

MEMORANDUM

NATIONAL SECURITY COUNCIL

35114-X

INFORMATIONSECRET

December 3, 1971

MEMORANDUM FOR:

MR. ~~KISSINGER~~

FROM:

JOHN H. HOLDRIDGE *JH/H*

SUBJECT:

DOS Review Completed.

Further Observations on China from
John S. Service Based on His Recent
Trip to the PRC and Talks with Chou
En-lai

At Tab A are four transcripts prepared by Marshall Green giving John S. Service's impressions of his recent trip to China, and his recollections of talks with Chou En-lai. Mr. Green had an informal weekend with Mr. Service two weeks ago, and questioned him on the basis of lists of items prepared by CIA and State.

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Following are the key points contained in these transcripts:

-- Internal Chinese Political and Social Situation: Service was not aware of any sense of tension or crisis during his October visit to the PRC. Other than Yeh Chien-ying, there were no military leaders in evidence; yet he did see the English language edition of a magazine with Lin's picture on the cover (along with Mao). [We have report from the PRC which asserts that the magazine was circulated to foreigners to "mislead" them about the leadership crisis.] After coming out of China, Service discovered the news about Lin's alleged fall from power. He says he remains at a loss to explain the situation. He does not now doubt, however, that Lin is out.

Service says that he doubts that Chou En-lai is the political "king-pin" in the leadership. Chou is so preoccupied with foreign affairs, observed Service, that someone else -- or some group -- must be running internal affairs behind the scene.

Service sensed no disagreement among the cadre over the President's trip to Peking.

During his trip to Szechwan Province in China's south-west, Service was struck by the lack of public evidence of the military as an

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administrative force. Officials were in civilian dress, and few military vehicles were in evidence. He said that because so few foreigners have been to Szechwan in recent years, there was exceptional (and friendly) public curiosity over his presence as he visited the city where he was born.

Service was struck by the ease of communication access to the "outside world" from China. He called Hong Kong from Canton, and Berkeley, California, from Peking, with no trouble.

Service was impressed by the lack of social tension among the population. People were "good to each other"; there did not seem to be competitive pressures; and there was a great sense of confidence. He was struck by the lack of differentiation in working and social arrangements between the sexes. In contrast to Hong Kong, he found no exploitation of sexual themes as is so evident in Western-style advertising.

Service felt that the Chinese would continue to invite foreigners to visit the PRC to establish a favorable impression abroad of "socialist construction" in the "new China." When he asked Chou En-lai about the possibility of scholars and students coming to do research and study, Chou observed, "not this year." Service sensed a lack of interest in trade with the U. S. at this time.

-- Foreign Affairs: Taiwan is the pre-eminent problem concerning Chinese leaders, according to Service. They recognize that there can be no overnight switch in U. S. policy toward the ROC. What seems essential to them is that there be no U. S. promotion of "Taiwan independence." Chou En-lai vaguely hinted to Service that he envisaged a "special economic status" for the island when reunited with the mainland, but no special diplomatic status.

Chou En-lai, said Service, is seeking to undermine the U. S. - Japan tie. As a condition for establishing diplomatic relations with Japan, the PRC may demand that the U. S. -Japan security treaty be abrogated. China will continue to play on the desire of the Japanese to "get to Peking before the U. S." Service said he also expects the PRC to be active in inviting overseas-Chinese and Taiwanese to the mainland in order to further undermine support for the Nationalists.

Service said that Chou En-lai was not happy with the idea of U. S. recognition of Mongolia as he sees the country as a Soviet puppet.

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Service carried an oral message to Chou from P'eng Ming-min. P'eng wants to establish contact with Chou through a visit to Peking. When Service raised P'eng's request, Chou waived it off with the comment that if P'eng wants to send an emissary who is not publicly identified with the "Taiwan Independence Movement" he could do so. The emissary can then report back to P'eng.

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Per Winston's request, could you staff
the attached to Mr. Holdridge with an
X number.

