

Originally Processed With FOIA(s):
2009-0275-S

FOIA Number:
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FOIA MARKER

**This is not a textual record. This is used as an
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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: Special Separate China Notes Files
Subseries: China Files

OA/ID Number: 91135
Folder ID Number: 91135-001

Folder Title:
China 1989 (Sensitive) [1]

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	4	7

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Telcon	Re: Telephone Conversation with President Mikhail Gorbachev of the Soviet Union (7 pp.)	5/11/91	(b)(1)	S
02a. Letter	Deng Xiaoping to President Bush [English] (1 pp.)	8/11	(b)(1)	
02b. Letter	Deng Xiaoping to President Bush [Mandarin] (2 pp.)	n.d.	(b)(1)	
03. Cable	From White House Re: Message from Brent Scowcroft to James R. Lilley [redacted] (2 pp.)	11/11/89	(b)(1)	S
04. Cable	Ambassador Lilley to General Scowcroft Re: Begin Text (2 pp.)	11/16/89	(b)(1)	S
05a. Cable	From White House Re: Message to Ambassador James R. Lilley from Brent Scowcroft [redacted] (2 pp.)	11/11/89	(b)(1)	S
05b. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [redacted] (3 pp.)	11/10/89	(b)(1)	S

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Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Pinksheet Number: cap1119
OA/ID Number: 91135-001
Date Closed: 5/4/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

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06a. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [redacted] (3 pp.)	11/10/89	(b)(1)	S
06b. Memo	Florence [Gantt] to General [Scowcroft] Re: General -- (1 pp.)	11/9/89	(b)(1)	
06c. Memo	C. Boyden Gray to General Brent Scowcroft Re: Suggested Language for Ambassador Lilly (1 pp.)	11/6/89	(b)(1)	
06d. Letter	Prescott Bush to General Brent Scowcroft Re: Notification of Travel (1 pp.)	8/21/89	(b)(6)	
06e. Draft Cable	Re: DRAFT/Cable/Ambassador Lilley/Beijing (2 pp.)	11/6/89	(b)(1)	
07a. Letter	John H. Taylor to Brent Scowcroft (1 pp.)	11/10/89	(b)(1)	TS
07b. Transcript	Re: Copy of Text of Letter from President Nixon to Zhao Ziyang (1 pp.)	10/31/89	(b)(1)	
08a. Letter	President Nixon to President Bush (1 pp.)	11/9/89	(b)(1)	
08b. Memo	President Nixon to Senators Lloyd Bentsen, Robert Byrd, Robert Dole, Alan Simpson and Congressmen William Broomfield and Dante Fascell Re: The Crisis in Sino-American Relations (7 pp.)	n.d.	(b)(1)	

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09. Letter	President Bush to Chairman Deng Xiaoping (2 pp.)	11/6/89	(b)(1)	
10a. Memo	President Nixon to President Bush Re: My China Trip (15 pp.)	11/5/89	(b)(1)	
10b. Schedule	Re: Sunday, November 5, 1989 Re: List of Participants [Personal Information Redacted] (1 pp.)	11/5/89	(b)(6)	
11a. Speech	Re: Toast by Former President Nixon at Banquet Hosted by the President of the Peoples Republic of China (3 pp.)	11/1/89	(b)(1)	
11b. Non-Paper	Re: Copy of Untitled Non-Paper Given to Jiang Zemin (3 pp.)	10/31/89	(b)(1)	
11c. Memo	Mike Oksenberg to Karl Jackson Re: Deng Xiaoping Presentation to President Nixon about Fang Lizhi (4 pp.)	11/3/89	(b)(1)	TS
11d. Speech	Re: Toast by Former President Nixon at a Banquet Hosted by the Premier of the Peoples Republic of China (4 pp.)	10/30/89	(b)(1)	
12a. Letter	President Bush to Ambassador James R. Lilley [FOIA exemptions redacted] (2 pp.)	10/23/89	(b)(1), (b)(6)	
12b. Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [FOIA exemptions redacted] (3 pp.)	10/23/89	(b)(1), (b)(6)	S

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12c. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [FOIA exemptions redacted] (1 pp.)	10/23/89	(b)(1)	S
12d. Letter	President Bush to Ambassador James R. Lilley [FOIA exemptions redacted] (2 pp.)	10/23/89	(b) (1) , (b)(6)	
13a. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [FOIA exemptions redacted] (1 pp.)	10/23/89	(b)(1)	S
13b. Letter	President Bush to Ambassador James R. Lilley [FOIA exemptions redacted] (2 pp.)	10/23/89	(b) (1) , (b)(6)	
14. Handwritten Notes	Re: Deng Letter (2 pp.)	6/21/89	(b) (1)	

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DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
914107 EU

SECRET/SENSITIVE

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with President Mikhail Gorbachev of the Soviet Union

PARTICIPANTS: The President
President Mikhail GORBACHEV
Interpreter: Dmitri Zarechnak
Notetaker: Nicholas Burns, NSC Staff

DATE, TIME May 11, 1991, 9:03-9:47 a.m.
AND PLACE Camp David

The President: Mikhail, this is George Bush. How are you?

President Gorbachev: I am very happy to hear your voice. And I am happy that your mild condition is behind you.

The President: I'm up at Camp David and I feel good. My heart is perfect and once I get this thyroid under control I will be totally normal.

President Gorbachev: Well, George, I hope you will quit jogging several miles every morning and confine yourself to horseshoes.

The President: I wanted to talk with you today--I don't want to see our countries drift apart. I read Matlock's report and it had me concerned. And when Eduard Shevardnadze was here, he said the same thing.

President Gorbachev: My dear George, I thought since we have covered a lot of ground to reach the current state of our relations, that when we reached it, it was well received. So I decided to share my immediate concerns quite sincerely so I could prevent a bad turn in the relationship.

The President: Good. First, I remain firmly committed to a strong cooperative relationship with you. I tried to make that clear in my press conference the other day. I know what you stand for. As long as you continue down the reform path with measures like the new agreement with the nine republics, you'll get nothing but praise from me. Lastly, you are correct. Some in the U.S. want us to pull back now. I don't want to do that and will not do that.

President Gorbachev: I am very happy to hear that. I wish to

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repeat the phrase you used--I also am firmly committed to cooperation. Acting together we have accomplished a great deal. I am quite convinced we should continue to develop our relations which is in the national interests of the U.S. and USSR. I intend to stand by that approach in the USSR. It enjoys support among people in the USSR but there are some, of course, who have doubts.

Of course, we are going through a special transition period. There are new forms of doing things and no ready-made solutions. Some advocate one thing and some another. We will have to go through this period and shape a new life drawing from the experience and support of others. One very important point to share with you is that we are faced with so many difficulties. Virtually all of the republics felt we had to stand together. We are now finishing the anti-crisis program. You know about it. People from all the republics are now in a Moscow suburb working to complete it.

So, I want you to understand that it will take an effort to make it succeed. Because there are so many things we simply didn't know before. There is no guarantee, given the size of the country and its problems, that we may not get something we didn't expect. I think the biggest mistake would be for us to stop or succumb to pressure or move in reverse. And in this type of situation, I sometimes have to take very drastic measures. So, George, this is what I wanted you to keep in mind.

In a normal situation, some of these steps would have been seen as unacceptable. But we have to make allowances for this period. And when I'm looking to you, George, for assistance, it is because I am in this kind of situation. I really need it. And I appreciate the political support and friendly feelings I've been getting. My hope is that these feelings will stay unabated. The main thing for you, George, is that you must know I've made the choice--there is no alternative for me. I am going to do everything I can to continue moving along the track of renewal.

Now this is what I wanted you to know. We are at a very important moment. The specific point is that I will take some major decisions in the next few days and weeks. Well, I've been going on for some time now but since we had not spoken in a while, I thought I would be specific about things.

The President: Mikhail, if you have time, I want to touch on arms control and economic issues.

President Gorbachev: That is what I thought we would do after discussing this general overview.

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The President: If it is okay with you, I would like to start with arms control.

The CFE problem, frankly, is putting a strain on our relationship. Our biggest concern is naval infantry. It is causing a problem not so much here in the Administration but is very difficult across our public opinion. We will see Moiseyev and hope his visit will lead to a rapid solution of this corrosive issue.

Having gotten CFE done, I believe we could then get our experts to overcome the difficulties on START. Both of us should make sure that gets done. If we can get a CFE solution, I would be anxious to have a summit this summer and make every effort to get START ready for signature. I think we have narrowed the differences but am anxious to get your views. That is about all I had to say on arms control.

President Gorbachev: Well, George, I want you to know I want to resolve quickly the first issue in the near future. Moiseyev will bring something to help push things in that direction. I also share your desire to have a treaty ready to sign. It is simply a duty for us to go ahead with the treaty on fifty percent reductions, especially since we have already accomplished alot. And, of course, if that goes well, we could have a very large-scale summit this summer.

The President: I would like to do that very much.

President Gorbachev: That is my goal too. Of course, we could have an interim meeting if there are delays, but our goal should be a large-scale meeting.

The President: I agree with that.

President Gorbachev: I also think there is a chance, George, to succeed in our cooperation in the Middle East. Alexander and Jim are moving on the same track. There is a possibility of cooperation there as in the Persian Gulf.

The President: I think it is very good that Jim and Sasha are working together. They will meet in Cairo. It is a wonderful arrangement we are talking about. I hope Israel and the Arabs will be cooperative.

President Gorbachev: I think if we act together, we can push them in the right direction.

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The President: At some point, we may have to do so publicly if the Baker-Bessmertnykh shuttle diplomacy doesn't work.

President Gorbachev: Okay, I agree to give that some thought at a later point.

Now within the next three days, I will see the leader of China in Moscow. At the conclusion of this meeting, I will brief you on the visit. Now let me give you my views. We appreciate the role of China on the Persian Gulf--its cooperation there and in other areas. China's positive decision was well thought out.

The President: Our relations with China are strained more than I want. I have the MFN question. There is big opposition in Congress. But I want to find a way to renew their MFN. I don't want to isolate China. If you can convey that, I would appreciate it. Is Li Peng or Yang Shangkun coming?

President Gorbachev: No, Jiang Zemin. I think we can proceed with what we agreed as we talked in the limosine.

The President: Right. I would like to talk about economic issues now.

President Gorbachev: Yes.

The President: One, I know you are in a difficult economic situation. You have explained that at the beginning. In the spirit of frankness, our experts don't believe Pavlov's anti-crisis program will move you fast enough to market reform. If there are more steps toward a market reform effort, then we could do more and help especially with the international financial organizations.

I think...Excuse me, go ahead.

President Gorbachev: Excuse me for interrupting.

The President: I just wanted to say that it would lead quickly to Special Associate Status in the IMF and World Bank. There is also great interest here in the emigration bill that is to be voted on. If that passes and meets internationally acceptable standards, then it would enable us to take steps to normalize the economic relationship; steps such as the trade agreement, and most favored nations status. Then we could go to Congress to repeal the legislative restrictions that make trade and finance so difficult for us.

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I have several more points but maybe I should stop there for your comments.

President Gorbachev: I would like to comment on that, George. Among our pressing problems is stabilizing the economic relationship between regions and even enterprises. There are many pitfalls here. The central and republic authorities are on to this issue and are moving to solve it. This is one of the most pressing tasks at hand. I would call it an emergency task. We have done a lot on the planting campaign in the rural areas and have been rather successful at that. In April, agricultural production was up 3-4 percent compared to last year. But there are still difficulties. We are at the end of spring and summer is coming. Last year's reserves are depleted and there is still no new harvest so we have some difficulties.

On Pavlov's program, it has been very seriously changed. But, George, you must always bear in mind the realistic context of our society. The overriding focus of the Pavlov program is to fight inflation through drastic fiscal measures and at the same time stimulate entrepreneurship. You know there are many provisions in the Pavlov program for stepped-up privatization and destatization. There is more economic freedom. It is under strong fire from the trade unions and some in the party organizations. Some call it anti-people and even inhuman. And you know, George, you will reach a different conclusion depending on whether or not you look at the Pavlov program from an academic angle or from a realistic context of society. This is no longer just Pavlov's program by the way since it has been accepted by all the republics.

So much for the current situation. On your other points, I wish to propose something else. What if for the purposes of continuing this discussion, I send over Primakov and Yavlinsky to discuss the possibility of cooperation in the G-7 framework and other international organizations? I know that there is emerging cooperation at the G-7 experts level with your people and ours. But even your experts think it is time to elevate these discussions to a governmental level.

The President: We could talk about that. But I'm not sure exactly what you mean.

President Gorbachev: What I have in mind is that the G-7 will discuss cooperation with the USSR and the place and role of the G-7 in these developments. There is the possibility of Soviet participation in the IMF and participation by the head of the Soviet state in the G-7 session. I'll send Primakov. He will have a package of items to discuss in a closed session.

The President: That is a good idea and I have one to add on agriculture.

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President Gorbachev: I just received your letter. I welcome the idea and am prepared to join.

The President: Would May 20 be too soon for the team to arrive?

President Gorbachev: No, it is fine. I will give the appropriate instructions tomorrow. There is much to be done to prepare for this.

The President: I think we can be very helpful. I want you to know that I want it to lead to what you need in agricultural credits.

President Gorbachev: I welcome this very much. I just got the translation of your letter before our conversation. It is a very exciting idea and very encouraging. And I will appoint tomorrow the people who will start work on this.

The President: Good. I will instruct our people to come in a positive frame of mind--to try to help and not find problems but find reasons to help. After that, Mikhail, it seems to me that at the summit we could discuss financial institutions, energy, the environment and housing. We can discuss this at our meeting.

President Gorbachev: George, these are important and encouraging subjects. I discussed some of these with Mitterrand. George, I am really happy that we had this substantive conversation. It had been some time since we had a conversation like that.

The President: Let me ask you a personal question. How is your health?

President Gorbachev: So far, I am hanging tough.

The President: That is good. You are my friend and I want to prove that and work with you. I don't like stories in our press that put you down. I hope you noticed that I took them on in public the other day.

President Gorbachev: Well, thank you for those words. I share your approach on this and other issues. I have made a choice, a serious choice on relations with the U.S., providing it is reciprocated, and will follow that course.

The President: That is wonderful. It is nice talking to you and good luck.

President Gorbachev: Thank you, George, and the same to you. Best regards to all at Camp David, especially Barbara.

The President: She just walked in the room and just walked out. She is on her way to the gym.

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President Gorbachev: I am glad to hear that.

The President: Okay. Good-bye.

President Gorbachev: Good-bye.

Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02a. Letter	Deng Xiaoping to President Bush [English] (1 pp.)	8/11	(b)(1)	

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P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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]
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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

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Document Partially Declassified
(Copy of Document Follows)
 By SS on 11/19/14

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Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2010-2783-MR (501)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 9/24/2013

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Presidential Records Act - [44 U.S.C. 2204(a)]

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COQ, PRIVACY_OUT
<DIST>

(b)(1)

<PREC> IMMEDIATE <CLAS> ~~SECRET~~

<OSRI>

(b)(1)

<ORIG>FM WHITE HOUSE

(b)(1)

<TEXT>ZEM

~~SECRET~~ SENSITIVE EYES ONLY VIA PRIVACY CHAN
QQQQ

PLEASE DELIVER THE FOLLOWING MESSAGE, EYES ONLY,
JAMES R. LILLEY FROM BRENT SCOWCROFT, ASSISTANT T
FOR NATIONAL SECURITY AFFAIRS.

BEGIN TEXT:

11 NOV 89

1. JIM, THIS IS A THREE-PART CABLE, ALL CLOSE HOLD, BUT WITH
PARTS TWO AND THREE FOR YOU ALONE.

2. PART ONE - BEGIN TEXT:

PRESIDENT NIXON AND MIKE OKSENBERG HAD DINNER WITH THE
PRESIDENT ON NOVEMBER 5 TO DISCUSS THEIR RECENT TRIP TO CHINA.
THOSE PARTICIPATING ALSO INCLUDED THE VICE PRESIDENT, GOVERNOR
SUNUNU, GENERAL SCOWCROFT, LARRY EAGLEBURGER, DCI WEBSTER AND BOB
GATES. PRESIDENT NIXON BEGAN BY GIVING HIS RUNDOWN OF THE
LEADERSHIP AND HIS JUDGMENT ON EACH. HE SAID THAT DENG XIAOPING
APPEARED VITAL AND HEALTHY

(b)(1)

(b)(1)

HE SINGLED OUT THE

(b)(1)

(b)(1)

AS THE MOST IMPRESSIVE CHINESE LEADER HE MET. A MAN
OF OUTSTANDING QUALITIES AND ONE HE REGARDED CLEARLY AS A COMER.
HE ALSO HAD MUCH PRAISE FOR (b)(1) WHOM HE
REGARDED AS ANOTHER HIGH QUALITY INDIVIDUAL.

THE CONVERSATION SUBSEQUENTLY FOCUSED ON SINO-SOVIET
RELATIONS, THE VIEWS OF THESE LEADERS ON GORBACHEV (LESS
SYMPATHETIC THAN HIS WESTERN AUDIENCES), AND ON NEXT STEPS IN THE
RELATIONSHIP. NIXON IS WORRIED THAT OUR CURRENT POLICIES ARE
ISOLATING THE CHINESE LEADERSHIP FROM PEOPLE WHO SHOULD BE
TELLING THEM WHAT THEY NEED TO HEAR AND THAT THE US WOULD
PROBABLY NEED TO TAKE THE FIRST STEP IN BEGINNING THE PATH BACK
ON THE RELATIONSHIP. NIXON WAS ADAMANT, HOWEVER, THAT SUCH A
STEP SHOULD NOT BE TAKEN WITHOUT HAVING AGREED UPON A SEQUENCE SO
THAT ANY STEP THAT THE US MIGHT TAKE BY AGREEMENT WOULD RESULT IN
A RECIPROCAL STEP BY THE CHINESE. AMONG OTHER THINGS, HE
SUGGESTED LIFTING THE BAN ON TRAVEL BY US SENIOR OFFICIALS AND



DECLASSIFIED IN PART

PER E.O. 13526

2010-2783-MR

SCS 9/24/13

SEEM TO ATTACH IMPORTANCE TO REESTABLISHING THE FULBRIGHT SCHOLARSHIPS.

