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Stability in East Asia: The US Role

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I am delighted that so many of you have joined us today. I particularly want to thank the two main business organizations represented here, and especially their leadership, for their efforts in advancing public understanding of a major foreign policy issue. Both Councils have played -- and will continue to play -- important roles in strengthening our economic relations.

It is now one month since the President announced that the United States and the People's Republic of China had reached agreement on the establishment of full and normal diplomatic relations. Today I would like to share with you some of the background leading up to the President's historic decision, and outline what we believe it means for the United States and for the world.

Few other foreign policy issues have so long divided Americans as The China Question. In the 1930's, Americans became deeply aware and often passionately concerned with the tragedy and suffering of China. In the early 1940's, our two nations fought together against the Axis powers. In the late 1940's we tried, ultimately without success, to help the two sides in the Chinese civil war find a peaceful settlement to their conflict.

Relations between the People's Republic of China and the United States reached a nadir in the 1950's. Our armies clashed in Korea, and at home the China issue left a
deep mark on the domestic political landscape. One of the tragedies of that period was the destruction of the careers of some outstanding Foreign Service officers because they reported events in Asia as they saw them.

The impasse in our relations with Peking persisted despite the emergence during the 1960's of incontestable evidence of serious rivalry between the Soviet Union and China. The United States, enmeshed in military involvement in Southeast Asia, and China, preoccupied with the Cultural Revolution, were unable to make progress towards overcoming our differences.

1971 marked the beginning of a new phase. Across a vast gulf of misunderstanding and mutual distrust, the governments of Peking and the United States began a dialogue, starting with Henry Kissinger's dramatic trip to Peking in 1971 and President Nixon's visit in 1972. The Shanghai Communique of that year set a framework for our new relationship.

But that dialogue was incomplete. The United States still formally recognized the Republic of China -- whose de facto control encompassed only Taiwan and a few adjacent islands -- as the legal government of China. Despite this, we were able to begin contacts and ultimately, in 1973, even establish Liaison Offices in Washington and Peking. But the nature of the relationship with Peking remained limited in scope and depth by the political, legal, and economic implications of our lack of mutual recognition.

Non-recognition -- the delicate state in which we dealt with Peking in the six years after the Shanghai Communique -- presented daily practical problems. Although both sides made major efforts to minimize these limitations, they became increasingly inhibiting. Discussions with the Chinese often foundered on the fact that in the absence of recognition, many activities either could not proceed at all or had to be conducted at a low level. Contacts were constrained, including those that might have produced greater understanding on global issues. Trade was limited, and opportunities often would go elsewhere. Legal problems hung over commercial transactions because of American claims and frozen PRC assets dating back to 1950. More importantly, not to try to move forward would have been to risk moving backward -- and backward movement in U.S.-Chinese relations would have caused serious damage to our global position.
So even before he was inaugurated, President Carter made his first China decision. In an act of continuity with two previous Presidents, he reaffirmed the Shanghai Communiqué as the basis for our relationship, and specifically reaffirmed its commitment to work towards normal relations.

We were not at all certain at that time that we could indeed reach that ultimate goal. But we felt it essential to try, and we were prepared to take as much time as was necessary to achieve it on an acceptable basis.

With this in mind, we began discussions within the Administration, as well as an intensive series of consultations both with Members of Congress and with a wide cross-section of American businessmen, scholars, and others. From our consultations and review, two central thrusts, and several specific concerns, emerged.

These basic thrusts could not have been clearer: on the one hand, a substantial majority of Americans wished to see the United States and the People's Republic of China establish diplomatic relations; but at the same time, an equally large majority had deep concerns about Taiwan's future prosperity, security, and stability. We shared these concerns. The President decided that we would only establish diplomatic relations with Peking if such an action could be accomplished in a way that did not damage the well-being of the people on Taiwan or reduce the chances for a peaceful settlement of the Taiwan question by the Chinese themselves.

Beyond these basic considerations, several specific concerns emerged. First, there was widespread and legitimate concern over Peking's insistence that prior to normalization the United States must unilaterally abrogate the Mutual Defense Treaty with Taiwan, rather than terminate it in accordance with its own provisions, to which the United States and Taiwan had agreed in 1954. Furthermore, we wished to establish that after normalization, even in the absence of diplomatic relations with Taiwan, all other agreements and treaties would remain in effect.