Louise

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ASSISTANT SECRETARY OF STATE
WASHINGTON

November 24, 1971.

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Dear Henry:

You may be interested in looking over the
attached memoranda I prepared responsive to
questions put to me by the Agency as well as
Al Jenkins about Jack Service's replies to
particular questions about his six and one-half
weeks in China.

Sincerely yours,

Marshall Green
Marshall Green

Enclosures:

1. Memorandum to Mr. Jenkins
2. Memorandum

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The Honorable
Henry A. Kissinger,
Special Assistant to the President
for National Security Affairs,
The White House.

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DEPARTMENT OF STATE

Washington, D.C. 20520

November 24, 1971

MEMORANDUM FOR:

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SUBJECT: Conversation with Mr. John Service

Responsive to your request of November 15, I took up your list of questions with Jack Service in the course of my many hours of talks with him this past weekend. Since he was not there as a reporter but rather as a tourist and guest of Chou En-lai, he did not have much to offer on the particular points you raised. Here are his responses, keyed to your memorandum:

Belton?

1. Central Leadership and Military-Civilian Relationships.

Until he got back to Hong Kong, Service was completely unaware of the Lin Piao episode. Even Jack Belton, a writer, who would know about the Lin Piao affair if anybody did in foreign circles in China, said nothing about it in his several meetings with Service.

Service received no comments or hints about the PLA officials listed in your memo. The only official in that group who was in evidence was Yeh. As for Lin, Service showed me a little red booklet (which was a kind of memo pad) which was handed out to all travelers on planes and trains which had Lin's famous quotation (when sailing the seas, depend on the helmsman) in Lin's own calligraphy embossed on the cover. Everyone knows that this is Lin's statement and writing. Service recalls seeing in various places copies of the October issue of the Peoples' Pictorial with Mao and Lin on the cover. He obtained a copy of this in Hong Kong when he learned for the first time about Lin's denigration. Service commented that, of course, the October issue was prepared before September in all probability.

In talking with Adler, Hayton and diplomats in Peking, he heard about many criticisms of the 516 Group and the Red Guards. Both were depicted as extremists, dangerous elements. On the other hand, he did not hear Lin's name associated with those groups, and Service himself is not clear with regard to Lin's connections with the 516 Group.

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No one commented on or alluded to the crash of the Chinese plane in Mongolia. He did not know about the episode until he got back to Hong Kong. Nor was there any evidence of a political crisis or any comments about the allocation of resources issues.

As for the military role in administration, everyone was extolling the PLA for its patience, forbearance and for the splendid role it had played in connection with the whole cultural revolution. There were no signs of any antipathy or alarm with the PLA which seemed to be held universally in high esteem. He was unaware of any changes in the pecking order and detected no concern over military rank or responsiveness to party discipline.

There was no fear expressed or adverse reaction to the impending visit of President Nixon. The general reaction seemed to be one of pleasure that President Nixon was coming to China. It was seen as a feather in the cap of Mao and China and clear evidence that the world was now beating a path to China's door. China had "arrived".

2. The Trip to Szechwan

Service saw several indications of continuing support for Lin Piao aside from those mentioned above. These evidences were not manifested in Szechwan but elsewhere. In Yen-an, his guides insisted on showing him Lin's wartime cave dwelling, not that of Chou though Service pressed hard to see it. Lin's slogans were still widely evident. His calligraphy is still popular. However, in Hangchow, near the end of his trip, he found that all the pictures had been taken down. (Their absence was clear from markings on the walls.) There was no explanation for this phenomenon. No one professed to know why.

He saw no signs of nervousness on the part of local leaders anywhere.

He had no intimations about the position and prospects of Chang Kua-hua.

Local leaders did not comment about the events in Peking or the news about canceling the October parade.

His escort made no commentaries about local officials.

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Service did comment that Madame Mao was never mentioned. He found this puzzling, and he commented that the implication would seem to be she had lost popularity (if indeed she ever had it).

