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DEPARTMENT OF STATE

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Memorandum of Conversation

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MADE IN S/S-I.

Date 7/28/76

Initial CM

DATE: July 12, 1976

TIME: 11:40 a.m.

PLACE: The Secretary's Office

SUBJECT: CDC Computer for the PRC

PARTICIPANTS:

The Secretary
The Deputy Secretary
Philip C. Habib, Under Secretary for
Political Affairs
William D. Rogers, Under Secretary for
Economic Affairs
Helmut Sonnenfeldt, Counselor
Winston Lord, Director, S/P
Arthur W. Hummel, Jr., Assistant Secretary, EA
Oscar V. Armstrong, EA/PRCM
Arthur A. Hartman, Assistant Secretary, EUR
Julius L. Katz, Acting Assistant Secretary, EB
Harry Kopp, EB/ITP/EWT, (notetaker)

DISTRIBUTION: S(Aherne), S, S/S, WH(Rodman)

The Secretary: OK, what is the matter we are dealing with here?

Mr. Robinson: Well, we had a meeting with Elliott Richardson of the Export Administration Review Board and discussed the question of whether we should approve the sale of this computer to the PRC without the safeguards of NSDM 247. The same computer was sold to the Soviet Union with a three-year visitation requirement. The PRC has agreed to having a technician there for 18 months, but he won't have free access to the computer, so in essence there would be no monitoring at all. The equipment is for oil exploration but it can also be used for testing

EB/ITP/EWT:HKopp:dlb

(Drafting Office and Officer)

7/12/76:x21421

FORM DS-1254
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DECLASSIFIED *State Review*

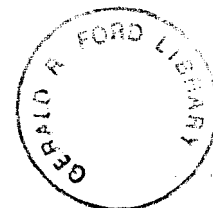
E.O. 12958, SEC. 3.5 3/2/04

STATE DEPT, GUIDELINES

BY HR, NARA, DATE 7/11/08

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rockets. We didn't reach a decision on this. Everyone else said we have to hold to the NSDM, or we'd create trouble with the Soviets.

The Secretary: Why would that be such a disaster? Then Richardson could take a trip there which he has been wanting to do, and explain it.

Mr. Robinson: Of course I

The Secretary: What is your compromise?

Mr. Lord: We should talk to the Chinese and find out first of all what we can do, what other possibilities there are for computers which would be of interest to the Chinese.

The Secretary: Any computers which would be of interest would have the same problems.

Mr. Lord: Not necessarily.

The Secretary: But anything they have talked about with us goes beyond what we have already given them and goes beyond what we gave the USSR. What about the Intourist computer? Was that under safeguards?

Mr. Sonnenfeldt: The French are still holding that up in COCOM.

Mr. Lord: The problem is that the Soviets will buy safeguards but the Chinese won't.

The Secretary: But what happens when the Soviets throw out our technicians?

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Mr. Katz: I think we should look at what the risks are and not worry so much about the safeguards.

Mr. Robinson: After a certain time the computer gets filled up. It's committed and it is difficult to use it for something else.

Mr. Lqrd: We could have some problems with Defense. There may be some disagreement there in Defense. We have to go to Defense at a high level.

Mr. Robinson: I think it's time to review the whole safeguards question. There is a lot of technical dispute and the whole subject should be studied again.

Mr. Habib: Art, you said our position might affect the French attitude in COCOM.

Mr. Hummel: We are told there is no COCOM problem on this, because the French insisted on safeguards in the Soviet Union.

Mr. Sonnenfeldt: On this our problem is with the Chinese not the French.

Mr. Robinson: The French are holding up our case in COCOM, the ITT case.

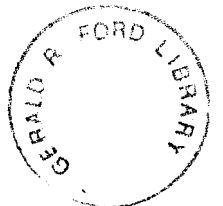
The Secretary: Why is that? We are asking no more from them now than they did with the Soviets.

Mr. Robinson: The French have an 18-month service contract, but they have no access. The Chinese could ask their representative to leave at any time.

The Secretary: That's not true. In all probability they wouldn't ask him to leave.

Mr. Katz: As I understand this the technician would have no access unless the Chinese asked him to come in.

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The Secretary: But it would be the same thing even if the Chinese gave three years of access, legally it would be set up in the same way.

Mr. Robinson: In the Soviet Union the technician sets up the computer, is there from the beginning.

The Secretary: Even if the Chinese had the guy living in the computer, it would still be the same thing. They won't give safeguards.

Mr. Lord: Jules, would the technician come in to the computer, that is, would the Chinese ask him in?

Mr. Katz: I assume so. Otherwise, they wouldn't have agreed to the contract.

The Secretary: At our meetings in December we gave them reason to believe we would be open-minded on computers and not get involved in this bureaucratic stuff. If they can get 18 months, it can be pushed to two years.

Mr. Katz: There is a difference here between partial and full safeguards.

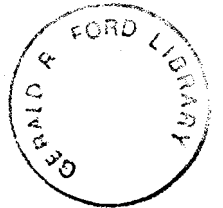
The Secretary: This is the kind of theoretical difference at which we are so good. It is the same situation in the Soviet Union. What do we do if the Russians say, you can't go in today, there is a flu epidemic. It is exactly the same thing.

Mr. Sonnenfeldt: There is some question of time here.

Mr. Hartman: In the Soviet Union they have to dump the whole computer so that we can monitor it, but there seems to be some question about the effectiveness of this method.

Mr. Hummel: There is some time pressure on the CDC contract. I think it expires at the end of the month.

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The Secretary: We need to work something out here but we have to do it informally. We should tell CDC that the less we talk the better off we are. If they can work out something that are like safeguards but are not called safeguards, we can work this out. If it is two years not three years we can work that out too, but they have got to help us. If they can get a service contract for two years.

Mr. Hummel: Oscar Armstrong tells me that CDC has gone as far as they can go with this.

The Secretary: How would they know? Maybe we should try to talk to CDC at a lower level. We can tell them of our discussions.

Mr. Habib: If we go to the Chinese at the government level we will remind them of those conversations we had which they have never mentioned again.

The Secretary: The Chinese don't forget a conversation. This was a conversation at the level of the Deputy Prime Minister. They cannot ignore it. It is in their files and it is inconceivable that it has been forgotten. They didn't raise this again but they remember it. They must expect us to keep a friendly eye on computers.

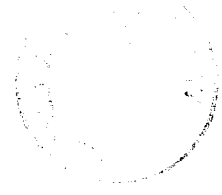
Mr. Hummel: Wasn't one of the items raised with the Chinese, the parallel policy with the Soviet Union?

The Secretary: No.

Mr. Sonnenfeldt: That is our problem not a Chinese problem. We removed the differential.

The Secretary: If we can get a service contract that looks like safeguards we can handle the bureaucracy.

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Mr. Robinson: It will be very difficult.

The Secretary: Who do we have to handle?

Mr. Robinson: Defense. Under the law, if the President decides to overrule a Defense objection he has to explain it to Congress.

The Secretary: That is why matters shouldn't go to this level. Bill Clements doesn't know, doesn't understand this issue. We have got to work very quietly. If this thing goes into the bureaucracy it will be in Evans and Novak inside a week.

Mr. Hummel: If somebody is going to go to the Chinese it is much better for the company to do it than the government. We have had nothing but hard-nosed reactions from the Chinese on this kind of thing. For example, we went to them on steel scrap two or three years ago.

The Secretary: But did they want something then?

Mr. Hummel: Yes indeed, they wanted steel scrap. We were controlling it around the world but they wouldn't understand our worldwide controls and called it a matter of principle.

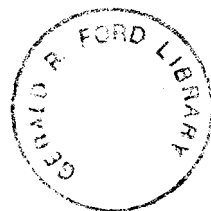
Mr. Lord: Still, someone from the government really has to go in. We had this talk with them and then we got this Burroughs computer case which was really sophisticated equipment. We couldn't let that go.

The Secretary: I agree we should go informally and quietly.

Mr. Robinson: What do I tell Richardson?

The Secretary: I'll talk to him on this.

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NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 028078

REASON FOR WITHDRAWAL ÇNational security restriction
TYPE OF MATERIAL ÇMemorandum of Conversation
CREATOR'S NAME David G. Brown
CREATOR'S TITLE Notetaker
DESCRIPTION re China Policy
CREATION DATE 07/12/1976
VOLUME 6 pages
COLLECTION/SERIES/FOLDER ID . 033200152
COLLECTION TITLE NATIONAL SECURITY ADVISER.
 KISSINGER-SCOWCROFT WEST WING OFFICE
 FILES
BOX NUMBER 6
FOLDER TITLE China unnumbered items (31)
DATE WITHDRAWN 08/14/2008
WITHDRAWING ARCHIVIST HJR

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 028079

REASON FOR WITHDRAWAL ÇNational security restriction
TYPE OF MATERIAL ÇTelegram
CREATOR'S NAME Gates
CREATOR'S TITLE Ambassador
RECEIVER'S NAME Secretary Kissinger and Brent Scowcroft
DESCRIPTION re Senator Scott's visit to China
CREATION DATE 07/13/1976
VOLUME 1 page
COLLECTION/SERIES/FOLDER ID . 033200152
COLLECTION TITLE NATIONAL SECURITY ADVISER.
 KISSINGER-SCOWCROFT WEST WING OFFICE
 FILES
BOX NUMBER 6
FOLDER TITLE China unnumbered items (31)
DATE WITHDRAWN 08/14/2008
WITHDRAWING ARCHIVIST HJR



Department of State

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NODIS

E.O. 11652: XGDS-3
TAGS: PFOR, CH, US
SUBJECT: SEN. SCOTT MEETING WITH VICE PREMIER CHANG CHUN-CHIAO

1. SUMMARY. SENATOR SCOTT'S PERSISTENCE IN PRESSING CHINESE ON TAIWAN ISSUE, AND VICE PREMIER CHANG CHUN-CHIAO'S APPARENT MISCONSTRUAL OF A REMARK BY THE SENATOR, PRODUCED A RETORT BY CHANG THAT THE PLA WOULD CUT THE "TAIWAN MOOSE" OFF THE NECK OF THE U.S. IF THE U.S. DIDN'T TAKE IT OFF. CHANG ALSO VOLUNTEERED COMMENT ON RECENT PRC MILITARY EXERCISES IN FUKIEN. END SUMMARY.

