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CURRENT ANALYSES SERIES: No. 3

REPORT  
ON A CONFERENCE ON RELATIONS  
BETWEEN THE UNITED STATES  
AND COMMUNIST CHINA

December 1968



INSTITUTE FOR DEFENSE ANALYSES  
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## FOREWORD

~~This preliminary~~ report presents findings arising from a Joint Conference on Relations Between The United States and The Chinese People's Republic, held in LaJolla, California, August 12-17, 1968, as described in the Appendix to this report.

The Conference brought together a group of scientists from the JASON Division of the Institute for Defense Analyses (IDA), members of the academic and research communities, government observers, and members of the Institute's International and Social Studies Division (ISSD). The JASON Division is an unusual type of organization with a special role in the defense community. Its membership comprises about 40 outstanding university scientists who make an important part of their time available to IDA, even though for most of the year they remain at their respective universities. The primary group activity is an annual summer study for which the JASON members come together for six to seven weeks of intensive study of significant problems related to national security. Although the JASON group, by its nature, tends to consider scientific and technological matters, it has a significant history of interest and activity in other fields related to national security.

Part 1 of ~~this~~ report presents brief expositions of US goals and China's future as the conferees saw them, and a discussion of the conflicts between the goals of Chinese and American foreign policy. These basic papers constrained the range of conceivable American actions examined in the course of the conference and also served to outline the general directions in which conference findings should go.

Part 2 of ~~this~~ report presents the principal findings of the conference, arranged under topical headings. The findings represent some degree of consensus, but not unanimity.

## SUMMARY OF PRINCIPAL FINDINGS

The principal findings of the Joint Conference on Sino-American relations are summarized below in outline form:

A. US interests in Asia would be satisfied by a complex, fairly stable equilibrium involving nations with varying social and political systems and decreasing dependence upon US commitments and pressure.

B. The basic conflict between US and Chinese interests may be expected to persist for a very long time. It is well to keep in mind the two-fold nature of the Sino-American conflict:

1. At this stage in China's development, the leadership needs a villain. The past history and current world position of the United States make it the ideal ideological and political antagonist for the Chinese Communists. Russian revisionism is an attractive target, but it can never replace American imperialism. This role for the United States suggests that it will be a long time before China can reduce the volume or intensity of her propaganda. The antagonism, while verbal, is nonetheless real, and it is probable that it will diminish only as real accommodations take place.

2. The second part of the conflict is the confrontation of two large nations, each in search of a political order favorable to itself. This produces policies and programs which involve competition in third countries and in the world arena. The nature of Chinese policy today makes broadly based communication difficult and inhibits the search for areas where mutual interests would be served by rational discussion. This conflict is sharpened by the fact that Peking sees the United States as the physical barrier to its gaining control of Taiwan. This is represented by the Chinese as an effective bar to any reduction in their hostility.

C. Nevertheless, the slow development of Chinese power, China's probable preoccupation with internal problems, and the increased strength, cohesion, and stability of the countries on China's periphery afford grounds for optimism concerning the evolution of a

situation consistent with at least minimum US interests as stated in paragraph A above.

D. The United States will face a number of major policy problems in the coming decade, including:

- (1) The definition of the overall American role in Asia and the resulting requirement to maintain appropriate relations with Asian nations.
- (2) The US role in determining the ultimate fate of Taiwan.
- (3) The nature and level of US aid and support to Asian countries.
- (4) The evolving US relationships with Japan and India.
- (5) The role of nuclear weapons in the search for security and stability in Asia.
- (6) The avoidance of overt conflict with the Soviet Union or China without any appearance of capitulation.

E. In coping with these problems, the following measures, developed more fully in the body of this report, merit serious consideration:

- (1) Encouragement of Japan to assume a leading role in the new Asia.
- (2) Flexible handling of the problems of nuclear proliferation and guarantees. This would involve continued willingness to discuss arms control problems with China, some effort to influence Japan and India away from nuclear weapons, and a working out of a means of assuring the Soviet Union that our anti-Chinese deterrent poses no threat to her.
- (3) Movement toward some recognition of the de facto situation in respect to Taiwan, ensuring at the same time that this does not consign the people on Taiwan, mainlanders or islanders, to a future they do not desire.
- (4) A reexamination of our conventional force posture in Asia with a view to making any changes which might reduce China's perception of our intentions as aggressive, without weakening our real ability to react to Chinese aggression.
- (5) Over time, lifting our embargo on exports of non-strategic materials to China until restrictions are the same as those for other Communist countries. Making similar moves with respect to credit and foreign asset controls when justified by improvements in Sino-American relations.
- (6) Maintenance of a generous, open position on exchanges of persons and information, emphasizing cultural, scientific, and educational matters.

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Part 1

BASIC CONSIDERATIONS



## I

### US INTERESTS AND THE FUTURE OF ASIA

Looking ahead a decade or more and taking into account the apparent limits of feasibility, we need first to ask what kind of Asia would be consistent with US interests. The answer divides logically into three sections.

