- We believe you could structure the meeting along the following lines:

-- Establish early in the meeting the essential continuity of our geopolitical approach under Ford-Kissinger. Highlights could include our attitude toward the Soviet Union,

the Middle East, South Asia, our alliances with Europe and Japan, and our strong defense posture.

-- Then lead into general Taiwan/normalization of relations discussion stating that in this global context the improvement in US-China relations clearly serves the interests of both sides; we have progressed to date because of vision on both sides; and we intend to do what we said we would. After this general discussion of our desire to proceed as bait, you would then outline some of our considerations and problems that have to be taken into account. (See TAB A).

-- After this discussion, thus setting a framework for more explicit talks in Peking, move on to Korea, asking for their reaction to our latest proposal. (See TAB B).

-- Then make a pitch on a Cambodian peace conference. See TAB C).

-- Then, time permitting, pick up any third area or country issues not yet covered.

The record of your talk with Chiao and Teng last April is at TAB D.

Attachments

TAB A - Taiwan/Bilateral Relations
TAB B - Korea
TAB C - Cambodia
TAB D - April MemCon

Approach to the Meeting

We believe you could structure the

the following lines:

-- Establish early in the meeting

NORMALIZATION OF RELATIONS, AND THE TAIWAN ISSUE

General Background

Your past discussions with Chinese leaders have now brought both sides to the point where negotiating terms for normalization is the major remaining issue in our bilateral relations. Former President Nixon and yourself indicated to senior PRC officials on a number of occasions that we would work to achieve a fully normalized relationship by mid-1976 at the latest; and you have reiterated to second rank officials on several instances since your November, 1973 trip to Peking that you were prepared to explore with them ways in which the U. S. could "confirm the principle of one China" as the basis for normalization.

To this mood of expectancy has now been added President Ford's private and public reaffirmations in early August of Mr. Nixon's previous assurances, his expression of interest in having you visit China by the end of this year in order to "chart in specific terms the future course of our bilateral relations," and his stress on the priority he attaches to "accelerating the normalization process." In addition, there was your own message to the Chinese on August 15, when you raised the possibility of an early September trip, in which you indicated that by November "we would be prepared to talk in concrete terms about carrying out the process of normalizing our relations."

While you should not feel totally boxed in by these past statements, it is clear that the Chinese side will be expecting some form of discussion on next steps toward normalization -- in November if not during the October 2 meeting -- and that to delay discussing the issue will raise serious questions in Peking about the credibility of our word and constancy of purpose.

The problem we face in pacing negotiations designed to consummate the normalization process is to balance off our domestic political requirements (which we will not describe here), and our international obligations, with the factors on the PRC side which imply the desirability of moving with dispatch rather than delay in normalizing relations -- even from the point of view of our own interests. Primary

among these considerations is the value to us of invoking the authority of Chairman Mao (and to the extent that his health permits, that of Premier Chou) in legitimizing any mutually acceptable normalization agreement, now and for his successors. This will be the most effective way of institutionalizing our new relationship at a time when the succession process in China will impart uncertainty to controversial policies and political relationships. With the death or incapacitation of the 81-year-old Mao, authority in Peking is almost certain to diffuse, and the ability of the elite to reach difficult agreements could very well stall to the point of immobilism -- at least on a normalization deal which would meet our political requirements. Should the Chairman pass from the scene in the next year or two, it seems possible that several additional years would be required before a leader or collective decision-making group would emerge with sufficient authority to be able to negotiate an acceptable normalization agreement. Thus, if our domestic political considerations permit, we believe it highly desirable to move with decisiveness over the next six months to try to reach a normalization agreement (even if its full implementation might not be realized until the first half of 1976).

We would not rule out the possibility, however, of a stalemate developing during your next trip to Peking. Indeed, it may require a temporary deadlock on an issue like the future security of Taiwan to convince the Chinese of the reality of our intention to take into account existing American interests and political constraints. For tactical reasons we may have to face them with the prospect of a stalling of the normalization process to give Mao and others the leverage necessary to bring any opposition into line. *

From this perspective, your October meeting at the U.N. with Vice Foreign Minister Ch'iao -- a man who can be counted upon to convey your ideas to the Chairman with the same accuracy and degree of sympathy we could expect of the Premier (a judgment we cannot be certain would hold for Vice Premier Teng Hsiao-p'ing) -- will give

* We realize that in bringing the issue of a normalization agreement to a head we will be subjecting a leadership already divided by internal issues to a substantial additional strain. We have no way of accurately estimating the balance of political forces in Peking, or the range of sentiments on issues related to normalization. We are convinced, however, that a Mao committed to institutionalizing a new relationship with the U.S. (as part of an anti-Soviet foreign policy) is as likely to be able to build a consensus behind an agreement with us as anyone.

you an opportunity to lay the groundwork for a detailed discussion of a normalization agreement during your next visit to Peking (hopefully with Chairman Mao directly). In this regard, the talking points which follow these introductory comments are designed to:

-- Reassure the Chinese that we intend to follow through on normalization, and spell out your general philosophy regarding our future relations.

-- Indicate in general terms a willingness to normalize on the "Japanese pattern" as long as certain issues which are unique to our relationship -- particularly regarding security affairs -- are handled adequately in terms of our domestic and international requirements.

-- Spell out a number of the domestic and foreign problems which will constrain us in working out an agreement.

What the Chinese Expect in a Normalization Agreement

As additional background for your discussions with Ch'iao, we summarize the main lines of your past discussions with the Chinese as they relate to normalization, as well as official PRC statements on this question. [In addition, we outline, at Tab I, the major issues which must be addressed in a normalization agreement, and suggest two package approaches by which they could be presented to the Chinese. A full statement of one or another of these packages to the Chinese, however, should await your next trip to Peking. By then we will have completed a number of technical studies related to such questions as our security assistance to the ROC, our remaining military and intelligence presence on Taiwan, and the virtues and limitations of various forms of a remnant official U. S. presence in Taipei.]

Peking's present orientation toward the normalization of relations has grown from a relatively unstructured position first expressed in the February, 1970 Warsaw discussions, where it was noted that efforts on both sides were required to "create the conditions" which would facilitate resolution of the critical question of Taiwan -- the core issue affecting normalization. The terms which PRC leaders now indicate are essential to establishment of diplomatic relations are based in part on the precedents set by their successful efforts of the past four years to expand the number of states according them legal recognition,

and also have evolved in response to the Administration's indications of the political conditions it is prepared to accept.

Our conditions were expressed in your 1971 talks in Peking, and reiterated by President Nixon in February, 1972 as five basic ground rules he was willing to follow in seeking normalized U.S.-PRC relations: acceptance of the principle of one China, and that Taiwan is part of China; non-support for any Taiwan independence movement; opposition to third countries moving to establish hegemony over the island; support for a peaceful resolution of the Taiwan issue, and opposition to military action from the island against the PRC; and a commitment to work toward the normalization of relations by 1976 in the context of the first four principles.

Subsequent to the President's trip, during your February, 1973 discussions with Premier Chou, you suggested in a rather tentative way that we would be prepared to move to something like the Japanese solution, but that we had not yet worked out the details. Chinese officials subsequently picked up your remark, and have now hardened it -- although without spelling out details -- into their basic condition for full normalization.

The most explicit and authoritative statement of Peking's terms for full normalization was conveyed to you by Chairman Mao last November. The Chairman cryptically worked up to the subject by noting that the U.S. had established diplomatic relations with the Soviet Union without the Russians demanding as a precondition the abolition of the Washington embassies of the Baltic states. [It is conceivable that the Chairman conceptualized an arrangement whereby the ROC would retain an "embassy" in the U.S., even while we moved our ambassador from Taipei to Peking. You may want to explore the meaning of this remark more explicitly with Mao, although we do not see any particular advantage to us in a "Baltic" solution.]

The Chairman then explicitly stated that as long as the U.S. severs diplomatic relations with Taiwan -- as did the Japanese -- it will be possible for the U.S. and PRC to solve the issue of establishing diplomatic relations. He urged that we separate the question of U.S.-PRC diplomatic relations from Peking's dealings with Taiwan, which he observed are very complex. He commented to Premier Chou that he personally didn't believe in the possibility of a "peaceful transition"

for Taiwan, observing that the leaders on the island are a bunch of counter-revolutionaries unlikely to cooperate with Peking. He commented that the PRC could "do without Taiwan" for a hundred years, but added that the establishment of U. S.- PRC relations need not take that long. Then, probably to blunt any impression that Peking might be anxious to move rapidly on the recognition question (and thus would be willing to reach an agreement with us on unusually accommodating terms), the Chairman concluded that formal diplomatic relations were not all that necessary for the PRC, and that they would not rush us on this issue. He commented that the Liaison Office pattern gave our two countries adequate contact, although if the U. S. felt the need to establish diplomatic relations then the PRC is ready to move.

