

~~TOP SECRET~~
CONTROLLED DISSEM

OSD
Walt R
1
19A
35

INDEX

TAB

SUBJECT

Agenda

Memorandum for NSC Members on Briefing
Requirements for NSC Meeting of 14 August 1969

Korea

- A.
- B.
- C.
- D.
- E.
- F.
- G.
- H.
- I.
- J.
- K.
- L.
- M.
- N.
- O.
- P.

Issues Paper
Briefing Script
Threat
ROK Force Structure
Comparison ROK/NK Force Structure
US Force Structure
Infiltration Activity
MAP Transfer Program
Status of MAP Deliveries
Proposed \$83 Million MAP Supplemental
M-16 Rifle Plant
Command Arrangements
Rules of Engagement
ROK Armed Forces Development Objectives Plan
NSSM 27 Talking Paper
Draft State Briefing Paper

Joint OSD/OJCS
Talking Paper/
NSSM 14

- A.
- B.
- C.

NSSM 14 - US China Policy

NSC Revised Summary of NSSM 14 of 11 August
with original Annexes approved by IG/EA

Copy of State 120389, subject: Changes in
Restriction Relating to Communist China

Line-in, Line-out Version of NSC Staff Changes
to DOD Proposed Draft of Summary of NSSM 14

Backup

National Security Study Memorandum 14 of
February 1969

14 TOP SECRET CONTROL

Copy No.	100
Case No.	96-2356
T.S. No.	97-75-005
Document No.	1

See Def Cont Nr. X-

4398

NSC DECLASSIFICATION REVIEW [E.O. 12958 as amended]
DECLASSIFY IN FULL

by D. Sanborn on 1/17/2006

~~TOP SECRET~~
CONTROLLED DISSEM

1 - 1C - NSSM 14 - US China Policy - RMN

~~TOP SECRET~~

~~TOP SECRET/CONTROLLED DISSEM~~

Regraded SECRET upon detachment of
Annexes I and J to TAB A

> **Removed**

Attached are:

- (1) NSC 11 August Revision of Summary Paper on US
China Policy (NSSM 14), ~~Secret~~ (less TABS)
- (2) IG/EA Approved Tabs (A thru J) to Summary Paper on
NSSM 14, includes ~~TOP SECRET/CONTROLLED DISSEM~~

~~TOP SECRET/CONTROLLED DISSEM~~

~~TOP SECRET~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20505

1A

August 11, 1969

~~SECRET~~

MEMORANDUM FOR

Office of the Vice President
Office of the Secretary of State
Office of the Secretary of Defense
Office of the Director of Emergency Preparedness

SUBJECT: Revision of Paper on U.S. China Policy (NSSM 14)

Attached is the revised version of the paper on U.S. China Policy (NSSM 14) which takes into account the discussion at the Review Group meeting of May 15.

This paper is being distributed for use as background for the discussion at the NSC meeting on August 14 which is intended to be a briefing rather than a decision meeting.

J. Davis
Jeanne W. Davis
Secretariat

cc: Office of the Attorney General
Office of the Chairman, Joint Chiefs of Staff
Office of the Director of Central Intelligence
Office of the Under Secretary of State

~~SECRET~~

NSC DECLASSIFICATION REVIEW [E.O. 12958 as amended]
DECLASSIFY IN FULL
by D.Sanborn on 1/17/2006

Previously declassified 1/14/1997 F87-662

Sec Def Cent Mr. X-

4363

23735/69

~~SECRET~~

12274

NSSM 14

US China Policy

August 8, 1969

~~SECRET~~

NSSM 14

Table of Contents

I	PROBLEM	1
II	PREMISES AND FACTORS	2
III	US INTERESTS AND OBJECTIVES RELATING TO CHINA	7
IV	ALTERNATIVE STRATEGIES	9
	A. Present Strategy	9
	B. Intensified Deterrence and Isolation	10
	C. Reduction of PRC's Isolation and Points of US-CPR Conflict	11
V	POLICY APPROACHES IN PURSUIT OF THE ALTERNATIVE STRATEGIES	12
	A. Intensified Deterrence and Isolation	12
	Advantages	13
	Disadvantages	14
	B. Reduction of PRC's Isolation and Points of US-CPR Conflict	15
	Advantages	18
	Disadvantages	21

Annexes 23

II PREMISES AND FACTORS*

Premises

Current hostility between the US and the People's Republic of China (PRC) stems from a number of causes including US support for the Republic of China (GRC) and commitment to defend Taiwan, the Korean War, an array of conflicting ideological premises and national objectives, including Peking's endorsement of armed revolutions, and US defense commitments in Asia. Although China faces serious problems in national economic development, it will continue to be ruled by a Communist government and will gradually become stronger militarily, possibly acquiring a substantial stockpile of nuclear weapons and long-range missiles within the next fifteen years. Peking's policies toward the United States may moderate somewhat under a post-Mao leadership, but Chinese efforts to assert their influence in Asia will result in rivalry with the US regardless of the nature of the Peking regime. Whatever the PRC's actual intentions and capabilities, most other Asians are uneasy about mainland China's long-range objectives in the area, and this concern is reinforced by China's encouragement of revolutionary movements in Southeast Asia and elsewhere. As China's power grows, there will be an increasing tendency on the part of other states to recognize the PRC as representing "China", even at the expense of the GRC.

Chinese Objectives and Capabilities

The present Peking regime wants other Asian states to accommodate their policies to those of the PRC and eventually model their societies and governments on that of Communist China. Peking wants to be treated as a major world power and as the primary source of revolutionary ideological leadership, and to gain control of Taiwan. China has provided a limited input of funds and training for insurgencies around its border and given selective economic assistance to governments whose attitudes it seeks to influence. It has also engaged in similar activity in other LDC's, especially in Africa. Thus far these efforts have met with little success.

Peking has the ability to launch a major armed attack against any of its immediate neighbors, but we have no evidence of PRC intent to expand its borders or pursue its objectives

* For a fuller discussion of premises and factors involved in US China policy, see Tab A.

~~SECRET~~

~~SECRET~~

by armed conquest, except possibly for Taiwan. Peking thus far has not used its limited nuclear weapons capability directly to threaten other Asian states.

The PRC's ability to attain its objectives is limited by 1) severe economic problems, particularly in agriculture; 2) political confusion internally and ineptness externally imposed by Maoist ideology; and 3) a military capability geared largely to defensive operations by its huge land army and constrained by increasing domestic responsibility for the armed forces.

There is substantial agreement that those aspects of Chinese policy that adversely affect US interests are unlikely to change over the short run and that, in the long run, no matter how Chinese policy may evolve, US and Chinese interests will remain in conflict in substantial respects. However, over the next five to ten years, depending in part on when Mao dies, certain changes are possible. These are presented below in the form of two contrasting alternatives. It is recognized that neither alternative is likely to emerge in toto as described. What is more likely is an evolution lying between the two extremes, probably incorporating elements of each scenario.

1. In one possible evolution, the Chinese could move towards a policy of more aggressive action. This could involve:

- a. increasing their support for insurgency movements in Asia and elsewhere;
- b. employing direct nuclear threats;
- c. employing the threat of conventional military action, particularly against Asian neighbors;
- d. launching military operations against the Off-shore Islands and/or Taiwan, or against the Soviet Union.

2. We believe, however, that it is more likely that China's policy ultimately will moderate, given an international climate conducive to moderation. Domestic economic pressures and the emergence of a more pragmatic leadership in Peking to cope with these pressures would contribute to such an evolution. This could involve:

- a. seeking improved relations with the US and/or Japan, in part as a counter-balance to Soviet pressures;
- b. reducing their concrete support for revolutionary movements;

~~SECRET~~

~~SECRET~~

c. seeking increased contact with the nations of Asia and membership in international organizations;

d. developing an interest in measures to control the nuclear arms race.

A question can legitimately be posed as to whether or not it is in US interests for Peking to become more engaged in the international scene. If Peking should choose to pursue a more pragmatic and moderate foreign policy, pressures by the nations of Asia for accommodating Peking and for accepting the PRC into international organizations would build rapidly. Peking's emergence from its self-imposed isolation would thus pose new challenges for US policy in Asia and would probably result in certain short-term losses to ourselves and our allies. Over the long term, however, evolution of Peking's policies toward moderation would offer the prospect of increased stability in East Asia. Since it does not lie within the United States' power to prevent Peking from breaking out of its isolation, the issue posed for the US is whether this evolution will take place in spite of US resistance or whether the US will be seen as willing to accept and live with Peking's entry into the international community and do what it can to take advantage of the change. US failure to adjust its policies to accord with the changed environment would strengthen the impression of US inflexibility and lend credit to Peking's rationale for continued hostility towards the US.

The GRC and Taiwan

The Taiwan issue, including US support for the GRC, is a primary obstacle to an improvement in US/PRC relations. Peking seeks not only the removal of the US military presence from the Strait area and Taiwan, but also US acceptance of its claim that Taiwan is an internal matter. Taiwan has occupied an important position in US strategic planning. We are committed by treaty, however, only to the defense of Taiwan and the Pescadores. While US policies over the years have created certain constraints on our actions, the US has made no commitments to the GRC that would require its consent to a change in our relations with the PRC. The GRC's insistence that it is the legal government of all of China of which it claims Taiwan is a part lies at the heart of the mainlander-dominated political structure on Taiwan. The Taiwanese population of the island is resentful of mainlander domination but undoubtedly prefers the GRC to the PRC. They probably hope that Taiwan will remain separate from the mainland and looking primarily to the US to maintain this separation. While Chiang Kai-shek is in control, the GRC will adhere firmly to its claim to be the only rightful government

~~SECRET~~

~~SECRET~~

of China. It may, however, tacitly accommodate to US policies and actions which take into account the fact of Peking's control over the mainland, and to a limited extent has already done so.

Relationship of North Viet-Nam and North Korea to Chinese Interests

Although North Viet-Nam and North Korea pursue largely independent policies, sometimes in conflict with those of the PRC, Peking has a major national security interest in their continued existence and would almost certainly intervene militarily if the communist regime of either country were seriously threatened.

Japan and the Soviet Union

The bi-polar situation that characterized Asia in the past is shifting toward a four-sided relationship among the US, the Soviet Union, Japan and Communist China. The Soviet Union has become with the US one of Peking's two principal antagonists, and Japan's economic strength and growing sense of nationalism will likely lead it toward an increasingly significant political role in Asia. Although under present circumstances there is little likelihood that Peking will alter its rigid and defiant stance vis-a-vis the US, the USSR, and Japan, a future Chinese leadership may seek, through the manipulation of its relations with these three states, to achieve limited rapprochement with one or more of them.

The possible impact of current Sino-Soviet tensions on US policy toward the Soviet Union and China will be discussed in detail in NSSM 63.

US Policy as a Factor Influencing PRC and Third Country Attitudes

The United States ability to influence the attitude and policies of present Chinese leaders is probably very limited, aside from the restraining influence of US military power. Future Chinese leaders' perspectives may be altered, however, by considerations of domestic political control, by the need for economic development and by China's relations with third countries. US actions to alter what Peking perceives as the US "threat" could contribute to this. The impact which US actions toward Peking have on third countries depends upon the geographic proximity of each state to China. Any improvement in Sino-US relations will eventually produce pressures in most countries on China's periphery for greater accommodation with Peking. This need not be hostile to US interests in the

~~SECRET~~

~~SECRET~~

long-run if it allows for continuing US political and economic relations with these countries even though at a reduced level of intimacy than previously.

UN Considerations

The question of China's representation in the United Nations is inseparable from the claims of both the PRC and the GRC to be the government of all of China and derives its importance largely as a reflection of support for those claims. Although a substantial number of UN members feel that it is a serious defect in the UN system for nearly one quarter of the world's population not to have a direct spokesman in the UN, there is also widespread unwillingness to deny membership to the GRC. Both the PRC and the GRC, however, strongly oppose any two-Chinas arrangements; and under present circumstances support in the General Assembly is inadequate for adoption of two-Chinas proposals because of opposition by member states concerned with their bilateral relations with Peking or Taipei.

The margin of support for our present position in the General Assembly and Security Council is narrow and could be jeopardized by developments outside the UN, such as increased diplomatic recognition of the PRC.

~~SECRET~~

III US INTERESTS AND OBJECTIVES RELATING TO CHINA

If there were no conceivable prospect for a change in the attitudes of the leaders of the PRC and the policies they are currently following except in the direction of greater militancy, the choice of options for US policy would be meager and bleak. The key considerations might be when, not whether, a major Sino-US conflict might take place, how the US should best prepare to meet such a challenge, and whether or not consideration should be given to preempting a Chinese attack. Our objectives under such circumstances would focus either on strengthening our own military posture and that of our allies, and on isolating the PRC to the extent possible, or on deciding in advance to reduce or abrogate US commitments and involvement in all areas in which a direct Sino-US conflict might occur.

There is little reason to believe, however, that this present level of conflict and antagonism will endure indefinitely. US long-range objectives and interests can, therefore, plausibly be set in more flexible terms and in the direction of the achievement of an improved and more relaxed relationship with the PRC. These can be summarized as:

A. To deter aggression in East Asia and avoid a direct US-PRC armed confrontation or conflict, including the outbreak of hostilities in the Taiwan Strait area, while pursuing the objectives below.

B. To prevent alliance between a mainland government and any other major state directed against the US or other friendly state.

C. To maintain a balance of influence in East Asia which preserves the independence of the states of the area and enables them to maintain friendly political and economic relations with other countries, including the US.

D. To obtain Chinese acceptance of such a system of independent states and Peking's cooperation with other Asian countries in areas of common economic and social activity and interest.

E. To achieve a relaxation of tensions between the US and the PRC, including participation of the PRC in discussions on measures for arms control and

~~SECRET~~

~~SECRET~~

disarmament, and the normalization of US political and economic relations with the PRC.*

F. To achieve a resolution of the future status of Taiwan without the use of force and, if possible, consistent with the desires of the people on Taiwan.**

G. To maintain access to Taiwan to the extent necessary for our strategy in meeting our defense commitment to the GRC and, as needed, our strategic requirements elsewhere, or alternatively, to maintain access to Taiwan to the extent necessary for our strategy in meeting our defense commitment to the GRC.***

H. So long as Taiwan remains separate from the mainland, to encourage continued growth of its economy and an increasing contribution to regional economic development.

* For discussion of major alternative policies and problems for the US in improving relations with Peking, see Tab F, Diplomatic Contacts and Relations with the PRC.

** The relationship between mainlanders and Taiwanese on Taiwan and the complex problem that this presents in relation to other US objectives makes it desirable at the present time to avoid choosing definitively how best to achieve this objective; by the ultimate political unification of Taiwan and the mainland; the establishment in some way of an independent Taiwan state; or the indefinite continuation of the present situation. For a discussion of major alternative policies and problems in this regard, see Tab C, The GRC and Taiwan.

*** For discussion of major alternative policies and problems for the US in resolving the Taiwan question, see Tab D, Taiwan as a US Military Base.

~~SECRET~~

A. Present Strategy

Present strategy has assumed that there is at present only a very limited military threat from China. It also has assumed that, in the short run, US efforts to reduce Chinese hostility toward the US or toward those of its neighbors that are closely aligned with the US will achieve extremely limited results.

In the longer run, it hypothesizes a China that could be militarily more dangerous to the US but with new leaders who could shift the emphasis of Chinese policy in a number of different ways, including to diminished hostility toward the US, and that the US posture may over time be a factor in influencing such change.

The strategy has therefore included two elements: deterrence of any possible direct Chinese threat across its borders or to the US, and limited efforts to suggest to the Chinese the desirability of changing their policies in the direction of a more tolerant view of other states and of the present world political system. Partly because of other policy considerations, the first element has been given somewhat greater stress than the second.

Under our present strategy the US has continued to recognize the Government of the Republic of China as the legal government of China and to support it in the international community. However, in bilateral relations, the US has dealt with the PRC as the government controlling the mainland and with the GRC only concerning the territory over which it has actual control.

We have a commitment to the GRC to assist in the defense of Taiwan and the Pescadores, but we have indicated to both the GRC and the PRC that we oppose the use of force in the Taiwan Strait area by either side. We have sought to maintain access to military bases in Taiwan both for use in meeting US commitments elsewhere in Asia and for general war contingencies.

We have maintained a virtually total embargo on all trade and other financial transactions with Peking and resisted efforts by other countries to liberalize strategic controls.

We have tried to avoid a direct US-PRC military confrontation or conflict while supporting defensive military and counterinsurgency efforts of independent nations on China's periphery.

SECRET

We have sought to reduce tension, promote reconciliation with the PRC, and encourage greater Chinese contact with the outside world and with the US, through (i) public statements, (ii) relaxation of controls on travel and cultural exchanges, and specific offers for greater US-PRC contact, (iii) our ambassadorial conversations in Warsaw, and (iv) avoidance of provocative military actions. We have not extended this policy to embrace UN membership.

The questions now posed are these: Is such a policy adequate to deal with the long-term problem of Communist China? If not, what are the alternatives?

There are two major variants to our present strategy by which US objectives might be pursued under present circumstances. Both assume that current Chinese policies can be changed but take different approaches toward how US policy can contribute to an acceleration of the change. Neither alternative completely excludes aspects of the other but each is set forth in a sharply differentiated form in order to clarify the differences. It is assumed that a third alternative, total US withdrawal from involvement in the Asian area where US and Chinese interests impinge on one another, would not further the US objectives described in Section IV above.

B. Intensified Deterrence and Isolation

This strategy would be based on calculations that (1) the strain of repeated policy failures and of growing frustration over China's isolation would cause a post-Mao leadership to reassess China's role in international affairs and alter its policies in a manner that would reduce the conflict between the US and Chinese objectives, and that (2) US efforts to improve relations with Peking have not succeeded in leading China to perceive a need to moderate her policies. To limit Peking's success in pursuit of present policies and strengthen the credibility of the US commitment to its Asian allies, the US could increase its military and economic support of Asian countries to demonstrate that insurgencies supported and encouraged by Peking will fail; strengthen US offensive and defensive capability to demonstrate to Peking that its development of advanced weapons will not affect US deterrent capability and strive to convince Peking that it cannot gain acceptance into the international community on its present terms.

Opponents of this approach argue that present deterrent capability against China is sufficient and that further attempts to isolate Peking may well increase the present dangers which

Peking poses. According to this view, there is no prospect that China's present form of government will be changed by force, and it is impossible effectively to isolate a nation as large as China.

C. Reduction of PRC's Isolation and Points of US-PRC Conflict

This strategy would be based on a calculation that (1) a relaxation of external pressures will be most likely to cause a post-Mao leadership to reassess US attitudes and intentions toward China and China's role in international affairs and that (2) present US policy has given too much weight to deterrence and not enough to steps designed to open up for Peking the possibility of and benefits from greater cooperative involvement in the world. To encourage this reassessment, the US, while maintaining its defense commitments and continuing to deter any possible overt Chinese attack against US allies in Asia, could gradually de-emphasize the military aspect of our containment of the PRC, unilaterally reduce or eliminate economic and political measures designed to isolate Peking, and acquiesce in the PRC's fuller participation in the international community.

Opponents of this approach argue that unilateral US gestures without demanding corresponding conciliatory steps by Peking will be taken as an indication that the PRC's present militant approach has been successful and would add to existing frictions with our Asian allies. It is further argued that, since there is small likelihood of an early change in Peking's attitudes, China's greater involvement in the world community would simply disrupt present efforts toward international cooperation and complicate US relations with third countries.

V POLICY APPROACHES IN PURSUIT OF THE
ALTERNATIVE STRATEGIES

12

There is a wide range of actions that could be taken relating to China in the Asian strategic environment under each of the alternative strategies in Part IV and differing, with some exceptions, from those we are currently following. Key illustrative steps in the political, military and economic areas are considered below to clarify the differences, in their possible impact, between the two strategies. Determination of specific military steps in particular would have to be considered in the context of broader US strategic interests in Asia.* It is assumed that we would also take actions in the psychological field in support of these strategies.

A. Intensified Deterrence and Isolation

1. Political. Return to an explicit endorsement of the GRC's claim to be the only legitimate government of China, renew our efforts to maintain international support for the GRC on that basis, and more actively attempt to dissuade other governments from recognizing Peking.

Refrain from any initiative to renew or expand diplomatic contacts and conversations with Peking and, in the event the Chinese request such talks, key the US response to a clear indication of change in Peking's position.

Make emphatically clear that the US objects to any form of UN membership for the PRC until it changes its policies holding to this position as long as possible and accepting defeat rather than adopting a position which risks GRC withdrawal.

2. Military. Maintain strong forces in South Viet-Nam and Korea after the end of the Viet-Nam War; retain bases or base rights in Japan, Okinawa, the Philippines and Thailand; and seek a formal agreement with the GRC to permit the development of permanent US bases on Taiwan. Make clear to the PRC that the US will assist in the defense of the Offshore Islands.

Consider extending US treaty commitments to include Malaysia and Singapore.

* For each illustrative step, there may be several alternative representing different degrees of movement from present policy. These are considered in the Annexes.

~~SECRET~~

Increase the forward deployment of strategic and tactical nuclear-capable forces and base facilities from which to operate such forces.

3. Economic. Exert stronger pressure on our allies to restrict trade with China, particularly in items which contribute to Peking's industrial development.

Advantages

a. This political policy

- Eliminates any PRC expectation that the US would weaken its commitment to support the GRC.
- Forces third countries to balance their relations with the US against the desirability of closer ties with Peking.
- Minimizes the basis for GRC criticism of the US if and when Peking is ultimately admitted to the UN at the expense of Taipei.
- Continues to avoid, for as long as possible, the adverse effects that PRC membership would have on the functioning of the UN.
- Avoids the image of US weakness in appearing to pursue the Chinese despite repeated rebuffs.

b. This military policy

- Emphasizes to US allies and to the PRC that PRC aggression will be met with force.
- Places US forces in the best posture to intervene in insurgent situations or to meet overt attack.
- Provides maximum base flexibility if one or more of the existing bases are denied to the US.

c. This economic policy

- Might make more difficult Peking's future acquisition of foreign technology and credit that could help its military capability.

- Intensifies internal pressures within China produced by policy differences over resource allocation and over the rate of economic growth.