2. THE TAIWAN ISSUE WAS THE FOCAL POINT OF A TWO HOUR DISCUSSION HELD THIS AFTERNOON (JULY 13) AT THE GREAT HALL OF THE PEOPLE BY SENATOR SCOTT AND VICE PREMIER CHANG CHUN-CHIAO. OBVIOUSLY PRIMED IN ADVANCE (THE SUBJECT HAD BEEN DISCUSSED AT LENGTH IN YESTERDAY'S MEETING BETWEEN SENATOR SCOTT AND FOREIGN MINISTER CHIAO), CHANG EMPLOYED TOUGH AND UNCOMPROMISING LANGUAGE TO DRIVE HOME HIS CENTRAL POINT: THE CHINESE ARMY IS PREPARED TO SOLVE THE TAIWAN QUESTION BY FORCE.

3. CHANG DEVELOPED THE FOLLOWING ARGUMENT:
--CHINA CANNOT CONSIDER ITSELF UNIFIED UNTIL TAIWAN IS "LIBERATED."
--CHINA IS CURRENTLY MAKING PREPARATIONS. NOTING THIS, CHANG SAID TO SCOTT: "THIS IS NO MILITARY SECRET. THE SENATOR SURELY KNOWS THAT IN RECENT DAYS IN FUKIEN WE HAVE CONDUCTED SMALL-SCALE MILITARY

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E.O. 12958, SEC. 3.5 State Review

STATE DEPT, GUIDELINES 312104

BY 142, NARA, DATE 7/11/08

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Department of State

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EXERCISES. TAIWAN IS VERY NERVOUS."

--THE "LIBERATION" OF TAIWAN IS CHINA'S DOMESTIC AFFAIR IN WHICH OTHER COUNTRIES HAVE NO RIGHT TO INTERFERE.

--CHINA'S HISTORICAL EXPERIENCE HAD TAUGHT IT THAT "PEACEFUL LIBERATION" IS AN IMPOSSIBILITY AND THAT IT WAS "MORE RELIABLE" TO SETTLE SUCH QUESTIONS AS TAIWAN "THROUGH WARFARE."

4. HUCH -- BUT NOT ALL -- OF CHANG'S SHARPNESS APPARENTLY STEMMED FROM SCOTT'S EXPRESSED VIEW THAT "WE WILL ALL TAKE GREAT SATISFACTION IN AN ULTIMATE PEACEFUL SOLUTION." CHANG ASKED SCOTT WHETHER "ULTIMATE PEACEFUL SOLUTION" REFERRED TO US-CHINA RELATIONS OR TO "RELATIONS BETWEEN CHINA AND THE CHIANG CHING-KUO REGIME IN TAIWAN." SCOTT'S REPLY "I SPOKE OF THE US AND CHINA" WAS TAKEN BY CHANG AS A THREAT; CHANG STATED "I DON'T UNDERSTAND. DO YOU THINK CHINA AND THE US SHOULD FIGHT A WAR OVER TAIWAN? TAIWAN IS TOTALLY A DOMESTIC ISSUE."

5. WHEN SCOTT PICKED UP THE ISSUE THAT CHANG HAD ATTEMPTED TO DROP -- STATING THAT THERE WAS NO NEED TO ARGUE, GIVEN THE CLARITY OF THE RESPECTIVE POSITIONS -- CHANG RETORTED: "WE ARE VERY CLEAR ON TAIWAN. SINCE THE ISSUE OF TAIWAN HAS ARISEN, THIS IS A NOOSE AROUND THE NECK OF THE US. IT IS IN THE INTERESTS OF THE AMERICAN PEOPLE TO TAKE IT OFF. IF YOU DON'T, THE PLA WILL CUT IT OFF. THIS WILL BE GOOD BOTH FOR THE AMERICAN AND CHINESE PEOPLES...WE ARE GENEROUS...WE ARE READY TO HELP THE US SOLVE THE PROBLEM BY OUR BAYONETS -- PERHAPS THAT DOESN'T SOUND PLEASANT BUT THAT IS THE WAY IT IS." ASKED BY SCOTT WHAT HE MEANT, CHANG SHOT BACK: "TO OVERTHROW THE CHIANG CLIQUE."

6. ELSEWHERE CHANG REAFFIRMED -- AS CHIAO HAD YESTERDAY -- THE CHINESE INSISTENCE THAT THE JAPANESE FORMULA AND ITS THREE TENETS SERVE AS THE BASIS FOR US-PRC NORMALIZATION.

7. THE CUTTING NATURE OF THIS EXCHANGE CARRIED OVER INTO SUBSEQUENT DISCUSSION OF THIRD COUNTRY ISSUES. AFTER CHANG LED OFF BY OBSERVING THAT "IN THE INTERNATIONAL ARENA BOTH SIDES HAVE MANY POINTS IN COMMON," HE ACIDULOUSLY REMARKED:

--"YOU DIDN'T HANDLE ANGOLA VERY BEAUTIFULLY."

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--"YOU MUST THINK THAT THE (SOVIET) POLAR BEAR IS HUNGRY SO YOU FEED IT YOUR GRAIN." WHEN SCOTT RETORTED THAT SALE OF FOOD IS NOT AN INSTRUMENT OF FOREIGN POLICY, CHANG SAID THAT THE FOOD FOR PEACE PROGRAM WAS JUST SUCH AN INSTRUMENT. CHANG DISPARAGED US SALE OF GRAIN TO CHINA, SAYING THAT EVEN MAJOR US SALES WOULD "ONLY PUT A FEW GRAINS IN EACH RICE BOWL OF CHINA'S 800 MILLIONS."

8. FULL TEXT AND FURTHER COMMENT WILL FOLLOW BY SEPTELS.
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~~CONFIDENTIAL~~ SECTION 1 OF 4 PEKING 1284

EXDIS

E.O. 11652: GDS

TAGS: PFOR CH US

SUBJECT: VERBATIM TRANSCRIPT OF MEETING BETWEEN SENATOR
SCOTT AND FOREIGN MINISTER CHIAO KUAN-HUA

REF: PEKING 1278

TIME: 4:00 P.M. TO 6:00 P.M., MONDAY, JULY 12, 1976

PLACE: NUMBER THREE GUEST HOUSE, PEKING

PARTICIPANTS:

1. CHINESE:

CHIAO KUAN-HUA, MINISTER OF FOREIGN AFFAIRS

SHIH YEN-HUA, INTERPRETER

CHOU PEI-YUAN, VICE-PRESIDENT, CHINESE PEOPLE'S INSTITUTE OF
FOREIGN AFFAIRS (CPIFA)TANG WEN-SHENG, DEPUTY DIRECTOR, AMERICAN AND OCEANIC AFFAIRS
DEPARTMENT, FOREIGN MINISTRY

MA CHIA-CHUN, DEPUTY SECRETARY GENERAL, CPIFA

CHAO CHI-HUA, DEPUTY DIVISION CHIEF, AMERICAN AND OCEANIC AFFAIRS
DEPARTMENT, FOREIGN MINISTRY

FAN KUO-HSIANG, DEPUTY DIVISION CHIEF, CPIFA

CHENG WAN-CHEN, STAFF, CPIFA

2. NOTETAKERS

2. AMERICAN:

SENATOR SCOTT

MRS. SCOTT

AMBASSADOR GATES, CHIEF, USLO

ROBERT BARNETT, DIRECTOR, ASIA SOCIETY

RICHARD QUICK, ADMINISTRATIVE ASST TO SEN. SCOTT

TERENCE SHEA, DEPT. OF STATE

CHARLES W. FREEMAN, JR., DEPT. OF STATE

DONALD KEYSER, USLO (NOTETAKER)

RECORD OF CONVERSATION:

***** WHSR COMMENT *****

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E.O. 12958, SEC. 3.5 3/2/04
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BY *HR*, NARA, DATE 7/11/08

CHIAO KUAN-HUA: IT IS A GREAT PLEASURE TO SEE YOU AGAIN. IT HAS ALREADY BEEN FOUR YEARS SINCE OUR LAST MEETING.

SENATOR SCOTT: IT HAS BEEN TOO LONG. BUT I HAVE BEEN SO BUSY, AND WE HAVE HAD SO MANY CRISES.

CHIAO: THAT IS ONE OF THE CHARACTERISTICS OF THE PRESENT-DAY WORLD.

SCOTT: THE LIFE OF A POLITICIAN IS ALWAYS COMPLICATED. MAY I SAY THAT THE CHIEF OF USLO, AMBASSADOR GATES, IS A LONG-TIME PERSONAL FRIEND OF MINE. HE IS FROM MY STATE, MY CITY, AND MY NEIGHBORHOOD IN PHILADELPHIA. AT ONE TIME HE WAS ALSO MY CAMPAIGN MANAGER.

CHIAO: THAT IS VERY GOOD. HE MUST HAVE GIVEN YOU GOOD ADVICE.

SCOTT: I ALSO BRING GREETINGS FROM SEN. MANSFIELD. IT IS NO SECRET, I BELIEVE, THAT HE LOOKS FORWARD TO SEEING YOU IN THE AUTUMN -- IF THE ARRANGEMENTS CAN BE WORKED OUT.

CHIAO: IS HE IN GOOD HEALTH?

SCOTT: YES, AND HIS WIFE IS ALSO WELL. WE ARE BOTH RETIRING IN ORDER TO HAVE MORE TIME TO SPEND WITH OUR FAMILIES.

CHIAO: YOU AND SEN. MANSFIELD HAVE BEEN VETERAN SOLDIERS IN AMERICAN POLITICS.

SCOTT: YES, WE HAVE SERVED FOR 1/6 OF THE LIFE OF THE AMERICAN REPUBLIC. FOR 34 YEARS EACH.

MANY MEMBERS OF MY PARTY HAVE NOT VISITED THE ASIAN CONTINENT BEFORE. THE CHINESE PEOPLE HAVE BEEN VERY HELPFUL AND FRIENDLY. AND WE THANK YOU VERY MUCH.

