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Subcommittee on Priorities and Economy in Government of

THE JOINT ECONOMIC COMMITTEE

NATIONAL PRIORITIES

Wednesday, August 11, 1971

Washington, D. C.

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1 NATIONAL PRIORITIES

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Wednesday, August 11, 1971

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Congress of the United States,

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Subcommittee on Priorities and

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Economy in Government of the

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Joint Economic Committee,

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Washington, D. C.

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The Subcommittee met, pursuant to recess, at 10:05 a.m.,

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in Room 1202, New Senate Office Building, Honorable William

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Proxmire (Chairman of the Subcommittee) presiding.

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PRESENT: Senator Proxmire.

14

ALSO PRESENT: John R. Stark, Executive Director;

15

Lucy A. Falcone, Economist; Richard F. Kaufman, Economist;

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Loughlin F. McHugh, Senior Economist; Walter B. Laessing,

17

Minority; and Leslie J. Bender, Minority Staff Economist.

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Senator Proxmire. The Subcommittee will come to order.

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In fiscal year 1971 over \$16.3 billion of the conventional

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forces portion of our defense budget was allocated for Asian

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contingencies. The conventional forces portion of the budget

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amounted to \$44 billion in that year. This figure, of course,

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does not include the amounts spent on strategic forces. Neither

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does it include the costs of the war in Vietnam.

1 The \$16 billion conventional forces figure for Asia was
2 second only to the \$19 billion spent in Europe. Obviously, if
3 Vietnam costs were added to the other military expenditures in
4 Asia, those outlays would represent the largest portion by far
5 in the conventional forces portion of the defense budget.

6 Recently serious questions have been raised about our
7 official views of the People's Republic of China. It is clear
8 that much of our foreign and military policies in East Asia
9 and the budgetary expenditures associated with them are a
10 response to the threat we perceive from the People's Republic
11 of China.

12 What is the nature of that threat? Are we spending too
13 much or too little to meet it?

14 These issues stand out vividly in light of President
15 Nixon's recent announcement that he intends to make an official
16 visit to Peking next year.

17 These matters and others are the subject of today's
18 discussion with three of the Country's foremost experts on
19 China and Asian affairs.

20 Jerome Cohen is Professor of Law at Harvard University,
21 a graduate of Yale Law School and Yale College. He is a
22 specialist in East Asian legal studies, particularly China. He
23 has published a number of books in this field and is about to
24 complete a study of China and international law.

25 John Fairbank received his Ph.D. from Oxford. He has been

1 on the faculty of the Department of History at Harvard since
2 1936 where he is presently Higginson Professor of History. He
3 has been History Director of the East Asian Research Center since
4 1959.

5 Mr. Fairbank was with the Coordinator of Information and
6 the OSS in Washington in 1941 and 1942. He was Special
7 Assistant to the American Ambassador in Chungking, China, in
8 1942 and 1943; with the Office of War Information, Far Eastern
9 Operations, Washington, D. C., in 1944 and 1945; Director of
10 the U.S. Information Service in China in 1945 and 1946, and
11 he has been a member of the National Commission, U.S.-China
12 Relations since 1966.

13 Mr. Fairbank is the author of several books, including:
14 "The United States and China;" "Modern China;" "A Bibliographical
15 Guide to Chinese Works, 1898-1937;" "A Documentary History of
16 Chinese Communism;" "Trade and Diplomacy on the China Coast;"
17 "China's Response to the West;" "East Asia: The Great Tradition,"
18 and "East Asia: The Modern Transformation."

19 Allen S. Whiting received his Ph.D. from Columbia. He was
20 former Director of Research and Analysis, Far East, Department
21 of State, from 1962 to 1966. He was Deputy Counsel General,
22 Hong Kong, from 1966 to 1968. He has taught at Northwestern
23 University, Michigan State and Columbia. He was with Rand
24 Corporation from 1957 to 1961. He is the author of "China
25 Crosses the Yalu;" "Soviet Policies in China, 1917 to 1924;"

1 co-author of "Dynamics of International Relations," and other
2 works.

3 Dr. Whiting is currently a Professor of Political Science
4 and an Associate with the Center for Chinese Studies at the
5 University of Michigan.

