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File Folder CHINA-GENERAL JANUARY 1981-FEBRUARY 1981

FOIA

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COHEN, WARREN

3

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
31361	MEMO	RICHARD V ALLEN TO THE PRESIDENT, RE POLICY TOWARD CHINA <i>R 12/2/2011 F2002-019/1</i>	5	2/8/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

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B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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WITHDRAWAL SHEET

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File Folder CHINA-GENERAL 02/08/1981-05/26/1981

FOIA

F02-019/1

Box Number CF0160

COHEN, WARREN

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31361	MEMO	RICHARD V ALLEN TO THE PRESIDENT, RE POLICY TOWARD CHINA <i>R 12/2/2011 F2002-019/1</i>	5	2/8/1981	B1
31362	MEMO	ALLEN TO THE PRESIDENT AND THE VICE PRESIDENT <i>R 7/17/2008 F02-019/1</i>	1	3/2/1981	B1 B3
31363	REPORT	RE DENG XIAOPING COMMENTS <i>D 7/17/2008 F02-019/1: D UPHELD 11/8/2012 M381/1</i>	3	ND	B1 B3
31366	PAPER	EXPORT CONTROL POLICY TOWARD CHINA <i>D 12/2/2011 F2002-019/1</i>	3	ND	B1
31368	SCOPE PAPER	RE VISIT <i>R 2/1/2008 NLRRF02-019</i>	7	ND	B1

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I. China

Memorandum
for
The Honorable Edwin Meese III
Visit to the Peoples Republic of China
Dr. Vernon L. Grose

RESERVATION COPY

TUSTIN INSTITUTE OF TECHNOLOGY
SANTA BARBARA • CALIFORNIA



30 January 1981

Dr. Vernon L. Grose, Vice President

The Honorable Edwin Meese III
Special Counselor to the President
The White House
Washington, D. C.

Dear Ed:

Attached is a report I have prepared for you concerning a recent visit I have made to the Peoples Republic of China. It is my understanding that one of your many duties is that of overseeing international policies as they develop.

I am convinced that President Reagan has an unprecedented opportunity to bolster U. S. economy in the world marketplace while enhancing world peace by establishing a Reagan Doctrine on China. The attached report is intended to aid that effort.

I am frequently in Washington for a variety of reasons — as a consultant to the National Academy of Sciences, Washington Metropolitan Area Transit Authority, and Gallaudet College as well as teaching at The George Washington University. So if you wish to discuss any aspect of my report to you, I can arrange it quite readily.

Perhaps we will see one another at the National Prayer Breakfast next Thursday. I hope so!

Best personal regards,

Vernon L. Grose, DSc

Attachment

3 February 1981

Dear Herb:

Enclosed is the position paper that I have written for Ed Meese on what we learned in China. I am hopeful that some of the points may prove of benefit as they draft a policy position for the President.

I am more convinced than ever that the position for which I would like to be considered in the Reagan Administration is Assistant Secretary of Labor for OSHA. Since I have a background in industry for 16 years prior to becoming a consultant to Federal, State and local government as well as a well-published member of the academic community, I believe that my credentials are well established.

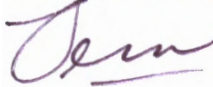
In particular, I share President Reagan's oft-stated desire to see the shackles of government removed from American business. My objective in heading up OSHA would be to bring some common sense where there has been soft-headed, however well-intentioned, idealism. I am the foremost authority in the field of System Safety (the application of the systems approach to hazard control), having taught thousands of students at USC, UCLA, and George Washington University.

I am currently working with the National Academy of Sciences under an OSHA contract regarding the Prevention of Grain Elevator Explosions.

If you could get a clue from Ed as to how I would best present an expanded curriculum vita directed toward this position, I would be indeed grateful. I recognize that the OSHA position is one which enjoys a very low appreciation across the Nation. However, I would like to bring some fresh thinking to the position that would reduce the adversarial antagonism between government and industry.

Thank you so much for anything you can do. I am most hopeful for you to find a place of service in the new Administration, as I have the highest regard for your ability and commitment.

Best personal regards,

A handwritten signature in dark ink, appearing to read 'Vern', with a stylized flourish underneath.

VERNON L. GROSE

TUSTIN INSTITUTE OF TECHNOLOGY
SANTA BARBARA • CALIFORNIA



Dr. Vernon L. Grose, Vice President

MEMORANDUM

30 January 1981

TO: The Honorable Edwin Meese III
Special Counselor to the President
The White House
Washington, D. C.

FROM: Dr. Vernon L. Grose
Vice President
Tustin Institute of Technology
Santa Barbara, California

SUBJECT: Visit to the Peoples Republic of China, 2-8 January 1981

Together with two associates, I received an invitation to visit the Chinese Academy of Sciences in Peking earlier this month. The Reagan Administration has placed high priority on relations between the United States and China. A summary of observations and concerns are offered to you that may hopefully contribute to a Reagan posture toward China.

Our visit was short indeed, and in no way are we posing as experts on China. Rather, I simply share these thoughts with you as a personal friend and associate for several years.

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From: Dr. Vernon L. Grose

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Purpose of Visit

The purpose of our visit was twofold:

- (a) To tour the Chinese Academy of Sciences Institute for Semiconductors and discuss with their management various options for joint American - Chinese endeavors in electronic technology, and
- (b) To deliver a major lecture to an interdisciplinary group of Academy of Sciences executives on strategic implications of applying the systems approach to managing technology in a world economy.

Dates and Cities Visited

We spent five days in Peking (2-7 January 1981) and two days in Shanghai (7-8 January 1981).

Courtesies Extended by PRC

We were accorded a high level of hospitality from the moment we landed in Peking until we departed Shanghai. This included waiving of all immigration screening, provision of private automobile with driver and guide (even for personal sightseeing and shopping), accommodation at the Peking Hotel, supplying free air transportation to Shanghai on personal request, and arranging private banquets in our honor by prominent scientific, economic, and political dignitaries (see Appendix A).

My colleagues and I traveled as private citizens (see Appendix B). The

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From: Dr. Vernon L. Grose

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courtesies extended us were inexplicable aside from their awareness of my three previous appointments by Governor Reagan in California (in which you played such a prominent role) and my nomination by Congressman Bill Dannemeyer to the Science and Technology Task Force of the Reagan Transition Team.

U. S. State Department Contacts

Our meetings with State Department personnel in China, including Ambassador Woodcock, are described in Appendix C.

Observations and Conclusions on Strategic Issues

We returned home convinced that President Reagan has a golden opportunity to set the stage for world peace and long-term stability in global commerce via a Reagan Doctrine on China.

