

<sup>may</sup>  
Drafted:EA/SCT:WALundy:arck

1/26/79 Ext. 27710

<sup>may</sup>  
Clearance: EB/PAS - G. Lee (draft)

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INR/REA/NA - D. Spelman (draft)

EA/SCT - Mr. Feldman <sup>JS</sup>

P - Mr. Forbes

EA - Mr. Sullivan <sup>by Jmp</sup>

EFFECT ON TAIWAN'S ECONOMY--  
LONG AND SHORT RANGE

Question: Will Taiwan's impressive economic growth be slowed by normalization?

Answer:

-- While we have little economic data covering the short period since normalization was announced, we believe Taiwan's healthy rate of growth will continue. Taiwan's GNP rose by a hefty 13% in 1978 which was the island's best year on record. The economy currently is overheated. Taiwan's economic planners hope that economic growth will slow to about 8% in 1979 so that inflationary pressures will be reduced.

Question: What is the outlook for Taiwan's trade on a worldwide basis?

Answer:

-- Overall, foreign trade grew by 33% in 1978, roughly the same rate of increase as with the U.S. Exports now account for slightly more than half Taiwan's GNP. Like the other more successful developing economies, Taiwan has based its development planning on large annual increases in exports.

-- Taiwan's heavy dependence on exports, however, makes the island's economy extremely vulnerable to world market conditions. A recession affecting its developed country customers would mean slack demand for Taiwan's exports, and the economy likely would suffer.

Question: Has the absence of diplomatic relations adversely affected Taiwan's trade with other countries?

Answer:

-- Not at all. Since Japan broke relations with Taiwan in 1971, two-way trade has gone up more than five times. Japanese investment on the island has more than tripled. Australia's trade with Taiwan went up by about seven times, and Canada's increased even more.

REACTIONS OF OTHER GOVERNMENTS

Drafted:EA/SCT:DEParadis:arck *dmp*

Cleared:EA/SCT - Mr. Feldman *K*

EA/SCT - Mr. Zinoman *my*

P - Mr. Forbes

EA - Mr. Sullivan *by dmp*

Question: What has been the reaction of other Governments in Asia to our normalization announcement?

Answer:

-- Comment by government leaders in Asia has been highly favorable. Our closest allies have been very positive and have supported our view that normalization contributes to stability in East Asia and to worldwide prospects for peace.

-- Japan, which recently signed a Peace and Friendship Treaty with China, along with Thailand and our ANZUS partners Australia and New Zealand, particularly welcomed our actions.

-- Even South Korea, the only country in Asia which still maintains diplomatic relations with Taiwan, expressed the hope that our establishment of diplomatic relations with the PRC would "constructively contribute to the positive cause of peace in Asia and in the world."

Question: What has been the reaction of Governments elsewhere in the world?

Answer:

-- Reaction in other parts of the world has also been favorable. Our closest NATO allies, all of whom long ago recognized Peking, have stated strong support for our actions.

-- The Soviet Union has been expecting us to normalize relations with the PRC for some time. This has been discussed over a long period with the Soviets. They have stated that they view establishment of diplomatic relations as a natural development.

EFFECT ON PROVISIONS OF US-JAPAN MUTUAL SECURITY TREATY

Drafted: EA/J:ADRomberg/JHMcNaughton:bcl  
ext. 23152 1/31/79

Clearances: PM/ISO:JBurgess  
L/EA:SVerville  
T:LBrown  
EA:RWSullivan



QUESTION: Does the Administration accept the view that Taiwan is no longer part of the "Far East" under the US-Japan Mutual Security Treaty and that US forces could not deploy from Japan to aid Taiwan in case of a PRC attack?

ANSWER: We believe that an attack on Taiwan is highly unlikely. Such a remote contingency could only occur following drastic changes in Asia and in relations among all the major powers. Under those circumstances, we would, of course, consult with Japan and others about the whole new strategic situation we would face.

QUESTION: Yes, but is Taiwan a part of the "Far East" for the purposes of the US-Japan Mutual Security Treaty or isn't it?

ANSWER: The question is not just one of geographical definition. As I have already said, the contingency you have raised could only arise in the context of a broad change in the situation in Asia and in relations among the great powers and would involve consultations with Japan and others about the overall situation, not just individual aspects.