3. Strategic and Security Observations During Trip to Ch'eng-tu.

Service commented that he found it baffling there was no evidence of military movement to and from Ch'eng-tu. He saw no organized military movements with the following three minor exceptions. Near Peking he saw 20 to 25 jeep-type cars in formation but they seemed to be empty and were probably being delivered somewhere. In Sian, he saw a small unit of the military at drill. In Hangchou he saw a formation of motorcycles with sidecars. But that was all. The Army was visible only in the sense of there being a lot of army in uniform strolling about the parks, visiting shops and mingling in the every-day life. Only occasional sentries or guards were seen.

He did not see any public security troops, although he saw quite a few policemen (unarmed) directing traffic. He commented there were probably a lot of plain clothesmen.

To repeat -- if there was a crisis in China, there were no outward manifestations of it. On the other hand, as he pointed out, he arrived in Peking 14 days after the famous September 12 meeting. There could have been evidences of a crisis before he arrived.

4. Travel Controls.

Obviously there are a lot of travel controls and restrictions, but he was completely in the hands of his Chinese hosts and it was they who controlled the Services' passports and made all the travel arrangements.

His trips were arranged by the Chinese Peoples Association for Friendship and Cultural Relations with Foreign Countries (sic).

As to freedom of movement and contact, he and his wife walked freely around Peking. Nobody followed them. The same was true in Shanghai. However, elsewhere his movements were rather closely controlled, not so much by his hosts as by other factors. For example, in Ch'eng-tu and Chungking the Services, being the first foreigners to visit those cities in many years,

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were the center of great popular attention. Curious crowds thronged about them wherever they went, with the result they had no desire to wander out on their own.

He could make phone calls anywhere. There was a direct dial system in Peking. When he was in Canton, he called Hong Kong. When he was in Peking, he called Berkeley, California (via Tokyo). All mail the Services sent (they mailed many letters, including about a dozen to my wife) was received here in about 6 to 10 days. Letters were always mailed from the hotel or hostel post offices where they stayed. International air letters cost 43 cents postage, aerograms 12 cents. Several letters sent by friends were not received and Service commented this was probably due to the fact that our post offices erroneously sent them to Taiwan. If so, Taiwan probably destroyed the letters.

There were no restrictions on the use of a camera except when flying. At the beginning of each flight it was announced there could be no use of cameras, binoculars or telescopes on the planes. However, it seemed perfectly all right to use cameras and binoculars on the trains.

He was able to purchase books, magazines and tourist items quite freely. These items were furnished gratis by the hotels and hostels he visited. In fact, there were all kinds of magazines and papers in various languages (including Japanese, Urdu, Swahili, as well as European languages). It was just a matter of help yourself.

Travel today is far easier than during the war but more difficult than before the war. Trains and planes are greatly improved. The only question is getting approval for travel to various parts of China. In this connection, Owen Lattimore, though asked along with Service by Chou to visit China, is holding back until he can get approval to visit Inner Mongolia. Jack Belton has managed to get permission to visit Sinkiang and may be there now. The current emphasis seems to be on letting foreigners visit those parts of China where they were born or where they lived at one time.

Service commented that China does not seem to be interested in tourism. Travel is allowed or encouraged only for the purpose of impressing foreigners and for other propaganda reasons.

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Memorandum

TO : EA/ACA - Mr. Jenkins

DATE: November 23, 1971

FROM : EA - Marshall Green *mg*

SUBJECT: Conversation with Jack Service: Questions and Answers

The following are questions which you asked me to put to Mr. Service, which I did, and I accompany each question with his response. The answers to some of these questions are, of course, covered in his memorandum of conversation with Chou which you already have.

1. Question: Did Chou mention the leadership crisis in the PRC?

Answer: No

2. Q. Did Chou seem to feel that a deal with Taiwan was possible? Did he refer to internal conditions in Taiwan? If so, did he seem well informed on them?