NIXON ALSO FOCUSED ON THE TRIANGULAR RELATIONSHIP. HE SAID THAT WHILE THERE WAS NO CHINA CARD PER SE FOR THE UNITED STATES, IT WAS ALSO IMPORTANT THAT THERE NOT BE ONE FOR THE SOVIET UNION. HE ALSO INDICATED OUR CONCERN THAT TO THE DEGREE WE ARE ISOLATED FROM CHINA, OPPORTUNITIES ARE PRESENTED FOR (b)(1) WE OUGHT NOT PROVIDE AN OPEN DOOR. END TEXT - PART ONE.

3. PART TWO - BEGIN TEXT:

AS YOU MAY KNOW, PRESCOTT BUSH HAS HAD BUSINESS RELATIONSHIPS IN CHINA THAT LONG PREDATE THE PRESIDENT'S ELECTION. BECAUSE OF THESE AND HIS OTHER BUSINESS ACTIVITIES ABROAD, THE STATE DEPARTMENT ISSUED GUIDANCE TO ALL EMBASSIES SEVERAL MONTHS AGO AT THE PRESIDENT'S REQUEST TO TAKE CARE TO AVOID ANY APPEARANCE OF FAVORITISM EITHER TO HIS BROTHER OR TO ANY OTHER MEMBER OF HIS FAMILY. WE HAVE JUST RECEIVED WORD THAT THE (b)(1) IS IN BUSINESS NEGOTIATIONS WITH INTERESTS CONNECTED TO PRESCOTT BUSH AND IS TELLING VISITORS THAT HE IS DOING WHAT HE CAN TO BE HELPFUL. WE WOULD APPRECIATE IT IF YOU COULD QUIETLY INFORM (b)(1) (1) THAT WHILE THE UNITED STATES GOVERNMENT DOES NOT OPPOSE PRESCOTT BUSH'S ACTIVITIES, IT ALSO DOES NOT WANT THEM GIVEN ANY SPECIAL TREATMENT, AND (2) THAT WHAT THE CHINESE AUTHORITIES DO IN THIS CONNECTION IS A MATTER EXCLUSIVELY FOR THE CHINESE TO DECIDE ON THEIR OWN. END TEXT - PART TWO.

4. BEGIN TEXT - PART THREE.

YOU SHOULD ALSO KNOW THAT THE PRESIDENT HAS SENT A PERSONAL NOTE TO DENG. IN IT HE COMMENTED ON NIXON'S TRIP REPORT AND HIS OWN STRONG INTEREST IN THE RELATIONSHIP AND ITS IMPROVEMENT. HE ALSO SAID THAT NOTHING ADVERSE TO CHINA'S INTERESTS WOULD OCCUR AT THE UPCOMING US-USSR MEETING AND THAT HE WOULD PROVIDE A READ-OUT (BY EMISSARY IF DENG WISHED) AFTER THE MEETING. END TEXT - PART THREE.

5. WARM REGARDS, BRENT.

END TEXT

DECL: OADR

#0376

<SECT>SECTION: 01 OF 01 <SSN> 0376 <TOR> 891111115329 MSG000248097209

THE WHITE HOUSE
WASHINGTON

November 24, 1989

APNSA Has Seen

MEMORANDUM FOR BRENT SCOWCROFT

FROM: ROGER B. PORTER *RBP*

SUBJECT: China

Dwight Ink, whom you may know and who has served in a variety of positions in the government for nearly four decades, sent me the attached memorandums on the basis of his recent trip to the People's Republic of China. I think you will find both of his memorandums of interest. Dwight asked me to keep their distribution limited. I have not sent them to anyone else.

Attachments

INSTITUTE OF PUBLIC ADMINISTRATION

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ALAN K. CAMPBELL
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55 WEST 44TH STREET
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M E M O R A N D U M

TO: Roger Porter
FROM: Dwight Ink
DATE: November 22, 1989

This memorandum highlights comments made in conversations with Mr. Peter Katsura recently in Beijing. He is First Vice Chairman of the State Commission of Economic Reform of the U.S.S.R. Council of Ministers.

- o He emphasized the magnitude of their efforts to "dismantle the old conservative system".

- o They are striving to overcome the current separation of the worker from the results of his work.

- o They are searching for an organization and a legal framework which will balance "efficiency and social security".

- o They are striving to design a stable and balanced market oriented economy in which both labor and management share the benefits.

- o Under the first phase of their administrative reform the 120 units in the central government have now been reduced to 57 and 200 enterprises have been streamlined, leading to 600,000 employees being reassigned to nongovernmental establishments, although it was not clear what they are now doing.

- o Under the second stage of reform which is now started, they are placing great emphasis on developing a legal basis for the reforms, including laws on ownership, land use, taxes, state banks, industrial companies, and the civil service.

- o Measures are being developed to delegate more powers to the local level and to the Republic. Also measures to enable the industrial companies to operate more freely.

- o Measures to distinguish policy from implementation responsibilities are to be developed.

o Measures to delineate and distinguish the powers of the state from those of the party are also being drafted.

o They plan to liquidate a super share of state ownerships. About 90% of the U.S.S.R.'s funds for production activities are now said to be going to state institutions. It was stated that the state and the big company monopolies are much more concerned with themselves than they are with the public.

How to introduce market factors into a planned economy is a major issue since they recognize their current distribution of goods is ineffective. The Soviet Union is now in a transition phase, and it recognizes there is a very short period of time in which to accomplish a great deal. Katsura likened administrative reform problems of the Soviet Union to those of China.

I have approached both Minister Katsura, and Mr. Zhang, his counterpart in China, about the possibility of tri-lateral discussions among China, the U.S.S.R. and the United States in view of some common management problems growing out of our large geographic area and large populations. Both are interested, although I have no idea whether there might be governmental support.

I fear that the Western world, including the United States, fails to fully recognize the unusual opportunity now unfolding in the U.S.S.R. and Eastern Europe to provide the reformers with urgently needed assistance, both managerial and technical. Such assistance is critically needed to enhance the chance of a successful transition toward a more democratic system. If the change to more market oriented economic approaches and a freer democratic political society does not demonstrate to the people that these steps represent a better system, the future of these basic changes may well be in jeopardy.

Ability to refocus the policies within these countries and develop their capacity to implement them will require an enormous amount of economic analysis, basic changes in bureaucratic philosophy and practices, and a very different brand of management. They need to learn how to function in a more open society, and how to utilize the economic drive of market oriented mechanisms within a framework which retains a social consciousness. This is a massive task, and timing is critical.

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FAX (212) 398-9305

M E M O R A N D U M

TO: Roger Porter
FROM: Dwight Ink
DATE: Novemeber 22, 1989

Our Institute of Public Administration (IPA) has had recent involvement in China which may be of interest to you and others in the White House.

Background.

During the past year IPA has been helping the Chinese Academy of Social Science to develop ways to utilize market incentives within a socialist economy in furthering urban land reform. Although the existing planned economy will never permit fully effective uses of market forces, we believe that these initial steps may well pave the way for a transition to a market system. Our Chinese Advisory Committee is chaired by Mr. Liu Guoguang, Vice Chairman of the National Academy of Social Science, and one of the best known economists in China. Also on our reform minded Committee is Gao Shangquan, Vice Minister of the State Commission for restructuring the Economy.

During the May demonstrations in Tiananmen Square, I was in Beijing negotiating a second project in which IPA had been selected by the government to serve as their technical advisor in civil service reform. For this project, we are contracting with the Chinese Ministry of Personnel which has responsibility for the total administrative reform effort, not just personnel management. Premier Li Ping, is the titular head of administrative reform, but Mr. Zhang, the Deputy Minister of Personnel, is the operational head of the reform commission.

In talking with students and others gathered in Tiananmen Square, their general aspiration was to achieve the type of freedom that exists in the United States. They quoted Jefferson and Lincoln, and frequently spoke of President Nixon as having opened the way to modernization and individual freedom. Gorbachev is the man they feel will make it possible.

In late October I returned to Beijing because of our projects and also to participate in an administrative reform symposium which was comprised of individual representatives from each of twelve nations. The

Soviet Union was represented by Peter Katsura, First Vice Chairman of the Economic Reform, who heads administrative reform in the Soviet Union. Also participating in the 3-1/2 day conference were 26 leading Chinese academicians and directors of Chinese ministries.

Symposium.

The symposium participants met with Premier Li Ping who was slightly more candid with respect to economic problems than we might have expected, although predictably he defended the Tiananmen Square action as countering a revolutionary movement. No other Chinese officials mentioned Tiananmen Square. I had a long private discussion with a special assistant to Li Ping, in which the topics ranged from nuclear energy to managing decentralization. We all met twice with Vice Premier Wu Xueqian who is also Secretary of their Standing Committee which is their counterpart to our Cabinet. Mr. Wu was somewhat more informative and candid, stating in private conversations that it was clear they had made mistakes during the summer.

Both Li Ping and Wu Xueqian reiterated their plans to move forward with the economic reforms although at a somewhat slower pace than originally planned. They also reaffirmed their intention to move the party out of the government operational role and limit it largely to policy. The theme reiterated over and over again by Li Ping, Wu, and the Chinese leaders, was the necessity of shifting the government from micro-management of enterprises and local government to that of macro-management. This we discussed in depth throughout the next 3-1/2 days, although I assume the pace and the extent of plans are now altered more than their rhetoric indicated. Several key quotations are listed in attachment A.

The symposium discussions were far more open than we had anticipated. With the exception of Tiananmen Square, there was no apparent restriction on subject matter, and the chair of the symposium made no effort to steer discussion toward or away from issues that might be sensitive. Two academicians stated categorically that there was no room for democracy in China because it would lead to confusion and chaos. Other Chinese, however, were anxious to learn how other countries dealt with openness, how they learned of the views of citizens, and how advice was secured by officials prior to making decisions.

During an interview by Beijing radio, I commented on the need for government officials to draw upon a range of different sources for advice before making a decision, particularly if the subject was controversial. To our surprise, this interview was carried on Beijing radio on several occasions, an event which the interviewer told me could not have happened 30 days earlier. According to this interviewer, there is considerably more flexibility in what can be broadcast now than was true during the summer, although the issue of Tiananmen Square is still not for open discussion and probably will not be so long as the current leadership is in power.

Urban Land Management

Although the National Academy of Social Science has been labeled by Newsweek and others as a hotbed of democratization in China, the operating head of the Academy, who is also Chairman of our Advisory Committee, is still in office. At a private lunch, he said that the research projects at the Academy have proceeded unimpeded since the crackdown, but that foreign exchanges have been severely curtailed, and in most instances virtually halted. An exception is our IPA exchange for reasons that are not clear. Our communications with China were never interrupted during or after the June 4 crackdown, and our Chinese delegations have come to the United States with only slight delays in the scheduling. The only noticeable constraint is that Mr. Liu himself does not currently have permission to come to the United States, although he feels that might be in part because of uncertainty with respect to the U.S. reaction. We have proceeded to plan additional land economics studies and exchanges during 1990.

Conclusions

From the symposium and our IPA contacts in China, I have several impressions:

- o There is a wide spread interest among many of the Chinese administrative leaders in to go forward with the reform program despite the crackdown. Yet, those in charge of the reform have very little idea of how to proceed.

- o Not surprisingly, the hardliners seem to have very little support among younger officials.

- o At this stage of events, sanctions against China would be counterproductive and would weaken the position of the reformers.

- o Events in the Soviet Union and Eastern Europe are quite unnerving for the hardliners in Chinese leadership positions. They relate the protests in the Eastern Bloc to the demonstrations in Tiananmen Square. Therefore, although I saw many signs of relaxation in China, I would expect there to be other actions of a repressive nature, making it difficult to sort out where China is moving. I suspect that the Chinese officials themselves are uncertain with respect to future steps and are most uneasy.

- o As with the U.S.S.R. and the Eastern Bloc countries when the hardline leadership is ousted and the move toward democratization emerges, the combination of the vastness of the changes required and the almost total lack of experience in nontotalitarian governmental machinery is almost surely going to result in a future crisis of a different nature. The people of China, particularly in the large cities, are not likely to have sufficient patience to wait for a basic change in their ponderous machinery. Disillusion with democratic processes and market oriented economics is likely to lead to new problems of major magnitude.

ATTACHMENT A
KEY QUOTATIONS IN BEIJING
October 16-20, 1989

Premier Li Ping

"...reform of government administration will continue for a relatively long period."

"...political reform of the country has been partly focused on changing the functions of the government in an effort to separate the roles of the government and the State-owned enterprises so that the enterprises can have more decision-making power.

However, the reform is not aimed at a fully dominating market system, as is misunderstood by many people in the West, but to combine the central planning with a market mechanism."

Zhang Zhijian, Director, National Commission of Reform

"The reform of governmental organizations is the important component of the reform of political system. The deepening of the reform of economic system requires the government to further decentralize its power, and to separate the government from the enterprise, so as to turn its direct control over the enterprise into indirect control, and to improve the macro readjustment and control over economic activities."

Reform of local government "...is: to link this reform closely with the reform of political and economic systems and in accordance with the principle of separating the government from the enterprise, the Party from the government; to transform functions; to bring better relations among departments; to readjust structures; and to streamline personnel. The transformation of functions in the economic administration will be taken as priority."

~~SECRET~~

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02

PRT: GATES SCOWCROFT
SIT: FILE PRIVACY IN SIT-----
<PREC> IMMEDIATE <CLAS> ~~SECRET~~ <DTG> 160234Z NOV 89

FM AMEMBASSY BEIJING

TO THE WHITE HOUSE

~~SECRET~~ 160234Z NOV 89 PRIVACY CHANNELS
FM AMBASSADOR LILLEY, BEIJING 004
TO THE WHITE HOUSE, FOR EYES ONLY GENERAL SCOWCROFT
BEGIN TEXT

DEAR BRENT,

THANK YOU FOR YOUR INFORMATIVE MESSAGE OF 11 NOV 89.
IT IS IMPORTANT TO KNOW WHAT YOU ARE BEING TOLD IN WASHINGTON.
BOTH PRESIDENT NIXON AND MIKE OKSENBERG ARE KEEN OBSERVERS AND
WHAT THEY TOLD YOU TRACKS WITH WHAT WE WERE TOLD HERE.

REGARDING PART TWO OF YOUR MESSAGE, I HAVE ARRANGED TO
BE IN SHANGHAI ON 12 DECEMBER AND HAVE ASKED TO SEE THE MAYOR.
I WILL CONVEY THE MESSAGE TO HIM PERSONALLY AT THAT TIME. I
HOPE TO DISCUSS WITH YOU FURTHER HOW PRESCOTT HIMSELF IS
HANDLING HIS CONTACTS HERE.

THE MATTER OF CONGRESSIONAL LEGISLATION IS OF SOME
CONCERN TO ME. WE SEEM TO BE GOING AGAINST THE TIDE BY
CONTINUING TO PUNISH CHINA WHEREAS OUR FRIENDS AND ALLIES ARE
LETTING UP. IT IS IMPORTANT FOR OUR FUTURE EDUCATIONAL AND
CULTURAL EXCHANGES THAT THE PELOSI BILL IN THE HOUSE ON STUDENT
EXTENSIONS BE DILUTED OR PUT ASIDE. I REALIZE THE SENTIMENT
BEHIND THE BILL BUT AS YOU KNOW IT LEGISLATES NOTHING WE ARE
NOT ALREADY DOING. I APPRECIATE YOUR PERSONAL INTERVENTION
WITH SOLARZ ON THE SANCTIONS AMMENDMENT. IT CLEARLY HELPED.

AS YOU PROBABLY KNOW, I WILL BE IN WASHINGTON BETWEEN
3-10 DECEMBER ON CONSULTATIONS. I HOPE TO SEE YOU AT THAT TIME
AND A MINUTE OR TWO WITH THE PRESIDENT, IF HE CAN MAKE THE TIME.

PLEASE SHARE THIS MESSAGE WITH SECRETARY BAKER.

DECLASSIFIED
PER E.O. 135262009-1156-MR
3/20/2014 MM~~SECRET~~

IMMEDIATE

~~SECRET~~

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

END TEXT

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~~SECRET~~

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05a. Cable	From White House Re: Message to Ambassador James R. Lilley from Brent Scowcroft [redacted] (2 pp.)	11/11/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Partially Declassified
 (Copy of Document Follows)
 By SS on 11/19/14

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2010-2783-MR (502)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 9/24/2013

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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 P-5 Release would disclose confidential advice between the President
 and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of
 personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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~~SECRET~~ SENSITIVE EYES ONLY VIA PRIVACY CHANNELS
QQQQ

PLEASE DELIVER THE FOLLOWING MESSAGE, EYES ONLY, TO AMBASSADOR JAMES R. LILLEY FROM BRENT SCOWCROFT, ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS.

BEGIN TEXT:

11 NOV 89

1. JIM, THIS IS A THREE-PART CABLE, ALL CLOSE HOLD, BUT WITH PARTS TWO AND THREE FOR YOU ALONE.

2. PART ONE - BEGIN TEXT:

PRESIDENT NIXON AND MIKE OKSENBERG HAD DINNER WITH THE PRESIDENT ON NOVEMBER 5 TO DISCUSS THEIR RECENT TRIP TO CHINA. THOSE PARTICIPATING ALSO INCLUDED THE VICE PRESIDENT, GOVERNOR SUNUNU, GENERAL SCOWCROFT, LARRY EAGLEBURGER, DCI WEBSTER AND BOB GATES. PRESIDENT NIXON BEGAN BY GIVING HIS RUNDOWN OF THE LEADERSHIP AND HIS JUDGMENT ON EACH. HE SAID THAT DENG XIAOPING APPEARED VITAL AND HEALTHY

(b)(1)

(b)(1)

HE SINGLED OUT THE

(b)(1)

(b)(1)

AS THE MOST IMPRESSIVE CHINESE LEADER HE MET. A MAN OF OUTSTANDING QUALITIES AND ONE HE REGARDED CLEARLY AS A COMER. HE ALSO HAD MUCH PRAISE FOR

(b)(1)

WHOM HE

REGARDED AS ANOTHER HIGH QUALITY INDIVIDUAL.

