

VISIT WITH PRC SENIOR VICE PREMIER LI HSIEN NIEN

This visit was suggested by the Chinese, not requested by me, and was first mentioned on 3 July with a firm time provided on the morning of 4 July for the meeting which took place at 3:30 that date. Mr. Fan suggested that it had come about because of a judgment that some of my discussion should be at the "state level."

The meeting was in two parts. First, the five members of the Zumwalt family were introduced and pictures were taken which later appeared in Chinese newspapers, together with the official story quoting Li Hsien Nien's three conditions on Taiwan -- the first public official statement on this matter since the 1972 Shanghai Communique. Second, Admiral Zumwalt and daughter Ann, serving as a note-taker, entered a conference room.

Present at the second meeting were: Mr. Li Hsien Nien, Mr. K'Q', Mrs. Kang, Nancy Tang, Mr. Ni, plus two other interpreters and three or four staff. Amenities were exchanged.

L: What are your thoughts on your visit?

Z: I have found the visit useful; I am anxious to exchange views particularly on what I think is a mutual problem -- the Soviet Union.

L: Yes, we must use joint efforts in dealing with the polar bear.

Z: That is my view. The Soviets have been more successful than they ought to have been. The PRC and the US have each gone their separate ways, letting the Soviets follow their own sense of timing and priorities.

L: In our view the Soviet Union is outwardly strong and inwardly feeble. From a political viewpoint, since the Soviet Union is carrying out its aggressive expansion, seeking hegemony, and since it is bullying other countries, it is antagonizing the world's people. The trend of drifting away from the Soviet Union is growing and within the Soviet Union, they are having many difficulties too. Their working class is opposed to their ruling class; also there are acute national contradictions -- their economy is out of proportion due to emphasis on military goals at the expense of consumer goods and light industry -- because it gives priority to war industry, and agriculture and light industry is neglected. (I think their GNP is only 60 percent of your GNP but its military spending is the same as yours.)

Z: It is greater. They put over 15 percent of their GNP into military budgets to our 5 percent. They, therefore, outspend us.

L: If they continue in their course, their people will have a lot of complaints. What are your observations?

Z: That is right. They do have problems. I have the view that we should be taking tougher stands where the Soviet Union is taking advantage of us. My country can certainly afford to match the military spending

of the USSR. We have the will to do what we must, but I favor also having the stick with which to deter.

- L: I think that too many people in your country speak out with different views; it's good to have arguments but more often than not arguments lead to no decision. An example is the Munich mentality -- the policy of appeasement. You are not for it but recently some of your people have been for it. Did Kissinger have such a mentality in the past?
- Z: In my book ON WATCH I quote two particular occasions in which Kissinger spoke of the Soviet Union as the wave of the future and the US as a dying civilization. He said that his job, therefore, was to achieve the best second best position he could achieve. I argued that was the most immoral position of all, to believe what he believed and not to say so publicly so that it could be debated by the people. He said that if he reported his views, he would lose his negotiating leverage. Regrettably, he didn't really use his negotiating leverage. Now we have seen since then that the American people have repudiated this policy. Reagan criticized Kissinger's policies and very nearly unhorsed the President within his own party. He forced revisions in Kissinger's foreign and defense policy. Carter was elected in significant part because of his attack on these policies and promises to change the style of conducting it.
- L: We ought to be able to say he is an old friend of ours; Nixon opened the door to Sino-US relations, Kissinger had been in touch with us several times. At the time of the Shanghai Communique, Kissinger talked to us, but we did not share some of his views. He fears the Soviet Union very much. I think the US should be tougher with the Soviet Union.
- Z: I agree with you. Dr. Brzezynski asked me to state that the present Administration does not share the last Administration's tragic view. It has an optimistic view of our future. It is prepared to compete with the Soviet Union if necessary. He asked me also to make clear that the recent New York Times report that cites that the US had done a study that contained the judgment against arms technology cooperation was not an accurate report. A working draft had such a proposal. The present report contains no decision pro or con.
- L: We have not read such a report. We do not attach much importance to such questions because the question of arms technology for us does not arise. We should each act in our own way. Perhaps you don't quite understand our strategy. We rely on People's war, because when a country carries out aggression, for instance, the Soviet Union against China, it does so for acquisition of resources. I don't think it would seek to kill all our people. If so, it would lose its chance to get cheap labor. Of course, we shall develop our national defense. Of Chairman Mao's four modernizations, one is national defense. Within our party there was "the gang of four" which did some damage, but we are resolved to carry out Chairman Mao's requests and under Chairman Hua,

will organize the four modernizations. Our weapons are not as good as yours, it is true.