A. He did not refer to internal conditions in Taiwan and he did not imply that a deal with Taiwan is really possible, although conveying the idea that it was possible in US circles this might have some value. Chou's main concern was that the US might support a Taiwanese independence movement after Chiang quits the scene. Chou feels that such an independence movement could not succeed without US and Japanese support.

3. Q. As the price for raising Sino-British diplomatic representation to the Ambassadorial level, the Chinese are reported to be demanding a much tougher statement on Taiwan than that asked of the Canadians or others. Specifically, they seem to want some sort of reiteration of the 1943 Cairo Declaration (promising that sovereignty over Taiwan would be returned to China at war's end) and the 1945 Potsdam Proclamation (declaring that the terms of the Cairo Declaration would be carried out). Did Chou En-lai allude to or imply this kind of double standard for signers of the Cairo Declaration in your discussion with him of the Taiwan problem?

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A. Chou did not refer to the Cairo Declaration in his private talks with Service, but he did mention it in passing in his talk to the 70 Americans (including Huey Newton). However, Service cannot recall exactly the context in which he mentioned it or precisely what he said about the Cairo Declaration. Certainly it was not in the context of the above question.

4. Q. What did Chou have to say about Japan? Its relationship with Taiwan? Korea? Southeast Asia? Did he seem genuinely concerned about Japanese militarism?

A. Chou did not have much to say about Japan except that it was a creature of the US and that he was concerned over Japan's relationship to the Taiwanese independence movement. He said that we must guard against the future possibility of Japanese militarism, but he did not seem particularly concerned over that possibility. Huang Hua (in his conversation with Service in Ottawa) seemed far more concerned over that issue. Chou said nothing about Japan's relationship to Korea or SEA.

According to Jack's interpretation of Chou's viewpoint, Chou is seeking to undermine ties between the US and Japan and that if Japan wants to normalize diplomatic relations with the PRC, it will quite possibly require that Japan scrub the US-Japan Security Treaty.

Service further commented that anti-Japanese feeling is being whipped up in various parts of China through films depicting the Sino-Japanese War and putting Japan in the worse possible light. Such films were being shown, for example, in the hostel in Ch'engtu, a theater in Chungking and a theater in Canton during his trip.

5. Q. When Chou talked about domestic policy in the PRC did he invoke authoritative statements by Chairman Mao, or did he speak on his own authority?

A. The impression was that he was speaking on his own authority. Probably "as Mao said" crept into his conversation from time to time, but since this is such standard conversational form Service just cannot recall. It was his definite impression, though, that Chou was very much in command (this will be covered in a separate memorandum).

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6. Q. Was there any hint of Chou's attitude toward expanded travel and cultural exchange between China and the US? Any hint of when a Chinese group might be expected to come here?
- A. Service brought this up several times with Chiao and Chang of the Foreign Office. Chou raised the subject with the group of 70 Americans. He indicated that there would be more Americans in China with more freedom of travel, but when Service pointed out that there would be many Americans who would like to visit China for study and research Chou's answer was that the time was not right for that; now is the time for people-to-people contacts. Service asked about Americans visiting the Trade Fair and was told "not this year".
7. Q. In discussion of US-Chinese trade, was there mention of PRC assets frozen in the US? The "China differential" in US strategic trade controls? Any hint of the PRC's willingness to begin direct trade?
- A. No.
- No.
- At John Davies' request, Service asked about casein purchases from China. His question was ignored. His total impression of trade was there is no prospect of direct trade at the present time.
8. Q. Did Chou appear surprised that the PRC had won in the UN this year?
- A. The answer is yes. In fact, his conversation with Chou which took place on Oct. 27, two days after the surprise vote in the UN ^{and} resulted in evident confusion for the Chinese Foreign Office. They had clearly been caught off guard. Throughout his three-hour conversation with Chou, there were constant interruptions with regard to developments in NY. Chou barked orders to Chang Wen Chin, head of the American/European Section of the Foreign Office who was sitting in on the meeting. Chang would then disappear to carry out these orders which related to arrangements for China's participation in the UN.

