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VII. EAST ASIA

A. OVERVIEW: ASIAN TRENDS AND U.S. POLICY

East Asia, like Europe, was one of the two great focal areas of US foreign policy concern throughout the Johnson Administration. Asia remained the westward threshold of our national security, just as Europe was the eastward one: trends in Asia, despite the breadth of the Pacific, involved our safety directly, as World War II had shown. And in broader, longer-range terms, the peace and well-being of the Asian peoples were seen to be a vital component of the stable world that we saw was needed in order for the United States itself to prosper and be secure.

When President Johnson took office, our situation as regards Asia had long reflected these US concerns. We already were deeply involved in the struggle in Viet-Nam, because we recognized the need to draw the line against

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Communist aggression, so as to permit the countries of East Asia to build foundations for stability, democracy and economic growth. Communist China loomed in the background, a country of incalculable influence on the fate of the weaker nations surrounding it. Communist-directed forces were actively probing in South Korea, Laos, Burma, Cambodia, Malaysia and the Philippines, and were politically on the rise in Indonesia. Japan was a potential tower of strength for the Free World, but was not yet playing its full constructive role in Asia or beyond.

During the Johnson years our twofold task in Asia of helping hold back aggression, while assisting weak nations to become strong, grew more complicated and burdensome but also showed encouraging results. Most of the peoples of the area made political and economic progress. The gains were in large part due to our help and protection. The Chinese Mainland continued to be a scene of confusion and paradox; but there could be no doubt that in a large part of Asia a

transformation of historic proportions was in process. Virtually all the non-communist nations of the area came into their own as ongoing national units -- advancing the well-being of their people, encouraging greater popular participation in government, and pulling together in a new spirit of regional cooperation.

In the economic sphere alone the developments of the recent past have been dramatic. Even leaving out the developed nations of Japan, Australia and New Zealand, the economies of the less developed nations of East Asia have averaged an annual growth rate from 1961 to the present that exceeds that in Latin America, South Asia or Africa. Particularly impressive have been the gains of Japan, the Republic of China and Korea. Japan is, of course, the outstanding success story. She is about to become the world's third industrial power and has nearly tripled her trade with other nations. The Republic of China on Taiwan has doubled the per capita income of her people. This has made possible the phasing out of the aid program we supported up to 1965. Korea, too, has

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made impressive gains. Arising from the disruptions and devastation of war, Korea has produced a near economic miracle -- doubling her industrial production since 1961 and averaging an annual growth rate of over 9 percent for the last five years.

Economic progress in East Asia has not been achieved at the expense of free political and economic practices. In virtually all the nations of the area there has been a trend toward wider freedom of expression and popular participation in government. Seven of the non-communist nations are now operating under governments which, while not perfect, are at root democratic: Japan, South Korea, the Philippines, Malaysia, Singapore and -- even in the heat of war -- Laos and South Viet-Nam. Thailand has recently taken significant strides toward a democratic system of government by promulgating a Constitution which calls for national elections in the next few months.

Standing in stark contrast to the gains made by these nations which have chosen to move toward more popular participation in government is the performance of Communist China.

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The turbulence inside China and a poor economic showing are well known to the non-communist nations of East Asia and have made vivid to all that the Chinese Communist model is not one to be emulated.

There has emerged in East Asia a sense of regional interdependence and cooperation -- a development of historic significance. The most visible sign of this is the formation of several organizations for regional cooperation in a number of areas. The Asian and Pacific Council (ASPAC), organized in June 1966, is now considering many proposals in the social, economic and political fields. The Association of Southeast Asian Nations (ASEAN) was formed a year later and is working to accelerate economic and social development through joint endeavors, mutual assistance and technical collaboration. The Asian Development Bank is another regional organization -- founded in Manila in December 1965 and an essential step toward the realization of multilateral cooperative efforts to develop Southeast Asia as projected in President Johnson's speech at Johns Hopkins University. The Bank

is considering applications for well over \$100 million in loans and has made three loans and furnished technical assistance to several members. The Mekong River Committee should also be mentioned. It has not moved beyond the planning stage and has begun construction on the Nam Dgum Dam in Laos, the third dam in the Mekong tributary system.

While these regional organizations are yet in their formative stage, historically speaking, they have already made concrete achievements and they portend future multilateral undertakings toward common goals that will further strengthen the fabric of non-communist Asia.

Today the United States is on much more sympathetic and forthcoming terms with almost every non-communist government in East Asia and the Pacific than at any time in the recent past. The bonds between us and the East Asian nations have been strengthened by a variety of contacts, and our stand in Viet-Nam has demonstrated our determination that the collective security of the region shall not be threatened. As Prime Minister Sato of Japan stated in November 1967: "The United

States' efforts in Viet-Nam are well understood by the governments and peoples of Asian countries."

Much of the dynamic of East Asia today derives from what Asians themselves have done -- tapping local initiative and indigenous ingenuity. But there is much that the United States has helped to bring about by our policies in the Pacific. We have assisted principally in two areas. The first is security: the preservation of the integrity and independence of the nations of the area. The second is, of course, assistance in social and economic development. These two tasks are interdependent. Unless there is the sense of confidence that comes from security, there will be little economic progress, little national cohesiveness, and little improvement in the quality of life of the individual -- the ultimate objective.

In acting in these two areas we have been moved by our own fundamental national interests. Having fought a major war to prevent the domination of Asia by militarist Japan, we have come to feel that the domination of a hostile power or

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powers in wide areas in Asia would inevitably threaten us in the most vital way. But we have been moved, too, by the belief -- stemming from our own ideals and experience -- that lasting peace and human progress cannot be achieved unless people are enabled to move ahead in their own well-being.

On the whole our record in Asia has been good. There have been times when there was a shortfall in the amount of knowledge available in terms of the US decisions which had to be made. But the basic thrust of our policies and actions has contributed significantly to the dynamic of an East Asia that is very much on the move.

In the judgment of fourteen distinguished students of Asia in a statement published in December 1967 by the Freedom House:

The timing, tactics and precise locations of some of our commitments may be questioned. But the basic decision of the United States to maintain a presence in Asia since 1945 has been indispensable to all there who have sought a non-Communist route to development and a political equilibrium for the region as a whole... Moreover our concrete efforts -- never beyond substantial perils -- have been crowned with a number of successes. We can

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be justly proud of our international accomplishments during the past twenty years. Whatever the future may hold, current developments in Japan, South Korea and various parts of Southeast Asia testify to the importance of the American commitment.

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B. EAST ASIAN REGIONALISM

1. The Need For Regional Cooperation

The major constructive changes in key non-Communist nations throughout East Asia has engendered a steadily growing and widely felt sense of confidence and of faith in the possibility of progress. US policy has played a critical role in this, both through our support of Asian security and through our readiness to assist individual nations and constructive regional initiatives. ^{1/}

In the wake of the intense but often naive nationalism of the immediate post-war generation, and the insecurities of that period, Asian regimes tended to develop in competence and sophistication and to act in terms of more

^{1/} Draft Memorandum for the White House on "Constructive Changes in East Asia and the Pacific Since Early 1964" by Assistant Secretary of State William P. Bundy, September 5, 1967 (UNCLASSIFIED).

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clearly and realistically perceived national interests. As this self-confidence progressed, there developed a felt need for regional and sub-regional groupings that would speak with a louder collective voice in Asian and world councils than could any individual nation, and that would employ to maximum effect the various assets of each nation. The basis for US policy toward such regional development was set forth by President Johnson on December 17, 1963, when he said in a speech before the United Nations, "In addition to bilateral aid, we have with great satisfaction assisted in recent years in the emergence and the improvement of international developmental institutions, both within and without this Organization. We favor the steady improvement of collective machinery for helping the less-developed nations build modern societies."

Asian nations have traditionally talked outward to the nations of the West while neglecting the pursuit of a meaningful dialogue with other nations of the area. In early 1964 there were still few organizations of consequence established

among the nations of the area. In addition to a by-then moribund Association of Southeast Asia (ASA), there existed ECAFE, a UN organ, and the Mekong Coordinating Committee established under it, and the Colombo Plan, which was not confined to the region.

2. The Problem of Regional Security

There continued to be one other organization of consequence, the Southeast Asia Treaty Organization (SEATO). SEATO, however, included non-Asian nations, principally the United States, and though it provided a pattern for future Asian security measures it was, by its nature, an evolutionary form rather than a final one. Our Secretary of State defined its role: "Without the protective shield which we have provided there would have been little if any progress in East Asia -- indeed, there would be today few if any free nations in East Asia."^{2/} The United States firmly supported SEATO

^{2/} Speech by Secretary Rusk before the Far East Council's Annual Conference on Asia, New York, October 7, 1967.

from its inception; our support was again articulated by Secretary Rusk in his remarks on the Fourteenth Anniversary of the Organization: "SEATO, therefore, is a vital force in the future of Southeast Asia. We will continue to give the Organization our whole-hearted support in the future as we have done in the past."^{3/}

The announcement by Prime Minister Wilson on January 16, 1968, that Britain would withdraw all of its military forces from the Malaysia/Singapore area by 1971 and would revise its defense agreement with Malaysia created a new and major problem in efforts to assure the security of the region. Talks between Britain and the four Commonwealth nations of the area, Malaysia, Singapore, New Zealand and Australia, were begun in June 1968 and are scheduled to continue. The US position thus far has been to refrain from increased commitments to compensate for the British withdrawal and to encourage the nations of the area to begin serious consideration of how

^{3/} Department of State Press Release No. 201, September 9, 1968 (UNCLASSIFIED).

they may best accomplish their own increased defense requirements in the light of this British move.^{4/}

3. US Policy 1964-68

Our policy toward the growth of regional cooperation remained consistently positive throughout the period. In a speech in April 1965 that became the foundation for major US undertakings in Southeast Asia, President Johnson emphasized our interests: "The first step is for the countries of Southeast Asia to associate themselves in a greatly expanded cooperative effort for development."^{5/}

Continuing interest in Asia and in its regional development and cooperation was dramatically expressed by the trip undertaken by President Johnson to six countries of the area in October-November 1966. The high point of the trip was his meeting with the heads of six nations (Australia, New Zealand,

^{4/} National Policy Paper, Indonesia, Malaysia and Singapore Subregion, September 1968 (~~SECRET~~).

^{5/} Speech by President Johnson at Johns Hopkins University, April 7, 1965.

Philippines, the Republic of Korea, South Viet-Nam and Thailand) in Manila on October 24-25, 1966. In the Declaration of Peace and Progress in Asia and the Pacific that was issued at the close of this meeting, the seven nations reaffirmed their strong support for the principle of regional cooperation, and the unmistakable show of American support was designed to confirm the leaders of free Asia in their moves toward a workable structure of regional organization. In May 1968 Assistant Secretary of State Bundy, in an appearance before a Congressional subcommittee considering US support of the Asian Development Bank, again underlined the Administration's position when he declared: "Appropriations for regional programs will provide seed money under multilateral auspices to further promising Asian regional developmental initiatives which could bring benefits to the region far larger than our contributions."^{6/}

^{6/} Statement of the Honorable William P. Bundy, Assistant Secretary of State for East Asian and Pacific Affairs, Before the Foreign Operations Sub-Committee, May 7, 1968 (~~SECRET~~).

4. Regional Cooperation for Political and Security Aims

US policy helped give direction to the non-military side of SEATO. In June 1964 a decision was taken to restrict the non-military operations of SEATO to those areas not in competition with other existing organizations. Specifically, SEATO economic activities initiated after that date were to be those directed toward the countering of communist sub-^{7/}version. In the years that followed, two SEATO programs showed how this decision was implemented. The first, Operation Rice Bowl in the Philippines, was a group of projects directed at increasing living standards in an area of communist-inspired unrest. While the programs were financed with US AID funds, they carried the SEATO label and were a constant reminder to the people of the area of the continuing interest of that Organization in their well-being. The second SEATO initiative was a Seminar on Internal Security in

^{7/} Department of State Instruction CA-13654,
June 26, 1964-~~(CONFIDENTIAL)~~

Rural Areas held in Quezon City, Philippines, June 3-9, 1968. This seminar brought together experts from Australia, New Zealand, the Philippines, the Republic of Korea, South Viet-Nam, Thailand, the United Kingdom, and the United States. One result of this seminar was the decision to call together an expert study group on this subject early in 1969.

Asian regional initiative progressed in the five-year period 1964-68. In November 1965 the Southeast Asian Ministers of Education Council (SEAMEC) was formed. The organization was formalized at its third meeting in Singapore on February 9, 1968; and a permanent Secretariat (SEAMES) is being established in Bangkok. The members of the organization are Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Viet-Nam. Its purpose is to promote cooperation among the Southeast Asian nations through education, science and culture; and to that end it has approved projects for research in tropical medicine, research in agriculture, establishment of a regional center for education in science and mathematics at Penang, and the establishment of a regional English

language center at Singapore as well as more economically-oriented projects (see below).