#### A. GENERAL SPECIFICATIONS

- (1) Evolution of complex, fairly stable political equilibrium in Asia involving nations with varying social and political systems and decreasingly dependent upon US commitments and presence. While working toward local self-sufficiency and regional cooperation, the United States must ensure that no exploitable vacuum is created. While China must play a major role in Asian affairs, the United States has a continuing obligation to protect its Asian allies from undesired subjugation to a militant China.
- (2) Maintenance of security, in the first instance, the responsibility of Asian nations (or groups of nations) themselves, with the United States providing the ultimate military deterrent against enemy aggression.
- (3) Acceptance (at least tacitly) by all nations of the right of nations with different social and political systems to exist in peace.
- (4) Economic and social development of each Asian nation consistent with its needs and aspirations. Such development would be supported by multilateral inputs by the richer nations of the world and would increasingly involve regional cooperation and the participation of international organizations. It would be carried out best in a context of restraint in population growth and attention to problems of ecology and conservation.
- (5) No further spread of nuclear weapons among the nations of the area.

## B. AREAS AROUND CHINA

Applying the above general specifications, the following situations in areas around China would be consistent with US interests:

(1) Southeast Asia would be characterized by a diversity of social and political systems and of international alignments. The general trend would be toward nonalignment.

(2) In South Asia, India and Pakistan would avoid war. Substantial international support would be provided for the economic development of the area. India would continue its balancing act between the United States and the Soviet Union and would remain in a state of tension, short of belligerency, with China. India would play a more active role in Asian regional cooperation.

(3) Japan would be the leading economic power of Asia and would exert increasing influence in regional cooperative efforts. The US-Japanese security relationship would continue, but on a more equal basis, with Japan, for example, having some voice in nuclear strategy toward China. Japan would engage in extensive trade and in cultural and scientific exchanges with China. Japan and China would compete in third countries and areas, but not in such fashion that either would feel seriously threatened by the other. Japan would be actively encouraged to find and follow her own course in her relations with China; but continued Japanese cooperation in controls over strategic materials would be sought. United States and Japanese policy toward Taiwan would be coordinated.

(4) Taiwan and South Korea  
The future of both areas would in the end be determined by the peoples concerned, but without resort to force by any of the parties.

## C. CHINA

The interests of the United States would be served if China were to find the situation described above acceptable. In particular, it would be desirable for China to be relatively content with the lesser objective of having most of the small states on its periphery friendly, neutral, or not overtly hostile, and for her not to insist on the total domination of its weaker neighbors. As for China itself:

- (1) A united China (probably not including Taiwan) would be preferable to a divided China which might invite dangerous foreign intervention.
- (2) A China concentrating maximum effort on solving its domestic problems would be preferable to one prone to engage in international adventures.
- (3) A China in which decisions were influenced by a variety of interests in a system with built-in checks and balances would be preferable to a China ruled by a more monolithic, highly personalized and authoritarian leadership.
- (4) A China acting as a responsible member of the international system could in time make major contributions to the solution of planetary problems (food supply, population, pollution, disarmament, and the like) and would be preferable to one standing outside the system and seeking to disrupt it.
- (5) Contact between the Chinese people and the other peoples of the world would be restored, and cultural and scientific exchange resumed.
- (6) China would not be effectively allied with any major power, including the Soviet Union.

In examining US interests and goals in Asia, the conferees have attempted to define the areas of real concern to the United States and, within those areas, to seek actions that comport with US goals while avoiding unnecessary exacerbation of relations with China and the Soviet Union. We see the Great Proletarian Cultural Revolution as an effective temporary bar to any useful dialogue with China. China's leadership is preoccupied with internal affairs. When it does turn to exterior problems, it is forced to use its internal political vocabulary and thus to take positions which do not permit negotiation or rational analysis. Nevertheless, we believe that it is worthwhile to develop a body of plans and proposals which indicate US willingness to discuss outstanding problems whenever the Chinese are ready to do so. With respect to third countries, the United States should seek to increase their self-reliance, self-defense capabilities, and sound economic and social progress.

## II

### CHINA'S FUTURE

In an effort to project China's future over the coming decade, it appears reasonable to rule out, or at least to regard as highly improbable, a revival of the Liu-Teng party apparatus, a "breakup" of the country, the emergence of an avowedly non-Communist or anti-Communist system, another attempt to establish the degree of vertical centralized control that was achieved in the 1950's, or a program of aggressive military expansion. We turn now to more plausible possibilities.

Although there will almost certainly be some sort of effort to reconstruct a stable political order before Mao's death, for example by putting the Communist Party back together, the success of the effort appears doubtful. Mao's death seems likely to be followed by a "collective leadership," probably temporary and non-viable, that will exclude Madame Mao and the old Party apparatus leaders, and include leading representatives of the surviving Party apparatus leaders, the army, the bureaucracy, and the true Maoists. It is probable that in time this coalition will dissolve to a degree in a power struggle from which a single leader, presumably the one at the head of the most influential interest group, will emerge in more or less undisputed charge. The outcome is impossible to predict with precision, but it is probable that the army will retain and if anything increase its influence, and that the emerging system will contain strong elements of regionalism.