CHIAO: YES, THE CHINESE AND AMERICAN PEOPLES HAVE MANY POINTS IN COMMON. (THE INTERPRETER HAD RENDERED SEN. SCOTT'S REMARKS AS "THE CHINESE PEOPLE ARE CHARACTERISTICALLY VERY HELPFUL AND FRIENDLY.")

SCOTT: PRESIDENT FORD HAS ASKED ME TO EXTEND HIS PERSONAL GOOD WISHES TO YOU. HE HAS VERY PLEASANT RECOLLECTIONS OF HIS VISIT.

CHIAO: YES, THE FIRST TIME HE CAME AS A CONGRESSMAN AND THE SECOND TIME AS PRESIDENT. LAST YEAR HE HAD A VERY GOOD CONVERSATION WITH CHAIRMAN MAO. PLEASE CONVEY MY GREETINGS TO HIM.

CHIAO: THERE IS AN ELECTION CAMPAIGN GOING ON NOW IN THE UNITED STATES. WE ARE OUTSIDERS AND DO NOT UNDERSTAND EVERYTHING. WHAT ARE THE ELECTION PROSPECTS IN YOUR VIEW?

SCOTT: I CAN ONLY EXPRESS A PERSONAL OPINION, AND WE ARE ALL SUBJECT TO ERROR. AMONG THE REPUBLICANS, THE PRESIDENT IS LIKELY TO BE NOMINATED. IT IS NOT CERTAIN, BUT IT IS MORE LIKELY THAN HIS OPPONENT. I'VE BEEN WRITING POSTCARDS TO DELEGATES FROM PEKING ASKING THEM TO SUPPORT THE PRESIDENT. 1130 DELEGATES ARE NEEDED TO NOMINATE AT KANSAS CITY. MY PERSONAL EXPECTATION IS THAT THE PRESIDENT WILL REACH 1100. REGAN WILL HAVE ABOUT 1000, POSSIBLY 1000. SUCH IS THE PHILOSOPHY OF DELEGATES THAT THERE IS A TENDENCY WHEN ONE CANDIDATE IS WITHIN 20 VOTES FOR DELEGATES TO HURRY TO BE WITH THE WINNER. FORD NEEDS ONE STATE, AND REGAN NEEDS TWO OR MORE STATES TO BE THE NOMINEE. I WILL BE CHAIRMAN OF THE THIRD LARGEST STATE DELEGATION. THERE WILL BE CERTAIN CONTROVERSIES OVER FEATURES OF THE PLATFORM. WE DO NOT EXPECT WIDE VARIATIONS WITH REGARD TO ASIA. AMONG THE DEMOCRATS, CARTER TO THE GREAT SURPRISE OF THE



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AMERICAN PEOPLE HAS GOT THE NOMINATION. HE IS UNKNOWN TO THE REPUBLICANS AND TO THE MAJORITY OF THE DEMOCRATS -- WHO ARE NOW OBLIGED TO SUPPORT HIM. THE TEMPERAMENT OF CARTER IS THAT OF AN EMOTIONAL MAN, AN EVANGELIST, AND THIS HAS STRUCK A RESPONSIVE NOTE WITH A LARGE NUMBER OF AMERICANS. IN THE POLLS CARTER IS AHEAD OF THE PRESIDENT BY A WIDE MARGIN, BUT 3 MONTHS AGO THE PRESIDENT WAS SIMILARLY AHEAD OF CARTER. CARTER HAS NO EXPERIENCE IN FOREIGN AFFAIRS. HE IS TAKING ADVICE FROM BRZEZINSKI AND VANCE IN FOREIGN AFFAIRS. GOVERNOR CARTER HAS BEEN ABLE TO SECURE THE NOMINATION WITHOUT MAKING POSITIVE STATEMENTS. FROM NOW ON HE MUST MAKE FIRMER STATEMENTS AND WILL THUS BE SUBJECT TO ATTACK FROM PRESIDENT FORD AND HIS SUPPORTERS. IT IS DIFFICULT TO PREDICT THE OUTCOME. I THINK THAT THE MARGIN IS LESS THAN THE POLLS WOULD INDICATE, BUT AS OF TODAY THEY STILL FAVOR CARTER. BUT IT CAN CHANGE -- AND I HOPE IT WILL. THERE WAS AN EVEN GREATER CHANGE IN REPUBLICAN SENTIMENT IN 1968. NIXON WAS AHEAD OF SEN. HUMPHREY BY 15 PCNT IN THE POLLS, BUT IN THE ELECTION NIXON WON BY ONLY 1 PCNT. THE ELECTORATE IS SUBJECT TO RAPID CHANGES. WE ARE HOPEFUL OF OVERCOMING THE MOMENTARY LEAD OF CARTER.

CHIAO: THANK YOU FOR YOUR EXPLANATION OF THE SITUATION. THIS IS YOUR INTERNAL AFFAIR.

SCOTT: AS ALWAYS, I'M VERY CANDID WITH YOU. I'M CERTAINLY HELPING THE PRESIDENT. WE BELIEVE HIS PERSONALITY WILL GAIN ADDED SUPPORT FOR HIM.

CHIAO: THERE IS STILL SOME TIME. THERE MAY BE SOME CHANGES. YOUR ELECTION IS ALWAYS TROUBLESOME FOR FOREIGNERS TO OBSERVE. THERE ISN'T MUCH INFORMATION. WHEN AMBASSADOR GATES ASKED ME, I SAID I FOUND IT DIFFICULT TO ANSWER.

FKMB. GATES: I REMEMBER.

SCOTT: THIS WEEK I SAT NEXT TO PRINCE PHILIP AT A WHITE HOUSE DINNER. HE ASKED ME

TO EXPLAIN TO HIM OUR ELECTORAL SYSTEM. I FEAR HE STILL DOES NOT UNDERSTAND.

CHIAO: FRANKLY, WE DON'T UNDERSTAND YOUR ELECTORAL PROCESS EITHER.

SCOTT: THEY (I.E. ELECTIONS) DO CREATE A SITUATION WHICH INTERFERES WITH USUAL PROGRESS. SIX MONTHS OUT OF EVERY THREE OR THREE AND A HALF YEARS MAKES PROBLEMS IN FOREIGN POLICY DUE TO CRITICISM FROM ONE SIDE OR ANOTHER.

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~~CONFIDENTIAL~~ SECTION 2 OF 4 PEKING 1284

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CHIAO: I THINK THAT THIS TIME WE HAVE NOTED THAT FOREIGN POLICY IS ONE OF THE THEMES OF THE CAMPAIGN.
SCOTT: YES, BUT FOLLOWING THE ELECTION THERE GENERALLY IS A BROAD CONTINUITY NOTWITHSTANDING SOME OF THE EXAGGERATIONS IN CAMPAIGN RHETORIC. DURING THIS ELECTION YEAR, THE GOOD WILL TOWARDS PEOPLE OF YOUR COUNTRY REMAINS SO, EVEN MORE SO. THERE IS CURIOSITY AND INTEREST ABOUT CHINA. MY MAIL IS FULL OF REQUESTS FOR INFORMATION ON HOW TO VISIT YOUR COUNTRY. THERE ARE NOT DEBATES ON CHINA POLICY AS WITH OTHERS.
CHIAO: THE SHANGHAI COMMUNIQUE IS IN ACCORD WITH THE INTERESTS OF THE TWO PEOPLES. WHATEVER CHANGES THERE ARE IN THE US INTERNAL SITUATION, THE PRINCIPLES OF THE SHANGHAI COMMUNIQUE ARE IN THE INTERESTS OF THE TWO PEOPLES.
SCOTT: I AGREE. WHETHER FORD OR CARTER WINS, THE SHANGHAI COMMUNIQUE PRINCIPLES WILL BE RECOGNIZED AS IMPORTANT GUIDELINES ONCE WE HAVE PASSED THROUGH THE TURBULENT WATERS OF THE CAMPAIGN. CERTAINLY THERE IS A WISH TOWARDS NORMALIZATION, A RECOGNITION THAT SOME DELAYS AND SOME DISAPPOINTMENTS ON BOTH SIDES HAVE OCCURRED EXISTS. THE PRINCIPLES HAVE THE ACCEPTANCE OF THEIR PEOPLE. WE HAVE HEARD NO CAMPAIGN TO ABROGATE OR WITHDRAW FROM THE AGREEMENTS IN PRINCIPLE.
MY PARTY WOULD LIKE TO EXTEND CONDOLENCES ON THE DEATH OF YOUR DISTINGUISHED AND FAMOUS LEADER MR. CHU TEH.
CHIAO: THANK YOU VERY MUCH. WE ALSO THANK YOUR PRESIDENT FOR HIS CONDOLENCE MESSAGE. YOUR CHIEF OF USLO ALSO TOOK PART IN THE FUNERAL ACTIVITIES.
SCOTT: WE ASKED TO SUBMIT A WREATH ON BEHALF OF THE DELEGATION, BUT WE LEARNED THAT IT WAS TOO LATE AND NOT THE TIME TO DO IT. COULD YOU COMMENT ON THE IMPACT OF THE LOSS OF GENERAL CHU TEH ON THE GENERAL FRAMEWORK OF GOVERNMENTAL LEADERSHIP AND DUTIES. THERE IS ALWAYS AN IMPACT IN OUR COUNTRY WHEN A MAN AS GREAT AS GENERAL CHU TEH DIES.
CHIAO: MARSHAL CHU TEH'S DEATH WAS A GREAT LOSS TO OUR COUNTRY

***** ~~CONFIDENTIAL~~ ***** WHSR COMMENT *****

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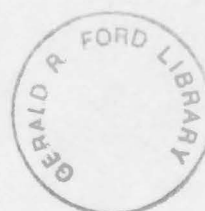
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AND PEOPLE. BUT OUR STATE ADMINISTRATION IS PERSONALLY DECIDED BY CHAIRMAN MAO AND WE HAVE CONSTANTLY CARRIED OUT THIS LINE BOTH AT HOME AND IN FOREIGN AFFAIRS. WE MUST TURN GRIEF INTO STRENGTH. THE CHINESE PEOPLE WILL MOVE FIRMLY TO CARRY OUT THESE POLICIES.

SCOTT: HIS LIFE WAS AN EXAMPLE FOR YOU.