The timing is right. The mandate for change in America is evident. China's receptivity to an American overture is obvious. The urgency for a clear, unambiguous declaration is apparent.

Not claiming expertise in diplomacy or national security but not discounting our considerable background in business strategy, technological innovation, and systems management, my colleagues and I offer some observations made and conclusions reached before, during, and following our recent trip. They are not ranked for significance. Many of them may integrate diverse interests

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assigned respectively to Departments of State, Defense, and Commerce.

- Considerable Chinese interest in finding out President Reagan's true views on China was encountered. Ray Cline's relationship and influence on the President is unclear. Vice President Bush's visit was considered helpful. Richard Allen is viewed very favorably, and he is judged to be of much greater stature than Cline whose comments are most offensive to them.
- The story that five ROC representatives had been invited to Reagan inaugural festivities but no one from PRC disturbed many. Likewise, granting diplomatic immunity to ROC personnel by the Carter Administration is deeply resented.
- There is frequent praise for former President Nixon and the Shanghai Communique. Toasts often mentioned it as a foundational baseline of reference. They view Carter's "normalization" not as an innovative step, as was Nixon's, but only as implementing commitments earlier made. Further, most credit for this step goes to Ambassador Woodcock rather than Carter.
- Systems Management, the expertise for which we were invited, can be defined as a disciplined, ordered direction of all aspects of a business — strategy, structure, and operations — simultaneously rather than chronologically. It integrates all facets from

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womb-to-tomb that are required to conduct a business or accomplish a goal. The Chinese, due to their incredibly complex and fragmented bureaucracy, have virtually no concept of focusing, in a systematic manner, the many diverse elements required to execute a successful enterprise.

- From an international commerce standpoint, one outstanding deficiency in China is the total lack of cost accounting. Their objective is to provide work for millions of people. Labor efficiency is a non sequitur. Therefore, it makes no sense to them to account for manhours expended on a task. Yet to enter into the world marketplace, cost accounting will be essential. The Chinese are very vulnerable to exploitation via underpricing their labor at this time.
- We reviewed China's Joint Venture Law and found it extremely one-sided, reflecting their long-standing fear of being exploited by foreigners. Their concept of joint venture is also very unsophisticated when compared with American law. Of over 600 applications for joint ventures by American businesses in China, Ambassador Woodcock said that only two had reached final implementation.
- We observed several examples of Chinese recognition that providing incentives — either on a group or individual basis — could increase productivity. While they would not wish to acknowledge this as

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"free enterprise," the term "market economy" is becoming widely accepted.

- Chou En-lai's touted Four Modernizations (Agriculture, Industry, Science/Technology, and Defense) are enormous tasks which, if they are to succeed, will require a major shift from "politics dictates economics" to "economics determine politics." There are signs of such a shift underway, but it will be slow and difficult. The discipline of Systems Management could be a vital key to that shift.
- Both geography and the historic role of Japan and China as trading partners portend a nightmare for the U. S. if Japan, as it is seeking to do, successfully organizes the manufacturing capabilities of China and the distribution of its products. Historically, a major part of China's trade has been with Japan. If Japan (instead of the U. S.) plays the lead role in helping China enter the 21st Century as a true superpower, several negative possibilities emerge:
 - (a) The development of world markets by U. S. companies (a critical element in our national economic renewal) could be seriously jeopardized.
 - (b) The unity of Japanese - U. S. purpose in preserving world peace together with our West European allies could be broken.

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(c) The development of a Japan - China axis in world geopolitics could be encouraged.

- Japan is on the edge of gaining command over much of the world market for industrial technology while already controlling a high percentage of the world market for consumer products. Through application of system management, Japan has become undisputed world leader in industrial execution while the U. S. remains strongest in product innovation. China could become the critical element in Japan's race to surpass the U. S. industrial leadership.
- Though world prosperity is based today on international division of labor and worldwide distribution of production, world trade is fast shifting from "exchange of finished goods" to "factors of production." Despite China's primitive manufacturing techniques, the advantage in productivity of industrialized nations like the U. S. and Japan can be offset by sufficiently low wages. China's low labor rates thus give it a cost advantage over more industrialized countries, and it can be expected to take the benefits of this differential in its effort to become a superpower.
- The historic pattern of Soviet adventurism and aggression worldwide, if it is to be checked, demands a reasonably cohesive international coalition under U. S. leadership. Does the U. S. see a role for

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China in this group? Even if we do not project China as a partner in this coalition, we must not allow U. S. - Japanese partnership to be ruptured by China's emergence technologically, economically, or militarily. On the other hand, since the U. S. cannot make all the rules, we cannot alone assure economic/political stability in the world. Thus, we may well need China in the coalition as a full partner.

- There is open admission everywhere in China that they are poor and technologically backward. However, the Chinese take a much longer view of history than most other nations. It would seem unwise to assume that the U. S. can selfishly capitalize on China's desperation to catch up in technology without considering their natural aspirations to join the rest of the developed world. Therefore, logic would suggest that the U. S. should become a source of investment capital, not just technological and cultural exchange.
- Japan is searching for a new national strategy because it is increasingly difficult to pursue solely economic objectives. Japan has the problems of success. Their labor rates are par with the U. S. More seriously, since it does not have an internal energy source nor an untapped labor base, it is most vulnerable. China is a logical place for Japan to look for both of these. The U. S. should not stand at arms length

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with China as this scenario develops.

- President Reagan has clearly called for national economic renewal.

Such renewal is totally dependent on a worldwide market strategy as well as the application of systems management. One of the most disturbing aspects of this monumental need for revival is the historic intensifying of an adversarial stance between government and the industry/business community in the U. S. A creative, trust-developing policy should be formulated and articulated as soon as possible that would confirm the idea that government views business and industry as national resources which need conservation and protection like that given natural resources. Only then will a worldwide market strategy make sense — not only to Americans but to the rest of the world.

- A concomitant point to the previous one is the disturbing fact that American business and industry can never be a unified national resource. Instead it is, and will remain, the loosest collection of enterprises — some of which are honorable and ethical but some of which are without a conscience. China, with its historic fear (and proof) of exploitation by outsiders, is gingerly testing the waters of American commerce once again after 30 years of withdrawal. Sad to say, we learned that many "fast buck artists" are betraying the name of American

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business in China already. Sharing President Reagan's abhorrence of government regulation of business, we are perplexed about how the quality of American business ethics might be assured in the world marketplace. We may not survive with a laissez faire "caveat emptor" policy!