In recent months, PRC leaders have reiterated and stiffened their assertion that the Japanese solution is the approach the U. S. must take in solving the question establishing diplomatic relations. Vice Foreign Minister Ch'iao Kuan-hua commented to you on April 14 that the Japanese pattern of normalization is the "only possible" way to solve the recognition issue. [On April 4 he had warned Ambassador Bruce that the U. S. should "not go too far" in such dealings with Taiwan as the Leonard Unger appointment and the opening of new ROC consulates. He implied that these developments had caused domestic political complications in the PRC. Ch'iao then restated Mao's November remarks that resolution of the Taiwan question would probably be by force but this could take as long as a hundred years.] Vice Premier Teng Hsiao-p'ing told Edward Heath in late May that although some people in the U. S. might like to sustain formal relations with Taiwan even as they established a normalized relationship with Peking, this approach "will not work." Teng again emphasized the Japanese model as the approach the U. S. must take. The Vice Premier has differed with both Mao and Ch'iao, however, on the "peaceful liberation" issue. In late March he told a group of Austrian parliamentarians that "we hope for a peaceful liberation; we believe in a peaceful transition. This is only a question of time and methods."

Most recently, Vice Foreign Minister Ch'iao told the Fulbright Congressional delegation in early September that Taiwan remains the major obstacle to normalization, that if the U. S. wants further progress in bilateral relations it will be necessary to break formal relations with Taiwan on the Japanese pattern, and that the U. S. treaty commitment to Taiwan is something "the U. S. will have to decide what to do about."

When asked about the prospects for a negotiated resolution of the differences between Peking and Taipei, Ch'iao bluntly stated that while peaceful reunification might be desirable, his government considered it an impossibility. He added, however, that the PRC is patient on this issue and is prepared to wait as long as a hundred years. Ch'iao reviewed the past history of U. S. efforts to get his government to commit itself to peaceful solution of the Taiwan question and noted that the PRC had always refused to do so because it is an internal affair. (He did not, however, explicitly rule out the possibility of some future authoritative expression of intent regarding a peaceful liberation, although this can certainly be read into his comments.)

This apparent stiffening of Chinese terms regarding normalization may be related in part to internal political pressures surrounding the now-flagging anti-Lin Piao/Confucius campaign. Such pressures seem to have heightened the negative reaction to Leonard Unger's appointment and the opening of the two new ROC consulates earlier this year. As we detailed in our memo of May 24, there have been a number of indirect indications since late February that the PRC has wanted us to move with greater rapidity on the Taiwan question, perhaps in order to take pressure off of Premier Chou. In addition, the late April demand that the Marine guard be removed from USLO, and the June 14 withdrawal of Chou's November, 1973 offer for a settlement of one major issue of the private claims question -- with its sharp language about "unreasonable demands" and "lack of sincerity" on the U. S. side -- can be read as indirect indicators of asperity in Peking regarding our lack of movement toward normalization on the Chairman's terms. At the same time, Ch'iao's apparently intransigent attitude on normalization issues and these other indicators of tension in Peking regarding our relationship can also be read as a negotiating ploy designed to make us assume our range of options on an agreement is now narrowly circumscribed by the "Japanese model."

In contrast to these privately communicated indicators of Peking's terms for normalization, what is the PRC's position in the public record? The Chinese statement in the Shanghai Communique regarding solution of the Taiwan question explicitly includes the following points:

-- Recognition that the PRC is the "sole legal government of China."

-- Acceptance of Taiwan as a province of China "which has long been returned to the motherland."

-- Recognition that the liberation of Taiwan is China's internal affair in which no other country has the right to interfere.

-- Withdrawal of "all U. S. forces and military installations" from Taiwan.

In addition, the statement expresses PRC opposition to any activities which would create "one China, one Taiwan," "one China, two governments," "two Chinas," and an "independent Taiwan," or advocacy of the position that "the status of Taiwan remains to be determined."

Subsequent to this formulation, the Chinese side -- stimulated by your indication during the November, 1973 trip of a willingness to move more rapidly toward establishment of diplomatic relations if some flexible formula agreeable to both sides could be found -- inserted into the trip communique the simplified statement that "normalization of relations between the U. S. and China can be realized only on the basis of confirming the principle of one China." This seemed to imply a simplification and greater flexibility in the terms they would require for an agreement. Specifically, this statement can be read to mean that as long as we formally declare the position that Taiwan is an inalienable part of China, Peking is willing to establish formal diplomatic relations with the U. S. without gaining physical control of the island. This, of course, has been suggested by Mao in his "we can wait a hundred years" comment. The statement also implies that Peking will not object to a continuing if informal U. S. relationships with the island, as our presence presumably would help to "hold" Taiwan to the mainland because of our new relationship with the PRC.

What does the above combination of private and public statements regarding normalization of U. S. - PRC relations and the Taiwan question now add up to? Somewhat overstating the differences between the Shanghai Communique and the November, 1973 communique, we note that the "sole legal government" criterion was not reiterated (although we would not read too much into this), and neither was the explicit reference to Taiwan's liberation being exclusively an internal affair -- suggesting the possibility of PRC openness regarding the U. S. playing some form of middle-man role in talks between Peking

and Taipei. In addition, the November, 1973 document makes no reference to the withdrawal of U. S. forces and military installations from Taiwan (perhaps reflecting general PRC satisfaction with our performance on this issue to date, or some flexibility about a residual MAAG/TDC or intelligence cadre presence, presumably as a "holding" presence to limit ROC anxieties and reduce the probabilities of Taipei turning toward either the independence or Soviet options).

Is the Japanese solution applicable to U. S.- PRC normalization? If by this precedent Peking means a clean break in diplomatic relations with Taipei, yet maintenance of informal trade, political and social ties with the island, there is a pattern which at least we are confident is Peking's preference. Our relations with Peking are not the same as Japan's, however. Not only does our strategic position vis-a-vis the Soviets constitute the basis for a security relationship with Peking which is not present in the case of the Japanese (and which has provided the political leverage in our dealings with the PRC thus far), there are also the conflicting elements of the American defense commitment to the ROC and, more generally, our security presence in East Asia -- issues which relate to the "liberation" of Taiwan. Thus, our interests and the reasons for Peking dealing with us should be reflected in our future relationship, and in a manner that is not merely a replica of the Japanese pattern.

In particular, how might the question of our defense commitment to the ROC be reflected in a normalization agreement? As noted above, Chairman Mao remarked to you that he did not believe in a "peaceful transition" for Taiwan but was prepared to wait for a hundred years. Ch'iao Kuan-hua restated this line to Ambassador Bruce as "the resolution of the Taiwan question would probably be by force, but it could take as long as a hundred years." He recently reiterated essentially the same view to the Fulbright delegation. In contrast, however, Premier Chou indicated to you privately in February, 1973 that the PRC had no plans "at the moment" to "liberate Taiwan by force"; and he had previously told both you and the President that Peking "will strive for peaceful liberation" -- a formulation which had been used publicly by the Premier in the 1955-56 period. As well, Vice Premier Teng Hsiao-p'ing has made a number of positive statements in the past two years about the desire for a "peaceful liberation."

What does all this add up to? We see no major difficulty in solving the question of Taiwan's status and the issues of diplomatic relations with Peking and a residual form of representation in Taiwan roughly on the Japanese pattern (although we do have reason to believe we will be able to retain a more formal level of representation in Taipei than was the case with Japan). The major issue in resolving our differences with Peking centers on a mutually acceptable way of handling the question of Taiwan's security. The core of our problem is that once we withdraw recognition from the ROC as a separate state and recognize the PRC as the legal government of China, there will remain no basis in international law for continuing to defend Taiwan, which we will have recognized is just a province of China.