CHIAO: YES. WE MUST LEARN FROM HIS MANY FINE QUALITIES. HE FIRMLY CARRIED OUT CHAIRMAN MAO'S LINE. THE CHINESE PEOPLE SHOULD FOLLOW HIS EXAMPLE. BUT CHINA'S SOCIAL SYSTEM IS DIFFERENT FROM YOURS. IN THE NATURAL COURSE OF THINGS SOME LEADERS DIE -- THIS WON'T AFFECT FOREIGN OR DOMESTIC POLICY. IT WON'T AFFECT THE IMPLEMENTATION.

SCOTT: THIS IS SUBSTANTIALLY WHAT I'VE SAID ABOUT OUR SITUATION IN JANUARY. THE AMERICAN PEOPLE DON'T LIKE SHARP CHANGES. WHATEVER THE RHETORIC, THERE IS A TENDENCY TO STAY WITHIN BROADLY ESTABLISHED POSITIONS.

OUR CONGRESSIONAL VISITORS HAVE ALWAYS RETURNED WITH GOOD REPORTS OF HIGHLY AMICABLE MEETINGS AND RELATIONSHIPS. WE BELIEVE THAT OUR BILATERAL RELATIONSHIP COULD BE HELPED BY REMOVAL OF AS MANY MINOR OBSTACLES -- TECHNICALITIES -- AS POSSIBLE. SO MANY AMERICANS WANT TO VISIT CHINA. WHEN I ANNOUNCED MY VISIT, MY MAIL WAS CROWDED WITH LETTERS FROM CONSTITUENTS WHO HAD LEARNED ABOUT CHINA FROM FRIENDS, FROM DOCTORS, FROM PROFESSORS WHO HAD VISITED CHINA.

CHIAO: THEIR DESIRE TO COME AND SEE CHINA IS QUITE UNDERSTANDABLE. I BELIEVE THAT AFTER NORMALIZATION SUCH EXCHANGES WILL BE MUCH MORE CONVENIENT.

SCOTT: NOT ALL REQUESTS CAN BE FULFILLED. FOR EXAMPLE, THE PHILADELPHIA ZOO WANTED A COUPLE OF PANDAS. AMBASSADOR GATES HAS GIVEN HIS SUPPORT TO THE PHILADELPHIA ZOO. HE UNDERSTANDS WHAT I MEAN. WE OWE YOU A MUSK OX I BELIEVE.

CHIAO: WITH RESPECT TO NORMALIZATION, LAST YEAR WHEN YOUR PRESIDENT AND SECRETARY OF STATE VISITED HE STATED OUR POSITION MANY TIMES. YOU ARE QUITE CLEAR.

SCOTT: YES, WE ARE QUITE ANXIOUS TO MAKE PROGRESS. WE HAVE EVEN MADE SOME SYMBOLIC MOVES IN THESE TIMES. WE HAVE REMOVED A MINOR PRESENCE FROM GUENGY AND MATSU. WE ARE SEEKING TO REMOVE ANY INSTANCE WHICH COULD CAUSE PROBLEMS. NO MATTER WHO IS PRESIDENT, WE HAVE A PUBLIC OPINION PROBLEM. FOR THE AMERICAN PEOPLE THE PAST IS THE PAST. WE ARE PREPARING THE MINDS OF THE PEOPLE FOR NORMALIZATION.

CHIAO: YES, WE HAVE DISCUSSED THESE PROBLEMS MANY TIMES WITH RESPONSIBLE OFFICIALS IN YOUR GOVERNMENT. THE RESPONSIBILITY FOR FAILURE TO NORMALIZE DOES NOT LIE WITH THE CHINESE SIDE -- IT LIES WITH US SIDE. WE MUST MAKE A CLEAR DISTINCTION BETWEEN RIGHT AND WRONG. THE US SIDE SHOULD BE HELD RESPONSIBLE FOR FAILURE TO NORMALIZE RELATIONS SO FAR. WE HAVE STATED THIS MANY TIMES. TO PUT IT EVEN MORE EXPLICITLY, THERE ARE THREE POINTS TO BE ACHIEVED: (1) WITHDRAWAL OF TROOPS FROM TAIWAN; (2) ABRIGATION OF THE DEFENSE TREATY; AND (3) SEVERANCE OF DIPLOMATIC RELATIONS WITH TAIWAN. THIS IS OUR CONSISTENT POSITION. WE ASSUME OUR AMERICAN FRIENDS ARE



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QUITE CLEAR.

SCOTT: YES, THERE EXISTS AN AMERICAN PUBLIC OPINION ON THE AGREEMENT

OF 1954. IT WILL BE WISE FROM THE US SIDE TO ENSURE THAT AMERICAN PUBLIC OPINION WILL NOT REGARD AS ABANDONMENT THE ABRIGATION OF THE EARLIER TREATY. THERE IS MORE WILL IN THE AMERICAN GOVERNMENT THAN AWARENESS IN PUBLIC OPINION THAT AT SOME POINT THERE MUST BE SOLUTIONS NOT BASED ON THE 1954 UNDERTAKINGS.

BARNETT: YES, THE AMERICAN PUBLIC WILL HAVE TO BELIEVE THAT ABRIGATION OF THE 1954 TREATY IS NOT AN ACT OF BETRAYAL BUT A CONSTRUCTIVE MOVE FOR PEACE.

CHIANG: TO DISCUSS THE PROBLEM EVEN MORE CONCRETELY LET US TRACE BACK. AT LIBERATION IN 1949 AND AFTERWARDS IN 1950, AMERICAN SECRETARY OF STATE ACHESON DECLARED TO THE WORLD THAT TAIWAN IS THE INTERNAL AFFAIR OF CHINA AND THAT THE US WOULD NOT INTERFERE. LATER ON YOU CONCLUDED THE TREATY. WE UNDERSTAND YOUR POSITION, BUT AT THE OUTSET WE REGARDED YOUR POSITION AS ILLEGAL. IN 1955 THE TWO SIDES BEGAN TALKS ON THE ISSUE OF TAIWAN. THESE LASTED UNTIL (1971 SUPPLIED BY TANG HEN-SHENG). OUR POSITION HAS BEEN CONSISTENT. NO FOREIGN COUNTRY HAS A RIGHT TO INTERFERE IN THE AFFAIRS OF CHINA AND ONE OF ITS PROVINCES. THIS HISTORY STARTED IN 1949.

SCOTT: YOU WERE HERE WHEN YOUR ESTEEMED PREMIER CHOU EN-LAI GAVE THE SAME HISTORICAL OUTLINE. WE UNDERSTAND YOUR VIEWS ENTIRELY. OUR PROBLEM IS THE INTERNAL PROBLEM OF AMERICAN PUBLIC OPINION. THE MORE EVIDENCE WE HAVE TO ASSURE THE AMERICAN PEOPLE THAT THERE IS BUT ONE CHINA -- AND THAT THIS CAN BE WORKED OUT WITHOUT MILITARY ACTION ON EITHER SIDE -- THEN IT BECOMES EASIER TO EXPLAIN TO THE AMERICAN PEOPLE THAT A SOLUTION IS UNLIKELY TO BE ACCOMPANIED BY MILITARY ACTION, AND THEY ARE LESS LIKELY TO OPPOSE THE POLICY. I SPEAK FOR MYSELF, NOT THE PRESIDENT. IT IS A PROBLEM, WITHOUT WISHING TO INTRUDE IN YOUR INTERNAL AFFAIRS, THE NEED IS FOR US TO BELIEVE THAT THE SOLUTION IS A PEACEFUL SOLUTION.

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~~CONFIDENTIAL~~ SECTION 3 OF 4 PEKING 1284

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CHIAO: IN PRINCIPLE THIS IS SELF-CONTRADICTORY, ON THE ONE HAND YOU RECOGNIZE THAT THERE IS ONLY 1 CHINA AND THAT TAIWAN IS A PART OF CHINA, ON THE OTHER HAND YOU ASK CHINA TO DO THIS AND THAT, ISN'T THAT AN INTERFERENCE IN CHINA'S INTERNAL AFFAIRS?

SCOTT: I WAS TALKING ALONG DIFFERENT LINES -- HOW TO HOLD PUBLIC OPINION.

WHEN I RETURN MY FIRST SPEECH WILL BE TO THE OVERSEAS PRESS CLUB. HOW TO HOLD PUBLIC OPINION IS THE IMPORTANT THING, AND HOW SOLUTIONS ARE FOUND -- THEY MUST BE PEACEFUL, THE U.S. DOESN'T SEEK TO INTERFERE IN CHINA'S DOMESTIC SITUATION.

CONDITIONING OF PUBLIC OPINION (IN THE U.S.) CAN HELP US CHANGE THE SITUATION EXISTING SINCE 1954. I BELIEVE THIS IS CONSISTENT WITH THE U.S. POSITION IN THE SHANGHAI COMMUNIQUE, BUT THIS IS ARGUABLE ON THE CHINESE SIDE; THE WORDING IS A LITTLE DIFFERENT ON YOUR SIDE.

CHIAO: I SEE THAT MR. FREEMAN IS SMILING, ON THE ISSUE OF TAIWAN IN THE

SHANGHAI COMMUNIQUE, IT IS STATED THAT "ALL CHINESE ON BOTH SIDES OF THE TAIWAN STRAIT ACKNOWLEDGE THAT THERE IS ONLY ONE CHINA."

WE THINK YOUR PRESENT ATTITUDE DOES NOT CONFORM TO YOUR ORIGINAL ATTITUDE OF RECOGNIZING ONLY ONE CHINA. YOU WANT US TO DO THIS OR THAT WITH REGARD TO TAIWAN, THIS DOES NOT CONFORM.

SCOTT: WE HAVE NO RIGHT TO SAY "DO THIS OR THAT." BUT IT WOULD BE HELPFUL FOR OUR SIDE TO PUT THINGS IN THE FRAMEWORK OF A PEACEFUL SOLUTION.

CHIAO: THIS IS AN OLD PROBLEM, WE CAN REITERATE CHINA'S CONSISTENT POSITION AND ITS CONDITIONS FOR NORMALIZATION. THE U.S. SIDE SHOULD BE HELD RESPONSIBLE FOR THE FAILURE TO REALIZE NORMALIZATION.