Disadvantages

a. This political policy

- Is subject to the limitation that some other governments are reluctant to be associated, even indirectly, with a hostile policy of increased "isolation" of Peking, and thus would discourage some governments from cooperating with the US effort to maintain international recognition of the GRC.
- Strengthens Taiwanese impatience and discontent with their limited political role, increasing chances for political instability in a crisis situation.
- Leaves initiative all in Chinese hands, forces the US to take a passive "waiting" position in the diplomatic arena.
- If Peking takes a "soft line" for tactical purposes, domestic and international pressure on the US to take some major new move to be "responsive" to a supposed new Chinese "conciliatory" posture would pose problems.
- Strengthens domestic and foreign criticism of continued US "isolation" of Peking.
- Jeopardizes support for the GRC in the General Assembly by those countries favoring the admission of the PRC but opposing the GRC's expulsion.

b. This military policy

- Is not required by the current PRC military threat
- Leads to highest dollar outflow of any alternative
- Encourages Asian allies to leave their defense to the US rather than develop their own defensive capabilities.
- Risks US military involvement in situations the US might otherwise choose to avoid.

- Deepens cleavages between US allies and non-allies.
- Involves high potential political costs in terms of frictions over base problems with allies.
- Increases the vulnerability of US forces to surprise attack.
- Limits US flexibility in determining policy toward Taiwan as a consequence of our increased dependence upon Taiwan in military operations and strategic planning.

c. This economic policy

- Is certain to be strongly resisted or ignored by US allies and, if the US attempts to apply sanctions to halt trade with China, increases political tensions between the US and these countries.
- Is unlikely to have significant impact on trade with the PRC.

B. Reduction of PRC's Isolation and Points of US-PRC Conflict

The following initiatives represent a series of steps designed to reduce points of conflict between our two governments, and would also serve to open options for those moderate elements which may emerge in a post-Mao PRC leadership.

This approach is divided into short- and long-term steps. It is assumed that Peking is unlikely in the short term to respond to any US gestures. On such a basis, major changes in present policy entail risks and some sure costs in the pursuit of highly uncertain prospects for improvement in relations. There are, however, certain relatively minor and low-risk adjustments of policy in the political, military, and economic fields which would have the effect of signalling to the Chinese and others that the US seeks an improvement in relations. The short-term policy changes suggested below have side benefits in terms of reducing points of friction with American businessmen and travellers, and with our European and other allies; these side benefits would probably justify these changes even without regard to their role in a strategy toward China. The principal purpose, however, would be to initiate changes now, when China poses only a limited threat, in an effort to set in motion an improvement over the long term, when China's power could make her a greater potential danger.

The long-term proposals below involve relatively larger dislocations and greater costs, and would have to be examined on a case-by-case basis in the context of broad US interests in the Asian area and elsewhere at the specific time their consideration was proposed. The nature of the settlement in Viet-Nam will influence the responses of the PRC to a number of the actions suggested below as well as influencing the attitudes of other Asian countries. Any changes in security relations, e.g. base arrangements with other countries such as Japan and the Philippines, will also have to be considered as elements of our overall strategic posture in the region.

1. Political.

Short Term

End all passport restrictions on travel by Americans to mainland China as soon as possible.

Offer to increase the frequency of talks with the Chinese in order to probe any PRC interest in developing new approaches for dealing with outstanding issues.

Cease all public and private references opposing PRC admission to the UN and only oppose any arrangements that would deprive the GRC of continued representation.

Indicate publicly that we regard the GRC as exercising authority only over the territory it now controls and that we regard the PRC as exercising authority over the mainland.

Long Term

Attempt to open up new points of diplomatic contact including ad hoc working level official or unofficial missions to Peking for special purposes.

Indicate publicly that the US is prepared to recognize the PRC as exercising authority over the China mainland and seek to normalize political relations between our two governments on that basis, while insisting that settlement of the Taiwan question -- whether for "one China" or a "separate Taiwan" -- must be by peaceful means, and, pending such a settlement, maintaining our diplomatic relations with the government on Taiwan and our commitment to the defense of Taiwan and the Pescadores.

~~SECRET~~

2. Military.

Short Term

Avoid conventional overhead reconnaissance over the Chinese mainland and reduce to absolute minimum US naval and air activity in close proximity to Chinese territory.

Maintain our present policy with respect to US participation in the defense of the Offshore Islands of Quemoy and Matsu, but clarify our intentions by cautioning the GRC privately that the US is less likely than in 1958 either to provide material and logistic assistance or to intervene directly in the defense of the islands.

Long Term

Reduce the US military present on Taiwan following the end of hostilities in Viet-Nam, including the phase-out of currently-utilized GRC facilities, to a level limited to requirements to meet our defense commitment to the GRC; AND/OR propose to the PRC the complete withdrawal of the US military presence from Taiwan and the Strait area, contingent upon PRC willingness to agree to a mutual renunciation of force in the Strait area, while maintaining our defense commitment to Taiwan and the Pescadores but retaining only a small liaison group on Taiwan.

Seek to minimize direct US military involvement in SEA and focus on offshore or mid-Pacific deterrence posture.

3. Economic.

Short Term

Reduce scope of US financial controls and restrictions on exports to China to the levels of present US trade and transaction controls applicable to the Soviet Union, immediately removing (a) US trade and financial controls applicable to bunkering, to US subsidiaries in third countries and to tourist purchases of Chinese products and (b) export controls on selected non-strategic products.

Long Term

Assuming that export controls on US trade with the Soviet Union are reduced to the COCOM level, reduce barriers to non-strategic trade with China to this level, thus embargoing only those commodities that the Chinese are unable to procure from our European and Japanese allies.

~~SECRET~~

Advantages and Disadvantages

The advantages and disadvantages below are identified in their relationship to the short- and long-term political, military, and economic initiatives. The advantages and disadvantages listed as short-term would also carry into the long term, in varying degrees.

Advantages

a. Political.

This political policy, in its short-term aspects:

- Removes a restriction that has no practical effect in deterring travel and that poses a nettlesome domestic public relations problem.
- Can be implemented by the State Department's administrative decision, insofar as travel is concerned.
- Brings travel policy more in line with our position of encouraging informal contacts.
- Can be justified on grounds of conforming travel policy to the realities imposed by court decision.
- Strengthens the impression, by demonstrated interest in increased official contacts, of US interest in discussing differences with the PRC.
- Makes more credible, by signifying a US willingness to have the PRC play a responsible role in the international community as long as the GRC's position on Taiwan is protected, our policy of support of the GRC and our expressions of readiness to deal with Peking in realistic terms.
- Provides a more persuasive basis for our diplomatic effort to oppose expulsion of the GRC from the United Nations.

This political policy, in its long-term aspects:

- Confirms to Peking that the US does not intend to challenge Peking's jurisdiction over the mainland.
- If the PRC accepts special missions to Peking, provides an additional opportunity to meet with PRC officials and to probe informally Chinese attitudes toward the US.
- Maintains the possibility for an independent Taiwan without foreclosing the alternative of unification with the mainland.
- Increases pressure on and within the GRC to accommodate, both in domestic and international policies, to the practical realities of its position.

b. Military.

This military policy, in its short-term aspects:

- Reduces the image of US encirclement and tight containment of the PRC, with possible gradual relaxation of siege mentality in Peking.
- By officially advising the GRC in advance of possible limitations on our willingness to assist in the defense of the Offshores, reduces the chance of a GRC miscalculation in the event of a crisis.

This military policy, in its long-term aspects:

- Emphasizes that the present US force buildup on Taiwan has been related to the Viet-Nam War and does not signify US hostility toward the PRC.

- Might provide the basis (through an offer to withdraw the US military presence on Taiwan) for the PRC's agreeing to set aside the Taiwan issue as an obstacle to an improvement in US-PRC relations.
- Reduces possible points of accidental conflict between the US and the PRC and increases the degree of selectivity for the US in military involvement in East Asia, e.g. with reduced forward military presence, the US would be less likely to become automatically committed to armed conflict and would have more leeway in determining the nature and objective of a military clash.
- Reduces friction between US forces and citizens of host nations from which bases have been removed.

c. Economic.

This economic policy, in its short-term aspects:

- Can be accomplished by administrative action alone.
- Poses no problems for United States security, does not significantly increase Peking's ability to obtain commodities, and might enable Americans to compete with European and Japanese interests for the Chinese market.
- Removes a specific "anti-Chinese" aspect of US policy and represents a unilateral US move which would be widely recognized as symbolizing heightened US interest in increased contacts and a reduction in tensions with the PRC.
- Eliminates the irritant that extraterritorial aspect of our present trade controls represent in our relations with allied countries, particularly those, like Canada, where US investment is heavy.
- In liberalizing restrictions on tourist purchases abroad, eliminates or substantially reduces an irritant to American travellers and simplifies a cumbersome and expensive administrative procedure.

Disadvantages

a. Political.

This political policy, in its short-term aspects:

- Has an adverse impact on the GRC's international position, while not representing a conciliatory gesture to Peking, which would view it as an effort to make permanent Taiwan's separation from the mainland.

This political policy, in its long-term aspects:

- Given Peking's opposition to the US presence in Taiwan, might not be sufficient, since it provides for only a partial reduction of US support for the GRC, to contribute to a Sino-US detente.
- Might indicate to some Peking leaders that the US is under increasing domestic and foreign pressure to make concessions (including military and economic) and might cause the PRC to harden its determination not to change its present policies.
- By clearly indicating a US conclusion that the GRC no longer has a viable possibility of reasserting control over all China, challenges the central rationale for the present political structure on Taiwan and undermines its position internationally; results in weakening the authority of the GRC on Taiwan and gives rise to a degree of political instability which might be susceptible to Peking's exploitation.
- Shakes the confidence of certain other Asian governments in the firmness of US support for them.

b. Military.

This military policy, in its short-term aspects:

- Leaves the basic policy problem relating to Quemoy and Matsu unresolved since the GRC would not significantly reduce its forces, much less abandon the islands, and might increase its commitment of supplies and forces to the islands.
- Could invite PRC moves against the Offshores.

- Reduces the availability of intelligence on PRC military construction and development with degradation of US preparedness to conduct operations against mainland China, and reduces the warning time of possible Chinese preparedness for aggression.

This military policy, in its long-term aspects:

- Increases the time required for US forces to react to overt or covert PRC aggression.
- Reduces the credibility to some allies of US commitment.
- Risks a PRC misjudgment of the US resolve and PRC precipitation of a crisis.
- Severely shakes GRC confidence in the US defense commitment, with possible adverse effects on Taiwan's domestic political stability.
- Denies Taiwan bases to the US for use as part of our regional nuclear deterrent and in meeting strategic requirements elsewhere.

c. Economic.

This economic policy, in its short-term aspects:

- Does not necessarily lead to Sino-US trade or to increased economic contacts.
- If it leads to trade, enables the PRC to earn badly needed foreign exchange.
- Represents, in GRC eyes, a change in US China policy, which it would oppose.
- If interpreted as a major US conciliatory gesture toward Peking, might weaken support by some other countries for the US position on Chinese representation in the UN and for controls on strategic goods.

~~SECRET~~

23

~~SECRET~~

ANNEXES:

- A - Premises and Factors, Secret
- B - Modes of Military Deterrence, Secret
- C - The GRC and Taiwan, Secret
- D - Taiwan as a US Military Base, Secret
- E - Offshore Islands, Secret
- F - Diplomatic Contact and Relations with the PRC, Secret
- G - China and the UN, Secret
- H - Trade, Secret
- I - Communist China's Strategic Weapons Program,
Top Secret/Controlled Dissem
- J - Communist China and Asia, Secret/Controlled Dissem

~~SECRET~~

~~SECRET~~

ANNEX A

PREMISES AND FACTORS

I. PREMISES

A. Current hostility between the US and the People's Republic of China (PRC) stems from:

- US support for the Government of the Republic of China (GRC) and US commitment to defend Taiwan;
- the Korean War;
- conflicting ideological premises and national objectives;
- US defense commitments in Asia and large military presence in Viet-Nam, which are seen by the PRC as threatening its national interests in Asia and by the US as a shield against possible Chinese expansionism.

B. China as a Power. PRC economic and military development has slowed in recent years, and it will continue to face serious problems in national economic development, but

- mainland China will continue to be ruled by a Communist government for the indefinite future;
- it will gradually become stronger militarily and, if it pursues its present course, it will possess within the next 15 years a substantial stockpile of nuclear weapons and long-range missiles; but it will not approach global military parity with the US or USSR.*

C. Sino-US Rivalry. While Mao Tse-tung is alive, the PRC will seek to promote world revolution and to exclude all US influence from Asia; moreover,

- while Peking's policies may moderate under other Chinese leaders, Chinese efforts to assert influence on neighboring areas will produce economic, political,

* For additional information, see National Intelligence Estimate, Communist China's Strategic Weapons Program, at Tab I.

~~SECRET~~

A-2

and military rivalry between any unified mainland China regime and the US in Asia, regardless of the ideological nature of such a regime.

D. Asian Concern. Regardless of Peking's actual intentions and capabilities, most other Asians are uneasy about mainland China's long-range objectives in the area. Peking's encouragement of revolutionary movements reinforces general, historical Asian anxiety over Chinese national ambitions.

E. Peking vs Taipei. The GRC's power and influence are insignificant compared to mainland China's. Therefore,

-- over time, the tendency of other states to deal with or recognize Peking as representing "China", even at the expense of the position of the GRC in the international community, will increase.

-- this tendency will be more pronounced if Peking moderates its own foreign policy.

~~SECRET~~

II. FACTORS TO BE CONSIDERED

A. Chinese Objectives and Capabilities*

1. Objectives. The present Peking regime wants other Asian states to accommodate their foreign policies to those of the PRC and eventually to model their governments and societies upon that of Communist China. Peking wants to be acknowledged as a major world power and as the primary source of ideological leadership for all revolutionary movements. Like their KMT predecessors, the Chinese Communists want to restore China's historical grandeur, a desire intensified by the memory of humiliations inflicted on China in the past. Peking insists on its right to establish its authority over Taiwan.

2. Tactics.

Revolutionary and Diplomatic Approaches. The Chinese are convinced that domestic unrest and political ferment in many countries are increasing. They look to the time when their revolutionary doctrine, combined with small inputs from China of funds, weapons, and insurgency training, may be successful in bringing about new revolutionary governments responsive to Chinese influence..

The vulnerability of Asian countries to externally supported insurgency is increased by the existence of:
a) weak central governments, b) domestic political instability, c) rivalries among ethnic groups, d) wide disparity between rich and poor, e) inadequate transportation and communication systems, and f) common borders with hostile countries.

In addition to or as an alternative to the revolutionary approach, the PRC also uses diplomacy, selective economic aid, and an appeal to nationalistic, anti-western sentiments to bring about close relations and compatible foreign policies.

Peking has not succeeded so far in bringing any other Asian country fully into its orbit of influence through either revolution or diplomacy.

* For additional discussion of the Chinese threat, see Special National Intelligence Estimate, Communist China and Asia, at Tab J.

Overt Aggression. The Chinese retain the capability to launch a major armed attack against any of their immediate neighbors. Faced by an overt Chinese attack, all the countries in mainland Southeast Asia are vulnerable unless they are directly supported by a major military power--the US or USSR. We have no evidence, however, of PRC intent to achieve its objectives by armed conquest, with the possible exception of Taiwan.

Peking's caution may derive in part from a desire to avoid direct armed conflict with the US. But Peking also has refrained (aside from the brief 1962 conflict with India) from overt aggression even against countries with no security treaties with the US. A strong restraint on Peking's behavior may be the Maoist conviction that revolution in each country must be carried out primarily by local forces and not imposed from outside. China has stressed its relative size as a means of intimidating Asians, however, and almost certainly will continue to do so.

Nuclear Weapons. The Chinese have not used their nuclear weapons development directly to threaten other Asian countries. Limited warnings of vulnerability have, however, been given to some Japanese. As their nuclear capability increases, they may be tempted to threaten its use against others. On the other hand, possession of more sophisticated weaponry may bring greater Chinese awareness of their own vulnerability to others' weapons, and the Chinese may come to regard possession principally as a qualification for major power status.

3. Factors Limiting Peking's Capabilities.

a. Economic. China has had limited success in adhering to its political values while also mobilizing managerial skills and organizing the economy to meet domestic needs. Concern with the threat from both the Soviet Union and the US, and the increasing role of the military in Chinese political decision-making increase the urgency with which Peking will probably view its need for strategic and advanced weapons development. A heavy economic, scientific and managerial drain for defense purposes will increasingly conflict with

investment and resource allocations for general economic growth.

Mainland food production is barely adequate to meet the needs of China's growing population. Unpredictable factors such as the weather or the possible reintroduction of extremist policies similar to those adopted during the Great Leap Forward could bring China to the brink of economic disaster, thus forcing it to concentrate all its energies on the single problem of survival.

b. Political. Conflict between ideological abstraction and practical considerations has continuously hampered the decision-making process in Peking. Diplomatic inconsistencies and bungling, a product in part of ideological and power struggles at home, have reduced the effectiveness with which China is able to carry out both revolutionary and non-revolutionary activities abroad and have reduced the appeal of the PRC as a model for others. Maoist ideology, reinforced by a lack of exposure to the outside world, contributes also to myopia in Chinese assessments of conditions abroad (for example, the belief that US race problems are purely a manifestation of class struggle). This further weakens Peking's ability to influence external events but could lead to dangerous miscalculations.

c. Military. Notwithstanding the size of its land army, Peking's military orientation is primarily defensive in nature. Furthermore, since the Cultural Revolution, China's military manpower has been diverted extensively to tasks of domestic administration and maintenance of order. China's limited ability to provide financial or military assistance to other countries forces it to concentrate on aid to relatively few target countries, and it has provided important amounts of sophisticated military aid only to one country, Pakistan.

B. Taiwan1. As an issue in US-PRC relations.

a. The PRC Position. Peking has fixed on Taiwan as the primary issue blocking any improvement in US-PRC relations. Peking seeks the removal of the US military presence from the Strait area and Taiwan, as well as the termination of our defense commitment to the GRC. Beyond that, Peking also wants US acceptance of its claim that Taiwan is an internal matter which it must be free to resolve by whatever means necessary, including force.

b. The US Position. The US is committed by treaty only to the defense of Taiwan and the Pescadores, but the Joint Resolution of 1955 authorizes the President to employ US armed forces directly in the defense of the Off-shore Islands, if he considers this "required or appropriate in assuring the defense of Formosa and the Pescadores".

Taiwan occupies an important position in US strategic planning. Our forces on Taiwan are there to advise the GRC, assist in the defense of Taiwan, gather intelligence, support operations in Viet-Nam, and form part of our nuclear deterrent and strategic deployment capability.*

* Major US military units now on Taiwan include the Taiwan Defense Command, MAAG China, 3 tactical airlift squadrons (30 C130s), 1 tactical fighter detachment (4F4s), 1 airborne early warning detachment (3 EC121s), 1 air refuel squadron (19 KC135s), 1 strategic communications group and several intelligence, logistical and administrative support units. Total personnel strength is approximately 11,000 of whom about 2,000 are local nationals. The Taiwan Defense Command assumes operational control of combat elements as directed by CINCPAC and currently has 2 destroyer escorts under operational control.

The US has made no commitments to the GRC that would require its consent to a change in our relations with the PRC. Nevertheless our policy has created certain constraints on our actions toward the PRC as they affect GRC interests. It has been US policy:

- to give strong political support to the GRC and, at least until recently, to endorse publicly its claim to be the legal government of China.
- to assure the GRC that in discussions with the Chinese Communists we would not make any secret arrangements respecting disposition of Taiwan or of the rights and claims of the GRC.
- to recognize the authority of the GRC over Taiwan and the Pescadores, but to hold that sovereignty over these territories remains to be determined.

2. The GRC Position and Taiwanese Attitudes. For the GRC, insistence that it is the legal government of all of China, of which it claims Taiwan is a part, lies at the heart of the mainlander-dominated political structure on Taiwan and of the GRC view of its international position and prestige. The GRC is fully aware, however, that it cannot recover the mainland by force without US agreement and support, which the US has consistently withheld.

Taiwanese are both resentful of mainlander domination and unsympathetic to the present leadership of Communist China. Lacking any means for effective challenge of mainlander control, they rely on the passage of time to make possible an equitable share in political power. Most Taiwanese hope that Taiwan will remain separate from the mainland for the foreseeable future and they look primarily to the US to maintain this separation.

If it were in our interest, the US might be able, through political means, to block a political settlement between Peking and GRC leaders providing for the unification.

of Taiwan with the mainland. Armed US intervention in support of Taiwanese opposition to such a settlement, however, might not be politically feasible. Moreover, if the GRC invited PRC forces to land on the island, armed US intervention would involve the US in conflict with both GRC and PRC forces.

3. Attitudes of Other Countries. Among East Asian governments, the Republic of Korea, Viet-Nam and Thailand have given the most unqualified support to the GRC. Japan, the Philippines, Australia and New Zealand support the GRC politically, but rarely refer to its claim to be the legitimate government of China. The positions of other governments in East Asia have been shaped by their relations with and concern over the influence of Communist China. Insofar as possible, they have avoided taking positions on the Taiwan issue. Within the UN, a substantial number of governments oppose the expulsion of the GRC at the price of the PRC's admission. Most Western European countries, however, dismiss the GRC's claim to be the legitimate government of China as a pretense, and they see Taiwan chiefly as an unresolved issue between the US and Communist China which could become the flash-point of a major conflict. Although the GRC's claim to be the legal government of all China has lost credibility with the passage of time, the government on Taiwan has won increasing respect as a result of its maintaining economic growth and internal stability and its contribution to regional economic cooperation.

4. US Ability to Influence the GRC. While Chiang Kai-shek remains in effective control, the possibilities are virtually non-existent for obtaining GRC agreement to or acquiescence, much less cooperation, in any course of action which would detract from the GRC's claim to be the only rightful government of all of China. The GRC, however, probably will continue to accommodate to US policies and actions pointed toward acceptance of the fact of communist control of the mainland so long as the GRC is not obliged explicitly to acquiesce in the changes. This accommodation might increase with the passing of Chiang Kai-shek.