- Z: Speaking of modernization, I want to raise a matter I discussed with others. If we agree that we are up against a government in Moscow that is not up to any good as far as either country is concerned, there are actions that can be done with mutual benefit that do not have to interfere with the basic beliefs that either of our governments have. One example is development of off-shore oil much more rapidly than you could do alone. This would make possible a system of production in Chinese hands, but using technology and assistance of US technical advisors from US industry. The economic advantage to you is dollar income for that portion of the oil bought by the US. More important, the strategic significance is a source of oil that the Soviet Union will have much more difficulty in closing off than they can be in a position to do in the Middle East.
- L: We have not considered the question yet. Generally speaking, we do not want to introduce the concept of joint development of our resources but I believe that in the future we can operate through commercial channels to purchase equipment from the US. At present we cannot consider the question of joint development. Even if our relations are normalized, such an idea is not realistic. The reason is that the Chinese people do not consider it to be good to permit foreign investments or other forms of foreign access to our resources. As for our common good, let's deal with hegemony. Do you have any other questions on this subject?
- Z: Let me explain what I meant by joint development of off-shore oil. I refer to a contract between your government and US business corporations on the basis that they would provide the equipment and technologies and work with designated PRC personnel. With regard to the question of foreign investment, I believe you can meet your concerns by an arrangement that provided for US corporations to receive oil in payment for their equipment, technological assistance and other costs. This could be done by the commitment to US companies by you of some fraction of the oil to be produced.
- L: We have not considered this before. What is your opinion of the focus of the Soviet Union; it is Europe? Middle East? Africa?
- Z: Soviet writings and speeches indicated that for several years they considered Africa their primary next objective; two or three years ago they seemed to shift to the view that operations in Africa had merely become a technical cleanup or mop-up operation in view of their progress; they, therefore, lifted their sights to Europe. They began to discuss the Finlandization of Europe. I believe that they visualized the Middle East as a special target to precede or follow Europe depending on opportunities. Beyond these three areas, after they become predominant in them, I do not believe they have decided whether some form of hegemony over China or the US would become next in line.

L: The African nations won't listen to the Soviets -- at least the majority won't; obviously, countries like Egypt and the Sudan don't listen to them. In our view the focus of the Soviet Union lies in Europe. It was not in Africa in the past and it is not in Africa at the present. As far as China is concerned, the ambitions of Soviet revisionists to subjugate China will not last. Meanwhile, we follow the dictum of Chairman Mao to "dig tunnels deep, store grain everywhere, avoid hegemony." We must have vigilance against the Soviet Union. Through analysis of various conditions we have come to the view that the focus of Soviet strategy lies in Europe. Because in fighting (here he used his two fists) when using two fists you always have a focal point. You can't use two fists at the same time if you have two different targets. So how is it possible to use one fist against China and one against Europe? Because the Soviets would scatter their strength. Because if they should attack China, their forces would be knocked down in China and under the weakness created, the US and Europe would go to Moscow.

Z: I think it is clear that the Soviets see the seizure of significant client state facilities in Africa as an important flanking movement. They see the Middle East in a similar light. It is true that they would have difficulty occupying the whole continent of Africa. But with the facilities they now have in Iraq, PDRY, and Somalia, with those they should soon have in Mozambique and Angola, and with those they hunger to acquire in South Africa, they would be in an optimal position to control the oil routes from which flow 80 percent of Europe's oil and 90 percent of Japan's. If they control the Middle East, they control access to the oil at the source. With these two regions under the control of their military facilities and forces, they would be in a position to Finlandize Europe. They would have all they need, together with the Warsaw Pact forces, to let Europe in its fright unravel the NATO alliance and seek accommodations with Moscow. With Europe under Soviet hegemony it takes no genius to conclude what region suggests itself next to Soviet hegemony, the one region in Eurasia then remaining outside Soviet hegemony, PRC.