Although for a number of reasons the post-Mao leadership is unlikely to denounce its deceased master openly, it is likely to depart rather widely from his policies in the direction of orderly political controls and planned economic development. It is true, however, that China is poorly endowed with the socio-economic prerequisites for the

sustained and successful application of such policies. A partial failure of the effort and a reversion to a state of disorder is therefore not out of the question, although it cannot be rated as a high probability.

In the economic field, assuming a leadership committed to long term development rather than to essentially political initiatives of the Maoist variety, it seems at least possible and perhaps likely that disasters of the order of a major famine can be avoided, but almost certain that no spectacular breakthrough or "takeoff" will occur. Agricultural production will probably increase just fast enough to permit a very slight improvement in living standards, and there will be a somewhat faster although still not spectacular growth in the heavy-industry sector.

Modern weapons, nuclear and conventional, can be expected to continue to enjoy a high priority, with the result that China will acquire a significant regional nuclear force with whatever concomitant political advantage such a force is capable of conferring. In addition, there will emerge a modest intercontinental nuclear striking force with deterrent capability, which, the Chinese are likely to tell themselves and the world, constitutes only the first step toward ultimate parity with the superpowers. In reality, however, nuclear parity for China is out of the question.

Given the political assumptions already stated, the post-Mao leadership may well modify its political pressures on the Soviet Union somewhat, without however restoring an alliance as close as the one that existed in the early 1950's. There will almost certainly be Sino-Soviet rivalry, not however, of a directly territorial kind, in Asia. There may also be an easing of political pressures on the United States, but there will be a fundamental state of hostility for at least as long as the United States retains a significant military presence in Asia and the Western Pacific, and as long as it continues to protect Taiwan. Sino-American relations may be complicated by the policies of the regime that succeeds Chiang Kai-shek on Taiwan, but it is impossible to predict with certainty what those policies are likely to be.

The future Chinese leadership may devote less attention to "national liberation movements" in the developing countries, unless in the meantime such movements appear to be gaining headway to a significant degree. The other essential features of Chinese foreign policy appear likely to persist; some sort of exclusive sphere of influence in Asia, for example, will probably be sought, unsuccessfully in all likelihood, in competition with other regional powers such as the United States, the Soviet Union, Japan, India, Indonesia, and Australia.

### III

#### SINO-AMERICAN FOREIGN POLICY CONFLICTS

The foreign policy goals or interests of the United States and China embody the opposing political aims and values of the two countries. Following is a list of major interests which demonstrates the content of the struggle:

<u>China</u>	<u>United States</u>
1. Assurance that North Korea or North Vietnam is not dominated by a hostile power, Communist or non-Communist.	1. Assurance that South Korea and South Vietnam do not come under Communist domination.
2. Assurance that non-Communist border states do not become bastions of military strength for either of the superpowers.	2. Assurance that China does not use non-Communist border states as strong points from which to subvert neighboring states.
3. Prevention of a coalition of forces in Asia overtly hostile to itself.	3. Prevention of a coalition of forces in Asia overtly hostile to itself.
4. Providing itself with a military force sufficient to defend its territory from all possible attack contingencies.	4. Providing itself and its allies (and some neutrals) with a military force sufficient to defend its (and their) territory from all possible attack contingencies.
5. Developing a climate of trade wherein it is able to acquire as much, and as high a quality, of foreign-produced goods as its payments position will bear.	5. Establishing a trade climate within which China acquires as little "strategic" (but not including foodstuffs) goods as possible.
6. Opposition to Soviet-American cooperation in most areas.	6. Creating a political climate for Sino-American rapprochement in Far East, but not at the expense of Soviet-American détente; and, failing that, "containment without isolation."

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|--|---|
| 7. Assurance that Japan, when she emerges from pro-American disarmament, will not direct her policy against China, either singly or in consort with the Soviet Union or United States. | 7. Assurance that Japan, as she emerges from pro-American disarmament, will not move to ally herself with China against the United States.                                      |
| 8. Liberation of Taiwan.   | 8. Preservation of an independent, non-Communist regime in Taiwan but not supporting Kuomintang return to the mainland.   |
| 9. Leadership of Asian anti-"imperialist" and anti-"revisionist" forces.   | 9. Leadership of Asian anti-Communist forces until such time as such leadership can be provided within the area.  |
| 10. Rendering whatever assistance is possible and desirable to assure the emplanting abroad of regimes friendly to itself.   | 10. Rendering whatever assistance is possible and desirable to non-Communist regimes to assure their defense against perceived or actual aggression by Chinese-assisted attack. |
| 11. Redemption of "lost" territories, especially Mongolia, along the Sino-Soviet border.   | 11. Doing all possible to prevent restoration of close Sino-Soviet ties.  |

The first seven areas of conflict of interest are, for both sides, natural and normal to all nations. They relate to border security, leadership and influence in a geographical area, and freedom from coercion by hostile alliances. The last four items on the list involve active, hostile Chinese programs and policies which, in this discussion, imply political and military initiatives against the United States and perhaps the Soviet Union. The issue over the liberation of Taiwan places the United States and China in diametrically opposed positions. In addition to categorizing actual points of conflict, this list suggests that Sino-American competition will be very important in third countries.