Pushed forward by Japanese initiative, the Asian Parliamentarians Union (APU) was formed in Tokyo on December 4, 1965. Its members are the Republic of China, Indonesia, Japan, Korea, Laos, Malaysia, the Philippines, Thailand and Viet-Nam; with Australia, India, and New Zealand as observers. The objectives of the organization are to support the principles of full freedom and genuine democracy. The members have supported the Free World causes in Southeast Asia and have given warm support to the formation of ASPAC and ASEAN.

Korean urging was largely responsible for the formation at Seoul on June 16, 1966, of the Asian and Pacific Council (ASPAC). The members are Australia, Republic of China, Japan, Korea, Malaysia, New Zealand, the Philippines, Thailand, and Viet-Nam, with Laos as an observer. The organization is dedicated to solidarity against external threats and interference and to the principles of peace, freedom, progress and prosperity. ASPAC has supported the stand of South Viet-Nam

and has expressed regret that efforts toward peace have been rejected. The group has approved the establishment of a registry of experts and of a social and cultural center. It is also considering other projects in various fields that will contribute to greater regional cooperation.

The most recent of the major regional groupings to be established during this period was the Association of Southeast Asian Nations (ASEAN) which was established at Bangkok on August 8, 1967. The members are Indonesia, Malaysia, the Philippines, Singapore and Thailand and membership remains open to all nations of Southeast Asia who subscribe to the aims of ASEAN. These aims stress greater regional cooperation and lay heavy emphasis on economic development. The Foreign Ministers of the ASEAN member-states declared their determination to secure the stability and security of the area and their position that all foreign bases in the area are temporary in nature and not designed to subvert national independence. The organization has not as yet undertaken any projects of its

own, but it has taken over certain projects started under the now-defunct Association of Southeast Asia.

5. Regional Economic Organizations

Regional economic organizations have existed in the East Asian region since the founding under UN auspices of the Economic Commission for Asia and the Far East (ECAFE) in 1947. A broad grouping of developing and developed countries has concentrated more on economic studies of the region than on actual project assistance to the countries of the region, with an exception noted below.

The real development of East Asian regional economic organizations, however, began with President Johnson's address referred to above on a "Pattern for Peace in Southeast Asia," given at Johns Hopkins University, April 7, 1965. In this address the President proposed multilateral assistance to an association of Southeast Asian nations:

The first step /to improve life in Southeast Asia/ is for the countries of Southeast Asia to associate themselves in a greatly expanded cooperative effort for development. We would hope that North Viet-Nam would take its place in the common effort just as soon as peaceful cooperation is possible

For our part I will ask the Congress to join in a billion-dollar American investment in this effort as soon as it is underway.

And I would hope that all other industrialized countries, including the Soviet Union, will join in this effort to replace despair with hope and terror with progress.

The task is nothing less than to enrich the hopes and existence of more than a hundred million people

So I will very shortly name a special team of outstanding, patriotic, and distinguished Americans to inaugurate our participation in these programs. This team will be headed by Mr. Eugene Black, the very able former President of the World Bank.

The President's address and the appointment of Mr. Black led to a much more active US role in promoting regional Southeast Asian economic cooperation, although the effect

of this changed role has reached beyond Southeast Asia.

The Mekong Coordinating Committee, which was founded in 1957, by ECAFE has been an exception to ECAFE's usual practice of not involving itself in construction projects. The active approach of this Committee to the problems of development of the Mekong region led to several data collection projects and feasibility studies for development of the lower Mekong Basin.

Growing out of the Johns Hopkins address was US participation in a project for cargo-handling facilities and boats on the Mekong, the construction of the Nam Ngum Dam in Laos, and the general acceleration of the studies for a major mainstream dam on the Mekong itself at Pa Mong, near Vientiane.

A change in the United States position on the creation of an Asian Development Bank also followed the speech. At the meeting of the Bank in Wellington in March 1965, the United States delegation did not indicate that the United States would join the Bank. The change in the US position

following the Johns Hopkins speech permitted the Bank's charter to enter into force in August 1966, and the opening of the Bank for business in December. The United States has pledged \$200 million to the Bank's capital fund, has contributed to the Bank's technical assistance work, and, as a principal donor, is represented on the Bank's board by a US Director and Alternate Director. The Bank is now in full operation, has made loans to Thailand, Nepal, Ceylon and Malaysia and has requests from the countries of the region for loans well in excess of \$100 million.

Two new organizations through which the United States has channeled assistance have been founded since the Johns Hopkins address in 1965. The Southeast Asian Ministers of Educational Council (SEAMEC) and its permanent secretariat (see also above) have served as a regional organization for cooperation on education. Projects in the economic field, in varying stages of development, include the Asian Institute

of Technology in Thailand and a regional Agricultural Research Center in the Philippines.

A second organization which developed as a consequence of the Johns Hopkins address was the Conference of Southeast Asian officials on Transport and Communications of which the Malaysian Government has been the focal point. Mr. Black visited Kuala Lumpur in November 1966, and as a result of this trip some 95 regional transportation and communication projects were developed. The Conference of Southeast Asian officials has requested the Asian Development Bank to administer a Regional Transport Survey to select regional projects for further development.

6. Areas of Special US Policy Emphasis

a. Labor

Labor movements in East Asian countries are, by and large, politically oriented. It is not unusual to find political parties with labor arms; nor is it unusual to find trade unions professing political independence while at the

same time acquiescing or extending tacit support to political parties.

US policy has viewed these labor movements, apart from their political content, as having a potential for economic development as well as a capacity to bring about social changes and, therefore, as being important to the realization of many of our ultimate objectives in the countries of East Asia. We also see trade unions as a source of leadership, not only for the unions themselves, but for other fields as well. Finally, in many countries, such as South Korea, the Philippines and South Viet-Nam, the United States itself is a major -- often the major -- employer and a pace-setter for labor-management relations.

Our activities vis-a-vis labor movements in this context have necessarily varied from country to country. In general, however, we have aided in the development of independent trade union institutions, where those have been lacking, which have furnished in some cases, in concert with other

like-minded groups, significant impetus for social and economic changes.^{8/} In recent years hundreds of incumbent and potential labor leaders from East Asian countries have participated in leadership training courses in the United States or at the Asian Labor Education Center in the Philippines, the funding for which was arranged by the Agency for International Development (AID) and the State Department's Bureau of Cultural Affairs (CU).

Labor Attaches and Labor Reporting Officers in our Embassies have been particularly effective, through their contacts, in dealing with issues raised by US activities and policies related to Viet-Nam. They also work with our allies in such endeavors -- allies such as the International Trade Secretariat, the International Confederation of Free Trade Unions (ICFTU), the Asian Regional Organization (ARO) of

^{8/} Foreign Assistance Act of 1961 as Amended, Section 601.

the ICFTU, the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) -- as well as important instruments such as the Asian-American Free Labor Institute (AAFLI), funded by AID and administered by the AFL-CIO.

b. Youth

The young people of East Asia are becoming more and more assertive in their desire for change in the social and economic structures of their respective countries. We have witnessed in recent years very clear evidence of youth disaffection from the so-called "Establishment." Much of this disaffection has stemmed from a disenchantment with the status quo and the inability (or lack of concern) of leaders of certain countries to modernize and to adjust to the realities of the times -- or what youth felt to be the significant realities. This emergence of young people as a force to be reckoned with was not necessarily harmful to US interests, even though in many instances US policy in Viet-Nam was the focus of dissent. What happened in Indonesia in late 1965 and early 1966

exemplified this point. There the collective action of young people deposed President Sukarno, the charismatic and demagogic leader of that strategically important country. US interests were very definitely served in this instance.

Our Embassies in East Asia have been aware of youth as a group and as a source for leaders of the future. The Embassies have attempted to work with this dynamism by setting up Youth Coordinators and Youth Committees, the latter being representative of all US agencies at the missions. A dialogue was established with key youth leaders in an attempt both to understand and to influence them. This, however, has become less and less easy in recent times, partly because the impact of worldwide dissemination of news about our own problems with young people gave the impression that the US was a deeply disturbed nation. Development of a comprehensive approach to the youth problem remains a challenge.

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C. COMMUNIST CHINA

1. The United States and the Chinese Problem

As the struggling giant of Asia, Mainland China is one of the major concerns of US foreign policy. Largely through Peking's choice, our relations have remained tenuous and abrasive. Yet what Communist China does or might do affects our aims in all the rest of Asia and, to some extent, the adjacent continents. The Chinese Communist nuclear breakthrough in the mid-1960s only served to give a further, grim emphasis to this basic fact. It was not surprising, therefore, that throughout the period of President Johnson's Administration US policy-makers, as well as the American public itself, paid increasing attention to the problem of China.

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The five Johnson years coincided with a marked change in the international prestige and influence of Communist China. At the end of 1963, though still suffering internal political and economic strains left over from the disaster of the "Great Leap Forward", Peking was making progress in breaking down many of the barriers erected against the expansion of its influence. Employing energetic and flexible diplomatic means and the lure of expanded China trade, the regime had scored definite successes in wooing non-Communist nations, most notably France and Pakistan. By early 1964, recognition of the Chinese People's Republic (CPR) by Tunisia, Kenya, Zanzibar, and Burundi brought the total of African countries represented in Peking to fourteen, as opposed to fifteen which still recognized Taipei. In addition, events in a number of areas, most notably South Viet-Nam, seemed to be vindicating Mao Tse-tung's theories on "people's armed struggle".

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The forward momentum of Peking's progress in the international arena continued through 1964, given impetus by formal French recognition and the explosion of Communist China's first atomic device. By the end of that year, Chinese Communist influence in the international arena had expanded to such an extent that Peking's admission to the United Nations was estimated to be a "virtual certainty" within the foreseeable future.^{1/}

Nevertheless, by the fall of 1968, the CPR was more isolated than at any previous point in the regime's history. Engrossed in the internal turmoil and trauma of the Cultural Revolution for the previous two years, Communist China had turned a universal face of militancy and belligerence toward most of the world, and its foreign image had suffered seriously. Excesses at home and doctrinaire insistence on violent

^{1/} Memorandum for Mr. McGeorge Bundy, The White House, October 28, 1964, "The US and Communist China in the Months Ahead" ~~(SECRET)~~

revolution abroad combined to alienate the growing international support the Peking regime had previously enjoyed. The question to what extent US policy may have contributed to this dramatic change in Communist China's international position is discussed below.

2. Chinese Communist Objectives

The foreign policy objectives espoused by the Chinese Communist leadership from the time when they seized power in 1949 remained unchanged during the five years of the Johnson Administration. Basically, they were (1) the promotion of the world communist revolution, principally through advocacy of "wars of national liberation" against "bourgeois" states, and (2) the restoration of China to its past position of grandeur and influence in Asia, and the extension of this influence onto a worldwide stage. These objectives were restated with unmistakable clarity in September 1965 by Defense Minister Lin Piao, who later emerged as the heir apparent to

Mao Tse-tung. In a lengthy article, "Long Live the Victory of People's War", Lin urged that the less-developed nations of the world, using their own resources, should mobilize to surround and defeat the rich and technologically advanced nations, just as the rural areas had surrounded and subdued the cities of Mainland China during the Chinese civil war. The commemoration of the Lin article in Chinese Communist media in 1966-68 indicated that Peking's militant goals remained constant.

To be sure, there had regularly been a wide gulf between Chinese word and deed, between what Peking wished to see emerge in other countries and what it was able or prepared to do to bring it about. Yet despite the fact that the Chinese Communists were cautious when confronted by superior power, their revolutionary intent remained intact -- hardened, perhaps, by frustration.

The consistent corollary to Peking's revolutionary formula remained, as it had since 1949, unremitting hostility towards

the United States -- the supporter of the rival Nationalist government on Taiwan, the leading capitalist nation of the world, and the greatest obstacle to the achievement of its revolutionary and national goals. Increasingly, however, this hostility was matched if not surpassed by Peking's growing enmity toward the Soviet Union, the "arch-betrayer" of the world revolution in Maoist terms, and a potential supporter of anti-Mao forces within the Chinese Communist system itself.

At the very outset of the Johnson Administration a new tone was set in American China policy. In an address at the Commonwealth Club, San Francisco, on December 13, 1963, Assistant Secretary Hilsman for the first time made clear that the United States Government regarded the Chinese Communists not as a passing phenomenon but as a leadership whose effective control of Mainland China we did not challenge. He went on to say that "we should like to be less ignorant of them and for them to be less ignorant of us." He reiterated a standing invitation for the exchange of correspondents, and

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offered a "constant readiness to negotiate." He warned against the "danger if we let our policies be guided by emotionalism" and then restated American policy toward Communist China in a new and explicit formula: "Our prime objective concerning Communist China is that it not subvert or commit aggression against its free world neighbors." In this context, he repeated President Kennedy's more general statement that our purposes in the Far East are "peaceful and defensive." Finally, having stated his reasons for hoping that time would bring about an evolution in Chinese Communist attitudes away from their present bellicosity, he said that this Government would not sow the seeds of future hatred and that "we are determined to keep the door open to the possibility of change." Thus, while offering very little in the way of specific new policies, the speech set forth a new view of the long-term relationship between the United States and Communist China, and made clear that our objective was the halting of direct and indirect Communist aggression rather

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than the destruction of Communist China itself.

