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2009-0275-S

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FOIA MARKER

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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: 91136
Folder ID Number: 91136-006

Folder Title:
China 1989 (Sensitive) [6]

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	5	1

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memcon	Re: Response to the President's Letter (2 pp.)	12/2/89	(b)(1)	S
02a. Letter	President Bush to Chairman Deng Xiaoping (2 pp.)	11/30/89	(b)(1)	
02b. Handwritten Draft Letter	President Bush to Chairman Deng Xiaoping (10 pp.)	n.d.	(b)(1)	
03. Cable	Ambassador Lilley to General Scowcroft Re: Begin Text: (2 pp.)	11/16/89	(b)(1)	S
04. Cable	From White House, Re: Message to Ambassador James R. Lilley from Brent Scowcroft [FOIA EXEMPTIONS REDACTED] (2 pp.)	11/11/89	(b)(1)	S
05. Letter	Chairman Deng Xiaoping to President Bush (1 pp.)	11/15/89	(b)(1)	
06. Cable	From White House, Re: Message to Ambassador James R. Lilley to Brent Scowcroft [FOIA EXEMPTIONS REDACTED] (2 pp.)	11/11/89	(b)(1)	S
07. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley, Re: Eyes Only for Ambassador Lilley [FOIA EXEMPTIONS REDACTED] (3 pp.)	11/10/89	(b)(1)	S

Page 1 of 2

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) [6]

Pinksheet Number: cap1131
OA/ID Number: 91136-006
Date Closed: 5/7/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
08a. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley, Re: Eyes Only for Ambassador Lilley [FOIA EXEMPTIONS REDACTED] (3 pp.)	11/10/89	(b)(1)	S
08b. Memo	C. Boyden Gray to General Brent Scowcroft Re: Suggested Language for Ambassador Lilly (1 pp.)	11/6/89	(b)(1)	
08c. Letter	Prescott Bush to General Brent Scowcroft Re: Notification of Travel [Personal Information Redacted] (1 pp.)	8/21/89	(b)(6)	
08d. Draft Cable	Re: DRAFT/Cable/Ambassador Lilley/Beijing (2 pp.)	11/6/89	(b)(1)	
09a. Letter	John H. Taylor to Brent Scowcroft (1 pp.)	11/10/89	(b)(1)	TS
09b. Text	Re: Copy of Text of Letter from President Nixon to Zhao Ziyang (1 pp.)	10/31/89	(b)(1)	
10a. Letter	President Nixon to President Bush (1 pp.)	11/9/89	(b)(1)	
10b. Memo	To Senator Lloyd Bentsen, Senator Robert Byrd, Senator Robert Dole, Senator Alan Simpson, Congressman William Broomfield, Congressman Dante Fascell Re: The Crisis in Sino-American Relations (7 pp.)	n.d.	(b)(1)	TS

Page 2 of 2

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~~CONFIDENTIAL~~

MEMORANDUM OF CONVERSATION

SUBJECT: Response to the President's Letter

PARTICIPANTS: Robert Gates, Assistant to the President for
National Security Affairs

People's Republic of China
Ambassador ZHU Qizhen
Mr. CHEN Mingming

DATE, TIME: December 2, 1989, 1225 - 1235PM
AND PLACE: Office

The Ambassador told me that he had a response from Beijing to the President's letter of November 30th. He said that Deng Xiaoping had been "very pleased" to receive the President's letter. He said that the Chinese government would welcome an announced visit by General Scowcroft and Deputy Secretary Eagleburger for a briefing on the President's meetings with Chairman Gorbachev in Malta. The Ambassador continued that the top leaders of China and the Foreign Minister would meet separately with Scowcroft and Eagleburger. The Ambassador said that in addition to discussing Malta, there could be a discussion of the "package deal."

The Ambassador had two requests. First, he wanted to know whether they would be characterized as personal emissaries of the President or in some other way. Second, they wanted to know the names of any others who would be accompanying the General and Eagleburger.

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0114-F/2
DL 8/14/07

I said the President would be pleased by their response and that I expected we would be back to them very quickly with answers to the questions the Ambassador had posed as well as specific details. The Ambassador said he would be out of Washington on Monday and Tuesday (December 4 - 5) and that the answers to these questions could be passed to the Minister at the Embassy, who is aware of the trip because it will be announced. He cautioned, however, that nothing should be said to the Minister about the "package deal" because he is not aware of these discussions.

THE WHITE HOUSE

WASHINGTON

November 30, 1989

Dear Deng Xiaoping:

The purpose of this letter is to follow up on the proposal I made to you in my letter of November 6, 1989.

Within a week after I return from Malta and Brussels, I would like to send General Scowcroft and Deputy Secretary Eagleburger to debrief you, Jiang Zemin and whomever else you designate.