THE CONVERSATION SUBSEQUENTLY FOCUSED ON SINO-SOVIET RELATIONS, THE VIEWS OF THESE LEADERS ON GORBACHEV (LESS SYMPATHETIC THAN HIS WESTERN AUDIENCES), AND ON NEXT STEPS IN THE RELATIONSHIP. NIXON IS WORRIED THAT OUR CURRENT POLICIES ARE ISOLATING THE CHINESE LEADERSHIP FROM PEOPLE WHO SHOULD BE TELLING THEM WHAT THEY NEED TO HEAR AND THAT THE US WOULD PROBABLY NEED TO TAKE THE FIRST STEP IN BEGINNING THE PATH BACK ON THE RELATIONSHIP. NIXON WAS ADAMANT, HOWEVER, THAT SUCH A STEP SHOULD NOT BE TAKEN WITHOUT HAVING AGREED UPON A SEQUENCE SO THAT ANY STEP THAT THE US MIGHT TAKE BY AGREEMENT WOULD RESULT IN A RECIPROCAL STEP BY THE CHINESE. AMONG OTHER THINGS, HE SUGGESTED LIFTING THE BAN ON TRAVEL BY US SENIOR OFFICIALS AND



DECLASSIFIED IN PART

PER E.O. 13526

2010-2783-MR

SCS 9/24/13

SEEM TO ATTACH IMPORTANCE TO REESTABLISHING THE FULBRIGHT SCHOLARSHIPS.

-
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-
4. BEGIN TEXT - PART THREE.

-
YOU SHOULD ALSO KNOW THAT THE PRESIDENT HAS SENT A PERSONAL NOTE TO DENG. IN IT HE COMMENTED ON NIXON'S TRIP REPORT AND HIS OWN STRONG INTEREST IN THE RELATIONSHIP AND ITS IMPROVEMENT. HE ALSO SAID THAT NOTHING ADVERSE TO CHINA'S INTERESTS WOULD OCCUR AT THE UPCOMING US-USSR MEETING AND THAT HE WOULD PROVIDE A READ-OUT (BY EMISSARY IF DENG WISHED) AFTER THE MEETING. END TEXT - PART THREE.

-
5. WARM REGARDS, BRENT.

-
END TEXT

-
DECL: OADR

#0376

<SECT>SECTION: 01 OF 01 <SSN> 0376 <TOR> 891111115329 MSG000248097209

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05b. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [redacted] (3 pp.)	11/10/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Partially Declassified
(Copy of Document Follows)
 By SCS on 11/19/14

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2010-2783-MR (502.01)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 9/24/2013

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~~SECRET~~

cc to Seoul

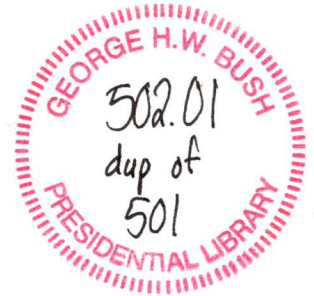
~~SECRET/SENSITIVE~~

VIA PRIVACY CHANNEL

November 10, 1989

FROM: BRENT SCOWCROFT
THE WHITE HOUSE

TO: AMBASSADOR JAMES R. LILLEY
AMEMBASSY BEIJING



EYES ONLY FOR AMBASSADOR LILLEY

1. Jim, this is a three-part cable, all close hold, but with parts two and three for you alone.

2. PART ONE - BEGIN TEXT:

President Nixon and Mike Oksenberg had dinner with the President on November 5 to discuss their recent trip to China. Those participating also included the Vice President, Governor Sununu, General Scowcroft, Larry Eagleburger, DCI Webster and Bob Gates. President Nixon began by giving his rundown of the leadership and his judgment on each. He said that Deng Xiaoping appeared vital and healthy

(b)(1)

(b)(1)

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Declassify on: OADR

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2010-2783-MR

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- 2 -

(b)(1) He singled out the (b)(1) (b)(1) as the most impressive Chinese leader he met. A man of outstanding qualities and one he regarded clearly as a comer. He also had much praise for (b)(1) whom he regarded as another high quality individual.

The conversation subsequently focused on Sino-Soviet relations, the views of these leaders on Gorbachev (less sympathetic than his Western audiences), and on next steps in the relationship. Nixon is worried that our current policies are isolating the Chinese leadership from people who should be telling them what they need to hear and that the US would probably need to take the first step in beginning the path back on the relationship. Nixon was adamant, however, that such a step should not be taken without having agreed upon a sequence so that any step that the US might take by agreement would result in a reciprocal step by the Chinese. Among other things, he suggested lifting the ban on travel by US senior officials and seem to attach importance to reestablishing the Fulbright Scholarships.

Nixon also focused on the triangular relationship. He said that while there was no China card per se for the United States, it was also important that there not be one for the Soviet Union. He also indicated our concern that to the degree we are isolated from China ~~that~~ opportunities are presented for (b)(1) ~~that~~ we ought not provide an open door. END TEXT - PART ONE.

~~SECRET/SENSITIVE~~

~~SECRET~~

~~SECRET~~

~~SECRET/SENSITIVE~~

- 3 -

3. PART TWO - BEGIN TEXT:

As you may know, Prescott Bush has had business relationships in China that long predate the President's election. Because of these and ^{his} other business activities abroad, the State Department issued guidance to all embassies several months ago at the President's request to take care to avoid any appearance of favoritism either to his brother or to any other member of his family. We have just received word that the (b)(1) (b)(1) is in business negotiations with interests connected to Prescott Bush and is telling visitors that he is doing what he can to be helpful. We would appreciate it if you could quietly inform (b)(1) (1) that while the United States Government does not oppose Prescott Bush's activities, it also does not want them given any special treatment, and (2) that what the Chinese authorities do in this connection is a matter exclusively for the Chinese to decide on their own. END TEXT - PART TWO.

4. BEGIN TEXT - PART THREE.

You should also know that the President has sent a personal note to Deng. In it he commented on Nixon's trip report and his *own* *strong* interest in the relationship and its improvement. He also said that nothing adverse to China's interests would occur at the upcoming US-USSR meeting and that he would provide a read-out (by emissary if Deng wished) after the meeting. END TEXT - PART THREE.

5. Warm regards, Brent.

~~SECRET/SENSITIVE~~

~~SECRET~~



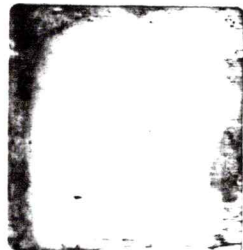
THE WHITE HOUSE
WASHINGTON

Florence,

General would like this
filed. NO COPIES TO ANYONE,
EVEN JACKSON. Is the best
place the "Nixon" file?

Dona

P.S. General said he is
giving a copy to Baker..



Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06a. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [redacted] (3 pp.)	11/10/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Partially Declassified
 (Copy of Document Follows)
 By SS on 11/14/14

Date Closed:	5/4/2009	OA/ID Number:	91135-001
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	2009-1156-MR (508)
AR Disposition:		MR Disposition:	Released in Part
AR Disposition Date:		MR Disposition Date:	9/24/2013

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (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

~~SECRET~~

Dispatched for

11/11

AS...

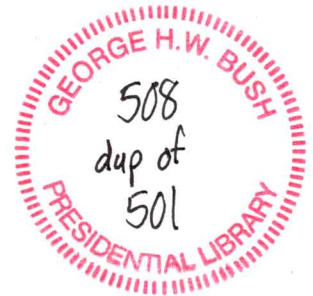
~~SECRET/SENSITIVE~~

VIA PRIVACY CHANNEL

November 10, 1989

FROM: BRENT SCOWCROFT
THE WHITE HOUSE

TO: AMBASSADOR JAMES R. LILLEY
AMEMBASSY BEIJING



EYES ONLY FOR AMBASSADOR LILLEY

1. Jim, this is a three-part cable, all close hold, but with parts two and three for you alone.

2. PART ONE - BEGIN TEXT:

President Nixon and Mike Oksenberg had dinner with the President on November 5 to discuss their recent trip to China. Those participating also included the Vice President, Governor Sununu, General Scowcroft, Larry Eagleburger, DCI Webster and Bob Gates. President Nixon began by giving his rundown of the leadership and his judgment on each. He said that Deng Xiaoping appeared vital and healthy

(b)(1)

(b)(1)

~~SECRET/SENSITIVE~~

Declassify on: OADR

~~SECRET~~

DECLASSIFIED IN PART
PER E.O. 13526

2010-2783-MR
SCS 9/24/13

~~SECRET~~

~~SECRET/SENSITIVE~~

- 2 -

(b)(1) He singled out the (b)(1) (b)(1) as the most impressive Chinese leader he met. A man of outstanding qualities and one he regarded clearly as a comer. He also had much praise for (b)(1) whom he regarded as another high quality individual.

The conversation subsequently focused on Sino-Soviet relations, the views of these leaders on Gorbachev (less sympathetic than his Western audiences), and on next steps in the relationship. Nixon is worried that our current policies are isolating the Chinese leadership from people who should be telling them what they need to hear and that the US would probably need to take the first step in beginning the path back on the relationship. Nixon was adamant, however, that such a step should not be taken without having agreed upon a sequence so that any step that the US might take by agreement would result in a reciprocal step by the Chinese. Among other things, he suggested lifting the ban on travel by US senior officials and seem to attach importance to reestablishing the Fulbright Scholarships.

Nixon also focused on the triangular relationship. He said that while there was no China card per se for the United States, it was also important that there not be one for the Soviet Union. He also indicated our concern that to the degree we are isolated from China ~~that~~ opportunities are presented for (b)(1) ~~that~~ we ought not provide an open door. END TEXT - PART ONE.

~~SECRET/SENSITIVE~~

~~SECRET~~

~~SECRET~~

~~SECRET/SENSITIVE~~

- 3 -

3. PART TWO - BEGIN TEXT:

As you may know, Prescott Bush has had business relationships in China that long predate the President's election. Because of these and ^{his} other business activities abroad, the State Department issued guidance to all embassies several months ago at the President's request to take care to avoid any appearance of favoritism either to his brother or to any other member of his family. We have just received word that the (b)(1)

(b)(1) is in business negotiations with interests connected to Prescott Bush and is telling visitors that he is doing what he can to be helpful. We would appreciate it if you could quietly inform (b)(1) (1) that while the United States Government does not oppose Prescott Bush's activities, it also does not want them given any special treatment, and (2) that what the Chinese authorities do in this connection is a matter exclusively for the Chinese to decide on their own. END TEXT - PART TWO.

4. BEGIN TEXT - PART THREE.

strong You should also know that the President has sent a personal note to Deng. In it he commented on Nixon's trip report and his *own* interest in the relationship and its improvement. He also said that nothing adverse to China's interests would occur at the upcoming US-USSR meeting and that he would provide a read-out (by emissary if Deng wished) after the meeting. END TEXT - PART THREE.

5. Warm regards, Brent.

~~SECRET/SENSITIVE~~

~~SECRET~~

November 9, 1989

General --

You said you needed to send a cable to Amb Jim Lilley re Prescott Bush and the President's letter to Chairman Deng. I have attached what I have and the memo from Boyden Gray on Prescott Bush.

Since we haven't been able to locate the cable you did on the Nixon report (all I have is Diane's first draft of it -- attached), do you want to do another on that subject. I checked with Larry's office and they did not see your draft.

Florence

*Jim -
This is a three-part cable, all
close hold, but with parts 2 and 3 for
you alone.*

THE WHITE HOUSE
WASHINGTON

November 6, 1989

MEMORANDUM FOR GENERAL BRENT SCOWCROFT

FROM: C. BOYDEN GRAY *CMG*
COUNSEL TO THE PRESIDENT

SUBJECT: Suggested Language for Ambassador Lilly

long *the President's*
(2) As you may know, Prescott Bush has had ~~long-standing~~ business relationships in China that predate ~~his brother's~~ election. Because of these and other business activities abroad, the State Department issued guidance to all embassies several months ago at the President's request to take care to avoid any appearance of favoritism either to his brother or to any other member of his family. ~~Now, we understand~~ that the Mayor of Shanghai is in negotiations with interests connected to Prescott Bush and is telling visitors that he is doing what he can to ~~help~~. We would appreciate it if you could quietly inform the Mayor (1) that while the United States Government does not oppose Prescott Bush's activities, it also does not want them given any special treatment, and (2) that what the Chinese authorities do in this connection is a matter exclusively for the Chinese to decide on their own.

we have just received word

business

be helpful.

(3) You should also know that the President has sent a personal note to Deng. In it he commented on Nixon's trip report and his interest in the relationship and its improvement. He also said that nothing adverse to China's interests would occur at the upcoming US-USSR meeting and that he would provide a read-out (by emissary, if Deng wished) after the meeting.

Dear Mr. Speaker:

We have received your letter of July 31 enclosing an inquiry from Mr. and Mrs. Maurice B. Cauchon of South 1504 Virginia Street, Spokane, Washington, concerning the business activities in China of Mr. Prescott Bush, the President's brother.

As you know, the President has made a special effort to communicate his desire that his Administration adhere to high ethical standards of conduct, including specifically the avoidance of any appearance of the use of public office for private gain. Accordingly, he asked all Cabinet officers with representatives abroad to issue a special notice regarding ethics to all foreign offices. The Secretary of State's notice is attached, and makes specific reference to the avoidance of "any appearance of preferential treatment to American investment projects abroad with which any members of the Bush family are involved, including his sons... and his brother...."

As to the specific project referred to in your constituent's letter, we can say only that President Bush has never had any involvement of any kind with this project. We have no objection to your constituent's asking Mr. Prescott Bush directly for details about his project, but we do not think it appropriate for us to investigate routine inquiries of this nature with respect to an American citizen's business abroad.

We should add here that, as a matter of policy, we have encouraged Americans to conduct business with China. The growth in U.S. investment and trade with China has led to greater Chinese understanding of our culture, the diversity of our people, and of our market-oriented economy.

I hope that this information is helpful to your constituent. If you have further questions, don't hesitate to write again.

Sincerely,

Janet G. Mullins
Assistant Secretary
Legislative Affairs

The Honorable Thomas S. Foley
Speaker of the House of Representatives

Dear Mr. Speaker:

We have received your letter of July 31 enclosing an inquiry from Mr. and Mrs. Maurice B. Cauchon of South 1504 Virginia Street, Spokane, Washington, concerning the business activities in China of Mr. Prescott Bush, the President's brother.

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I hope that this information is helpful to your constituent. If you have further questions, don't hesitate to write again.

Sincerely,

Janet G. Mullins
Assistant Secretary
Legislative Affairs

The Honorable Thomas S. Foley
Speaker of the House of Representatives

TO PRINCIPAL OFFICERS FROM THE SECRETARY

SUBJECT: Integrity of Government Decision-making

- A. President Bush has made clear his concern that all officials in this Administration act carefully, not only to avoid violating the ethics laws and regulations, but also to avoid even the appearance of any such violation. Preserving the integrity of government decision-making from bias and improper preference is among the highest goals of this Administration.
- B. As the President's personal representative to countries abroad, you have a clear responsibility to provide appropriate assistance to U.S. business interests. You ~~should be so evenhandedly and~~ ensure that all members of the embassy team do so as well. At the same time, you should be careful to do so fairly, treating all Americans evenhandedly, without showing preference to anyone because they are ex-government officials or associates of you or any other government official.
- C. The Department's regulations require that Department employees take no action that could result in, or give the appearance of, using public office for private gain (including the gain of a third party not in furtherance of the public interest), giving preferential treatment to any person, making a government decision outside official channels, or affecting adversely the confidence of the public in the integrity of the government. See 3 FAM 628 Appendix A, Section 18.753-281 (A). Further, section 18.725-202 of those regulations merely prohibits acceptance of a gift from any person who has business with the Department, has interests that could be substantially effected by the employee's official duties, or appears to be seeking advantage in dealings with the Department.
- D. We must provide fair and equal treatment to all Americans, including clients of Ex-officials and associates of current government officials, but without showing to any particular person. In this regard, President Bush has requested that you be particularly sensitive to avoid giving any appearance of preferential treatment to American investment projects abroad with which any member of the Bush family is involved, including his sons, Neil and Jeb Bush, and his brothers, Prescott and William Bush.

- E. If you are contacted by an ex-official or an associate of yours or of a current official in a manner that causes question of concern, you should not hesitate to consult with the legal ethic's office, and to make another official handle the request if you are concerned about the ability to be objective. Make every effort to avoid even an appearance or favoritism or impropriety. Adherence to the highest ethical standards is in the best tradition of the Department.
- F. Please make sure that your staff is aware of these principles. End Attachment.

ACTION MEMORANDUM

TO: THE SECRETARY OF STATE

THROUGH: RONALD I. SPIERS

FROM: ELIZABETH G, VERVILLE, ACTING

SUBJECT: Integrity of Government Decision-making

2. Issue for decision. Whether to authorize transmittal of the attached cable to all posts urging embassy personnel to treat all Americans immediately in performing their government duties.
3. Essential factors. President Bush asked you to instruct Department personnel abroad to be sensitive to avoid giving any appearance of preferential treatment to American investment projects abroad with which Prescott Bush is involved. You asked Bob Kimmitt to coordinate this task with our office and asked to see the draft message before it went out.
4. The Department drafted a message, along the lines of one sent by Secretary Shultz in 1986, cautioning posts to assist U.S. business interests fairly and evenhandedly, without showing preference to anyone because of past or current association with the U.S. government or with any of its officials. The draft message mentioned Prescott Bush in this broader context.
5. We sent to White House Counsel by telefax on January 31 our proposed message. We received White House Counsel's clearance on February 14, with the request that the message be expanded to include any member of the Bush Family involved with overseas business interests, including two of the President's sons and his brother William in addition to Prescott. We have made these changes. A Washington Post story today discussed Prescott Bush's business activities in Asia, making this cable particularly timely.
6. Recommendation: That you approve transmittal of.