3. US Policy

As with previous administrations since 1950, Johnson Administration policy-makers found the goals and methods of the CPR antithetical to those of the United States. Public statements of the President and key Administration officials, including Secretary of State Rusk, Under Secretary Katzenbach, Assistant Secretaries Bundy and Hilsman, and Deputy Assistant Secretary Green, all stressed the need for a firm stance against any efforts by Peking to expand its influence by revolutionary violence or direct aggression. If the United States should fail to stand up to the Chinese challenge in Asia, the area could look forward, in the words of Bundy, to "conditions of external domination and probably totalitarian control, not merely for 20 years, but quite possibly for generations".^{2/} By standing up firmly, it was reasoned,

^{2/} Address by Assistant Secretary of State William P. Bundy, Pomona College, February 12, 1962.

the United States could contain Chinese ambitions and create a situation in which future, more pragmatic Chinese leaders might recalculate CPR policies.

US policy endeavored to avoid preoccupation with the purely negative aspects of our relations with Communist China. Instead, the Johnson Administration stressed the positive goal of helping the weaker nations on China's periphery to develop strong and viable political, economic and social institutions of their own choice, free from outside interference, and to build a regional framework within which they could cooperate in pursuing these objectives. To this end, the US Government pledged and provided direct aid to allied nations seeking to resist direct or indirect threats from Peking, assistance to Asian countries in building progressive governments capable of withstanding Communist pressure from within, and cooperation with regional banking, economic, educational and political organizations.

As a corollary, however, as our involvement in Viet-Nam and the possibilities of a direct conflict with China grew, the President made it increasingly explicit that our policy in Southeast Asia and toward Peking was not aimed at threatening the existence of the Chinese Communist regime or its pursuance of peaceful and legitimate Chinese aims in Asia.

While Administration leaders were not optimistic that a modus vivendi between China and the United States could be soon achieved, they hoped for a future reconciliation, and meanwhile pushed for expanded bilateral contacts.^{3/}

^{3/} See, in addition to the Hilsman speech (above), the President's Remarks at the Associated Press lunch, New York, April 20, 1964; Assistant Secretary of State Bundy's speech at Pomona College, February 12, 1966; Secretary Rusk's testimony before the Subcommittee on the Far East and the Pacific of the House Committee on Foreign Affairs, March 16, 1966; the President's speech to the American Alumni Council on "The Essentials for Peace in Asia," July 12, 1966; his State of the Union Message, January 10, 1967; and Under Secretary Katzenbach's address to the National Press Club, Washington, D.C., May 21, 1968.

4. Effects of Viet-Nam, 1965^{4/}

In 1965, Viet-Nam became at least in part a zone of confrontation between US and Communist Chinese foreign policy objectives -- a test case for Mao and Lin's "wars of national liberation" formula and the extension of Chinese Communist influence in Asia. The year 1965 also saw the beginnings of a sharp downturn in Peking's international political fortunes, exemplified during the latter half of the year by the clumsy handling of Premier Chou En-lai's African tour, Chinese Communist sabotage of the Afro-Asian conference at Algiers (Bandung II), inept Chinese diplomatic intervention in the war between India and Pakistan, and the failure of the

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- 4/ Major policy debates within the Administration arose in 1965 and 1966 over the interrelated questions as to whether Communist China would intervene in Viet-Nam; what US actions would cause Communist China to intervene; whether or not to create a buffer zone in North Viet-Nam near the Chinese border to avoid accidental US air intrusions into Chinese territory; and how large this zone should be. These questions enter into the history of our Viet-Nam policy and are discussed in the chapter on Viet-Nam.

pro-Communist coup in Indonesia.

It seemed clear that these CPR foreign policy setbacks and the intensification of the US commitment in Viet-Nam were interrelated, though precisely to what degree was difficult to judge. One expert observer at the time -- our Consul General in Hong Kong -- speculated that the mounting US presence in Viet-Nam, compounded by the need of an aging and frustrated Peking leadership for foreign successes to justify its policies, forced the Chinese leaders into an ever more rigid fundamentalist ideological mold, and that, under these pressures, and proceeding from a distorted world view, the leadership repeatedly overplayed its hand in efforts both to condemn the United States and to stir up trouble so as to distract us from our Vietnamese commitment. Moreover, at the same time that doctrinal rigidity prevented them from cooperation with their other arch rival, the Soviet Union, the Chinese also lacked the tactical flexibility that had sparked their successes during the previous two years. The

same observer recollected that:

...Chou's statements in Africa about the situation there being favorable for the cause of revolution evoked not fresh outbreaks but indications of growing distrust by African regimes, such as that in Kenya, which have no desire to face rebellions. Then the ChiComs twisted the arms of Afro-Asians to get the Algiers Conference called, hoping to line up a solid bloc which would condemn the US course in Viet-Nam. When it became clear that no such bloc could be assembled and that the Soviet Union would be invited over the adamant objections of the Chinese, they incurred more diplomatic ill will in getting the conference called off.

Peking lost credibility for its pro-Pakistan role in the Indo-Pakistan war when it was forced to back down on the ultimatum that it had issued to the Indians. Finally, the pro-communist coup in Indonesia backfired with results exactly contrary to probable ChiCom expectations. The firm US stand in Viet-Nam might have been at least partially responsible; for, as this observer commented, "one is entitled to ask whether the atmosphere which would have followed a clear US reversal

/in Viet-Nam/ would have been one in which surviving Indonesian generals would have reacted so stoutly and confidently."^{5/}

In a remarkable press conference on the eve of the Indonesian coup, Foreign Minister Chen Yi revealed Chinese Communist frustration over Viet-Nam and the self-defeating militance that this frustration engendered. Waving his arms, Chen shouted that he hoped the United States would attack China along with the British and the Indians, and expressed his confidence that in such an event, the invaders would be wiped out. In addition to a host of other bellicose statements, Chen defined Chinese Communist preconditions for entry into the UN in terms that few nations could accept and which alienated much of the international support that Peking had gained in recent years.^{6/}

5/ See Airgram A-431, December 31, 1965, from Amcongen Hong Kong to Department of State, "Communist China - US Policy Assessment", drafted by Consul General Edward E. Rice
~~(SECRET)~~.

6/ From Hong Kong, Telegram 537, September 30, 1965
~~(CONFIDENTIAL)~~.

5. Chinese Isolation and the Cultural Revolution

No phenomenon contributed more to Communist China's slide towards international isolation and internal weakness during this period than the so-called Cultural Revolution. Begun in the spring of 1966, this most massive, pervasive and disruptive of all political campaigns in Communist Chinese history was the result of three interacting processes: (1) an attempt by Mao to shatter and then remold his Party bureaucracy, inspire the younger generation and prevent the inevitable degeneration of his revolution along Soviet lines; (2) a power struggle to determine the succession to Mao; and (3) deep-seated and long-standing domestic and foreign policy disputes within the top leadership. By the time the movement began to draw to an apparent close in the summer of 1968, millions of Communist Party and government officials and ordinary Chinese had come under criticism. Schools had been closed or disrupted for over two years. Key political, economic, and military officials had been dismissed. Major sectors of the

economy had suffered damage and the government was thrown into confusion. The Chinese Communist army, increasingly employed to hold together the fraying fibers of civilian administration, was strained and diverted from its traditional preoccupation with military security.

The chief agents of disruption were the Red Guards and other ad hoc mass organizations of students, workers, peasants and demobilized soldiers. These were initially organized to carry out the attack on Party and government authorities, but ended fighting each other for the right to fill the power vacuum created once the authorities had stepped aside.

The international position of Communist China, already weakened by reports of internal excess, militance, and disunity which filtered out of the Mainland, began to suffer markedly in the spring and summer of 1967 when the psychological and political fervor of the Cultural Revolution began to infect Peking's foreign policy. With the Foreign Ministry at least temporarily in the hands of a new group of ignorant and rabid

xenophobic officials, pragmatic policy judgments based on long-range Chinese interests and historical relationships with other countries went by the board. Instead, Chinese Communist diplomacy degenerated into frenzied posturings and sloganeering in the name of honor and Mao. As one contemporary State Department study described it, "advocacy of revolution, violence, extreme sensitivity to real or imagined insults, determination to 'propagate the faith', indifference to the disapproval and condemnation of other countries, a general 'to hell with you' attitude -- these are elements which have always been present in Chinese diplomacy, but which have now become virtually its sole content."^{7/}

Although Chinese actions seldom matched the ferocity of their words, during 1967 and early 1968 Peking propaganda advocated armed overthrow of the governments of Burma, Indonesia,

^{7/} Department of State Circular Airgram CA-413, July 17, 1967, to all American diplomatic and consular posts, "Growing Chinese Truculence in Foreign Policy Statements" ~~(CONFIDENTIAL)~~.

Malaysia, Singapore, the Philippines, Thailand, India and Hong Kong, in addition of course to South Viet-Nam. Red Guard mobs sacked and burned the British Embassy in Peking, and humiliated French, Scandinavian, Soviet and East European diplomats. Indian Embassy officials were arrested, expelled, and then tried in absentia as spies. Business and newsmen from Japan, Germany, Italy, the United Kingdom, Norway, and Yugoslavia were harassed, expelled, or in some cases held as spies. Soviet and British ships were detained in Chinese ports. Chinese Communist diplomats rioted in London, Rangoon, and Djakarta. Ceylon, Kenya, and even Switzerland received offensive diplomatic notes protesting alleged slights. The governments most severely challenged during this hypermilitant phase were the British and Portuguese colonial administrations in Hong Kong and Macau. These were subjected to sustained pressure by local Communists inspired by the Cultural Revolution and egged on, if not directly manipulated, by extremist elements on the Chinese Mainland.

6. Effects of US Policy

There is little evidence to suggest that, once the Cultural Revolution began, US policy had any direct effect on the tumultuous course of events or contributed to the deterioration of Peking's international position. On the contrary, until May 1968 it was a matter of policy for Administration officials to avoid public comment on CPR internal politics. This was precisely to avoid the unforeseen consequences of intervention in a fast-moving struggle whose inner workings were understood clearly neither by the United States nor for that matter by the majority of Chinese.^{8/}

There can be little doubt, however, that the US build-up in Viet-Nam in 1965 served as a catalyst to exacerbate old and deep divisions within the leadership, thereby helping to trigger the Cultural Revolution. The US role should not be

^{8/} Circular Airgram CA-5240, January 17, 1967, a joint message from the Department of State, Department of Defense and USIA to all American diplomatic and consular posts, "Guidance for Discussion of Communist China" ~~(CONFIDENTIAL)~~.

overstressed, of course. Domestic issues have traditionally been central to Chinese upheavals. Most analysts at the time both in and out of government agreed that internal divisions over ideology, economic policy, and political power were the cause of the Cultural Revolution. Furthermore, it should be understood that US policy-makers never consciously intended their policy to cause change in Communist China. Rather, it was meant to strengthen China's neighbors against her direct or indirect expansionism through aggression or support of insurrections, to hold open other options for China's leaders than the pursuit of violent revolution abroad and hostility toward the United States, and to facilitate and await change. But even with these qualifications, there are grounds for believing that US policy helped spur the greatest era of change in recent Chinese Mainland history.

Our Hong Kong Consulate-General, in one of the few contemporary governmental studies to comment in depth on the causal relationship between the Viet-Nam war and the Cultural

Revolution, developed the following line of reasoning: The Chinese Communist failure in 1965 to mobilize international support against the US position in South Viet-Nam confronted the leadership in Peking with the problem as to what they themselves could do to achieve the same result. At the same time, the US troop build-up in South Viet-Nam faced them with the danger that the war might spread to China, a prospect that in 1965 they considered likely within the next year or two. This situation made several pending policy issues, both internal and external, converge and assume urgent immediacy. What strategy should be adopted for the defense of China? How should economic planning be adjusted to support this strategy? What adjustments in Chinese relations with the Soviet Union would be required? What lines and methods of political indoctrination would most suit the strategy adopted?-- The study, basing its analysis on Mainland propaganda, speculated that the debate went along these lines:

Should China go it alone in support of Viet-Nam or cooperate with the rest of the Communist world? If it adopted policies of jointly supporting Viet-Nam, it might expect to benefit from joint efforts on behalf of China should the war be carried to the Chinese Mainland -- but that would involve a truce in Mao's struggle with the Soviets for leadership of the world Communist movement. Should China be defended if war came by an 'active' defense (i.e., primary emphasis on defense of cities by conventional forces) such as Chief of Staff Lo Jui-ching had advocated as recently as May 1965, or by a guerilla-style 'people's war' (as advocated by Lin Piao in his September 2, 1965 article)? Those who have built China's new industrial centers would want these centers protected in an active defense. The military professionals (like Lo Jui-ching) who would see China's armed forces as needing the output of these centers would share their view. But Mao...would want to convert China into one vast Viet-Nam, relying on China's strengths of manpower, space and patience. He would argue that reliance on a conventional defense would make China's industrial centers vital to its survival, whereas China should present no vital centers to a technically superior foe. Mao would want to defend China by a strategy of dispersal, believing he could over time bleed any invader white. ^{9/}

^{9/} From Hong Kong, Airgram A-299, November 18, 1966, "Mainland China--Policy Disputes, Power Struggle, and Cultural Revolution", E.E. Rice ~~(CONFIDENTIAL)~~; Memorandum, February 22, 1968, from Alfred Jenkins to the President, "Thoughts on China".