- As a final observation, it appears that China is destined to emerge as a developed superpower. The past behavior of the U. S. toward China hardly qualifies as statesmanlike or mature. It will not be easy to attain such a lofty plane in the future, either. Yet ease is not an ingredient of leadership. A spectrum of options regarding China's emergence seems to be available to the U. S. — running from detached, uninvolved observance on one end, through increasing degrees of aid, to enthusiastic promotion on the other end. The Reagan Administration — by its early posture on China — is destined to select the option America will follow for decades.

Should you desire further explanation or elaboration of anything in this memorandum, we are available to you.

Respectfully submitted,


Dr. Vernon L. Grose

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From: Dr. Vernon L. Grose

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Appendix A

Chinese Dignitaries Contacted

We had a number of formal meetings with important leaders within the Academy of Sciences. However, the following people are particularly noteworthy from your perspective:

1. Chen Shuzi, Executive Director of the Board, China International Trust and Investment Corporation, hosted a Sunday evening dinner for us at the original Peking Duck restaurant (North Gate) on 4 January 1981. Chen reports directly to Vice Premier Gu Mu. His main interests were world market strategy, upgrading China's technology base, and our potential contribution to systems management in China. His co-host and long-time friend at the dinner was Wang Ting, Director of Architectural Bureau in the National Commission on Reconstruction.
2. Qien Sun-Qian, Vice President of the Academy of Sciences and perhaps one of the most respected men in China today for his role as father of China's H-bomb. Professor Qien studied under Marie Curie and lived in France for 11 years. We were told that even Nobel laureates seldom obtain an audience with him, yet he hosted a Peking Duck banquet in our honor on 5 January 1981.
3. Madame Yang Chun, Vice Minister of Public Health, was hostess at a banquet for us in the Emperor's Dining Hall in Bei Hai Park where Chou En-lai often dined. Madame Yang was his personal secretary for many years. Her husband, former Chief of Staff to Chou En-lai, was persecuted and ultimately executed during the Cultural Revolution. Next to Chou En-lai's wife, she is the most respected woman in China today. At this banquet on 6 January 1981, we experienced the only overt political emphasis. Madame Yang made a forceful, pointed, but friendly statement about the importance of recognizing that Taiwan is an integral part of China.
4. Lu Chian, Deputy Director of the Space Science Center, met with us at the Friendship Hotel in Peking on 3 January 1981 for about two hours. Our discussion centered around China's decision to use only unmanned space exploration to gain information on natural phenomena and earth resources. (This certainly did not acknowledge or explain their extensive astronaut program reported on 26 January 1981 in Aviation Week!). Professor Lu had made a visit to NASA

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Appendix A (continued)

facilities in Washington, D. C. and Houston last year where he negotiated a contract for a ground receiving station for LANDSAT which, to his dismay, is being held up because the U. S. apparently questions their exclusively peaceful (i. e., non-military) intent. They mildly protested this challenge of their integrity. Also present in this meeting as the interpreter for Professor Lu was Wang Tuan-Sun, Lu's chief deputy who is China's delegate to the United Nations Commission on Peaceful Uses of Outer Space.

Chinese use of titles can be misleading. All those described above are the top authority in their respective functions. Yet they carry No. 2 titles (Vice, Deputy, etc.). The No. 1 designation is apparently reserved for an administrator who is controlled by the No. 2 person.

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Appendix B

U. S. State Department Contacts

We had three meetings with State Department personnel while we were in China:

1. We met with Ambassador Leonard Woodcock in his Embassy residence in Peking for an hour and a half on 5 January 1981 to discuss topics related to the joint lectures that Mr. Paterson and I were to deliver to the Academy of Sciences the following day. Ambassador Woodcock invited his science advisor, Dr. Otto O. Schnepf, and his economic and commercial advisor, Howard H. Lange, to participate in our discussion. There was general concurrence and endorsement of these aspects of our particular professional expertise, Systems Management:
 - * The Chinese are most openminded and humble about their almost total deficiency of Systems Management.
 - * Systems Management is apolitical and thus non-threatening to a socialist state.
 - * Systems Management could provide an ideal vehicle of commonality in commerce and technology between the United States and China.
2. We met with Consul General Donald M. Anderson in the Shanghai Consulate on 8 January 1981 to discuss some of our conclusions and obtain further insight on potential problems related to technology transfer.
3. On a CAAC flight from Peking to Shanghai on 7 January 1981, we became acquainted with Berne M. Indahl, security officer at the Embassy in Peking, with whom we shared and exchanged observations concerning our visit.

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Appendix C

Accompanying Associates

I traveled in China with two colleagues, each of whom have qualifications unique from mine:

1. Thomas G. Paterson, Chairman and Chief Executive Officer of Paterson and Company in Century City, California. His company is a transnational consulting firm focused on strategic planning and management of mergers, acquisitions, and divestitures for a broad group of small-to-large, technology-centered clients.
2. Wun C. Chiou, Senior Staff Engineer with Hughes Aircraft's Missile Systems Group. Dr. Chiou, a U. S. citizen who earned his Ph. D. in Biophysics at Ohio State, accepted the invitation to China as a private citizen rather than as representing Hughes Aircraft. He was born in China, was reared in Taiwan, and speaks excellent Chinese. His invited lectures to the Academy of Sciences were in his specialties of pattern recognition, artificial intelligence, and industrial automation. In addition to his technical expertise, however, Dr. Chiou was an invaluable associate with his knowledge of Chinese culture and language. He preceded Mr. Paterson and me to Peking by two weeks and was able to arrange much of our itinerary after his arrival.



TUSTIN INSTITUTE OF TECHNOLOGY

SANTA BARBARA • CALIFORNIA



presents **DR. VERNON L. GROSE . . .**

who joined the Institute in 1966 as Vice President after fifteen years as an engineer, author, lecturer, and aerospace executive. His responsibilities with Tustin Institute include all management curricula as well as system technology studies.

PROFESSIONAL AFFILIATIONS From 1952 to 1959, he was a member of the Applied Physics Staff at The Boeing Company, where he wrote the development test program for the Minuteman ICBM and performed the first Boeing tests that simultaneously combined three dynamic environments.

Dr. Grose was affiliated with Litton Industries in 1959-62 as Director of Reliability as well as Program Manager for Project SPARR, an Air Force program of basic and applied research on space system problems. In 1962, he joined Northrop Ventura as Director of Applied Technology, therein responsible for all engineering test activities and the disciplines of chemistry, metallurgy, reliability, configuration management, and value engineering on the Earth Landing Systems for NASA Projects Mercury, Gemini, and Apollo.