Second, we shared with Congress and the American public a deep concern over the strong assertions by Chinese officials concerning their right to "liberate" Taiwan in any way they saw fit. From an American point of view, the peaceful settlement of the Taiwan issue by the Chinese themselves was of critical importance; we could not move forward if Peking continued to talk and think about the Taiwan issue in such inflammatory terms.
Third, a consensus rapidly emerged, inside and outside the government, that it was essential that we continue a wide range of relations with the people on Taiwan on a nongovernmental basis after normalization. In particular, these post-normalization relations would have to include continued sale of defensive weapons to Taiwan.

With these priorities emerging, I visited Peking in August of 1977, and Dr. Brzezinski went there in May of 1978. We found a newly confident leadership emerging in Peking as a period of intense internal turmoil subsided. We found many points of common interest on global matters, although on some important issues we continued to have differences. Our discussions on normalization were of an exploratory nature. These overall discussions reinforced our view that a strong, secure and peaceful China was in the interest of world peace.

In the early summer, President Carter instructed Ambassador Leonard Woodcock, Chief of the Liaison Office in Peking, to begin a series of presentations outlining our views on normalization. In five meetings, Ambassador Woodcock laid out the American position.

On September 19, President Carter met with the new head of the Chinese Liaison Office in Washington, Ambassador Chai Zemin. Involving himself directly in the discussions for the first time, the President told the Chinese that we were ready to normalize relations if our concerns about the future well-being of the people on Taiwan were met.

In completing his presentations on November 4, Ambassador Woodcock indicated to the Chinese that we would be willing to work toward a January 1, 1979, target date for normalization if our concerns were met. The Chinese began their response in early December. In mid-December, negotiations intensified with Vice Premier Deng Xiaoping becoming personally involved. Finally, on December 14, we reached agreement that met our fundamental concerns and the announcement of our decision to establish diplomatic relations was made on December 15.

We have been able to establish full diplomatic relations with the People's Republic of China in a way that protects the well-being of the people on Taiwan. The importance of this is fully reflected in the arrangements that we have been and will be establishing.

First, the United States will not abrogate the Mutual Defense Treaty. Rather, we have given notice that we will exercise our right to terminate the Treaty with Taiwan in accordance with its provisions, which permits termination by either party after one year's notice. All other treaties and agreements will remain in effect.
Second is the critical question of the peaceful settlement of the Taiwan question by the Chinese themselves. It is clear from the actions and statements of the PRC in the last month that normalization has, in fact, enhanced the possibilities that whatever the ultimate resolution of the issue may be, it will be pursued by peaceful means.

Since the normalization of relations, the PRC has adopted a markedly more moderate tone on the Taiwan issue:

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On January 9 of this year, Vice Premier Deng told Senators Nunn, Glenn, Hart and Cohen, that, "The social system on Taiwan will be decided by the people of Taiwan. Changes might take 100 years or 1,000 years. By which I mean a long time. We will not change the society by force."

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On New Year's Day, after 25 years, the PRC ceased firing propaganda artillery shells at the offshore islands of Quemoy and Matsu.

Third and finally, after the termination of the Mutual Defense Treaty on December 31, 1979, we will continue our previous policy of selling carefully selected defensive weapons to Taiwan. While the PRC said they disapproved of this, they nevertheless moved forward with normalization with full knowledge of our intentions.

In constructing a new relationship with the people on Taiwan, we are taking practical steps to ensure continuity of trade, cultural, and other unofficial relations. The President has taken steps to assure the uninterrupted continuation of such relations from January 1, 1979. In the future these relations will be conducted through a non-profit non-governmental corporation called the American Institute in Taiwan. This corporation will facilitate ongoing, and we are confident, expanding ties between the American people and the people on Taiwan. Taipei will handle its unofficial relations with this country in similar fashion.