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9. Q. What does Service think the Chinese reaction to US recognition of Mongolia would be?
- A. China would probably not be happy about our recognizing Mongolia. This would be seen as the US catering to the Russians and China would be suspicious of our using Mongolia to spy on China. The Chinese have simply given up on Mongolia and see it as a completely Soviet satrapy.
10. Q. Is there a direct evolutionary relationship discernible between life in the Yen'an of the '40s and the PRC in the '70s? In retrospect, are there features of life in the PRC which Service would have found impossible to predict from his experience in Yen'an -- i.e., were there surprises?
- A. There is definitely a discernible evolutionary relationship between the Yen'an experience and China today. The Yen'an experience provided the roots of the cultural revolution and the great sense of confidence, uplift and do-it-yourself spirit of 1971. In other words, the Yen'an spirit was revived by the cultural revolution. Sending students and cadres to the May 7 schools for self-reinvigoration and the swarming of "volunteers" to work in the countryside are expressive of the Yen'an spirit.

Yes, there were surprises. He was surprised by the lack of tautness and tension; by the way people are so "good to each other". There is true egalitarianism; there is no swearing. The peoples' needs are taken care of; the pace of life is relatively easy and smooth, even though the people continue to work hard. The current system has removed competitive pressures.

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Certainly this / is surprising in the wake of excesses of the cultural revolutionary period.

11. Q. One of the main themes of the Chinese dynastic history is the corruption of the dynastic founder and his followers by the availability of luxuries after they have achieved power. What contrasts are there between the life-styles of CCP leaders today and those they led in Yen'an? If the contrasts are at all significant, how would Service assess their impact on the long-term vitality of the regime?
- A. The leadership has preserved a relative degree of austerity in the wake of the cultural revolution, but it is hard to say how the top brass really lives. Obviously they avoid

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evidences of high living, but what they have and hold is anyone's guess. Probably little. What luxuries there are for the leadership is in the form of bureaucratic privileges, good food (which most Chinese now have) and probably comfortable living quarters. In the latter connection, there were lots of hostels for cadres. These hostels are luxurious with big rooms and suites.

12. Q. What changes are there in the Yen-an and Ch'engtu of today by contrast with their state in 1944-45?
- A. Yen-an is no longer an important center except as a mecca for the CCP. Conditions of life in Yen-an are improved of course with land terracing, waterworks, and improved housing. In Ch'engtu the countryside has not changed as much because it was always well irrigated. However, canals have been straightened now as property rights have been transferred to the state, and double cropping is generally practiced, unlike the old days. The cities have changed in Szech'uan. There are wider streets and lots of parks. The roads are paved in the cities and some in the countryside. Most roads are in good repair. There is considerable industrialization. There are two bridges in Chungking (where there were none before), one a railway bridge over the Yangtze some miles out of Chungking, the other is a rail/vehicular bridge across the river which joins the Yangtze at Chungking. There are cable cars on the high embankments of Chungking.
13. Q. What sort of treatment did the Black Panther delegation receive in Peking, and what was their deportment while there?
- A. Black Panthers seem to be treated with normal courtesies. They were polite and discreet and not too far out in dress. They claim to have had a private talk with Chou En-lai. There was some talk of Huey Newton having been snubbed by Chou, but what in fact happened was that Chou turned to him at the end of the conversation with 70 Americans to express the hope that when next Newton came to China he would come with a multiracial group. (Service explained that Chou was impliedly criticizing the Black Panthers for having too narrow a base.)