6 Gentlemen, we are honored to have you present.

7 Mr. Cohen, will you proceed.

8 I might say I would appreciate it if you would hold your
9 remarks down to ten or fifteen minutes and then the balance of
10 your statement, what you can't cover, will be printed in full
11 in the record.

12 STATEMENT OF JEROME COHEN, PROFESSOR OF LAW, HARVARD
13 UNIVERSITY

14 Mr. Cohen. Thank you, Mr. Chairman. I am very pleased
15 to have this opportunity.

16 I do have a longer statement that I would like to submit
17 for the record, but I will be relatively brief in my informal
18 presentation.

19 My presentation addresses itself to the two principal
20 questions that your Committee is seeking to investigate. One
21 is, how do we assess the threat of China. And the second is,
22 how do we respond to that threat.

23 I would say with respect to the first question that for
24 over 20 years our assessment of China reflects misperceptions,
25 myth and mistakes. Briefly, one can tick off what what almost

1 constitutes a litany of mistakes and misperceptions. At the
2 very outset, as a number of people have pointed out, the U.S.
3 leaders sought to depict what was going on in the Chinese
4 revolution and the Communist takeover in 1949 as a Soviet
5 satellite installed in China. At one point Dean Rusk called
6 China a "Slavic Manchukuo."

7 Secondly, when North Korea invaded South Korea in June,
8 1950, the United States perceived this as being largely a
9 Chinese-sponsored invasion and used this as the pretext for
10 intervening our fleet and eventually posting our military
11 forces between Taiwan, which had been recognized by us as part
12 of China until then, and mainland China. We didn't realize,
13 or apparently we didn't care, that this would be seen not only
14 by people in Asia, but in China specifically, as intervention
15 and aggression against China's territorial integrity, even
16 though that had earlier been our position.

17 We eventually made an even more profound mistake, or
18 perhaps one of equal magnitude, when we decided to send troops
19 across the 38th parallel, China's border of North Korea,
20 and the Yalu River, despite the most repeated Chinese warnings
21 that China would deem itself threatened in security if we sought
22 to bring down the North Korean regime. Again, what we under-
23 estimated was China's determination to defend the Chinese
24 revolution, which was then only a year old, having been
25 established in 1949. We didn't apparently take into account that

1 the Chinese had remembered western intervention against the
2 Bolshevik Revolution in 1918, that the Chinese had remembered
3 that Japan's invasion of China started with interference with
4 Taiwan in 1895 and proceeded in 1910 to take over Korea, and
5 then proceeded thence north into Manchuria. To the Chinese, as
6 Professor Whiting's able study of 1960 shows, the United States
7 seemed to be repeating the Japanese pattern of infringing on
8 China's security and territorial integrity.

9 Well, we ended the Korean War, and China adopted a policy
10 of peaceful existence from 1954 to mid-1957. And at that time
11 we continued to justify our rebuff of China's repeated initia-
12 tives to have peaceful co-existence, not merely with the United
13 States but with the world, by invoking the myth of aggressive
14 China. After all, the United Nations, which had been a party
15 in the Korean conflict, had condemned China as the aggressor.
16 To the Chinese, however, this looked rather odd since China's
17 troops had not taken part in North Korea's attack on South
18 Korea and since they only entered the war, as I indicated
19 earlier, after the United States advanced toward the Chinese
20 border.

21 Well, the period of peaceful co-existence didn't really
22 win any great gains for Peking. And in 1959 she shifted to a
23 more militant policy. And in part, as I think Professor
24 Whiting's paper today will also support, that policy reflected
25 a covert United States sponsorship of many hostile acts toward
China. We saw, for example, that Peking's new emphasis on

1 liberating by force Taiwan in 1958, the offshore oil lands
2 crisis, which should have been perceived as renewal of the civil
3 war emphasis, was by us transformed into an international
4 problem because of the fact we said Taiwan was no longer part
5 of China. We ignored the fact that it was United States sponsor-
6 ship of Nationalists' initiatives in the island area
7 that brought out Peking's renewed hostility.

8 We also saw that when Peking suppressed the Khamba tribes-
9 men's rebellion in Tibet in 1958 we sought to portray that
10 as an international problem, even though there were no protests
11 against China's reincorporation of Tibet which had earlier been
12 part of China in 1950, and even though we were covertly
13 sponsoring and supporting some of that revolt activity against
14 Chinese rule.