IF THE U.S. GOVERNMENT HAS DIFFICULTIES WE WON'T PRESS YOU, BUT IT IS AN ISSUE OF RIGHT AND WRONG. CAN WE SHIFT TO ANOTHER SUBJECT?

SCOTT: PERHAPS YOU HAVE READ ARTICLES BY MR. BARNETT ON VARIOUS FORMULAS FOR EVOLUTION. (TANG WEN-SHENG NODS AFFIRMATIVELY; OTHERS DO NOT SEEM FAMILIAR WITH ARTICLES.) WE WILL BE GLAD TO DISCUSS ANY

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SUBJECT, MR. BARNETT HAS WRITTEN FOR FOREIGN AFFAIRS MAGAZINE, ALSO FOR WORLDVIEW, I THINK WE CAN MAKE THESE AVAILABLE TO YOU. THESE ARE THE VIEWS OF A PRIVATE CITIZEN, OF COURSE, BUT MR. BENNETT IS ALSO THE PRESIDENT OF THE ASIA SOCIETY.

CHIAO: IS MR. BARNETT FROM BROOKINGS?
BARNETT: NO, THAT IS MY BROTHER AT BROOKINGS.

CHIAO: ARE YOUR VIEWS THE SAME?

BARNETT: MY VIEWS ARE SIMILAR TO HIS IN MANY RESPECTS.

CHIAO: WE WILL BE INTERESTED IN READING THEM. (CHIAO FIRST MISUNDERSTANDS AND THINKS THAT THERE IS A LARGE GAP BETWEEN THE VIEWS OF THE BARNETT BROTHERS, TANG WEN-SHENG CLARIFIES, SAYING "I WAS JUST SAYING THAT A CONSIDERABLE GAP STILL EXISTS BETWEEN US" -- I.E. CHINA AND THE U.S.)

SCOTT: THAT MAY BE SO, BUT HE WAS BORN IN SHANGHAI AND YOU WERE BORN IN BROOKLYN.

CHIAO: NEVERTHELESS THERE IS STILL A DISTANCE.

WHAT ABOUT EUROPE AND THE WORLD AS A WHOLE, WHAT ARE YOUR VIEWS?

SCOTT: THAT IS A LARGE PACKAGE, IF I CAN VENTURE SOME VIEWS AND REACTIONS, I BELIEVE THAT THE AMERICAN COMMITMENT IS STILL TO A STRONG

AMERICAN PRESENCE AND COMMITMENT TO EUROPE, WE STRONGLY SUPPORT NATO. SEN. HUMPHREY AND I RECENTLY VISITED SEVERAL EUROPEAN COUNTRIES AND ASSURED THEM THAT THIS IS SO. SEN. HUMPHREY AND I BELONG TO DIFFERENT SO WE ARE DIPARTISAN, WE DO NOT FAVOR A WEAKENING OF OUR PRESENCE IN BERLIN OR ON THE CONTINENT OF EUROPE, WE ARE VERY INTERESTED IN THE RECENT MEETING OF THE EUROPEAN COMMUNIST PARTIES, WHAT ARE YOUR VIEWS? DO YOU BELIEVE THAT THE MEETING WAS USEFUL OR COUNTERPRODUCTIVE? YOU KNOW THAT MY VIEWS AND THE VIEWS OF SENATOR MANSFIELD ARE DIFFERENT IN SOME RESPECTS; ONE OF THEM IS ON MAINTAINING OUR POSITION IN EUROPE, I BELIEVE IN KEEPING A SUBSTANTIAL TROOP COMMITMENT, SENATOR MANSFIELD CALLED FOR A 10 PCT REDUCTION, HIS PROPOSAL WAS DEFEATED BY A VOTE OF 53-39, HIS VIEWS ARE IN THE MINORITY AND HE HAS NOW DROPPED HIS PROPOSAL, WITH REGARD TO ITALY, WE HAVE TO WAIT FOR THE COMPOSITION OF THE NEW GOVERNMENT, WE ARE UNABLE TO DECIDE OUR POLICY UNTIL THE GOVERNMENT IS CONSTITUTED, UNLESS IT IS EVIDENT THAT THEY ARE ACTING ON THE ORDERS OF ANOTHER POWER, THERE WILL BE NO CHANGE IN OUR POLICY, GENERALLY, WE FAVOR STRENGTH IN EUROPE, THIS WILL LIKELY NOT BE AN ISSUE, PRESIDENT FORD, GOVERNOR REAGAN, AND GOVERNOR CARTER ALL AGREE ON THIS.

CHIAO: MY IMPRESS FROM THE LAST TIME SEN. MANSFIELD AND I MET AND TALKED

HAS THAT HE ALSO FAVORED WITHDRAWAL OF FAMILY DEPENDENTS AND LOGISTICAL PERSONNEL.

SCOTT: YES, PLUS 100,000 SOLDIERS, BUT HE HAS LOST ON THIS QUESTION, THERE HAS BEEN ONE VERY IMPORTANT DEVELOPMENT, CONGRESS HAS CHANGED ITS

ATTITUDE ABOUT ARBITRARILY CHANGING THE PRESIDENT'S REQUEST FOR



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A STRONG BUDGET FOR NATIONAL DEFENSE, AMBASSADOR GATES REMEMBERS THAT DURING THE 1950S AND 1960S THE CONGRESS USED TO CUT THE PRESIDENT'S PROPOSED DEFENSE BUDGET BY 5 PCT OR EVEN 10 PCT. PRIOR TO THIS YEAR THERE WERE CUTS OF \$4-7 BILLION, BUT THIS YEAR 99.4 PCT OF THE PRESIDENT'S REQUEST WAS APPROVED. THE CONGRESS HAS DECIDED THAT THE PRESIDENT KNOWS BEST ABOUT NATIONAL DEFENSE AND IT FAVORS A STRONG NATIONAL DEFENSE.

CHIAO: WE HAVE DISCUSSED THIS QUESTION MANY TIMES IN THE PAST WITH AMERICAN

FRIENDS. WE FAVOR A TRULY EQUAL PARTNERSHIP BETWEEN THE U.S. AND THE EUROPEAN COUNTRIES, BOTH SIDES HAVE A NEED, BUT THE NATURE OF THE ARRANGEMENT IS YOUR AFFAIR.

SCOTT: WOULD YOU CARE TO COMMENT ON THE MEETING OF EUROPEAN COMMUNIST PARTIES? HOW DOES IT IMPACT ON ASIA? WAS IT A GOOD THING OR

NOT? HOW DO YOU VIEW THE INCREASING INDEPENDENCE OF SOME COUNTRIES?

CHIAO: WE HAVE ALWAYS HAD A FEELING ON THIS ISSUE -- THAT YOU ARE TOO NERVOUS ON THE ITALY SITUATION. AT LEAST THE MEETING OF EUROPEAN COMMUNIST PARTIES HAS PROVED THAT. I SHOULD NOT REGARD THE COMMUNIST PARTY OF ITALY AS A REVISIONIST PARTY, AS A FIFTH COLUMN FOR THE SOVIET UNION. THE MEETING OF EUROPEAN COMMUNIST PARTIES HAS PROVED TH

IS. I CAN'T SEE ANY GREATER USE OF IMPACT OF THE MEETING. THE BATON OF THE SOVIET UNION WAS LESS AND LESS EFFECTIVE.

SCOTT: YES, MR. BREZHNEV SEEMED LESS INVOLVED IN WRITING THE MEETING'S

COMMUNIQUE. THIS IS MY PRIVATE CITIZEN'S VIEW.

CHIAO: WE THINK THAT ALTHOUGH THE CONFERENCE HAS HELD, THERE WILL BE NO

NEW EFFECT ON THE SOVIET EXPANSION POLICY. THIS IS THE BIGGEST PROBLEM CONCERNING EUROPE.

SCOTT: WE ARE ANXIOUS TO KEEP TALKS GOING -- BUT CONCERNED THAT THERE BE AN EQUALITY OF RESULT.

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CHIAO: IT IS TRULY A PROBLEM -- AS TO HOW TO DEAL WITH THE SOVIET UNION.
LAST YEAR AT ABOUT THIS TIME, AT THE END OF JULY AND IN EARLY AUGUST, THE EUROPEAN SECURITY CONFERENCE WAS HELD. AT THAT TIME WE REGARDED THE CONFERENCE A REFLECTION OF MUNICH THINKING. OUR VIEW WAS THAT THE SOVIET UNION ACHIEVED FROM THE EUROPEAN SECURITY CONFERENCE A RECOGNITION OF ITS SPHERE OF INFLUENCE IN EASTERN EUROPE. I'M NOT CLEAR ON WHAT YOU GOT. PEOPLE CAN SEE IT MORE CLEARLY ONE YEAR LATER.
SCOTT: THERE WAS SOME FEELING THAT THE SOVIET UNION WAS MORE ANXIOUS THAN THE U.S. FOR THE CONFERENCE. THERE IS NOW GROWING CRITICISM IN THE U.S. THAT THE SOVIET UNION HAS PAID NO ATTENTION TO HUMAN RIGHTS, WHICH WAS AN ISSUE IN THE CONFERENCE.
WHAT IS YOUR REACTION TO ASEAN'S FORMULA AS A MEANS OF IMPROVING COMMUNICATION? HOW DOES THE GOVERNMENT OF CHINA REGARD ASEAN? IS IT USEFUL IN THE DEVELOPMENT OF ASIA?
BARNETT: WHAT ABOUT THE ZONE OF PEACE, FREEDOM AND NEUTRALITY, WHICH IS THE BASIC ASEAN PRINCIPLE?
SCOTT: YOU HAVE PUT IT MUCH BETTER THAN I STATED IT.
CHIAO: THERE IS A GENERAL TREND FOR THE FIVE ASEAN COUNTRIES TO ESTABLISH A ZONE OF PEACE, FREEDOM AND NEUTRALITY. OUR POSITION IS TO SUPPORT THIS TREND. WE SUPPORT THE ASEAN COUNTRIES' DESIRE FOR PEACE, FREEDOM AND NO EXTERNAL CONTROL. WE HAVE STATED THIS TO THE ASEAN LEADERS. THIS IS STILL OUR POSITION.
SCOTT: I AM HAPPY TO HEAR IT.
CHIAO: BECAUSE IN THE SHANGHAI COMMUNIQUE IT IS STATED THAT NEITHER SIDE SHOULD SEEK HEGEMONY IN THE ASIA-PACIFIC REGION. BOTH SIDES OPPOSE ANY THIRD COUNTRY SEEKING TO IMPOSE ITS HEGEMONY IN THE REGION. WE SUPPORT THE ASEAN TREND. EARLY THIS YEAR THE ASEAN HEADS OF GOVERNMENT HELD A SUMMIT MEETING IN BALI. THE GENERAL TREND IS GOOD.