With hindsight it is significant to note that Chief of Staff Lo Jui-ching, whose advocacy of "active defense" was so clearly at variance with Mao and Lin Piao's "people's war" formula, disappeared in November 1965 -- the first major casualty of the Cultural Revolution. He was to be followed by an ever-lengthening list of high-ranking purge targets as the movement gathered steam to rid Communist China's body politic of ideas at variance with Mao's.

7. Bilateral Relations: The US Search for Broader Contact

While demonstrating a firm determination to resist Peking's use of violence to expand its influence in Asia, US China policy during the Johnson years was marked by a gradual evolution toward a more flexible stance on bilateral relations. As noted above, this trend was first publicly expressed in December 1963, when Assistant Secretary for Far Eastern Affairs Hilsman announced that the United States was "determined to keep the door open to the possibility of change (in Communist China) and not to slam it shut against any developments which

might advance our national good, serve the free world, and benefit the people of China."

The year 1966 was a landmark in the development of the US position. In a speech of July 12, President Johnson referred to Mainland China as he expressed the desire for eventual "reconciliation between nations that now call themselves enemies" and recognized the "free flow of ideas and people and goods" as the "greatest force for opening closed minds and closed societies."^{10/} Earlier, Secretary Rusk, testifying before the Far East Subcommittee of the House Foreign Affairs Committee in March 1966, had made it clear that we must "avoid assuming the existence of an unending and inevitable state of hostilities between ourselves and the rulers of Mainland China" and proposed that the United States "continue to enlarge the possibilities for unofficial contacts

^{10/} Address of President Johnson to the American Alumni Council, July 12, 1966, "The Essentials for Peace in Asia".

between Communist China and ourselves."

Although Administration spokesmen continued to pledge firm support for South Viet-Nam, Taiwan and other Asian allies, official pronouncements on the possibilities of better future relations with Mainland China grew increasingly explicit during the final years of the Johnson Administration. The President, in his 1967 State of the Union Message, reiterated his hope for a reconciliation between the United States and the people of China, adding "we would be the first to welcome a China which decided to respect her neighbors' rights." Under Secretary Katzenbach, in one of the Administration's last major statements on China, said in May 1968 that the United States would be "happy to respond positively" to any future Chinese wish for better relations; and he quoted President Tyler's letter to the Chinese Emperor in 1843 which said, "The Governments of two such great countries should be at peace. It is proper and according to the will of heaven that they should respect each other, and act wisely."

The softening of the US official attitude toward contacts with Communist China during the Johnson Administration was based upon a genuine desire to "induce present or future Communist leaders to reappraise US intentions" and "arouse Peking's interest in developing a more constructive relationship with us." ^{11/} This attitude, already firmly implanted in Administration thinking, was given added urgency by the Cultural Revolution, which raised the possibility that pragmatic leaders willing to reappraise China's relationship with the United States might assume power much sooner than originally supposed. Although Administration policy-makers took pains to avoid US involvement in Chinese internal struggles, they felt they should make clear to the contenders that the option of better relations with the United States was open to them. In doing so, the Administration officials were anxious to "preclude the possibility that the only place they [emergent Chinese Communist leaders] can move for improving

^{11/} See Special State-Defense Long-Range Study on Communist China, S/P 66-71-2a, June 1966
~~(TOP SECRET)~~, p. 19.

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their international position is through reconciliation with the USSR." ^{12/}

8. American Public Opinion

Another factor contributing to the development of a more flexible US policy toward Communist China during these years was the broad shift that had occurred in American public opinion. Policy makers were encouraged to move forward by the fact that none of the official changes of attitude voiced in public statements since the Hilsman speech had aroused any significant public or Congressional opposition.

At the same time there was a growing public interest in acquiring more knowledge about China, especially evident from 1966. Special studies were undertaken by such groups as the League of Women Voters and the American Association of University Women. A broadly-based National Committee on US-China

^{12/} Draft Memorandum for the President (undated) from the Secretary of State, "New Approach to Trade and Transaction Controls with Communist China", (~~SECRET~~).

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Relations was established, made up of scholars, businessmen and other private citizens. Chinese language and area studies expanded rapidly at American universities and even high schools. The demand for speakers on China from the Department of State increased during these years until it was second only to that for speakers on Viet-Nam. The Department, affected by the same forces, moved during this time to strengthen its relationship with the academic community, establishing in 1966 an advisory panel of scholars and other private citizens to contribute to the policy formulation process.^{13/}

9. Initiatives Taken and Not Taken

Trade, travel and cultural exchange -- or, as the President put it: "ideas, people and goods" -- were the specific areas in which the Johnson Administration attempted to broaden unofficial contacts with Mainland China. Between

^{13/} Department of State Press Release No. 287, December 7, 1966, "China Advisory Panel".

1963 and 1968, the United States took significant unilateral initiatives in each category. The initiatives were taken only after weighing carefully the impact of US policy changes upon our Asian allies. The calculation that policy shifts on some issues would damage our relations with our allies more than they would benefit US-China relations, resulted in the postponement of initiatives in several fields, most notably trade and recognition of Outer Mongolia.

In any case, the Mainland regime, frustrated in Viet-Nam, adamant on the Taiwan question, and still dependent upon the United States as a hate-object to inspire internal propaganda campaigns, rejected or ignored every proposal. All that had been achieved, seemingly, was one secondary and negative goal: proof that the isolation of Communist China was her own fault.

10. Trade

The only trade initiative made during the Johnson Administration was the decision in April 1967 to license for sale to Communist China pharmaceuticals and medical supplies

directly related to the prevention or treatment of meningitis, cholera, or infectious hepatitis. The move followed reports that these diseases, spread by mass population movements during the turmoil of the Cultural Revolution, had reached epidemic proportions. The decision, initially limited to have effect for the duration of the epidemics only, was prompted by a desire for the expansion of unofficial contacts; humanitarian concern for the Chinese people; and fear that these diseases, if they spread to neighboring countries, might endanger the lives of both the local populations and American troops stationed there.

Procedurally, the decision was relatively swift and tidy, with a minimum of interdepartmental wrangling. Approval by the Secretaries of State, Treasury, Commerce and the President took less than two weeks, the proposal having originated in the State Department's Office of Asian Communist Affairs on

March 24 and having received the President's approval
14/
April 6.

The US initiative was rejected by the Chinese Communists, however. Intermediaries for American drug companies in contact with the Chinese were rebuffed and told there were no epidemics. 15/ Peking's public reaction came in an April 29 People's Daily editorial entitled, "The God of Plague Peddles Vaccine," labelling the proposal a "dirty trick" designed to embarrass the Chinese people. By September, when the epidemics had clearly run their course, no US drug firm

14/ Memorandum from EA/ACA to Assistant Secretary Bundy, "Epidemics in China", March 24, 1967 ~~(SECRET)~~; Memorandum from Assistant Secretary Bundy to the Secretary of State, "Offer of Pharmaceuticals to Communist China--Action Memorandum", March 25, 1967 ~~(SECRET)~~; Letter, April 6, 1967, from the Secretary of State to the Secretary of the Treasury ~~(SECRET)~~; Memorandum from Under Secretary of State Katzenbach to the Secretary of the Treasury noting the President's approval, April 7, 1967 ~~(SECRET)~~; and Letter, April 10, 1967, from the Secretary of the Treasury to the Secretary of State ~~(SECRET)~~.

15/ From Hong Kong, Telegram 7552, April 28, 1967 "Pharmaceuticals to Chicoms", ~~(CONFIDENTIAL)~~

had been approached by the Chinese Communists. At that time the Department recommended that the relaxation of our trade embargo to permit the licensing of these types of pharmaceuticals not be terminated as originally planned, but remain in effect to permit the handling on its own merits of any case that arose in the future.^{16/} Accordingly, the President took no action and permission to license these drugs and types of equipment remained in effect.

While the pharmaceuticals proposal was the only China trade initiative adopted by the Johnson Administration, it was not the only one considered. Wide-ranging proposals for the relaxation of the US embargo circulated within the Administration every year from at least 1964 but remained unapproved. The last of these to be circulated during the Johnson Administration, the 1968 "Trade Package", proposed

^{16/} Memorandum from Assistant Secretary Bundy to the Acting Secretary of State, "Licensing of Pharmaceuticals for Sale to Communist China--Action Memorandum", September 18, 1967
~~(CONFIDENTIAL).~~

that the US Government (a) remove Communist China from the application of the Foreign Assets Congrol Regulations so far as current trade and transactions were concerned; (b) place grain and foodstuffs, insecticides, farm machinery, chemical fertilizer and herbicides under general export license to Communist China; and (c) consider applications for export licenses for other non-strategic goods to Communist China on their merits. ^{17/}

11. Travel Restrictions

Another area of US flexibility was that involving restrictions on travel to Mainland China by American citizens. These were eased significantly during the Johnson Administration. The revised passport regulations, issued October 20, 1966, provided that the passports of US citizens in the following categories would be validated for travel to a restricted area

^{17/} The contents of the 1968 "Trade Package" are listed at the end of this section, providing a detailed documentary record of the type of interdepartmental dispute over trade with Communist China that occurred within the Johnson Administration between 1966 and 1968.

(Mainland China being one): professional journalists, public health doctors and scientists, scholars, and American Red Cross representatives. Previously such validations were made on a discretionary basis. The new regulations also gave the Secretary of State broad discretion to validate the passports of any American who established that a news organization was interested in publishing his travel accounts; whose activities in cultural, athletic, commercial, educational, public affairs, professional or other fields demonstrated that his visit would be of benefit to the United States; or whose trip was justified on humanitarian grounds -- in short, anyone with a valid reason to go, other than tourism. Previously the Department was not permitted to validate the passports of anyone in the above discretionary categories, except those travelling for humanitarian reasons.^{18/}

The new regulations codified changes that had been considered at length and approved piecemeal by the Department during the preceding year and a half. The decision to validate

^{18/} Department of State Press Release No. 163, July 11, 1966.

the passports of scientists and doctors in the public health field, for example, was approved by the Secretary of State on December 27, 1965, after four months of discussion. The immediate occasion for the change was a letter of November 22, 1966, to the Secretary by the eminent surgeon Paul Dudley White, written with private encouragement from the Department.^{19/} The addition of scholars to the list was recommended in February 1966. Approval on an individual basis was granted March 1, and then was broadened to permit authorization of scholars as a category in July when all the changes later codified in the regulations were announced.

Although tens of thousands of Americans wishing to visit China could now have their passports validated for travel to the Mainland, there was some feeling in the Department that

^{19/} See successive Memoranda to the Secretary from the Bureaus of Far Eastern Affairs and Security and Consular Affairs, of August 27, September 25, November (undated) and December (undated), 1965, on "Modification of Travel Regulations;" also Memorandum on the same subject dated December 23, 1965, to the Secretary from Ambassador-at-Large Llewellyn E. Thompson (all ~~CONFIDENTIAL~~).

the new regulations did not go far enough. On December 1, 1966, Assistant Secretary for East Asian and Pacific Affairs William P. Bundy, Legal Adviser Leonard C. Meeker, and Acting Administrator of the Bureau of Security and Consular Affairs Philip B. Heymann sent a memorandum to the Secretary of State urging that travel restrictions be lifted entirely. They argued that removal of restrictions would not seriously impair the conduct of US foreign relations, that it would facilitate expanded contacts with the Mainland Chinese in line with the current policy, and that, if ignored, would place the onus for isolation squarely upon Peking. Furthermore, they questioned whether it was wise or feasible to maintain restrictions that many Americans regarded as an infringement of their rights. ^{20/}

20/ Memorandum from EA-William P. Bundy, L-Leonard C. Meeker, and SCA-Philip B. Heymann to the Secretary of State, "Removal of Passport Restrictions for Travel to Communist China--Action Memorandum", December 1, 1966 (~~SECRET~~); and Memorandum for the Secretary of State from L-Leonard C. Meeker, "Removal of Passport Restrictions for Travel to Communist China", December 1, 1966 (~~SECRET~~).

The violent turn in the Cultural Revolution at this time blocked further progress on this issue. Most, though not all, advocates of an end to travel restrictions agreed that the growing turmoil reported in Mainland cities rendered new travel initiatives inappropriate.