STATUS OF NEGOTIATIONS WITH AUTHORITIES ON  
TAIWAN; REACTIONS ON TAIWAN

15  
Drafted:EA/SCT:MDZinoman:arck

1/26/79 Ext. 27710

Clearance: EA/SCT - Mr. Feldman 15

L/EA - Mr. Orlins *by Dwp*

P - Mr. Forbes

EA - Mr. Sullivan *by Dwp*

EA/CWG - Mr. Thayer *by Dwp*

Question: Why was the decision to normalize relations with the PRC made so precipitously that the most basic administrative preparations had not begun by the time of the announcement?

Answer:

-- The decision to normalize was not made precipitously. We have anticipated normalization of relations since 1972, and prepared for it accordingly. For example, we increased the number of officers assigned to Chinese language training. We began studying the legal and administrative implications of normalization for the U.S. for our relations with Taiwan long ago. The final negotiations occurred quickly, but we have, as you know, responded with prompt, specific recommendations for the Congress with respect to our relationship with Taiwan.

Question: Why was not the Congress fully and on a timely basis adequately consulted in advance on the President's decision to normalize relations with the PRC?

Answer:

-- There were extensive consultations between the Administration and the Congress on China. State Department officials, including Secretary Vance, discussed the issues involved in the establishment of relations with the PRC and the alteration of relations with Taiwan with scores of Senators and Congressmen in 1977 and 1978. All major issues, including the continuation of arms sales, the maintenance of commercial, cultural, and other relations, and the likely termination of the Mutual Defense Treaty, were discussed in detail with Members. The joint US-PRC Communiqué, the U.S. unilateral statement, and the arrangements the Administration is making for continuation of the US-Taiwan relationship reflect those consultations.

Question: Why have we recognized PRC sovereignty over Taiwan? And because we have, how can we have any kind of relationship at all with Taiwan?

Answer:

-- I draw your attention to the language of the Communiqué itself. We have recognized the People's Republic of China as the sole legal government of China. We have acknowledged the Chinese position -- and it is the position of the authorities in Taipei as well as the government in Peking -- that Taiwan is a part of China. What we acknowledge is that this is the Chinese position. For our part, just as in the Shanghai Communiqué of 1972, we assert no position at all on the status of Taiwan.

-- Having recognized the PRC as the sole legal government of China we cannot have diplomatic relations with the authorities on Taiwan who assert the same claim.

-- Both we and the PRC, however, have taken account of the realities of the situation and were able to agree that the United States would maintain commercial, cultural and other relations with Taiwan on an unofficial basis.

Question: If we have not recognized PRC sovereignty over Taiwan, how is it that the Chinese text of the Communique says so? That is how the Chinese text reads, does it not?

Answer:

-- In the Chinese translation of the English text -- and we regard the English text as definitive for our purposes -- the word acknowledges is translated, as agreed with the Chinese, by the Chinese term cheng ren. The term can have several meanings, including acknowledge and recognize. In this instance, as in the case, for example, of the UK joint communique of 1972, it means acknowledge.

Question: Why not use the same Chinese words "jen shih tao" as used in the Joint Communique?

Answer:

-- The change was at the instance of the Chinese. We accepted after satisfying ourselves that it adequately reflected the meaning of the English word as we use it.

Question: What's wrong with having a Liaison Office in Taiwan? Why do we have to go through the charade of creating a so-called "private corporation" to represent the United States?

Answer:

-- The U.S. and PRC Liaison Offices were created as a stepping stone toward full diplomatic relations. It was the expectation of both sides that the Liaison Offices would be replaced in time by Embassies.

-- The very term Liaison Office was chosen precisely because it had no precedent in international usage, to demonstrate the uniqueness of the US-China relationship at that time. They were to be governmental offices, staffed by active duty government officials.

-- The President has said our future relationship with Taiwan will be on a non-governmental, people-to-people basis, similar to the type of relationship which our NATO and ANZUS allies, Japan and about 100 other countries have with Taiwan. That relationship will fully protect our economic interests

and facilitate our cultural, travel, tourism and other ties. We cannot have any formal, governmental relationship with authorities on Taiwan claiming to be the sole legitimate government of all of China.



Question: What is the status of the negotiations with Taiwan on the new arrangements?

Answer:

-- The negotiations began during my visit to Taiwan at the end of December and have continued since then in Washington. We expect to reach agreement on practical issues just as so many others have. It would not be appropriate to go into any further detail.

-- No country, including our NATO allies and Japan, which has recognized the People's Republic of China maintains a government-to-government relationship with Taiwan, but they do effectively maintain ties in a number of fields, most notably trade, through unofficial arrangements.