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SCOTT: I AM HAPPY TO HEAR THIS.
 CHIAO: AS OUR AMERICAN FRIENDS MAY KNOW, WE HAVE ESTABLISHED RELATIONS WITH THAILAND, MALAYSIA AND THE PHILIPPINES. WE HAVE NO RELATIONS WITH SINGAPORE AND INDONESIA.
 SCOTT: IN NOVEMBER MR. BARNETT AND I WILL BE IN MALAYSIA TO ATTEND THE WILLIAMSBURG CONFERENCE. JOHN ROCKEFELLER FOUNDED THIS CONFERENCE. THE JAPANESE ECONOMIST (?) WILL ATTEND. SOJAT MOKO (?) OF INDONESIA WILL BE THERE. THE CONFERENCE HAS EXTENDED AN OPEN INVITATION TO YOUR COUNTRY TO SEND A REPRESENTATIVE. NO REPRESENTATIVE FROM TAIWAN CAME TO THE LAST CONFERENCE.
 BARNETT: THERE HAS NEVER BEEN A REPRESENTATIVE FROM TAIWAN AT THIS CONFERENCE.
 SCOTT: MR. JACK CHEN ABLEY EXPRESSED WHAT HE FELT WERE THE VIEWS OF THE PRC GOVERNMENT. HE DID A VERY ACCEPTABLE JOB.
 BARNETT: THE SENATOR IS REFERRING TO THE MEETING IN DJAKARTA IN 1972.
 CHIAO: WE ARE NOT TOO CLEAR ABOUT THIS CONFERENCE.
 SCOTT: WELL, I'VE DONE MY DUTY (E.G. TO BARNETT). IF I HADN'T MENTIONED THE CONFERENCE I WOULD HAVE LOST A FRIEND.
 I'D LIKE TO ADD THAT WE WOULD WELCOME CONTINUING IMPROVEMENT IN TRADE RELATIONS.
 CHIAO: THIS IS A GOOD DESIRE, BUT I'M NOT TOO CLEAR ON CONCRETE PROBLEMS.
 SCOTT: NEITHER AM I.
 CHIAO: OUR FOREIGN TRADE MINISTRY FRIENDS POSSIBLY ARE BETTER ACQUAINTED WITH THE CONCRETE SITUATION.
 SCOTT: MAY I ASK WHETHER IT IS PROPER TO LET ANY OF OUR GUESTS ASK QUESTIONS?
 CHIAO: YES, PLEASE.
 BARNETT: I'D LIKE TO ASK ONE QUESTION REGARDING MEMBERSHIP OF ASEAN. THERE ARE THOSE FAVORING TAKING IN VIETNAM. OTHERS WOULD LIKE TO DELAY. HOW DOES CHINA FEEL ABOUT THE ENLARGEMENT OF THE ASEAN ZONE TO INCLUDE VIETNAM.
 CHIAO: THIS IS A PROBLEM BETWEEN ASEAN AND THE 3 INDOCHINESE COUNTRIES. IF THEY AGREE WE HAVE NO OBJECTION.
 AMB. GATES: I HAVE NO QUESTIONS. THE FOREIGN MINISTER VERY GRACIOUSLY RECEIVED ME WHEN I ARRIVED. IF WE HAVE ANY QUESTIONS AFTERWARDS WE WILL DISCUSS THEM THEN.
 SCOTT: THE AMBASSADOR OBSERVED OUR 200TH BIRTHDAY RECENTLY WITH MANY DECORATIONS. HE IS A DESCENDANT OF THOSE WHO FOUGHT IN THE REVOLUTION. WE ARE REVOLUTIONARIES TOO.
 CHIAO: ACTUALLY, IN HISTORY THE U.S. IS AMONG THE EARLIEST NATIONS WHO WAGED A STRUGGLE FOR INDEPENDENCE.
 SCOTT: THE OLDEST WRITTEN CONSTITUTION IS OURS.
 CHIAO: WHAT ABOUT YOU, MR. FREEMAN? PLEASE USE CHINESE.
 FREEMAN: I'M NOW INVOLVED IN INTERNAL QUESTIONS SO TEMPORARILY I WILL NOT SPEAK.
 CHIAO: WHEN YOU WERE IN SHANGHAI, MR. FREEMAN, YOU ASKED FOR 24 VOLUMES OF CHINESE HISTORY AND THE COLLECTED WORKS OF LU HSUN FOR THE DEPARTMENT OF STATE. DID YOU RECEIVE THEM?

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FREEMAN: YES, THEY ARE IN THE DEPARTMENT OF STATE LIBRARY. I OFTEN GO THERE TO READ THEM.
 SCOTT: THE ILLUSTRATIONS OF THE CHANGSHA EXCAVATIONS THAT YOU GAVE ME I DONATED TO THE PHILADELPHIA MUSEUM. THEY ARE VERY GOOD, MUCH BETTER THAN THE JAPANESE REPRODUCTIONS.
 CHIAO: I THINK WE SHOULD CONCLUDE NOW SINCE I AM INVITING YOU TO AN INFORMAL DINNER TONIGHT. WE WILL DISCUSS WITH YOU SOME RECENT ARCHEOLOGICAL FINDS. MR. WANG CHIU-YEH WILL DISCUSS THEM TONIGHT WITH YOU AT DINNER.
 SCOTT: I AM VERY GRATEFUL. I AM ALSO GRATEFUL FOR THE FOREIGN MINISTER ASKING ME TO SEND A COPY OF MY ART BOOK TO PREMIER CHOU. YOU ASKED ME AT MRS. ENGELHART'S HOME. LET ME CONCLUDE BY SAYING THAT WE ARE VERY MUCH HONORED. SOME OF THE MEMBERS OF MY PARTY NEVER IN THEIR WILDEST DREAMS IMAGINED THAT THEY WOULD SEE CHINA SOME DAY. SOME OF THEM ARE NOW IMPROVING CHINA'S BALANCE OF PAYMENTS BY SHOPPING.
 GATES
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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET/NODIS/XGDS~~

DECLASSIFIED *State Review*
E.O. 12958, SEC. 3.5 3/2104
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES
BY HR, NADA, DATE 7/11/08

MEMORANDUM OF CONVERSATION

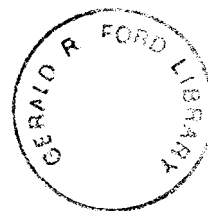
PARTICIPANTS: Dr. Henry A. Kissinger, Secretary of State
Philip C. Habib, Under Secretary of State
for Political Affairs
Winston Lord, Director, Policy Planning Staff
Arthur Hummel, Assistant Secretary of State
for East Asian and Pacific Affairs
William H. Gleysteen, Jr., Deputy Assistant
Secretary for East Asian and Pacific Affairs
Peter W. Rodman, NSC Staff *PRM*

DATE AND TIME: Wednesday, July 14, 1976
7:02 - 7:43 p.m.

PLACE: The Secretary's Office

SUBJECT: China: Comments on Taiwan by Chang Chun-chiao
and Ch'iao Kuan-hua

REFERENCES: Peking 1282, 1283, 1284; Peking 161 (Voyager
Channel)



Kissinger: They have made the same points that they made to us in November of 1974. Whenever it was. After Vladivostok.

Lord: But they never have been pressed like this. On two successive days, by a Congressman carrying a letter from the President. It's like Magnuson on Cambodia.

Gleysteen: We all had misgivings about Barnett [Robert Barnett, Director of the Asian Society, accompanying Senator Scott].

Lord: I took him aside after breakfast and told him not to raise the Taiwan issue. He mumbled as if he wouldn't.

Kissinger: They all have this idea in their heads that we are going to do this between the election and the inauguration.

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CLASSIFIED BY Henry A. Kissinger
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Gleysteen: If you look at the succession of three conversations with Chiang Chun-chiao -- one with the New Zealand Ambassador, then with the Congressman Price group, and this. He is tough as nails. And he is becoming more prominent in dealing with foreigners.

Kissinger: Have we met him?

Lord: He was the host in Shanghai for Nixon in 1972.

Kissinger: What is your judgment, Art?

Hummel: I am afraid it is significant. This is the first time we have seen a direct reflection of the leftists.

Gleysteen: I think so.

Hummel: This could be the first reflection of a divergence of opinion.

Kissinger: In tone, it's the sharpest. In substance, it's the same thing Mao said to us. But Mao used to say also: "But we can wait 100 years."

Hummel: Ch'iao said the day before: "We are in no hurry."

Kissinger: The first thing to do is calm Gates down. Send him some analysis. Tell him our analysis is that the tone is tougher but in substance it was the same thing as the last time we raised it formally -- which was in December of 1974. They can't but be annoyed that we raise it when they don't raise it.

I am not sure they want us out of Taiwan now. Suppose we leave, and they can't take it?

Lord: They have always lately been tougher in tone but said they were patient.

Gleysteen: If I were Chinese and read all these news papers -- the Wall Street Journal and the New York Times, and then see Scott coming out, all puffed up, it would be logical to take a tough line.

Kissinger: It would be logical to make clear that these terms that are being talked about are unacceptable. They are just as inflexible now as with the Japanese on the anti-hegemony clause.

Gleysteen: They have been expecting the fall of the Miki Government.

Kissinger: And here they are expecting the fall of the Ford Government. So why should they screw around with a Senator who is leaving office?

Gleysteen: There is a disturbing aspect. This is a leftist talking. There is more anti-Taiwan talk. And there are these maneuvers in the Taiwan Strait.

Kissinger: That could be interpreted both ways. The maneuvers are threatening, but the statements could be a way of compensating for not doing anything. They are showing what they could do.