C. Relationship of North Viet-Nam and North Korea to Chinese Interests

North Viet-Nam and North Korea, while communist and in strong debt to Peking (as well as to the Soviet Union) for past assistance, pursue their own independent policies--in conflict with those of Communist China under certain circumstances. Nevertheless, Peking has a major national security interest in maintaining the continued existence of communist regimes in both countries and would almost certainly intervene militarily if there were a real threat of the overthrow of their governments by invasion, and, under some circumstances, even if there were threat of an internal coup.

D. Japan and the Soviet Union

The relationship among the US, Japan, China and the Soviet Union is shifting. The rupture of the Sino-Soviet alliance has resulted in the Soviet Union becoming, with the US, one of Peking's two principal antagonists. Japan has re-emerged as a major political factor in Asia and principal ally of the US, and with significant economic relations with the Soviet Union. Further changes in the four-power relationship are likely.

1. The Soviet Union. Peking and Moscow will probably remain the centers of two competitive concepts of Marxism-Leninism. Centuries-old national antagonisms and a long common border will make recurring tensions between them almost inevitable. The Soviets will continue to seek an expanded role in South and Southeast Asia, taking parallel action or even occasionally cooperating with the United States to limit Chinese influence.

2. Japan. Traditional cultural and economic contacts between Japan and mainland China, with both their attractions and antagonisms, exert a major influence on Sino-Japanese relations. In spite of Peking's hostile attitude toward the present Japanese leadership, pressures in Japan for closer economic and political relations with the mainland will continue. Japanese concern over a strong, unified and nuclear-armed China, and China's apprehension over a resurgent, technologically advanced Japan competing with

Peking for influence in Asia are continuing, long-term factors in their relationship.

Japan maintains diplomatic relations with the Republic of China and supports the GRC's position in the United Nations. Japan's long colonial relationship with Taiwan, however, has produced an interest in the island which probably goes beyond Tokyo's formal ties with the government in Taipei. This interest will be strengthened by strategic considerations as Okinawa moves toward reversion to Japan, thus bringing Japanese-controlled territory closer to Taiwan. The present Government of Japan probably would look with favor on a solution to the Taiwan problem that would leave the island independent of China and free to develop even closer economic ties with Japan. Japan's relationship with Taiwan is thus an obstacle to an improvement of its relations with Peking. If faced with the real prospect of PRC-Japanese diplomatic relations, however, Japan may opt for Peking, even at major expense to its ties with the GRC and Taiwan.

3. The Multilateral Relationship. China's leaders probably genuinely feel threatened by a US-USSR-Japan-India "encirclement". Their charges of US-Soviet "collusion" and Japan's alleged intention to re-establish the "greater East Asia co-prosperity sphere" are, in Chinese eyes, more than just propaganda. This siege mentality, however, probably makes Peking cautious in making decisions that might expose it to multiple military pressures along its borders.

Under the present Peking leadership there is probably little chance that China will alter significantly its rigid and defiant stance vis-a-vis the three other major powers in the area. But a second generation of Chinese leaders may see advantages in moving toward a reduction of tensions through the manipulation of China's relations with the other three powers in Asia, and might thus be amenable to at least limited rapprochement not only with Japan but with the Soviet Union and the United States as well. Under present circumstances, however, US efforts to exploit Sino-Soviet tensions to pressure the Soviets or entice Peking most probably would result in a worsening of relations between the US and either or both China and the Soviet Union.

E. US Policy as a Factor Influencing PRC and Third Country Attitudes

1. Impact on the PRC. The image of the world held by today's leaders in Peking is formed from China's broad historical experience with the West, from the leadership's personal revolutionary experience, and Mao Tse-tung's revolutionary-romantic concept of Marxism-Leninism. The result is a highly nationalistic, suspicious, and ideologically stereotyped picture which obviously is not uniformly perceived by all Chinese. Nevertheless, the US has limited ability to affect either these attitudes or the policies toward the US flowing from them.

The immediate post-Mao leadership is not likely to be less nationalistic or more experienced in dealing with the West. That leadership's ideological compulsions may be weakened, however, by practical considerations of domestic political control, by the need for economic development and the costs of military preparedness, by China's relations with third countries--particularly the Soviet Union and Japan--and by somewhat different generational perspectives.

US actions and policies which contradict Chinese stereotypes and expectations over time may well alter significantly the attitudes of future Chinese leaders toward the US, and even their attitude toward the Taiwan question. The possible emergence of a more pragmatic leadership on the mainland thus raises the question of the timing of US initiatives for maximum impact and advantage. US initiatives undertaken now can be seen either as a way of influencing the attitudes of a post-Mao leadership before it assumes power, or as a waste of potential "signals" or bargaining counters for the future.

Certain nationalistic elements will be common to any Chinese leadership. Extremely important among these are Peking's sense of encirclement engendered by the presence of US and Soviet strategic weapons around its periphery and a sensitivity to any action or policy implying less than equal status for China in the world community. Within the limitations imposed by US strategic requirements, these factors should receive important consideration in any course of action we adopt.

2. Impact on Third Countries. Geographic proximity to China is probably the most significant factor in determining the impact which US actions vis-a-vis the PRC will have on third countries. In Europe, United States moves toward detente with Peking are usually welcomed as an indication of a more realistic posture in Asia. Asian states, whether or not allied to the United States through mutual security arrangements, are alarmed by any signs they may interpret as a weakening US commitment to deter the threat they feel from Peking.

Almost inevitably, however, any improvement in Sino-US relations will eventually produce pressures in most countries on China's periphery for greater accommodation with Peking. Thailand, for example, might feel compelled for its own survival to move toward a neutralist position in Southeast Asia and toward the establishment of diplomatic relations with the PRC. Developments of this nature would not necessarily be hostile to US interests in the long run if they allowed for continuing US political and economic relations with these countries even though at a reduced level of intimacy.

F. UN Considerations

The question of Chinese representation in the UN has been important to the US primarily because of its effect on the status of the GRC and the Taiwan issue and, to a lesser degree, of the effect which Chinese Communist membership would have on the functioning of the UN. Since there is no prospect that both the GRC and PRC could be simultaneously represented in the UN in present circumstances, Communist China's admission would entail exclusion of the GRC from the Security Council, the General Assembly and, in all likelihood, the entire UN system.

1. Consequences of PRC Membership in UN. Admission of the PRC to the UN would have far-reaching consequences. In a positive sense, it would remove the anomaly, which is a matter of concern to many, of keeping a quarter of the world's population without direct representation in the UN. It would expose the Chinese Communists to a greater range of international problems and contacts, hopefully reducing the likelihood of miscalculations in

the formation of Peking's external policies. Ostensibly it would also remove one of the barriers to the PRC's participation in various disarmament and peacekeeping forums.

Nevertheless, the PRC's admission at the expense of the GRC and after years of US opposition would involve substantial costs in addition to increasing Peking's prestige and to some extent vindicating its policies. The most serious consequence would be in relation to Taiwan, since loss of UN membership would pose serious domestic policy problems for the GRC and result in a rapid erosion of its bilateral diplomatic relations. The latter result would not necessarily affect significantly the GRC's trade and other contacts with non-Communist governments, at least so long as the US maintained its defense commitment to, and political relations with, the GRC. However, Communist China's entry accompanied by the GRC's expulsion from the UN could strengthen active international support for, and would certainly lead to greater acquiescence in, the PRC's claim to sovereignty over Taiwan and its right to resolve this issue as an internal matter. Once the GRC were out of the UN, it is highly doubtful that the PRC would agree to provide representation for Taiwan on any basis.

Within the UN, Peking could be expected to take advantage of its opportunities to pursue disruptive policies consistent with its political aims and ideologies, thus adding a dimension to its contest with the US and the Soviet Union. Peking would have use of the veto in the Security Council, would occupy a position of influence throughout the UN system, would have access to many Secretariat positions around the world, and would bring one more source of difficulty in the area of UN financing.

2. Two Chinas. Although a two-Chinas arrangement would pose a different balance of advantages and disadvantages, Peking and Taipei have adopted positions effectively barring such a scheme. The PRC regards UN membership as an unquestionable right temporarily denied. Its strong objection to any two-Chinas concept reflects its anxiety to prevent any qualification of its asserted sovereignty over Taiwan and, presumably, confidence that the UN will ultimately be forced

~~SECRET~~

A-14

to accord Peking the right to exclusive representation of China.

For the GRC, and especially President Chiang, UN representation is inextricably bound up with the GRC's claimed status as the sole representative of China and even more basically with the rationale of the GRC structure on Taiwan. In fact, President Chiang would almost surely withdraw from the UN if convinced that the UN were at the point of actually adopting and implementing an arrangement compromising that status.

These positions are unlikely to change during the lifetime of the present senior leaders. Conversely, the death of either one will introduce a new possibility for change.

In any event, the General Assembly could not adopt two-Chinas proposals in present circumstances because the number of members anxious to preserve their bilateral relations with Peking or Taipei is sufficiently large to preclude the two-thirds majority which would be necessary. Without vigorous US support even a simple majority would be doubtful. In addition, the extreme positions of Taipei and Peking have made it impossible to experiment with dual representation arrangements in subsidiary UN organs and Specialized Agencies. The GRC has tolerated US willingness to include Communist China in disarmament, humanitarian, and outer space activities. The PRC, however, has so far refused to participate in any international activities in the presence of the GRC.

3. US Influence. US ability to influence Chinese representation is far more limited than generally assumed. The GRC is not amenable to US advice in this area and has the capacity to undermine US moves in the direction of dual representation. Changes in the Security Council's membership have reduced the protection the threat of a US veto may have afforded our past policy. Carefully qualified commitments by previous administrations, while highly

~~SECRET~~

important to the GRC, involve ambiguities* of UN procedure making it possible that we could not use or sustain a veto in the Council. Thus the threat of a veto would have little credibility unless others believed we were prepared to escalate into sweeping measures such as financial sanctions against the UN itself.

* If the challenges to the GRC were to arise as a "credentials" issue, the overwhelming opinion of the Council--friend and foe alike--would hold that the matter was procedural and not subject to the veto. Even if the challenge were cast in terms where we could convincingly argue that it was an important question of "representation", we could not be sure of enough support for application of the veto. In either case, we would need nine votes to sustain our argument and failing to obtain nine votes, we would have exhausted parliamentary recourse in the Council.

ANNEX B

MODES OF MILITARY DETERRENCE

THE ISSUE: What strategy of military deterrence should be adopted by the US in East Asia?

1. Present Policy

US military strategy in Asia provides for close-in containment of Communist China, North Viet-Nam and North Korea while assisting in the defense of non-Communist nations of the area. Our tactical and strategic nuclear capability is intended to deter overt PRC aggression in this situation.

In the event of a war with the PRC, we would defend as far forward as possible while conducting predominantly naval and air offensive operations against the enemy. This policy would require a military capability for assisting in the active defense of South Korea, South Viet-Nam, and Thailand, as well as a capability for offensive operations. To maintain this strategy, US forces in Asia would have to rely upon the prompt employment of nuclear weapons if those forces should be directly engaged with a PRC force of overwhelming superiority.

Alternatives

2. Close-in containment* or forward defense designed to deter any overt aggression or large-scale support of insurgency by the PRC would involve retention of forces both in Southeast Asia and Korea after the end of the Viet-Nam war; retention of bases or base rights in Japan, Okinawa, Taiwan, the Philippines and Thailand; maintenance of our forward deployment of strategic and tactical nuclear-capable forces, and possible extension of

* It is unlikely that this or either of the other strategies discussed below could be adopted in its pure form. Consideration of the arguments for and against them, however, can provide a basis for decision on the general approach to be taken in order to deter PRC aggression by military means. In each case it is assumed that there is no reduction in present US security commitmen

~~SECRET~~

treaty commitments to include Malaysia and Singapore.

Advantages

- Emphasizes to US allies and PRC that PRC aggression will be met with force.
- Places US forces in best posture to intervene in insurgent situations or to meet overt attack.
- Secures environment under which Asian allies could pursue domestic social and economic development without excessive drain on their resources for military purposes.

Disadvantages

- Requires highest dollar outflow of all alternatives.
- Reduces encouragement to Asian allies to develop defensive capabilities.
- Heightens risk of military involvement in situations US might otherwise choose to avoid.
- Reduces probability of rapprochement with PRC
- Deepens cleavages between US allies and non-allies.
- Involves, by retention of bases, potentially high political cost in terms of frictions with allies.
- Increases vulnerability of US forces to surprise attack.

3. Deterrence from an offshore islands posture would rely upon: US installations in and forces stationed on or moved through the Philippines, Taiwan, Japan and Okinawa; prepositioning of materiel on these islands for rapid deployment by strategic air and sea lift forces; joint maintenance of operational reception bases and logistic infrastructure on a standby basis in South Korea and Thailand; (b)(1)

(b)(1)

(b)(1) strengthening of allied mainland armed forces with increased US materiel, financial and advisory assistance. No US combat forces would be stationed on the mainland.

Advantages

- Reduces vulnerability of US forces to surprise attack.
- Increases US selectivity in military involvement in East Asia.
- Increases possibility of greater indigenous defense effort, especially in the field of internal security, if made clear that US efforts would be contingent upon a major contribution from them.
- Reduces US pressure on PRC, enhancing possibilities of Sino-US rapprochement.
- Reduces dollar outflow, thereby easing balance of payments problems.
- Reduces friction between US forces and citizens of host nations from which bases have been removed.

Disadvantages

- Increases time required for US forces to react to PRC overt or covert aggression.
- Reduces credibility to some allies of US commitment, partially undermining their confidence in US.
- Risks PRC misjudgment of US resolve and precipitation of of a crisis.
- Increases political problems with host governments in maintaining US bases.

4. Deterrence from bases in the Mid-West Pacific would rely heavily on strategic nuclear deterrence, deployment of naval forces, and on a sharp improvement in strategic mobility of US forces; would involve basing of most US forces in the Mariana and Palau Islands, and further east; maintenance of base access agreements, if possible, in Taiwan, Japan, Okinawa and the Philippines, but on a reduced scale; development of added facilities in Guam and new facilities in the Trust Territory of the Pacific Islands.

~~SECRET~~

B-4

Advantages

- Relaxes what PRC views as ring of US encircling bases threatening its security, opening possibility for major move by PRC to improve relations with US.
- Eliminates stationing of US forces in Asian countries.
- Effects large reduction in gold outflow, thus greatly easing balance of payments problems.

Disadvantages

- Might encourage PRC overt as well as covert aggression and also increase the risk of a direct US-PRC conflict.
- Reduces allied confidence in US commitments, perhaps resulting in loss of some allies, and increases likelihood that Asian states would seek accommodation with PRC in a way that might impair interests of US.
- Sharply increases time for US conventional forces to react to contingencies on mainland Asia, thereby increasing possibility that US options would be limited to either strategic nuclear response or avoidance of involvement.
- Requires new expenditures for base construction in TTPI, creates increased frictions with the local population and problems in the UN.

~~SECRET~~

ANNEX C

THE GRC AND TAIWAN

THE ISSUE: What should US policy be toward the international position of the GRC and in relation to Taiwan?

1. Present policy

Without challenging the GRC's claim to be the only legitimate government of China, the US is equivocal in endorsing that claim. In seeking to retain international recognition of the GRC on that basis, we give greater weight to the argument that other countries should maintain relations with the GRC at least as the de facto authority over the territory it now controls.

We seek to maintain access to Taiwan for military and intelligence purposes, not only to meet our treaty commitment but for other strategic purposes.

The US countenances small-scale intelligence raids but denies support to and opposes the GRC use of force against the mainland; provides support to the GRC armed forces for defensive purposes, but seeks a reduction in the size of its military establishment compatible with essential defensive requirements.

By our treaty commitment and military presence, we seek to deter the Chinese Communist use of armed force in the Strait area.

The US supports in principle a larger political role for Taiwanese, but refrains, because it would not be effective and would only irritate the GRC, from pressing the GRC on this matter. The US attempts to ameliorate the authoritarian tradition of central government practices.

We assist in sustaining the continued economic growth of Taiwan and encourage its increasing involvement in regional cooperation.

We seek to keep open the options of an independent Taiwan or its unification with the mainland, but take the position that this question should be resolved peacefully and in a manner consistent with the desires of the

~~SECRET~~

~~SECRET~~

C-2

people on Taiwan. The cumulative effect of our policy has been to strengthen the short- and long-term possibilities for the separate existence of Taiwan.

Alternatives*

2. Strengthened support for the GRC would involve returning to an explicit endorsement of the GRC's claim to be the only legitimate government of China and renewing our efforts to maintain international support for the GRC on that basis, making greater efforts to dissuade other governments from recognizing Peking.

We would increase military assistance to the GRC in order to strengthen its forces for possible use as a strategic reserve in East Asia, and we would encourage GRC military, as well as economic, cooperation with other governments in East Asia.

While continuing to oppose the use of force in the Strait area by either the GRC or the PRC, we would reaffirm our defense commitment by increasing US military presence on Taiwan and in the Strait.

The US would continue to take the position that the status of Taiwan is undetermined, but refrain from stipulating that a peaceful settlement of this issue should be consistent with the desires of the people on Taiwan.

Advantages

- Removes major areas of strain in US-GRC relations, and this, in combination with our increased military assistance, probably would strengthen our effective influence on GRC defense planning and efforts to encourage continued economic growth.
- Assures military access to Taiwan for strategic purposes and strengthens confidence throughout most of the East Asian region in the US determination and ability to meet the threat of Chinese Communist covert and overt aggression.

Disadvantages

- Heightens US-PRC tensions and virtually forecloses possibilities for improvement in relations.

* Alternatives relating to US military presence on Taiwan and to the Offshore Islands are considered in Tabs. D and E.

~~SECRET~~

- Leads other governments, including several in East Asia, to regard this as a shift to a more hostile policy toward Communist China, increasing the possibility of a major conflict.
- Does not help maintain international recognition for the GRC, which might be handicapped by the reluctance of other governments to be associated, even indirectly, with a hostile policy toward Peking.
- Strengthens Taiwanese impatience and discontent with their limited political role, increasing chances for political instability in a crisis situation.

3. Partial disengagement from support for the GRC would involve an attempt to open the possibility for broader official relations with Peking by taking the public position that we regard the GRC as exercising authority only over the territory it now controls and that we regard the PRC as exercising authority over the mainland; we would seek to maintain international recognition of the GRC on this basis.

We would press the GRC to reduce its military establishment to the level essential to fulfill the defensive role of GRC forces in our mutual defense plan, and we would gradually phase out grant MAP while preventing a rapid increase in FMS credit sales.

We would seek more actively to take advantage of limited opportunities available to encourage the GRC to accommodate gradually and more fully to the political aspirations of the Taiwanese.

Advantages

- Maintains the possibility for an independent Taiwan without foreclosing the alternative of unification with the mainland in accordance with the views of a majority of the people in Taiwan.
- Keeps our position more compatible with that of governments seeking to establish relations with Peking, and might increase our leverage in persuading them not to prejudice the ultimate resolution of the question of sovereignty over Taiwan.

- Insures pressure on and within the GRC to accommodate, both in domestic and international policies, to the practical realities of its position.

Disadvantages

- Causes Peking to react by viewing our position as an effort to separate Taiwan permanently from the mainland. At least temporarily, the possibilities for a significant improvement in US-PRC relations would be no better and might be worse.
- Seriously strains our relations with the GRC, reducing our influence on its domestic and international policies and makes more difficult, but does not preclude, continued defense cooperation.
- Weakens the key rationale of the GRC political structure and authority on Taiwan, with some increase in political instability.
- Increases the difficulty, within the UN, of preventing a challenge to the present position of the GRC as the only representative of China.
- Stimulates ROK concern that the shift in our position might foreshadow similar overtures to North Korea, and leads to an interpretation that we are weakening our stand on the question of divided countries.

4. Encourage a political settlement between the GRC and the PRC. Under this alternative we would take the public position that Taiwan is part of China.

We would make clear to both the GRC and the PRC that we intend to continue to maintain relations with the GRC as exercising authority over Taiwan until there is a political settlement of their dispute, including a determination of the status of Taiwan, whether as a province of China or an "autonomous" area.

Pending a political settlement, we would seek to retain international recognition of the GRC as the de facto authority over Taiwan, but without opposing recognition of Peking as the government of China.

We would maintain our commitment to the defense of Taiwan and the Pescadores, pending a political settlement, but would seek actively to persuade the GRC to reduce its military establishment to a level compatible with essential defense requirements. We would phase out grant MAP and hold FMS credit sales at approximately current levels.

Advantages

- Makes clear to Peking that we regard Taiwan as an issue between the GRC and the PRC.
- Might lead Peking--if not immediately, over the longer run--to cooperate on this basis in some improvement of relations and to agree to increase official contacts--although not to the establishment of diplomatic relations so long as Taiwan remains separate.
- Probably cause some governments to approve the US position as contributing to a relaxation of Sino-US tensions.

Disadvantages

- Stimulates the GRC and a majority of Taiwanese to react strongly against the US action, with the GRC charging a betrayal.
- Seriously undermines the GRC standing in the UN and probably rapidly erodes its bilateral relations.
- So long as Chiang and Mao remain in control, little chance exists that a political settlement would be seriously considered by either side. Even if Peking offered to negotiate, the authority of the GRC under a successor to Chiang probably would be substantially weakened, should it be tempted to respond, by disagreement among mainlanders and by Taiwanese opposition.

~~SECRET~~

C-6

- Undermines US support, if a political settlement does not materialize, for the continued separate existence of Taiwan by the US having recognized it as part of China and by the impaired authority of the GRC.
- Stimulates concern on the part of Japan, the Republic of Korea and the Philippines for the increased threat to their security posed either by the possibility of Chinese Communist control of Taiwan or by internal instability which could affect the US defense of the island.
- Might lead other governments to see the US as willing to "sacrifice an ally" for achieving a modus vivendi with Peking, a reaction which could undermine confidence in US purposes and policies in Asia.

5. Support for an independent Taiwan. We would take the position that Taiwan is not part of China and that the US would be opposed to any political settlement between the GRC and the PRC affecting the status of Taiwan which is clearly not consistent with the desires of the people of Taiwan.

We would make clear to both the GRC and PRC that we are prepared to maintain relations with both governments on a de facto basis, and we would seek to persuade third countries attempting to establish relations with Peking not to recognize its claim to sovereignty over Taiwan and to maintain relations with the government on Taiwan.