-- We are confident that with your assistance in providing the legislation we are requesting, the U.S. will be able to continue and expand the extensive and beneficial ties which exist between our people and the people on Taiwan.

TAIWAN'S DEFENSE CAPABILITIES

*Dmp*  
Drafted:EA/SCT:DEParadis

Cleared:EA/SCT - Mr. Zinoman

PM/ISO - Capt. Burgess *by Dmp*

PM/ISP - Mr. Sigal *by Dmp*

T - Mr. Muller *by Dmp*

P - Mr. Forbes

INR/REA/NA - Mr. Spelman *by Dmp*

EA/SCT - Mr. Feldman *if*

EA - Mr. Sullivan *by Dmp*

QUESTION: Does the President have the constitutional right to abrogate the Mutual Defense Treaty without the consent of Congress or the Senate? Why was the treaty terminated?

ANSWER: The President did not abrogate the Mutual Defense Treaty with Taiwan, although that would have been the PRC's strong preference. Rather he gave notice of termination, pursuant to Article X of the treaty, so that the treaty will terminate on January 1, 1980. It will remain in full force and effect throughout 1979.

The President is authorized under the Constitution to give notice of termination of a treaty, pursuant to its terms. The President has given such notice, without Senate or Congressional approval, on many occasions, most of them in this century. The President's Constitutional right to give such notice is expressly supported by the great majority of legal scholars who have addressed this matter.

If you wish, we can provide to you a copy of a memorandum prepared in the Office of the Legal Adviser which quotes the views of the scholars,

and presents a detailed history of treaty termination practice in the United States (attached).

Since this issue is now being litigated before the United States District Court, I do not believe it would be appropriate for me to present a more detailed statement at this time.

The treaty was terminated because it was perhaps the most visible manifestation of the official ties between the United States and the Republic of China. A key element of the negotiations leading to recognition of the PRC was the understanding that the United States would cease government-to-government relations with Taiwan, including the Mutual Defense Treaty.

EFFECT OF TERMINATION ON U.S. SECURITY  
AND STABILITY IN EAST ASIA AND EFFECT  
ON U.S. ALLIES

*15*  
Drafted:EA/SCT:MDZinoman:arck

1/26/79 Ext. 27710

Clearance: EA/SCT - Mr. Feldman *15*

P - Mr. Forbes

EA - Mr. Sullivan *by DMP*

Question: What will be the effect of the termination of the defense treaty on U.S. security and stability in Southeast Asia and effect on U.S. allies?

Answer:

-- We believe that normalization of relations with the PRC enhances the security and stability of the East Asian region, including Taiwan.

-- Having, after 30 years, achieved a normal state-to-state relationship with the U.S., and given its drive to modernize its economy, Peking is not likely to take actions which could possibly conflict with U.S. interests in the region. This would also include actions with respect to countries friendly to the U.S.

-- With normal relations, the U.S. will be in a better position to encourage China's role as a constructive member of the world community.

-- We have no reason to believe that our action in terminating the defense treaty will affect our credibility with our allies or the stability of Southeast Asia. Our friends and allies there know that we have taken this step prudently and with due regard for the well-being of the people of Taiwan. Major allies in the region, such as Thailand, have applauded our normalization decision.

U.S. RESPONSE TO PRC INVASION, BLOCKADE,  
ETC. OF TAIWAN

*15*  
Drafted: EA/SCT:MDZinoman:arck

1/26/79 Ext. 27710

Clearance: EA/SCT - Mr. Feldman *15*

P - Mr. Forbes

EA - Mr. Sullivan *by DMP*

Question: What would the U.S. do if the PRC attempted to invade Taiwan or impose a blockade after the Mutual Defense Treaty expires?

Answer:

-- The short answer is, in such eventuality the Administration would certainly consult immediately with the Congress and together we would take action to protect our interests -- our interests in trade, investment, navigation, etc.

-- But the fact of the matter is, we regard this as an extremely unlikely scenario. Peking does not have the military capability of seizing Taiwan by force and shows no signs of attempting to acquire that capability. Since normalization, it has dropped references to "liberation" and has emphasized peaceful "reunification." We are all aware of Vice Premier Deng's statements on this question, including the statement to members of your Committee that China will not attempt to change Taiwan's society by force.

-- Aside from such statements, it is important to bear in mind the actual situation. Throughout our negotiations with Peking we have emphasized America's interest and expectation that any solution of the Taiwan question be peaceful.