United States Department of State

Washington, D.C. 20520

Office of the Legal Adviser

FACSIMILE TRANSMISSION COVER SHEET

Transmission Date: 8-16-89 Pages Transmitted: 3

TRANSMITTED TO:

Fax No.: 456-6279

Name: Alicia Kendrick

Organization: White House Counsel

Bldg, Room:

Tele/Ext: 456-2632

Description: Cable requested - Diplomatic

relations

TRANSMITTED FROM:

Fax No. 647-1037

Name: Juanita Robinson

Organization: Office of the Legal Adviser (L/M)

Bldg, Room: Main State

Room 4427A

Washington, DC 20520

Tele/Ext: 647-2350

Note: This copier is designated as "unattended" and will receive documents 24 hours a day. You must let the receiving party know you are sending a document.

COMMENTS:

S/S-O L/m
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2/16
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B, S/P, INR, 1, EB, RF

Department of State

44C 01 OF 02 STATE 050000 T080C 030201

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PAGE 01 STATE 050000 T080C 030201

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AFG 033-02 TRIP-01 T08-01 OUT-01 0001-01 0-03 03-03
/013 100 RGR

16/03192

FOR ATTACHED CABLE PARA. 7 BELOW

APPROVED 2/16/79

2/16/79

FEB 16 P3:51

ORIGIN 03-00

"TREAT AS ORIGINAL"

BEGIN TEXT OF CABLE TO ALL POSTS.

INFO LOG-00 ADS-00 030-00 CCR-00 /000 R

TO PRINCIPAL OFFICERS FROM THE SECRETARY.

DRAFTED BY: L/M:JHNESSIN:LG

APPROVED BY: L - EVERVILLE

R:LGRAHL (DRAFT)

S/S:MEVITSKY

L/M:LEED (DRAFT)

ED: ALAP

DRAFT)

S/S-O:JFELT

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O 160404Z FEB 89 ZFFS

FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

LIMITED OFFICIAL USE STATE 050000 T080C 030201

E.O. 12356: N/A

TAGS: AMGT, OVIP (MAKER, JAMES A.)

SUBJECT: INTEGRITY OF GOVERNMENT DECISION-MAKING

ACTION MEMORANDUM. CS/S: 000330Z

TO: THE SECRETARY

THROUGH: M - RONALD L. SPIERS

FROM: L - ELIZABETH G. VERVILLE, ACTING

SUBJECT: INTEGRITY OF GOVERNMENT DECISION

2. ISSUE FOR DECISION. WHETHER TO AUTHORIZE TRANSMITTAL OF THE ATTACHED CABLE TO ALL POSTS INSTRUCTING EMBASSY PERSONNEL TO TREAT ALL AMERICANS EVENHANDEDLY IN PERFORMING THEIR GOVERNMENT DUTIES.

3. ESSENTIAL FACTORS. PRESIDENT BUSH ASKED YOU TO INSTRUCT DEPARTMENT PERSONNEL ABROAD TO BE SENSITIVE TO AVOID GIVING ANY APPEARANCE OF PREFERENTIAL TREATMENT TO AMERICAN INVESTMENT PROJECTS ABROAD WITH WHICH PRESCOTT BUSH IS INVOLVED. YOU ASKED BOB KIMMITT TO

COORDINATE THIS TASK WITH OUR OFFICE AND ASKED TO SEE THE DRAFT MESSAGE BEFORE IT WENT OUT.

4. THE DEPARTMENT DRAFTED A MESSAGE, ALONG THE LINE OF A MESSAGE SENT BY SECRETARY SHULTZ IN 1986, CAUTIONING TO ASSIST U.S. BUSINESS INTERESTS FAIRLY AND EVENHANDEDLY, WITHOUT SHOWING PREFERENCE TO ANYONE BECAUSE OF PAST OR CURRENT ASSOCIATION WITH THE U.S. GOVERNMENT OR WITH ANY OF ITS OFFICIALS. THE DRAFT MESSAGE MENTIONED PRESCOTT BUSH IN THIS BROADER CONTEXT.

5. WE SENT TO WHITE HOUSE COUNSEL BY TELEFAX ON JANUARY 19 OUR PROPOSED MESSAGE. WE RECEIVED WHITE HOUSE COUNSEL'S CLEARANCE ON FEBRUARY 14, WITH THE REQUEST THAT THE MESSAGE BE EXPANDED TO INCLUDE ANY MEMBERS OF THE BUSH FAMILY INVOLVED WITH OVERSEAS INVESTMENTS, INCLUDING TWO OF THE PRESIDENT'S SONS, WILLIAM IN ADDITION TO PRESCOTT. WE MADE THESE CHANGES. A WASHINGTON POST STORY DISCUSSED PRESCOTT BUSH'S BUSINESS ACTIVITIES IN A WAY THAT MADE THIS CABLE PARTICULARLY TIMELY.

6. RECOMMENDATION. THAT YOU APPROVE TRANSMITTAL OF

SUBJECT: INTEGRITY OF GOVERNMENT DECISION-MAKING

A. PRESIDENT BUSH HAS MADE CLEAR HIS CONCERN THAT ALL OFFICIALS IN THIS ADMINISTRATION ACT CAREFULLY, NOT ONLY TO AVOID VIOLATING THE ETHICS LAWS AND REGULATIONS, BUT ALSO TO AVOID EVEN THE APPEARANCE OF ANY SUCH VIOLATION. PRESERVING THE INTEGRITY OF GOVERNMENT DECISION-MAKING FROM BIAS AND IMPROPER PREFERENCE IS AMONG THE HIGHEST GOALS OF THIS ADMINISTRATION.

B. AS THE PRESIDENT'S PERSONAL REPRESENTATIVE IN COUNTRIES ABROAD, YOU HAVE A CLEAR RESPONSIBILITY TO PROVIDE APPROPRIATE ASSISTANCE TO U.S. BUSINESS INTERESTS. YOU SHOULD DO SO ENTHUSIASTICALLY AND BE AWARE THAT ALL MEMBERS OF THE EMBASSY TEAM DO SO AS WELL.

AT THE SAME TIME, YOU SHOULD BE CAREFUL TO DO SO FAIRLY, TREATING ALL AMERICANS EVENHANDEDLY, WITHOUT SHOWING PREFERENCE TO ANYONE BECAUSE THEY ARE EX-GOVERNMENT OFFICIALS OR ASSOCIATES OF YOU OR ANY OTHER GOVERNMENT OFFICIAL.

C. THE DEPARTMENT'S REGULATIONS REQUIRE THAT DEPARTMENT EMPLOYEES TAKE NO ACTION THAT COULD RESULT IN, OR GIVE THE APPEARANCE OF, USING PUBLIC OFFICE FOR PRIVATE GAIN (INCLUDING THE GAIN OF A THIRD PARTY NOT IN FURTHERANCE OF THE PUBLIC INTEREST), GIVING PREFERENTIAL TREATMENT TO ANY PERSON, MAKING A GOVERNMENT DECISION OUTSIDE OFFICIAL CHANNELS, OR AFFECTING ADVERSELY THE CONFIDENCE OF THE PUBLIC IN THE INTEGRITY OF THE GOVERNMENT. SEE 5 FAR 630 APPENDIX A, SECTION 10.735-201 (A). FURTHER, SECTION 10.735-202 OF THOSE REGULATIONS GENERALLY PROHIBITS ACCEPTANCE OF A GIFT FROM ANY PERSON WHO HAS BUSINESS WITH THE GOVERNMENT OR HAS INTERESTS THAT COULD BE SUBSTANTIALLY AFFECTED BY THE EMPLOYEE'S OFFICIAL DUTIES OR APPEARS TO BE

4. WE MUST PROVIDE FAIR AND EQUAL TREATMENT TO ALL AMERICANS, INCLUDING OLIGARCHS OF EX-OFFICIALS AND ASSOCIATES OF CURRENT GOVERNMENT OFFICIALS, BUT WITHOUT SHOWING PREFERENCE TO ANY PARTICULAR PERSON. IN THIS REGARD, PRESIDENT BUSH HAS REQUESTED THAT YOU BE PARTICULARLY SENSITIVE TO AVOID GIVING ANY APPEARANCE OF PREFERENTIAL TREATMENT TO AMERICAN INVESTMENT PROJECTS WITH WHICH ANY MEMBER OF THE BUSH FAMILY IS INVOLVED, INCLUDING HIS SONS, NEIL AND JEN BUSH, AND HIS WIFE, PRESCOTT AND WILLIAM BUSH.

E. IF YOU ARE CONTACTED BY AN EX-OFFICIAL OR AN ASSOCIATE OF YOURS OR OF A CURRENT OFFICIAL IN A MANNER THAT CAUSES YOU TO HAVE CONCERN, YOU SHOULD NOT HESITATE TO CONTACT THE LOCAL GOVERNMENT'S OFFICE, AND TO HAVE AN OFFICIAL FROM THAT OFFICE WITH YOU IF YOU ARE CONCERNED ABOUT YOUR ABILITY TO BE OBJECTIVE. MAKE EVERY EFFORT TO AVOID EVEN AN APPEARANCE OF FAVORITISM OR IMPROPRIETY. THE HIGHEST ETHICAL STANDARDS IS IN THE BEST TRADITION OF THE DEPARTMENT.

F. PLEASE MAKE SURE THAT YOUR STAFF IS AWARE OF THESE PRINCIPLES. SEE ATTACHMENT.

ALERT COPY

S/S-0
OUTGOING

Department of State

PAGE 02 OF 02 STATE 000000 T0SEC 020201

0110

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DRAFTED: L/M - JYNESIN

CLEARED: L - EVERVILLE

- L/M - LREED

- EB - ALARSON

- S/S -

- RUMITT ARMACOST

ALERT COPY

C O P Y
from ORM

THE WHITE HOUSE
WASHINGTON

February 7, 1989

MEMORANDUM FOR JAMES H. THESSIN
Assistant Legal Adviser for Management
Department of State

FROM: C. Boyden Gray *cm*
Counsel to the President

SUBJECT: Instructions to the Posts on Bush Family

In reference to your memorandum of January 31, I agree with your planned message; however, please expand section 4 to include any member of the Bush family involved with overseas business interests (i.e. his brother William Bush and his sons Neil and Jeb Bush).

Thank you.

unclassified

L/M:JHTnessin:lg
01/17/89 ext. 72350 WANG 6217K
The Secretary

L:EVerville

M:LGrani
L/M:LReed

Priority ALDAC, SPECIAL EMBASSY PROGRAM Priority

To Principal Officers from the Secretary

N/A

AMGT

Integrity of Government Decision-making

1. President Bush has made clear his concern that all officials in this Administration act carefully, not only to avoid violating the ethics laws and regulations, but also to avoid even the appearance of any such violation. Preserving the integrity of government decision-making from bias and improper preference is among the highest goals of this Administration.
2. As the President's personal representative to countries abroad, you have a clear responsibility to assist U.S. business interests when the public interest would be advanced. You should do so energetically and ensure that all members of the Embassy Team do so as well. At the same time, you should be careful to do so fairly, treating all Americans evenhandedly, without showing preference to anyone because of past association with you, the U.S. Government or any current government official.

unclassified

2

3. The Department's regulations require that Department employees take no action that could result in, or give the appearance of, using public office for private gain (including the gain of a third party), giving preferential treatment to any person, making a government decision outside official channels, or affecting adversely the confidence of the public in the integrity of the Government. See 3 FAM 620 Appendix A, Section 10.735-201(a). Further, Section 10.735-202 of those regulations generally prohibits acceptance of a gift from any person who has business with the Department, has interests that could be substantially affected by the employee's official duties, or appears to be seeking advantage in dealings with the Government.

4. We must provide fair and equal treatment to all Americans, including clients of ex-officials and associates of current government officials, but without showing favoritism to any particular person. In this regard, Prescott Bush, the President's brother, has expressed his desire that his business activities not create an appearance of conflict. President Bush has requested that you be particularly sensitive to avoid giving any appearance of preferential treatment to American investment projects abroad with which Prescott Bush is involved.

5. If you are contacted by an ex-official or an associate of yours or of a current official in a manner that causes concern, you should not hesitate to consult with the Legal Adviser's Office, and to have another official handle the matter if you are concerned about your ability to be objective. Make every effort to avoid even an appearance of favoritism or impropriety. Adherence to the highest ethical standards is in the best tradition of the Department.

6. Please make sure that your staff is aware of these principles.

Don. Bush
Rec'd 7/1

unclassified

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DEPARTMENT OF STATE
Office of the Legal Adviser (L)

FACSIMILE

Transmission Cover Sheet

TRANSMITTED TO:

78:

SECRET

NAME

C. BORDEN GRAY, Counsel to the President

Copyright:

Building, Room #, etc.

2nd Floor Westwing

Investment / Insurance

TRANSMITTED FROM:

FD-447-1037

OSINT (202) 647 1037

INDEX

James H. T. Hessin

○

Office of the Legal Adviser

Building Room 1, etc.

Main STATE - Room 6417
Washington D.C. - 20520

Telephones / Internets:

647-2350

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CONTENTS / COMMENTS



United States Department of State

Washington, D.C. 20520

January 31, 1989

MEMORANDUM

TO: C. Boyden Gray, Counsel to the President

FROM: James H. Thessin, Assistant Legal Adviser for
Management, Department of State

SUBJECT: Instructions to the Posts on Prescott Bush

Bob Kimmitt has asked that I obtain your views on the attached draft cable informing posts of how they should address investment projects abroad with which Prescott Bush is involved. The cable addresses appropriate treatment of Prescott Bush in the context of broad principles applicable to treatment of all personal associates, ex-officials and associates of current government officials.

If you have no objection to the cable as written, please let Bob or me (647-2350) know at your earliest convenience.

*This requires action on
my part - cable is
OK But should
include reference to his
immediate family - John + Neal + brother William*

FOLEY
WASHINGTON
SPEAKER
PROFESSIONAL OFFICE
11 LONGWORTH HOB
WASHINGTON, DC 20515-4705
AREA CODE (202) 225-2006

P090099-0405

Congress of the United States

House of Representatives

Washington, DC 20515

July 31, 1989

DISTRICT OF
WEST 801 FIRST
SECOND FLOOR
SPOKANE, WA
AREA CODE (509)

E. 12929 S
SPOKANE, WA 99
AREA CODE (509)

28 W N
WALLA WALLA, WA
AREA CODE (509)

ACTIC
is assigned

93

EAP

Dear Secretary Mullins:

Enclosed please find a letter from Mr. and Mrs. Maurice Cauchon questioning the circumstances behind Prescott Bush's apparent contract to build golf courses in China.

In light of my constituent's concern, I would be grateful if you could look into and comment on this matter.

With best regards.

Sincerely,



Thomas S. Foley
Member of Congress

- 2 -

Honorable Janet Mullins
Assistant Secretary for Legislative Affairs
Department of State
Washington, D.C. 20520

TSF:jes
enclosure

1989 AUG 10 AM 10:41
FAIM/IAP/WI

100

2-01-89 01 50V 6861

89CONGT008224

Maurice B. Cauchon
South 1504 Virginia Street
Spokane, Washington 99216

72-
LOGGER

509-924-8289

July 3, 1989

Speaker Tom Foley
U.S. House Office Building
Washington, D.C. 20515-4705

Dear Speaker Foley: Re: Prescott Bush

We all know how George Bush has been soft, on the Chinese Communists. Congress has had to pass Resolutions, condemning the Chinese Communists for their killings of demonstrators.

Now we hear on the Radio, that George Bush brother Prescott has an Eighteen Million Dollar Contract, to build Golf Courses in Shanghai.

We certainly heard a lot in last year's campaign as to the time that George Bush, has been in China and what influence he had with the Chinese Communists. For whose benefit?

Would you please find out, when Prescott obtained this Contract? What influence if any, did George Bush have in his brother obtaining this Contract?

Thank you. Sincerely yours

Lea M. and Maurice B. Cauchon

— Draft —

Dear Mr. Speaker:

We have received your letter of July 31 enclosing an inquiry from Mr. and Mrs. Maurice B. Cauchon of South 1504 Virginia Street, Spokane, Washington, concerning the business activities in China of Mr. Prescott Bush, the President's brother.

Mr. Prescott Bush is a private businessman, whose activities in China and elsewhere in the world are unaffected by his relationship with President Bush. Beyond the normal courtesies and assistance typically extended to American businessman in China by our diplomatic and commercial representatives, there was no special effort to assist Mr. Prescott Bush.

We should have said,
As a matter of policy, we have encouraged Americans to conduct business with China. The growth in U.S. investment and trade with China has led to greater Chinese understanding of our culture, the diversity of our people, and of our market-oriented economy.

If your constituents have questions concerning Mr. Prescott Bush's interest in specific projects, such as the golf course development project near Shanghai, they should write directly to Mr. Bush using the following address:

I hope that this information is helpful to your constituent. If you have further questions, don't hesitate to write again.

Sincerely,

Janet G. Mullins
Assistant Secretary
Legislative Affairs

The Honorable
Thomas S. Foley,
Speaker of the House
of Representatives.