Habib: The substance is the same as before.

Kissinger: No, what bothers me is the increasing element of disdain. On Angola, he says: You didn't handle it beautifully.

Habib: When they read Miyazawa's statement about the "division of labor" between us and Japan on Taiwan -- after he's been in Washington -- it will look like we set it up. Could they have seen Miyazawa's statement by that time?

Gleysteen: Yes.

Kissinger: The Olympic thing must look like we are setting up two Chinas.

Lord: Next year, if we look like a strong power . . .

Kissinger: But the White House is making a little defeat into a big one [on the Olympics]. Gates is sending back-channels to the White House saying it is going to explode domestically -- that Scott will come back saying they have toughened their terms. They will put something in the Republican Platform demanding a peaceful transition.

They are all counting on our accomplishments and adding to it anti-Communism. [Laughter]

Gleysteen: We have seen this tone since October, in Angola.

Kissinger: In October, we looked pretty good about Angola.

Hummel: There is increasing disdain about the value of the U.S. relationship.

Kissinger: I am worried about Gates. Could you give him our analysis? A realistic analysis. We see increasing leftist trends. Give him the context -- with the Miyazawa statement; the Olympic flap; why it must have looked like a gratuitous insult to them. But make them calm down. Basically they need the relationship more than we do.

Gleysteen: That is true. Once before, Chang said: "The only common interest we have is the fear of the Soviet Union." This time he said "We have many international interests."

Kissinger: Each time they tried to turn the discussion to them, he [Scott] wouldn't let them. [Laughter]

[The Secretary takes a call from Secretary Simon on the Olympic flap.]

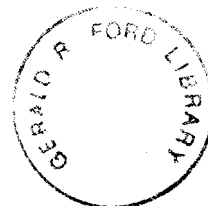
Simon used to be a member of the Olympic Committee. He says this could have been solved if someone had gotten to the key people on both sides at an early stage. Now it is hopelessly screwed up. He says it was almost impossible to screw it up like this but they did it. There were 100 ways it could have been solved.

I would like a message ^{sent} to Gates. Send a back-channel to the White House saying it will have severe domestic repercussions. Can you do it? For tomorrow. Also get to Scott to keep his mouth shut.

Habib: Barnett will write articles on it. He will mine this for weeks.

Kissinger: He will say we screwed it up by not doing it when Chou En-lai was alive.

Hummel: Chang made a point of confidentiality. Maybe we can get to them.





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E.O. 11652: XGDS-3

TAGS: PFOR CH US

SUBJECT: CHANG CHUN-CHIAO'S REMARKS ON TAIWAN

REF: (A) PEKING 1282, (B) PEKING 1283, (C) PEKING 1278
(D) PEKING 1284

1. VICE PREMIER AND POLITBURO STANDING COMMITTEE MEMBER CHANG CHUN-CHIAO'S REMARKS TO SENATOR SCOTT JULY 13 CONCERNING THE TAIWAN ISSUE (REFTELS A AND B) ARE AMONG THE TOUGHEST MADE BY A PRC LEADER TO A U.S. OFFICIAL SINCE NORMALIZATION BEGAN. INDEED THEY MAY BE THE TOUGHEST FOR THEIR EMPHASIS ON MARTIAL RATHER THAN PEACEFUL MEANS OF RESOLVING THIS ISSUE, AND FOR BEING COUPLED WITH EXPLICIT REFERENCES TO PRC "PREPARATION" AND "SMALL-SCALE EXERCISES" ON THE FUKIEN FRONT. WE KNOW FROM WASHINGTON AND TAIPEI REPORTING THAT THESE REFERENCES HAVE SOME BASIS IN FACT THOUGH WE DON'T THINK THEY POINT TO ANY PRESENT THREAT TO ROC FORCES.

2. RELATIVE TOUGHNESS IS A QUESTION THE DEPARTMENT CAN JUDGE BETTER THAN WE; THERE FOLLOW SOME OTHER COMMENTS ON THE EXCHANGE.

3. CHANG--AND FOREIGN MINISTER CHIAO, WHO THE DAY BEFORE HAD COMMENTED MORE MILDLY BUT STILL TESTILY (REFTELS C AND D)--MIGHT POSSIBLY NOT HAVE ADDRESSED TAIWAN-RELATED ISSUES IF NOT CONFRONTED WITH THEM. AT LEAST CHANG TOOK CARE TO GIVE THAT

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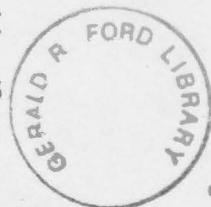
IMPRESSION. THOUGH CLEARLY PRIMED TO FIRE AWAY, CHANG TRICE NOTED THAT IT WAS SCOTT WHO HAD RAISED THE TAIWAN QUESTION. HE SAID THAT THE PRC'S POSITION WAS VERY CLEAR AND UNCHANGED. AND IN FINALLY TURNING OFF THE DISCUSSION AFTER AN EARLIER UNSUCCESSFUL ATTEMPT TO DO SO HE REAFFIRMED STANDARD PRC POSITION ABOUT THE SHANGHAI COMMUNIQUE (WE SHOULD BOTH CONTINUE TO ACT IN ACCORDANCE WITH IT) AND ABOUT OUR HAVING POINTS IN COMMON IN THE INTERNATIONAL ARENA.

4. BUT THESE MITIGATING FACTORS PALE A GOOD BIT AGAINST THE FACT THAT WE NOW HAVE ONE OF THE REMAINING THREE OR FOUR ACTIVE MEMBERS OF THE POLITBURO STANDING COMMITTEE AND THE PLAIS TOP POLITICAL COMMISSAR ON RECORD WITH A POSITION THAT GIVES NO HINT WHATEVER OF FLEXIBILITY ON THE PRC'S CONDITIONS FOR NORMALIZATION AND THAT EXPLICITLY (HOWEVER UNREALISTICALLY FOR SOME YEARS YET) THREATENS A MILITARY SOLUTION TO THE TAIWAN PROBLEM IF WE FAIL TO MEET THOSE TERMS.

5. WHY? IT IS NONCEIVABLE, BUT ONLY JUST, THAT SOME FEATURES OF THE SENATOR'S STYLE OR DETAILS OF HIS PHRASING PROMPTED CHANG TO EXCEED HIS BRIEF, OR ELSE THAT CHANG FAILED TO REALIZE THE PROVOCATIVENESS OF SOME OF HIS OWN PHRASING. BUT CHANG IMPRESSED US AS A COLD, CALCULATING AND SKILLFUL DEBATER. REGRETFULLY, WE BELIEVE THAT CHANG KNEW JUST WHAT HE WAS SAYING AND THAT HE PROBABLY HAD WHATEVER PRIOR CLEARANCE HE NEEDED WITHIN THE LEADERSHIP FOR WHAT HE SAID. HE DISPLAYED DETAILED AWARENESS OF THE PREVIOUS DAY'S SCOTT-CHIAO MEETING AT WHICH THE TAIWAN ISSUE FIGURED PROMINENTLY. HE MAY HAVE HAD INTELLIGENCE THAT THE VISITORS WERE STILL KEEN TO DISCUSS THE SUBJECT. IN SUM, WE THINK HE EXPECTED THE OPPORTUNITY AND USED IT IN A CALCULATED MANNER, TO DISPEL OR AT LEAST JAR TOO-COMPLACENT AMERICAN ASSUMPTIONS THAT THE STATUS QUO IN TAIWAN IS ACCEPTABLE TO PEKING INTO THE INDEFINITE FUTURE. THIS INTERPRETATION LEAVES A GOOD DEAL UNEXPLAINED, BUT FROM THE CHINESE STANDPOINT, RECENT TAIWAN-RELATED DEVELOPMENTS ALL SEEM TO POINT IN THE SAME DIRECTION--A HARDENING OF THE U.S. POSITION AND A CONSOLIDATION OF THE TAIWAN STATUS QUO. THESE DEVELOPMENTS INCLUDE:

--THE JELLING OF AMERICAN EDITORIAL OPINION IN THE MOST PRESTIGIOUS AND INFLUENTIAL PAPERS BEHIND THE NEED TO NORMALIZE

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WITH THE PRC WHILE PRESERVING A RELATIONSHIP WITH TAIWAN, THE PIECES IN THE NEW YORK TIMES AND WASHINGTON POST AMONG OTHERS STRESSED THAT TAIWAN SHOULD NOT BE "ABANDONED."

--PRESS REPORTS OF THE PRESIDENT'S REMARKS TO THE U.S. OLYMPIC COMMITTEE CHAIRMAN IN SUPPORT OF PARTICIPATION BY TAIWAN'S ATHLETES IN THE OLYMPIC GAMES.

--PRESS REPORTS OF THE MANSFIELD-MIYAZAWA TALKS IN TOKYO (AVAILABLE IN PEKING AT THE TIME OF YESTERDAY'S MEETING) HIGHLIGHTED JAPANESE "SATISFACTION" AT THE CURRENT US-PRC-TAIWAN RELATIONSHIP.

--ATTENDANCE BY SOME 40 AMERICAN SCHOLARS AT THE "FIFTH SINO-AMERICAN CONFERENCE ON MAINLAND AFFAIRS" HELD IN TAIPEI FROM JUNE 9-13, AND THE PUBLICITY GIVEN SOME OF THE VIEWS STATED THERE.

SENATOR SCOTT'S ARGUMENT TO CHIAO THE DAY BEFORE THAT FURTHER "CONDITIONING" OF AMERICAN PUBLIC OPINION WAS A PREREQUISITE FOR AMERICAN MOVEMENT TOWARD NORMALIZATION COULD HAVE REINFORCED THE CHINESE IMPRESSION THAT THE U.S. IS FOOT-DRAGGING.
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SCOTT: I THINK THAT IS VERY GENEROUS, A VERY UNDERSTANDING STATEMENT. WHAT I WOULD LIKE TO SEE IN 1-2-3 YEARS IS A SITUATION WHERE WE COULD SAY WE HAVE FINALLY WORKED OUT AN AGREEABLE SOLUTION RATHER THAN TO HAVE THE RELATIONSHIP FOUNDER BECAUSE WE HAVE STOPPED TRYING TO UNDERSTAND EACH OTHER. MR. BARNETT HAS WRITTEN VERY LEARNEDLY ON THE MATTER, AS HAVE MANY OTHERS. THIS WILL HAVE AN ULTIMATE EFFECT OF CONDITIONING THE AMERICAN PUBLIC TO ACCEPT OUR MOVES. THERE IS A SAYING FROM "AESOP'S FABLES": "I CAN'T SEE HOW LONG IT WILL TAKE YOU TO GET TO THE NEXT COUNTY UNTIL I FIRST SEE HOW FAST YOU WALK."