We see three possible approaches to solving this problem. The first would preserve some legal basis for defending Taiwan if Peking resorted to force, the latter two do not. This is the basic political choice which will underlie a negotiating approach and Peking's response. The first approach would involve a joint public statement at the time of normalization which committed both sides not only to support the "peaceful integration" of Taiwan with the mainland but also to ensure that there would be no threat or use of force against the island. (This approach would provide at least a plausible legal basis for asserting the right of the U. S. to defend Taiwan if it was threatened from the mainland.) A second approach would be a unilateral PRC statement of intent to strive for the peaceful integration of Taiwan into the mainland as long as the authorities on the island neither took the route of independence nor invited in another outside power to protect them. (This approach, by leaving the least residual U. S. "tail" on the island, would provide the best basis for our future relations with Peking; but it would involve taking the PRC at its word that it would not resort to the use of force against the island -- a position which would obviously hold political difficulties for us both domestically and in our other international security relationships.) A third approach, if Peking proved unwilling to provide any public statement of intent regarding "peaceful integration," would be for the U. S. to make a unilateral statement of intent to the effect that if force were used against Taiwan we would have to re-evaluate our entire relationship with the PRC. At the same time we would sustain active measures to maintain the self-defense capability of the island through a cash military sales

program. (This approach would, of course, leave our "normal" relationship with the PRC vulnerable to Peking's domestic political uncertainties given our continuing defense relationship with Taiwan, and would not provide even a symbolic basis for some future U. S. action in defense of the island if Peking tried to "liberate" it by force.)

These three approaches to solving the key problem in a normalization agreement, and related issues, are explored in greater detail at Tab I. In terms of your meeting with Vice Foreign Minister Ch'iao, we have written the following talking points so that they do not foreclose your options on the critical security issue. At the same time they convey to the Chinese a sense that we are willing to follow through to a fully normalized relationship on schedule if our domestic and international political requirements can be adequately accounted for. Thus, we view the Ch'iao dinner as the first step in a process -- which might stall in November -- toward negotiating a normalization agreement which would "confirm the principle of one China."

(Talking points follow on the next page.)

Talking Points

-- The major issue I want to discuss in detail in Peking in November is how we can move to complete the normalization process. Let me again emphasize, as President Ford did in his letter to Chairman Mao of August 9, that the U.S. Presidential transition has not affected our intention to complete the normalization process by 1976. The fact that the new President will run for office in 1976 may cause us some problems, but we intend to hold to Mr. Nixon's time schedule, or perhaps even move a bit more rapidly if mutual agreement on an arrangement makes it possible. Mr. Ford holds to the position on Taiwan which Mr. Nixon and I expressed to the Chairman and Premier on a number of occasions. When I come to Peking I will be prepared to discuss in more detail the elements of a comprehensive normalization agreement, and the specific steps that will be required to implement it.

-- At this point I want to talk about three aspects of this question: The general philosophy which has shaped our approach to full normalization; the general outlines of an agreement which would "confirm the principle of one China" -- as you expressed it in the communique after my November, 1973 visit; and some of the problems we must contend with on our side in consummating the normalization process.

-- Let me begin with the philosophical perspective.

- We believe that the new relationship established between our countries, as expressed in the Shanghai Communique, is in the interests of both our peoples, and has initiated what could become a major turning point in the international relations of this century. We want to normalize in a manner which will transform this still rather personalized and fragile beginning into an institutionalized tie that will endure despite changes in leadership on either side.

- We believe that our own recent leadership transition, and what we are now going to try to do to complete the normalization process, is proof of the durability of our China policy. You should have no illusion that Mr. Nixon resigned as a result of pressures on him because of his foreign policy.

- I would be less than frank, however, if I did not indicate to you that some people are telling me they are concerned about the longer-run prospects for Chairman Mao's current policy towards us. They tell me they see signs of debate in China on defense and foreign policy issues; that there are people who question the Chairman's policy of "establishing relations with distant states and criticizing neighboring ones." They tell me people are being criticized in the press for thinking that "the foreigner's moon is rounder than the Chinese moon," and they wonder if there are not forces in China who would rather not have contact with the U. S. These people, in short, tell me they are not certain that the successor generation will hold to Chairman Mao's far-sighted policies with respect to the U. S.

  I don't know whether these questions are valid or not. They obviously are related to your internal affairs, which we do not get into. But I want you to understand frankly that I must contend with these kinds of arguments. For example, when Vice Premier Teng told the Fulbright Congressional delegation that China feels more at ease with the U. S. "for the foreseeable future," this made several members of the group wonder just how long this "foreseeable future" might be. One delegate told me that he is concerned that normalization is nothing more than a ploy to get back Taiwan. We know you are more far-sighted than this, but when the time comes for us to try to sell an agreement to the Congress, these are some of the questions I will have to answer.

  For our part, we want to reach the kind of normalization agreement which will stand the test of time and the strains of leadership changes, and will be in the long-run interests of both our peoples.

- We know full well that normalization will require finding a mutually acceptable resolution of the Taiwan question. We appreciate that you see this as an internal issue, and we believe that by our military withdrawals -- which will continue -- we have demonstrated our firm intention to fully set the island aside as an obstacle between us. We hope to leave the Taiwan issue as a matter for the Chinese people to resolve peacefully by themselves -- as the Shanghai Communique states.

At the same time, as Chairman Mao has said, our relationship is based on international realities, and we must frankly recognize that the manner in which we set the Taiwan question aside will have important implications for our other international relations, many of which also affect your interests.

Let me just give as two examples Japan and Korea. We believe that the actions of our two countries with respect to Japan over the past few years have done much to avoid the problems which the Premier raised with me during our talks in 1971. You have moved with both foresight and skill in dealing with the Japanese in such a way that they are neither driven toward remilitarization nor to a relationship with the Soviets. I would only say at this point that the manner in which we deal with our present security commitment to Taiwan will have a significant effect on whether the trend of the past three years in Japan's behavior will continue.

Regarding Korea, we believe that we have shown flexibility and a willingness to reconsider old positions. Our two countries have worked well together to make the evolution of the situation on the Korean peninsula, particularly as it is reflected in the U.N., a positive affair. Thus far we have avoided Korea becoming an issue between us in the U.N. But I must say frankly that we still have our doubts about the intentions of Pyongyang. I won't go into the history of how our own problems began over Korea, but I can say that we do not want that history to repeat itself -- for its impact on Japan as well as for its possible effect on our relations. Therefore, we will do nothing that might give the North Koreans the impression that our defense commitment to the South is a dead letter -- whether our troop presence in Korea is further reduced or not. Thus, we will have to consider very carefully how the solution of the Taiwan question will affect the way other states perceive the reliability of our defense commitments.

I probably need not add that it would be in neither of our interests to see any one of these states turn toward the Soviets because they felt we were an undependable element in their security affairs. Moreover, we will do nothing

which might raise doubts in the minds of your friends to the North about our constancy of purpose and intention to respond when challenged. This is in your interest as well as our own.

- I might also make one general observation about likely Congressional reaction to normalization as it relates to foreign policy concerns. As I have told the Premier on a number of occasions, we have to wage a continuing struggle against isolationist sentiments, particularly in the Senate. We believe in general we can cope with the pressures for troop withdrawals, although until the current economic situation is sorted out we will have added problems.

  I must say frankly, however, that some of the Congressmen who recently returned from China were disturbed about one aspect of your foreign policy orientation. On the one hand you stressed to them the continuing Soviet threat to the U.S., and indicated that you were relaxed about our troop presence in Europe and Asia. On the other hand, however, they noted your attacks on "U.S. imperialism." Several Congressmen commented to me on the high level receptions your government was according visiting chiefs of state from Togo and Nigeria during their own visit. These are countries with populations smaller than many of the states the Congressmen represent, and of course their role in the world's security equation is not that of our own. One delegate said to me "The Chinese want to have their cake and eat it too. They want the U.S. to ease their security burden by countering the Soviets around the world through our troop presence; yet they also attack us as 'imperialists' and are building a coalition against us in the 'third world.'"

  Let me say that we are less bothered by this than some of the Congressmen. We understand that you are not working against us in the so-called third world, but against the Russians. At the same time, however, when the time comes for us to explain a normalization agreement to the Congress, this argument will come up.