Because of his intention to establish a high ethical standard that would avoid the appearance

Letter to Foley re Prescott Bush

draft:EAP/CM:JAdams
clear:EAP/CM:JBader
NSC:DPaal(Phone)

8/15/89, wang 1063S

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06d. Letter	Prescott Bush to General Brent Scowcroft Re: Notification of Travel (1 pp.)	8/21/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

(b)(1) National security classified information
(b)(2) Release would disclose internal personnel rules and practices of an agency
(b)(3) Release would violate a Federal statute
(b)(4) Release would disclose trade secrets or confidential or financial information
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
(b)(7) Release would disclose information compiled for law enforcement purposes
(b)(8) Release would disclose information concerning the regulation of financial institutions
(b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

C(1) Closed by Executive Order 13526, governing access to national security information
C(2) Closed by statute or by the agency which originated the information
C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

6 November 1989
DRAFT/Cable/Ambassador Lilley/Beijing

(1) President Nixon and Mike ~~Armacost~~^{OK 11/10/89} had dinner with the President on November 5th to discuss their recent trip to China. Those participating also included the Vice President, Governor Sununu, General Scowcroft, Larry Eagleburger, DCI Webster and Bob Gates. President Nixon began by giving his rundown of the leadership and his judgment on each. He said that Deng Xiaoping appeared vital and healthy but that his severe and apparently uncorrected hearing problem seemingly is beginning to affect his mental acuity. He commented on Deng's short attention span. He seemed ^{somewhat} skeptical that Deng had the creative capabilities left to make a significant contribution at this point. He had a negative view of Li Peng, regarding him as an unreconstructed hardliner and opponent of reform. He considered Yang Shangkun a "killer" but one whose views toward the United States were perhaps somewhat more positive and that he was perhaps amenable to some measure of reform. He singled out the Minister of Propaganda as the most impressive Chinese leader he met. A man of outstanding qualities and one he regarded clearly as a comer. He also had much praise for the Mayor of Shanghai whom he regarded as another high quality individual.

The conversation subsequently focused on Sino-Soviet relations, the views of these leaders on Gorbachev (less

sympathetic than his Western audiences), and on next steps in the relationship. Nixon is worried that our current policies are isolating the Chinese leadership from people who should be telling them what they need to hear and that the US would probably need to take the first step in beginning the path back on the relationship. Nixon was adamant, however, that such a step should not be taken without having agreed upon a sequence so that any step that the US might take by agreement would result in a reciprocal step by the Chinese. Among other things, he suggested lifting the ban on travel by US senior officials and seem to attach importance to reestablishing the Fulbright Scholarships.

Nixon also focused on the triangular relationship. He said that while there was no China card per se for the United States, it was also important that there not be one for the Soviet Union. He also indicated our concern that to the degree we are isolated from China that opportunities are presented for the Japanese that we ought not provide an open door.

There was considerable discussion of Fang Lizhi.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07a. Letter	John H. Taylor to Brent Scowcroft (1 pp.)	11/10/89	(b)(1)	TS

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Date Closed:	5/4/2009	OA/ID Number:	91135-001
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (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

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07b. Transcript	Re: Copy of Text of Letter from President Nixon to Zhao Ziyang (1 pp.)	10/31/89	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Date Closed:	5/4/2009	OA/ID Number:	91135-001
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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 (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

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 8906676
RECEIVED: 24 AUG 89 10

TO: SCOWCROFT

FROM: BUSH, PRESCOTT S

DOC DATE: 21 AUG 89
SOURCE REF:

KEYWORDS: HONG KONG

MP

PERSONS:

SUBJECT: LTR RE PRESCOTT TRAVELLING TO TOKYO BEIJING & HONG KONG

ACTION: PREPARE MEMO FOR SCOWCROFT

DUE DATE: 28 AUG 89

STATUS: S

STAFF OFFICER: PAAL

LOGREF:

FILES: WH

NSCIF:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION
PAAL

FOR CONCURRENCE
JACKSON

FOR INFO

PAAL

*Change action
to R. HAAS*

*8/24/89
1400-
DP - F-11
To NSC/Sec for action
change
Forest*

COMMENTS:

DISPATCHED BY

DATE

BY HAND

W/ATTCH

OPENED BY: NSRCR

CLOSED BY

RICHARD NIXON

November 9, 1989

577 CHESTNUT RIDGE ROAD
WOODCLIFF LAKE, NEW JERSEY

Dear George,

What a memorable evening last Sunday was. It was particularly thoughtful of you to give Mike Oksenberg a tour of the living quarters. In his four years as the top China specialist in the Carter Administration he had never been at a dinner at the White House and had never seen the second floor.

I thought you might like to see a memorandum I have sent to six members of the Senate and House I talked to before I left for Beijing. With Deng retiring, I believe we are going to see a very dicey succession battle. That is why it is critically important for us to have contact at the highest level so that we can use what influence we have on behalf of reforms over the reactionaries.

On reflection, I believe Brent is the ideal man to undertake this mission. He has the brains and the subtlety. Most important, the Chinese will know they are hearing from one who is close to you and has your complete confidence.

With warm regards,

Sincerely,

R. Nixon

The Honorable
George Bush

P.S. - as you will note I did not give them my assessments of the Chinese leaders. Some "airhead" might have leaked it!

On another subject don't worry about Tuesday. If you had been running you would have won in another landslide

R. Nixon

Personal & Confidential

Memorandum to: Senator Lloyd Bentsen, Senator Robert Byrd,
Senator Robert Dole, Senator Alan Simpson,
Congressman William Broomfield, Congressman
Dante Fascell

The Crisis in Sino-American Relations

In six days in Beijing from October 28 to November 2 I had over twenty hours of one-on-one discussions with eight major Chinese leaders, including Chairman Deng Xiaoping, Premier Li Peng, General Secretary Jiang Zemin, President Yang Shangkun, the sophisticated Foreign Minister Qian Qichen, the very able Minister of Education Li Tieying, the brilliant Minister of Propoganda Li Ruihuan, and the extraordinarily competent Mayor of Shanghai Zhu Rongji. The talks were highly candid, covering the political and economic situation in China, the current crisis in U.S.-China relations, and other international issues including the Chinese assessment of Gorbachev, of the revolutionary developments in Eastern Europe, and of the current situations in Cambodia, Afghanistan, and other Third World trouble spots.

On my return, I gave an eighteen-page report to President Bush containing my assessment of the Chinese leaders and suggestions as to how the Sino-American relationship might be improved. I also discussed Sino-American relations at an informal dinner the President and First Lady hosted at the White House which was attended by the Vice President, Brent Scowcroft, John Sununu, William Webster, Under Secretary of State Larry Eagleburger, and Michel Oksenberg, the NSC's China specialist in the Carter Administration. Dr. Oksenberg attended all my meetings with Chinese leaders.

Because of the sensitivity of some of the issues, I am not going to make any public statements at this time. But since I discussed the trip with each of you before departing for Beijing, I thought it would be useful if I shared with you some of my observations on the current state of Sino-American relations.

The crisis in Sino-American relations.

Sino-American relations are in the worst condition they have been in since before I went to China seventeen years ago. One of the major reasons is that Americans and Chinese see the tragic events of June 4 from totally different perspectives. The gap between us on that issue is totally unbridgeable. I pointed out to Chinese leaders that most Americans, including many friends of China, believe that the military crackdown was brutally excessive

and totally unjustified. In response, every Chinese leaders I talked to insisted that the suppression of the demonstrations was necessary and justified. They believe the American reaction was an unacceptable intrusion in their internal affairs. They believe the American media grossly exaggerated June's events. They think that the economic sanctions, cessation of high-level official contacts, and moral condemnation from a nation with inadequacies of its own is hypocritical and unjustified. They recall bygone days when their nation was bullied and exploited by outside powers. As a result, some of the Chinese leaders now exhibit a distrust of the United States that is reminiscent of the period before 1972.

Before I went to China this year, my five-year-old granddaughter, Melanie Eisenhower, asked me on the telephone whether I could speak Chinese. When I told her that I did not, she responded, "Then why are you going? They won't understand you." The tragedy is that even if I had been able to speak Chinese, they would not have understood me because of our totally different views on what happened. On several occasions I referred to the use of excessive force on June 4 as a tragedy. They refused to accept that; they insisted on calling it an "incident."

In part, this may be because the Chinese word for tragedy implies that there must be a villain. As one close Chinese friend pointed out to me, no proud Chinese leader -- indeed, no national leader anywhere -- can ever admit that he is a villain. One top Chinese leader told me that any colleague who humiliated China in the world community by acting contrite did not deserve to be in office. Contrition may be an attractive characteristic in soap opera stars, but not in leaders of great nations such as China. This does not mean that we excuse what happened in June. But we should adopt the same approach we used in the Shanghai Communique, acknowledging both our differences about the crackdown and our common interest in building for the future in spite of it.

Can the crisis be resolved?

There is no way we can resolve our differences on the tragic events of June 4. But it would compound the tragedy if we allowed them to permanently damage a relationship that has been so beneficial to the Chinese people, the American people, and the cause of peace and progress in Asia. So we must keep the events in perspective. Great as our differences are over what happened in Tiananmen Square, our differences were infinitely greater when we established relations with the PRC in 1972 after twenty-three years of no communication whatever. We disagreed with the Chinese on Vietnam, on Korea, on Japan, on Taiwan, and on philosophy. China was still in the final throes of the Cultural Revolution, during which millions had died in an ideological

crackdown far more brutal than what has happened this year. But we recognized then that while we had irreconcilable differences, we had one overriding common interest which brought us together -- the need to develop a common policy to deter an aggressive and expansionist Soviet Union which threatened us both. Today, when the conventional wisdom is that the Soviet threat has diminished and when many even proclaim that the cold war is over, do we still have a common interest which overrides our differences? And if not, what is the glue that can keep us together in the years ahead?

Does it matter?

This brings us to an even more profound question. Why is a restoration of the previous cooperative relationship between our two countries in our interests?

1) Assuming that the cold war is over and that the Soviet Union is not a major threat to either of us -- a conclusion, incidentally, that every Chinese leader I met rejects -- we still have a strong strategic interest in restoring a good relationship with the PRC. President Bush will go head-to-head with Gorbachev in the Mediterranean on December 2nd. There is no question but that Gorbachev is an exciting new kind of leader of the Soviet Union. But we must also recognize that in not implementing the Brezhnev Doctrine in Hungary, Poland, and East Germany, in cutting back marginally on his military budget, and in reducing his support of his clients in the Third World, Gorbachev is simply making a virtue out of necessity. He is using his head. At a time when he is using his head, we should not lose ours. Gorbachev is not a closet democrat, a philanthropist, or a fool. His handshake will be warm, but based on his past record we can assume that he will have a card or two up his sleeve. We should never treat China as a card. But it would not serve our interests if Gorbachev was able to do so. Today, the Chinese are talking to the Russians and we are talking to the Russians. But we don't talk to each other. The suspension of high-level contacts has served its purpose in expressing our outrage at the crackdown. Now we must once again adopt a policy toward China that serves our geopolitical interests, and such a policy will require high-level contacts.

2) China is a nuclear power. Without Chinese cooperation, we cannot have an effective policy of non-proliferation of nuclear weapons and will have no leverage at all in trying to prevent the sale of missiles and other destructive weapons to countries in trouble spots like the Mideast.

3) With Japan already an economic superpower with the capability of becoming a military and political superpower, a strong, stable China with close ties to the United States is essential to balance the power of Japan and the Soviet Union in East Asia.

4) China has an indispensable role to play in the maintenance of peace and stability in the Asia-Pacific region. Peace cannot be maintained in Korea, the Taiwan issue cannot be resolved peacefully, the people of Hong Kong cannot enjoy a future as an autonomous, capitalist, and democratic entity, and peace cannot come at last to Indochina unless both the PRC and the United States are constructively and responsibly engaged in regional affairs.

5) China inevitably will become a major economic power, and its over one billion people will provide a huge market for the advanced industrial countries. Do we want to rule ourselves out and leave that potential market to the Japanese and the Europeans? Is the door which we opened with such high hopes seventeen years ago to be closed?

6) Looking to the future, China, not because of communism but in spite of it, will be an economic and military superpower. Do we want to run the risk of being an adversary rather than an ally of China in the next century?

7) Global warming is the currently fashionable topic upon which think tanks and on editorial pages. How can we deal with this and other environmental issues without the cooperation of one-fifth of all the people on earth?

These are just a few of the reasons that repairing the damage to the Sino-American relationship is in our interest as well as in theirs.

Does it matter to the Chinese?

China has as big a stake as we have in restoring a cooperative Sino-American relationship.

Despite the criticism he received for his role in the tragedy of June 4, Deng Xiaoping, who twice has been named as Time Magazine's "Man of the Year," was one of China's greatest leaders. Gorbachev's political reforms have received the headlines, but Deng's economic reforms have produced the goods. In the ten years between 1979 and 1989, the per capita income of China's one billion people doubled. In the five years that Gorbachev has been in power in the Soviet Union, the per capita income of the people of the Soviet Union has gone down. This does not mean that we approve of economic reform without political reform. But political reform without economic reform, no matter how popular it is in the short run, will fail in the long run. Economic reform without political reform will succeed in the short run, but will fail in the long run unless political reforms follow. If the Deng economic reforms, combined with his opening to the West, survive him, then the pressures for political reform will inevitably bring progress on that front as

well.

All the leaders I met told me that Deng's economic reforms would continue and were irreversible. But now that he has announced his retirement, there will without question be a major battle for power between the reformers and the reactionaries who want to return China to the policies that existed before 1972. In a toast at a banquet hosted by the Premier on October 30th, I said that the choice China must make is a clear one. Is China to turn away from greatness and consign itself to the backwater of oppression and stagnation? Or does it continue to venture forth on the open seas, on a journey that at times may be rough but which leads to progress, peace, and justice for its people? As I told Deng, "Everyone agrees that corruption and inflation must be rooted out. The question is, in rooting it out, do you also root out the delicate new growth of individual enterprise which under your leadership doubled the per capita income of the Chinese people between 1979 and 1989?"

The United States cannot and should not interfere with the choice that only the Chinese have a right to make. But if the United States continues a policy of isolating China, that will only be grist for the mill of the reactionaries. Contact and cooperation with all the major western countries is essential if those who support Deng's reforms and his opening to the West are to prevail in the inevitable struggle for power.

What can be done to heal the rift?

Action will be required by both sides if the rift between us is to be healed.

China could consider efforts to resolve the dispute over Fang Lizhi, to restore the Fulbright program, to rescind martial law, to provide amnesty for those who engage in peaceful demonstrations, and to put out the welcome mat for tourists, students, scientists, and businessmen who wish to invest in joint ventures which would improve the lot of great numbers of Chinese people.

The United States should consider the elimination of economic sanctions, the resumption of government assistance to those who want to invest in China, and the resumption of financing of major Chinese projects by the World Bank and other international lending organizations.

The stickiest question is who goes first. The answer is that if we are to go down the same road together, we must take steps together. On the final full day of my visit I had a fascinating talk with the widow of Chou Enlai. She is physically frail but mentally as tough as Margaret Thatcher. She takes the standard Chinese line that the United States and not China caused the present difficulties. She quotes the Chinese proverb, "He

who ties a knot must untie it." If her husband had adopted that attitude in 1972, we would never have been able to agree to the Shanghai Communiqué. Instead we decided to disagree on issues where our differences were irreconcilable and to go forward together on the major issue which united us. We need a similar approach today.

As was the case when I set in motion the opening to China during my first days in office as President in 1969, the timing and choreography of the steps each side takes toward a restoration of our relations can only be agreed upon through private diplomacy at the highest level. For this and other reasons, the Administration should consider taking one step on its own now: the resumption of contacts between high-level Administration officials and Chinese officials. Such an action should not require China to act first, because it is entirely in our national interest to have high-level communication with a nation as important as China. Cutting ourselves off from the Chinese leaders for much longer will be detrimental to our interests in Asia and to the interests of the people of China. More important, at a time when we are talking to the Soviets and the Chinese are talking to the Soviets, the Americans and the Chinese should be talking to one another. To leave the present and future leaders of China isolated, nurturing their resentments and even hatred of the United States because of what they consider to be unjustified actions against China, is senseless and counterproductive. The Great Wall of China is very thick. It is hard enough to be heard when you are inside the wall. It is impossible to be heard when you are outside. As I learned in my extended talks with China's leaders, they welcome the chance to discuss our differences. And while they will not always agree with us, they are eager to join in the search for common ground.

Some hopeful notes.

As I found when I spent an hour last Wednesday morning shaking hands with people in a busy shopping district in Beijing, there is a great well of friendship for the United States among the Chinese people. Another very positive factor is that in our sometimes very tense discussions, not one of the Chinese leaders had a negative word to say about President Bush. They would sometimes blame the Congress, the media, and the Voice of America, but never the President. Barbara and George Bush are respected and warmly remembered in China as old friends.

Now that the sanctions bill has been reported out of committee with the Senate language virtually intact, the President will probably conclude that he has no choice politically but to sign it. We can expect some negative fallout from the Chinese on this matter, but because of their bedrock respect for the President I believe the further disruption in our relations, while unfortunate and unnecessary, will not be fatal.

I would hope that the sanctions bill will be the final

backward step in this difficult episode in Sino-American relations. Lashing out at hardline Chinese leaders with further sanctions might make us feel better, but it will hurt millions of innocent Chinese people we are trying to help. The reactionaries in the Chinese leadership believe that China got along with very little contact with the West for centuries and that if necessary it can do so today. Rather than isolating China's leaders, this is the time to engage them in a constructive dialogue. George Bush knows China and is an ardent champion of American values. We should not tie his hands as he attempts to steer through these dangerous waters.

I know that there are some who believe that the United States should retreat from its responsibilities in the world and concentrate on taking care of our own problems at home. But the days when a nation could remain truly isolated from the rest of the world are gone forever. Because of the communications explosion, no nation can be an island. Ideas do not need to go across or under borders today. They go over them, and no ideological SDI can shoot them down.

On the evening of November 1st, my last night in China, I was the guest of the President of the Peoples Republic of China at a banquet. While my four days of conversations with him and the other leaders had been constructive, they had also been tough. They said things that I did not want to hear, and I said things that they did not want to hear. But after our talks I was hopeful enough that I struck a more optimistic note in my toast than many pundits probably expected. My closing thoughts then also make a suitable conclusion for this report: "Despite the differences that divide us today, I am more confident about the future of Sino-American relations than I was in 1972. That is because we are no longer joined together only by our fears as was the case seventeen years ago but by our hopes -- our hope for economic progress for both our peoples, our hope to reduce the danger of war, our hope for a cleaner, safer world."