I visualize a full and frank discussion about what happened at Malta and at the December 4th NATO meeting. It is my current feeling that this mission need not be a secret mission, but I will be guided by your judgment on this. Let me again reassure you that nothing will take place at Malta that adversely affects the security interests of China.

President Nixon, upon his return, filled me in on the other suggestion you made -- namely, that I meet during 1990 with Jiang Zemin, such a meeting, time and place to be determined after a mutually agreeable resolution of the very divisive Fang Lizhi matter.

I must ask for some clarification of the "package" idea you discussed with Nixon and Kissinger, because recently your Ambassador, under instructions, conveyed to Secretary Baker some additional conditions that are deeply troubling -- conditions that were not part of the "package" as discussed between you and President Nixon and Henry Kissinger.

I am trying very hard to do my part to "untie the knot" but please help by having China do its part.

I needn't tell you that I am under strong fire here on the question of recently passed legislation and the threat of more to come, but I remain convinced that our relationship is in the best interests of both countries.

I hope this finds you in very good health. I know you have handed off the baton of leadership to Chairman Jiang, but with your permission I would like to stay in touch.

You know me. I know you. And in spite of current tensions, we can, between us, find a way to normalize this significant relationship. We must find a way.

I would appreciate an early reply regarding the proposal to send Scowcroft and Eagleburger to discuss with you my meeting with Gorbachev at Malta.

Most sincerely,

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

His Excellency
Deng Xiaoping
People's Republic of China
Beijing

Brent your thoughts
Please ^{much} up.
THE WHITE HOUSE
WASHINGTON

Dear Deng Xiaoping

The purpose of this
letter is to follow up on
the proposal I made to
you in my letter of
Nov 6, 1989.

Within a week after
I return from Malta and Brussels
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Gen Secord ^{and} Rep. Sec.
Eagleburger to de-brief
~~of the~~ you, ~~on~~ Ziang Tieman
and whoever else you
designate -

THE WHITE HOUSE
WASHINGTON

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will take place at Malta that adversely
affects the security interests of China.

I visualize a full
and frank discussion
about what ^{happened} [what will
happen] at Malta
and at the Dec 4th
NATO meeting.

It is my current feeling
that this ~~meeting~~ mission
need not be a
secret mission, but
it will be guided
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THE WHITE HOUSE
WASHINGTON

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THE WHITE HOUSE
WASHINGTON

of the very
division Pang
4: The (?) matter

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for some clarification
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became ^{Wifon and Kissinger,}
recently

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under instructions,
conveyed to Secretary
Baker some ^{additional}

conditions that
are ^{deeply troubling} [unacceptable]
~~and that I state~~

THE WHITE HOUSE
WASHINGTON

— conditions that
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Pres. Nixon and
HK —

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THE WHITE HOUSE
WASHINGTON

China do its
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I needn't tell
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editorial fire
here on the
question of recently
passed legislation
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the PRC-USA
relationship is
in the best

THE WHITE HOUSE
WASHINGTON

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good health.

I know you
have handed off
the baton of
leadership to
Chen Wenqing,
but with your
permission I

THE WHITE HOUSE
WASHINGTON

would like to
stay in touch

You know me.

I know you; and
inspite of current
tensions, we can,
between us, ~~try~~

find a way ~~to~~
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significant relationships

-- we must find a way

THE WHITE HOUSE
WASHINGTON

I would appreciate
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Scowcroft (met)
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with Carback at Malta.

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to come.*

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I needn't tell you that I am under strong fire here on the question of recently passed legislation, but I ~~still feel~~ our relationship is in the best interests of both countries.

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that*

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I would appreciate an early reply regarding the proposal to send Scowcroft and Eagleburger to discuss with you my meeting with Gorbachev at Malta.

Most sincerely,

His Excellency
Deng Xiaoping
People's Republic of China
Beijing

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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HENRY COHEN, VICE CHAIRMAN
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DWIGHT INK, PRESIDENT
LOUIS WINNICK, TREASURER
WILLIAM JAY LIPPMAN
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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: 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.

INSTITUTE OF PUBLIC ADMINISTRATION

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M E M O R A N D U M

TO: Roger Porter
FROM: Dwight Ink
DATE: November 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 economies 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."