Certainly this point was made repeatedly to Vice Premier Deng, including by members of this Committee.



-- I think it is clear that China wants to cooperate with the U.S., particularly in the modernization of its economy. And this cooperation depends upon peace and stability in East Asia.

intermediate- and  
ballistic missiles

TU-16 medium-range bombers

Navy includes:

56 submarines (one with ballistic  
missile tubes)



743 surface vessels

2 submarines



91 surface vessels

Air Force includes:



4,517 combat and transport aircraft



398 combat and transport aircraft

Numerical value assigned to each category of symbol varies;  
it is for comparison between the regimes.

Source: International Institute for Strategic Studies

MOSCOW, Dec. 28 (AP) — Andrei D. Sakharov, the physicist and human rights advocate, said today his wife had been given permission to travel to Italy for medical treatment after a 10-month wait.

Dr. Sakharov, who had threatened to go on a hunger strike next week if the authorities did not give permission, told Western reporters that the deputy chief of Moscow's visa administration telephoned him today to say his wife, Yelena, could collect her documents.

Mrs. Sakharov has made two trips over the last three years to Florence for treatment of glaucoma.

with... Miss Savelyeva got up to name them. T... guidance, the class unani... a resolution: "We pledg... best efforts to finish the... the best possible results."

Teachers are told to... cells as educational aids.

"Today," one teacher... "you might ask the Pi... Tanya is feeling sad and g... swer in class (perhaps t... accompany her home); to... cell how many of its... school-library cards, and... teacher (it never happene... In the West, schoolchil... own peer groups, but her... is a kind of obligation an... best students, in fact, ar... pected to stay after cla... slower ones catch up.

Stronger Are Helpin...

"In almost every clas... tina A. Demidchenko, as... of School 370, "we have... so the strongest can hel...

Class standing does... grades, but also on... tude. "We try to get... their own behavior,"... er, "and not just in cl... one of my boys raised... that he hadn't paid fo... day. Nobody had ca... promised to do better...

All this is good tra... of later Soviet life... plan, standing up to... at party and factory... How much of it is g... merely put on is in... schoolchildren, but... they seem to treat the... Teachers in these... to have little trouble... "Sit up straight,"... teacher at School 3... students, and they i... right. Ninth-grader... close attention to th... not talk back.

Discipline Brea...

Discipline at bo... evaporate after th... demonium reigne... breaks, to the cons... "We always w... serious fights at... school are not... chenko said. "C... with the boys."

Such fights ar... problem in Mosc... ticle in the youth...

# White House Confident of Its Taiwan Case

By GRAHAM HOVEY

Special to The New York Times

WASHINGTON, Dec. 28 — Contemplating Senator Barry Goldwater's suit to prevent President Carter from acting alone to terminate the United States defense treaty with Taiwan, a State Department specialist said this week: "His case would have been a strong one in the 19th century; in this century, the President's authority seems clear."

The official was reflecting what appears to be a general confidence within the Administration that the courts will back away from any decision that might seem to restrict the President's powers under the Constitution to conduct the nation's foreign policy.

Specifically, State Department legal experts say they have no doubt that the courts will uphold Mr. Carter's right to notify Taiwan of the termination of the defense pact at the end of 1979 without first seeking the consent of the Senate or of Congress as a whole.

The experts have compiled a summary of Presidential precedents and opinions of legal scholars on the issue in a 9-page memorandum for Secretary of State Cyrus R. Vance and a 35-page attached annex, titled, "History of Treaty Terminations by the United States."

## 12 Instances Summarized

Herbert J. Hansell, the department's legal adviser, told Mr. Vance: "While treaty termination may be, and sometimes has been, undertaken by the President following Congressional or Senate action, such action is not legally necessary and numerous authorities recognize the President's power to terminate treaties acting alone."

The memorandum summarizes 12 instances where Presidents terminated treaties or other international agreements without action by the Senate or by a joint resolution or act of Congress. It cites nine authorities in international law in support of this practice.

In saying Senator Goldwater would

have had a better case during the 19th century, the specialist referred to the fact that Presidents of that era consulted Congress more often before terminating treaties than 20th-century chief executives have done.

Yet, the first instance where a Presidential action had the effect of terminating a treaty without Congressional action was taken by James Madison in 1815. It involved a 1782 commercial pact with the Netherlands.