- Regarding our internal situation, I feel that on the whole the groundwork has been laid reasonably well since President

Nixon's trip to Peking for full normalization. The positive "China mood" has been sustained remarkably well, and this will help in dealing with the difficult issues we now face. I must tell you frankly, however, that we will have a very difficult problem on the question of Taiwan's future security. If it appeared that we were abandoning the island to a violent fate our whole foreign policy would come under attack in the Congress. As you know, Senator Jackson, who called for early recognition when he returned from Peking, also said he believes that as honorable people we cannot eliminate our defense treaty with Taiwan. We want to be more flexible than the Senator, but it will require some help from your side. I told the Premier and yourself on a number of occasions when we were drafting the Shanghai Communique, that a unilateral statement on your part expressing a commitment to solve the Taiwan question peacefully -- as long as the island does not do anything which would make a peaceful solution impossible -- would be a great help to us. I can make a more specific suggestion along this line of thinking in November if you wish.

[An optional point:

- Finally, let me just make one additional comment about our effort to reach a normalization agreement with you. During the past two decades our experience with the Soviets after World War II led many people to say that any agreement reached with a Commnnist government was worthless because they would repudiate it as soon as they found it expedient to do so. From your own comments to us about China's experience with your Northern Neighbor I would gather you understand why many Americans have felt this way. In the case of our dealings with your government, however, we have come to see that the Chinese word counts. However, I am quite concerned about the situation in Vietnam as it may relate to normalization, particularly its timing. If there should be a major military offensive from North Vietnam next year, or in the spring of 1976, it will revive for many Americans the old feeling that an agreement reached with a Communist government is worthless. Such a situation could not but have a serious effect on our ability to conclude a normalization agreement with you.]

-- Now let me say a few general things about the shape of a normalization agreement which would "confirm the principle of one China." I have given a good deal of thought to the nature of an agreement which would be in the spirit of the considerations I have just mentioned, and which would meet political necessities on both sides. We can talk specifics the next time I am in Peking. By that time a number of technical studies we are now carrying out regarding this question will give me the basis for more precise formulations. But I can give you in general outline what we have in mind:

- As I told the Premier in February, 1973, we will be prepared to reach a solution roughly along the lines of the Japanese pattern: that is, we will withdraw legal recognition from the government of the Republic of China as a separate state and recognize your government as the legal government of China. We would set up an embassy in Peking, and I assume you would have an embassy in Washington.

  We would have to maintain a Liaison Office in Taipei, however, to answer the critics who will say that we are abandoning an old friend, and also to reduce the likelihood that the authorities on the island will either go off in their own direction or turn to a third country. This approach can be said to assist in keeping Taiwan part of China.

- We are willing to reaffirm the position regarding the relationship of Taiwan to China which my government took at the Cairo and Potsdam Conferences. This, of course, would be another way of confirming the unity of China. (FYI: The Cairo Declaration contained the phrase, "Taiwan shall be restored to the Republic of China," and the Potsdam Declaration stated, "the terms of the Cairo Declaration shall be carried out.")

- We would expect to maintain our economic and social ties with the island, as the Japanese are doing. As with a Liaison Office in Taipei, our continuing commercial and social contacts can be said to bridge Taiwan with the mainland because of our relationship with you. They will also help to prevent others from coming in.

- Our defense relationship with Taiwan, as I commented earlier, is the most difficult issue we have to contend with. From the beginning of our discussions with you we have stressed our desire for a peaceful resolution of the relationship of the island to the mainland. I have just now made a general comment about how we might deal with this problem; and as you know, I have my differences with Senator Jackson. Given the complexity of the issue, however, perhaps we had better reserve further discussion until my next trip to Peking.

THE OPERATIONAL ISSUES ASSOCIATED WITH A NORMALIZATION AGREEMENT

In order to approach the question of a normalization agreement in terms of a comprehensive set of proposals which might be presented to Peking on your next trip, it will be helpful to begin by detailing the essential elements of any agreement, and then combine them into alternative packages.

The essential elements of any agreement are the following:

-- Diplomatic recognition of Peking, including some formal public statement about the PRC being the "[sole] legal government of China," and exchanging ambassadors.

-- Withdrawal of recognition of the ROC as a state, and lowering the level of our official representation in Taipei. Alternatives on this issue which seem to hold the prospect of being acceptable to Peking begin with a complete break in diplomatic relations and include reduction of our embassy to a consulate [accredited to either the "authorities" in Taipei, or to the provincial government in Taichung], conversion of our embassy into an official "liaison office" (as we now have in Peking), a semi-official "trade office," or some formally private presence on the Japanese pattern (which involved both Tokyo and Taipei setting up private "exchange" or "East Asian relations" associations which were staffed by seconded diplomats and partially funded by the two governments). There is also a solution along the "Baltic" pattern [alluded to by Chairman Mao] which would appear to involve withdrawing our official presence from Taiwan while continuing to accredit or give courtesies to a governmental representative from Taipei in Washington. This approach would be inconsistent, however, with our withdrawal of recognition of the ROC.

An additional pattern would involve not withdrawing legal recognition of the ROC as a state [which would enable our defense treaty to remain in force], but lowering the level of our official presence in Taipei to that of, say, a consulate, and reiterating that we viewed the ROC as a legal entity only over the territory which it actually

controls. While it could be argued that this approach would not contravene the principle of "one China" (as the ROC claims it is the legal government of China), it would almost certainly be unacceptable to Peking, which has consistently denounced a "one China, two governments" solution. In addition, it would appear to go against the Administration's assurance to PRC leaders that it does not intend to support a "two China" approach to normalization. Thus, we would not recommend that you incorporate this pattern into a negotiating package. You may wish, however, to keep it in mind as an alternative position to fall back to should the PRC prove totally unwilling to give us anything adequate to cover U. S. domestic requirements and Taiwan's concerns on the critical security issue of "peaceful reintegration."

Of the various alternatives to maintaining some form of official contact with Taiwan, we believe that the two viable negotiating options are either reduction of our presence in Taipei to a consulate, or conversion of our embassy into a "liaison office" (each approach to be presented with a specific package of associated agreements, as is spelled out in the following section of the paper). As far as which alternative would be more acceptable to the PRC is concerned, we note that Chinese officials on at least two occasions have either commented favorably on the notion of an embassy-liaison office switch (as was publicly proposed by Senator Jackson) or have not criticized this concept when they had an opportunity to do so. On the other hand, on at least one official occasion Vice Premier Teng Hsiao-p'ing did reject the notion of consular relations with Taiwan being maintained by a country which wanted to establish full diplomatic relations with Peking.

-- Affirming the status of Taiwan as Chinese territory. Since 1970, most nations establishing diplomatic relations with the PRC have "taken note of," "acknowledged," "recognized," or expressed "understanding and respect for" Peking's assertion that Taiwan is an inalienable part of the territory of China or the PRC. An alternative open to the U. S. is to reaffirm our commitment expressed in the Cairo Declaration that "Taiwan shall be restored to the Republic of China" and the Potsdam Declaration that "the terms of the Cairo Declaration shall be carried out." Our political problem is to "confirm the principle of one China" while at the same time using communique language which either commits the PRC to a peaceful solution of the Taiwan question or does not foreclose for the U. S. the

possibility of resorting to lawful military action to prevent the forcible conquest of Taiwan. The following formulation on the unity of China would appear to meet Peking's needs (while the following section of this analysis includes formulations on the question of Taiwan's security):

> The U. S. side, [in recognition of the fact that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is part of China, and] consistent with its position expressed in the Cairo and Potsdam Declarations that Taiwan shall be restored to China, reaffirms its own commitment to the principle of one China.

This statement could be reinforced by communique language expressing U. S. opposition to any third country seeking to establish hegemony over the island. While such a public affirmation of our latent security relationship with the PRC might be too provocative to the Soviets or Japanese, and might be difficult for Peking to accept because of its apparent conflict with their policy of "self-reliance," it also could be useful to them as a way of further limiting the possibility of Taipei turning to the Soviets for security assistance as we fully normalize.

-- Our defense commitment to the Republic of China. The lawyers say that once we withdraw legal recognition from the ROC as a state, our Mutual Defense Treaty will automatically lapse. Our problem here is to work out some alternative arrangement which takes into account our moral commitment to the security of the people of Taiwan, and the potentially disruptive impact on our domestic politics and foreign relations of a unilateral abrogation of a defense agreement with an old ally. At the same time, it is in our interest to minimize as far as possible a direct U. S. involvement in Taiwan's future security affairs (as an arms supplier, or through a public statement of some sort commiting the U. S. to the future security of the island) which over the long run would very likely prove a major irritant in our dealings with Peking.