We would maintain our commitment to the defense of Taiwan and the Pescadores, but seek actively to persuade the GRC to reduce its military establishment to a level compatible with essential defensive requirements.

We would increase support for Taiwan's continued economic growth and encourage its active involvement in regional cooperation. We would press the GRC to devote greater resources to these objectives and provide concessional economic assistance for this purpose.

~~SECRET~~

We would press the GRC to permit a gradual change in the political structure on Taiwan to give the Taiwanese majority a greater voice in the central government.

Advantages

- Accords with the tendency of Japan, as well as a number of other countries, to take a "One China, one Taiwan" position.
- Provides a basis for a long-term although limited US military presence on Taiwan with the possibility of increased access on a contingency basis for strategic purposes.
- It would be supported by a majority of the Taiwanese people.

Disadvantages

- Provokes strong PRC opposition to such a position as a hostile act; its immediate reaction probably would foreclose all possibility, at least in the short run, for even limited improvement in our relations and a relaxation of tension.
- Also provokes strong GRC opposition, and the consequent strain in US-GRC relations would for some time seriously prejudice our ability to influence its domestic and foreign policies.
- Radically undermines rationale for US opposition to Peking's entry into the UN as the representative of China; we probably would be unable to persuade the GRC to remain on any other basis. Loss of UN membership could erode GRC bilateral relations with third countries.
- Weakens internal authority of the GRC as a result of disagreement within the leadership over its future course and of increased Taiwanese pressure for a basic change in the political structure. This circumstance might impair our ability to provide an effective defense.
- Has a complicating impact on the divided states issue generally.

ANNEX D

TAIWAN AS A US MILITARY BASE

THE ISSUE: At what level should a US military presence on Taiwan be maintained and should the US seek to establish permanent bases there?

1. Present Policy

Present policy ensures that access on a joint-use basis to GRC ground, air and seaport facilities, and that authority for transit (including passage rights and overflight privileges) are available to US forces when required for the defense of Taiwan and the Pescadores.

The US uses facilities on Taiwan for intelligence collection and as a part of our regional nuclear deterrent and strategic deployment, including, if necessary, as basing/staging areas for US ground, sea, and air forces to conduct military actions in East Asia.

Alternatives

2. Seek formal agreement with the GRC to permit the development of permanent US bases, as contrasted with current limited joint-use of GRC bases, on Taiwan for use in meeting our defense commitment to the GRC and for other strategic purposes.

Advantages

- Permits us to use Taiwan more readily as a substitute base for Okinawa or other existing offshore bases in the event these were denied to the US.
- Provides greater insurance that bases on Taiwan would be available for use in any contingency.
- Offers greater visibility and reassurance to some countries of US intent to deter overt and covert aggression.

~~SECRET~~

SECRET

D-2

- Might increase flexibility and speed in applying combat power in East Asia.
- Increases GRC confidence in the US determination to meet its commitment to the defense of Taiwan and the Pescadores; might increase willingness of the GRC to reduce the size of its forces.

Disadvantages

- Results in the PRC interpreting such an agreement as a hardening of the US position on the Taiwan issue, as further confirmation that the US policy is one of "encirclement" and that the US presence on Taiwan represents a potential threat to its security.
- Might lead other countries to regard this as an unwelcome hardening of US attitudes toward the PRC.
- Reduces US flexibility in determining policy toward Taiwan because of our increased dependence upon Taiwan in military operations and strategic planning.
- Lowers the threshold of US involvement.
- Increases vulnerability of US forces to preemptive strikes by the PRC.
- Increases gold outflow, required for base construction.

3. Increase the use of bases and facilities on the present joint-use basis. This would include nuclear-powered warship visits, additional familiarization and training flights and intermittent rotation of high performance aircraft, and maintenance of a presence at Ching Chuan Kang (CCK) on a forward operating base status following the end of hostilities in Viet-Nam.

Advantages

- Increases flexibility in the deployment of air and naval forces in the Western Pacific either for close-in containment or an offshore defense strategy.

SECRET

- Reassures the GRC of US willingness and ability to meet its defense commitments.

Disadvantages

- Heightens PRC sensitivity to the US military presence on Taiwan, with the PRC concluding that this move shows a hardening of the US posture.
- Increases US vulnerability, due to the nature of such arrangements, to GRC political pressures, especially in the absence of a formal agreement permitting the US to locate forces within the Mutual Defense Treaty area for purposes other than the defense of Taiwan and the Pescadores.

4. Reduce US military presence on Taiwan following the end of hostilities in Viet-Nam, including the phase-out of currently utilized GRC facilities, to a level limited to requirements to meet our defense commitment to the GRC.

Advantages

- Improves the atmosphere of US-PRC relations by indicating that US force buildup on Taiwan is related to the Viet-Nam war and does not signify US hostility toward the PRC.
- Decreases vulnerability of US forces to a PRC surprise attack.
- Reduces gold outflow.

Disadvantages

- Lengthens time required for US forces to react to PRC aggression.
- Incurs a risk that the PRC will misjudge US resolve and provoke a crisis in the Strait area.
- Denies Taiwan bases to the US for use as part of our regional nuclear deterrent and in meeting strategic requirements elsewhere.

- Reduces, to some extent, GRC confidence in the US determination and ability to meet its defense commitment, and leads to increased GRC efforts to strengthen its military forces and achieve "self-sufficiency."

5. Completely withdraw the US military presence from Taiwan and the Strait area, contingent upon PRC willingness to agree to a mutual renunciation of force in the Strait area, while maintaining our defense commitment to Taiwan and the Pescadores but retaining only a small liaison group on Taiwan.

Advantages

- Offers possibility that the PRC might be persuaded on this basis to set aside the Taiwan issue as an obstacle to an improvement in US-PRC relations.
- Decreases vulnerability of US forces to PRC surprise attack.
- Reduces risk of conflict in the Taiwan Strait area.

Disadvantages

- Does not affect the capabilities of the PRC, which might resort to the use of force despite its assurances.
- Impairs, by the loss of pre-positioned facilities, US ability to react quickly to a threat to Taiwan or elsewhere.
- Severely shakes GRC confidence in the US defense commitment, with possible adverse effects on domestic political stability.
- Might lead other East Asian governments to which we have defense commitments to interpret this development as presaging a shift to a strategy of deterrence from bases in the Mid-West Pacific.
- Degrades combat readiness of GRC forces, particularly in administration and logistics support; impairs US-GRC joint defense planning and operations, as well as intelligence collection against PRC.

ANNEX E

OFFSHORE ISLANDS

THE ISSUE: Should we maintain our present policy of providing material and logistic assistance to the GRC in the event of an armed attack against the Offshores, retaining the option provided by the Presidential Message* and by the Joint Congressional Resolution of 1955 to employ US armed forces directly in their defense if the President considers this "required or appropriate in assuring the defense of Formosa and the Pescadores" ?

1. Present Policy**

We have no commitment to defend the Offshore Islands.

* In requesting Congressional authority for this action, the President stated: "I do not suggest that the United States enlarge its defensive operations beyond Formosa and the Pescadores as provided by the Treaty now awaiting ratification. But, unhappily, the danger of armed attack directed against that area compels us to take into account closely related localities and actions which, under current conditions, might determine the failure or the success of such an attack. The authority that may be accorded by the Congress would be used only in situations which are recognizable as parts of, or definite preliminaries to, an attack against the main positions of Formosa and the Pescadores..."

** The GRC continues to hold the major Offshore Island groups of Quemoy and Matsu with approximately 80,000 of its best combat-ready forces. Chiang Kai-shek attaches great political significance to the retention of these islands, with a civilian population of approximately 70,000 people, and has been unwilling to reduce significantly the size of the GRC garrison. At least so long as Chiang Kai-shek remains in control, there is no possibility that the GRC can be persuaded or forced to withdraw from the Offshore Islands in advance of a PRC attack.

The islands are militarily useful, but not essential, to the defense of Taiwan and the Pescadores. Their loss to Chinese Communist attack could involve heavy military losses for the GRC, as well as the Chinese Communists, and would be a serious, but not fatal, blow to GRC authority on Taiwan.

SECRET

Since 1958, the Chinese Communists have not made any serious threat to attack the GRC-held Offshore Islands. The current estimate is that a major Chinese Communist assault against the islands is unlikely. Communist China has the capability, however, to establish, with little or no warning, an effective air, naval and artillery blockade of the Offshores if no US support is committed. If the Chinese Communists should gain air superiority, combined with bombardment and an effective naval blockade, the GRC probably could not maintain a defense posture for longer than 30-60 days, even if US logistic and materiel support were delivered to within three miles of the islands, as was done in 1958.

The primary Chinese Communist objective in mounting such a threat against the Offshore Islands would be to weaken the GRC internally, strain the US-GRC alliance and place the US in a difficult position internationally.

US participation in the defense of Quemoy and Matsu will be limited to materiel and logistic assistance to the GRC unless and until the authority to assist directly with combat forces is given by the President.

The Presidential determination to assist directly or not to assist with combat forces in the defense of the Offshore Islands would be made after they were brought under attack and within the terms of the 1955 Joint Resolution.

We have carefully refrained from any clarification of our intentions with respect to the Offshores publicly or privately, either to the GRC or to the PRC.

We have encouraged but, in recent years, have not pressed the GRC to reduce its forces on the Offshores. Since 1955 we have not attempted to persuade the GRC to evacuate these islands.

Advantages

- Permits flexibility of response in the event of an armed attack against the Offshores.

- Deters Communist China from launching a major attack, since this might lead to a direct conflict with the US, which Peking wishes to avoid.
- Avoids placing a strain on US-GRC relations by not foreclosing the possibility of US direct involvement in the defense of the Offshores and by not pressing the GRC to reduce its forces or evacuate the islands.

Disadvantages

- Provision of materiel and logistic assistance to the GRC defense and the option of intervening directly with combat forces assume the risks of confrontation or conflict with Communist China. The islands are not sufficiently important to the defense of Taiwan and the Pescadores or to US strategic needs to justify assuming these risks. Similarly, the political consequences for the US and the GRC that might follow from a GRC defeat would not be sufficiently severe to justify assuming these risks.
- [The JCS believes: Provision of materiel and logistic assistance to the GRC defense and the option of intervening directly with combat forces would involve limited risks of confrontation and only the remote possibility of conflict with the PRC. In view of the importance of the islands militarily, politically and psychologically, this risk appears to be acceptable.]
- Under these circumstances, enables Communist China, by measures short of a major assault, to apply pressure on US-GRC relations and to place the US in a difficult position internationally.

Alternatives

2. State publicly and in advance of a crisis that the US will assist in the defense of the Offshore Islands, in-

cluding the use of combat forces directly if necessary. Make clear publicly that we would not come to the defense of the Offshores in a situation provoked by a GRC attack against the mainland.

Advantages

- Reduces the risk of the PRC's provoking a crisis involving the Offshore Islands.
- Improves relations with the GRC.

Disadvantages

- Strengthens PRC suspicions that the US may threaten its security and reduces substantially any possibility of negotiations on other issues.
- By committing the US, reduces US flexibility of response.
- Leads many governments to disapprove this action as a hardening of the US position toward the PRC and as possibly increasing tensions.

3. Maintain our present policy with respect to US participation in the defense of the Offshores, but clarify our intentions by cautioning the GRC privately that the US is less likely than in 1958 to provide either materiel and logistic assistance or to intervene directly in the defense of the Islands.

Advantages

- Gives the GRC official and advance notice of possible limitations on our willingness to assist in the defense of the Offshores, reducing the chances of GRC miscalculation in the event of a crisis.
- In the event of a crisis, might lead the GRC to be more cautious in committing itself at an early stage to a last ditch stand, having been prepared psychologically for the possible need to withdraw if US support

~~SECRET~~

E-5

is not forthcoming.

- Somewhat improves our ability to avoid becoming involved.

Disadvantages

- Places some strain on US-GRC relations.
- Should the US warning become known to the PRC, might lead the PRC to create tension in the area for the purpose of testing US intentions and straining US-GRC relations.
- Does not resolve the basic policy problem since the GRC would not significantly reduce its forces, much less abandon the islands, and might increase its commitment of supplies and forces to the islands.

4. Inform the GRC privately and in advance of a crisis that the US will not provide material and logistic support in the defense of the Offshores forward of Taiwan and the Pescadores and that the US will not commit combat forces directly to prevent the loss of the Offshores.

Advantages

- Reduces the risks of confrontation or conflict with Communist China in the event of an Offshore Island crisis provoked by either the Chinese Communists or the GRC.
- Might lead the GRC to consider some reduction of its forces on the islands, although the GRC would not evacuate them in advance of a Chinese Communist attack.
- Might increase GRC willingness to withdraw in the event of a protracted bombardment and air/naval blockade and before its defense posture had seriously deteriorated.

~~SECRET~~

Disadvantages

- Eliminates the flexibility of response which we now have.
- Places a serious strain on US-GRC relations, although the GRC reaction would be limited by its continued reliance on the US for the defense of Taiwan and the Pescadores.
- Might lead the GRC to decide to increase its forces sharply on the Offshores in advance of a crisis.
- Might strongly tempt the PRC, if it learns of the US decision, to launch an attack for the purpose of seizing the islands and weakening the GRC internally, straining US-GRC relations and giving the appearance of having successfully challenged the US.*
- US failure to assist in the defense against an attack or to prevent the loss of the Offshores might create doubt as to US intentions to resist Chinese Communist aggression, particularly among those governments in East Asia which assume that the US would support the GRC despite the absence of a formal commitment to defend the Offshores.
- / The JCS believes: PRC success in taking the Offshores might encourage them to embark on adventures elsewhere, thus increasing the risk of direct US involvement. -/

* If the PRC should launch an attack, the GRC would sustain heavy losses, reducing its capabilities to contribute to the defense of Taiwan and the Pescadores. This would require substantial increase in US military assistance and, until GRC forces were reconstituted, a compensating deployment of US air and naval forces to the area.

5. Similar to (4) but with a public announcement of our position, after informing the GRC.

Advantages

- Same as in (4), but places the GRC under greater domestic and international pressures to reduce its forces, and even to withdraw. In addition, some governments probably would approve this action as reducing the possibility of a major Sino-US conflict over the Offshores.
- Minimizes the shock effect on some countries of a US failure to support the GRC in a crisis.

Disadvantages

- Loses the flexibility of response which we now have.
- Places a serious strain on US-GRC relations, within the limitations noted in (4), while bringing about a campaign of political pressures, on Taiwan and in the US, to attempt to force a reversal of our policy.
- Might lead the GRC to decide to increase sharply its forces on the Offshores in advance of a crisis.
- Increases the chances of a Chinese Communist probe to test US intentions. Assured that the US would not intervene, Communist China probably would step up military pressure to seize the islands in the hope of weakening the GRC internally.*
- Might lead some other governments, including the PRC, to misinterpret the US decision as presaging a shift in policy in the direction of a "one China, one Taiwan" position. Our efforts to improve relations with the PRC would not be improved and the international position of the GRC might be adversely affected.

* See footnote on page E-6

~~SECRET~~

E-8

-- [The JCS believes: PRC success in taking the Off-shores might encourage the Chinese Communists to embark on adventures elsewhere, thus increasing the risk of direct US involvement.]

ANNEX F

DIPLOMATIC CONTACT AND RELATIONS WITH THE PRC

THE ISSUE: At what level should diplomatic contact and relations be maintained with the PRC?

1. Present Policy

The US has no formal diplomatic or consular relations with the PRC. Our only official contact at present is through the Ambassadorial-level meetings held in Warsaw. These have now been in suspense since January 1968. Between meetings, however, ad hoc communication is maintained between our respective Embassies in Warsaw. We wish to revive the Ambassadorial-level meetings on a regular basis as soon as possible.

American officials abroad are authorized to participate in social activities with Chinese officials wherever this can be done without attracting undue attention. Chinese diplomats, however, are explicitly enjoined from any contact with Americans outside of Warsaw.

Alternatives

2. Await Peking initiative to renew or expand diplomatic contacts and conversations, with US response keyed to some indication of change in Peking's position.

Advantages

- Avoids image of US weakness in appearing to pursue the Chinese despite repeated rebuffs.
- Is consistent with the fact that unyielding Chinese attitudes during the past years of discussions and at present indicate little likelihood of progress in resolving key issues unless Chinese first change their own posture.
- Reassures the GRC and some other Asian countries which believe the US should take a harder line toward the PRC.
- Reassures Soviets that US is not developing Sino-US entente against the USSR.

~~SECRET~~

~~SECRET~~

Disadvantages

- Leaves the initiative all in Chinese hands, forces the US to take a passive "waiting" position and poses the prospect of continuing stalemate.
- If and when Peking does propose a new meeting, leads to greatly increased domestic and international pressure on the US to take some major new move to be "responsive" to a supposed new Chinese "conciliatory" posture.
- Suggests to Chinese Communist leaders that the present US administration is less interested in diplomatic contacts than previous administrations and re-enforces the position of those in Peking who wish to avoid change in relations with the US.
- Strengthens domestic and foreign criticism of continued US "isolation" of Peking.

3. Offer to increase frequency of talks with the Chinese in order to probe any PRC interest in developing new approaches for dealing with outstanding issues. Attempt to open up new points of diplomatic contact including ad hoc working level official or unofficial missions to Peking for special purposes.

Advantages

- Strengthens credibility of continuing US interest in improving relations with Peking and resolving outstanding issues.
- Provides opportunity for the US to take the initiative in making proposals which we consider in our interest and directly to probe ChiCom attitudes and positions on current issues.
- Offers possible openings for Peking leaders to undertake or respond to initiatives which otherwise might not be presented to them.
- Provides an opening to indicate US acceptance of Peking's de facto position on the mainland and to upgrade relations with the PRC.

~~SECRET~~

~~SECRET~~

- Provides, particularly if special missions to Peking are accepted by the PRC, a wider opportunity to meet with PRC officials and to probe informally Chinese attitudes toward the US.
- Indicates US intention to negotiate with and deal with the PRC as actively as with the Soviets.

Disadvantages

- Increases uncertainty among some Asian countries as to whether the US is considering a major change in its China policy and risks a possible decline in confidence in US commitments. Belief that US policy toward the status of Peking might be undergoing change could weaken international support for the GRC.
- Provokes strong GRC opposition, particularly to any proposal for special US missions to Peking and, whether or not Peking accepts the proposal, the GRC would interpret it as foreshadowing a major change in US policy adverse to its interests.
- Is very unlikely, under present circumstances, to elicit favorable Peking response. US initiatives might be interpreted by some Peking leaders as an indication that the US was under increasing domestic and foreign pressure to make concessions, leading Peking to harden its determination not to change its present policies.

4. Propose to raise diplomatic contacts to a higher level, including a Foreign Ministerial meeting after prior preparation at the Ambassadorial level, and to open up channels for exchanges of visits by special high-level representatives.

Advantages

- Might encourage Peking, whether or not it immediately accepts the proposal, to undertake a major reassessment of Sino-US relations on the basis that the proposal, which implicitly acknowledges major international status for the PRC, represents an important change in the US position.

~~SECRET~~

~~SECRET~~

- Provides greater intelligence access to mainland China.
- Provides means of encouraging Sino-US trade.
- PRC acceptance of this proposal without requiring the US to abandon its defense commitments to Taiwan would symbolize a fundamental change in PRC policy and open new avenues for resolving the Taiwan question.

Disadvantages

- Erodes international support for the GRC in the UN and erodes the GRC's bilateral relations with third countries.
- Elicits strong GRC and ROK hostility.
- Is likely to precipitate rapid moves by other US allies in Asia to improve relations with the PRC, leading to pressure for removal of US military facilities and, possibly, to reconsideration of alliance relationships with the US.
- In this case, leads to the loss of a number of facilities and of ability to react rapidly to possible future aggression in the area.
- If development occurs during a period of sharp Sino-Soviet tension, stimulates major reassessment by the USSR of Soviet policies toward both the US and the PRC with possible deterioration in US-USSR relations.

SECRET

ANNEX G

CHINA AND THE UN

THE ISSUE: What policy should the US adopt on Chinese representation in the UN?

1. Present Policy

We oppose vigorously all efforts which would have the effect of substituting the PRC for the GRC in the Security Council, General Assembly, other UN bodies or the Specialized Agencies. We have also refrained from any extensive effort to dispel of widespread assumption that the US opposes any form of PRC membership in the UN at this time, but we have, nevertheless, overridden strong GRC objections to vote but not work for proposals for a study committee which in theory might propose a form of dual representation.

Given the voting structure of the General Assembly, we have no assurance that our present policy or any of the possible options will succeed in preserving a position for the GRC in the UN. Our current policy avoids the potential threat which PRC participation would pose to the UN's capacity to function and holds open the door for an eventual PRC and GRC acceptance of some form of dual representation.

Alternatives

2. Make emphatically clear that the US objects to any form of UN membership for the PRC until it changes its policies. Hold to this position as long as possible and accept defeat rather than adopt a position which would risk GRC withdrawal.

Advantages

- Maintains best possible rapport with the GRC on this issue and appeals to many anti-Communist Asian states.
- Minimizes the basis for GRC criticism of the US if and when Peking is admitted at the expense of Taipei.
- Continues to avoid the adverse effects that PRC membership would have on the functioning of the UN.

~~SECRET~~

Disadvantages

- Appears even more anti-PRC than US policy of the past few years.
- Jeopardizes support for the GRC in the General Assembly from those countries favoring the admission of the PRC but opposing the GRC's expulsion.

3. Continue present policy until such time as this approach appears to be in serious jeopardy and only then acquiesce in an implicit two-Chinas tactic whereby the Assembly would register willingness in principle to admit the PRC without questioning continued GRC participation.

Advantages

- Might conceivably be accepted by the GRC so long as the Assembly refrains from action to meet the PRC's terms, and would thus avert PRC admission at the expense of the GRC.
- Might help to sustain support in the Assembly against proposals for simple substitution of the PRC for the GRC.

Disadvantages

- Risks a GRC withdrawal from the UN or some GRC gesture having the same ultimate effect.
- Is not adequate to stabilize the situation for long in either the General Assembly or Security Council.

4. While continuing to oppose simple substitution of the PRC for the GRC, indicate a willingness to acquiesce in an explicit proposal for dual representation, with the PRC rather than the GRC as the logical contender for China's seat in the Security Council.