At the end of 1967, a landmark court decision rendered the entire question of Departmental control over travel to restricted areas largely academic. On December 20, 1967, in the case of Lynd vs Rusk, the United States Court of Appeals for the District of Columbia stated that the Secretary of State was not authorized to take steps to prevent American citizens from traveling to restricted areas if the travelers were prepared to do so without using or transporting their passports into those areas. Departmental instructions designed to implement the court's decision stated that the Department would continue to designate restricted areas and validate passports for travel to them, but that passports "henceforth

would not be revoked or denied for unauthorized travel or for use of a passport for unauthorized travel."

Whatever the source of initiative for change, these sweeping liberalizations of United States travel policy -- while particularly welcomed by the American scientific and academic community -- met with a hostile response from Peking. Indicative of the Chinese Communist attitude was the January 1, 1966, People's Daily editorial terming the new changes "nauseating hypocrisy". By the summer of 1968, despite the fact that the State Department had validated more than 300 passports for travel to Mainland China and that other citizens were willing and able to travel without validation, only a handful of Americans had been granted visas by the Chinese Communists, and most of these had been permitted only to transit China to or from Hanoi.

12. Cultural Exchange

The record of United States' attempts during the period to develop cultural contact with Mainland China reveals roughly the same pattern as related efforts in the fields of

trade and travel -- with interest developing slowly until 1966, followed by a marked increase in the number and type of initiatives.

The most celebrated effort in the years leading up to 1966 was the case of Dr. Samuel Rosen, an internationally famous surgeon. In April 1964 Dr. Rosen and his wife, who doubled as his surgical assistant, were invited to visit the Mainland for a month as the guests of the Chinese Medical Association. Concern in the White House and the Department that any relaxation of the travel ban would be interpreted as a sign of softness by our South East Asian allies delayed the validation of the Rosens' passports until December 4. On December 12, a Department spokesman replied in answer to a press query that the Rosens' passports had been validated on "humanitarian" and "national interest" grounds. The Chinese Medical Association, ostensibly miffed at what was considered to be condescending language, withdrew their invitation to the accompaniment of Peking statements that US approval of

the Rosen trip had merely been an effort to "whitewash the US Government's policy of hostility towards China."

The quickening pace and greater variety of US cultural exchange initiatives in the years following the Rosen case are best documented from the transcripts of the Sino-US Ambassadorial talks held at Warsaw. Prior to the meeting of December 1965 the principal type of cultural contact discussed on these occasions was the exchange of journalists, with the United States reiterating its willingness to arrange for the travel of newsmen on a reciprocal basis without extraneous preconditions.^{21/} At the December 1965 meeting, Ambassador Gronouski announced that the US Government was ready to validate the passports of doctors and scientists in the fields of public health and medicine, in the hope that the Chinese

^{21/} From Warsaw, Airgrams A-668, February 22, 1963; A-124, August 10, 1963; A-416, November 21, 1963; A-112, August 3, 1964; A-16, July 5, 1965; A-271, September 20, 1965; and A-488, December 17, 1965 (~~all CONFIDENTIAL/LIMDIS~~), on the Cabot-Wang and Gronouski-Wang Talks.

Communists might reciprocate and help form a means of communication between the scientific communities of both countries. At the meeting of March 16, 1966, the American side announced that scholars had been authorized to travel to China and pledged willingness to issue visas to Chinese virologists and biochemists. The United States also asked the Chinese at this meeting whether they would be interested in exchanging meteorological information with the US Weather Bureau. It was also proposed that representative American magazines be sold in Mainland China cities, since Chinese Communist publications were already permitted to enter the United States.^{22/}

During subsequent meetings, these themes were reiterated and expanded upon to include exchanges of scientific data on

^{22/} From Warsaw, Airgram A-697, March 21, 1966, "Gronouski-Wang Talks: Report of the 129th Meeting, March 16, 1966" (CONFIDENTIAL/LIMDIS).

herbal medicine and other research fields.^{23/} One of the most important of these initiatives was a proposal made at the Ambassadorial meeting of September 7, 1966, to exchange seeds and plant samples. The Department of Agriculture was particularly interested in reestablishing a plant exchange with Mainland China, historically a principal source of some major US crops.^{24/}

The Chinese Communists rejected all of these overtures, maintaining that no progress could be made on subsidiary questions as long as the Taiwan dispute remained unsettled.

During the same years, the Department of State also sought to foster cultural exchange by encouraging private attempts to develop contacts between American and Chinese

^{23/} From Warsaw, Airgrams A-800, June 15, 1967, and A-417, January 11, 1968, "Gronouski-Wang Talks", Reports of 133rd and 134th Meetings (~~CONFIDENTIAL~~/LIMDIS).

^{24/} Letter from Secretary of Agriculture Orville L. Freeman to Secretary of State Dean Rusk, August 5, 1966 (UNCLASIFIED); and Letter from Secretary Rusk to Secretary Freeman, August 24, 1966 (~~CONFIDENTIAL~~).

scholars and institutions. With Departmental approval, for example, the University of California at Berkeley invited three Chinese physicists to a physics conference in the summer of 1966, and Rochester University made a similar gesture the next spring. Neither invitation was acknowledged or accepted.

One of the final efforts of this kind during the Johnson Administration in the cultural exchange sphere was the invitation issued by USIA Director Leonard Marks to Chinese Communists journalists to come to the United States and report the election campaign. This proposal was ignored by Peking.

13. Official Contact - The Warsaw Talks

As had been the case since 1958, official contact between the United States and Communist China during the Johnson Administration was maintained at periodic meetings between the US and CPR Ambassadors at Warsaw. Though the frequency of the talks declined markedly, the fact that both sides

continued to maintain machinery for private exchanges of views was one of the few encouraging aspects of Sino-US bilateral relations during the period. Altogether 21 meetings were held during the Johnson Administration, one at the end of 1963, five each in 1964 and 1965, three in 1966, two in 1967, and one up to the latter part of 1968. In addition, since the May 25, 1966 meeting the formal sessions were followed by informal discussions at the Chinese Embassy between the American and Chinese advisors and interpreters. Discussions at these meetings of points in the formal talks that required clarification, as well as interpreting problems, were relaxed and on occasions even cordial, and sometimes developed into substantive conversations.^{25/} As the interval between the talks grew longer, the channel between the Embassies in Warsaw was used increasingly to pass messages of interest between the governments.

^{25/} Memorandum of Conversation, May 26, 1966, David Dean, Alfred Harding, Li Lien-pi and Ch'ien Yung-nien, at Chinese Embassy, Warsaw, on "Possibility of Agreement on Non-first Use of Atomic Weapons" (~~CONFIDENTIAL/LIMDIS~~).

Substantively, however, the meetings were sterile. At a typical session in the mid-1960s the Chinese Ambassador would denounce the United States for "occupying" Taiwan, for aggression in South Viet-Nam, and for provocative hostility toward China, and would refuse to discuss further questions until these problems, especially Taiwan, were solved. The American Ambassador would defend the US role in Southeast Asia and ties with the Republic of China, would assure Peking of our lack of hostile intent and desire for closer contacts, would suggest a new initiative for cultural exchange, and would demand the release of American prisoners held in the Mainland. The meeting would end with the only genuine negotiations of the session -- on the question of the next date for the talks -- with our Ambassador pushing for an earlier date and the Chinese holding out for a later meeting.

Beginning in 1965, the United States made regular efforts at Warsaw to lessen Sino-US tension arising out of the close proximity of US military operations to Communist Chinese

territory. In addition to repeated assurances that the United States had no intention of attacking China, the American Ambassador told his counterpart that US air and naval officers were under strict instructions not to intrude into or over CPR territory. As evidence of American forbearance, the American side had cited two instances in which American planes had refused to return fire after being fired upon by Chinese vessels. In addition, throughout the period, the US negotiators offered repeatedly to participate in joint investigations of incidents involving Chinese vessels and US air or naval action in the Gulf of Tonkin. The Chinese Communists rejected the joint-investigations proposal as often as it was made, terming it a "pretext to cover up aggression". Their Ambassador asserted that it was not a question of investigating the acts, but of stopping them.^{26/} The Chinese side continued

^{26/} From Warsaw, Airgrams A-488, December 17, 1965; A-877, May 30, 1966; A-205, September 8, 1966; A-800, June 15, 1967; and A-417, January 11, 1968, "Gronouski-Wang Talks", Reports of 128th, 130th, 131st, 133rd and 134th Meetings (~~CONFIDENTIAL~~/LIMDIS).

throughout the period to protest incursions, often on the basis of little or no evidence, and to issue, for the record, numerous "serious warnings".

The lack of progress should not suggest that there was no movement whatsoever in the positions of the two countries during this period. In fact, there is no continuous record which better documents the shifts in the American view of China during the Johnson Administration than the transcripts of the Warsaw talks. American statements at the beginning of the Administration, and on through 1965, dwell at length on the aggressive expansionist designs of the Chinese Communists in Viet-Nam and the rest of Asia; in 1966, this theme received progressively less and less stress. (From September 1966 it was not mentioned at any meeting.) The thrust and counter-thrust pattern of the early years was, by the end of the Administration, replaced in these meetings by American emphasis on positive attempts to improve relations between the United States and the Mainland regime, and to sharpen the contrast with Peking's unyielding militancy. The Chinese position,

however, changed little if at all.

Atmospherics were important features of the talks. Most of the meetings were conducted with courtesy and dignity on both sides. The Chinese Ambassador might call his opposite number a "liar" and a "gangster", but he usually did so in a correct monotone that indicated he was following instructions, nothing more. At times the tone of the talks could be a useful indication of internal trends inside Mainland China. The bluster, militance and adulation of Mao Tse-tung that colored Ambassador Wang Ko-chuan's performance at the meeting in June 1967 seemed to reflect the Cultural Revolution at one of its most frenzied stages. Similarly, the low key politesse of the Chinese Communist Chargé d'Affaires at the meeting of January 1968 corresponded with a move to restore order and muffle extremism on the Mainland.^{27/}

^{27/} From Warsaw, Airgrams A-800, June 15, 1967, and A-417, January 11, 1968 (~~CONFIDENTIAL~~/LIMDIS).

14. Official Contacts Outside Warsaw

Prior to September 1966, all US officials abroad had been under instruction to avoid contact, social or substantive, with Chinese Communist officials if this could be done without breaking the normal rules of diplomatic and social conduct.^{28/} On September 2, 1966, the Department authorized Chiefs of Mission and Principal Officers "at their discretion, to permit responsible officers under their authority to establish informal social contacts with the Chinese Communists when this can be done without publicity, embarrassment to US interests or US-GRC relations, and undue risk of conveying the public impression of a change in the US policy of non-recognition of Communist China." The change was based on the belief that such contacts could provide useful indications of the attitudes of individual Chinese officials, help lessen the "devil image" of the United States that Peking inculcates

^{28/} Department of State Circular Instruction CW-8669 to all American diplomatic and consular posts, April 30, 1962, "Contact with Representatives of the Chinese Communist Regime" (LIMITED OFFICIAL USE).

in all its cadres, provide useful intelligence, and encourage potential defectors. ^{29/}

The reaction of the US overseas posts that replied to the instruction varied widely -- some reporting that any feasible initiatives would be severely limited by the attitude of the host government toward the Chinese Communists, and most reporting that the Cultural Revolution had made Chinese Communist officials more reluctant than ever to speak to Americans. In any case, no significant contact was made. ^{30/}

15. Disarmament

Intent on developing their own nuclear capability, the Chinese Communists' attitude toward all proposals except their own for international arms control was, with one exception, uniformly negative during the five years of the Johnson

^{29/} Department of State Circular Airgram CA-1824 to all American diplomatic and consular posts, September 2, 1966, "Contact with Representatives of the Chinese Communist Regime" ~~(CONFIDENTIAL)~~.

^{30/} Department of State Memorandum for the Files, February 24, 1967, prepared by EA/ACA-Donald M. Anderson, "Response to Easing of Restrictions on Contacts with ChiCom Officials" ~~(CONFIDENTIAL)~~.