Let me say a word or two about the American Institute in Taiwan, the legislation it requires, and its operations. Congress will be asked to approve an omnibus bill that will authorize the funding of the American Institute in Taiwan and confirm its authority to act in a wide range of areas. I hope we will have your active support for expeditious passage of that bill.
The Institute will have its headquarters in Washington with field offices in Taiwan. It will provide the full range of commercial and other services that have been previously provided through official channels to businessmen, both from the United States and from Taiwan. In your private business dealings on Taiwan, you may freely contact the Institute's staff for advice or can deal directly with local firms and the authorities there. In short, we see no change necessary in the way private American business has been conducted on Taiwan up to now. EXIM loans, OPIC guarantees and other important arrangements will continue.

With these new arrangements in place, we expect Taiwan to continue to prosper. Taiwan's dynamic economic growth is one of the most impressive stories of the last decade; it is now our eighth largest trading partner, and per capita income is among the highest in Asia.

As anyone who has studied the issue can attest, normalization of relations with Peking was not an easy step to take. The difficulties always argued for themselves, and further delay was always an inviting option for any President. But we all recognized that sooner or later we would have to move. As I have already said, failure to try to move forward would have left us in danger of moving backwards -- at great cost to our global position. By the time we took the decisive step every other member of NATO, our two treaty partners in ANZUS, and Japan had long since recognized the PRC, as had most other nations of the world. They were ready for our action -- and most of them, including all the members of the Association of Southeast Asian Nations, applauded it.

When we acted, we did so in a way that enhances significantly the prospects for stability and peace in Asia and the Pacific. We acted in a way that will move us towards our objective of a stable system of independent nations in Asia, and that will also increase the chances of maintaining a stable equilibrium among the United States, Japan, China, and the Soviet Union.

The United States will continue to play an active role in order to maintain that stable equilibrium. For reasons of geography, history and economics, we are as much a Pacific nation as an Atlantic nation, with deep and abiding national interests in the region. We will maintain balanced and flexible military forces in the region, as the recent, successful conclusion of the base agreements with the Philippines so clearly demonstrates. And we will not hesitate to act, as required, to protect our vital national interests.
The rapidly expanding relations between our two nations in science, trade and exchanges require the kind of structure that diplomatic relations can provide. It will allow a much freer exchange between our cultures. And with full relations, we are in a far better position to encourage China's role as a constructive member of the world community. We will be discussing all of these matters with Vice Premier Deng when he visits us in two weeks.

It is particularly useful on this occasion to note some of the economic benefits we expect to flow from the establishment of diplomatic relations with the PRC. These include our participation as a regular supplier of agricultural commodities to China, the ability of U.S. exporters to compete on an equal basis with other suppliers, and the resumption of shipping, air, banking, and other normal economic relations with China.

Let me emphasize that in normalizing relations we acted in a way that does not threaten any other nation, but can increase the sense of community of nations that we seek to encourage.

We believe that China has an important role to play in the search for global peace and stability. The same is true for the Soviet Union. Our national interests are best served when we seek to improve relations with both nations while protecting our vital strategic interests. This was the case during the late winter and spring of 1972, a period during which both the Shanghai Communique and SALT I were achieved. Equilibrium and stability, not isolation, are our strategic objectives. For this reason, we also look forward to the early conclusion of the SALT agreement with the Soviet Union and to improvement of our trade relations with the Soviets as well as the Chinese.

In conclusion, let me urge you to support the President's decision and the legislation to continue relations with the people on Taiwan. We seek your support in explaining the strategic and historic necessity of this action. And we encourage you to develop greater trade and contact with both the People's Republic of China and the people on Taiwan.

It was just short of seven years from the Shanghai Communique to normalization of relations. Through a difficult period, two great nations began to restore contact and shape a new relationship. We all recognize that a new era is upon us. Opportunities previously denied to us have now begun to take shape.
The nations grouped in and around the world's largest ocean, the Pacific, contain close to half the world's population. These nations must decide whether to choose the path of greater cooperation and growth or to enter into a period of unresolved struggles for influence.

For our part, the United States will enter the closing decades of the 20th century ready to play a leading role in the search for peace and economic well-being. The lack of diplomatic relations between the United States and China was an obstacle to progress for many years. Having now surmounted it, we face the tremendous challenge ahead with a sense of excitement and hope.