Part 2  
POLICY PROBLEMS

## I

### THE AMERICAN SECURITY POSTURE IN ASIA

At present, the United States faces several dilemmas in connection with its broad security posture in Asia, particularly as this posture relates to the People's Republic of China. First, there are excellent political reasons, at home and abroad, why American unilateral military commitments in Asia should acquire multilateral dimensions. Moving in this direction, however, is likely to pose new problems, among them the heightened possibility of nuclear proliferation in Asia. Second, the need to make our deterrent power credible conflicts in some measure with our hope of reducing hostility between ourselves and China.

The first task of the new administration will be to appraise, and if necessary, redefine US commitments to Asia, bearing in mind the need to allay current fears that we may withdraw from the area. This task should be undertaken in a manner conducive to maximum public support at home, with a major effort being made to acquaint our people with the basic principles and reasons for our Asian policies. It should also be undertaken with the Chinese (and Soviet) Communists in mind. Our Asian policies should be enunciated in a sufficiently firm and specific manner to reduce the dangers of miscalculation, but in a non-belligerent manner.

Our future efforts should be directed toward strengthening, on request, the self-defense of friendly and viable states to meet the types of threat with which they are most likely to be confronted. The threat of externally aided indigenous insurgency poses a major problem. To what extent and in what form American assistance to indigenous governments against this threat can be effective requires constant study.

Major economic aid programs to selected Southeast Asian nations as part of the American presence should be maintained, without

assuming that such actions will have a direct and proportionate effect on security. When it is more useful to do so, American assistance could be part of a multilateral effort.

Such military cooperation among our allies as is feasible should be encouraged. We should support meaningful Asian regional cooperation in the security field, while maintaining an effective conventional and nuclear US deterrent.

The intense, quiet dialogue with our various allies over defense needs and responsibilities should be continued. Our adjustment to the political pressures as regards issues like Okinawa and other base problems should be made in time to achieve political gains rather than the heavy costs of appearing to be pushed out. At the same time, we must make it clear that the burden for proposing feasible changes lies as much with host governments as with us.

The broad movement of our defense posture will undoubtedly be toward a heavier reliance upon our mobile units and, in stages, toward our mid-Pacific bases. We can maintain the credibility of this defense posture if other Asian-Pacific allies fulfill adequately their commitments, and if we demonstrate our will and capacity to move significant numbers of troops over considerable distances. Technologically the C5A establishes a new range of capabilities. The maintenance of ready forces afloat in Asian waters would further support the US position.

We should continue our opposition to nuclear proliferation, but if, in spite of our opposition, one or more of the Asian states, other than China, becomes a nuclear power, we should refrain from any precipitous breaks with past policies. Our major effort then should be to channel this power in the direction most beneficial to us and to the rest of Asia. We should emphasize the growing importance of effective international agreements and serious arms control and disarmament discussions.

It might be appropriate to make some dramatic move to indicate our desire for peaceful settlement of disputes with Peking. To suggest the establishment of a "hot line" to Peking is one possibility.

In the final analysis, however, our attempt to alleviate Peking's hostility must be essentially confined to overtures in the form of economic, cultural, and political measures. We cannot risk the credibility of our defense posture for this purpose.

The most unstable element in the strategic future is the danger that the CPR might underestimate the firmness, and misconstrue the nature, of the American commitment in Asia. To guard against this contingency, we must maintain a clear connection between our declaratory policy and our actions in Asia.

## II

### NUCLEAR WEAPONS PROBLEMS: DETERRENCE AND PROLIFERATION

#### A. INTRODUCTION

The US nuclear policy for Asia must take into account a steady growth of Chinese nuclear strength with an unsettling but not necessarily catastrophic effect on the Asian power balance and perhaps on nuclear proliferation (India, Australia, and possibly Japan being the most obvious candidates). Also relevant will be American strategy toward a continued military commitment and presence on the Asian mainland. It is unlikely that the CPR will be brought by the proliferation of weapons to other countries in Asia to agree to effective controls (cf., the slight effect on the Soviets of British and French nuclear weapons), but an increased willingness to discuss the question cannot be ruled out. The transfer of Chinese nuclear weapons capability to other states is unlikely.

Obviously, the United States must maintain a nuclear deterrent against the CPR. Besides deterring a nuclear attack on the United States, we must deter Chinese aggression against certain neighboring territories and counter Chinese nuclear threats against other Asian states. Requests for nuclear guarantees must be dealt with on their merits; in the case of India at least, some coordination with the Soviet Union would be desirable.