Administration. Prior to the detonation of its first nuclear device in October 1964, Peking's position had been to denounce the partial Nuclear Test Ban Treaty as a fraud. The Chinese Communists proposed, instead, a world conference on the complete prohibition of nuclear weapons and the creation of nuclear free zones in Asia, the Pacific, Central Europe, Africa, and Latin America. After the CPR had joined the nuclear club, it adjusted its position to include a non-first-use pledge and a call for the destruction of all nuclear weapons. The United States rejected the Chinese proposals as propaganda and regarded them in any case as unworkable without adequate international controls.^{31/}

Over the next four years, Peking successively rejected UN Secretary General Thant's proposal for disarmament talks between the five nuclear powers and for Chinese Communist

^{31/} Department of State Memorandum (undated) from Assistant Secretary William P. Bundy to the Secretary of State, "Chinese Communist Proposal for a Summit Conference -- Action Memorandum" (LIMITED OFFICIAL USE).

participation in the Geneva Disarmament Talks; refused to participate in a preparatory group for a World Disarmament Conference; spurned a US suggestion at Warsaw that the United States and Communist China pledge no first-use of nuclear weapons against each other and that Peking accede to the Test Ban Treaty; denounced the Nuclear Non-Proliferation Treaty as evidence of US-USSR "collusion" to limit China's influence; and rejected or ignored repeated suggestions by the US and other nations to join in the Nuclear Non-Proliferation Treaty. ^{32/}

The only one of these US initiatives on disarmament that succeeded in arousing any Chinese Communist interest was the third. It was launched on May 25, 1966, at the 130th Warsaw Meeting, when Ambassador Gronouski asked his Chinese Communist counterpart for clarification of a May 10 statement by Chou En-lai in which the Chinese Premier said that China must

^{32/} "Gronouski-Wang Talks: Report of 134th Meeting, January 8, 1968", Airgram A-417, January 11, 1968, to the Department of State.

continue to conduct nuclear tests because the United States had rejected Peking's request for a non-first-use pledge. Did this mean, Gronouski asked, that Peking would consider agreeing to a test ban if it were linked to a non-first use pledge? The Chinese delegation consulted at length, ^{33/} but made no reply.

The next day, at the customary follow-up meeting in the Chinese Communist Embassy between the advisors and the interpreters of both sides, the Chinese focussed immediately on the issue. What was meant by the inquiry the day before? Was the United States really interested in a clarification of Chou En-lai's statement? Would the United States "dare" to sign a non-first use pledge? In what way would a pledge be connected to other proposals like a test ban? The US officials were non-committal but suggested that a way to start would be to find out what Premier Chou had had in mind.

33/ From Warsaw, Airgram A-877, May 30, 1966
~~(CONFIDENTIAL/LIMDIS)~~

The Chinese said that they would refer the matter to Ambassador Wang, and through him to Peking. ^{34/}

There, amid indications of genuine Chinese Communist interest, the matter rested. Further development of this fragile demarche was stunted by untimely publicity. On June 3 the New York Times, quoting Senator Gore of Tennessee as its source, surfaced the substance of the American query at Warsaw, inspiring several days of widespread discussion in the world press. ^{35/}

On June 20, the People's Daily announced that Communist China had rejected the proposal, and termed it another of America's "big frauds." The statement added that China would "determinedly continue to develop nuclear weapons," and would not, as invited, attend any disarmament conference.

The extent of the damage done by the US press leak remained unclear. Judging from Peking's previous positions, its

^{34/} Memorandum of Conversation, May 26, 1966
(footnote 25, above).

^{35/} Department of State Telegram 1834, June 3, 1966,
to Warsaw and other addressees ~~(CONFIDENTIAL)~~.

distorted view of its own national interest, and the dedeveloping situation in Viet-Nam, the CPR would probably have rejected the proposal in the long run. It seems likely, however, that the press leak snuffed out a further, much more thorough and perhaps useful, exchange of views that might otherwise have occurred between the two countries on this key subject.

After 1966 the Chinese Communists "determinedly" continued to test nuclear weapons in the atmosphere and to develop the beginnings of an intercontinental delivery system. The likelihood of Peking attaining capability to threaten the continental United States in the 1970s demanded a rethinking of US defense policy, the outcome of which was the decision in 1967 to develop a "thin" anti-ballistic missile capability.

CONTENTS OF THE 1968 "TRADE PACKAGE"
CONCERNING COMMUNIST CHINA

- (1) Memorandum, October 7, 1966, from Assistant Secretary of State for European Affairs John M. Leddy and Assistant Secretary of State for Economic Affairs Anthony M. Solomon to the Secretary of State, "East-West Initiatives: US Exports and Assets Controls, COCOM - Action Memorandum" ~~(SECRET)~~.
- (2) Memorandum, October 12, 1966, from Assistant Secretary of State for Congressional Relations H. G. Torbert, Jr., to the Secretary of State, "East-West Initiatives: US Exports and Assets Controls, COCOM - Addendum to Action Memorandum" ~~(SECRET)~~.
- (3) Memorandum, November 22, 1966, from the Under Secretary to the Secretary of State, "East-West Initiatives" ~~(SECRET)~~.
- (4) Letter, December 4, 1966, from the Secretary of State to the Secretary of Defense, with three attachments: (a) "US Export Licensing Policy" Proposal; (b) "COCOM" Proposal; and (c) "Foreign Assets and Cuban Assets Control" Proposal ~~(SECRET)~~.
- (5) Letter, December 4, 1966, from Secretary of State to Secretary of Commerce ~~(SECRET)~~.
- (6) Letter, December, 4, 1966, from Secretary of State to Secretary of the Treasury ~~(SECRET)~~.

- (7) Letter, December 22, 1966, from Secretary of the Treasury to Secretary of State ~~(SECRET)~~.
- (8) Letter, February 13, 1967, from Secretary of Defense to Secretary of State ~~(SECRET)~~.
- (9) Letter, March 3, 1967, from Secretary of Commerce to Secretary of State, with three attachments ~~(SECRET)~~.
- (10) Memorandum, March 21, 1968, from L - Leonard C. Meeker (Legal Adviser) to EA - Mr. Barnett (Deputy Assistant Secretary of State for East Asian and Pacific Affairs), "Trade with Communist China" ~~(SECRET)~~.
- (11) Memorandum, undated, from EA/ACA - Harald W. Jacobson (Director, Office of Asian Communist Affairs) to EA/VN - Mr. Burke; EA/ROC - Mr. Shoesmith; EA/ROK - Mr. Fleck; EA/TB - Mr. Spear; EA/MS - Mr. Bean; and EA/J - Mr. Sneider (Country Directors for Viet-Nam, Republic of China, Korea, Thailand/Burma, Malaysia/Singapore, and Japan, respectively), "New Initiative on Trade Controls regarding Communist China - Third Country Effects" ~~(SECRET)~~.
- (12) Memorandum, April 11, 1968, from EA/MS - Maurice D. Bean to EA/ACA - Mr. Harald W. Jacobson ~~(SECRET)~~.
- (13) Memorandum, April 11, 1968, from EA/ROC - Thomas P. Shoesmith to EA/ACA - Mr. Jacobson ~~(SECRET)~~.
- (14) Memorandum, April 12, 1968, from EA/VN - John R. Burke to EA/ACA - Mr. Jacobson ~~(SECRET)~~.
- (15) Memorandum, April 12, 1968, from EA/J - Richard L. Sneider to EA/ACA - Mr. Jacobson ~~(SECRET)~~.

- (16) Memorandum, April 15, 1968, from EA/K - Benjamin A. Fleck to EA/ACA - Mr. Jacobson ~~(SECRET)~~.
- (17) Memorandum, April 19, 1968, from EA/TB - Moncrieff J. Spear to EA/ACA - Mr. Harald W. Jacobson ~~(SECRET)~~.
- (18) Memorandum, undated (and so far unsent), from Assistant Secretary of State for East Asian and Pacific Affairs William P. Bundy and Assistant Secretary of State for Economic Affairs Anthony M. Solomon to the Secretary of State, "New Approach to Trade and Transactions with Communist China -- Action Memorandum" ~~(SECRET)~~.
- (19) Memorandum For the President, undated (and so far unsent) from the Secretary of State, "New Approach to Trade and Transaction Controls with Communist China", with enclosure "Excerpts from Statement of Scholars and from a Congressional report concerning the Relationship of Trade to our China Policy" ~~(SECRET)~~.

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D. REPUBLIC OF CHINA1. Chinese-American Relations in 1963

United States relations with the Republic of China at the beginning of the Johnson Administration reflected a substantial mutuality of interest in containing the threat of Communist China, in maintaining the international position of the Republic of China against Peking's challenge, and in promoting the economic development of Taiwan. Although certain basic divergencies in policy objectives remained, our relations with the Republic of China continued to be those of close cooperation within a broad range of mutual political, economic and military concerns.

In the previous decade, our primary concerns with respect to the Government of the Republic of China (GRC) had been to assist that government in recovering from the crushing defeat which it had suffered on the mainland and to insure the security of the territory over which it continued to exercise authority. A military assistance program, undertaken within

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the context of our Mutual Defense Treaty of 1954, had by 1963 accomplished much in rebuilding and reequipping GRC forces. In 1958, the United States had provided logistic and material support to those forces in turning back what threatened to be a major Chinese Communist assault on the Offshore Islands. For its part, the Republic of China cooperated closely in offering the United States access to bases and facilities on the island of Taiwan for the use of US forces, as well as in joint intelligence activities against the mainland. Throughout the period prior to 1963, however, President Chiang, in pursuit of his long-espoused mainland recovery goal, also continued to urge a more hostile policy toward Communist China than the United States could accept. Our refusal to support or condone a GRC attack upon the mainland had been made clear to him, and Chiang's recognition of his limited military capabilities for such action, in the absence of US support, effectively restrained him from such adventures.

Economically, a large-scale US assistance program, combined with effective and imaginative use of this aid by the

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Republic of China, had achieved a rate of growth second only to that of Japan. By 1963, Taiwan's economy had reached the point of self-sustaining growth, and the decision had been taken in that year to phase out concessional aid by 1965. Diplomatically, throughout the decade prior to 1963, the United States successfully defended the international position of the Republic of China in the United Nations and other international bodies. The concern of the GRC over growing sentiment within the UN in favor of a "two Chinas" solution to the question of Chinese representation, however, was heightened toward the end of that period by the limited overtures of the United States toward Communist China looking toward an amelioration of tensions.

By 1963, therefore, the Republic of China was firmly established on Taiwan, protected from the threat of Chinese Communist aggression by its mutual defense treaty with the United States and having in the resources created with US assistance a potential for continued economic growth. There remained unfulfilled the commitment of its leaders to regain

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control of the mainland and the uncertainty which this created for the future of the Republic of China's international position. It was clear that US-Taiwan relations over the next five years would continue to be characterized by a broad range of mutual interests and common purpose. Our efforts to meet the challenge of Communist aggression in Viet-Nam and to build toward a lasting peace in East Asia would add a new dimension to that relationship. Within that framework, however, the strength of our relationship would continue to be tested by strains arising out of divergent national interests, most particularly when US policy or actions touched upon the determination of GRC to maintain its claim to be the government of all of China.

2. Mutual Defense

Taiwan's strategic location in our line of defense around the perimeter of Communist China, and its dependence upon the United States for defense against external attack, are facts that underlie our Mutual Defense Treaty relationship, by which the United States is committed to the defense of Taiwan and the

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Pescadores. Although no similar commitment exists with respect to the Offshore Islands, the Joint Resolution of 1955 authorized the President to employ US armed forces in their defense if necessary to the security of Taiwan and the Pescadores.

a. The Military Assistance Program (MAP)

The objective of our military assistance program has been to enable the Republic of China to make a strong initial defense of Taiwan and the Pescadores, giving the United States time to assess the threat and to determine whether to commit its own forces to meet a Chinese Communist challenge. The gradual improvement in Republic of China capabilities continued throughout the period after 1963, with our military assistance program giving first priority to air defense. Our efforts after 1965, however, to persuade Taiwan to reduce the size of its forces from approximately 600,000 to 458,000 in order to relieve the adverse impact of its defense expenditures on economic and social development, were unsuccessful. Its self-financed defense expenditures have risen steadily as grant MAP

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declined, and this trend was given further impetus in 1967 as a result of a cut of almost 50 percent in the level of grant MAP to the Republic of China originally planned for fiscal year 1968, following Congressional action reducing the worldwide military assistance program. A further reduction in FY 1969 also proved unavoidable, confronting the GRC with the alternatives of a still greater rise in defense spending to a point where continued economic growth might be endangered, or of reducing the size of its military establishment.

The close working relationship established by our Embassy and MAAG with President Chiang, the Minister of National Defense and other top GRC leaders contributed importantly to the understanding and constructive manner in which the GRC responded to this sharp reduction in grant MAP.^{1/} Subsequently we sought, through both military and diplomatic

^{1/} From Taipei, Telegrams 4345, December 5, 1967 ~~(SECRET)~~ and 4532, January 12, 1968 ~~(SECRET)~~.

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channels, to encourage the Chinese to engage in consultations on how best to make use of our combined limited resources to meet legitimate Chinese defense requirements.^{2/} This effort bore fruit in August 1968, when Minister of Defense Chiang Ching-kuo requested MAAG to prepare for joint consideration a plan for the reorganization of Chinese forces, including force reduction if that could be accomplished without affecting Chinese combat capabilities.^{3/}

b. The Chinese Communist Threat

Throughout this period, we sought to avoid a renewal of the Chinese "civil war," either on Republic of China or Chinese Communist initiative. Although Communist China continued to reiterate its determination to "liberate" Taiwan and the Offshore Islands, it probably was deterred from any aggressive probes in part by the firm US commitment to the defense

^{2/} Military Assistance Manual, Part I, pp. 1-3, April 10, 1967 (~~SECRET~~).

^{3/} From Taipei, Telegram 5784, August 2, 1968 (~~SECRET~~).