THE WHITE HOUSE

WASHINGTON

November 6, 1989

Dear Mr. Chairman:

Greetings to my friend.

Last night at the White House, former President Nixon debriefed me and some of my top associates on his visit to China. He appreciated the manner in which he was received there. My personal view is that his visit to China was helpful.

I scheduled this meeting immediately upon his return from China, hoping that this will signal to you, to the people here at home, and to the rest of the world that I want to find a way to work out the major difficulties that have darkened our relationship. I will be carefully considering everything Mr. Nixon told me.

Now, for a different subject. Soon I will be meeting President Gorbachev at a non-Summit meeting, in other words at a meeting without a set agenda. Though our relations with the Soviet Union are more free of tensions than at times past, enormous problems still remain. At a time of rapidly moving events in many areas of the world, this meeting is designed, not to reach major decisions, but to reduce the chances of misunderstandings on issues of significance. I want to assure you that nothing will take place at this meeting that will be detrimental to China's interests.

In my view the geo-political reasons that prompted Richard Nixon to come to China in the first place are still valid. I see many areas of importance today where China and the U.S. have similar interests.

With these considerations in mind I would propose sending a personal emissary to China after the December 2-3 meetings with President Gorbachev. That emissary would be prepared to fill you in on the details of the meetings with General Secretary Gorbachev. If that is agreeable in principle we can decide later who the emissary should be and who might receive him. If, prior to the US-Soviet meeting you have any concerns or thoughts to convey to me, I would welcome hearing from you.

On the broader subject that is a constant concern to me, how to normalize relations between us, I will continue to try to find some answers. With respect, I hope China will try to do the same. In this regard, I think the discussions that you had with President Nixon and with the physicist, Dr. Tsung-Dao Lee, were extremely helpful.

On October 26, it was a pleasure to receive your able new Ambassador a few days after he arrived and before formal presentations of credentials. By receiving him in this manner, I wanted you to know that I remain personally involved in emphasizing the importance I ascribe to our relationship and in trying to resolve our differences.

Respectfully,

Most sincerely,



His Excellency
Deng Xiaoping
Chairman, Central Military Committee
People's Republic of China
Beijing

RICHARD NIXON

577 CHESTNUT RIDGE ROAD
WOODCLIFF LAKE, NEW JERSEY

MEMORANDUM

TO: President George Bush

FROM: Richard Nixon

DATE: November 5, 1989

RE: My China Trip

My extensive and blunt discussion^s with China's leaders yielded^{ed} several major findings. These findings prompt several policy recommendations:

- 1) To try to deter Congress from passing the sanctions bill;
- 2) To have someone in the administration give a speech on China that expresses indignation over the June 2-4 tragedy and subsequent crackdown while establishing the rationale for seeking improved relations;
- 3) To devote priority to resolving the Fang Lizhi matter;
- 4) To indicate that as soon as that is resolved, high level contacts will be renewed, with Nicholas Brady the first person to go;
- 5) His trip should elicit Chinese restoration of Fulbright^{Program} and measures to ease constraint^s of foreign businessmen;
- 6) A successful Brady trip would aim at restored American support for new World Bank loans with Chinese affirmation of the economic reform process and signs of abating repression of intellectuals.

Under the best of circumstances, this sequence would take many months to accomplish and would occur against continued monitoring of its arms sales policy, much tougher but quiet dialogue in Beijing about human rights concerns, and on-going efforts to find a solution to the Kampuchean situation that both sides could support. While this sequence of steps is reasonable, and attainable, we must be prepared for the risk and the possibility of failure.

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risk of possible failure?

Let me turn to my major findings:

Deng is losing his effectiveness. Deng is physically vigorous but has lost some of his acuity. His hearing problem is severe and his analytical capabilities have weakened. China no longer has an effective preeminent leader, as its system demands. Deng no longer is in disciplined control of himself. For example, I wanted him to acknowledge that mutual efforts would be required to restore relations. As he formulated his response, his emotions gained control, and his face reddened as he gained a head of steam. His response was to reject my plea for mutual efforts. Instead, he said that he had taken no measure to harm Sino-American relations; the erosion was due to American actions: economic sanctions, cessation of high level contacts, and so on. Therefore, the United States should bear all the burden for restoring the relationship, Deng concluded. However, as he delivered his response, his reply veered off in a more negative manner than he clearly had intended, and he overshot his mark. He then became calm. I then tried to elicit from him a more helpful formulation. This time,

in more reasoned forms, he strongly affirmed that mutual efforts are needed in close proximity. In short, his remark is inconsistent. As another indication of his mental state, he did not let me complete a presentation; he interrupted repeatedly. Yet, I did not feel that he was rude. Rather, at a minimum, he has lost his sensitivity to the translation process, while at a maximum he simply has less interest in absorbing ideas. Hard of hearing, he is no longer a good listener. In the past, his intellectual curiosity was one of his strengths. That is now diminished. Yet he remains forceful, self-confident, witty, and engaged. I asked if Jiang Zemin was as intelligent as he; he replied, "He is no less able." But he is clearly unable to absorb much information orally, and he never was a big reader. The bottom line is that his interventions in the policy process are undoubtedly somewhat capricious and unsteady; he is subject to manipulation. But if he gives a specific command and takes an interest in a single topic, such as his engagement now in resolving the Fang Lizhi matter, he is still a commanding and feared figure.

Several competing power centers exist: one around Premier Li Peng, another around General Secretary Jiang, another around President Yang Shangkun. Even the lesser figures I met -- the very attractive and dynamic new Politburo standing committee member Li Ruihuan, the Shanghai leader Zhu Rongji, and the Education Commissioner Li Tieying -- seemed to speak as independent power centers. They do not speak in similar fashion about many of the key issues of

the day. Of them, Li Peng clearly exhibits the greatest lust for power and the greatest commitment to doctrinaire socialism. Yang Shangkun has backbone and may seek to be the power broker after Deng. Jiang Zemin is affable and pragmatic but does not seem to be a visionary thug, requisite qualities to be China's preeminent leader. The system lacks the cohesiveness, coherence, and unified structure of authority we've come to expect of China under Deng. China is headed for a period of protracted uncertainty until Deng dies and the successors establish a new pecking order. While Li Peng's chances are greater than our conventional wisdom has it, the most likely outcome is that a dark horse will win the sweepstakes. Yang at 82 is too old, though he is vigorous, while Jiang strikes me as a light weight. The struggle may last up to two years, if similar succession periods in China and the Soviet Union are any guide. I should mention that Li Ruihuan is particularly impressive; he is clearly an inspiring leader. All the Chinese were on the edge of their seats, clearly awed by him.

The Chinese leaders are sinking back into intellectual isolation. Their thinking no longer is being challenged by a steady stream of foreign visitors. As a result, consumed by domestic concerns, the top leaders seem almost oblivious to the inadequacies of their thinking about their weak strategic situation. Two examples suffice. First, they assert that martial law must remain in force and that a handful of counter revolutionaries nearly

toppled the Chinese government -- a confession of extraordinary weakness and vulnerability -- but they also claim^{ed} the domestic situation is stable and the state is strong. I pointed out the contradictions in their views and observed that their own rhetoric is a cause for Western businessmen's hesitancy to invest in China. They did not understand the point. Second, all the leaders express^{ed} skepticism over Gorbachev's long term intent and admit^{ed} no major power shares as many common interests with them as the United States does. Yet, when I asked whether it really was in China's security interest that both they and we now enjoyed improving relations with the Soviet Union while our own bilateral relations were eroding, they had no effective response. In short, the top leaders are not being intellectually challenged, and the cessation of foreign leaders' visits reduces the opportunities of the more cosmopolitan Ministry of Foreign Affairs to shape the leaders' thinking through the briefings that occur on the eve of a foreign visit. ~~STGT~~

As a result, the leaders are reverting to old ways of viewing the world. Our economic sanctions, our refusal to talk to Chinese officials, and the American moral indignations from a nation with its own inadequacies remind the old revolutionaries of days gone by, when our nation bullied and scorned China and the outside world exploited that nation. This prompts rigidity of thought, an emphasis on dignity and principle, and an unwillingness to absorb ideas.

I am convinced all the leaders believe that they were amply justified in cracking down on the demonstrators and that the disorder was threatening to spread to other cities. My own rhetoric of condemnation, as the American press reported, was very hard. In no small measure, my posture was aimed at establishing my credibility in the United States, and given the headlines upon my return, I think I succeeded. But unquestionably, my rhetoric prompted my hosts to escalate their own attacks on the United States and resolutely to defend their own deeds. I pointedly insisted on referring to events in China as tragedy. On my first night, I asked the Foreign Minister why the leaders did not describe the June 2-4 events as a tragedy. I explained that the current stance makes them appear to the world as calloused and uncaring individuals. But I have since learned that "tragedy" as a concept, when rendered in Chinese, has different connotations than "tragedy" connotes in English. In Chinese culture, life is a morality play, and a tragedy inevitably involves a villain. While in the West, a tragedy can entail a situation in which all the players lose and responsibility for the outcome is diffuse. If the leaders admit a tragedy occurred, in their culture they would be acknowledging that they acted immorally. Let me be clear. I seek neither to justify their rhetoric, nor mute our own. But linguistic analysis may illuminate in part their sense of insult arising from our terminology.

Among some of the leaders -- especially Jiang Zemin and the dynamic, younger, and new Politburo Standing Committee member, Li Ruihuan, --
* there is remorse and an understanding that
what happened was unfortunate, sad, and
regrettable. I think several leaders are slowly working toward use of words that reveal ~~s~~ their dismay over what happened. To the extent possible and consistent with our values, our rhetoric should aim to facilitate a more humane Chinese expression of their regret. (At the same time, we should know ^{that} some of the leaders -- Li and Yang in particular -- probably relished the whiff of gunpowder; they would ~~be~~ placed on the defensive by having to employ a language of regret.)

→ have ~~been~~ been

Our own strategic situation in East Asia is
passive. As you enter a period of negotiations with Gorbachev, your hand should be as strong as possible. A weakening relationship with China detracts from the total pressure you can have against him. By depriving you of flexibility to improve relations with China between now and December, the domestic critics of your China policy are objectively weakening you. Under ideal circumstances, you should be meeting Gorbachev while your relations with Beijing are on the upswing, ~~and~~ ^{the} Chinese have some incentive to help you in this regard. Otherwise, they will confront the danger of a superpower meeting in which neither side is particularly sensitive to Chinese concerns.

Further, we are unlikely to elicit the cooperation that we seek from China in Kampuchea when our bilateral relations are in disrepair. As you know, Deng and Yang are proud Long March veterans, and their natural stubbornness precludes openly associating with us on the transitory regional issues in which our interests converge when we are publicly humiliating them.

The Chinese are disappointed with the short-term gains they have secured from rapprochement with the Soviet Union. My sense is that Gorbachev's domestic problems, his concentration on Eastern Europe problems and Western Europe opportunities, and his ultimate East Asia strategy of improving relations with Japan, as well as his own disdain for the way the Chinese leaders handled their Beijing problems, have prompted him to step back somewhat from his Chinese initiative. In any case, I was struck by the persistent anti-Gorbachev theme to which I was exposed. To my surprise, the harshest comments came from Li Peng. To be sure, he and his colleagues may have been playing upon my own well known inclinations. But Li Peng, who is no actor, was convincing in his rather emotional and vehement condemnation of Gorbachev as a vacillating politician who, in effect, is risking the cause of socialism. The Chinese believe it is still too early to tell whether Gorbachev's new thinking is a tactical ploy or a fundamental change in strategy. Interestingly, Li told me that in his first meeting with Gorbachev at Chernenko's funeral in 1985,

Gorbachev suggested that the USSR and China should cooperate against the United States. Li noted both that he rejected the offer at the time and that the Soviet offer is no longer on the table, a retraction that clearly vexes him.

While we must guard against the possibility the Chinese are being manipulative and duplicitous, the Chinese affirm in private at least that one of the underlying strategic purposes of our relationship is still very much in place: our common interest in countering Soviet expansionist proclivities. We should continue deliberately to use this common interest as one of the bonds or glues to our relationship. If Gorbachev were to reverse course or lose power to a Ligachev-type conservative while Sino-American relations were strained, the two communist giants would have an interest in drawing significantly closer together. Or, should Gorbachev's reforms prevail and were the Beijing reformers to return to power, under present circumstances, you might not be able to enter the bidding. You could not respond swiftly due to the rigidities imposed by lack of contact and possibly by congressional legislation. The Beijing reformers might perceive they have more in common with reformist regimes in Eastern Europe and the USSR.

As to our bilateral relations, some Chinese leaders clearly hope to return to the extensive relations we had before June 2-4. They particularly seek a roll back of the sanctions and a full return of American businessmen,

tourists, and scientists. ~~And~~ These Chinese leaders somehow hope the Fang Lizhi matter can be settled. To such Chinese--and I include Deng Xiaoping among them--the US side must initiate the process of reconciliation; they cannot appear to yield to American pressure. As Deng said, "I have no room to yield." I am also convinced, however, that some leaders welcome the current impasse. I suspect Li Peng is among them. These conservative leaders are not enamored with Deng's economic reforms and are opposed to political reform. (Li Ruihuan openly admitted that some people did wish to reverse Deng's policy.) The conservatives understand that the openness to the outside, economic reform, and political reform really constitute an integrated package of reform policies. They believe that the package ultimately will cost China ~~their~~ vision of what socialism entails. And they also believe--probably with some reason--that the package of policies will subject China to social stress of the sort visible in the streets of Beijing last spring. They would rather risk China's rapid modernization than risk its unity and stability. Let's face it, Americans were involved in stimulating and exacerbating the student movement through the involvement of our media, our scholars in Beijing, and our tolerance of Chinese students in the US, although I suspect our involvement was marginal rather than central. But no matter its extent, the American connection has become part of the political debate in China.

The Chinese conservatives see our presence as destabilizing; the reformers see it as essential to the modernization process. Not until the succession struggle is over will this debate be resolved in one direction or the other. We have some but not decisive leverage in affecting the outcome of the debate. Our present posture, however, precludes us from exercising the limited influence that we do possess. And this inadvertently benefits the conservatives.

The American long-term strategic interest in the outcome of this debate should not be underestimated. What is at stake over the long run is the nature of America's involvement in East Asia. Essentially, we have historically faced three options in this region: 1) to be constructively engaged on the mainland of Asia, which means to participate in the modernization of China including of its military; 2) to base ourselves on the rim of Asia: Japan, Korea, Taiwan, the Philippines, and to seek to isolate and contain the forces on the China mainland; 3) to retreat to Guam and Hawaii. If the conservatives were to prevail and China were to turn inward, its relations with us would become more acrimonious and adversarial than positive and beneficial. Perforce, we would then have to return to the rim strategy of the 1950's and 1960's. And you remember how costly and ultimately untenable that strategy was.

One of two things would happen if the Chinese conservatives were to prevail in the post-Deng era and we then reverted to a rim strategy in

the Western Pacific. Either an isolated China would lash out and would experience severe difficulties at home; or to escape its isolation, the leaders would develop close relations with and resume its modernization effort in cooperation with the USSR and/or Japan, but not us. An isolated China would be dangerous, unable or unwilling to contribute to the peace and stability of the region.

We understand the danger of a Sino-Soviet approachment; that is obvious. But a Sino-Japanese partnership without our involvement would, in its way, pose a serious challenge. History teaches us the dangers that arise when our China policy and Japan's China policy diverge; the inevitable result is heightened US-Japanese tensions. So much for a bit of gaming and speculation about alternative East Asian scenarios.

In the current emotion of the moment, our nation seems to be forgetting an important point: A modernizing, unified, and effectively governed China that has good relations with us, and that balances Japanese and Soviet strength in the region, is by far the preferred solution for advancing American security interests in East Asia. At ^atime when we are appropriately occupied with the historic challenges and opportunities in Western Europe, Eastern Europe, and the Soviet Union, let us not neglect the situation in Asia, ²where inattention on our part now could inadvertently create a major security problem for the next generation. ~~And~~ ^A As I said

in my October 30 toast at Li Peng's banquet, China plays an indispensable role in the maintenance of stability in the Asia-Pacific region. Peace cannot be maintained in Korea; the Taiwan issue cannot be resolved peacefully; the people of Hong Kong can not enjoy a future as an autonomous, capitalist, and democratic entity; and tranquility cannot at last be found in Indochina unless China is constructively and responsibly engaged in regional affairs.

Recommendations: This leads to my recommendations on bilateral relations. I attach at Tab A a list of initiatives the Chinese might consider. I gave it to Jiang Zemin after mentioning my intent to do so to Deng Xiaoping.

I return convinced that the congressional legislation is a very bad idea. It will elicit a negative response, could risk the Fang initiative (but which cannot be disclosed on the Hill), and freezes you in. I suggest quiet lobbying against it.

A major speech on China policy, with some tough rhetoric it in, could buy public support for more moderate policies and would remind the nation of our enduring interests in China. I tried to strike this balance on the trip, and it worked fairly well. It is always possible to explain to the Chinese what you are doing, perhaps in private correspondence to Deng Xiaoping.

chief

I believe the cessation of official contact above the Bureau of ~~Chief~~ level hurts us more than them. It contributes to their isolation. We can express our revulsion for the crackdown directly to them, ~~But~~ our presence has its effect. ~~And~~ ^{As} my foray into the streets of Beijing shows, our presence is desired by the Chinese people. Why should we abandon the citizens of the country when they yearn for our presence? ~~And~~ ^{Why} should we permit the Soviets to have more contact with the leader of China than we do?

Priority must be given to settling the Fang case. If it can be resolved, I recommend next sending Nicholas Brady to discuss partial restoration ^{of} economic relations. The quid pro quo for restoration of new World Bank loans should be ~~clearer~~ ^{include} affirmations ~~than we've~~ ^{to} received thus far ~~(of welcome) of~~ ^{to} foreign business in China and of commitment to economic reform. - stet

Resumption of the negotiations of the Science and Technology agreement should be linked to restoration of the Fulbright program. This buys plaudits from the academics.