The existence of a Chinese deterrent may discourage infringements of Chinese sovereignty and reduce Chinese feelings of insecurity. On the other hand, the Chinese may conclude that the threshold of response by the United States and other Asian powers to Chinese adventures has been raised. The net effect on stability in the area and on the effectiveness of a nuclear deterrent cannot easily be predicted.

## B. CONFERENCE FINDINGS

The United States should maintain an announced willingness to discuss disarmament and arms control with the CPR either bilaterally (Warsaw) or within a multilateral framework, but without high hopes of reciprocation.

The effect of a Chinese ICBM capability on possible arms control agreements involving the United States and the Soviet Union is important. As long as the Chinese force is much smaller than the deterrents to be maintained by the United States and the Soviet Union, the effect is not likely to be very great, except in connection with a contemplated drastic reduction of both forces. A Chinese force comparable to that of the United States and the Soviet Union would threaten to provoke an arms race among them, unless the anti-Chinese missiles could somehow be distinguished on both sides. For the Soviet Union, this might be arranged if it could prove that missiles near China were of intermediate range; for the United States, the issue would be more difficult since it is politically dangerous or impossible to use sites like Okinawa for missiles of appropriately limited range. The United States should, nevertheless, make a clear attempt to de-couple its anti-Chinese array from the rest of its force in a way that is credible to the Soviet Union.

The United States should not initiate but should be prepared to deal with any proposals by its Asian allies for joint strategic planning and the like. Particularly for Japan, as the mutual security arrangement moves in the direction of equality, some voice in nuclear strategy toward China would be appropriate.

Local ABM systems in Asian countries are likely to be ineffective, and are therefore not recommended. If entirely US controlled and financed, they would be politically unpleasant. If locally controlled, they can be used as local offensive systems. If a dual-key arrangement is instituted, their use against a surprise attack is made very difficult.

The US Government must be on record as deploring nuclear proliferation. An appropriate reaction to movements in this direction is suggested in Part 2, Section I above.

In Japan, public opinion may delay nuclear weapons production for a long time. It would be more comfortable for us to encourage a high posture in Asia for a nonnuclear than for a nuclear Japan. There is always the possibility of Japan's movement in a direction analogous to de Gaullism, with a distrust of US guarantees. The United States must be aware of the possibility of change in Japanese policy should the Chinese elect to make the nature of their force more explicit and credible with respect to its use against Japan.

Because of its widespread nuclear power program, India could readily acquire an appreciable nuclear weapons capability. Since delivery problems are very asymmetrical with respect to China, there is the delicate problem of possible requests to the Soviet Union and the United States for assistance in delivery capability, in addition to the present search for guarantees. The perceived Indian threat to Pakistan is very great even without such aid. Even so, it is unlikely to lead to the acquisition of Chinese nuclear weapons by Pakistan, but greater dependence of Pakistan on China is a possibility. There is little the United States can do except deplore such developments, unless the entire aid-India consortium plus the Soviet Union exert pressure.

### III

#### CONVENTIONAL MILITARY FORCE CONFRONTATION

##### A. INTRODUCTION

The conventional forces of the People's Liberation Army are, by Western standards, obsolescent. Their numbers and deployment suggest, however, that they would be a formidable opponent to any attempt to invade mainland China by conventional action. With the example of Korea before us, it would be dangerous to assume categorically that China cannot intervene massively on the ground in areas contiguous to her border. The inducements for such intervention have been greatly reduced by the Korean experience and by the potential losses to China should she bring about a situation that increased the chances of American attacks on modern industrial and nuclear installations. The conferees consider, therefore, that China will not use her conventional forces in substantial numbers beyond her borders unless she perceives that actual invasion of her territory is underway or imminent. Even with some real measure of nuclear force, we believe that the CPR will not undertake high-risk military adventures. In our view, China's overall strategy includes the following elements:

- The political use of nuclear weapons.
- Low-risk military strategies calculated not to rouse the United States to major response.
- Continuing importance of conventional forces.
- Time as an element favoring the Chinese and their causes.
- Support for People's Wars, closely controlled, as the primary expression of China's participation in revolutionary affairs.

Over the near future, technical constraints will control any Chinese leadership, despite its ideological orientation. A radical change in leadership could produce major policy changes, but the United States should have reasonable notice of this as policy is



translated into substance. The Soviet Union will, we believe, continue to be unwilling to support any Chinese initiative that might produce a confrontation with the United States. Finally, the outcome of the Vietnam conflict will have direct effect on China's assessment of her future role.

The United States cannot abdicate its overall position and its commitments in Asia under conditions that could be interpreted as withdrawal in the face of Chinese pressure. Subject to this stipulation, we believe that some changes in the conventional force confrontation might reduce Chinese apprehension over US intentions.

#### B. CONFERENCE FINDINGS

The constraints and goals of American security policy in Asia have been set forth in Part I, Section I, above. The United States should continue, by word and deed, to emphasize its respect for the physical borders of China. This requirement should be involved in all deployment decisions. It is necessary to reevaluate the military utility of such activities as the Taiwan Strait's patrol (air and sea).