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of Taiwan and the Pescadores and by uncertainty as to the US reaction in the event of an attack on the Offshore Islands. The GRC continued to abide by the terms of the exchange of notes accompanying the Mutual Defense Treaty which required that any use of force outside the treaty area be a matter of joint agreement. Subsequent to 1965, however, President Chiang demonstrated increasing concern for growing Chinese Communist nuclear capabilities and for the possibility of an air strike against Taiwan. In addition, although the GRC made no effort to exploit militarily the turmoil of the Cultural Revolution on the mainland, that circumstance increased its impatience with its waning opportunity for regaining control of all of China. Perhaps reflecting these concerns, President Chiang in early 1967 renewed his urging that the United States provide materiel and logistic support for a GRC attack against the mainland, defending such proposals as contributing to an end of the war in Viet-Nam. In reply to one such proposal conveyed through UN Ambassador Goldberg in April 1967, President Johnson firmly reiterated the US opposition, reminding

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Chiang of our long-standing position that the restoration of freedom to the people of the mainland is to be achieved mainly by political, not military, means.^{4/}

In addition to a close US monitoring of GRC intentions through diplomatic and military channels in Taipei, a series of exchanges between US and GRC "China experts" initiated in 1967 served to encourage the Republic to develop a more realistic assessment of the mainland situation. The success of our consultations in this area was demonstrated by the assurances which the GRC volunteered at the time of the "Pueblo" and Czechoslovak crises that it would take particular care to avoid giving any provocation to Communist China in the Taiwan Strait area or against the mainland.

c. Access to Bases and Facilities

The GRC continued to cooperate fully both in support of US intelligence operations and in providing US forces access

^{4/} Oral message from President Johnson to President Chiang, Department of State Telegram 156346 to Taipei, March 16, 1967 (~~SECRET-NODIS~~).

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to bases and facilities on Taiwan. Cooperation in the latter area was facilitated by the conclusion on August 31, 1966 of a Status of Forces Agreement after ten years of discussion and negotiation.^{5/} Although the United States continued to have no permanent bases on Taiwan, the GRC readily granted expanded access on a joint-use basis to GRC facilities in support of our effort in Viet-Nam. Particularly important was the increased use of Ching Chuan Kang airbase by USAF theater support aircraft.

d. GRC Assistance to Viet-Nam

The Republic of China gave full support to the US position in Viet-Nam. Neither the United States nor the Government of South Viet-Nam requested a troop contribution, a request which for political reasons the GRC probably would have found difficult to accommodate. After 1964, however, the GRC made a substantial contribution of economic and technical assistance. By mid-1967, it had sent nearly 300 Chinese

^{5/} Agreement between the United States of America and the Republic of China on the Status of United States Armed Forces in the Republic of China, signed August 31, 1965; entered into force April 12, 1966.

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specialists and technicians to South Viet-Nam, including a psychological warfare team, and had provided over \$800,000 worth of commodity assistance. In 1968, the GRC agreed to provide a substantial number of additional technicians to assist in the Ministry of Revolutionary Development's New Life Movement. Beginning in 1965, the GRC received more than 50,000 US servicemen on "rest and recuperation," and Taiwan became an important source of materiel procurement and repair for US military services.

3. Economic Development and Cooperation

During this 5-year period a primary US concern was to assist the GRC in making the transition from a recipient of US aid to a self-sustaining, viable economy. Once this had been accomplished, our objective shifted to that of cooperating with the GRC in upgrading Taiwan's economy to a modern industrial stage and encouraging the development on Taiwan of resources for regional cooperation.^{6/}

^{6/} Memorandum from Mr. Pollack, Director of International Scientific and Technological Affairs, to the Secretary on the Hornig mission, November 17, 1967 ~~(CONFIDENTIAL)~~.

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a. Post-AID Development

The immediate effects of the termination of US concessional economic assistance were blunted by the continued arrival of previously-committed AID funds and materials, as well as by other measures, such as the establishment in April 1965 of the Sino-American Fund for Economic and Social Development (SAFED).^{7/} All uncommitted AID-generated local currency, then amounting to \$66 million, was deposited in SAFED; the initial capitalization was augmented by some \$39 million annually from repayments of AID local currency loans. By 1968, about 20 percent of the total funds available had been allocated to each of the major categories of agriculture, electric power, and industry and mining; some 15 percent for transportation; 10 percent for foreign economic cooperation; and the remainder for health and education. Outright grants had accounted for about one-third of the SAFED budget, the balance being assigned to repayable loans designed to build a

^{7/} Exchange of notes concerning the establishment of the Sino-American Fund for Economic and Social Development; signed April 9, 1965; entered into force July 1, 1965.

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revolving fund for continuing and future operations.

Through loans available from the Export-Import Bank and a PL 480 agreement signed December 12, 1967,^{8/} the GRC was able to obtain further capital assistance from the United States. The United States also cooperated with the GRC in encouraging private American investment on Taiwan. The significance of this investment, which since 1963 has amounted to just over 50 percent of the total foreign investment on Taiwan, is illustrated by the following chart:

Summary of Overseas Investment (in \$1,000)

<u>Year</u>	<u>U.S.A.</u>	<u>Overseas Chinese</u>	<u>Japan</u>	<u>Others</u>	<u>Total</u>
1963	8,821	9,074	1,397	379	19,671
1964	10,223	9,745	728	916	21,612
1965	29,984	9,242	2,081	3,075	44,382
1966	20,334	10,383	2,850	706	34,273
1967	<u>27,146</u>	<u>19,733</u>	<u>16,721</u>	<u>2,391</u>	<u>65,991</u>
Total	96,508	58,177	23,777	7,467	185,929

An important and essential element in economic growth for Taiwan has been foreign trade, which throughout this period

^{8/} Agricultural Commodities Agreement, signed December 12, 1967; entered into force December 12, 1967.

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averaged about 40 percent of its total GNP. Japan and the United States have been the major trading partners of the GRC, and much of the American private investment in Taiwan has been in export-oriented manufacturing, particularly electronics. Taiwan's exports to the United States have increased steadily since 1963, but the American percentage of total GRC trade has remained relatively constant, reflecting the development of new markets for GRC exports.^{9/}

As a result of continued US attention to economic growth on Taiwan and of effective GRC planning, there has been no significant slow-down in the rate of development. The GNP growth rate in real terms was 9.4 percent in 1966 and 8.9 percent in 1967. By 1968, GRC growth projections, which in the past usually have proved to be conservative, indicated

<u>9/</u>		<u>Sino-American Trade</u> (in millions of dollars)				
<u>Year</u>	<u>Imports</u>	<u>From US</u>	<u>US% of Total</u>	<u>Exports</u>	<u>to US</u>	<u>US% of Total</u>
1963	336	150	44.8	357	58	16.3
1964	410	140	34.1	463	84	18.1
1965	556	191	34.4	488	97	20
1966	603	193	32.1	569	112	19.7
1967	847	270	31.9	649	147	22.7

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an estimated average growth rate of 7 percent over the next five years.

b. Technological Cooperation

A significant new phase in Sino-American relations was inaugurated in May 1967 during the visit of Vice President Yen Chia-kan to Washington. Against the background of exploratory discussions in Taipei and Washington, President Johnson offered to have his Science Adviser, Dr. Donald F. Hornig, head a mission to Taiwan to survey the scientific and technological assets and needs of the Republic of China.^{10/} In September 1967 Dr. Hornig led a mission to Taiwan of five highly qualified experts from American government and industry.

In his report to President Johnson, a substantial portion of which also was made available to President Chiang, Dr. Hornig emphasized the crucial importance of scientific and technological development to Taiwan's continued economic growth and recommended that the GRC devote from one to two

^{10/} Memorandum for the President, May 1, 1967 (~~CONFIDENTIAL~~); Joint Statement by the President and Vice President Yen Chia-kan of the Republic of China, May 10, 1967.

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percent of GNP (approximately \$30-60 million) to investment in that area.^{11/} The report was well received in the GRC, and President Chiang reportedly committed his government to an annual budget over the next decade of approximately \$25-30 million for that purpose.

Dr. Hornig's report to President Johnson also contained a number of recommendations for US cooperation in developing Taiwan's technological and scientific resources. In accordance with those recommendations, Dr. Bruce Billings, a scientist with long experience in industrial research and development, was named Special Assistant to the Ambassador for Science and Technology, assuming his duties in July 1968. Also during 1968, Taiwan was visited by representatives of the Bureau of Standards and by a mission headed by Dr. Ivan Bennett of the Office of Science and Technology of the White House to survey Taiwan's medical education and research facilities. In August 1968 a team of 12 leading US industrialists held a symposium

^{11/} Report to the President on the Mission to Survey Scientific and Technological Assets and Needs in the Republic of China, September 17-24, 1967, undated.

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on industrial research in Taipei. Following the seminar, the team prepared a report containing specific proposals for prompting a closer relationship between Chinese educational and research facilities with private industry.

c. GRC Participation in Regional Development

Perhaps the most significant test of the success of our economic aid program to the Republic of China has been the willingness of the GRC over the past five years to devote an increasing portion of its resources to the aiding of less-developed countries. Although the GRC has seen a political advantage in such programs, notably in Africa, where by this means the GRC has won some additional support for maintaining its position in the United Nations and in its diplomatic competition with Communist China, these programs also have contributed effectively to our War on Hunger and have complemented other aspects of US economic aid and technical assistance programs.

The best-known GRC effort in this area is the Vanguard Program, initiated in 1961. Since that time, Vanguard has

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expanded to include 23 countries, 19 of which are in Africa. Vanguard has undertaken some small non-agricultural technical assistance projects, but its main emphasis has been on agricultural demonstration and extension, particularly in rice culture, involving both the sending of Chinese teams to recipient countries and programs in Taiwan for trainees from those countries. Prior to 1965, the GRC allocated approximately \$1 million to these programs. With the expansion of Vanguard, however, the budget increased rapidly, and in 1967 exceeded \$5 million. In order to encourage and cooperate with the GRC in a further expansion of this program, under a PL 480 agreement signed on December 12, 1967, the United States agreed to commit over a two-year period up to half of the local currency generated, not to exceed NT\$750 million (US\$18,750,000), with the GRC committing not less than NT\$250 million (US\$6,250,000) to the Vanguard program.^{12/}

^{12/} Agreement between the Government of the United States of America and the Government of the Republic of China on the Use of Certain United States Government Owned New Taiwan Dollars to Accrue under Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, signed December 12, 1967; entered into force December 12, 1967.

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Within the past five years, the GRC has taken a number of new initiatives in the area of regional development. One of these culminated in the convening of a Conference on Population Programs in East Asia, held in Taipei during May 1968, with representatives from some 10 countries. The conference agreed to establish a regional association for the exchange of information on family planning programs and recommended the establishment of a regional training center in Taiwan.

The GRC, with US encouragement, also took the initiative in proposing the establishment of an Asian regional Vegetable Center in Taiwan. Support for this project was expressed by representatives from the Republic of Korea, the Philippines, Thailand, South Viet-Nam and Japan who attended a planning conference held in Taipei in August 1968. The United States indicated a willingness to contribute to the costs of establishing such a center if participating countries would bear the major burden of its support.^{13/}

^{13/} Memorandum from Mr. J. C. Bullitt, Assistant Administrator for East Asia, AID, to the Deputy Administrator, AID, August 11, 1967 (UNCLASSIFIED).

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Of possibly even greater potential significance for the future of regional cooperation in East Asia has been the imaginative joint planning undertaken by the GRC and the Republic of Korea looking to common production and marketing projects. An initial project, on which agreement was reached in 1968, calls for the construction of a caprolactum plant in Korea and a DMT plant in Taiwan, with customs and other arrangements to provide for access by the respective plants to the markets of both countries.

d. GRC Cooperation in US Balance of Payments

The GRC has cooperated with the United States in efforts to liberalize world trade. Its appreciation of the importance of the strength of the US economy to such trade was evident in the sympathetic understanding which the GRC gave to President Johnson's balance of payments program. Following discussions in Taipei, the GRC agreed to invest \$20 million in medium-term non-marketable US government securities and to increase its holdings of longer-term bank deposits in the United States by \$20 million. The GRC did not

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object to our suggestion that it give further consideration to such investments and purchases of US securities at a later date in the light of its foreign exchange reserve position.^{14/}

4. International Position of the GRC

Given the adamant opposition of both Peking and the GRC to any notion of "two Chinas," US efforts to protect the international position of the Republic of China have necessarily been focused upon blocking moves within the United Nations to secure the admission of Communist China by expelling the GRC and on dissuading other nations from establishing bilateral relations with Peking at the sacrifice of their ties with Taipei. At the same time, we have sought to encourage the GRC to adopt a more flexible posture in protecting its own position.

^{14/} From Taipei, Telegram 3427, June 26, 1968 ~~(CONFIDENTIAL)~~; Department of State Telegram 194031 to Taipei, June 28, 1968 ~~(CONFIDENTIAL)~~.