For Peking's part, on the one hand Premier Chou has expressed the view that our military withdrawal from the island should not be too rapid (as it might stimulate "the ambitions of a third country"); on the other hand, private comments to you by Mao and Chou regarding the

use of force in regaining control over the island indicate that the PRC will be most reluctant to make a flat statement renouncing the use of force in Taiwan's "liberation."

At the same time, however, a conditional statement from Peking regarding the "peaceful liberation" of Taiwan (or preferably, "peaceful reintegration") may be possible in terms of several previous Chinese statements to this effect already in the public record, and on the basis of Premier Chou's private comments to you and President Nixon about PRC willingness to strive for this type of solution. For the U.S., some form of statement on this issue by Peking will be critical to dealing with the domestic and international repercussions of our terminating the diplomatic and defense relationship with Taipei.

We see three forms which such a statement might take. Most preferable from our perspective would be a joint formulation along the following lines:

> The two sides recognize the necessity of ensuring that past differences over the issue of Taiwan are reconciled. To this end, the United States, consistent with the Cairo and Potsdam Declarations, which called for Taiwan to be restored to China, reaffirms its commitment to the principle of one China. The People's Republic of China notes that it is a well established historical and legal principle that Taiwan is part of China and reaffirms its determination that Taiwan be reintegrated into the motherland by peaceful means, provided that the authorities on Taiwan neither allow other parties to establish hegemony over the island nor attempt to repudiate the principle that Taiwan is part of China. Each side will do its utmost to promote the peaceful reintegration of Taiwan, and to that end shall ensure, in the interim, that there is no threat or use of armed force, either from Taiwan or against the island.

This type of commitment would enable us to claim that, even though our Mutual Defense Treaty with the ROC was legally no longer in effect, we had provided for the island's security by a PRC commitment not to use force in solving the Taiwan question. Such a

commitment would also enable us to assert with some plausibility that we retained a legal basis for asserting the right of the U. S. to defend Taiwan if it ever was threatened from the mainland. This approach, while most helpful to us, is probably not one, however, which we should expect to be acceptable to Peking. At the same time, you may wish to make it part of an initial negotiating position.

Two additional formulations seem likely to be acceptable to the Chinese, but they would not provide the U. S. any legal justification for a post-normalization role in the defense of Taiwan (other than any private understanding you might reach in Peking about a continuing American arms-supply relationship with the island). The first of these is a unilateral and conditional "peaceful reintegration" statement by the PRC of the following sort:

> The Chinese side states that the Chinese people and government remain willing and are prepared to strive for the peaceful reintegration of Taiwan into the motherland. The Government of the People's Republic of China believes [or, the Chinese people believe] that the possibilities for peaceful reintegration will continue to increase so long as the authorities on Taiwan neither allow other parties to establish hegemony over the island nor attempt to repudiate the well-established historical and legal principle that Taiwan is part of China. China does not contemplate the use of force in resolving the internal question of Taiwan's reintegration in the absence of provocations of this nature.

An even less favorable fallback position, which would merely restate Chairman Mao's line that "we can wait a hundred years," might be expressed in the following formulation:

> The Chinese side declares that the liberation of Taiwan is China's internal affair in which no other country has the right to interfere. This is a question which must eventually be resolved. The government of the People's Republic of China is willing to strive for the peaceful liberation of Taiwan, and is prepared to hold discussions with the authorities on Taiwan at any time. The Chinese are a patient people. The

> Chinese government and people declare that so long as the authorities on Taiwan neither allow any other party to establish hegemony over the island nor attempt to repudiate the well-established historical and legal principle that Taiwan is part of China, they are prepared to wait for many decades for the final resolution of this question.

A unilateral PRC declaration on the order of the two above formulations could be further strengthened by a parallel American statement -- in a communique, at a press conference, and/or embodied in a Congressional resolution -- reaffirming our interest in a peaceful settlement of the Taiwan question by the Chinese themselves (and perhaps expressing the willingness of the USG, if both Chinese parties desire, to lend its good offices to any effort to reach a negotiated accommodation).

> The U.S. side welcomes the statement of the PRC regarding the future of Taiwan, and reaffirms its own interest in a peaceful settlement of this question by the Chinese themselves. [In furtherance of this end, the U.S. side is willing to lend its good offices to efforts to reach a negotiated resolution of the Taiwan question if both Chinese parties desire.] Furthermore, it has been with the prospect of a peaceful accommodation in mind that the U.S. withdrew its military forces [and installations] from the island. However, should any actions by the parties concerned, or by a third country, call into question the possibilities for a peaceful resolution of the Taiwan question, the U.S. side would have to re-evaluate its position.

The major problem with a unilateral American statement, including some form of Congressional resolution, pledging U.S. support for Taiwan's future security is that legally it would be an "empty cannon" certain to be attacked by the lawyers as representing nothing more than a statement of intent to interfere in the internal affairs of a state we now recognize as sovereign over Taiwan. Politically, such a statement could be picked up by opponents of U.S.-PRC normalization in Peking and criticized as representing an American "tail" on the island.

In terms of a negotiating strategy, you will have to decide which of the three possible forms of declaration by the PRC would meet our minimal political needs, and which form you will initially press for. The underlying issues are to what degree we can appear to be simply taking Peking at its word about peaceful intentions or a willingness to delay the day of Taiwan's "liberation," and whether we retain the kind of residual relationship with the island which is likely to sour our political dealings with the PRC and perhaps drag the U. S. back into a military confrontation if "peaceful reintegration" never comes. Counterbalancing these factors, of course, are the issues of the domestic political reaction to a normalization agreement, and the impact of such an agreement on our international relations.

-- Military sales to Taiwan. Premier Chou's intensive questioning of you in February and November, 1973 regarding our military sales and F5-E co-production arrangements with the ROC suggests political sensitivity in Peking to our maintenance of the island's defense capability -- presumably for its impact on Taipei's willingness to negotiate rather than because of any currently active planning in Peking to liberate the island by force. From our perspective, however, an understanding with the PRC that Taiwan would continue to be able to buy from the U. S. defensive military equipment on a cash basis [rather than with FMS credits] probably constitutes an important domestic political balancer to termination of our formal defense relationship with the island. Indeed, even from Peking's perspective, a continuing, if limited, U. S. military supply relationship with Taiwan is probably desirable as a way of preempting "third countries" from establishing such a position. Thus, we believe normalization discussions should include some understanding with Peking about future cash military sales. Our present law would have to be changed to permit sales by the U. S. Government to Taiwan once we no longer recognize the GRC as a state, but direct sales by the manufacturers would still be possible. In order to formulate a more precise negotiating position on this issue, we have recommended to you that it be studied via the NSSM process -- or on a more closely controlled basis by an NSC-chaired ad hoc interagency working group -- prior to your next trip to Peking.

-- Maintenance of economic and social ties to Taiwan. A normalization agreement should also include an understanding with Peking that we will maintain our economic relationship with Taiwan as well as direct political and social contact with the people of the island. The

manner in which Japan's relations with Taiwan have been maintained subsequent to normalization gives us substantial assurance that Peking will not object to our maintaining such ties. We should, however, conduct a technical level study of the effects of withdrawal of legal recognition from the ROC on our commercial dealings, private travel, and protection of U. S. citizens on the island, as there may be specific problems we should address in negotiations with Peking.

The above are key elements of a normalization agreement as they affect "confirmation of the principle of one China." In addition, there are a number of related issues -- establishment of formal consular relations, resolution of the private claims issue as well as the matter of governmental claims, the MFN question, and agreements affecting civil aviation and maritime relations -- that are important to the establishment of truly normal state-to-state ties. Given the experience of other states in developing bilateral relations with the PRC (even those which Peking considers to be "friendly") we should have no illusions that working out technical agreements which would strengthen bilateral ties will be anything but a time-consuming and at times exasperating process. Our own experience on such issues as private claims, the Marine guard, and consular relations has (unfortunately) provided a good sense of what we can, and cannot, expect. Moreover, once a normalization agreement has been reached at a political level, we may lose some leverage on the remaining technical issues.

There are three strategies which might be pursued in approaching these latter issues: seek to engage the PRC in negotiations before a normalization agreement is worked out; seek negotiations after the terms for normalization have been reached privately but before they are implemented (to preserve some bargaining leverage on these technical issues); or postpone negotiations on these issues until after formal diplomatic relations have been established.