Immediately prior to joining Tustin Institute, he was Chief of Reliability at Rocketdyne, a division of North American Aviation, continuing his involvement in the Gemini and Apollo programs.

ACADEMIC ASSIGNMENTS Dr. Grose received the BS degree in Physics from Whitworth College in 1950. Following graduate study at the University of Washington and Dartmouth College, he received the MS degree in Systems Management from the University of Southern California and the Doctor of Science degree from Southern California College. From 1967-69, he was a faculty staff member of the Institute of Aerospace Management at USC teaching graduate courses in space technology, chemistry, physics, and R & D Management at Ramstein, Germany, Madrid and Seville, Spain, as well as on the USC campus.

The annual Engineering and Management Course at UCLA has included his teaching on systems management. He has also taught for UCLA in Mexico City. Since 1969, he has been teaching system engineering and management courses in the School of Engineering and Applied Science at The George Washington University in Washington, D.C.

In 1974, he won NASA's "Silver Snoopy" medal for his systems management course which was taught at all eight NASA Centers in the United States.

He teaches the System Safety Course sponsored by the American Society of Safety Engineers and has taught Tustin Institute courses in New York, Los Angeles, Boston, Philadelphia, Chicago, Ottawa, and Montreal for Government agencies and private firms. Having traveled in about 30 countries, he has also lived abroad on two occasions and audiences in Spain, Germany, India, Thailand, and Taiwan have attended his lectures. Because of these varied teaching assignments, he holds the distinction of having taught more students in the application of systems methodology to managing risk than any other person in the world.

CONSULTATIVE CONTRIBUTIONS In his specialties of systems methodology, technical management, and science education, he has consulted such clients as General Electric, Litton Industries, IBM, City of Burbank (on urban problems), Northrop Corporation, California State Board of Education, Doubleday Multimedia, The Macmillan Company, Teledyne Systems, St. Joseph Medical Center (Burbank), The Chessie System, Gallaudet College, St. Paul Fire and Marine Insurance Company, U.S. Coast Guard Research & Development Center, Oceanographic Institute of Washington, and the International Association of Chiefs of Police. The National Transportation Safety Board engaged him in 1970 to reorganize their investigation of all commercial and general aviation accidents. Since 1974, he has served on the Washington, D.C. METRO Board of Consultants for rail rapid transit risk.

PUBLIC SERVICE He is the founder and Chairman, Board of Directors of the Alpha Foundation, a scientific, literary and educational corporation established to research, develop and sponsor "community impact" programs for positive answers in society. In this capacity, he was responsible for terminating a series of sensational TV documentaries on lesbianism, witchcraft, abortion, prostitution and wife-swapping by securing from the FCC in Washington the first complaint in 16 years against KABC-TV in Los Angeles. This action not only stopped an undesirable series but initiated a *positive* series as an answer to problems previously exploited. In addition, a one-hour documentary compiled from this series, "One Way," won the Southern California Press Photographers Award and was nominated for two Emmy awards.

(Over)

The California State Board of Education unanimously adopted an amendment to the *Science Framework for California Public Schools* in 1969 which Dr. Grose wrote for them. This amendment directs that "the case for *design*" (creation) must be presented alongside "the case for *chance*" (evolution) in teaching the origin of the universe, life and man. Over 200 changes to science textbooks were made in compliance with this directive.

The California State Board of Education appointed him a charter Commissioner on the Curriculum Development and Supplemental Materials Commission in 1972. This Commission evaluates and proposes all textbooks and instructional materials for approval by the State Board.

Governor Reagan appointed him in 1971 to the California Council on Criminal Justice as the sole specialist in research, development and systems technology, and in 1972 to the Governor's Select Committee on Law Enforcement Problems as well as the Board of Directors of the California Crime Technological Research Foundation.

Dr. Wernher von Braun appointed him to the NASA Safety Advisory Group for Space Flight in 1969. His appointments by the National Academy of Sciences have included Panel on Human Error in Merchant Marine Safety (1972), Committee on Research Needs to Reduce Maritime Collisions, Rammings, and Groundings (1978), and Panel on Causes and Prevention of Grain Elevator Explosions (1978).

Dr. Grose has served on the Board of Directors, Whitworth College Alumni Association; Board of Directors, Southern California College; Professional Advisory Council of the Public Education Religion Studies Center at Wright State University in Dayton, Ohio; and Board of Directors, The Charles Darwin Research Institute.

PROFESSIONAL SOCIETIES As a Senior Member of the Institute of Electrical and Electronics Engineers, he has served as Secretary-Treasurer of the IEEE System Science and Cybernetics Group. An Associate Fellow of the American Institute of Aeronautics and Astronautics, he served from 1967-70 on the AIAA Committee on System Effectiveness and Safety. He is a Fellow of the American Scientific Affiliation, Senior Member of the Institute of Environmental Sciences, and a member of the Research Institute of America and the Air Force Association.

PROFESSIONAL PUBLICATIONS His technical and management papers are published in over fifty journals and periodicals such as *Design Engineering*, *Aerospace Medicine*, *Evaluation Engineering*, *Missile Design and Development*, *National Safety News*, *Test Engineering*, and *Professional Safety*.

INVITED ADDRESSES Typical invitations Dr. Grose has received to address symposia, conferences and select groups include:

- Student Body, Thayer School of Engineering, Dartmouth College, 1963
- Fifth Space Congress, Cape Kennedy, 1968
- Air Force Dialogue on Science and Religion, Boston, 1968
- American Society of Safety Engineers, University of Maryland, 1969 (keynote address)
- First Western Space Congress, Vandenberg AFB, 1970
- American Scientific Affiliation, Whitworth College, 1971 (keynote address)
- American Rail Transit Conference, San Francisco, 1971
- NASA System Safety Conference, Goddard Spaceflight Center, Maryland, 1971
- National Academy of Sciences, Houston, 1971
- Institut fur Unfallforschung Kolloquium, Cologne, Germany, 1972
- Fourth California Conference on the Judiciary, Los Angeles, 1977

MILITARY SERVICE His military career has included active duty with the Air Force during the Korean War and subsequent assignments as Electronics Officer, Interceptor Controller, Intelligence Technical Officer, and Development Engineer (Systems Engineering).

PUBLIC RECOGNITION His biography appears in *Liftoff*, a book by James C. Hefley (Zondervan 1970) which describes the personal faith of 17 astronauts and space scientists including Frank Borman, John Glenn and Wernher von Braun.

He is listed in *WHO'S WHO in the West*, *Dictionary of International Biography*, *Men of Achievement* 1973, and *International WHO'S WHO of Intellectuals*.