L: We think the situation in Africa is good. The Sudan, and of late Somalia, have grudges against the Soviet Union because the Soviet Union supports Ethiopia. And, of course, there are a lot of contradictions in the Red Sea region: Sudan vs. Ethiopia; Somalia vs. Ethiopia; struggles between certain Arab countries. But I do not think it is possible for the Soviet Union to get control of the whole of Africa. Some countries of Africa are close to the Soviet Union. But some day these will see through the Soviet skin. For example, once relations between Egypt and the Soviet Union were good. They even had a treaty of friendship. We hope the affairs of Africa will be settled by the Africans themselves and that the African people will be united. And now the problem is South Africa and Zimbabwe. The majority is dissatisfied with the rule of the minority. And I think it is much better if you settle the problem by acceding to the demands of the majority. Smith and Vorster stick to racial discrimination. This raises the majority to resistance. The Soviet Union currently has its way in Angola. But there is great turmoil

in Angola. About 10,000 Cuban troops are stationed in Angola. Do you think the Angolans are happy about that? We shall continue to do our work to get Africa united, despite the contradictions among them. This can be settled by Africans.

Z: I find agreement with some of your views. I have long advocated that the white minority regimes were bound to fall and that US policy should have been one of working for friendly majority regimes rather than to line up with the minority. The difference between us is the following: I could not expect to hold my own in debate with you about how to fight a People's war. But let me tell you about naval war and Africa. If I were Admiral Gorshkov and had at any given moment just two of the countries of Africa for military facilities -- Somalia, Mozambique, Angola, South Africa -- with Europe dependent on the Middle East for 80 percent of its oil and Japan for 90 percent -- and with what access I already would have in the Mediterranean and Middle East, I could bring Europe and Japan to their knees in one month by air and naval strikes to cut their oil -- it would not bother me too much if I had to keep revising in peacetime my plans as to the two specific countries in which I would operate in in wartime, as Soviet fortunes ebbed and flowed, so long as the USSR were able to continue to give me access to any two. This is why it is important to be able to checkmate Soviet strategy in African better than we are doing. It is why the US needs to become less energy dependent. It is why China should be concerned to generate a major excess of oil as soon as possible.

L: I think there is some truth about the Soviet ability to control the oil routes but Soviet control of the whole continent of Africa is a different matter. It is up to the US whether you let the Soviets be able to cut your oil lines.

Z: The point that ought to concern us both is that at the moment of crisis when the Soviets are able to threaten credibly to cut the oil lines, Europe may not want the US to rescue them but will make its own deal with the Soviet Union a la Chamberlain.

L: It remains to be seen. Your worry about the oil route is very sensible. But I doubt that the African people will permit themselves to be controlled by the Soviets since Africa has been struggling to control its own destiny. The situation in Africa from our viewpoint is excellent. We have met with many friends from Africa. They have a strong desire to protect their national resources and their independence and sovereignty.

Now as to relations between China and the US! Before you state your views, I will state mine first. I hope that Mr. Vance and President Carter mean to respect the spirit of the Shanghai Communique and make the Shanghai Communique as the basis of our communication. We also regard the Shanghai Communique as the proper basis for Sino-U.S. relations. So long as the two sides earnestly carry out this communique, relations between our two countries can continue to improve. As for normalization of relations between our two countries, we have told our American

friends about the Taiwan issue. It requires that the US: 1) sever relations; 2) pull out their military from Taiwan; 3) and abrogate the joint defense treaty with Taiwan.

How China will settle relations with Taiwan is a matter of internal nature. Foreign countries should not interfere. In the Shanghai Communiqué the US acknowledged that there is only one China on either side of the Taiwan Strait. We will not accept two Chinas, or one China with one Taiwan, or one China with two governments. The liberations of Taiwan is our own business. Are you able to express your views on Taiwan? If so, please comment.

Z: I do not know if the Carter Administration will come up with a completely different view than my own. I have traveled all around the US in the last three years and have met with all kinds of groups -- farmers, labor, teachers, students, etc., and I think from these meetings that I know the mood of the US public well. There is a general feeling that the lives and investment in South Vietnam were a tragic waste, that the outcome would have been different if President Nixon had not made himself incapable of reacting or meriting respect because of Watergate. The general feeling of guilt over Southeast Asia blends with a strong residual feeling from the old days that the present government of Taiwan is an ally of long standing. The feeling that SEA showed our worst side and the good will currently felt for Taiwan both make it difficult for any President to abandon them. In the next several years it will be politically difficult for a President to do so. And if he should do so, the effect on other US allies would be such as to further weaken US influence. You ought to be concerned about this effect in a world where you need a credible US to deter the Soviet Union. Therefore, it seems to me that China must be very patient about pressing for radical solutions. This is all without reference to my own view which is that the US must not abandon Taiwan.