Advantages

- Appeals to many as accommodating our UN policy to the reality of our bilateral relations.

- Helps sustain support in the Assembly for continued efforts to block simple substitution of the PRC for the GRC, thus assisting efforts to keep the door open for some separate status for Taiwan in the future.

Disadvantages

- Almost surely jeopardizes, while Chiang Kai-shek lives, continued GRC participation in the UN, thus bringing on the very result it is designed to avoid.
- Represents, in the PRC's views, not a conciliatory US gesture but rather an attempt to formalize the separation of Taiwan from the mainland.

5. Acquiesce in the PRC taking China's seat in the Security Council as well as the General Assembly, if possible with a provision for some form of representation for Taiwan in the General Assembly but not making this a condition.

Advantages

- Appears to the PRC and other countries as a major change in US-China policy.
- In leading to PRC entry into the UN, probably also opens the way for PRC participation in other multi-lateral activities.
- Might lead, in conjunction with other efforts, to improvement in US-PRC relations.
- Removes "Chinese representation" as a source of UN controversy.

Disadvantages

- Causes a major crisis in US-GRC relations, including charges of violating commitments, with effects on other friendly states in Asia.
- Might eliminate the prospect of ever achieving any form of representation for Taiwan in the UN system.

~~SECRET~~

G-4

- Might result in attempts by PRC to push for UN action to confirm its sovereignty over Taiwan.
- Gives the PRC a veto in the Security Council and offers other opportunities to frustrate the functioning of the UN.

~~SECRET~~

ANNEX H

TRADE

THE ISSUE: What should be US trade policy toward the PRC?

1. Present Policy

Current executive regulations in effect since the Korean War prohibit not only the direct sale or transfer of goods between the United States and China, but also forbid transactions involving foreign organizations or individuals designated by the Treasury Department as representing Chinese Communist interests. These restrictions also regulate financial transactions with Communist China on the part of foreign subsidiaries of American firms.

Since 1961 we have on separate occasions indicated our willingness to sell grain and certain pharmaceuticals to Peking on humanitarian grounds. Although in the mid-1950s Peking demanded an end to the US trade embargo, Chinese officials have on several occasions in more recent years denied any interest in commercial relations with the US.

Alternatives*

2. Gradual removal of restrictions on trade including third country controls.

Selective removal of those controls which are least effective and pose the greatest foreign policy problems might include:

Controls on foreign subsidiaries, eliminating the extraterritorial aspects of our trade regulations while continuing to prevent direct US-PRC trade and Peking's access to US dollars;

Bunkering restrictions, enabling US oil companies to compete for bunkering of ships and aircraft which are now proscribed under the regulations;

* No alternative representing Intensified Deterrence and Isolation is offered in this section because such an alternative is not practicable, especially since the US does not have the ability effectively to extend third country embargoes on trade with China.

~~SECRET~~

Liberalization of US tourist purchases, relaxing present requirements prohibiting purchases of Chinese manufactured goods to permit American tourists abroad to purchase Chinese goods in limited quantity;

Selective reduction of controlled items, permitting a more liberal licensing policy for specific items such as food grains, agricultural machinery, pharmaceuticals and chemical fertilizer, perhaps linked with a similar liberalization of import licensing for certain mainland goods which would allow for a gradual development of trade, balancing imports and exports.

Advantages:

- Removes the irritant which extraterritorial aspects of our present trade controls represent in our relations with allied countries, particularly those, like Canada, where US investment is heavy.
- Might lead to Chinese trade with US subsidiaries abroad.
- Indicates US desire for increased contacts and a reduction in tensions with PRC and holds open the door for more extensive relaxation of controls in the event of a positive Chinese response.
- Softens the impact on the GRC of a change in policy.
- Liberalization of restrictions on tourist purchases eliminates or substantially reduces an irritant to American citizens travelling abroad and simplifies a cumbersome and expensive administrative procedure.

Disadvantages:

- Reduces the political impact on the Chinese Communist leadership that might be achieved by the elimination of restrictions in one step. China remains subject to special controls not applied to other governments. The remaining controls have little effect once the over-all structure of the embargo is weakened, and enforcement becomes progressively more difficult.

3. Remove all controls but those on strategic goods. Under this alternative, we would permit American commercial interests to engage in non-strategic import and export trade with China, enter into financial transactions involving US dollar instruments, and ship goods to and from China in US flag vessels. Removal of foreign assets controls would be limited to current transactions, leaving blocked those funds now held pending an over-all settlement of outstanding claims by our two governments.

Advantages:

- Permits US firms and foreign subsidiaries to compete with European, Japanese and other suppliers for sales in non-strategic goods to Communist China and to those agencies outside China which represent Chinese interests.
- Removes a specific "anti-Chinese" aspect of US policy and represents a unilateral US move widely recognized as symbolizing heightened US interest in increased contacts and a reduction in tensions with the PRC.

Disadvantages:

- Does not necessarily lead to Sino-US trade or to increased contacts.
- If it leads to trade, enables PRC to earn badly needed foreign exchange.
- If interpreted as a major conciliatory gesture toward Peking, might weaken support by some other countries for US positions on Chinese representation in the UN and on controls on strategic goods.
- Represents, in GRC eyes, a change in US China policy, which it would oppose.



Department of State

5
TELEGRAM

~~SECRET~~ 784

PAGE 01 STATE 120389

87

ORIGIN SS 70

INFO OCT 01, SSO 00, NSCE 00, USIE 00, CIAE 00, /071 R

66645

DRAFTED BY IEA/ROC TPSHOESMITH
APPROVED BY IEA MARSHALL GREEN
EA/ACA MR THAYER
EA AMBASSADOR BROWN
EA MR BARNETT
TREASURY MR JURICH (INFORMED)
U M ABRAMOWITZ
S/S MR WALSH
SCA MISS WATSON

DEPT. DECLASSIFICATION REVIEW
☐ Retain Class'n ☐ Change to _____
☐ Declassify in part and excise as shown
CO 12958, 25X() () ()
☒ Declassify ☐ After _____
☐ With concurrence _____ (not obtained)
IPS by [Signature] Date 4/14/05

0 192041Z JUL 69 ZFF4
FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI IMMEDIATE
AMEMBASSY TOKYO
AMEMBASSY SEOUL
AMEMBASSY SAIGON
AMEMBASSY CANBERRA
AMEMBASSY LONDON
AMCONSUL HONG KONG

644983

~~SECRET~~ STATE 120389

LINDIS

SUBJECT: CHANGES IN RESTRICTIONS RELATING TO COMMUNIST CHINA

1. PRESIDENT HAS APPROVED MODIFICATION OF FAC REGULATIONS ON TOURIST PURCHASES OF COMMUNIST CHINESE GOODS AND HAS APPROVED PARTIAL REMOVAL OF RESTRICTIONS ON TRAVEL TO MAINLAND CHINA. ANNOUNCEMENT WILL BE MADE JULY 21; PROPOSED TEXT WILL FOLLOW. YOU REQUESTED INFORM HOST GOVERNMENTS AT APPROPRIATE LEVEL, KEEPING IN MIND OUR INTENTION TO GIVE THIS ACTION LOW-KEY, ROUTINE TREATMENT, AND DRAWING ON FOLLOWING PARAGRAPHS.

2. CHANGES APPROVED BY PRESIDENT ARE AS FOLLOWS:

~~SECRET~~
71



Department of State

TELEGRAM

~~SECRET~~

PAGE 02 STATE 123389

(A) MODIFICATION OF FAC REGULATIONS TO PERMIT AMERICANS TRAVELLING OR RESIDENT ABROAD TO PURCHASE CHINESE-TYPE GOODS IN LIMITED QUANTITIES FOR NON-COMMERCIAL IMPORT INTO US. AMOUNT WOULD BE LIMITED TO DOLS 100 PER MONTH. IT WOULD NOT PERMIT IMPORTS BY PERSONS IN US. FIGURE OF DOLS 100 PER MONTH IS SAME AS VALUE OF GOODS AMERICAN TOURISTS AND RESIDENTS ABROAD ARE ALLOWED TO IMPORT WITHOUT DUTY IN ANY MONTH.

(B) PROVISION OF BLANKET AUTHORIZATION TO VALIDATE, FOR TRAVEL TO MAINLAND CHINA, PASSPORTS OF CONGRESSMEN, MEMBERS OF TEACHING PROFESSION, SCHOLARS WITH POST-GRADUATE DEGREES AND STUDENTS CURRENTLY ENROLLED IN COLLEGES AND UNIVERSITIES, SCIENTISTS AND MEDICAL DOCTORS AND AMERICAN RED CROSS REPRESENTATIVES. OTHERWISE, RESTRICTIONS ON TRAVEL TO MAINLAND CHINA, NORTH KOREA, NORTH VIET-NAM AND CUBA, RENEWED ON MARCH 15 FOR A PERIOD OF SIX MONTHS, REMAIN IN EFFECT.

FOR FURTHER BACKGROUND DETAILS, YOU MAY DRAW AS NECESSARY ON GUIDANCE PREPARED FOR DEPARTMENT SPOKESMAN BEING SENT SEPTEL.

3. IN EXPLAINING SIGNIFICANCE OF THESE CHANGES, EMBASSY SHOULD POINT OUT THAT FAC REGULATIONS ON TOURIST PURCHASES OF CHINESE-TYPE GOODS HAVE BEEN LONG-STANDING SOURCE OF IRRITATION TO AMERICAN CITIZENS, WHO OFTEN FOUND THAT THEY HAD VIOLATED ACCIDENTALLY FAC REGULATIONS BY PURCHASING CHINESE COMMUNIST GOODS. MOREOVER, PRACTICAL EFFECT OF THESE REGULATIONS HAS DIMINISHED STEADILY AS SUCH GOODS HAVE BECOME INCREASINGLY AVAILABLE TO AMERICAN TOURISTS AND RESIDENTS IN MANY PARTS OF WORLD, A CIRCUMSTANCE WHICH HAS GREATLY INCREASED DIFFICULTIES OF ENFORCING REGULATIONS. WE REGARD THIS MODIFICATION OF FAC REGULATIONS, THEREFORE, AS ESSENTIALLY AN ADMINISTRATIVE MEASURE REMOVING WHAT HAS BEEN FOR MANY AMERICANS AN ANNOYING AND LITTLE-UNDERSTOOD CONSTRAINT UPON THEIR FREEDOM TO PURCHASE ABROAD ITEMS OF NOMINAL VALUE FOR THEIR PERSONAL USE.

4. PARTIAL REMOVAL OF TRAVEL RESTRICTIONS IS CONSISTENT WITH OUR PREVIOUS EXPRESSIONS OF WILLINGNESS TO FACILITATE AN EXCHANGE OF PERSONS WITH COMMUNIST CHINA WHICH WE HOPE WOULD CONTRIBUTE TO GROWTH OF BETTER UNDERSTANDING ON BOTH SIDES.

~~SECRET~~



Department of State

TELEGRAM

~~SECRET~~

PAGE 03 STATE 120389

IN RECENT YEARS, WE HAVE VALIDATED INDIVIDUALLY MORE THAN 300 PASSPORTS FOR JOURNALISTS, SCHOLARS, DOCTORS AND OTHERS HAVING A REASONABLE PURPOSE IN WISHING TO TRAVEL TO COMMUNIST CHINA BUT, WITH FEW EXCEPTIONS, PEKING HAS REFUSED ENTRY TO ALL US CITIZENS. IT IS UNLIKELY THAT OUR ACTION WILL BE MET BY AN CHANGE IN COMMUNIST CHINA'S UNWILLINGNESS TO GRANT VISAS TO AMERICAN CITIZENS. NONETHELESS, IT WILL SERVE TO UNDERSCORE THAT IT IS COMMUNIST CHINA'S HOSTILITY TOWARD US AND NOT OUR POLICIES WHICH OBSTRUCT DEVELOPMENT OF PEACEFUL CONTACTS. IN THIS RESPECT, WE BELIEVE THAT CONTRAST THUS PRESENTED BETWEEN PEKING'S POSTURE AND THAT OF US WILL SERVE TO REDUCE SOME OF DISTORTION AND PUBLIC CRITICISM OF OUR POLICY TOWARD COMMUNIST CHINA.

5. YOU SHOULD MAKE CLEAR TO HOST GOVERNMENTS THAT THESE ACTIONS INVOLVE NO CHANGE IN OUR SUPPORT FOR THE REPUBLIC OF CHINA.

6. YOU SHOULD NOTE TO HOST GOVERNMENTS THAT WE ALSO INFORMING GOVERNMENTS OF OTHER ADDRESSEE POSTS.

7. FOR TAIPEI: IN VIEW LIMITED NATURE THIS ACTION AND OUR DESIRE TO DISCOURAGE GRC AS MUCH AS POSSIBLE FROM OVER-REACTING, WE BELIEVE IT PREFERABLE YOU INFORM GRC THROUGH MOFA AT WHATEVER LEVEL YOU THINK APPROPRIATE. YOU MAY WISH TO NOTE THAT IN RECOGNITION OF GRC'S INTEREST, WE WISHED PROVIDE MORE COMPLETE BACKGROUND OF OUR THINKING THAN WILL BE INDICATED IN BRIEF PUBLIC ANNOUNCEMENT.

8. FOR HONG KONG: WE NOW FORESEE LITTLE CHANGE IN CCO PROCEDURES. WE WILL, OF COURSE, CONSULT WITH ECONOFF ON ANY IMPLICATIONS US ACTION MAY HAVE FOR HONG KONG.

GP-3. ROGERS

~~SECRET~~

~~SECRET~~

UNCLASSIFIED WHEN ATTACHMENTS
ARE DETACHED

NSSM 14 - US China Policy

(less TABS)

On 17 June the NSC Staff made a revision of the summary (but not annexes) of the IG/EA draft forwarded on 30 April and requested DOD (and other addressee) comments. The DOD-proposed version of 23 June was again revised by the NSC Staff on 11 August.

The attached draft indicates those parts of the DOD-proposed version which were deleted (by line-out) or added (by line-in) in the NSC draft of 11 August.

~~SECRET~~

UNCLASSIFIED WHEN ATTACHMENTS
ARE DETACHED

~~SECRET~~

I PROBLEM

China is not today a major economic power nor, except in certain applications of its land army, is its military power on a par with that of the U.S. and the USSR. States in Asia, however, feel the weight of China's looming mass, and others believe China has a claim to great power status, including representation in the UN Security Council. Many Americans agree. The U.S. has had a special concern since the 19th Century, complicated by a mystique that has sometimes distorted our sense of what China is and should be; since the Korean War, however, Communist China and the U.S. have been in an adversary relationship. U.S. policies toward China affect to some extent our relations with virtually all third countries. The policies of the U.S. toward most of Asia are closely related to the kind and degree of threats that Peking may present to the U.S. or other countries in the area.

The appropriate U.S. policy towards China depends on answers to the following questions: What are the U.S. interests relating to China? How do the policies of China today affect these interests? How might Chinese policies evolve over the short and long term? How can the U.S. advantageously influence that evolution? How does present U.S. China policy--and how would alternative policies--affect our interests with regard to third countries, particularly the communist and non-communist states of Asia and the Soviet Union? This paper examines these questions in considering the possible range of U.S. objectives and options in our relations with China.

*/ "Short-" and "long-term" are not easily defined. They could be interpreted as Mao and post-Mao era. For purposes of this paper, they have been used to indicate pre--and post-Vietnam settlement, recognizing that this begs the questions of time and type of settlement. or in some cases, as pre- and post-Viet Nam settlement.

~~SECRET~~

~~SECRET~~

II PREMISES AND FACTORS*

Premises

Current hostility between the U.S. and the People's Republic of China (PRC) stems from a number of causes including U.S. support for the Republic of China (GRC) and commitment to defend Taiwan; the Korean War; an array of conflicting ideological premises and national objectives including ~~the PRC's acceptance of force as a legitimate instrument of securing its goals; and U.S. defense commitments in Asia.~~ Peking's endorsement of armed revolutions, and U.S. defense commitments in Asia. Although China faces serious problems in national economic development, it will continue to be ruled by a Communist government and will gradually become stronger militarily, possibly acquiring a substantial stockpile of nuclear weapons and long-range missiles within the next fifteen years. Peking's policies toward the United States may moderate somewhat under a post-Mao leadership, but Chinese efforts to assert their influence in Asia will result in rivalry with the U.S. ~~and its allies~~ regardless of the nature of the Peking regime. Whatever the PRC's actual intentions and capabilities, most other Asians are uneasy about mainland China's long-range objectives in the area, and this concern is reinforced by China's encouragement of revolutionary movements in Southeast Asia and elsewhere. As China's power grows, there will be an increasing tendency on the part of other states to recognize the PRC as representing "China", even at the expense of the GRC.

Chinese Objectives and Capabilities

The present Peking regime wants other Asian states to accommodate their policies to those of the PRC and eventually model their societies and governments on that of Communist China. Peking wants to be treated as a major world power and as the primary source of revolutionary ideological leadership, and to gain control of Taiwan. China has provided a limited input of funds and training for insurgencies around its border and given selective economic assistance to governments whose attitudes it seeks to influence. It has also engaged in similar activity in other LDC's, especially in Africa. Thus far these efforts have met with little success.

Peking has the ability to launch a major armed attack against any of its immediate neighbors, but we have no evidence of PRC intent to expand its borders or pursue its objectives by armed conquest, except possibly for Taiwan. Peking thus far has not used its limited nuclear weapons capability directly to threaten other Asian states.

* For a fuller discussion of premises and factors involved in U.S. China policy, see Tab A.

~~SECRET~~

~~SECRET~~

3

The PRC's ability to attain its objectives is limited by 1) severe economic problems, particularly in agriculture; 2) political confusion internally and ineptness externally imposed by Maoist ideology; and 3) a military capability geared largely to defensive operations by its huge land army and constrained by increasing domestic responsibility for the armed forces.

There is substantial agreement that those aspects of Chinese policy that adversely affect U.S. interests are unlikely to change over the short run and that, in the long run, no matter how Chinese policy may evolve, U.S. and Chinese interests will remain in conflict in substantial respects. However, over the next five to ten years, depending in part on when Mao dies, certain changes are possible. These are presented below in the form of two contrasting alternatives--neither of which is very likely--What is more likely is an evolution lying between the two extremes, probably incorporating elements of each scenario--One possible combination (among many) is also described. It is recognized that neither alternative is likely to emerge in toto as described. What is more likely is an evolution lying between the two extremes, probably incorporating elements of each scenario.

1. In one possible evolution the Chinese could move towards a policy of more aggressive action. This could involve:

- a. increasing their support for insurgency movements in Asia and elsewhere;
- b. employing direct nuclear threats;
- c. employing the threat of conventional military action, particularly against Asian neighbors;
- d. launching military operations against the Offshore Islands and/or Taiwan, or against the Soviet Union.

2. We believe however, that it is more likely possible that China's policy ultimately might will moderate, given an international climate conducive to moderation. Domestic economic pressures and the emergence of a more pragmatic leadership in Peking to cope with these pressures would contribute to such an evolution. This could involve:

- a. seeking improved relations with the U.S. and/or Japan, in part as a counter-balance to Soviet pressures;
- b. reducing their concrete support for revolutionary movements;
- c. seeking increased contact with the nations of Asia and membership in international organizations;
- d. developing an interest in measures to control the nuclear arms race.

~~SECRET~~

~~SECRET~~

A question can legitimately be posed as to whether or not it is in U.S. interests for Peking to become more engaged in the international scene. If Peking should choose to pursue a more pragmatic and moderate foreign policy, pressures by the nations of Asia for accommodating Peking and for accepting the PRC into international organizations would build rapidly. Peking's emergence from its self-imposed isolation would thus pose new challenges for U.S. policy in Asia and would probably result in certain short-term losses to ourselves and our allies. Over the long term, however, evolution of Peking's policies toward moderation would offer the prospect of increased stability in East Asia. In responding to more moderate policies by Peking, the United States would not wish to give an impression of inflexibility and lend credit to Peking's rationale for continued hostility towards the United States. But, at the same time, the United States would wish to exercise care, especially during the remainder of the Mao regime, lest Peking interpret actions in response to a softer PRC line as a policy decision to withdraw from the area or to permit Chinese influence to prevail in the peripheral countries.

Recognizing that the PRC is unlikely to reverse its commitments to ideological expansion except perhaps over a very long haul, but that past behavior suggests a realistic appreciation of realpolitik, a policy lying between the two extremes, but still different from present policy, seems a plausible alternative. As is true of the other alternatives, much, of course, will depend on the nature of a Vietnam settlement and whether its terms provide greater or less security for the rest of mainland Southeast Asia. Assuming that a Vietnam settlement is not completely clearcut in this regard, one possible "combination," hard-line/soft-line policy might involve:

----a.---increasing support for insurgency movements in Asia and elsewhere;

b.---sustaining a conventional military posture that threatens Asian neighbors;

c.---seeking somewhat improved relations with the U.S. and Japan, in part as a counterbalance to Soviet pressures;

d.---developing an interest in measures to control the nuclear arms race.

Unlike the PRC's present policy, which rejects all U.S. overtures, this third alternative would pose some difficult dilemmas. Should the U.S. respond to whatever openings to the West are forthcoming at a time when the Chinese Communists sustain their pressure on free Asian neighbors? Failure to respond could be broadly portrayed abroad, and among advocates of a softer China policy at home, as evidencing a lack of sincerity. It could also possibly deny the U.S. the leverage on evolution of the PRC towards moderation that limited contacts are hoped to achieve. Continued U.S. military assistance to Southeast Asia might be more urgently required than ever before, but would be played upon

~~SECRET~~

~~SECRET~~

5

~~by-hostile-forces-as-inconsistent-with-the-PRC's-political-overtures,-and
the-PRC-might-seize-on-such-aid-as-an-excuse-to-close-whatever-doors-it-had-
seemingly-opened,-On-the-other-hand,-failure-to-continue-to-support-other
Asian-nations-against-a-backdrop-of-a-softer-PRC-line-toward-the-U.S.-could-
cause-some-nations-to-reassess-their-alignment,-and-could-create-serious
problems-should-the-PRC-again-reverse-its-line--This-dilemma-suggests-
that-the-degree-to-which-the-U.S.-is-prepared-to-normalize-relations-with
the-PRC-cannot-be-dissociated-from-Peking's-behavior-and-policies-~~

Since it does not lie within the United States" power to prevent Peking from
breaking out of its isolation, the issue posed for the U.S. is whether this
evolution will take place in spite of U.S. resistance or whether the U.S.
will be seen as willing to accept and live with Peking's entry into the
international community and do what it can to take advantage of the change.
U.S. failure to adjust its policies to accord with the changed environment
would strengthen the impression of U.S. inflexibility and lend credit to
Peking's rationale for continued hostility towards the U.S.