OFFICE ADDRESS: 22556 Gilmore Street, Canoga Park, California 91307 (213) 348-4974

31361

THE WHITE HOUSE
WASHINGTON

February 8, 1981

SECRET/SENSITIVE

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD V. ALLEN *Allen*
SUBJECT: Your Policy toward China

Stories have appeared concerning China policy (Tab A, Washington Post, Washington Star), stimulated by a statement made by the State Department spokesman on Friday.

Yesterday Secretary Haig called to warn me of what he termed a "major problem" brewing with the Chinese. He hinted that, according to his people, the Chinese may even break relations and throw out our diplomats.

He said that the Taiwanese are "going around town stirring up trouble," boasting of their good relations with the new Administration, and that the Taiwanese military stationed here are now "wearing their uniforms." These actions are said to be causing the People's Republic of China representatives great concern.

I explained that this is not new, that the Vice President and I heard all of it in Beijing last summer, and that he and I were given a stern lecture by the Chinese Ambassador at a dinner during the Transition. At that time, the Vice President told the Chinese in clear and measured terms that you would like to have and extend good relations with China, but that you are determined to uphold the Taiwan Relations Act, which is the law of the land. The Chinese insist that the Taiwan Relations Act is not valid, inasmuch as Taiwan is an "internal Chinese affair."

The Chinese were also exercised by the reports that the Taiwanese had been invited to the Inauguration. The Vice President explained in unmistakable terms that the events were not official, and through some deft footwork by our staff an incident was avoided during the Inaugural period.

SECRET/SENSITIVE

DECLASSIFIED

NLRR F02-01911 #31361

BY RW NARA DATE 12/2/11

I reminded Secretary Haig that the Inaugural controversy had caught your eye, and that you had specifically directed the Taiwanese be permitted to call on State Department officials in their offices, and that American Institute in Taiwan (AIT) personnel could call on Taiwanese officials in their offices. Stressing that this was your wish, last week I informed both Secretary Haig and Assistant Secretary-designate Holdridge that you had brought up the subject again.

When I first mentioned this to Secretary Haig, he said that it would be "all right," and Mr. Holdridge also indicated he would comply. We all agreed that it should be accomplished quietly, without fanfare or publicity.

But yesterday, when I repeated your wish, he said "That is a mistake," and indicated (but did not flatly say) that his people also opposed allowing the Taiwanese to do this.

I mentioned that your August 25, 1980 statement (on the occasion of the Vice President's return from China, text at Tab B) makes a specific pledge (see highlighted portions of Tab B, especially pp. 3-4):

"...I will eliminate petty practices of the Carter Administration which are inappropriate and demeaning to our Chinese friends on Taiwan. For example, it is absurd and not required by the Act that our representatives are not permitted to meet with Taiwanese officials in their offices and ours. I will treat all Chinese officials with fairness and dignity."

You declared that the strict observance of the five principles enunciated in that statement will be in the best interests of the U.S., the PRC and "the people of Taiwan."

On Friday this matter came up at a State Department briefing (Tab C). I invite your close attention to the spokesman's handling of the matter. While he mentions the "Joint Communiqué of January 1, 1979" as a "solemn undertaking" and an "obligation that the previous Administration encumbered and we will honor it," and further, "we will abide by

these undertakings which we consider solemn obligations," no mention whatever is made of the Taiwan Relations Act, which is the law of the land.

You will recall that the Taiwan Relations Act passed by the Congress is very different from the one sent up by the Carter Administration and, presumably, by the State Department. The same people are, of course, in place today in the State Department, and it is fair to conclude that their views have not changed.

The State Department statement (Tab C) is fairly inconclusive, but if you re-read the Washington Star article (Tab A), you will note that an amplification, not in the actual transcript, by a "knowledgeable" State Department official, volunteers that "There is a difference between campaign rhetoric and governing."

If your August 25th statement is considered to be campaign oratory and therefore not a source of policy guidance, then there will be no effort to implement either your past pledges or your present desires.

You are not seeking an abrupt shift in China policy. It is your goal, as I understand it, to maintain relations with the PRC, even to the extent of breaking some new ground in that relationship. At the same time, you are committed to carrying out the provisions of the Taiwan Relations Act.

Today's New York Times carries yet another story referring to the "little-noticed statement" of Friday (Tab D). This story, apparently based on talks with unnamed "State Department experts," is blunt:

State Department experts believe that Peking is considering curbs on its growing contacts with the United States if the Administration does not stop talking about Taiwan and if it fails to follow the path charted by the Carter Administration.

This is the crux of the matter. China insists that the normalization communique of 1979 (Tab E) be the basis of relations, and not the Taiwan Relations Act. Note that it

was precisely the normalization communique which the State Department referred to (Tab E) as a "solemn undertaking" which we will honor.

Based on the accumulating evidence, one senses that there is a movement afoot to put limits on any changes, however subtle, in our relations with Taiwan. This will be done by describing your policy as one of "seeking a more official relationship with Taiwan," which is inaccurate, and simultaneously fanning and repeating the Chinese "warning" that they will back away if you try to change anything.

Before too much maneuvering sets this in concrete, I think you will want to define the basic direction -- and limits -- of your policy on this matter.

The Vice President is an expert on U.S.-Chinese relations, and he understands and shares your position in every detail. I recommend that you seek his advice on how to deal with the matter in a way which will

- a) prevent the State Department from restricting your freedom of action;
- b) reassure the PRC that you seek a stable, long-term friendly relationship based on mutual advantage and a shared desire to contain the Soviets;
- c) permit you to make slight corrections in the method of handling the Taiwan relationship to enable you to fulfill your pledges and your wish to treat the Taiwanese properly; and
- d) indicate to the press, our Allies and others concerned that you will not reverse or otherwise abruptly change what has, until now, been an essentially satisfactory relationship with both the PRC and Taiwan.

Another step is advisable: that a message be given to our Taiwanese friends that ostentatious public display, or unnecessary public statements, are not helpful and must be avoided.

Finally, a word with the Secretary of State may be in order, so that he understands clearly your wishes, and so that precise guidelines are given to the Department's bureaucracy. One does not expect the bureaucracy to carry out your policy if it is not stated in precise terms. At the same time, it is fair to inquire whether now may not be a propitious time to have placed in the Department persons who will actually implement your policy.

A suitable forum for discussion of this matter would be the National Security Council. Alternatively, you could meet with Secretary Haig, along with the Vice President, Ed Meese and me.