15 The Indian problem of 1962 and the overt hostility at that
16 point, I think, also have been part of the aggressive China
17 indictment that we have heard so much about in the late '50's
18 and early '60's, as Professor Whiting's paper again, I think,
19 supports. The Indian problem was brought out in part by
20 China's concern about covert and hostile activities against
21 China in the area of Tibet and elsewhere along the Indian border.

22 So, by the early '60's this country was haunted by a
23 specter -- and it was a specter -- of an aggressive, militant
24 China. And it was this specter that made possible the mobiliza-
25 tion of public support in this country for our tragic Vietnam

1 intervention.

2 Today, in self-justification, some of the former high
3 officials of the Kennedy and Johnson Administrations argue that
4 although in 1971 we have all recognized that China is no longer
5 expansionist in the conventional border-crossing sense, it was
6 reasonable in 1965 to see China as being aggressive, and
7 therefore it was reasonable to challenge China's so-called
8 indirect aggression in Vietnam by sending American combat
9 troops there.

10 They saw, in other words, in 1965 the existence of an
11 Asian Communist conspiracy -- as one once said, its capital
12 was Peking, China -- but they say today, of course, it has
13 disappeared.

14 This reminds me in a curious way of the story about the
15 lad who at 13 thought his parents were quite ignorant about the
16 affairs of the world and was amazed by the time he reached 21
17 at how much his parents had learned in three years. I think
18 the original image of China was inaccurate; but it would be
19 equally inaccurate, however, if we were to see China as wholly
20 benign today. But in neither case can we justify the indictment
21 that China is uniquely aggressive and therefore justifies the
22 tremendous expenditure of resources by the United States, not
23 merely in money and other resources, but in people, in order to
24 combat and contain this aggression.

25 I think the establishment is now coming to realize that

1 this has been a grossly exaggerated view, a caricature of the
2 Chinese image, and that it has been a tremendously expensive
3 one and one that has cost us very dearly. Even if one turns
4 to so-called indirect aggression and Chinese subversion, one
5 finds that the Chinese have allocated relatively insignificant
6 amounts to helping wars of national liberation abroad, and that
7 even their propaganda, weapons training and other forms of
8 support for these wars of national liberation have not been very
9 successful, and that we shouldn't exaggerate the danger there
10 that any healthy society in Asia that is led by genuinely
11 nationalistic leaders with some popularity would have from this
12 kind of a threat from China,

13 Finally, on the military front, I think it is fair to say
14 that Chou En-lai was not grossly exaggerating the other day in
15 his interview with Mr. Reston when he described China's
16 atomic-nuclear attainments as merely in a preliminary stage of
17 experimentation, and that not in our lifetimes will we find the
18 Chinese nuclear threat comparable to the Soviet or the American
19 threat to other powers from the existence of nuclear weapons.
20 And even with China's predominantly rural nature, with its urban
21 shelter program, with its perhaps ability to absorb nuclear
22 attacks greater than others, because of these factors I think it
23 would be the height of irrationality for Peking to resort to
24 nuclear weapons. And indeed Peking has repeated its request that
25 other powers join it in a no-first-use pledge of nuclear weapons.

1 And I would urge that we take very seriously a response of
2 a favorable nature to talking about under what conditions could
3 we indeed come up with a no-first-use pledge.

4 So I think we have to understand that Peking wants nuclear
5 weapons because Peking, although it talks about itself as a
6 middle power that wants to group itself with the Junior powers
7 in the world against the superpower conspiracy of the United
8 States and the Soviet Union, really has aspirations for equality
9 with the United States and the Soviet Union. One has to under-
10 stand a great deal about the Chinese past -- and I am sure
11 Professor Fairbank will mention this peculiar emphasis upon
12 equality, upon reciprocity, upon being treated not as some
13 junior member of the world community, but as a leading power --
14 to understand why Peking leaders have this extraordinary
15 sensitivity and want to have equality and therefore want
16 nuclear weapons which represent the ticket to equality with
17 the superpowers.