To the maximum degree possible, the United States should indicate that its forces in Asia are deployed to retaliate against Chinese aggression and not for first-strike or invasion purposes.

#### IV TAIWAN

All schemes for improving relations between the United States and China come up eventually against the seemingly irreconcilable differences between Peking and Washington concerning Taiwan. Peking is firmly committed to the "liberation" of Taiwan, and Washington is just as firmly committed against liberation by force. Neither appears likely to change its position in the foreseeable future.

The problem for the United States is to find a way around the obstacle which the Taiwan issue represents. To do so will not be easy. For many years, Peking has taken the position that the American "occupation" of Taiwan stands in the way of even discussing other questions. This aspect of Peking's position, however, may not be immutable. In the mid-1950's Peking was at least as willing as Washington to try to tackle lesser issues (such as the exchange of journalists) first.

In attempting to bypass the Taiwan issue, the United States might adopt a two-pronged strategy of (a) trying to stabilize the present de facto separation of Taiwan from the mainland, and (b) seeking expanded government-to-government contacts with Peking without breaking relations with Taipei.

The first of these two lines of strategy has been implicitly in effect for many years. By protecting Taiwan and aiding its economy, we have increased the likelihood that Taiwan will continue on a course of social, economic, and political development so divergent from that of mainland China as to render Peking's goal of "liberation" increasingly unrealistic.

Taiwan's de facto separation from the mainland could be further stabilized if the Chinese civil war could be brought to a clear, unmistakable end. Withdrawal of Nationalist troops from Quemoy,

Matsu, and other off-shore islands would, at least in theory, be a major step in this direction. So long as Chiang Kai-shek remains in active control of policy in Taipei, however, this theoretically desirable move is almost certainly impracticable. Efforts to force Chiang to give up the islands would only damage our relations with him and his government and might seriously unsettle conditions on Taiwan. Even more serious, our efforts might well become known to Peking and precipitate an attack, with dangerous consequences for the peace of the area.

The second of the two lines of strategy (seeking expanded government-to-government contacts with Peking while maintaining relations with Taipei) could not be carried very far without modifying the legal concepts which now govern relations among governments. We must take into account the fact that today a number of "divided states" exist and that these divisions may or may not be permanent. There also exist a number of "new states"--some of which have a precarious existence and may undergo a long series of alterations in the course of time. We should consider adopting a principle of universal recognition of de facto states for such purposes as government-to-government contacts, membership in international organizations, negotiations on specific issues, and related purposes.

We might "recognize" a de facto state without (a) having this act signify approval of such a state; (b) any implication of that state's permanency; (c) feeling obliged necessarily to accord such a state the full range of legal state-to-state recognition (e.g., exchange of diplomatic representatives). The recognition of de facto states in these terms would permit a new degree of flexibility and realism without jeopardizing the need to make qualitative and value discriminations.

Under this new concept, both mainland China and Taiwan could be viewed as de facto states, and relations with both would be legally justifiable.<sup>1</sup> The actual nature and content of relations between

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1. By extension, this concept would also justify seating both Peking and Taipei in the United Nations, although some would argue that

Washington and Peking would, of course, be determined by political, rather than legal, considerations. By removing legal obstacles, however, we might open the way to increased contacts. In time, the general tenor of relations might improve, and Peking might become willing to deal with practical issues, such as trade, travel, and cultural exchange, ahead of the more intractable issue of the future of Taiwan.

The conferees concluded that the United States should therefore find occasions to make clear privately to both Taipei and Peking that:

- (1) We regard the Chinese civil war as over.
- (2) We are firmly opposed to any forcible change in the status quo and will honor our existing commitments to the Republic of China.
- (3) We believe that any change in the status of Taiwan should conform to the freely expressed wishes of the residents of the island.
- (4) We will continue to recognize and maintain diplomatic relations with Taipei, but would welcome increased government-to-government contacts with Peking.

As a possible means of removing legal obstacles to the last of the above points, we should explore further the desirability and feasibility of adopting the concept that some areas, including Taiwan and mainland China, are de facto states.

Particularly after Chiang Kai-shek no longer controls Taiwan, we should be alert to changes in the situation which might facilitate the evacuation of Nationalist troops from the off-shore islands.

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this would require an amendment to the UN Charter. Such an amendment might in fact be a good way to gain broad international acceptance for the concept of de facto states.

V

TRADE AND ASSOCIATED MATTERS

Controls over trade and associated activities with Communist China are much more restrictive than those directed toward the Soviet Union and other Communist countries. This element of special discrimination constitutes an additional irritant in Chinese-US relations. There is good reason to think also that these measures are largely ineffective in controlling Chinese military progress or in slowing economic development.

The present temper of the Sino-American relationship makes it doubtful that any bilateral negotiations with real and immediate goals can take place. What are recommended here are steps that the United States can take unilaterally. These proposals will, of course, be subject to denunciation by the Chinese, but not necessarily to outright rejection. Such denunciation need not be binding on any future Chinese leadership.

The findings that follow were considered in the light of usefulness, feasibility, and of their relationship to the overall complex of Sino-American relations. All could be carried out by executive order without Congressional action.