The PRC Embassy here should be encouraged to open an off-the-record dialogue with the human rights people--Asia Watch and Amnesty International. China specialists at State or NSC should work behind the scenes to nurture this link. The purpose here is in no small measure to quiet somewhat one of the potentially most vociferous critics of the policy I have recommended -- critics with considerable influence on the Hill.

The big question, of course, is why these small steps should be taken. Why risk criticism when we do not know if the Chinese will answer the phone? My belief is that, with Jim Lilly's good urging in Beijing, they will respond. But above all, I believe our presence in China and our restoration of momentum would help you strategically and perhaps help the reformers in their battle with the doctrinaire socialists.

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10b. Schedule	Re: Sunday, November 5, 1989 Re: List of Participants [Personal Information Redacted] (1 pp.)	11/5/89	(b)(6)	

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Office: Scowcroft, Brent, Collection
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Sunday, November 5, 1989

6:30 - 7:30 Cocktails
7:30 Dinner

The President
The Vice President
Former President Richard Nixon
Governor Sununu
Brent Scowcroft
Robert Gates
Larry Eagleburger
Judge Webster
Michael Oksenberg

C will accompany President
Nixon (security)

Clearance information

Clear for Southwest gate onto grounds to South Portico

Former President Richard Nixon

Accompanying him will be:

Michael Oksenberg **C**

WH Car will stand by at South Portico beginning at 8:30 to
take President Nixon and **C** to Andrews AFB and then
fly to Peterboro Airport **C** Military Office
handling).

Kathy in President Nixon's Ofc (201-391-4404) will call to
inform us of Mr. Oksenberg's plans -- if he will go back with
President Nixon OR if he needs a WH Car to take him to National
or Dulles or

Bush Library Photocopy

Toast by Former President Nixon at a Banquet Hosted by
the President of the Peoples Republic of China

November 1, 1989

Mr. President:

We meet at a critical time in the relations between our two countries. Americans will long remember the tragedy that recently occurred in this city and its continuing aftermath. And this memory will inevitably color American opinion and behavior toward China.

Lenin wrote that facts are stubborn things. The fact is that many in the United States, including many friends of China, believe the crackdown was excessive and unjustified. The events of April through June damaged the respect and confidence which most Americans previously had for the leaders of China.

On the other hand, as I have learned this week, many Chinese leaders deeply believe that the American reaction represents an intrusion in their internal affairs. The American response has included economic sanctions, cessation of high-level official contacts, and moral condemnation from a nation with inadequacies of its own. These measures have revived bitter personal memories among China's leaders. They recall bygone days, when their nation was bullied and exploited by outside powers. As a result, some Chinese now exhibit a distrust of the United States that is reminiscent of the period before 1972.

China's leaders now appear to claim that how they rule their country internally is no one else's business. Most Americans deeply believe, however, that international standards exist to guide the conduct of leaders anywhere. The age-old clash of ideas that now divides our nations is clear: The assertion of sovereignty of the state versus the universal rights of man.

But let us leave the philosophical realm. When ideology intrudes excessively into public affairs, disaster is sure to follow. I journeyed to China to explore a number of issues:

-- Our common strategic concern about Soviet adventurism was a major factor that brought us together. Today, when the conventional wisdom is that the Soviet threat has diminished -- some even proclaim that the Cold War is over -- what is the glue that can keep us together?

-- In view of its domestic problems, is China willing and able to play a major and constructive role in the maintenance

of peace and stability in the Asia-Pacific region?

-- Are martial law and political repression permanent features of life in China?

-- Is the door that China opened to the outside world to be closed, or can we continue and increase the exchange of people and ideas which has so enriched the lives of the people of both our countries?

-- Can the courageous and bold economic reforms that Chairman Deng Xiaoping initiated in 1979 be revitalized and continued, or will China revert to the stagnant situation that existed before?

-- In rooting out corruption and inflation, will China also root out the delicate new growth of individual enterprise that has doubled the per capita income of the Chinese people between 1979 and 1989?

My twenty hours of frank and wide-ranging discussions with China's leaders do not permit conclusive answers to these questions. But they do yield two unmistakable conclusions.

First, mutual efforts are required to restore momentum to our relations. At present, the Chinese side says the United States must take the first step. Many Americans say China must take the first step. If those attitudes had prevailed in 1971 and 1972, the Shanghai Communique would not exist. Neither normalization in 1979 nor resolution of our differences in 1982 and 1983 would have been possible. The only way to move forward is to journey together.

Second, the death of innocent people on June 2 through June 4 was a great tragedy. But another tragedy would be the death of a relationship and of policies that have served so well. We must not permit our real enemies -- misunderstanding, fruitless resentment, endless recrimination -- to close the door we opened with such high hopes 17 years ago.

American concern over the tragedy of June 2 through June 4 has as much to do with our compassion for the people of China as it does with our opposition to some policies of their government. What both sides must recognize is that this bond between our peoples is a precious thing. If we are concerned about the events of last June, it is because we want a better life for the people of China. If we worry that Chairman Deng's visionary reforms may stall, it is because we want a better life

for the people of China. If in my discussions with your leaders I have at times seemed to be alarmed at the deteriorating of Sino-American relations, it is because I want a better life for the people of China, and I know that there is much our two peoples can still do for each other.

Despite the differences that divide us today, I am more confident about the future of Sino-American relations that I was in 1972. That is because we are no longer joined together only by our fears, as was the case 17 years ago, but by our hopes -- our hope for economic progress for both our peoples, our hope to reduce the danger of war, our hope for a cleaner, safer world.

When I first came to China in 1972, a deep and abiding friendship began between our two countries that continues today. Some naive observers, of course, insisted on turning our rapprochement into a romance. In fact, we became friends because we had mutual interests. We did not look for mutual interests because we were friends. Friendship neither brought us together nor will keep us together. But without the friendship between our two peoples, no enduring relationship between our two governments would be possible.

Enemies do not have falling-outs. Enemies do not fear they are being misunderstood. Only friends do. In the years to come, I am confident that China and the United States will reach new heights together. They will find new ways to cooperate in building a better world and better lives for their people. As the bitterness of the last few months recedes, and as our common interests draw us together, our relationship will emerge stronger than ever.

Our relations will never be smooth and untroubled. We are both too proud, too different, and too great for that. China and the United States took a great risk by putting aside their differences and starting together down a common road. But think about it: Nothing great is ever accomplished without great risks. We must never be satisfied with success; we should never be discouraged by failure. As two great nations moving toward an uncertain future, we will have both successes and failures in our relations. But our relations will endure, because they must endure. It is destiny for two nations as great as ours to work together, both for ourselves and for the world.

May I therefore propose a toast

- to the continued growth of good Sino-American relations;
- to my host, the President of the Peoples Republic of China;
- And to the health of all our Chinese and American friends here this evening.

Here is a series of questions I would pose for the Chinese government to consider. This list is entirely my own idea of possible measures that could help restore momentum to the Sino-American relationship. They are offered on the assumption that China wishes to continue its openness and restore momentum to Sino-American relations.

I also recognize that there are many measures the United States could take. I will propose a similar list to Bush. These are not listed in any particular order of importance.

I fully understand and respect the points Chairman Deng raised this morning. Consider these observations from a friendly personage. To use a Chinese saying, I am throwing out rocks to get back jade:

-- Can martial law be lifted in Beijing? Or at least can the military presence and its legal basis be made less intrusive? This would signal a return to normal.

-- Would the Chinese government be willing to reiterate the validity of the 1985 23-point document concerning foreign business activities in China? A number of businessmen believe this would be helpful, as several of those items now appear to be against government policy.

-- Could the Chinese government consider a formal proclamation of amnesty for certain categories of demonstrators from the student and faculty ranks?

-- In your propaganda against bourgeois liberalism and Westernization, could you perhaps make it a bit clearer that foreigners are still welcome in China? When Americans see their culture and beliefs attacked with such vehemence in China, they naturally conclude that perhaps it is dangerous to come here or that their presence could bring harm to people who associate with them.

-- Is there any way the Chinese government might encourage Chinese corporations to hasten negotiations with American firms? I am aware of several discussions that have languished in recent months. It would be helpful to pick some that could highlight the government's determination to move ahead in some areas not affected by retrenchment.

-- Could the level of military guards against the US Embassy be reduced? The presence of AK-47s in particular is quite offensive and possibly dangerous. It also signals to businessmen and tourists that the Chinese government views the United States with hostility.

-- May I suggest that you follow closely the publications of various human rights organizations in Washington? They have a certain amount of influence in Congress. You may wish to consider whether there are any constructive

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ways of responding to some of their assertions and recommendations. Asia Watch and Amnesty International are two such organizations.

-- Tibet and forced abortions are two other issues that are agitating the Congress. Working through your Embassy in Washington and through appropriate public education organizations (such as the National Committee on US-China Relations), perhaps American understanding of these issues could be enhanced.

-- How should the Chinese government respond to the Nobel Prize being given to the Dalai Lama? Does a negative Chinese reaction simply cast the Chinese in a bad light? Does this not draw more attention to the matter? Doesn't this play into the hands of his supporters? He has been careful recently to cease seeking independence, I understand.

-- Must the leaders continue to say the events of June 2-4 were not a tragedy? When hundreds die and thousands are injured, most people around the world believe a tragedy has occurred, no matter what the reason. The Chinese position strikes many people as saying it does not value human life, and this seems cruel. Some indication that the incident is seen as regrettable or unfortunate would have considerable effect, I think.

-- Is there any way to restore the Fulbright program and begin negotiations between the Education Commission and USIA for next year's program? Considerable lead time is necessary to bring about next year's program.

-- Can the Chinese government give additional thought to how to relieve the anxieties of Chinese students in the United States about their return to China? Several US agencies would possibly be prepared to discuss this issue with you.

-- Reassurances to the American scholarly community that Chinese scholars are not suffering from political persecution would remove suspension of valuable exchanges in the sciences. Both the National Science Foundation and the National Academy of Sciences would respond to overtures and are prepared to explore ways of restoring momentum. The issues are whether Chinese scientists are still able to participate in international meetings and whether their research still is sufficiently unfettered to meet international standards of scholarship.

-- Does China gain great benefit from jamming VOA? In our era, can the dissemination of ideas and information really be halted in this way?

-- Would it be useful for our journalists to have greater access to Chinese leaders for occasional in-depth, background interviews? One reason for the quality of reporting is the relatively little access that journalists have to Chinese officials.

-- Are there ways to help restore the confidence of the residents of Hong Kong in their future?

Most of these are small measures. Most of them involve public relations rather than change on substance. Movement on even a few of them would begin

to change China's tarnished image in world affairs.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
11c. Memo	Mike Oksenberg to Karl Jackson Re: Deng Xiaoping Presentation to President Nixon about Fang Lizhi (4 pp.)	11/3/89	(b)(1)	TS

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(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

Toast by Former President Nixon at a Banquet Hosted by
the Premier of the Peoples Republic of China

October 30, 1989

Mr. Premier:

We meet at a delicate moment in Sino-American relations. The tragedy that occurred in Beijing from June 2 to June 4 and the subsequent developments in your country and mine have cast a shadow over our relations.

My purpose in journeying to China is not to reexamine exactly what transpired in this city this past spring. The facts are clear enough. The cultural, political, and ideological differences between us, Mr. Premier -- you a Chinese communist who believes in Leninist rule, I an American conservative who believes in capitalism and democracy -- are too great to permit a common understanding of this tragedy. Let us recognize that our differences over recent events are huge and unbridgeable. But let us not become mired in endless and fruitless recriminations over the seeming impasse that has now developed between our two countries.

Both of our nations must now deal realistically with the aftermath. Both of our nations inhabit the same planet. Both of our nations possess nuclear weapons. Neither of our nations poses a military threat to the other. Neither of us wishes to return to the hostility and bitterness that characterized our relations for over 20 years, at such high cost to our peoples. Our separate national welfares demand that we continue to cooperate in many areas.

So let us return to the formula that has served us so well since my first journey to China in 1972, acknowledging our profound differences while realistically identifying and pursuing our common interests. This approach has been followed in bipartisan fashion by four successive Administrations, including those of Presidents Ford, Carter, Reagan, and Bush.

What is the strategic basis for Sino-American relations in the 1990s? Why should our nations attach priority to our relationship? What practical steps can be taken by both sides to restore momentum to our relations?

To deal with these issues intelligently, we must first understand the new world in which we live. That world is going through a period of enormous change. International relations differ substantially from 1972, when Soviet expansionist activities were the primary factor which led to the Sino-American rapproach-

ment. Note the changes since then:

- o Some observers believe the Soviet Union is in the midst of profound change and no longer poses a significant threat to world peace.

- o Eastern European countries are asserting their independence and resuming their historic ties with Western Europe.

- o Western Europe is moving rapidly to the creation of an integrated economy, which will enhance its influence in the world.

- o Japan has become a global economic superpower and as a result is gaining increased political influence and a slowly growing military capacity.

- o China has enjoyed an extraordinary decade of economic growth by unleashing the remarkable entrepreneurial talents of its people. These days we primarily hear about the dramatic reforms in the Soviet Union. To keep things in perspective, we should bear in mind that in the ten years of the reforms Deng Xiaoping initiated in 1979, the per capita income of China has doubled. In the five years of Gorbachev's reforms, the per capita income of the Soviet Union has gone down. Events of recent months have raised doubts among some foreign observers about China's future, but a humanely governed China that is responsive to the yearnings of its people will continue its rapid ascent in world affairs.

- o Although suffering from government and trade deficits and facing numerous social problems, the United States is enjoying unprecedented prosperity and has rebuilt its defenses. Our people have gained renewed confidence in their future.

- o Throughout Latin America, Africa, and Asia, small and weak governments confront problems that they lack the capacity to solve.

- o In East and Southeast Asia, the four dragons of South Korea, Taiwan, Hong Kong, and Singapore have developed economies of global consequence and reach.

- o A truly international economy is emerging that transcends the capacity of individual governments to manage.

- o The telecommunications and computer transformations make it impossible for governments to halt the dissemination of ideas and information at their borders.

- o Problems that transcend national boundaries, such as

global warming, environmental degradation, population increase, communicable diseases, production of narcotics, and illegal migration of peoples demand increasing attention.

When we reflect in this fashion upon today's world and adopt a long-term, strategic perspective, the importance of Sino-American relations comes into focus. The basis of our relationship is clear. The reasons we must overcome our current difficulties are obvious. We still have common concerns that make cooperation between China and the United States an indispensable element in ensuring the welfare of our two peoples and serving the cause of peace and prosperity in the world.

o First, peace and security still depend upon nations having sufficient might to deter would-be aggressors. The United States and China continue to share an interest in maintaining a stable global balance of power.

o Second, the United States shares in China's interest to participate fully in the international economy.

o Third, the United States and China must cooperate in addressing the problems of interdependence. Our scientists, social scientists, and scholars in the humanities must be unfettered in their search for solutions to these problems.

o Fourth, it is neither in China's nor America's interest for your nation of over one billion people to return to its isolation. The certain result would be an angry and impoverished nation.

o And finally, China has an indispensable role to play in the maintenance of stability in the Asia-Pacific region. Peace cannot be maintained in Korea, the Taiwan issue cannot be resolved peacefully, the people of Hong Kong cannot enjoy a future as an autonomous, capitalist, and democratic entity, and tranquility cannot be found at last in Indochina unless China is constructively and responsibly engaged in regional affairs.

The choice is clear. Shall China turn away from greatness and consign itself to the backwater of oppression and stagnation? Or does it continue to venture forth on the open seas on a journey which may at times be rough but which leads to progress and peace and justice for its people?

The United States must decide whether it wishes to persist in the arduous journey begun 17 years ago. Does it wish to be involved in the development of a nation whose values and traditions differ from ours? Or does it wish to disengage itself from a

quarter of mankind who are destined to be one of the superpowers of the 21st century?

The challenges before us are enormous, but the opportunities are also great. For together, we can help create an era of unprecedented peace and prosperity for our peoples. Let us therefore rise above the acrimony of the moment and resume the progress and cooperation that are worthy of two great peoples.

May I therefore propose a toast

- o to the continued development of Sino-American relations;
- o to the Premier of the Peoples Republic of China; and
- o to the health of all our Chinese and American friends here tonight.

THE WHITE HOUSE
WASHINGTON

October 24, 1989

Jim:

Enclosed is the original of the President's letter about the Nixon trip previously sent to you via privacy cable.

Also enclosed is a copy of the transcript of Marlin Fitzwater's handling of the press questions on the trip.



Brent

Brent Scowcroft

FROM
THE WHITE HOUSE
WASHINGTON D.C.

The Honorable James R. Lilley
American Ambassador
Beijing

VIA CLASSIFIED DIPLOMATIC POUCH

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
12a. Letter	President Bush to Ambassador James R. Lilley [FOIA exemptions redacted] (2 pp.)	10/23/89	(b)(1) , (b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Declassified
(Document Follows)
 By SCS on 11/26/14

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2009-1157-MR (500)
AR Disposition:	MR Disposition: Released in Full
AR Disposition Date:	MR Disposition Date: 10/24/2013

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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

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

THE WHITE HOUSE

WASHINGTON

October 23, 1989

Dear Jim:

I talked to President Nixon on October 21st. Doug Paul will brief him on Monday, October 23, 1989. He plans to check in with you. I asked him to contact (b)(6)

(b)(6)

I told President Nixon we would handle the press inquiries in accord with his suggestions below. For your information only I am sending the parts of his October 17th letter to me that relate to his coming visit.

"I plan to be in Beijing from October 25 to the 31st. I will be travelling alone, with only Mike Endicott, my private security aide accompanying me; as you know I gave up Secret Service five years ago. I will be representing no clients, and will be paying my own expenses. I have informed the Chinese that I will be doing no sightseeing and no shopping and have ruled out purely social events. I will be having meetings with the major Chinese leaders and have asked them not to plan public luncheons or dinners with the usual tipping of glasses, etc. I will, of course, be strongly supporting the Administration's policies and shall make the point that your refusal to go along with excessive sanctions is courageous and costly politically. Therefore, they should avoid actions which might be embarrassing to you and to other friends of China. When I return, I will give you my private assessment of the leaders and their positions in writing.