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a. Chinese Representation in the UN

The position of the GRC in the United Nations faced a critical challenge during the 1965 General Assembly debate on the Chinese representation issue. The vote on the so-called Albanian resolution to seat Communist China and exclude the GRC resulted in an unprecedented tie. The prior vote on the "important question" resolution had carried, but here too there was a weakening of support for the US and GRC position.

For a time, prior to the opening of the General Assembly in September 1966 and thereafter, it appeared that there might be a further erosion of the GRC position. An additional complication was created by Canadian exploration of possibilities for a "two Chinas" resolution, replacing the GRC on the Security Council by Communist China but reserving a seat for both countries in the General Assembly. In an effort to strengthen support for the GRC on the "important question" and Albanian resolutions, therefore, the United States lent passive support to a resolution, sponsored by Italy and five other countries, to form a committee to study the Chinese representation

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issue. ^{15/} The United States continued its opposition to the admission of Communist China at the expense of the Republic of China's seat, pointing out problems that would be posed by Chinese Communist membership in that body, and took the position that the "study committee" resolution was without prejudice to the GRC's membership. ^{16/} US support for the study committee resolution, however, precipitated a crisis in our relations with the GRC, which viewed the resolution as calling in question its claim to represent China and feared that it would pass unless opposed by the United States. This disagreement over tactics reached a climax in November, prior to the vote on the various resolutions, when President Chiang threatened to withdraw from the United Nations if the study committee resolution was

^{15/} Department of State Telegram 81502 to Taipei, November 8, 1966. ~~(SECRET/LIMDIS)~~

^{16/} Department of State Circular Telegram 90629, November 23, 1966 ~~(CONFIDENTIAL)~~; and Telegram 88823 to Taipei, November 21, 1966 ~~(SECRET/EXDIS)~~.

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adopted.^{17/} In response to persistent and forceful representations in Taipei led by our Ambassador and a direct appeal to Chiang by President Johnson, Chiang retreated to a decision only to withdraw "temporarily" if the resolution

passed.^{18/} The resolution, however, failed to pass by a vote of 62 against, 34 for, with 25 abstentions. On the important question and Albanian resolution, moreover, the GRC position was appreciably strengthened.

The improvement of the GRC position in the 1966 UN General Assembly also reflected the impact of the Chinese Communist "Cultural Revolution" on the mainland. This, added to an increasing Soviet coolness toward the issue, continued to have an effect in the 1967 General Assembly, when debate on the China representation issue was relatively pro forma. Italy, however, for domestic political reasons

^{17/} From Taipei, Telegram 1515, November 23, 1966
(~~SECRET/EXDIS~~).

^{18/} Department of State Telegram 91771, November 26, 1966 (~~SECRET/EXDIS~~); Letter of Secretary Rusk to Foreign Minister Wei Tao-ming, Department of State Telegram 91770, November 26, 1966 (~~SECRET/EXDIS~~).

again insisted on introducing a study committee resolution, despite US efforts to discourage such a move. Since the resolution was identical in form and substance to that introduced in 1966, the United States felt obliged to vote for it, although we did not attempt to seek or discourage the votes of other countries.^{19/} The GRC once again sought to persuade the United States to vote against the study committee resolution, but there was no repetition of the crisis of 1966. The resolution failed by an even wider margin -- 32 for, 57 against, 30 abstentions. The votes on the important question and Albanian resolution showed only minor shifts. The experience of these two years, however, were bitter for the GRC and strengthened doubts in the minds of many GRC leaders as to whether membership in the United Nations was worth the effort and, in their view, the indignities involved in preserving it.

^{19/} Department of State Telegram 71331 to all American Republic diplomatic posts and others, November 18, 1967 (~~CONFIDENTIAL~~).

In other UN agencies the only significant challenge to the GRC seat during this period came in the Security Council in January 1968. Algeria posed a challenge to credentials clearly aimed at the GRC. This was not pushed, however. Challenges to the GRC in other UN agencies were generally only pro forma.

b. GRC Bilateral Relations

The US policy of urging greater flexibility on the GRC in its foreign bilateral relations met with varying degrees of success. In general, it proved easier for Taipei in the case of small African states than in the case of larger nations such as France.

In the case of French recognition of Peking in early 1964, the United States urged that the GRC not be goaded by French or Chinese Communist provocation into breaking relations with Paris, arguing that by standing firm the GRC might be able to frustrate the French move.^{20/} President Chiang held to our

^{20/} Department of State Telegrams 667 to Taipei, January 28, 1964 (~~SECRET/LIMDIS~~); and 677 to Taipei, January 30, 1964 (~~SECRET/LIMDIS~~).

recommended course even after France's announcement of its intention to seek relations with Peking. When, however, under pressure from Peking, France made clear that it would sever its ties with Taipei, Chiang contrary to US advice moved first.^{21/}

In Africa, however, the GRC usually held its diplomatic missions in place as long as possible after the host government had recognized Peking, thus frustrating or making considerably more difficult the exchange of missions with Peking. The GRC apparently felt freer to pursue this tactic further in Africa where national prestige was not so deeply involved. Flexibility in this area was an important element in the GRC's having ties with 19 African nations (as opposed to Peking's 13)-- a critical factor in the UN Chinese representation vote.

^{21/} From Taipei, Telegrams 735 and 736, February 10, 1964 (~~SECRET/LIMDIS~~); Department of State Telegram 727 to Taipei, February 12, 1964 (~~SECRET/LIMDIS~~); and from Taipei Telegram 753, February 12, 1964 (~~SECRET/LIMDIS~~).

Taipei took advantage of the opportunities opened up by Peking's heavy-handed diplomacy during the height of the "Cultural Revolution." The GRC Foreign Ministry patiently and slowly began building ties with Ghana, Indonesia, Ethiopia, Laos, and Tunisia, the last two of which still had diplomatic relations with Peking. During 1968, a private trade agreement was approved by the GRC and the Indonesian Government, and subsequently there was an exchange of private trade missions.

For the most part, the GRC continued the greater moderation in its relations with Tokyo which Secretary Rusk urged on President Chiang in early 1964, during a diplomatic crisis between the two countries precipitated by the sale of the first vinylon plant by Japan to Communist China and by the Chou defector case.^{22/} Beginning in late 1967, however, Taipei's concern for the possibility of a shift in Japan's China policy was rekindled and President Chiang spoke out

^{22/} Memorandum of Conversation between President Chiang and Secretary Rusk, April 16, 1964
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publicly on the subject in early June 1968. His warning to Japan, however, was couched in a way that left him considerable flexibility.

The GRC displayed considerable sensitivity to the possibility of Japanese recognition of Mongolia, a sensitivity heightened by concern lest the United States should also move in that direction. Dormant since 1961, the proposal of US recognition was made within the Department of State each year from 1965 to 1968 and came under active review in 1967. Departmental backers of recognition -- including the Assistant Secretary of State for East Asian and Pacific Affairs, the Assistant Secretary for European Affairs and our Ambassador to the USSR -- argued that recognition would improve US intelligence-collecting capabilities in Central Asia; demonstrate US willingness to have normal relations with an Asian Communist state that leaves its neighbors in peace; not have a significant effect on the attitudes of the USSR or Communist China; and provide better facilities for American travelers

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in Central Asia.^{23/} At each juncture, however, the Department refrained from acting on the proposal. A principal ground has been the belief that the time was inopportune for an action that would have a disruptive effect on US relations with the Republic of China. We are committed to keeping the GRC informed of new developments in our consideration of the matter. For its part, the GRC continues to assert its claim to sovereignty over Mongolia and warns that recognition of Mongolia by friends of the GRC, especially the United States, would be damaging to GRC interests.

At the close of this period, the GRC was faced with another major diplomatic challenge, this time in the form of Canada's announced intention of exploring possibilities for

^{23/} See Memorandum to the Secretary of State, May 27, 1968, from Winthrop G. Brown, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, and John M. Leddy, Assistant Secretary of State for European Affairs, "Recognition of the Mongolian People's Republic -- Action Memorandum," with attachment, "Talking Points for Use with Members of Congress" ~~(SECRET)~~.

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establishing diplomatic relations with Peking. Given strong impetus in 1968 under the new Trudeau Government, this development threatened the GRC with a repetition of its bitter experience with France. Again the United States cautioned the GRC against rash or hasty action, while at the same time urging Canada not to follow a course which would damage the international position of the Republic of China. As of June 1968, President Chiang evidently had not made a decision, but Foreign Minister Wei seemed inclined to withdraw the GRC mission whenever Canada should formally announce recognition.^{24/}

c. US initiatives Toward Communist China

Ever sensitive to any development that might detract from its claim to be the legitimate government of all of China, the GRC was particularly anxious about US initiatives aimed at opening up channels to the Communist mainland. Taipei consistently objected to US efforts such as the proposed exchange

^{24/} Department of State Telegram 179549 to Ottawa, June 10, 1968 ~~(SECRET)~~; Department of State Telegram 180307 to Taipei, June 10, 1968 ~~(SECRET)~~; Taipei Airgram A-791, July 24, 1968 ~~(CONFIDENTIAL)~~.

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of journalists, doctors and scholars, the 1962 offer of food grains, and the 1967 proffer of medicine, as well as to statements by high-level US officials expressing hope for improved relations with Communist China. It reacted most pointedly, however, to Secretary Rusk's statement of China policy early in 1966 before the Zablocki Sub-Committee in the House of Representatives, which came in the midst of public debate over US China policy. A GRC aide memoire of May 16, 1966, disputed the Secretary's statement that Chinese Communist control over the mainland was secure, and took issue with what the GRC viewed as an implication that US opposition to Peking's entry into the United Nations might end if Peking were to change its hostile foreign policies.^{25/} Periodically, Taipei also urged Washington to end the Warsaw talks.

5. Intellectual and Cultural Exchange

Throughout this period the domestic scene on Taiwan has been marked by a political stability which rested on the

^{25/} From Taipei, Telegram 1290, May 17, 1966
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"mainlander" element's monopoly of power in the central government structure, to the virtual exclusion of the Taiwanese majority. The political tensions which such a situation could be expected to generate were to some extent ameliorated by the fact that Taiwanese shared fully in the benefits of their country's economic development. Nonetheless, the two societies on Taiwan -- mainlander and Taiwanese -- continued to hold themselves apart.

The United States was able to influence this politically sensitive situation only indirectly and to a limited extent. One important channel for such efforts was through the leader grant and cultural exchange programs. The exposure through these programs of both Taiwanese and mainlanders to the mainstream of American political, social and intellectual life contributed to the process of gradual change taking place on Taiwan under the influence of economic development. Additional opportunities for exerting such a leavening influence were provided by President Chiang's personal concern to demonstrate that on Taiwan, by contrast to the mainland under Communist Chinese control, traditional Chinese culture was

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able successfully to accommodate to the demands of the 20th century. One result was a somewhat improved climate for intellectual exchange in the area of the social sciences, for example under the joint auspices of Academia Sinica and the National Academy of Sciences. Such contacts, however, remained vulnerable to criticism and pressure by ultra-conservative Chinese in influential positions within the GRC. On the American side, this rather fragile relationship was threatened from time to time by the critical attitude of American scholars and the press toward the GRC's close surveillance of its own intellectual community and occasionally harsh treatment of Taiwanese suspected of political activities inimical to the mainland regime. The US Government sought to temper GRC policies in this area by emphasizing through diplomatic channels and personal contacts with GRC officials the unfavorable impression that such policies made on public and Congressional opinion in the United States. To a degree, the GRC was responsive to such representations.

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6. The Dialogue

As the foregoing record shows, over the past five years our relations with the Republic of China have been characterized by close and effective cooperation over a broad range of mutual interests. Nevertheless, the degree to which our national interests have remained divergent, together with apprehension among many GRC leaders for the future course of US policy toward China and in East Asia generally, as well as President Chiang's personal sense of neglect by the United States and other governments who played a major role in Free World policies during these years, combined to make both important and difficult the task of maintaining an intimate and meaningful US dialogue with the GRC leadership.

Despite the difficulties involved, US-GRC relations in this important respect improved over this period, particularly after 1965. A major contribution was made by our Ambassador in Taipei, who succeeded in establishing an atmosphere of confidence and mutual trust permitting a frank exchange of views with President Chiang, his son Chiang Ching-kuo and other top GRC leaders. Equally important was a series of high-level

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visits to Taiwan, notably that of Vice President Humphrey in January 1966, three visits by Secretary of State Rusk, and visits by Assistant Secretaries Bundy and Sisco and by UN Ambassadors Goldberg and Ball. These visits were complemented on the economic side by those of Mr. Eugene Black, Secretary of Commerce Trowbridge and Secretary of Agriculture Freeman. On the Chinese side, in addition to frequent visits to the United States by ranking officials in GRC economic ministries, the exchange was highlighted by the visit of Defense Minister Chiang Ching-kuo in 1965, and in May 1967 by Vice President Yen Chia-kan, who conferred with President Johnson and members of his Cabinet.

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