The GRC and Taiwan

The Taiwan issue, including U.S. support for the GRC, is a primary obstacle to an improvement in US/PRC relations. Peking seeks not only the removal of the U.S. military presence from the Strait area and Taiwan, but also U.S. acceptance of its claim that Taiwan is an internal matter. Taiwan has occupied an important position in U.S. strategic planning. We are committed by treaty, however, only to the defense of Taiwan and the Pescadores. While U.S. policies over the years have created certain constraints on our actions, the U.S. has made no commitments to the GRC that would require its consent to a change in our relations with the PRC. The GRC's insistence that it is the legal government of all of China of which it claims Taiwan is a part lies at the heart of the mainlander-dominated political structure on Taiwan. The Taiwanese population of the island is resentful of mainlander domination and ~~unsympathetic toward the Chinese Communists,-hoping but~~ undoubtedly prefers the GRC to the PRC. They probably hope that Taiwan will remain separate from the mainland and looking primarily to the U.S. to maintain this separation. ~~Given an either-or choice, however, the Taiwanese would clearly opt for the GRC.~~ While Chiang-Kai-Shek is in control, the GRC will adhere firmly to its claim to be the only rightful government of China. It may, however, tacitly accommodate to U.S. policies and actions which take into account the fact of Peking's control over the mainland and to a limited extent it has already done so. ~~already-by-accepting-the-Warsaw talks,-the-return-of-shipwrecked-fishermen-to-the-PRC,-etc-~~

Relationship of North Vietnam and North Korea to Chinese Interests

Although North Vietnam and North Korea pursue largely independent policies, sometimes in conflict with those of the PRC, Peking has a major national security interest in their continued existence and would almost certainly intervene militarily if the communist regime of either country were seriously threatened.

~~SECRET~~

~~SECRET~~

6

Japan and the Soviet Union

The bi-polar situation that characterized Asia in the past is shifting toward a four-sided relationship among the U.S., the Soviet Union, Japan and Communist China. The Soviet Union has become with the U.S. one of Peking's two principal antagonists, and Japan's economic strength and growing sense of nationalism will likely lead it toward an increasingly significant political role in Asia. Although under present circumstances there is little likelihood that Peking will alter its rigid and defiant stance vis-a-vis the U.S., the USSR, and Japan, a future Chinese leadership may seek, through the manipulation of its relations with these three states, to achieve limited rapprochement with one or more of them.

The possible impact of current Sino-Soviet tensions on U.S. policy toward the Soviet Union and China will be discussed in detail in NSSM 63.

~~Although any change in Sino-U.S. bilateral relations would inevitably have an impact on the Soviet Union's relations with both the U.S. and China, there are differing views concerning Moscow's probable response. The USSR might move to moderate U.S.-Soviet hostility to counterbalance any improvement in Sino-Soviet relations; conversely, Moscow might react by assuming a much more conciliatory attitude toward the United States and seek in this fashion to deter a Sino-U.S. relationship which it perceives to be detrimental to its interests, or it might simultaneously move in both directions.~~

~~In the present circumstances of serious tension along the Sino-Soviet border, a Soviet inference that the U.S. is energetically seeking a detente with the PRC might lead to an increased Soviet distrust of U.S. motives and a reduced willingness to cooperate with the U.S. With the exception of periods of acute Sino-Soviet tension, however, Soviet reaction cannot be anticipated with any surety, and the United States will have inadequate basis for predicating a choice of China policy options on any expected Soviet reaction. We should be able to adopt initiatives toward both parties while avoiding the appearance of using such measures to pressure or otherwise influence the third party.~~

U.S. Policy as a Factor Influencing PRC and Third Country Attitudes

Despite the restraining influence of U.S. military power, the United States ability to influence the attitude and policies of present Chinese leaders is probably very limited, aside from the restraining influence of U.S. military power. Future Chinese leaders' perspectives may be altered, however, by considerations of domestic political control, by the need for economic development and by China's relations with third countries. U.S. actions to alter what Peking perceives as the U.S. "threat" could contribute to this. The impact which U.S. actions toward Peking have on third countries depends upon the geographic proximity of each state to China. Any improvement in Sino-U.S. relations will eventually produce pressures in most countries on China's periphery for greater accommodation with Peking. This need not

~~SECRET~~

~~SECRET~~

7

be hostile to U.S. interests in the long run if it allows for continuing U.S. political and economic relations with these countries even though at a reduced level of intimacy than previously.

UN Considerations

The question of China's representation in the United Nations is inseparable from the claims of both the PRC and the GRC to be the government of all of China and derives its importance largely as a reflection of support for those claims. Although a substantial number of UN members feel that it is a serious defect in the UN system for nearly one quarter of the world's population not to have a direct spokesman in the UN, there is also widespread unwillingness to deny membership to the GRC. Both the PRC and the GRC, however, strongly oppose any two-Chinas arrangements; and under present circumstances support in the General Assembly is inadequate for adoption of two-Chinas proposals because of opposition by member states concerned with their bilateral relations with Peking or Taipei.

The margin of support for our present position in the General Assembly and Security Council is narrow and could be jeopardized by developments outside the UN, such as increased diplomatic recognition of the PRC.

~~SECRET~~

~~SECRET~~

8.

III US INTERESTS AND OBJECTIVES RELATING TO CHINA

~~If the only prospect for future PRC policy were for a change in the direction of greater militancy, the choice of options for U.S. policy would be meager and bleak. The key considerations might be when, not whether, a major Sino-US conflict might take place, how the U.S. should best prepare to meet such a challenge, and we might even consider whether or not there was merit to preempting a Chinese attack. Our objectives under such circumstances and that of our allies, and on isolating the PRC, or on deciding in advance to reduce or abrogate U.S. commitments and involvement in areas in which a direct Sino-U.S. conflict might occur.~~

If there were no conceivable prospect for a change in the attitudes of the leaders of the PRC and the policies they are currently following except in the direction of greater militancy, the choice of options for U.S. policy would be meager and bleak. The key considerations might be when, not whether, a major Sino-U.S. conflict might take place, how the U.S. should best prepare to meet such a challenge, and whether or not consideration should be given to preempting a Chinese attack. Our objectives under such circumstances would focus either on strengthening our own military posture and that of our allies, and on isolating the PRC to the extent possible, or on deciding in advance to reduce or abrogate U.S. commitments and involvement in all areas in which a direct Sino-U.S. conflict might occur.

There is little reason to believe, however, that a state this present level of conflict and antagonism will endure indefinitely. U.S. long-range objectives and interests can, therefore, plausibly be set in more flexible terms and in the direction of the eventual achievement of an improved and more relaxed relationship with the PRC. These can be summarized as:

a. To deter aggression in East Asia and avoid a direct U.S.-PRC armed confrontation or conflict, including the outbreak of hostilities in the Taiwan Strait area, while pursuing the objectives below.

b. To ~~work to~~ prevent an alliance between a mainland government and any other major state directed against the U.S. or other friendly state.

c. To maintain a balance of influence in East Asia which preserves the independence of the states of the area and enables them to maintain friendly political and economic relations with other countries, including the U.S.

d. To obtain Chinese acceptance of such a system of independent states and, ~~in time,~~ Peking's cooperation with other Asian countries in areas of common economic and social activity and interest.

~~SECRET~~

~~SECRET~~

9

e. To achieve a relaxation of tensions between the U.S. and the PRC, including participation of the PRC in discussions on measures for arms control and disarmament, and the normalization of U.S. political and economic relations with the PRC.*

f. To achieve a resolution of the future status of Taiwan without the use of force and, if possible, consistent with the desires of ~~both the mainlanders and Taiwanese on Taiwan~~* the people of Taiwan.**

g. To maintain access to Taiwan to the extent necessary for our strategy in meeting our defense commitment to the GRC and, as needed, our strategic requirements elsewhere, or alternatively, to maintain access to Taiwan to the extent necessary for our strategy in meeting our defense commitment to the GRC.***

h. Assuming ~~So long as~~ Taiwan remains separate from the mainland, to encourage continued growth of its economy and an increasing contribution to regional economic development.

* For discussion of major alternative policies and problems for the U.S. in improving relations with Peking, see Tab F, Diplomatic Contacts and Relations with the PRC.

** The relationship between mainlanders and Taiwanese on Taiwan and the complex problem that this presents in relation to other U.S. objectives makes it desirable at the present time to avoid choosing definitively how best to achieve this objective; by the ultimate political unification of Taiwan and the mainland; the establishment in some way of an independent Taiwan state; or the indefinite continuation of the present situation. For a discussion of major alternative policies and problems in this regard, see Tab C, The GRC and Taiwan.

~~** The complexity and interrelationship between this problem and other U.S. objectives make it desirable at the present time to avoid choosing definitively how best to achieve this objective; by the ultimate political unification of Taiwan and the mainland; the establishment in some way of an independent Taiwan state; or the indefinite continuation of the present situation. For a discussion of major alternative policies and problems in this regard, see Tab C, The GRC and Taiwan.~~

*** For discussion of major alternative policies and problems for the U.S. in resolving the Taiwan question, see Tab D. Taiwan as a U.S. Military Base.

~~SECRET~~

~~SECRET~~

10

IV ALTERNATIVE STRATEGIES

A. Present Strategy

Present strategy has assumed that there is at present only a very limited military threat from China. It also has assumed that, in the short run, U.S. efforts to reduce Chinese hostility toward the U.S. or toward those of its neighbors that are closely aligned with the U.S. will achieve extremely limited results.

In the longer run, it hypothesizes a China that could be militarily more dangerous to the U.S. but with new leaders who could shift the emphasis of Chinese policy in a number of different ways, including to diminished hostility toward the U.S., and that the U.S. posture may over time be a factor in influencing such change.

The strategy has therefore included two elements: deterrence of any possible direct Chinese threat across its borders or to the U.S., and limited efforts to suggest to the Chinese the desirability of changing their policies in the direction of a more tolerant view of other states and of the present world political system. Partly because of other policy considerations, the first element has been given somewhat greater stress than the second.

Under our present strategy the U.S. has continued to recognize the Government of the Republic of China as the legal government of China and to support it in the international community. However, in bilateral relations, the U.S. has dealt with the PRC as the government controlling the mainland and with the GRC only concerning the territory over which it has actual control.

We have a commitment to the GRC to assist in the defense of Taiwan and the Pescadores, but we have indicated to both the GRC and the PRC that we oppose the use of force in the Taiwan Strait area by either side. We have sought to maintain access to military bases in Taiwan both for use in meeting U.S. commitments elsewhere in Asia and for general war contingencies.

We have maintained a virtually total embargo on all trade and other financial transactions with Peking and resisted efforts by other countries to liberalize strategic controls.

We have tried to avoid a direct U.S.-PRC military confrontation or conflict while supporting defensive military and counterinsurgency efforts of independent nations on China's periphery.

We have sought to reduce tension, promote reconciliation with the PRC, and encourage greater Chinese contact with the outside world and with the U.S., through (i) public statements, (ii) relaxation of controls on travel

~~SECRET~~

~~SECRET~~

and cultural exchanges, and specific offers for greater U.S.-PRC contact, (iii) our ambassadorial conversations in Warsaw, and (iv) avoidance of provocative military actions. We have not extended this policy to embrace UN membership.

The questions now posed are these: Is such a policy adequate to deal with the long-term problem of Communist China? If not, what are the alternatives?

There are two major variants to our present strategy by which U.S. objectives might be pursued under present circumstances. Both assume that current Chinese policies can be changed but take different approaches toward how U.S. policy can contribute to an acceleration of the change. Neither alternative completely excludes aspects of the other but each is set forth in a sharply differentiated form in order to clarify the differences. It is assumed that a third alternative, total U.S. withdrawal from involvement in the Asian area where U.S. and Chinese interests impinge on one another, would not further the U.S. objectives described in Section IV above.

B. Intensified Deterrence and Isolation

This strategy would be based on calculations that (1) ~~a post-Mao leadership will be most unlikely to alter its policies in a manner that would reduce the conflict between the U.S. and Chinese objectives under the strain of repeated policy failures and of growing frustration over China's isolation~~ and that (1) the strain of repeated policy failures and of growing frustration over China's isolation would cause a post-Mao leadership to reassess China's role in international affairs and alter its policies in a manner that would reduce the conflict between the U.S. and Chinese objectives, and that (2) U.S. efforts to improve relations with Peking have not succeeded in leading China to perceive a need to moderate her policies. To limit Peking's success in pursuit of present policies and strengthen the credibility of the U.S. commitment to its Asian allies, the U.S. could increase its military and economic support of Asian countries to demonstrate that insurgencies supported and encouraged by Peking will fail; strengthen U.S. offensive and defensive capability to demonstrate to Peking that its development of advanced weapons will not affect U.S. deterrent capability, and strive to convince Peking that it cannot gain acceptance into the international community on its present terms. ~~This course of action would not preclude the U.S. from some of the moves suggested under C. below, to signify our willingness to have the PRC accept its place in the international community.~~

Opponents of this approach argue that present deterrent capability against China is sufficient and that further attempts to isolate Peking may well increase the present dangers which Peking poses. According to this view, there is no prospect that China's present form of government will be changed by force, and it is impossible effectively to isolate a nation as large as China.

~~SECRET~~

~~SECRET~~

12

C. Reduction of PRC's Isolation and Points of U.S.-PRC Conflict

This strategy would be based on a calculation that (1) a relaxation of external pressures will be most likely to cause a post-Mao leadership to reassess U.S. attitudes and intentions toward China and China's role in international affairs and that (2) present U.S. policy has given too much weight to deterrence and not enough to steps designed to open up for Peking the possibility of and benefits from greater cooperative involvement in the world. To encourage this reassessment, the U.S. while maintaining its defense commitments and continuing to deter any possible overt Chinese attack against U.S. allies in Asia, could gradually de-emphasize the military aspect of our containment of the PRC, unilaterally reduce or eliminate economic and political measures designed to isolate Peking, and acquiesce in the PRC's fuller participation in the international community.

Opponents of this approach argue that unilateral U.S. gestures without demanding corresponding conciliatory steps by Peking will be taken as an indication that the PRC's present militant approach has been successful and would add to existing frictions with our Asian allies. It is further argued that, since there is small likelihood of an early change in Peking's attitudes, China's greater involvement in the world community would simply disrupt present efforts toward international cooperation and complicate U.S. relations with third countries.

~~SECRET~~

~~SECRET~~

V POLICY APPROACHES IN PURSUIT OF THE ALTERNATIVE STRATEGIES

There is a wide range of actions that could be taken relating to China in the Asian strategic environment under each of the alternative strategies in Part IV and differing, with some exceptions, from those we are currently following. ~~The steps noted below in the political, military and economic areas are illustrative and considered to clarify the differences, in their possible impact, between the two strategies; it is unlikely that these steps would be taken collectively.~~ Key illustrative steps in the political, military and economic areas are considered below to clarify the differences, in their possible impact, between the two strategies. Determination of specific military steps in particular would have to be considered in the context of broader U.S. strategic interests in Asia.* It is assumed that we would also take actions in the psychological field in support of these strategies.

A. Intensified Deterrence and Isolation

1. Political. Return to an explicit endorsement of the GRC's claim to be the only legitimate government of China, renew our efforts to maintain international support for the GRC on that basis, and more actively attempt to dissuade other governments from recognizing Peking.

Refrain from any initiative to renew or expand diplomatic contacts and conversations with Peking and, in the event the Chinese request such talks, key the U.S. response to a clear indication of change in Peking's position.

Make emphatically clear that the U.S. objects to any form of UN membership for the PRC until it changes its policies, holding to this position as long as possible and accepting defeat rather than adopting a position which risks GRC withdrawal.

2. Military. Maintain strong forces in South Vietnam and Korea after the end of the Vietnam War; retain bases or base rights in Japan, Okinawa, the Philippines and Thailand; and seek a formal agreement with the GRC to permit the development of permanent U.S. bases on Taiwan. Make clear to the PRC that the U.S. will assist in the defense of the Offshore Islands.

Consider extending U.S. treaty commitments to include Malaysia and Singapore.

Increase the forward deployment of strategic and tactical nuclear-capable forces and base facilities from which to operate such forces.

* For each illustrative step, there may be several alternatives, representing different degrees of movement from present policy. These are considered in the Annexes.

~~SECRET~~

3. Economic. Exert stronger pressure on our allies to restrict trade with China, particularly in items which contribute to Peking's industrial development.

Advantages

a. This political policy

- Eliminates any PRC expectation that the US would weaken its commitment to support the GRC.
- Forces third countries to balance their relations with the U.S. against the desirability of closer ties with Peking.
- Minimizes the basis for GRC criticism of the U.S. if and when Peking is ultimately admitted to the UN at the expense of Taipei.
- Continues to avoid, for as long as possible, the adverse effects that PRC membership would have on the functioning of the UN.
- Avoids the image of U.S. weakness in appearing to pursue the Chinese despite repeated rebuffs.

b. This military policy

- Emphasizes to the U.S. allies and to the PRC that PRC aggression will be met with force.
- Places U.S. forces in the best posture to intervene in insurgent situations or to meet overt attack.
- Provides maximum base flexibility if one or more of the existing bases are denied to the U.S.

c. This economic policy

- Might make more difficult Peking's future acquisition of foreign technology and credit that could help its military capability.
- Intensifies internal pressures within China produced by policy differences over resource allocation and over the rate of economic growth.

~~SECRET~~Disadvantagesa. This political policy

- Is subject to the limitation that some other governments are reluctant to be associated, even indirectly, with a hostile policy of increased "isolation" of Peking, and thus would discourage some governments from cooperating with the U.S. effort to maintain international recognition of the GRC.
- Strengthens Taiwanese impatience and discontent with their limited political role, increasing chances for political instability in a crisis situation.
- ~~If the policy takes on an all-stick, no-carrot flavor, leaves initiative all in Chinese hands, forces the U.S. to take a passive "waiting" position in the diplomatic arena.~~
- Leaves initiative all in Chinese hands, forces the U.S. to take a passive "waiting" position in the diplomatic arena.
- ~~If Peking proposes new talks with the U.S. but without serious intent, domestic and international pressure on U.S. to be "responsive" to a supposed new Chinese "conciliatory" posture would pose problems.~~
- If Peking takes a "soft line" for tactical purposes, domestic and international pressure on the U.S. to take some major new move to be "responsive" to a supposed new Chinese "conciliatory" posture would pose problems.
- Strengthens domestic and foreign criticism of continued U.S. "isolation" of Peking.
- Jeopardizes support for the GRC in the General Assembly by those countries favoring the admission of the PRC but opposing the GRC's expulsion.

b. This military policy

- Is not required by the current PRC military threat.
- Leads to highest dollar outflow of any alternative.

~~SECRET~~

- Encourages Asian allies to leave their defense to the U.S. rather than develop their own defensive capabilities.
- Risks U.S. military involvement in situations the U.S. might otherwise choose to avoid.
- Deepens cleavages between U.S. allies and non-allies.
- Involves high potential political costs in terms of frictions over base problems with allies.
- Increases the vulnerability of U.S. forces to surprise attack.
- Limits U.S. flexibility in determining policy towards Taiwan as a consequence of our ~~explicit support of the~~ ~~GRG's claims and the clear U.S. commitment to contain the PRC on all fronts.~~ increased dependence upon Taiwan in military operations and strategic planning.

c. This economic policy

- Is certain to be strongly resisted or ignored by U.S. allies and, if the U.S. attempts to apply sanctions to halt trade with China, increases political tensions between the U.S. and these countries.
- Is unlikely to have significant impact on trade with the PRC.

B. Reduction of PRC's Isolation and Points of US-PRC Conflict

The following initiatives represent a series of steps designed to reduce points of conflict between our two governments, and would also serve to open options for those moderate elements which may emerge in a post-Mao PRC leadership.

This approach is divided into short- and long-term steps. It is assumed that Peking is unlikely in the short term to respond to any U.S. gestures. On such a basis, major changes in present policy entail risks and some sure costs in the pursuit of highly uncertain prospects for improvement in relations. There are, however, certain relatively minor and low-risk adjustments of policy in the political, military and economic fields which would have the effect of signalling to the Chinese and others that the U.S. seeks an improvement in relations. The short-term policy changes suggested below have side benefits in terms of reducing points of friction with American businessmen and travellers, and with our European and other allies; these side benefits would probably justify these changes even without regard to their role in

a strategy toward China. The principal purpose, however, would be to initiate changes now, when China poses only a limited threat, in an effort to set in motion an improvement over the long term, when China's power could make her a greater potential danger.

The long-term proposals below involve relatively larger dislocations and greater costs, and would have to be examined on a case-by-case basis in the context of broad U.S. interests in the Asian area and elsewhere at the specific time their consideration was proposed. The nature of the settlement in Vietnam will influence the responses of the PRC to a number of the actions suggested below as well as influencing the attitudes of other Asian countries. Any changes in security relations, e.g. base arrangements with other countries such as Japan and the Philippines, will also have to be considered as elements of our overall strategic posture in the region.

~~As indicated at the outset, the course of events in Vietnam will have significant effect on all of Asia. Opportunities as well as constraints may follow from developments there that would influence the responses of the PRC to the actions suggested below as well as the attitudes of other Asian countries. Security relations, e.g., base arrangements, in other countries such as Japan and the Philippines, will also have region-wide impact.~~

1. Political

Short Term

End all passport restrictions on travel by Americans to mainland China as soon as possible.

Offer to increase the frequency of talks with the Chinese in order to probe any PRC interest in developing new approaches for dealing with outstanding issues.

Cease all public and private references opposing PRC admission to the UN and only oppose any arrangements that would deprive the GRC of continued representation. (See Annex G)

~~Emphasize in public statements, as we have on occasion, that we regard the GRC as exercising authority only over the territory it now controls and that we regard the PRC as exercising authority over the mainland.~~

Indicate publicly that we regard the GRC as exercising authority only over the territory it now controls and that we regard the PRC as exercising authority over the mainland.