A. EXPORT CONTROLS

The lifting of the US embargo on exports of non-strategic items to Communist China would be useful. At the same time, we favor the maintenance of the general, unilateral COCOM controls on strategic exports with the understanding that there would be no special China differentials.

Our export embargo has outlived its usefulness, since any items denied to China by the United States can be obtained from other

sources, particularly Western Europe and Japan. The lifting of the embargo may be expected to have a three-fold effect:

- (1) The major and most significant effect of lifting the embargo would be political, i.e., a clearly recognizable signal of an altered US policy posture toward Communist China.
- (2) At first, US exports to China may be expected to be quite small, owing to both political obstacles on the Chinese side and the limited Chinese ability to pay for such exports. At best, US exports to China would probably grow very gradually.
- (3) The proposed US action would probably affect attitudes of businessmen generally toward trade with China and encourage some increase in the China trade with other countries.

#### B. FOREIGN ASSET CONTROL REGULATIONS

These regulations should be eased by (a) the removal of restrictions on purchases of Chinese goods by US tourists, mostly in Hong Kong (based on the certificates of origin); (b) the removal of controls on all commercial imports; and (c) the unfreezing of Chinese assets held in the United States.

A removal of restrictions on US tourist purchases should be made on the ground that they represent a significant irritant that has rather negligible effects on the Chinese economy; that is, the dollar exchange which the Communist authorities could obtain in this way may be expected to be of very modest proportions. At the same time these controls are rather difficult and bothersome to administer.

As far as removal of controls on all other commercial imports are concerned, we should let it be known (privately and/or publicly) that we would be prepared to relax the restrictions on Chinese sales in the US market as relations improve between us and Communist China.

The freeze on Chinese assets in the United States should be maintained and left for future negotiation as part of a broader settlement, including the question of claims relating to US assets formerly held in Communist China.

C. CREDIT CONTROLS

Maintenance of COCOM credit controls at the same level for China as for the Soviet Union would clarify the US position.

The conferees favor sequential application of the above measures, starting with a lifting of all restrictions on US exports of non-strategic goods carried out as a single act rather than in a piecemeal fashion. This could be coupled with a removal on controls of US tourist purchases of Chinese goods. These first two steps could be taken at any time. Beyond that, further measures of relaxation would depend on the overall pace of improvement in US-Chinese relations and on Chinese Communist actions.

## VI

### NON-GOVERNMENTAL EXCHANGES

#### A. INTRODUCTION

The United States is not completely blameless for the paucity of low-level and private exchanges with the Chinese People's Republic. In the mid-1950's, China sought increased contacts with the rest of the world and turned a benign countenance, as represented by the "spirit of Bandung," toward other nations. Despite a few exceptions, however, the US position in this area of foreign relations has been unique. Our assistance to the Nationalists in 1945-49, the Korean war, US support of Chiang Kai-shek on Taiwan, and a large family of US actions directed to the restraint and frustration of the Communist regime all contribute to the idea of a continuing feud. China, particularly in her present aspect, requires an exterior imperialist villain. The United States fills that role admirably. Even so, the Chinese must be true to the Communist cliché that their enmity is for the ruling clique, and not the people of the United States. In view of this, and in order to build a body of material for specific action following the death of Mao, the conferees visualize initiation of a broad range of offers for technical and cultural intercourse. It should be remembered that the terms on which such actions are offered may be as important as their content. The United States should be careful to ensure that there is no hint of charity or of a patronizing attitude on its part.

#### B. CONFERENCE FINDINGS

In an effort to establish technical and cultural exchange programs with China, the United States should:



(1) Review, in the terms described above, all previously made offers of exchange and cooperation.

(2) Suggest exchange programs which show respect for and interest in the Chinese cultural heritage.

(3) Emphasize the role of apolitical scholars in setting up exchange programs.

(4) Reach for informal agreements on the exchange of scientific persons and publications in all non-strategic fields.

(5) Work toward the acceptance of students from mainland China in American colleges.

Appendix

JOINT CONFERENCE--JASON AND INST. IPA  
THE UNITED STATES AND THE CHINESE PEOPLE'S REPUBLIC

July 16, 1968

JOINT CONFERENCE--JASON AND ISSD, IDA  
THE UNITED STATES AND THE CHINESE PEOPLE'S REPUBLIC

This conference will take place in La Jolla, California, during the period 12-17 August 1968. It will bring together groups from JASON and the International and Social Studies Division (IDA), several government agencies, and representatives from the academic and research communities.

CONFERENCE TOPIC

"What new actions and initiatives or changes in style or subtlety in existing policies and measures can the United States undertake to create a better relationship with the Chinese People's Republic?"

In order for the conference to result in discrete proposals, it will be necessary to begin with some definitions of the primary interests and policies of the United States and China in Asia and a description of the major issues between them. This will lead to a determination of the degree of mutuality of the interests pursued by these two nations and to an answer to the critical questions, "Is this mutuality recognized by both leaderships? If not, why not, and how could such recognition be brought about?" It should then be possible to consider the adjustments required on both sides and the effects of such adjustments on the interests and policies of each. Finally, this should lead logically to some specific answers to the basic question before the conference.