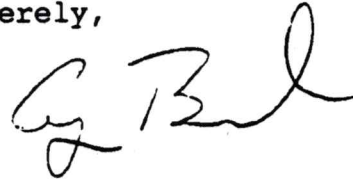
While I will not be going as a representative of the Administration, I would appreciate it if the press office, if queried, would avoid

statements that might be interpreted by our "friends" in the media as attempts to disassociate the Administration from my trip. It would be very helpful in my meetings with the Chinese if the press spokesman could say something like the following: We understand that President Nixon is making his sixth visit to China to meet with its top leaders. While he is travelling as a private citizen, President Bush looks forward to hearing the President's assessment of the situation in China when he returns."

After his visit both Jim Baker and I would appreciate a personal update on US-China relations.

Warm regards, and love to Sally.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Bush". The signature is fluid and cursive, with a large, sweeping "G" and a stylized "Bush".

The Honorable James R. Lilley
American Ambassador
Beijing

Q Back to the earthquake for a second. You talk about \$2.5 billion as the federal share. Does the administration have guidelines for what is the federal share in categories, and what in categories does the state share?

MR. FITZWATER: I don't have any categories and I don't know how much the state -- Governor Deukmejian has had some estimates, but I don't have any information on them.

Q Well, it seems that --

MR. FITZWATER: There are no guidelines that says one has to have so much and one another, no.

Q But are there are things about what state officials are proposing that you oppose the use of federal funds for?

MR. FITZWATER: Not familiar with any, no.

Q Back to Costa Rica. Is there any experts' group working there -- this six-item agenda with drugs, deforestation and so forth. Is Mr. Bush --

MR. FITZWATER: Any what --

Q Experts?

MR. FITZWATER: Expert groups? I don't believe there are. I don't believe there are.

Q Has President Nixon talked to President Bush and General Scowcroft about an upcoming trip to China? And do you expect him to brief the President when he returns?

MR. FITZWATER: We understand that --

Q Question?

MR. FITZWATER: He asked if we have had any discussions with President Nixon concerning his trip. We understand that former President Nixon is making his sixth visit to China to meet with its top leaders. While the former President is traveling as a private citizen, President Bush looks forward to hearing his assessment of the situation in China when he returns.

Q Face to face, would you expect?

MR. FITZWATER: We'll have to wait and see. Can't say.

Q When is this trip?

Q Play golf.

MR. FITZWATER: I don't have details on the trip. I don't know when he's leaving.

Q Marlin, what about the first half of the question? Has he discussed it with Nixon and so forth?

MR. FITZWATER: Not with the President, but I think we were aware of the trip through Brent Scowcroft, the National Security Advisor. I don't know how he -- whether he talked to President Nixon or a member of his staff.

Q Marlin, the group "No Greater Love" is holding a memorial service for victims of terrorism. In that context, some are wondering what the administration's progress on determining responsibility for Flight 103 is, and why no retaliation has been taken against PFLP and others who have been identified by intelligence agencies as responsible?

MR. FITZWATER: I don't know all the ramifications of

Q He again demanded today that the assets be unfrozen before Iran could be helpful. What's the status of that?

MR. FITZWATER: Our position has not changed, that we do not link the Iranian assets to the hostages, and we do not make deals for hostages.

Q Same subject. He also says that he wants more help finding some of the Iranians held in Lebanon. Is the United States doing anything to facilitate that?

MR. FITZWATER: We have given them all the information we have, and they have the best of our knowledge about that subject already.

Q And if you come across new information, will you share that?

MR. FITZWATER: Certainly.

Q Has he given them any information that we can be apprised of?

MR. FITZWATER: We've -- nothing new. I mean, we've given them all the information we had. We've generally not discussed it, although most of you who want to check your morgues will find plenty of characterizations of that information.

Q Did we do that directly, or through third-party --

MR. FITZWATER: I don't know that.

Q Do you think it's appropriate for Nixon to be going to China now? Do you think things have cooled off enough? I mean, he cancelled, or postponed his visit once.

MR. FITZWATER: He's a private citizen. He's free to do whatever he wants.

Q Did you enjoy Friday without us, Marlin?

Q What happened to you?

MR. FITZWATER: Friday was a very productive day. Very productive. I was very generous in giving up my seat to the Time Magazine correspondent.

Q You chose the easy place to stay behind.

MR. FITZWATER: And I worked long and hard to stay up with your activities, but --

Q Twenty four hours a day, seven days a week.

MR. FITZWATER: -- unfortunately I had to do it for 24 hours a day, seven days a week.

Q Looking back over his visit and the news the next day that a survivor had actually been found in the interstate, has the President said anything more about his feelings about the devastation and hope for any other survivors?

MR. FITZWATER: Only he expressed his joy at the fact that they found another survivor over the weekend. He certainly was gratified by the construction workers and so forth who gave him credit for lifting their spirits and giving them an impetus to go on with the search. Beyond that, the President's concerns are that they continue to try to rescue all the bodies that they can and, in case there is someone else alive, that every effort has been made to get them out.

Q What does the President think of the criticism of

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
12b. Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [FOIA exemptions redacted] (3 pp.)	10/23/89	(b)(1), (b)(6)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Partially Declassified

(Copy of Document Follows)

By ES On 7/11/22

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2009-1157-MR (500.01)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 12/15/2015

RESTRICTION CODES

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

- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
- (b)(4) Release would disclose trade secrets or confidential or financial information
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
- (b)(7) Release would disclose information compiled for law enforcement purposes
- (b)(8) Release would disclose information concerning the regulation of financial institutions
- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

~~SECRET~~

WHITE HOUSE SITUATION ROOM



PAGE 01 OF 03

1.4(d)

~~PREC~~ IMMEDIATE ~~<CLAS>~~ ~~SECRET~~

<DTG> 231851Z OCT 89

FM WHITE HOUSE

1.4(c); 1.4(d)

~~SECRET~~ SENSITIVE

1.4(c)

0000

PLEASE DELIVER THE FOLLOWING MESSAGE TO AMBASSADOR LILLEY, FROM
GENERAL SCOWCROFT, NATIONAL SECURITY ADVISOR TO THE PRESIDENT.

~~SECRET~~/SENSITIVE

BEGIN TEXT:

OCTOBER 23, 1989

FOR: AMBASSADOR JAMES R. LILLEY
BEIJING

FROM: BRENT SCOWCROFT
THE WHITE HOUSE

EYES ONLY FOR AMBASSADOR LILLEY

1. JIM. FOLLOWING IS THE TEXT OF A LETTER FROM THE PRESIDENT TO
YOU (ORIGINAL BEING POUCHED). IN ACCORDANCE WITH THE PRESIDENT'S
INSTRUCTIONS, THE ONLY OTHER COPY HAS BEEN GIVEN TO SECRETARY OF
STATE JIM BAKER FOR HIS EYES ONLY.

(COPY ATTACHED TEXT.)

THE WHITE HOUSE

DECLASSIFIED IN PART
PER E.O. 13526
2009-1157MR
E8 12/15/15

~~SECRET~~

~~SECRET~~

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 03

WASHINGTON

OCTOBER 23, 1989

DEAR JIM:

I TALKED TO PRESIDENT NIXON ON OCTOBER 21ST. DOUG PAAL WILL BRIEF HIM ON MONDAY, OCTOBER 23, 1989. HE PLANS TO CHECK IN WITH YOU. I ASKED HIM TO CONTACT ^{(b)(6)} [REDACTED]

I TOLD PRESIDENT NIXON WE WOULD HANDLE THE PRESS INQUIRIES IN ACCORD WITH HIS SUGGESTIONS BELOW. FOR YOUR INFORMATION ONLY I AM SENDING THE PARTS OF HIS OCTOBER 17TH LETTER TO ME THAT RELATE TO HIS COMING VISIT.

"I PLAN TO BE IN BEIJING FROM OCTOBER 25 TO THE 31ST. I WILL BE TRAVELLING ALONE, WITH ONLY MIKE ENDICOTT, MY PRIVATE SECURITY AIDE ACCOMPANYING ME; AS YOU KNOW I GAVE UP SECRET SERVICE FIVE YEARS AGO. I WILL BE REPRESENTING NO CLIENTS, AND WILL BE PAYING MY OWN EXPENSES. I HAVE INFORMED THE CHINESE THAT I WILL BE DOING NO SIGHTSEEING AND NO SHOPPING AND HAVE RULED OUT PURELY SOCIAL EVENTS. I WILL BE HAVING MEETINGS WITH THE MAJOR CHINESE

LEADERS AND HAVE ASKED THEM NOT TO PLAN PUBLIC LUNCHEONS OR DINNERS WITH THE USUAL TIPPING OF GLASSES, ETC. I WILL, OF COURSE, BE STRONGLY SUPPORTING THE ADMINISTRATION'S POLICIES AND SHALL MAKE THE POINT THAT YOUR REFUSAL TO GO ALONG WITH EXCESSIVE SANCTIONS IS COURAGEOUS AND COSTLY POLITICALLY. THEREFORE, THEY SHOULD AVOID ACTIONS WHICH MIGHT BE EMBARRASSING TO YOU AND TO OTHER FRIENDS OF CHINA. WHEN I RETURN, I WILL GIVE YOU MY PRIVATE ASSESSMENT OF THE LEADERS AND THEIR POSITIONS IN WRITING.

WHILE I WILL NOT BE GOING AS A REPRESENTATIVE OF THE ADMINISTRATION. I WOULD APPRECIATE IT IF THE PRESS OFFICE, IF QUERIED, WOULD AVOID STATEMENTS THAT MIGHT BE INTERPRETED BY OUR

~~SECRET~~

WHITE HOUSE SITUATION ROOM

PAGE 03 OF 03

"FRIENDS" IN THE MEDIA AS ATTEMPTS TO DISASSOCIATE THE ADMINISTRATION FROM MY TRIP. IT WOULD BE VERY HELPFUL IN MY MEETINGS WITH THE CHINESE IF THE PRESS SPOKESMAN COULD SAY SOMETHING LIKE THE FOLLOWING: WE UNDERSTAND THAT PRESIDENT NIXON IS MAKING HIS SIXTH VISIT TO CHINA TO MEET WITH ITS TOP LEADERS. WHILE HE IS TRAVELLING AS A PRIVATE CITIZEN. PRESIDENT BUSH LOOKS FORWARD TO HEARING THE PRESIDENT'S ASSESSMENT OF THE SITUATION IN CHINA WHEN HE RETURNS."

AFTER HIS VISIT BOTH JIM BAKER AND I WOULD APPRECIATE A PERSONAL UPDATE ON US-CHINA RELATIONS.

WARM REGARDS. AND LOVE TO SALLY.

SINCERELY,

GEORGE BUSH

THE HONORABLE JAMES R. LILLEY
AMERICAN ANBASSADOR
BEIJING

2. WARM REGARDS. BRENT.

END TEXT

DECLAS: OADR

#0266

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
12c. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [FOIA exemptions redacted] (1 pp.)	10/23/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Partially Declassified
(Copy of Document Follows)
 By SSS on 11/26/14

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2009-1157-MR (500.02)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 10/24/2013

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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

- (b)(1) National security classified information [(b)(1) of the FOIA]
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- (b)(9) Release would disclose geological or geophysical information

~~SECRET/SENSITIVE~~

October 23, 1989

(b)(1)

FOR: Ambassador James R. Lilley
Beijing

FROM: Brent Scowcroft
The White House

EYES ONLY FOR AMBASSADOR LILLEY

1. Jim, following is the text of a letter from the President to you (original being pouched). In accordance with the President's instructions, the only other copy has been given to Secretary of State Jim Baker for his eyes only.

(Copy attached text.)

2. Warm regards, Brent.



DECLASSIFIED IN PART
PER E.O. 13526

2010-2782-MR
SCS 10/24/13

THE WHITE HOUSE
WASHINGTON

DATE: October 23, 1989

FROM THE PRESIDENT

To: GENERAL BRENT SCOWCROFT *by*

Copy only to JAB III only.

Thanks.

GB

Per POTUS -

please
callback

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
12d. Letter	President Bush to Ambassador James R. Lilley [FOIA exemptions redacted] (2 pp.)	10/23/89	(b)(1), (b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Declassified
(Document Follows)
 By SLG on 11/26/14

Date Closed:	5/4/2009	OA/ID Number:	91135-001
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	2009-1157-MR (500.03)
AR Disposition:		MR Disposition:	Released in Full
AR Disposition Date:		MR Disposition Date:	10/24/2013

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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

(b)(1) National security classified information [(b)(1) 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

THE WHITE HOUSE

WASHINGTON

October 23, 1989

Dear Jim:

I talked to President Nixon on October 21st. Doug Paul will brief him on Monday, October 23, 1989. He plans to check in with you. I asked him to contact (b)(6)

(b)(6)

I told President Nixon we would handle the press inquiries in accord with his suggestions below. For your information only I am sending the parts of his October 17th letter to me that relate to his coming visit.

"I plan to be in Beijing from October 25 to the 31st. I will be travelling alone, with only Mike Endicott, my private security aide accompanying me; as you know I gave up Secret Service five years ago. I will be representing no clients, and will be paying my own expenses. I have informed the Chinese that I will be doing no sightseeing and no shopping and have ruled out purely social events. I will be having meetings with the major Chinese leaders and have asked them not to plan public luncheons or dinners with the usual tipping of glasses, etc. I will, of course, be strongly supporting the Administration's policies and shall make the point that your refusal to go along with excessive sanctions is courageous and costly politically. Therefore, they should avoid actions which might be embarrassing to you and to other friends of China. When I return, I will give you my private assessment of the leaders and their positions in writing.

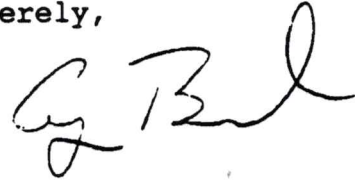
While I will not be going as a representative of the Administration, I would appreciate it if the press office, if queried, would avoid

statements that might be interpreted by our "friends" in the media as attempts to disassociate the Administration from my trip. It would be very helpful in my meetings with the Chinese if the press spokesman could say something like the following: We understand that President Nixon is making his sixth visit to China to meet with its top leaders. While he is travelling as a private citizen, President Bush looks forward to hearing the President's assessment of the situation in China when he returns."

After his visit both Jim Baker and I would appreciate a personal update on US-China relations.

Warm regards, and love to Sally.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. Bush". The signature is fluid and cursive, with a large, sweeping "G" and a stylized "Bush".

The Honorable James R. Lilley
American Ambassador
Beijing

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
13a. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley Re: Eyes Only for Ambassador Lilley [FOIA exemptions redacted] (1 pp.)	10/23/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Partially Declassified
(Copy of Document Follows)
 By SCS on 11/26/14

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2009-1157-MR (501)
AR Disposition:	MR Disposition: Released in Full
AR Disposition Date:	MR Disposition Date: 10/24/2013

RESTRICTION CODES

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~~SECRET/SENSITIVE~~

October 23, 1989

(b)(1)

FOR: Ambassador James R. Lilley
Beijing

FROM: Brent Scowcroft
The White House

EYES ONLY FOR AMBASSADOR LILLEY

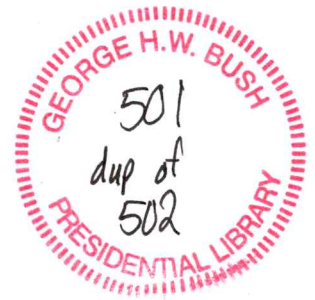
1. Jim, following is the text of a letter from the President to you (original being pouched). In accordance with the President's instructions, the only other copy has been given to Secretary of State Jim Baker for his eyes only.

(Copy attached text.)

2. Warm regards, Brent.

~~SECRET/SENSITIVE~~

Declassify on: OADR



DECLASSIFIED IN PART
PER E.O. 13526

2010-2782-MR
SCS 10/24/13

THE WHITE HOUSE
WASHINGTON

DATE: October 23, 1989

FROM THE PRESIDENT

To: GENERAL BRENT SCOWCROFT

by

Copy only to JAB III only.

Thanks.

GB

*Per POTUS -
please
cable*

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
13b. Letter	President Bush to Ambassador James R. Lilley [FOIA exemptions redacted] (2 pp.)	10/23/89	(b)(1), (b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Special Separate China Notes Files
Subseries: China Files
WHORM Cat.:
File Location: China 1989 (Sensitive) [1]

Document Declassified
(Document Follows)
 By SS on 11/21/14

Date Closed: 5/4/2009	OA/ID Number: 91135-001
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2010-2783-MR (506)
AR Disposition:	MR Disposition: Released in Full
AR Disposition Date:	MR Disposition Date: 10/24/2013

RESTRICTION CODES

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Sincerely,

A handwritten signature in dark ink, appearing to read "G. Bush", written in a cursive style.

The Honorable James R. Lilley
American Ambassador
Beijing

Deng Letter

6/21/89

- Write w/ heavy heart
 - Genuine friend
 - Passion for a relationship
- Great respect for what D. has done for China
- Last visit, Deng lecture
 - Encouragement, good relations w/ west keep China moving forward.
- Asks help in preserving a relationship
 - Not injecting himself in China's affairs
 - Respectful of dif. in 2 societies
- Reverence for China culture
 - US culture is freedom
- Demonstrations
 - Went beautifully at first
 - Army loves people.
- The crackdown forced us to act as we did in resp. to our principles.
 - Resisted econ sanctions.
- Fang
 - We didn't invite him in but couldn't refuse him.
 - Can't put him out w/o assurances
 - Want to solve in a way satis. to both
- Would a private Swiss help?
 - No copies of this letter
- Unauthoriz'd story on special project

- Clammy to students would bring world acclaim
 - Don't let a relationship suffer more
 - Statements on peaceful resolution would be welcome
- Matter is too important to be left to our bureaucrats.