Long Term

Attempt to open up new points of diplomatic contact including ad hoc working level official or unofficial missions to Peking for special purposes.

~~SECRET~~

Indicate publicly that the U.S. is prepared to recognize the PRC as exercising authority over the China mainland and seek to normalize political relations between our two governments on that basis, while insisting that settlement of the Taiwan question -- whether for "one China" or a "separate Taiwan" -- must be by peaceful means, and, pending such a settlement, maintaining our diplomatic relations with the government on Taiwan and our commitment to the defense of Taiwan and the Pescadores.

2. Military

Short Term

Avoid conventional overhead reconnaissance over the Chinese mainland and reduce to absolute minimum U.S. naval and air activity in close proximity to Chinese territory.

Maintain our present policy with respect to U.S. participation in the defense of the Offshore Islands of Quemoy and Matsu, but clarify our intentions by cautioning the GRC privately that the U.S. is less likely than in 1958 either to provide material and logistic assistance or to intervene directly in the defense of the islands. (See-discussion-at Annex-E).

Long Term

Reduce the U.S. military presence on Taiwan following the end of hostilities in Vietnam, including the phase-out of currently-utilized GRC facilities, to a level limited to requirements to meet our defense commitment to the GRC; AND/OR propose to the PRC the complete withdrawal of the U.S. military presence from Taiwan and the Strait area, contingent upon PRC willingness to agree to a mutual renunciation of force in the Strait area, while maintaining our defense commitment to Taiwan and the Pescadores but retaining only a small liaison group on Taiwan.

~~As soon as the Southeast Asia situation permits, remove U.S. forces from mainland Southeast Asia, reduce base structure, and focus on offshore or mid-Pacific deterrence posture.~~

Seek to minimize direct U.S. military involvement in SEA and focus on offshore or mid-Pacific deterrence posture.

3. Economic

Short Term

Reduce ~~on a phased basis U.S.~~ scope of U.S. financial controls and restrictions on exports to China to the levels of present U.S. trade and transaction controls applicable to the Soviet Union, immediately ~~starting with removal of U.S.~~ removing (a) U.S. trade and financial controls applicable to bunkering, to U.S. subsidiaries in third countries, and to tourist purchases of Chinese products, and ~~then moving to removal of trade~~ (b) export controls on selected non-strategic products.

~~SECRET~~

Long Term

~~Reduce controls on non-strategic U.S. exports to China to the COCOM level;~~ Assuming that export controls on US trade with the Soviet Union are reduced to the COCOM level, reduce barriers to non-strategic trade with China to this level, thus embargoing only those commodities that the Chinese are unable to procure from our European and Japanese allies.

Advantages and Disadvantages

The advantage and disadvantages below are identified in their relationships to the short- and long-term political, military, and economic initiatives. The advantages and disadvantages listed as short-term would also carry into the long term, in varying degrees.

Advantagesa. Political

- Removes a restriction that has no practical effect in deterring travel and that poses a nettlesome domestic public relations problem.
- Can be implemented by the State Department's administrative decision, insofar as travel is concerned.
- Brings travel policy more in line with our position of encouraging informal contacts.
- Can be justified on grounds of conforming travel policy to the realities imposed by court decisions.
- Strengthens the impression, by demonstrated interest in increased official contacts, of US interest in discussing differences with the PRC.
- Makes more credible, by signifying a US willingness to have the PRC play a responsible role in the international community as long as the GRC's position on Taiwan is protected, our policy of support of the GRC and our expressions of readiness to deal with Peking in realistic terms.
- Provides a more persuasive basis for our diplomatic effort to oppose expulsion of the GRC from the United Nations.

This Political Policy, in its long-term aspects;

- Confirms to Peking that the US does not intend to challenge Peking's jurisdiction over the mainland.

~~SECRET~~

- If the PRC accepts special missions to Peking, provides an additional opportunity to meet with PRC officials and to probe informally Chinese attitudes toward the US.
- Maintains the possibility for an independent Taiwan without foreclosing the alternative of unification with the mainland.
- Increases pressure on and within the GRC to accommodate, both in domestic and international policies, to the practical realities of its position.

b. Military

This military policy in its short-term aspects;

- Reduces the image of US encirclement and tight containment of the PRC, with possible gradual relaxation of siege mentality in Peking.
- By officially advising the GRC in advance of possible limitations on our willingness to assist in the defense of the Offshores, reduces the chance of a GRC ex-PRC miscalculation in the event of a crisis.

This military policy in its long-term aspects;

- Emphasizes that the present US force buildup on Taiwan has been related to the Viet-Nam War and does not signify US hostility toward the PRC.
- Might provide the basis (through an offer to withdraw the US military presence on Taiwan) for the PRC's agreeing to set aside the Taiwan issue as an obstacle to an improvement in US-PRC relations.
- Reduces possible points of accidental conflict between the US and the PRC and increases the degree of selectivity for the US in military involvement in East Asia, e.g., with reduced forward military presence, the US would be less likely to become automatically committed to armed conflict and would have more leeway in determining the nature and objective of a military clash.
- Reduces friction between US forces and citizens of host nations from which bases have been removed.

c. Economic

This economic policy in its short-term aspects;

~~SECRET~~

- Can be accomplished by administrative action alone.
- Poses no problems for United States security, does not significantly increase Peking's ability to obtain commodities, and might enable Americans to compete with European and Japanese interests for the Chinese market.
- Removes a specific "anti-Chinese" aspect of US policy and represents a unilateral US move which would be widely recognized as symbolizing heightened US interest in increased contacts and a reduction in tensions with the PRC.
- Eliminates the irritant that extraterritorial aspects of our present trade controls represent in our relations with allied countries, particularly those, like Canada, where US investment is heavy.
- In liberalizing restrictions on tourist purchases abroad, eliminates or substantially reduces an irritant to American travellers and simplifies a cumbersome and expensive administrative procedure.

Disadvantages

a. Political

This political policy in its short-term aspects;

- Has an adverse impact on the GRC's international position, while not representing a conciliatory gesture to Peking, which would view it as an effort to make permanent Taiwan's separation from the mainland.

This political policy in its long-term aspects;

- Given Peking's opposition to the US presence in Taiwan, might not be sufficient, since it provides for only a partial reduction of US support for the GRC, to contribute to a Sino-US detente.
- Might indicate to some Peking leaders that the US is under increasing domestic and foreign pressure to make concessions (including military and economic) and might cause the PRC to harden its determination not to change its present policies.
- By clearly indicating a US conclusion that the GRC no longer has a viable possibility of reasserting control over all China, challenges the central rationale for the present political structure on Taiwan and undermines its position internationally; results in weakening the authority of the GRC on Taiwan and gives rise to a degree of political instability which might be susceptible to Peking's exploitation.

~~SECRET~~

- Shakes the confidence of certain other Asian governments in the firmness of US support for them.

b. Military

This military policy, in its short-term aspects:

- Leaves the basic policy problem relating to Quemoy and Matsu unresolved since the GRC would not significantly reduce its forces, much less abandon the islands, and might increase its commitment of supplies and forces to the islands.
- Could invite PRC moves against the off-shores.
- Reduces the availability of intelligence on PRC military construction and development with degradation of US preparedness to conduct operations against mainland China, and reduces the warning time of possible Chinese preparedness for aggression.
- ~~Risks a PRC misjudgment of the US resolve and PRC precipitation of a crisis.~~
- ~~Severely shakes GRC confidence in the US defense commitment with possible adverse effects on Taiwan's domestic political stability.~~

This military policy, in its long-term aspects:

- Increases the time required for US forces to react to overt or covert PRC aggression.
- Reduces the credibility to some allies of US commitment.
- Risks a PRC misjudgment of the US resolve and PRC precipitation of a crisis.
- Severely shakes GRC confidence in the US defense commitment with possible adverse effects on Taiwan's domestic political stability.
- Denies Taiwan bases to the US for use as part of our regional nuclear deterrent and in meeting strategic requirements elsewhere.
- ~~The problems of PRC misjudgment and GRC confidence would, of course, exist over the long term, as well as in the short term.~~

c. Economic

This economic policy, in its short-term aspects:

~~SECRET~~

~~SECRET~~

- Does not necessarily lead to Sino-US trade or to increased economic contacts.
- if it leads to trade, enables the PRC to earn badly needed foreign exchange.
- Represents, in GRC eyes, a change in US China policy, which it would oppose.
- If interpreted as a major US conciliatory gesture toward Peking, might weaken support by some other countries for the US position on Chinese representation in the UN and for controls on strategic goods.

~~SECRET~~

~~SECRET~~

February 5, 1969

National Security Study Memorandum 14

TO: The Secretary of State
→ The Secretary of Defense
The Director for Central Intelligence

SUBJECT: U.S. China Policy

The President has directed that a study be prepared on U.S. Policy Towards China, on U.S. objectives and interests involved and the broad lines of appropriate U.S. policies. The study should incorporate alternative views and interpretations of the issues involved. It should include summary statements of the conceptions and policy lines of the previous administration.

The Study should include the following:

1. The current status of U.S. relations with Communist China and the Republic of China;
2. The nature of the Chinese Communist threat and intentions in Asia;
3. The interaction between U.S. policy and the policies of other major interested countries toward China;
4. Alternative U.S. approaches on China and their costs and risks.

The President has directed that the NSC Interdepartmental Group for East Asia perform this study.

The paper should be forwarded to the NSC Review Group by March 10.

~~SECRET~~

Sec Def Cont Nr. X-

0615

F-20636/89

~~SECRET~~

TALKIN
PAPER

TALKING PAPER FOR THE SECRETARY OF DEFENSE (ISA) AND THE CHAIRMAN,
JOINT CHIEFS OF STAFF (NSC MEETING OF 14 AUGUST 1969)

SUBJECT: NSSM 14 - US China Policy (U)

PREFACE: Dr. Kissinger's memorandum (AGENDA) states that the revised NSSM 14 will be provided for background use in connection with the discussion on Communist China which, it is assumed, will follow the briefing by the Director of Central Intelligence.

It is our understanding from the White House Staff that:

- NSSM 14 will not be scheduled for a future formal review by the NSC since the President has recently initiated a limited relaxation of United States travel and trade policy with Communist China (TAB B); and,
- the remainder of NSSM 14 will be used as a study paper since it will not present issues for decision by the President.

Under these unusual circumstances, the remainder of this paper deals primarily with NSSM 14, but the "Recommendations" include proposed general comments to be made during the discussion.

ISSUES: The main issues, as presented in draft response to NSSM 14 (TAB A), are:

- Should the US maintain its present strategy toward Communist China or take either a harder or softer line?
- What strategy of military deterrence should the US adopt in East Asia?
- To what extent should the US support the international position of the GRC (Nationalist China)?
- What level of US military presence on Taiwan should the US seek?
- Should the US retain its current, flexible position regarding its response in event of a Chinese Communist attack on the offshore islands?
- What degree of diplomatic contact and relations with Peking should the US maintain?
- What policy should the US adopt on Chinese representation in the UN?
- What policy should the US adopt toward trade with Communist China?

~~SECRET~~

~~SECRET~~

BACKGROUND: NSSM 14 (BACKUP) directed that the NSC Interdepartmental Group for East Asia (IG/EA) prepare a study of the US objectives, interests, and policies toward China. The IG/EA completed its study on 30 April. However, on 17 June the NSC Staff made a revision of the summary (but not annexes) and requested comments. The Assistant Secretary of Defense (ISA), with Joint Staff concurrence, on 23 June recommended to Dr. Kissinger that representatives of the NSC Staff, Bureau of East Asian Affairs (DepState), and Defense meet to work out an acceptable summary in order to avoid returning it for IG/EA consideration. On 11 August, we received a revised text of the summary (Tab A, which includes original IG/EA annexes). Since we were not afforded the opportunity to coordinate, we have retyped the summary in line-in and line-out format (Tab C) to indicate clearly the latest NSC Staff changes made to the DOD-proposed text of the summary.

DISCUSSION:

General

- The draft response to NSSM 14 is summarized in its first 22 pages; see "Overall Strategy" below. While that summary sets forth the principal options in regard to the first issue of overall strategy, interweaving elements of the other seven issues, these latter are not discussed in detail except in the annexes. Of the eight issues, there is no real basis for DOD to make a recommendation on "What degree of diplomatic contact and relations with Peking should the US maintain?" The other seven issues are discussed below.
- The summary consistently reflects the judgment that pragmatic actions on Peking's part are synonymous with moderation in basic policy. US policy should not make such an assumption since a pragmatic response could be aggressive (and, hence, even more dangerous).
- The results of other NSSM's (e.g., NSSM 63) may affect the premises of NSSM 14.

Overall Strategy

- On pages 9 thru 11, present strategy and the following two alternatives are presented: intensified deterrence and isolation; or a softer line of reduced points of conflict and isolation.
- On pages 12 thru 22, policy approaches in pursuit of the alternative strategies are discussed.

~~SECRET~~

~~SECRET~~

- From the argument as presented in the summary, there is insufficient evidence of basic changes in US-China relations to warrant as fundamental a shift in US strategy as is represented by either alternative. The paper properly points out on page 16 that long-term proposals would have to be examined in the context of broad US interests in the Asian area and also that any changes in security relations, such as base arrangements with Japan, will also have to be considered as elements of US overall strategic posture.

Modes of Military Deterrence - Annex B of Tab A outlines present policy and the following three alternatives:

- Close-in containment;
- Deterrence from an offshore island posture; and,
- Deterrence from bases in the mid-west Pacific.

The paper properly points out that it is unlikely that any of the three strategies can be adopted in its pure form, but that consideration of the arguments presented can facilitate decision on the general approach to be taken in order to deter Chinese Communist aggression by military means.

- The close-in containment alternative is currently preferred from a defense standpoint, but we do not favor an extension of US treaty commitments to Malaysia or Singapore. Once the Vietnam crisis subsides, an essentially off-shore military posture might be acceptable.

International Position of the GRC - Annex C presents current policy to continue present support and the following four alternatives:

- Strengthen support of the GRC;
- Partial disengagement from support of the GRC;
- Encourage a political settlement between Taiwan and Peking; and,
- Support for an independent Taiwan.

Disadvantages of the last three alternatives have military implications which we should seek to avoid, at least in the immediate future. Therefore, DOD supports the current policy.

Taiwan as a Military Base - Annex D presents current policy and the following four alternatives:

- Seek formal agreement to develop permanent US bases;

~~SECRET~~

~~SECRET~~

- Increase use of bases on the present joint-use basis;
- Reduce US military presence on Taiwan; and,
- Completely withdraw the US military from Taiwan and the Taiwan Strait area.

DOD prefers increased use of bases on the present joint-use basis.

Offshore Islands - Annex E contains a presentation of our current flexible policy of retaining the options either to assist the GRC in event of attack on the offshore islands or to refrain from doing so. The following four alternatives are also presented:

- Announce publicly in advance of a crisis that we will assist the GRC;
- Maintain present policy but caution GRC privately that US is less likely than in 1958 to provide assistance;
- Inform the GRC privately that we will not assist; and,
- Announce publicly that we will not assist.

The draft records the JCS belief that the paper overstates the risks of the current policy and understates the value of the offshore islands. The JCS belief is also recorded that either of the last two alternatives could lead to a successful Chinese Communist attack on the offshore islands, encouraging them to adventures elsewhere and thereby increasing the risk of US-Peking conflict.

- DOD supports present policy.

Chinese Representation in UN - Annex G contains a presentation of our present policy to oppose strongly all efforts to substitute Peking for Taiwan in the UN. The following four alternatives are also presented:

- Strengthen our opposition to Peking in the UN;
- Continue present policy until strong UN trend requires acquiescence to a two-China policy;
- Same as above but acquiesce in proposal with Peking rather than GRC as logical contender for Security Council seat; and,
- Same as above but acquiesce in Peking's taking GRC seat in Security Council as well as the General Assembly with some provisions for GRC in the latter.

~~SECRET~~

~~SECRET~~

Based on the views set forth under "International Position of the GRC," above, and unless and until new factors evolve, DOD supports the present policy.

Trade with Communist China - Annex F presents our present policy of extensive restrictions. The following two alternatives are also presented:

- Gradual removal of restrictions in trade including third country controls; and,
- Remove all controls but those on strategic goods.

DOD reserves its position on this issue but in future considerations will wish to make certain that any trade expansion and reduction of controls will not adversely affect US security.

RECOMMENDATIONS:

If there is any discussion on NSSM 14, it may be noted:

- That it is assumed that United States policy toward Communist China remains unchanged, with the exception of the decisions concerning mainland travel of US citizens and limited purchases of goods of mainland Chinese origin;
- That there is need to coordinate the text of the summary if the paper is to be endorsed either as an NSC policy paper or as an NSC reference paper; and,
- That the positions as set forth under "Discussion" should be supported.

Approved by

B. Warren Austin
Assistant Secretary of Defense, ISA

Approved by

N. B. Johnson
Director, Joint Staff

~~SECRET~~

~~ALL RELEASE~~

APA 55 2



PER COL PURSLEY

~~TOP SECRET~~

~~SENSITIVE~~

THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20301

JCSM-288-69
10 MAY 1969

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Chinese Nuclear Capability (U)

1. ~~(S)~~ (b)(1)

[Redacted]

2. ~~(S)~~ (b)(1)

[Redacted]

3. ~~(S)~~ (b)(1)

[Redacted]

4. ~~(S)~~ (b)(1)

[Redacted]

14
TOP SECRET CONTROL
DAYSDD/PAD/FOIS
Copy No. 16-F-1356
Case No. 97-75-006
T.S. No. 2
Document No.

~~TOP SECRET~~ ~~SENSITIVE~~

GROUP - 1
Excluded from automatic
downgrading and
declassification

Copy 2315 Copies each
of / pages series "A"

Sec Def Cont Nr. X-2546

REC'D 4/11/69 10 MAY 69

~~TOP SECRET~~

~~SENSITIVE~~

5. ~~(S)~~ (b)(1)

[REDACTED]

been addressed in this paper.

These aspects have not

6. (U) The Joint Chiefs of Staff recommend that a memorandum, substantially the same as that contained in the Appendix, be forwarded to the President.

For the Joint Chiefs of Staff:

SIGNED

EARLE G. WHEELER
Chairman
Joint Chiefs of Staff

Attachments

~~TOP SECRET~~

~~SENSITIVE~~

~~TOP SECRET SENSITIVE~~

APPENDIX

MEMORANDUM FOR THE PRESIDENT

Subject: Chinese Nuclear Capability (U)

1. ~~(S)~~ (b)(1)

[REDACTED]

2. ~~(S)~~ (b)(1)

[REDACTED]

3. ~~(S)~~ (b)(1)

[REDACTED]

4. ~~(S)~~ (b)(1)

[REDACTED]

GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND DECLASSIFICATION

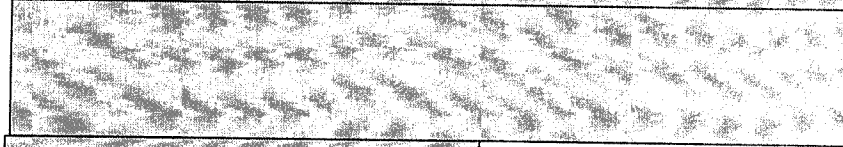
~~TOP SECRET SENSITIVE~~

JCSM-288-69

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

~~TOP SECRET - SENSITIVE~~

5. (b)(1)



These aspects have not been addressed in this paper.

~~TOP SECRET - SENSITIVE~~

~~TOP SECRET SENSITIVE~~

ANNEX A

(b)(1)

1. ~~(S)~~

(b)(1)

(b)(1)

2. ~~(S)~~

(b)(1)

(b)(1)

3.