## Action by Lincoln Cited

Mr. Hansell's memorandum concedes that the Madison case "is not clearcut" because the United States later tried to assert that some of the pact's provisions remained in force, but it adds that "scholars have viewed it as the first presidential termination of a treaty."

Abraham Lincoln, without consulting Congress, notified Canada that he intended to terminate the 1817 Rush-Bagot Agreement, limiting naval vessels on the Great Lakes. But a joint resolution backing the action was later adopted by Congress and approved by Mr. Lincoln. The United States withdrew the termination notice and the agreement remains in force.

The memorandum's only other example from the 19th century of Presidential termination without action by Congress came in 1899. William McKinley notified Switzerland that he intended to "arrest the operations" of certain articles of an 1850 convention of friendship, commerce and extradition.

It is in this century that Presidents have developed the habit of terminating international agreements without consulting Congress, Franklin D. Roosevelt having provided half of the 10 instances cited by the memorandum since Mr. McKinley's notice to Switzerland.

## Significant Actions by Roosevelt

Among Mr. Roosevelt's more significant actions, taken without consulting Congress as World War II approached, were notices of the termination of an 1871 Treaty of Commerce and Navigation with

Italy and of a similar pact, dating from 1911, with Japan.

The most recent example summarized in the memo was Lyndon B. Johnson's unilateral decision in 1965 to give the required six months' notice that the United States intended to withdraw from the Warsaw Convention on International Air Travel, adopted in 1929.

The Senate Foreign Relations Committee held extensive hearings on the matter, "but at no time did the manner of withdrawal become an issue," the memorandum says. When 29 senators introduced a resolution asking the Administration not to withdraw the termination notice until hearings could be held, President Johnson withdrew it before the Senate could act.

"The case stands as a clear example of presidential notice of termination without Senate or Congressional approval, and without Senate or Congressional objection," says the memorandum.

## Provision for Termination

On the treaty with Taiwan, State Department specialists attach great importance to the fact that Article 10 of the pact contains a provision for termination. The specialists say that in approving the treaty, the Senate in effect left any termination decision to the President.

Despite their confidence that Mr. Carter's action will be sustained in the courts, some officials acknowledge concern over the fact that none of the 12 instances where a President acted alone to terminate a treaty involved a defense or military relationship.

They also concede that there are no court decisions they can cite in defense of the proposition that the President had a Constitutional right to act without consulting Congress in his notification to the Taiwan Government.

In addition, a State Department lawyer conceded that it would be unusual to maintain through 1979 a defense treaty with a country whose Government will have no legal standing with the United States after Sunday, but he said: "There is no reason in law why it can't be done."

✓ Church - supports  
Maggie

✓ Coanston supports  
Kennedy

✓ Ribuff - OK - supports

✓ Mathew

Neatsinger

We will normalize relations

Vice Premier Teng will be  
here on Jan 29.

They accepted our proposal  
Taiwan defense treaty will  
be terminated - under its  
provisions.

Need legis from Cong to  
give auth to have trade  
rel w/ - sell weapons to  
Taiwan - which we won't  
recognize as a nation.

~~In past~~ Chinese yielded on  
their demands for ~~rel~~

- (1) Immediate non-recog
- (2) Immediate end to treaty
- (3) No arms to Taiwan

Trade  
cultural relations } to continue  
w/ Taiwan

≡ Treaty ends in 1 year

won't contradict this

We will ~~state~~ we expect  
relations with Taiwan  
to maintain by peaceful  
means. They will say  
this is an internal  
matter to be decided.

---

What if 1 yr hence  
PRC attacks Taiwan  
would we be in defense  
Treaty.

(400-500)

Our forces on Taiwan  
will be reduced in 4 mos

---

We will continue to be  
able to sell defensive  
weapons to Taiwan where  
already agreed to.

[Congr]  
We will need Congr  
auth to sell weapons  
to Taiwan and  
trade w/ them since  
this won't be a nation.

We wouldn't make new  
sales but will deliver  
weapons sold and in the  
pipeline. In 1980  
will need authority.



1. What we are doing

2. What will continue

(17 Admin Sales

What we're doing

1. Normalize relations w/  
PRC - Jan 1

2. Term. relations w/  
Taiwan

3. Terminate over dep.  
tacity w/ Taiwan  
in accord w/ provisions  
w/ one year notice

Future relation of Taiwan

1. Will seek auth from  
Congress to

(a) continue trade

w/ ~~Taiwan~~

(b) ~~continue~~ sell them defense  
weapons after one  
year

Jan 29 News to US





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