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14. Q. Does Service have any information on the "American young people's grou" led by Carmelita Hinton, which is reported to be working on the Tachai Commune?
- A. This group turned out to be a bunch of kids who went down to a commune where most of them got sick and whence most of them are now returning from their bleak experience. Their leader, Carmelita Hinton, is "slightly daft". There is another group like that one from France which is now going out into the communes, probably with the same results.
15. Q. How close to standard is the Mandarin spoken in Szech'uan and other areas far from Peking these days?
- A. The national language, Mandarin, is being pushed everywhere but in Szech'uan the dialect is close enough to Mandarin so that people don't feel they really have to change. Hence, there hasn't been much change in the use of Mandarin in Szech'uan, whereas in places like Canton, where the dialect is very different, one notes the striking effect of national language. Service commented on the sharp contrast between Kwangtung, where Mandarin is widely understood, and Hong Kong where he was not understood.
16. Q. After having been to the PRC, does Service have any substantive differences with the accounts of conditions there presented by Reston and other American and Canadian journalists who lack Service's extensive experience and expertise?
- A. Service has no substantive differences with the accounts of conditions presented by Reston and others; it is merely a question of emphasis. He would emphasize certain things they do not. He doesn't recall anything in their writings that he found really wrong. Of the writers, Ed Snow seems to be the soundest. There seems to be general agreement among the visitors about the visibles like the abundance of food, but it is in the interpretation that considerable differences appear.
17. Q. Does Service subscribe to the reports of complete egalitarianism in interpersonal relationships?
- A. Yes. Additionally, women are given complete equality with men. There is no exploitation of sex. Women and men share the same kinds of work. The total effect is one of wholesomeness but, from the Chinese viewpoint, unattended by a feeling of drabness that might be the Westerner's conclusion.

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For the Chinese, life as a whole is so much better that there is a positive, favorable reaction to the state of society today. Service spoke of the cultural shock one receives in arriving in Hong Kong (where sex is exploited to the nth degree) after 6 1/2 weeks in China.

18. Q. Reports from China in recent times have been overwhelmingly favorable to the regime and the society. What negative factors has Service observed?
- A. There are negative factors, of course. These are not so much in the eye of the beholder as in the mind of the experienced observer. The latter wonders what is going to happen next. Mao may be a God, but who succeeds him? And how can this transformation be negotiated peacefully? More importantly, there is no room for dissent and even though the regime is effectively persuasive today this is achieved through moral oppressiveness. The people are enthusiastic now but will they continue to respond to the regime? Nor is there any place for intellectuals or elitists in the system. The universities are "a disaster area today". Thus, how is China to obtain the high skills required for real advancement?

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Memorandum

TO : EA/ACA - Mr. Jenkins

DATE: November 27, 1971

FROM : EA - Marshall Green *mg*

SUBJECT: P'eng Ming-min

P'eng called Jack Service before his departure to ask that he put in a good word with Chou En-lai so that P'eng could visit China and otherwise establish contact with Chou.

When Jack raised this with Chou, the latter waved the request aside, but said he would be willing to see Taiwanese who are unconnected with the Taiwanese independence movement. In Chou's own words (as best Jack could recall): "Any friends of P'eng who have not taken part or approved of the Taiwan independence movement can come here and then report back to P'eng."

cc: Amembassy Taipei
" Tokyo
EA/ROC - Mr. Mosher
EOB - Mr. Holdridge

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MEMORANDUM FOR THE RECORD

December 2, 1971

SUBJECT: Observations by Mr. John Service Regarding his
Recent Trip to China

In this final memorandum on my conversations with Jack Service, I cover his random observations about US-Chinese relations and issues in those relations. For purposes of brevity, his observations are put in the first person singular. In other words, from now on "I" equals Service.

* * * * *

All the officials I met were curious about President Nixon -- what makes him tick? What are his motives in opening this dialogue with China? How strong is the China lobby? Why is the US so attached to Chiang Kai-shek? I was also asked a lot of questions about anti-war sentiment in the US, and it was clear to me that the PRC may be a victim of its own propaganda in exaggerating the strength of leftist anti-war groups in the US. When I was asked how President Nixon managed to cope with this strong mounting sentiment, I replied that his Vietnamization program had diffused the more moderate anti-war sentiment, and as a result the mass movement against the war had declined. I commented that as long as President Nixon gave clear evidence of winding down the war he would probably succeed in blunting the opposition and keeping it manageable.

