

THE WHITE HOUSE
WASHINGTON

June 4, 1981

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MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD V. ALLEN *RA*SUBJECT: Part Two of Our Review of U. S. - Chinese
Bilateral Relations (C)

Attached is Part Two of an analysis, prepared by Jim Lilley of the NSC staff, of the secret files covering the bilateral talks between the Nixon and Ford Administrations and the Chinese in the period 1973 through the Ford visit in December 1975. If at all possible, I ask that you read this four-page concluding installment before today's NSC meeting. (S)

Summary:

-- Both U. S. and Chinese sides were "bogged down in domestic difficulties which inhibited action on moving the relationship ahead. On the U. S. side it was Watergate, -on the Chinese side it was the dominance of the Gang of Four and the imminent fall of Deng.

-- The U. S. had opened up an official installation in Peking but there was no momentum on normalization despite our earlier indication that it would take place in Nixon's second term.

-- U. S. attempts to play up the Soviet menace fell on unresponsive Chinese ears. The Chinese needed Kissinger on U. S. grain sales and technology sales to the USSR, contrasting these with his tough rhetoric against the USSR.

-- The Japanese model for normalization came up during the 1975 Ford visit and the Chinese seized on this as the right way to normalize; i.e., no official relations with Taiwan.

-- Mao raised the prospect that "liberation" of Taiwan would take a long time, up to 100 years. (S)

During this period of time the Chinese again controlled the tone and the mood of the meetings. All the meetings took place in China. The Chinese, sensing American weakness at home and in Vietnam, attacked U. S. positions which they felt were vulnerable and sought to put the U. S. on the defensive. (S)

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The honeymoon period was clearly over. The Chinese, after caving in on establishing liaison offices in Washington and Peking, while letting the U. S. keep an Embassy in Taipei, began to set the stage for the more important normalization talks by laying down their three conditions early, by seizing on American suggestions and interpreting them as commitments (normalization on the Japan model) and by pressuring for normalization soon but delaying the eventual "liberation" of Taiwan. (S)

- cc: The Vice President
- Ed Meese
- James Baker
- Michael Deaver

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