IMMEDIATE

~~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. 13526

2009-1156-MR
3/20/2014 MM

~~SECRET~~

IMMEDIATE

~~SECRET~~

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

END TEXT

~~SECRET~~

#0085

~~SECRET~~

Baker &
Cherney
have read
11/15

Document Originally
Attached to
Following Page

Withdrawal/Redaction Sheet

(George Bush Library)

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

Collection:

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File Location: China 1989 (Sensitive) [6]

Document Partially Declassified
(Copy of Document Follows)
 By MM on 5/14/2015

Date Closed: 5/7/2009	OA/ID Number: 91136-006
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(501)
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

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(b)(1)

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

<OSRI> (b)(1) <DTG> 111654Z NOV 89

<ORIG>FM WHITE HOUSE

(b)(1)

<TEXT>ZEM

~~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

SLC 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

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Letter	Chairman Deng Xiaoping to President Bush (1 pp.)	11/15/89	(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) [6]

Date Closed: 5/7/2009	OA/ID Number: 91136-006
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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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

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. Cable	From White House, Re: Message to Ambassador James R. Lilley to Brent Scowcroft [FOIA EXEMPTIONS 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) [6]

Document Partially Declassified
(Copy of Document Follows)
 By MM on 5/14/2015

Date Closed: 5/7/2009	OA/ID Number: 91136-006
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(501)
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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PRM. Removed as a personal record misfile.

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COQ, PRIVACY_OUT
<DIST>

(b)(1)

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

<OSRI> (b)(1) <DTG> 111654Z NOV 89

<ORIG>FM WHITE HOUSE

(b)(1)

<TEXT>ZEM

~~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
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(b)(1)

(b)(1)

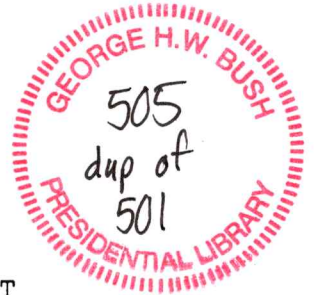
HE SINGLED OUT THE

(b)(1)

(b)(1)

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RELATIONSHIP. NIXON IS WORRIED THAT OUR CURRENT POLICIES ARE
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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-MJL
SLS 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.

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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.
07. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley, Re: Eyes Only for Ambassador Lilley [FOIA EXEMPTIONS 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) [6]

Document Partially Declassified
(Copy of Document Follows)
 By MM on 5/14/2015

Date Closed: 5/7/2009	OA/ID Number: 91136-006
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 #: 2009-1163-MR(501)
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)]

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~~SECRET~~

ck 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)

~~SECRET/SENSITIVE~~

Declassify on: OADR

~~SECRET~~

DECLASSIFIED IN PART

PER E.O. 13526

2009-1163-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~~

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.
08a. Draft Cable	Brent Scowcroft to Ambassador James R. Lilley, Re: Eyes Only for Ambassador Lilley [FOIA EXEMPTIONS 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) [6]

Document Partially Declassified
(Copy of Document Follows)
 By MM on 5/14/2015

Date Closed:	5/7/2009	OA/ID Number:	91136-006
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(501)
AR Disposition:		MR Disposition:	Released in Part
AR Disposition Date:		MR Disposition Date:	9/24/2013

RESTRICTION CODES

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~~SECRET~~

Dispatched for

11/11

AS ...

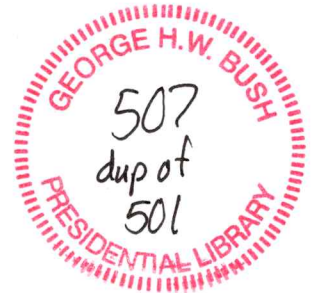
~~SECRET/SENSITIVE~~

VIA PRIVACY CHANNEL

November 10, 1989

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TO: AMBASSADOR JAMES R. LILLEY
AMEMBASSY BEIJING



EYES ONLY FOR AMBASSADOR LILLEY

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(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 -

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~~SECRET/SENSITIVE~~

~~SECRET~~

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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 helped.

(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.

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

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 of 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: Diana Kendrick

Organization: White House Counsel

Bldg, Room:

Tele/Ext: 456-2632

Description: Cable requested - Diplomatic

relations

TRANSMITTED FROM: Fax No. 647-1037

Name: Juanita Johnson

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

Bldg, Room: Main State

Room 4427A

Washington, DC 20520

Tele/Ext: 647-2350

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ORIGINAL: FAIM

202

S/S-O C/m
OUTGOING
2/16

DIST: P, E, T, M, C, S/S, S/S-S

T, B, S/P, INR, 1, EB, RF (r)

Department of State

AGE 01 OF 02 STATE 050000 T0202 030201

9119

0300664

PAGE 01

STATE 050000 T0202 030201

9119

0300664

INFO 000-02 TRIP-01 T02-01 OUT-01 00EX-02 0-03 00-03
/013 00 ROR

16/03192

THE ATTACHED CABLE PARA 7 BELOW.

APPROVED 2/16/89

2/16/89

FEB 16 P3:51

ORIGIN 00-00

TREAT AS ORIGINAL

BEGIN TEXT OF CABLE TO ALL POSTS.

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

TO PRINCIPAL OFFICERS FROM THE SECRETARY.