It is our expectation -- based on Peking's practice in dealing with other states -- that the Chinese will not want to consider any of these questions until full normalization has been consummated. However, it may be in our interest to press Peking to begin discussion of at least some of these issues once the basic political terms for normalization have been negotiated. In the context of the present analysis we set aside these issues and confront the basic question of how the key political elements might be combined for negotiations. You may wish

to consider, however, the manner in which you want to handle these issues in terms of an overall strategy for normalizing relations.

Two Package Approaches to Normalization: A "Clean Break," or a "Bridge"

We see basically two package approaches to a normalization agreement. Each includes establishing formal diplomatic relations with Peking, but they differ in the level of representation we would maintain with Taipei and on the degree of future U. S. involvement in the island's security. The key to which approach we pursue will be whether or not Peking will agree to a joint "peaceful reintegration" commitment [or a unilateral statement of intent to strive for "peaceful reintegration" as a fallback].

The negotiating package which would provide the U. S. the best basis for an on-going relationship with Peking might be termed "the clean break" as it minimizes our formal contacts with Taipei and our future security role. The one difficult element in this approach is the "peaceful reintegration" statement. Its elements are:

-- Formal diplomatic recognition of the PRC as the "sole legal government" of China, with exchange of ambassadors.

-- Withdrawal of legal recognition of the ROC, with transformation of our embassy into a "liaison office" [or, less preferably, a formally unofficial presence on the Japanese pattern].

-- Explicit U. S. affirmation of the principle of "one China." (See the suggested communique language on page 3 above.)

-- Termination of our defense treaty with the ROC, complete removal of our remaining MAAG/TDC and intelligence cadre, and elimination of our military sales to Taipei [or reduction of such sales to a minimal level and on a cash basis if Peking will not agree to a joint "peaceful reintegration" commitment].

-- A joint "peaceful reintegration" commitment [with a unilateral statement of intent to "peaceful reintegration" as a fallback]. (See suggested communique formulations on pp. 4 and 5 above).

-- PRC agreement to continuing U. S. commercial, political, and social access to the island.

A second approach would leave the U. S. in more of a "bridging" relationship between Peking and Taipei through stronger institutional ties to the island and by maintaining a higher-profile security relationship. As such, this type of a normalization solution would be far less costly from a domestic U. S. political standpoint, and would be more consistent with past Presidential statements about continuing support for our "old friends" on Taiwan. It could also be argued that by continuing to link the island with the mainland we were not contravening the principle of "one China," and were meeting Peking's needs by "holding" the island from either the independence or Soviet options. We doubt that such a rationalization will carry much weight in Peking, however, as this solution is very close to a "one China, two governments" arrangement. As such, it would not provide the most constructive basis for a long-term relationship with the PRC because of the many ways in which our residual relationship to the island could become an issue in Peking's internal politics or involve the U. S. in a future military confrontation with the PRC over Taiwan should a negotiated accommodation either fail or fail to get started.

The elements of this package are:

-- Formal diplomatic recognition of the PRC, exchange of ambassadors, [and perhaps trimmed communique language regarding Peking as just the "legal government of China"].

-- Break in formal diplomatic relations with the ROC; but with transformation of our embassy into a "liaison office" or consulate-general.

-- Explicit U. S. affirmation of the principle of "one China" [see the suggested communique language on page 3 above].

-- Termination of our defense treaty with the ROC, but with a residual military and intelligence cadre pending "peaceful reintegration" and maintenance of a cash military sales program with Taipei.

-- A unilateral PRC statement expressing the hope and intention to strive for "peaceful reintegration" [but without the explicit degree of commitment in the preferred joint formulation] or the less-preferable unilateral statement indicating patience in resolving the Taiwan issue as a fallback. See the suggested communique language on pp. 5 and 6 above.

-- A unilateral U. S. statement, perhaps reinforced by a Congressional resolution, expressing interest in a peaceful resolution of Taiwan's future and intent to re-evaluate our relationship with the PRC if it should initiate military action against the island [see suggested communique language on page 6 above].

-- PRC agreement to continuing U. S. commercial, political, and social access to the island.

* * *

Subsequent to your October 2 dinner session with Ch'iao Kuan-hua, if you will instruct us on the way you wish to proceed in handling the above elements of a normalization agreement, we will further refine the negotiating packages suggested here and prepare talking points for your November trip to Peking.

~~SECRET~~/NODIS

KOREA

BACKGROUND

Last Summer and Fall you offered, and the Chinese accepted, an arrangement whereby UNCURK was dissolved, a debate in the UN was avoided, and the problem of the UN Command was left for solution prior to the UNGA this year. An essential element in the last-minute Chinese cooperation to obtain a consensus agreement in the GA last year was the fact that our side dropped a controversial element from our resolution (simultaneous UN membership) and thereby gained a considerable edge in voting. We hope the same situation may occur this year, and produce in the PRC and North Korea a comparable willingness to settle the item without debate.

On June 13 this year we proposed to Han Hsu the details of our suggested solution to the problem of the United Nations Command in Korea. The talking points and the paper we used at that time are contained in Tab 1. On July 31, seven weeks later, the PRC gave its response which, as you will recall, was negative on some points but seemed to leave openings by not addressing the main issues of the UN Command and the Armistice Agreement. We think the nature of the response was a reflection more of North Korean intransigence than PRC views. A copy of that PRC paper is also in Tab 2. On August 28, with your approval, we made our latest proposal to PRCLO Acting Deputy, Mr. Chien, a copy of which is contained in Tab 3. In consideration of the points raised in the PRC paper, we omitted any mention of a US force presence in Korea and a non-aggression pact between the North and the South, concentrating on terminating the UN Command with appropriate safeguards for maintaining the Armistice Agreement. We have not had a response to that proposal; PRC responses have been very slow -- so slow that events in the UN have overtaken them. We have fully coordinated with South Korea as we have moved ahead.

In the UN, the North Koreans stimulated the Algerians, Syrians, and others on August 16 to request inscription of an item calling for withdrawal of all foreign troops stationed in Korea under the UN flag (the PRC went along; how happily we don't know). On September 3, to protect our own interests, friends of South Korea requested inscription of a friendly item and also a friendly draft resolution. The other side tabled its hostile draft resolution on September 16. It is relatively mild for a North Korean-endorsed document. Its first operative paragraph "considers that it is necessary" to withdraw all foreign troops stationed in South Korea under the UN flag. A second paragraph expresses confidence that the parties directly concerned will take the appropriate steps to solve questions related to such withdrawal.

The two items have now both been included in a single item. The fact that the friendly draft resolution was submitted first gives us good prospects for obtaining voting priority for our draft. Preliminary indications are that we may be able to muster a majority for our resolution. Huang Hua in a UN speech September 19 charged that Park's repressions in the South are "entirely due to US interference and connivance" and he called for the removal of US aggression and for "the withdrawal of US troops under the UN flag." Our objective continues to be prevention of adverse General Assembly actions on the UN Command or US troop presence, despite the fact that this is essentially a Security Council matter in which the General Assembly does not have jurisdiction. We also prefer to turn off or at least tone down UN debate on the question because it puts us against the Chinese.

You should press the Chinese, using the following:

TALKING POINTS

-- We are concerned that we are missing an opportunity to cooperate in the UN to avoid a confrontation on Korea, and to dissolve the UN Command while preserving the Armistice. Your side, without consultation with us, introduced a UN agenda item on Korea, and our side therefore had to respond.

-- We are ready to dissolve the UN Command, as I told you last year, if certain safeguards are met.

-- Korea constitutes a danger point for our relations, and for the situation in Asia as a whole. Because of these dangers, we are not willing to allow the Armistice Agreement to deteriorate into a simple bilateral agreement between Seoul and Pyongyang, without outside involvement.

-- We hope for a forthcoming response from your side to our August 28 proposal, in which we took into consideration points you had raised in your July 31 paper.

-- There is still time, if we can agree along the lines of the proposals we have made to you on June 13, and August 28, to avoid a General Assembly debate, and to move toward constructive action to dissolve the UNC.

-- Your side could still agree in the GA on a consensus outcome that would avoid voting; or could agree that the Korean item would not be taken up at all, or could agree that both items be withdrawn.

-- The GA of course has no jurisdiction over the UN Command question, and a debate there would have little meaning; it would widen rather than narrow the differences between North and South Korea. It would certainly not promote the peaceful reunification that you say you support.