Your early reaction to these observations would help in accelerating the process of getting a fix on China policy before too much time elapses. Otherwise, by tiny nibbles, your freedom of action may disappear.

cc: The Vice President
Ed Meese ✓
Jim Baker



China Relations Reaffirmed by Reagan Team

By Walter Taylor
Washington Star Staff Writer

The Reagan administration yesterday affirmed its support for the 1979 agreement that established full diplomatic U.S. relations with the Peoples Republic of China and severed formal ties between Washington and Taiwan.

State Department spokesman William J. Dyess, in response to a reporter's question, declared that the new administration considers elements of the agreement "solemn obligations." "We will honor it," he asserted.

In this extraordinary low-key manner, the administration sought to dispose of the single greatest foreign policy controversy of last year's presidential campaign. It seemed likely, however, that the declaration would generate consternation among those conservative supporters of President Reagan who favor a resumption of formal diplomatic ties with the government of Taipei.

A State Department official knowledgeable about U.S.-China affairs confirmed that Dyess' remarks were intended to "allay any anxiety in the minds of Americans or anybody else" about future relations with the Peoples Republic.

"There is a difference between campaign rhetoric and governing," he added, alluding to pre-election statements by Reagan and some of his campaign aides that hinted at the possibility of a "two-China" policy.

Reagan said repeatedly during the campaign that he intended to improve relations with Taiwan, and on at least two occasions advocated "official" dealings with the island government. These remarks were coupled with an assertion by one of his foreign policy advisers, former Deputy CIA Director Ray Cline, that China was "diplomatically uncivilized" and should declare a policy of non-belligerency toward Taiwan.

The campaign statements angered Peking, led to a frosty reception by

Chinese leaders to a visit by Reagan's running mate, George Bush, and prompted an unusual public outburst by U.S. Ambassador Leonard Woodcock accusing Reagan of gravely endangering American relations with China.

Candidate Reagan later denied that he advocated resumption of formal diplomatic ties with Taiwan, but yesterday's State Department statement was the administration's first formal expression on the subject since taking office.

The agreement embraced by Dyess was announced by President Carter in Washington and by Chinese officials in Peking on Dec. 15, 1978, and took effect Jan. 1, 1979.

In a break with U.S. policy over the previous three decades, the United States established full diplomatic relations with China and severed official relations — and a mutual defense treaty — with the Nationalist government on Taiwan originally formed by Chiang Kai-shek.

The scrapping of all formal treaties with Taiwan was one of Peking's conditions for normalizing relations with Washington.

The agreement provided for continued relations between the United States and Taiwan to be conducted through non-diplomatic channels.

Reagan Will Continue Relations With Peking

The Reagan administration will honor the "solemn undertakings" that the United States agreed to more than two years ago in establishing diplomatic relations with the People's Republic of China, the State Department said yesterday.

Press spokesman William Dyess, stating the U.S. position publicly for the first time since Ronald Reagan moved into the White House, said the communique signed by representatives of Washington and Peking in connection with the normalization of relations on Jan. 1, 1979, "contained solemn undertakings of the United States and we shall naturally honor them."

The communique recognized the People's Republic of China as "the sole legal government" of China and said "the people of the United States" will maintain "unofficial relations" with "the people of Taiwan."

The nature of the U.S.-Taiwan relationship has been a matter of controversy because of Reagan campaign statements calling for it to be upgraded and, at some points, advocating "official" U.S.-Taiwan ties.



STATEMENT BY RONALD REAGAN
UPON AMBASSADOR GEORGE BUSH'S RETURN FROM JAPAN AND CHINA
August 25, 1980
Los Angeles, California

Ten days ago George Bush and I met with you here in Los Angeles on the occasion of his departure for Japan and China, a trip he undertook at my request. As we stressed at the time, the purpose of the trip was to provide for a candid exchange of views with leaders in both countries on a wide range of international topics of mutual interest. Ambassador Bush returned last evening, and has reported his findings in detail.

We are both very pleased with the results of his extensive discussions. In a series of meetings with distinguished leaders in Japan, including Prime Minister Suzuki, Former Prime Ministers Fukuda, Kishi and Miki, Foreign Minister Ichihashi and Minister of International Trade and Industry Tanaka, he had the opportunity to hear their views and recommendations concerning the future of U.S.-Japanese relations.

Our Republican Party Platform stresses that Japan will remain a pillar of our policy for Asia, and a Reagan-Bush Administration will work hard to insure that U.S.-Japanese relations are maintained in excellent condition, based on close consultation and mutual understanding.

Japan's role in the process of insuring peace in Asia is a crucial one, and we must reinforce our ties with this close ally. Japan is our second most important trading partner, and we are her first. We have close ties in other fields, too. A most important example is the U.S.-Japan Mutual Security Treaty which recently marked its twentieth anniversary.

Understanding the Japanese perspective is important for the success of American policy. As Ambassador Bush will tell you in detail, he found Japanese leaders unanimous in their view that the United States must be a strong, reliable, leading partner.

I appreciate receiving their views, and I am grateful to them for the courtesies extended to Ambassador Bush. I would also like to express my appreciation to, and regard for, U.S. Ambassador Mike Mansfield, who also extended many courtesies.

Of equal importance was Ambassador Bush's trip to China, where he held a series of high-level meetings. As I said on August 16, "we have an obvious interest in developing our relationship with China, an interest that goes beyond trade and cultural ties. It is an interest that is fundamental to a Reagan-Bush Administration."

The meetings in Beijing provided for extensive exchanges of views. George has reported to me in great detail the points of similarity and agreement, as well as those of dissimilarity and disagreement. Since the objective of the trip was to have just such an exchange without necessarily reaching agreement, I believe that the objective was reached.

We now have received an updated, first-hand of China's views, and the Chinese leaders have heard our point of view.

While in Beijing, Ambassador Bush and Richard Allen met at length with Vice Premier Deng Xiaoping, Foreign Minister Huang Hua, as well as with other top foreign policy experts and military leaders. I appreciate the courtesies which the Chinese leaders extended to our party, and I also wish to thank U.S. Ambassador Leonard Woodcock for his kind assistance.

We now maintain full and friendly diplomatic relations with China. This relationship began only a few years ago, and it is one which we should develop and strengthen in the years ahead. It is a delicate relationship, and the Reagan-Bush Administration will handle it with care and respect, with due regard for our own vital interests in the world generally, and in the Pacific region specifically.

China and the United States have a common interest in maintaining peace so that our nations can grow and prosper. Our two-way trade has now reached approximately \$3.5 billion annually, and China's program of modernization depends in a major way on Western and U.S. technology.