FORMAT

1. Background Briefings: (These briefings are intended to summarize current conditions and to provide a basis for questions and discussion before the topical presentations that follow.)

- a. United States Goals, Policies and Current Positions.  
An examination of the present American posture, of alternatives that were considered and rejected, and of influences and constraints on action seen against the background of US-Asia policy as a complex whole. Particular attention will be given to the future role of Japan. The question of "What kind of China does the United States want?" will be put for consideration.
- b. The Internal Political Situation in the CPR. The enduring goals and values and the meaning of the current struggle. Pressures and constraints within the Chinese Communist system.
- c. Current and Prospective Foreign Policies of the CPR. China's goals and operating techniques, with emphasis on 3rd country operations, cooperation with other Communist Parties and "people's wars." The effects of the Great Proletarian Cultural Revolution on the style and content of foreign policy. The Sino-Soviet relationship as a conditioning factor and as an influence on United States policies and conduct.
- d. The Economy of China. Strengths, weaknesses, problems. Current policy and practices. Trends and activities.
- e. The People's Liberation Army: Effectiveness, Current Role and Posture; New Directions.

2. Topical Presentations: (The speakers are invited to put forward their views and interpretations to provide the basis for discussion and debate. It is hoped that we may identify the real matters of concern to each nation and describe in detail the conflicts, tensions and prospects for improvement at each point of coincidence.)

- a. CPR's Economic Projects and Requirements. The struggle for modernization and its influence on future

economic policies. The feasibility and content of assistance to China.

- b. The Military Confrontation in Asia. Chinese Concerns. The role of the armed forces in China's future planning. The future relationship between the Army and Party. China's sense of isolation and external menace.
- c. Chinese and American Foreign Policy Goals: A Case for Conflict Resolution. An examination of the physical and political areas of conflict. The US and CPR goals and the elements of friction in each case. An assessment of the possibilities for change and adjustment.
- d. Non-governmental Exchanges: Uses and Limitations. The general utility of activities designed to promote confidence, increase understanding, and exchange information. Lessons from experience and possibilities for the future.

3. Participants: (Some of the speakers giving presentations will be present for one or two days only.)

IDA-ISSD	Dr. Chester Cooper - Chairman Mr. Joseph Yager Dr. Harold Hinton Col. Angus Fraser - Executive Secretary
JASON	Prof. Murray Gell-Mann Prof. Harold Lewis Prof. Norman Kroll Prof. Wolfgang Panofsky Prof. Herbert F. York Dr. Gordon McDonald
SPEAKERS AND CONSULTANTS	Prof. Robert Scalapino Prof. Robert F. Dernberger Dr. Alice Langley Hsieh Prof. Thomas Schelling Prof. Franz Michael Prof. Alexander Eckstein Mr. Thomas W. Robinson

GOVERNMENT            Mr. Harald Jacobson  
OBSERVERS            Mr. Jack King  
                      Mr. Alfred Jenkins

NOTE: There is the strong possibility that several additional participants from government will be present, but final confirmation had not been received when this outline was published.

4. Schedule:

August 12, A.M. - Mr. Joseph Yager  
                            United States Goals, Policies,  
                            and Current Positions

P.M. - Dr. Harold Hinton  
                            The Internal Political Situation  
                            in the Chinese People's Republic

- Dr. Harold Hinton  
                            Current and Prospective Foreign  
                            Policy Goals of the CPR

August 13, A.M. - Prof. Alexander Eckstein  
                            The Economy of China

- Col. Angus Fraser  
                            The People's Liberation Army

P.M. - Prof. Robert F. Dernberger  
                            CPR's Economic Prospects and Require-  
                            ments: followed by discussion

August 14, A.M. - Dr. Alice Langley Hsieh  
                            The Military Confrontation in Asia

P.M. - Discussion

August 15, A.M. - Prof. Franz Michael & Mr. Thomas W. Robinson  
                            Chinese and American Foreign Policy Goals

P.M. - Discussion

August 16, A.M. - Mr. Harald Jacobson  
                            Non-governmental Exchanges: Uses and  
                            Limitations

P.M. - Discussion

August 17, A.M. - Discussion: Outline and Content of  
                            Reports

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13. ABSTRACT This preliminary report presents findings arising from a Joint Conference on Relations Between the United States and the Chinese People's Republic, held in LaJolla, California, August 12-17, 1968, as described in the Appendix to this report.  Part 1 of this report presents brief expositions of US goals and China's future as the conferees saw them, and a discussion of the conflicts between the goals of Chinese and American foreign policy. These basic papers constrained the range of conceivable American actions examined in the course of the conference and also served to outline the general directions in which conference find- ings should go.  Part 2 of this report presents the principal findings of the conference, arranged under topical headings. The findings represent some degree of consensus, but not unanimity.		

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