-- We believe that the item and the resolution we have introduced has a good chance of passage, and we will be working hard to gain support for it, unless an agreement can be reached between us. If necessary, we would have to explain in the UN the proposals that we have offered: on the UNC and the Armistice.

-- It appears that you may be having trouble persuading your North Korean friends to be reasonable. We have some troubles with South Korea, but not any that relate to tactics in the UN. Our South Korean friends genuinely want to reduce tensions, and avoid divisive debate in the UN.

-- Your North Korean friends have been using various channels to try to get in direct touch with us. As I have told you, we will be willing to be in direct touch with Pyongyang, but only as countries on your side get in direct touch with Seoul.

~~TOP SECRET~~/SENSITIVE

Talking Points

-- The Chinese side was very helpful in handling the dissolution of UNCURK at the UNGA session last November in a constructive manner.

-- We told you last summer that we would consider alternative arrangements to the U.N. Command before this fall's session of the General Assembly. We are willing to see the UNC terminated if alternative arrangements acceptable to both sides can be worked out which will maintain stability on the Korean Peninsula.

-- We have in mind the elemtns of a package arrangement which would replace the UNC. We have reason to believe the proposal I will now make will be acceptable to the Republic of Korea. If you have no major problems with it, we intend to ask the South Koreans to make a private approach to the North following your response in order to initiate negotiations on new arrangements. It is our view that the North and South must carry the major burden of negotiations on a matter like this which directly affects their interests, as their agreement will be essential to the effectiveness of any alternative arrangement.

-- However, we also feel that the U.S. and PRC must maintain a behind-the-scenes involvement, as we did at the U.N. last fall, to ensure that these talks proceed in a constructive manner. Given our close consultations on the Korean issue in the past, we would appreciate any views you might have on this proposal within a week or ten days. This would then open the way for the two Korean sides to negotiate on the question.

-- Once the two Koreas have reached a common position on an alternative to the UNC through direct negotiations, the U.N. Security Council can endorse the new arrangement. We believe it will not be helpful to building confidence to have a public debate on this issue while the private negotiations are going on. Thus, we hope your North Korean friends will not raise this issue in the U.N. General Assembly.

-- Our basic position is that while the UNC can go, the structure of the present armistice agreement should be maintained as a transitional arrangement. I told Vice Premier Teng in New York last month that we believe that both the PRC and U.S. should remain associated with the existing armistice arrangement, as it will stabilize the situation while the two Koreas work out a new relationship. This will also help limit Soviet influence in Korea.

-- We are willing to commit ourselves publicly to the progressive reduction and ultimate withdrawal of our forces from Korea in a public statement, but we will carry out our withdrawal only as the security situation on the Peninsula is stabilized. We have not decided on the most appropriate format for such a public statement, but we assume this will become evident as the negotiations proceed.

-- We will commit ourselves to this position on the basis of a private understanding with you and North Korea that you accept the interim presence of our forces in the ROK as the security situation on the Peninsula is stabilized. We assume you will probably continue to make public statements calling for the withdrawal of our forces.

-- We believe there should be a non-aggression pact between Seoul and Pyongyang. (If Huang comments on the North's desire for a peace treaty:) We believe that such a comprehensive agreement should evolve on a step-by-step basis as confidence is built between the two sides.

-- We frankly don't think it is helpful to have the North Koreans making public appeals to our Congress, or to the Executive Branch, for a treaty negotiated directly with the U.S. This only raises questions in the minds of our Korean friends about the North's intentions. As the

July 4th (1972) communique between the North and South states, the problems on the Korean Peninsula should be resolved between the two Koreas.

PAPER HANDED TO

PRC, JUNE 13

The U. S. side wishes to inform the Chinese side that, in consultation with the Government of the Republic of Korea, it is prepared to consider abolition of the U.N. Command in Korea.

We propose, pending stabilization of the security situation on the Korean Peninsula, an alternative arrangement embodying the following points:

-- That the U. S. and Republic of Korea military commanders substitute for the Commander in Chief United Nations Command as our side's signatory to the Armistice Agreement of 1953 as provided in accordance with Article II, paragraph 17 of the Agreement. Representatives of the Armed Forces of the Republic of Korea and the Korean People's Army would then designate the senior members of the Military Armistice Commission. Notification of the successors in command to the Commander in Chief United Nations Command would be made through the Military Armistice Commission and would be acknowledged by your side. The People's Republic of China would remain associated with the Armistice Agreement and its implementing machinery.

-- Once North and South Korea have reached agreement on such a successor arrangement to the UNC through direct talks, the United States will notify the U.N. Security Council of its relinquishment of the unified command. It would be desirable that the Security Council take note of the altered arrangements and place its own endorsement on them.

-- In furtherance of the security of the Korean Peninsula, we believe that the two Korean sides should, in conjunction with the termination of the U.N. Command, enter into a non-aggression agreement.

-- The United States is willing to publicly commit itself to the progressive reduction and ultimate withdrawal of its forces from Korea as the security situation on the Peninsula is stabilized. Such a public commitment must be on the basis of a private understanding with the People's Republic of China and North Korea that the presence of our forces is accepted on an interim basis as the transitional arrangements between North and South evolve and are stabilized.

The U.S. side put forward a proposal on June 13 indicating that it is prepared to consider abolition of the U.N. Command in Korea, and this is something which should be considered to be positive. But in the so-called alternative arrangement which it put forward, it linked up the entering into of a non-aggression agreement between the North and South Korean sides with the termination of the U.N. Command and asked China and the Democratic People's Republic of Korea to agree to the continued presence of the U.S. forces in South Korea until there is a so-called stabilization of the security situation on the Korean peninsula. This is in actuality wanting to use the abolition of the empty name of the U.N. Command in exchange for the prolonged stay of the U.S. forces in South Korea and the perpetual congealing of the split situation of "two Koreas," thus increasing difficulties to the independent peaceful reunification of Korea. Such an alternative arrangement is naturally something to which the Korean and Chinese sides cannot agree.

21 years after the armistice in Korea, long after the withdrawal of the Chinese People's Volunteers and after the Joint Statement of July 4, 1972 by the North and South Korean sides, it is untenable and most unpopular to continue to maintain the U.N. Command and to let the U.S. forces who entered into South Korea under the U.N. Command flag to continue their stay there for a long period of time. The Chinese side hopes that the U.S. side will fulfill its promise to settle within this year the question of abolition of the U.N. Command and speedily withdraw the U.S. forces from South Korea.

~~SECRET~~/NODIS

CAMBODIA

You have given general agreement to the proposal advanced by Ambassador Dean and Assistant Secretary Habib that an international conference should be convened on Cambodia. A memorandum was sent to you on September 13 , outlining suggested scenarios and options. A copy of that memorandum is attached at Tab 1.

In past conversations with the Chinese you have made some mild overtures to see whether the PRC would be willing to promote peace talks between the warring factions in Cambodia. It has been quite obvious that the PRC, for its own reasons, is unable or unwilling to take action.

Here follows an excerpt from a memcon of a conversation between you and Ambassador Huang Chen on June 24, 1974:

> Huang: "I told (Senator Mansfield) frankly that if he goes (to Peking) at the present time, it is likely to give rise to speculation about Cambodian peace negotiations. He knows our position: we support the Cambodian people in continuing their struggle. We don't want to involve ourselves in peace negotiations. The present time (for a Mansfield visit) is not convenient, but he can come after September."
>
> Secretary: Do you think the Cambodian situation will be solved by September?
>
> Huang: I cannot predict anything. You know our position.

The Chinese negative reactions have occurred in the context of U.S./PRC bilateral discussions in which the PRC has in effect declined to intervene with Hanoi

~~SECRET~~/NODIS

and the Khmer insurgents at its own initiative. We think that there is some chance that the PRC may be more inclined to move the Khmer problem toward a solution in a multilateral framework. We also believe that we need to continue to raise this with the PRC in order to probe for openings. In any event, whatever the difficulties with the conference idea, no one has come up with a better solution and we face an increasingly serious situation in Cambodia as our aid funds get cut back. The credentials problem in the UN does not look good, either. We have indicated to Asian friends, and Ambassador Dean has told the Cambodians, that we would be approaching the PRC.

TALKING POINTS

(NOTE: We realize you do not wish to be overly specific. These points are, therefore, illustrative, and you should decide how far you want to go).