CHANG: SO THEN WE MUST WAIT AND SEE.

SCOTT: I'M AFRAID SO. BUT IN THE LONG RUN WE WILL HAVE GREAT SATISFACTION IN AN ULTIMATE PEACEFUL SOLUTION.

CHANG: "ULTIMATE PEACEFUL SOLUTION?" (SARCASTICALLY) DOES THIS REFER TO US-CHINA RELATIONS OR TO RELATIONS BETWEEN CHINA AND THE CCK REGIME ON TAIWAN?

SCOTT: I SPOKE OF THE US AND CHINA, BECAUSE WE BELIEVE THAT AN ULTIMATE SETTLEMENT IS IN THE INTERESTS OF THE PARTIES INVOLVED. THE SHANGHAI COMMUNIQUE DID NOT REQUIRE THAT ANY OF THESE THINGS OCCUR AT A GIVEN HOUR OR BY A CLOCK. THESE WERE PRECONDITIONS STATED BY THE CHINESE SIDE IN THE SHANGHAI COMMUNIQUE. WE CANNOT AND DO NOT ENCOURAGE ANY ADVENTURISM ON THE PART OF CHIANG CHING-KUO. WE WOULD NOT LIKE TO SEE ANYTHING COME FROM SUCH NERVOUSNESS AS YOU SAY EXISTS ON TAIWAN NOW.

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DECLASSIFIED *State Review*
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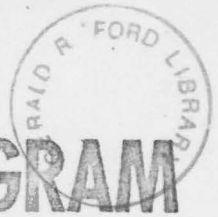
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CHANG: I DON'T UNDERSTAND. DO YOU THINK THAT THE US AND CHINA SHOULD FIGHT WAR OVER TAIWAN? TAIWAN IS TOTALLY OUR DOMESTIC ISSUE. THERE IS VERY LITTLE POSSIBILITY OF A PEACEFUL SETTLEMENT. WE HAVE MUCH EXPERIENCE IN THIS RESPECT. IT IS MORE RELIABLE TO SETTLE THIS QUESTION THROUGH A WAR.

SCOTT: I THINK I AM BEING MISUNDERSTOOD. I AGREE THAT THE RELATIONSHIP BETWEEN CHINA AND TAIWAN IS AN INTERNAL RELATIONSHIP. I MYSELF HAVE FOUGHT IN TWO WARS -- BOTH TIMES ON YOUR SIDE -- AND I THINK THAT IT IS DIFFICULT TO JUSTIFY ANY WAR. I DOUBT THAT EITHER SIDE COULD JUSTIFY TO ITS PEOPLE GOING TO WAR FOR THIS CAUSE. I AM EXTREMELY ANTI-WAR. I'VE BEEN SHOT AT. THIS IS THE BEST REASON TO OPPOSE WAR. WE SHOULD SOLVE OUR PROBLEMS AFTER DISCUSSION AND UNDERSTANDING. THE AMERICAN PEOPLE HAVE NOT YET SAID YES OR NO TO THE JAPANESE FORMULA. THE LAST THING THEY WOULD CONSIDER IS A WAR. THE AMERICAN PEOPLE HAVE A HORROR OF WAR (THE TRANSLATER RENDERED THIS AS THE AMERICAN PEOPLE ARE AFRAID OF WAR). I THINK OUR POLICY SHOULD BE AS PREMIER CHOU STATED: DON'T GO TO WAR EXCEPT IN DEFENSE OF ONE'S TERRITORIES. EVEN HERE PEACEFUL SOLUTIONS ARE MORE LIKELY AND MORE DESIRABLE.

CHANG: TAIWAN IS ALSO PART OF OUR TERRITORY. BUT I THINK WE HAVE ALREADY USED UP A LOT OF TIME. THERE IS NO NEED TO ARGUE. OUR POSITION IS VERY CLEAR AND IT IS UNCHANGED. MUCH STILL REMAINS TO BE SEEN. THIS YEAR YOU WILL NOT SETTLE THIS ISSUE.

SCOTT: I CAN'T PREDICT, BECAUSE I DON'T KNOW WHO WILL BE PRESIDENT OR WHO WILL BE IN CONGRESS. PERHAPS THERE WILL BE AS MANY AS 100 OR EVEN 150 NEW MEMBERS OF THE CONGRESS. WHEN YOU HAVE NEW MEMBERS THERE ARE APT TO BE CHANGES IN POLICY. BUT NOT CHANGES SO AS TO AFFECT AMERICA'S ASIAN POLICY.

CHANG: BUT WE ARE VERY CLEAR ON TAIWAN. SINCE THE ISSUE OF TAIWAN HAS ARISEN, THIS IS A NOOSE AROUND THE NECK OF THE US. IT IS IN THE INTERESTS OF THE AMERICAN PEOPLE TO TAKE IT OFF. IF YOU DON'T, THE PLA WILL CUT IT OFF. THIS WILL BE GOOD BOTH FOR THE AMERICAN AND CHINESE PEOPLES. WITH REGARD TO TAIWAN, THE CHINESE PEOPLE ARE NOT IN DEBT TO THE UNITED STATES. THE US HAS OCCUPIED TAIWAN. WE ARE GENEROUS AND READY TO HELP THE US SOLVE THE PROBLEM BY OUR

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BAYONETS -- PERHAPS THAT DOESN'T SOUND PLEASANT BUT THAT IS THE WAY IT IS.

SCOTT: "TO SOLVE THE PROBLEM BY OUR BAYONETS"? WHAT DOES THIS MEAN?

CHANG: TO OVERTHROW THE CHIANG CLIQUE.

SCOTT: NO, THAT DOESN'T SOUND PLEASANT. OUR POLICY IS NOT TO INTERFERE IN YOUR INTERNAL AFFAIR -- BUT WE STAND READY TO BACK UP OUR COMMITMENT TO TAIWAN. WE BELIEVE IT WOULD BE IN DEFAULT OF THE SHANGHAI COMMUNIQUE IF THERE WERE A RESORT TO ARMS. ANY SUCH ACTION WOULD AROUSE 215 MILLION AMERICANS. I WOULD CONTINUE TO URGE PROGRESSING ALONG THE PATH OF PEACE. WHILE WE RECOGNIZE YOUR RIGHTS, I ASK YOU TO RECOGNIZE OUR DIFFICULTIES.

CHANG: YOU TALK ABOUT OUR RIGHTS (DISMISSING THIS WITH A WAVE OF THE HAND). THIS YOU MUST DO. OF COURSE. IT IS OUR INTERNAL AFFAIR AND THERE IS NO NEED TO ASK OTHERS TO RECOGNIZE OUR RIGHTS. DID YOU KNOW THAT IN CHIANG CHING-KUO'S PRESS I AM CALLED "BANDIT CHANG"?

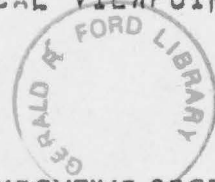
SCOTT: MY PAPERS CALL ME MANY THINGS;

CHANG: THAT IS YOUR AFFAIR AND I WOULD NOT INTERFERE. HOWEVER, I WANT TO SHOW YOU THAT OUR CIVIL WAR HAS NOT STOPPED. WE DON'T HAVE THE EXPERIENCE THAT YOU CAN PEACEFULLY LIBERATE SOME PLACE, FOR EXAMPLE, PEKING COULD BE SAID TO HAVE BEEN LIBERATED BY PEACEFUL MEANS. BUT HOW WAS THIS CARRIED OUT? AT THAT TIME THE WHOLE OF NORTH CHINA WAS ALREADY LIBERATED AND ONLY PEKING WAS NOT YET LIBERATED. OUR ARMED FORCES WERE PREPARED OUTSIDE THE CITY OF PEKING. AND EVEN OUR PEOPLE INSIDE PEKING WERE ORGANIZED TO WELCOME THE PLA. (TURNING TO CHOU PEI-YUAN) FOR EXAMPLE, AT PEKING UNIVERSITY MANY HAD PREPARED TO WELCOME THE PLA.

CHOU PEI-YUAN: WHAT ABOUT TIENTSIN?

CHANG: NO, TIENTSIN WAS LIBERATED BY FIGHTING. SO PERHAPS THERE IS ONLY THAT KIND OF "PEACEFUL" LIBERATION, THE KIND THAT OCCURRED IN PEKING. OUR ADVERSARY IS THE SAME. WE KNOW THEM WELL. WE CONSIDER OUR POLICY FROM THE PRACTICAL VIEWPOINT.

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SCOTT: OUR DISCUSSIONS HAVE PRIMARILY BEEN ABOUT PEACEFUL FORMULAS SUCH AS THE JAPANESE FORMULA. WE HAVE NOT DISCUSSED YOUR PRIMARILY INTERNAL QUESTION.

CHANG: WITH REGARD TO THE SHANGHAI COMMUNIQUE, WE LIKEWISE HOPE THAT IT WILL BE IMPLEMENTED. WE ARE STILL WILLING TO ACT IN ACCORDANCE WITH IT. (RESPONDING TO A CLARIFICATION OF SEN. SCOTT'S POINT BY TANG WEN-SHENG) THE SHANGHAI COMMUNIQUE HAS NOTHING IN IT ABOUT PEACEFUL LIBERATION.

SCOTT: I DIDN'T SAY THERE WAS. SUCH A COMMUNIQUE WOULD HARDLY SPEAK OF WAR AS AN ALTERNATIVE TO PEACE. THIS IS YOUR CIVIL WAR.

CHANG: THE SHANGHAI COMMUNIQUE RECOGNIZES ONLY ONE CHINA.

SCOTT: YES.



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