Mao cultism and hysteria are way down. It may be that the Chinese are sensitive of foreign criticisms of excessive worship of Mao, but they are also probably pretty sick of all the book-waving. They may also be thinking of the day when Mao isn't around.

During Chou's meeting with representatives of the Black Panthers and of "Young Lords", he was at pains to point out how every good Marxist knows that the correct policy is to negotiate and sometimes not to negotiate. Chou recounted the long record of negotiations between China and the US and USSR. "Thus, when Nixon says he wants to come to China, our response is that we will talk to him."

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I just don't think that Chou is kingpin. There is some other man or men or group that is running the country. How could Chou run the country when he is so deeply preoccupied with foreign affairs, ceremonies and greeting people? He is a superman, but China's domestic problems are so vast that not even a superman could do what Chou is now doing and still have control of internal affairs.

As for the mystery about Lin Piao's disappearance, this was something that was completely unknown to me or suspected by me during all my stay in China. Since returning to the States, I have heard all kinds of theories about what is happening in China, but I have little to go on in terms of my own resources and impressions. However, Lin had such a close relationship to Mao that to me it is unthinkable that he would attempt to assassinate Mao or even do him in. Moreover, I am not satisfied with any of the theories I have heard about Lin's disappearance. I rather doubt that the Army would resist efforts to re-vitalize the CCP or that the Army would deeply resent the impending Chou-Nixon talks since the Chinese leaders do not feel they have made any concessions and stand to gain. Such talks can be explained in Marxist terms. As to the allocation-of-priorities theory, Lin stood against Peng Te-huai on the same sort of argument. In any case I heard no criticisms of Lin, only ritual references to him. Of course, he has never been a popular figure and it would be unlikely that people would refer to him in conversations. His picture continues to appear in local pictorials, and his well-known calligraphy and sayings were seen in various parts of China I visited. On the other hand, I do not deny the overwhelming evidence that Lin and other PLA leaders are out. It is simply that I cannot find adequate explanations for this phenomenon.

Of course it could be partly an effort on the part of the regime to produce a scapegoat to explain things that might go wrong and to warn the people against leftist deviationism just as they had earlier been warned against right-wing deviationism when Liu was similarly purged.

The problem of Taiwan is pre-eminent. Chou recognizes that the US cannot switch its policy overnight and that some evolution will be required. Meanwhile, from Peking's viewpoint, it is essential that the US not promote or encourage in any way Taiwan's independence or be involved in the Taiwanese Independence Movement. A reduction of US Forces on Taiwan would of course be welcomed but would not be a very important factor.

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Chou vaguely hinted that some special economic status for Taiwan might be possible, but that Taiwan could not have separate diplomatic status. (This arose during his discussion of P'eng Ming-min.) In other words, Chou appreciates that there will be many problems in bring Taiwan back to the fold and that Peking will therefore not require that the Taiwanese be amalgamated immediately but in accordance with processes that could be worked out. Since there cannot be two governments of China, Peking will presumably require that the US eventually scrap its bilateral commitment to Taiwan. I would also conclude that Peking is hopeful that the US will not extend its commitment to Taiwan beyond Chiang. The PRC can wait until the old man goes.

Peking will undoubtedly play upon Japan's desires "to get to Peking first" ahead of the Americans, isolating Sato on the China question by overtures to Opposition leaders and certain factional leaders within the LDP.

We can also expect that Peking will be inviting various Taiwanese and overseas Chinese to visit the Mainland, thereby breaking down what support the KMT now has in overseas Chinese circles and contributing to a progressive feeling of isolation in Taiwan. In this regard, leaders of the Chinese Chamber of Commerce of San Francisco have been invited to China. It is likely that they will come back enthusiastic about the PRC. These leaders have been pro-KMT.

MG

Marshall Green

cc: Mr. Richard Solomon, NSC
EA/ACA - Mr. Jenkins
CIA -

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