DRAFTED BY: L/M:JNTHESSIN:LG

APPROVED BY: L - EVERVILLE

R:LGRAHL (DRAFT)

S/S:MLEVITSKY

L/M:LEED (DRAFT)

EB:ALAP (DRAFT)

S/S-O:JFELT

040000 160400Z /30

O 160400Z FEB 89 ZFFS

FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

LIMITED OFFICIAL USE STATE 050000 T0202 030201

E.O. 12356: N/A

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

SUBJECT: INTEGRITY OF GOVERNMENT DECISION-MAKING

ACTION MEMORANDUM. (S/S: 0003202)

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 URGING 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 EMBASSY PERSONNEL 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 20 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 AND HIS BROTHER WILLIAM IN ADDITION TO PRESCOTT. WE MADE THESE CHANGES. A WASHINGTON POST STORY DISCUSSED PRESCOTT BUSH'S BUSINESS ACTIVITIES IN CONNECTION WITH THE BUSH FAMILY, MAKING 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 TO COUNTRIES ABROAD, YOU HAVE A CLEAR RESPONSIBILITY TO PROVIDE APPROPRIATE ASSISTANCE TO U.S. BUSINESS INTERESTS. YOU SHOULD DO SO ENERGETICALLY AND EFFICIENTLY 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 FAM 630 APPENDIX A, SECTION 10.735-201 (A). FURTHER, SECTION 10.735-202 OF THOSE REGULATIONS GENERALLY PROHIBITS ACCEPTANCE OF A FAVOR FROM ANY PERSON WHO HAS BUSINESS WITH THE DEPARTMENT OR HAS INTERESTS THAT COULD BE SUBSTANTIALLY AFFECTED BY THE EMPLOYEE'S OFFICIAL DUTIES OR ACTIONS TO BE

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 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 BROTHER, PRESCOTT AND WILLIAM BUSH.

E. IF YOU ARE CONTACTED BY AN EX-OFFICIAL OR AN ASSOCIATE OF YOURS OR OF A CURRENT OFFICIAL ON A MATTER THAT CAUSES YOU TO HAVE CONCERN, YOU SHOULD NOT HESITATE TO CONSULT WITH THE LOCAL SUPERVISOR'S OFFICE, AND TO HAVE AN OFFICIAL REVIEW YOUR CONCERNS. 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. END ATTACHMENT.

ALERT COPY

S/S-0
OUTGOING

Department of State

PAGE 02 OF 02 STATE 050000 TOSEC 030201

0110

05000004

DRAFTED: L/M - JTHESIM

CLEARED: L - EVERVILLE

- L/M - LREED

- EB - ALANSON

- S/S -

- RKIMMITT 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:JHThessin:lg
01/17/89 ext. 72350 WANG 6217K
The Secretary

L:RVer ville

M:LGrahl
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.

*Wm. Bush
Rec'd 7/7*

unclassified

DEPARTMENT OF STATE
Office of the Legal Adviser (L)

8 JAN 81
P.H.
FACSIMILE

Transmission Cover Sheet

TRANSMITTED TO:

FTS:

00000

Name:

C. Boyden Gray, Counsel to the President

Organization:

Building, Room #, etc.

2ND Floor Westwing

Telephone / Extension:

TRANSMITTED FROM:

FTS: 647-1037

00000 (202) 647 1037

Name:

James H. T. Hessin

Organization:

Office of the Legal Adviser

Building, Room #, etc.

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

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647-2350

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3

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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 OFFICE
WEST 601 FIRST A
SECOND FLOOR W
SPOKANE, WA 99
AREA CODE (509) 35

E. 12929 SPRAC
SPOKANE, WA 99210
AREA CODE (509) 92

28 W. MAIN
WALLA WALLA, WA 993
AREA CODE (509) 52

ACTION
is assigned to

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

89CONGT008224

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

100

2-01 NV 01 NOV 1989

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

LOGGET

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 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.

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

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

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~~PAAL~~

FOR CONCURRENCE
JACKSON
PAAL

FOR INFO

*Change action
to R. HAASS*

*8/24/89
1400-
DP - F-11
to NSC/Sec for action
change
 Janet*

COMMENTS:

DISPATCHED BY

DATE

BY HAND

W/ATTCH

OPENED BY: NSRCB

CLOSED BY:

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08c. Letter	Prescott Bush to General Brent Scowcroft Re: Notification of Travel [Personal Information Redacted] (1 pp.)	8/21/89	(b)(6)	

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) [6]

Date Closed: 5/7/2009	OA/ID Number: 91136-006
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

6November 1989

DRAFT/Cable/Ambassador Lilley/Beijing

(1) President Nixon and Mike ^{OKSENBERG}~~Armacost~~ 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

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09a. 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) [6]

Date Closed: 5/7/2009	OA/ID Number: 91136-006
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:
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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]
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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09b. Text	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) [6]

Date Closed: 5/7/2009	OA/ID Number: 91136-006
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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. Even "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 Communique. 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."