Along with many other nations, we and China share a deep concern about the pace and scale of the Soviet military buildup. Chinese leaders agree with Japanese leaders that the United States must be a strong and vigorous defender of the peace, and they specifically favor us bolstering our defenses and our alliances.

It is quite clear that we do not see eye to eye on Taiwan. Thus, this is an appropriate time for me to state our position on this subject.

I'm sure that the Chinese leaders would place no value on our relations with them if they thought we would break commitments to them if a stronger power were to demand it. Based on my long-standing conviction that America can provide leadership and command respect only if it keeps its commitments to its friends, large and small, a Reagan-Bush Administration would observe these five principles in dealing with the China situation.

GUIDING PRINCIPLES FOR THE FAR EAST

First, U.S.-Chinese relations are important to American as well as Chinese interests. Our partnership should be global and strategic. In seeking improved relations with the People's Republic of China, I would extend the hand of friendship to all Chinese. In continuing our relations, which date from the historic opening created by President Nixon, I would continue the process of expanding trade, scientific and cultural ties.

Second, I pledge to work for peace, stability and the economic growth of the Western Pacific area in cooperation with Japan, the People's Republic of China, the Republic of Korea and Taiwan.

Third, I will cooperate and consult with all countries of the area in a mutual effort to stand firm against aggression or search for hegemony which threaten the peace and stability of the area.

Fourth, I intend that United States relations with Taiwan will develop in accordance with the law of our land, the Taiwan Relations Act. This legislation is the product of our democratic process, and is designed to remedy the defects of the totally inadequate legislation proposed by Jimmy Carter.

By accepting China's three conditions for "normalization," Jimmy Carter made concessions that Presidents Nixon and Ford had steadfastly refused to make. I was and am critical of his decision because I believe he made concessions that were not necessary and not in our national interest. I felt that a condition of normalization—by itself a sound policy choice—should have been the retention of a liaison office on Taiwan of equivalent status to the one which we had earlier established in Beijing. With a persistent and principled negotiating position, I believe that normalization could ultimately have been achieved on this basis. But that is behind us now. My present concern is to safeguard the interests of the United States and to enforce the law of the land.

It was the timely action of the Congress, reflecting the strong support of the American people for Taiwan, that forced the changes in the inadequate bill which Mr. Carter proposed. Clearly, the Congress was unwilling to buy the Carter plan, which it believed would have jeopardized Taiwan's security.

This Act, designed by the Congress to provide adequate safeguards for Taiwan's security and well-being, also provides the official basis for our relations with our long-time friend and ally. It declares our official policy to be one of maintaining peace and promoting extensive, close, and friendly relations between the United States and the seventeen million people on Taiwan as well as the one billion people on the China mainland. It specifies that our official policy considers any effort to determine the future of Taiwan by other than peaceful means a threat to peace and of "grave concern" to the United States.

And, most important, it spells out our policy of providing defensive weapons to Taiwan and mandates the United States to maintain the means to "resist any resort to force or other forms of coercion" which threaten the security or the social or economic system of Taiwan.

This Act further spells out, in great detail, how the President of the United States, our highest elected official, shall conduct relations with Taiwan, leaving to his discretion the specific methods of achieving policy objectives. The Act further details how our official personnel (including diplomats) are to administer United States relations with Taiwan through the American Institute in Taiwan. It specifies that for that purpose they are to resign for the term of their duty in Taiwan and then be reinstated to their former agencies of the U.S. government with no loss of status, seniority or pension rights.

The intent of the Congress is crystal clear. Our official relations with Taiwan will be funded by Congress with public monies, the expenditure of which will be audited by the Comptroller General of the United States; and Congressional oversight will be performed by two standing Committees of the Congress.

You might ask what I would do differently. I would not pretend, as Carter does, that the relationship we now have with Taiwan, enacted by our Congress, is not official.

I am satisfied that this Act provides an official and adequate basis for safeguarding our relationship with Taiwan, and I pledge to enforce it. But I will eliminate petty practices of the Carter Administration which are inappropriate and demanding to our Chinese friends on Taiwan. For example, it is absurd and not required by the Act that our representatives are not

permitted to meet with Taiwanese officials in their offices and ours. I will treat all Chinese officials with fairness and dignity.

I would not impose restrictions which are not required by the Taiwan Relations Act and which contravene its spirit and purpose. Here are other examples of how Carter has gone out of his way to humiliate our friends on Taiwan:

- Taiwanese officials are ignored at senior levels of the U.S. government.
- The Taiwan Relations Act specifically requires that the Taiwanese be permitted to keep the same number of offices in this country as they had before. Previously, Taiwan had 14 such offices. Today there are but nine.
- Taiwanese military officers are no longer permitted to train in the United States or to attend service academies.
- Recently the Carter Administration attempted to ban all imports from Taiwan labeled "Made in the Republic of China," but was forced to rescind the order after opposition began to mount in the Congress.
- The Carter Administration unilaterally imposed a one-year moratorium on arms supplies even though the Act specifies that Taiwan shall be provided with arms of a defense character.
- The Carter Administration abrogated the Civil Aviation Agreement with Taiwan, which had been in effect since 1947, in response to demands from the People's Republic of China.

I recognize that the People's Republic of China is not pleased with the Taiwan Relations Act which the United States Congress insisted on as the official basis for our relations with Taiwan. This was made abundantly clear to Mr. Bush, and, I'm told, is clear to the Carter Administration. But it is the law of our land.

Fifth, as President I will not accept the interference of any foreign power in the process of protecting American interests and carrying out the laws of our land. To do otherwise would be a dereliction of my duty as President.

It is my conclusion that the strict observance of these five principles will be in the best interests of the United States, the People's Republic of China and the people of Taiwan.

The specific implementation of these duties will have to await the results of the election in November, but in deciding what to do I will take into account the views of the People's Republic of China as well as Taiwan. It will be my firm intention to preserve the interests of the United States, and as President I will choose the methods by which this shall best be accomplished.

* * * * *



EXCERPTS FROM DEPARTMENT OF STATE DAILY PRESS BRIEFING, FRIDAY, FEBRUARY 6, 1981

RE: U.S. POLICY TOWARD CHINA

Q Bill, does the United States, the State Department, yet have a response to the questions coming from the Peoples Republic of China and other places about the U.S. position regarding the Shanghai Communique?

A In other words, the question of whether or not we support it? I can say this: That the Joint Communique of January 1, 1979, on normalization superseded the Shanghai Communique as the basis of our relations with China. The Communique contains solemn undertakings of the United States and we shall naturally honor them.

* * *

Q I'd like to follow up on this earlier response regarding China. You pointed to the Communique of January 1, 1979, which superseded the Shanghai Communique.