L: I think we are patient enough. I do not share your views. At first I did not intend to talk about SEA because these are by-gone events. We did not understand why there was such a fuss about the Watergate affair and we don't want to understand. I think you should understand that the US withdrew from Indo-China because of the tough resistance in Indo-China. I think the Taiwan issue was very clear long ago. National declarations of various kinds recognized that Taiwan was part of China. President Truman issued a statement recognizing Taiwan as part of Chinese territory. Secretary of State Acheson explained his point. You said that Chiang Kai Shek was an ally of the US. It was not Chiang but the PLA which fought against Japanese imperialism at that time. Chiang's troops retreated a long distance into Northwest China. It is better for the US not to support his so-called ally. It is not wise for the US do do so. There must be some reason for the fall of Chiang Kai Shek. For 22 years the Chinese people were disgruntled. Chiang was repudiated by the people. If the polar bear of Russia wants out of the cage, I think it is not so terrible -- we are not afraid and not to be distracted.

- Z: I did not intend to invade the ideological mainland and get bogged down in a People's war over the issues in SEA -- nor did I intend to debate my own ethical reasons for support of Taiwan. I was limiting myself to a political judgment as to the difficulties any President faces in repudiating a relationship with Taiwan.
- L: It is not a question of ideology, but of the relationship of our two countries. It involves your country's attitudes toward our sovereignty and territory. It involves the central question which was clearly stipulated in a series of laws during the second World War. On this question, the US owes a debt.
- Z: One of the unfortunate things, with regard to the Shanghai Communique, is that we know only what has been told to us. Unless the US position at the time was designed to say two things at once -- one meaning to you and another to us -- insofar as the American people are concerned, the one thing said to them that came through most clearly was that nothing in the communique required the US to give up its alliance with Taiwan. Therefore, the people of the US continue to have a symbolic and emotional feeling toward the alliance -- making it difficult for any US President to abrogate.
- L: In the Shanghai Communique, the US acknowledges only one China.
- Z: Correct.
- L: Only this one China, of course, means the PRC. Was it possible that Premier Chou En Lai signed a document that said Taiwan only is the one China?
- Z: No. But it is possible that each side attached a different meaning or begged the question at that time.
- L: Then we have differences. Take Japan. We have told our Japanese friends that we recognize that the relationship between Japan and the US has to come first and we understand this. But Taiwan is a different question.
- Z: I recommend that you relate this whole matter of Taiwan to Secretary Vance. He may have a different impression of the American people although I don't think he has communicated with as many in recent years as I have. The President, of course, has communicated even more.

We seem to have here a classic example of what we in American would call the irresistible force meeting the immovable object. Because of public opinion, there is on the issue of Taiwan, I think, a certain immobility of any elected executive of the US unless the mood of the American people changes. This is a much stronger factor for a politician than having to make a judgment exclusively on its merits. This political factor adds to the scales an additional weight. The great tragedy is that China is indicating an inability or an unwillingness to work

around the problem of Taiwan to deal with other problems. This makes it more difficult for our two countries to deal with our own future. This inability in any way to concert affairs is enhancing the opportunities for the Soviet Union, who, seeing us not communicating in any meaningful way, judges it can deal with us separately without having to worry about concerted political action.

L: We have not changed our policy toward Taiwan, and we do not intend to. Our American friends always talk of the mood of the American people. We can't understand this. But there is also the mood of 800 million people in China and Taiwan, and there is a strong morale among them to liberate Taiwan.

We do have a common point of understanding: concern over the expansion of the Soviet Union. If relations between our two countries are not normalized, it will be difficult to expand the relations between our two countries. But with implementation of the Shanghai Communique, we would continue to exchange views and expand trade.

Z: I understand the points you have been making. I will relay your views in content to the various officials of my government.

Farewell amenities.