(b)(1)

4. ~~(S)~~

(b)(1)

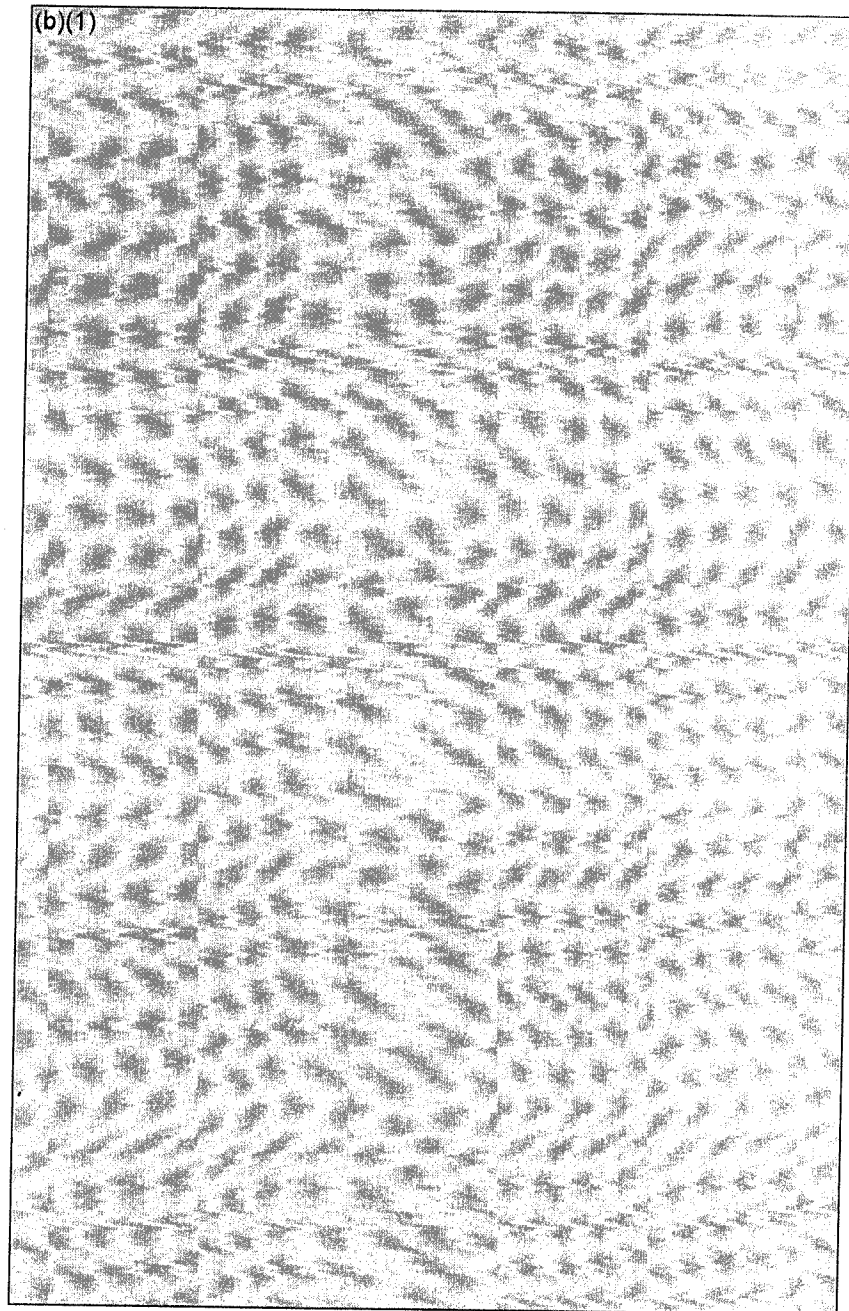
(b)(1)

GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND DECLASSIFICATION

~~TOP SECRET SENSITIVE~~

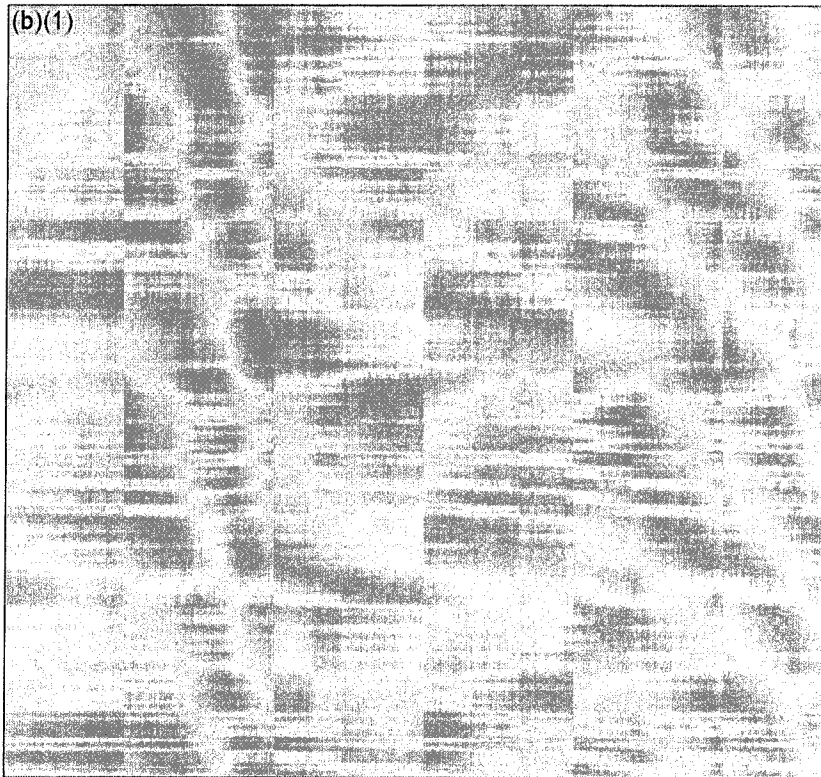
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

~~TOP SECRET SENSITIVE~~

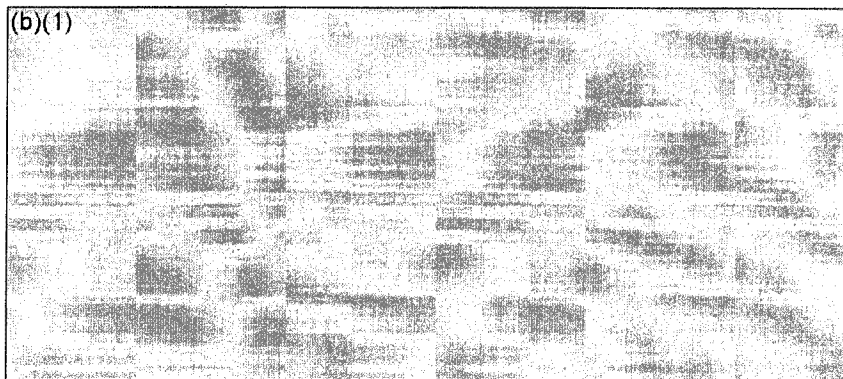


1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

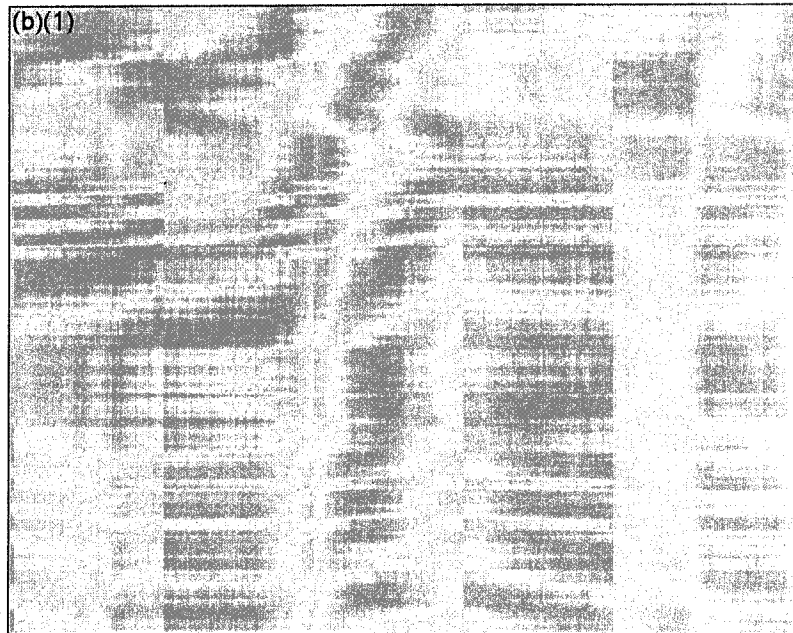
~~TOP SECRET SENSITIVE~~



5. ~~(S)~~ (b)(1)

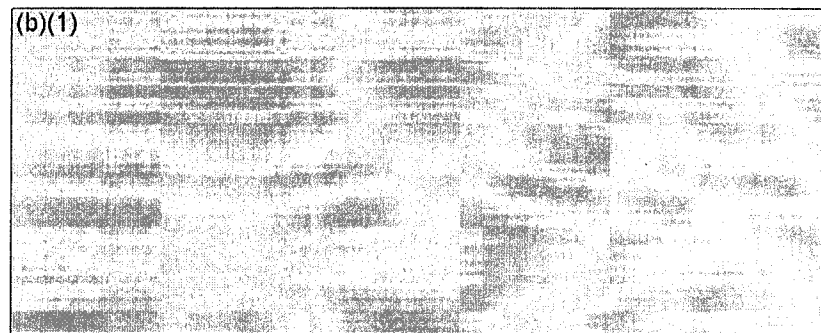


(b)(1)




6. (TS) (b)(1)

(b)(1)



7. (TS) (b)(1)

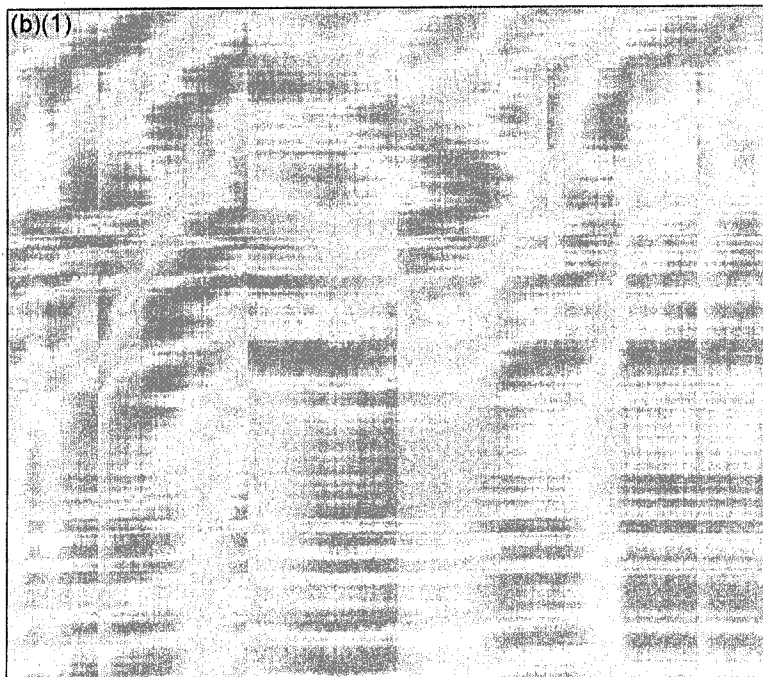
(b)(1)



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

~~TOP SECRET SENSITIVE~~

8. (b)(1)



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

~~TOP SECRET SENSITIVE~~

~~TOP SECRET SENSITIVE~~

ANNEX B

(b)(1)

1. (b)(1)

2. (b)(1)

4. (b)(1)

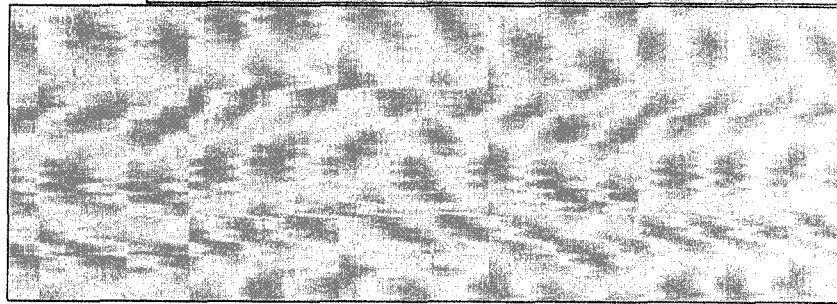
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND DECLASSIFICATION

~~TOP SECRET SENSITIVE~~

~~TOP SECRET SENSITIVE~~

5. ~~(S)~~ (b)(1)



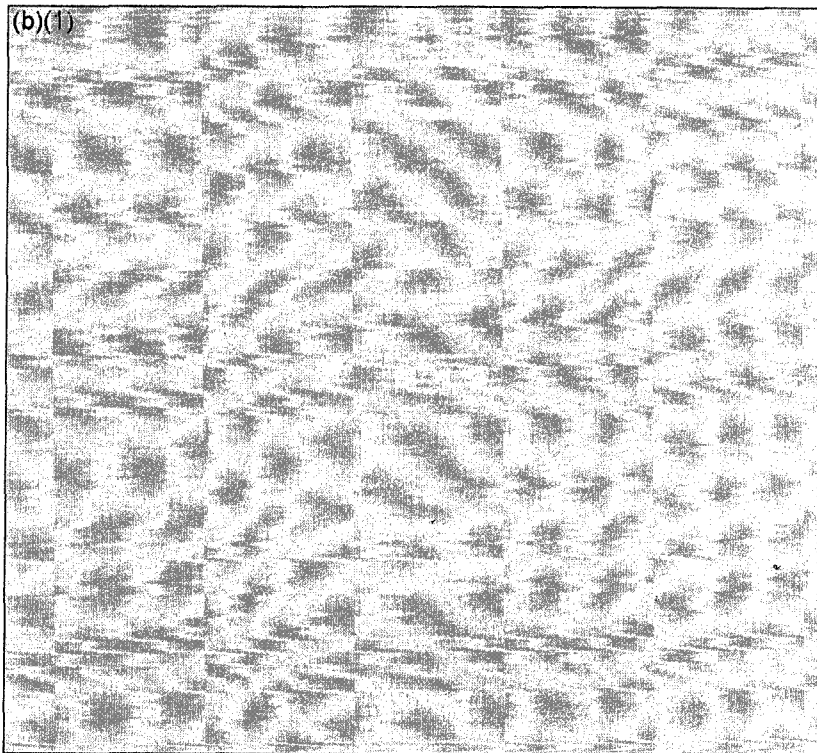
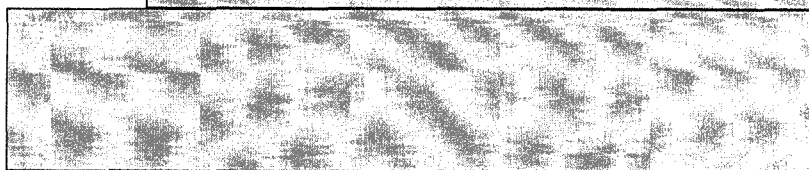
6. ~~(S)~~ (b)(1)



7. ~~(S)~~ (b)(1)



8. ~~(S)~~ (b)(1)



1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

24 1/2

25

26

27

27 1/2

28

29

29 1/2

30

31

32

33

33 1/2

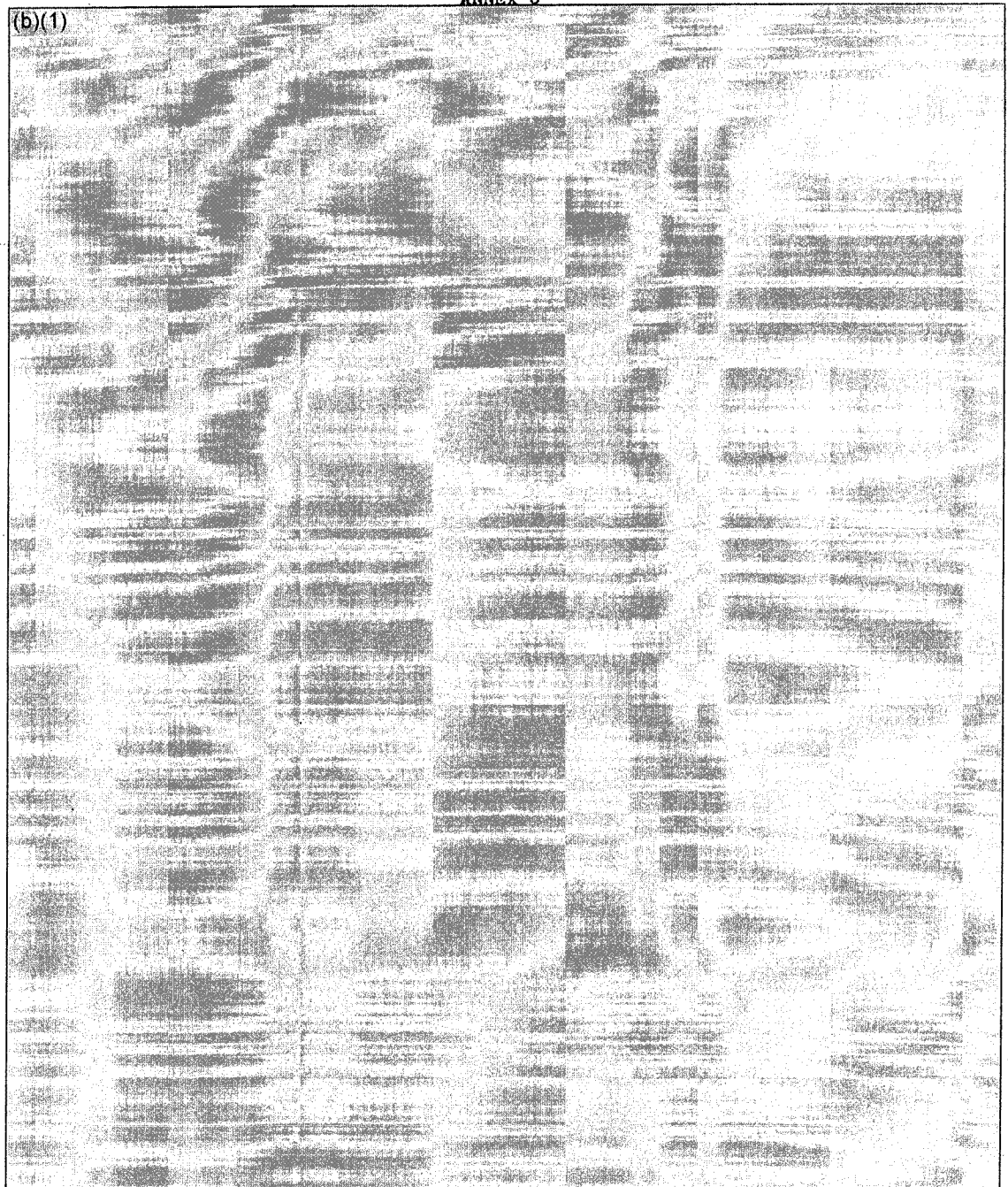
34

~~TOP SECRET SENSITIVE~~

~~TOP SECRET SENSITIVE~~

ANNEX C

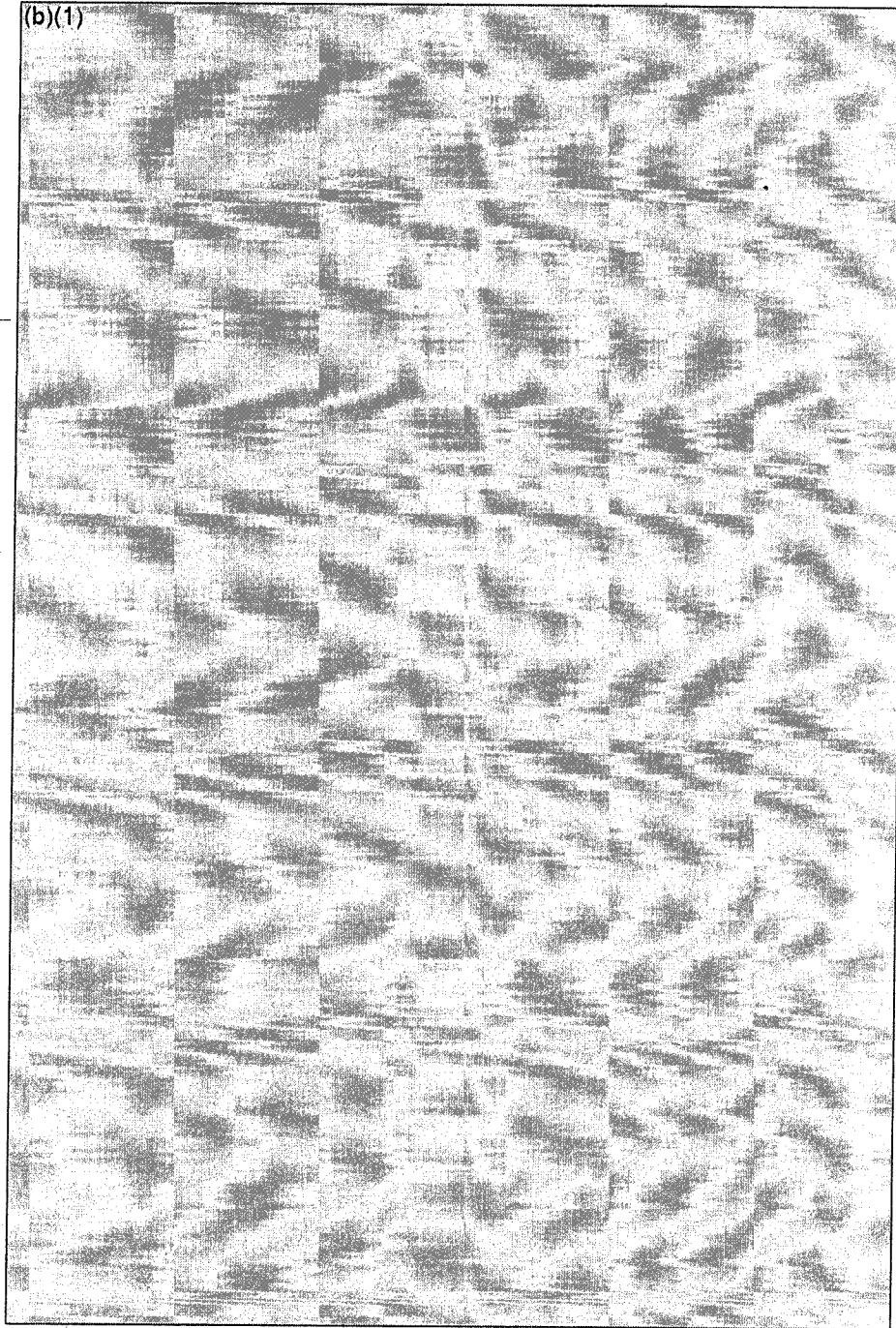
(b)(1)



~~TOP SECRET SENSITIVE~~

~~TOP SECRET SENSITIVE~~

(b)(1)



GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND DECLASSIFICATION

~~TOP SECRET SENSITIVE~~

~~TOP SECRET SENSITIVE~~

(b)(1)



~~TOP SECRET SENSITIVE~~

~~TOP SECRET~~ ~~SENSITIVE~~

APA
SS

3

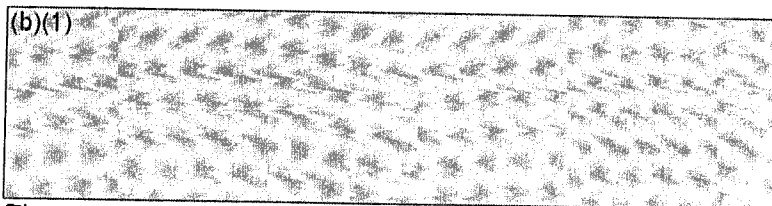
THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

14 MAY 1969

MEMORANDUM FOR: Assistant to the President for National Security Affairs

On May 2, 1969, you asked for plans which outlined ways to destroy the Red Chinese nuclear capability. The attached memorandum, prepared by the Joint Staff, outlines two options: (a) using nuclear weapons, and (b) using conventional weapons.

I would call your attention particularly to General Wheeler's admonition, viz:



These aspects have not been addressed in this paper."

[Handwritten signature]

OATSD(PA)DFOISR
TOP SECRET CONTROL

Copy No. _____
Case No. 96-7-0256
T.S. No. 97-75-007
Document No. 3

Copy 57 of 6 Copies
Page 1 of 1 Pages

~~TOP SECRET~~ ~~SENSITIVE~~

Sec Def Cont Nr. X- 2547