-- A military stalemate clearly exists in Cambodia. One side or the other may temporarily seize the initiative as has happened this year, with the KC having the advantage in April and May but the Cambodian government having it in June and July. We do not believe that either side can win in the foreseeable future.

-- Such fighting could go on indefinitely, given the assumption that both sides would continue to receive the support of their friends. We must consider seriously how such a situation would affect the overall situation in Indochina, where -- speaking of Vietnam and Laos -- we have established a framework for real progress. We don't want the situation to deteriorate, because this would have a most unfortunate impact on the political atmosphere, and on what we are trying to build with you.

-- We understand that the PRC continues to support Prince Sihanouk and the GRUNK.

-- For our part, we continue to support the Lon Nol government, although as I have said before, if a negotiated settlement can be reached we are not irrevocably committed to specific individuals.

-- Despite offers of unconditional negotiations by the GKR, the other side has refused to negotiate directly with Lon Nol and his government.

-- President Ford has publicly expressed the hope for an early compromise settlement in Cambodia. We believe a stable peace can only come when all sides believe they have been fairly treated.

-- The United States, like the People's Republic of China, has supported and continues to support the principle that the future of Cambodia should be determined by the Cambodian people themselves.

-- The United States also believes that it shares with the People's Republic of China a common interest in the establishment of a free, neutral and peaceful Cambodia free of foreign intervention.

-- The United States is prepared to accept and to maintain relations with any Cambodian government truly representative of the desires of the Cambodian people and acceptable to the contending sides. It would respect the independence, neutrality, national sovereignty and territorial integrity of Cambodia following formation of such a government, and it would cooperate with other nations to that end.

-- The government of the United States would be interested to know the views of the government of the People's Republic of China on this subject as well as any understanding that the government of the People's Republic of China might have regarding the views of other parties.

-- One possibility we would be prepared to explore would be to convoke an international conference on Cambodia. Such a conference might represent a convenient forum for the Cambodian parties to resolve their differences.

-- The U.S. would be ready to abide by the consensus results of this conference. We would, for example, not be opposed to having Prince Sihanouk play a role in the post-conference settlement.

-- The U.S., of course, will contribute to the reconstruction of Cambodia.

-- We understand that the Cambodian Government is prepared to discuss any and all subjects pertinent to a solution. We hope other parties would approach talks in the same spirit.

-- In the July 9 declaration by the GKR in Phnom Penh, Khmer authorities stated, "All questions which divide the Khmer are subject to discussion." This sentence is an indirect reference to the willingness of certain Phnom Penh authorities to step aside and make room for new leadership as a result of a solution emerging from negotiations.

(FYI. This point must be made clearly to the Chinese, since it is a sine qua non for Sihanouk to come to an international conference. But, if the convening of the conference itself depends entirely on the removal of President Lon Nol from the political scene, we believe that the Khmer President could be

convinced not to stand in the way of efforts to find a peaceful solution. This is unlikely to come up in the conversation; we will have to consider carefully if we would want to pay the price just to get a conference started. END FYI).

-- (If the Chinese should pursue the subject of location and participation): We would prefer an Asian site, such as Singapore or Tokyo which have adequate facilities, but we are open to suggestions,

-- As to membership in to the conference, we believe that, aside from the Khmer sides, it would be wise to include the PRC, the Soviet Union, the UK (Co-chairmen of the Geneva Conference), and France -- all permanent members of the Security Council with interests in the Far East; we would also envisage including Japan, Thailand and Indonesia as leading states and neighbors of the area, as well as other Asian states if it appears desirable. We are less ready to include other Indochinese states because we believe the conference should concentrate on Cambodia. However, we would like Peking's views.

-- If you agree to this suggestion, we would favor an invitation as early as possible in order to get negotiations under way before the end of the year. The invitation could come from the Secretary General of the United Nations (in which case we would see only a minor role for the UNSYG, along the lines of the Paris Conference), or from a group of states who wish to see peace return to Cambodia.

-- Our objective, of course, is meaningful negotiations, not just a conference. Thus, however you may react to this specific suggestion, I think it is important for us

to keep in touch on this subject. We cannot become the creatures of our friends. In their desire for victory, they are not as concerned as we need to be with the final stability and neutrality of the area. What we need to do is to be prepared to help our friends in making peace as well as in making war.

TAB B-3

US to PRC August 28

~~SECRET~~/NODIS

Talking Points

-- We have discussed your reply of July 31 to our June 13 proposal regarding the future of the UN Command in Korea with responsible officials of the Republic of Korea.

-- We regret that the North Korean authorities are unwilling to enter into a nonaggression agreement with the South, for it is only on the basis of the step-by-step building of confidence between the two Korean sides, and the stabilization of the security situation on the peninsula, that the U.S. can consider the withdrawal of its forces.

-- The U.S. side is prepared, however, to discuss further with the Chinese side an alternative arrangement to the UN Command based on the first two elements of our proposal of June 13. That is: maintenance of the Armistice Agreement through acceptance by your government and the authorities of North Korea, as well as the USG and ROKG, of the U.S. and ROK commanders as "successors in command" to CINCUNC, under Article II paragraph 17 of the Armistice Agreement; and endorsement of such an arrangement by the United Nations Security Council at the time it is notified of the termination of the UN Command.

-- If this proposal is acceptable to your side, we are prepared to present to you for further discussion a draft proposal concerning the modalities of effecting the succession of command and affirming the continuity of the Armistice Agreement.

-- If the U.S. and Chinese sides, in consultation with their respective Korean allies, reach agreement on this arrangement, our respective UN representatives can discuss the manner in which the Security Council would be notified of the termination of the United Nations Command and then endorse the alternative arrangement.

~~SECRET~~/NODIS

-- Until recently we were pleased that both sides appeared intent on a serious approach to consideration of the UN Command question through quiet diplomacy. We now understand, however, that certain states -- acting on behalf of North Korea -- have inscribed an item on the agenda of the fall UNGA session regarding the matter of troop withdrawals from Korea. As we indicated to you on June 13, we do not believe that a public debate at this time will contribute to building a mood of confidence which would support further progress on Korean matters. Indeed, we must frankly say that should North Korea's friends press a confrontation in the GA this fall, it cannot but seriously hamper our efforts to work out a mutually acceptable way of terminating the UN Command.

-- We are quite prepared to take whatever actions are required, in concert with our friends in the UN, to respond to those who would debate the Korea issue. We remain willing, however, to refrain from pressing our case at a General Assembly debate on a Korea resolution so long as any other state or group of states acts likewise.

-- We note that the PRC reply of July 31 expresses the hope that the question of the UNC can be resolved this year. This remains our intention and we would view a prompt response from your side to this proposal we are now making as contributing to this process.

PAPER HANDED TO

PRES AUGUST 28

The U.S. side has discussed the Chinese side's reply of July 31 to our June 13 proposal regarding the future of the U.N. Command in Korea with responsible officials of the Republic of Korea.

We regret that the North Korean authorities are unwilling to enter into a nonaggression agreement with South Korea, for it is only on the basis of the step-by step building of confidence between the two Korean sides and the stabilization of the security situation on the peninsula, that the U.S. can consider the withdrawal of its forces.

The U.S. side is prepared, however, to discuss further with the Chinese side an alternative arrangement to the U.N. Command based on the first two elements of our proposal of June 13. That is: maintenance of the Armistice Agreement through acceptance by your government and the authorities of North Korea, as well as by the U.S. government and the Republic of Korea, of the U.S. and South Korean commanders as "successors in command" to the Commander-in-Chief United Nations Command, under Article II, paragraph 17 of the Armistice Agreement; and endorsement of such an arrangement by the United Nations Security Council at the time it is notified of the termination of the U.N. Command.

If this proposal is acceptable to your side, we are prepared to present for further discussion a draft proposal concerning the modalities of effecting the succession of command and affirming the continuity of the Armistice Agreement.

A number of countries have recently inscribed an item on the agenda of the fall session of the U.N. General Assembly regarding troop withdrawals from Korea. If a debate occurs, we will be prepared, in concert with other countries, to respond to those who speak in favor of that item. However, we believe that the question of terminating the U.N. Command can be satisfactorily resolved only through quiet diplomacy, not through a controversial debate in the General Assembly.

We have noted that the Chinese side's reply of July 31 expresses the hope that the question of the U.N. Command can be resolved this year. We share that hope, and an early and favorable reply from your side would contribute to progress towards that goal.