A Yes.

Q There was also, if I'm not mistaken, a statement or joint communique which was issued -- I thought the date was December 15 and 16 of 1978, when it was announced that the normalization of relations was to take place. Do you stand by that one?

And what is this -- the January 1, 1979, was the date on which the relations were established, but I'm not aware that there was a special communique at that time.

A According to my information there was. Joint Communique of January 1, 1979. I'll check on that if you feel that's in error, but I'm sure that I'm reading this correctly.

Q Bill, on that point, does that -- or can we then properly interpolate that the review of the Administration's policy towards China, and particularly to Taiwan, is unfinished and, in effect, will remain as it was during the previous Administration?

A I wouldn't say that our review of our relations with China or with the people of Taiwan has been completed. No, no. I'm just saying that this is an international undertaking and obligation that the previous administration encumbered and we will honor it.

Q In other words -- the one that I'm thinking of is quite specific about how we deal with Taiwan, with the various sections and cultural institutions and things like that -- those will remain, and then --

A Yes, by law, I believe.

Q And if there is any change, then, it would be in the order of eliminating what then-candidate Reagan described as petty, demeaning, interpretations of it.

A I don't know. I know of no movement in that area and I have no information on it. I would think that before I could make a statement on that we would have to complete the review which you asked about.

But all I can say is we have reached one stage and this is what I can say: That we will abide by these undertakings which we consider solemn obligations.



Reagan and the World

THE NEW YORK TIMES

February 8, 1981

New Administration Took On Moscow Promptly But Is Treading Warily in Most Important Areas

By BERNARD GWERTZMAN

Special to The New York Times

WASHINGTON, Feb. 7 — After less than three weeks in office, the Reagan Administration finds itself in a political confrontation with the Soviet Union and facing potential crises in Poland and El Salvador even before it has had time to put together a comprehensive program for dealing with the dozens of other for-

Foreign Policy

First in a series of occasional news analyses on key problems facing the Reagan Administration.

Foreign policy problems demanding answers.

What about China and Taiwan?

China

Given the Administration's stated antipathy toward the Soviet Union, it would seem logical to expect it to move rapidly toward a closer relationship with Peking, Moscow's main adversary, in order to build on the framework erected by the Carter Administration when it formally normalized relations on Jan. 1, 1979.

If Mr. Carter had been re-elected, it is fairly certain that his Administration would have moved toward a much closer military arrangement with Peking to offset the Russians in Afghanistan and elsewhere, despite concerns by some in the State Department that this might damage relations with Moscow.

But such a policy by this Administration has been hampered by Mr. Reagan's preference for what Peking considers a two-China policy. The President's campaign statements indicated that he believed the United States should have a more official relationship with Taiwan, which since 1979 has had only unofficial links with the United States.

Those campaign statements produced two sets of responses. Taiwan was enthusiastic and has been lobbying privately and publicly for more access to official circles in Washington and for the right to buy the F-16 jet, an advanced fighter that the United States has refused to sell to the Nationalist Chinese.

Peking, however, was angered by the statements. State Department experts believe that Peking is considering curbs on its growing contacts with the United States if the Administration does not stop talking about Taiwan and if it fails to follow the path charted by the Carter Administration.

In particular, China wants the Administration to declare the normalization communiqué of 1979 to be the basis of relations, and not the Taiwan Act passed by Congress. China would also like a sign that the Administration is interested in building on the security links with China that were begun in the previous Administration.

The Administration affirmed, in a little-noticed statement last week, that it would live up to the normalization agreement, but it did not commit itself on security arrangements. Some American officials believe that Peking was probably pleased by the cordial Washington welcome recently given to the South Korean President, Chun Doo Hwan, and the pledges by Mr. Reagan to keep 39,000 American troops in South Korea and to maintain security ties in East Asia. Indirectly, that increases stability in an area threatened by a growing Soviet military presence.

Mr. Deng said in his confirmation hearings that "the challenge of this decade" for the United States is to provide Peking with the incentive to maintain good relations with Washington while not provoking the Russians to the point that East-West relations are permanently damaged.



JOINT COMMUNIQUE ON THE ESTABLISHMENT
OF DIPLOMATIC RELATIONS BETWEEN THE
UNITED STATES OF AMERICA AND THE
PEOPLE'S REPUBLIC OF CHINA

JANUARY 1, 1979

The United States of America and the People's Republic of China have agreed to recognize each other and to establish diplomatic relations as of January 1, 1979.

The United States of America recognizes the Government of the People's Republic of China as the sole legal Government of China. Within this context, the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan.

The United States of America and the People's Republic of China reaffirm the principles agreed on by the two sides in the Shanghai Communique and emphasize once again that:

- Both wish to reduce the danger of international military conflict.
- Neither should seek hegemony in the Asia-Pacific region or in any other region of the world and each is opposed to efforts by any other country or group of countries to establish such hegemony.
- Neither is prepared to negotiate on behalf of any third party or to enter into agreements or understandings with the other directed at other states.
- The Government of the United States of America acknowledges the Chinese position that there is but one China

and Taiwan is part of China.

--Both believe that normalization of Sino-American relations is not only in the interest of the Chinese and American peoples but also contributes to the cause of peace in Asia and the world.

The United States of America and the People's Republic of China will exchange Ambassadors and establish Embassies on March 1, 1979.

Diplomatic Relations Between the United States and the People's Republic of China

United States Statement. December 15, 1978

As of January 1, 1979, the United States of America recognizes the People's Republic of China as the sole legal government of China. On the same date, the People's Republic of China accords similar recognition to the United States of America. The United States thereby establishes diplomatic relations with the People's Republic of China.

On that same date, January 1, 1979, the United States of America will notify Taiwan that it is terminating diplomatic relations and that the Mutual Defense Treaty between the United States and the Republic of China is being terminated in accordance with the provisions of the Treaty. The United States also states that it will be withdrawing its remaining military personnel from Taiwan within four months.

In the future, the American people and the people of Taiwan will maintain commercial, cultural, and other relations without official government representation and without diplomatic relations.

The Administration will seek adjustments to our laws and regulations to permit the maintenance of commercial, cultural, and other non-governmental relationships in the new circumstances that will exist after normalization.

The United States is confident that the people of Taiwan face a peaceful and prosperous future. The United States continues to have an interest in the peaceful resolution of the Taiwan issue and expects that the Taiwan issue will be settled peacefully by the Chinese themselves.

The United States believes that the establishment of diplomatic relations with the People's Republic will contribute to the welfare of the American people, to the stability of Asia where the United States has major security and economic interest, and to the peace of the entire world.