18 Before leaving the subject of our assessment of China and
19 our mistakes in the past, I think it is important to question
20 whether we are now currently laboring under another misappre-
21 hension about the nature of China's policies and China's
22 determination to achieve equality in the world. President
23 Nixon has repeatedly announced the belief that we can normalize
24 relations with the People's Republic of China while still main-
25 taining our friendly relations and our defense commitment to

1 the Republic of China on Taiwan.

2 Now, perhaps this is simply something that has to be said
3 at the moment in order to quiet the obviously unquiet rightwing
4 elements in both political parties. Perhaps it is simply a
5 domestic political maneuver to distract us from our international
6 domestic problems. But my hope is that the President is
7 profoundly serious about believing that he may succeed in
8 normalizing relations with China. But if he is, I think we
9 have to realize that the Chinese are not kidding when they say
10 we can't have our cake and eat it too, we cannot recognize two
11 governments as being the legitimate government of China and
12 that we will have to break diplomatic relations eventually with
13 the Nationalist Government on Taiwan if we hope to normalize
14 relations, as I think we have to do for our security position,
15 with the People's Republic on the mainland. Otherwise the
16 President's journey for peace, I fear, will in Shakespeare's
17 famous phrase, "keep the word of promise to ear and break it
18 to our hope."

19 Finally, Mr. Chairman, I want to talk briefly about
20 responding to this threat.

21 I think the threat is exaggerated. I say the threat is
22 based on misperception and perhaps deception of the American
23 public to a certain extent, and exaggerated fear. Now, should
24 we so respond? Obviously if we are really going to write a new
25 chapter in Sino-American relations we are going to have to

1 normalize relations, I say, with Peking, we are going to have
2 to recognize a legitimate basis for Peking's claim that Taiwan
3 is Chinese territory, going back on our pre-June, 1950,
4 position that it is part of China's territory, and we are going
5 to have to somehow implement the vague prescriptions of the
6 Nixon doctrine in a way that will respond to both Peking and
7 Washington's perceptions of their legitimate security interests.

8 I am not a specialist on military affairs, and I won't
9 burden the Committee with my remarks on this subject. But I am
10 a specialist on international law and I would like to conclude
11 my testimony with a few remarks on its relations to our
12 political-military problems with China.

13 By adopting a new attitude toward international law, the
14 United States could help significantly to reduce Sino-American
15 tensions.

16 Now, I believe our present attitude can be summarized as
17 one scholar, Earl Ravenal, did recently, by saying that this
18 nation behaves according to the principle that we have a
19 privileged purpose that we must impress upon the rest of the
20 world. Now, I think that has been obvious in our relations with
21 China. And let me simply illustrate it by two recent examples.

22 Last week in the New York Times it was reported that the
23 United States, in order to facilitate the President's trip,
24 would discontinue flights over China by our manned SR-71 spy
25 planes and our unmanned reconnaissance drones. We would continue

1 our satellite reconnaissance because that did not take place
2 in China's airspace but above it, and therefore it was not
3 provocative. Now, certain Administration sources have denied
4 that we have ever flown SR-71's over China, saying that we have
5 overflown North Korea with them. But they concede, of course,
6 that we have flown our unmanned drones into China on reconnais-
7 sance missions.

8 Now, on the face of things this looks like a very enlighten-
9 ed thing to have done. We suspended these overflights, and
10 should eliminate the possibility of another U-2 fiasco such
11 as we had in 1960 that cancelled the Eisenhower-Khrushchev
12 conference. But what virtually no one seems to recognize is
13 that this very announcement implicitly conceives that in former
14 years the United States has been violating China's territorial
15 air space. Now, this is contrary to the accepted rules of
16 international law.

17 This is no news to Peking, of course. It has issued
18 almost 500 protests against this and it has shot down a number
19 of our drones. One can imagine the outrage that American
20 leaders and American public opinion would feel if Chinese
21 military aircraft were repeatedly violating our airspace. But
22 somehow it seems rights to Americans that the United States
23 should be violating the airspace systematically of China, and
24 not merely China, North Vietnam, North Korea, Cuba and other
25 Communist states. We want them to abide by the rules of the

1 international game that says invading airspace is out of line.
2 And yet we expect them to tolerate our failure to observe the
3 same rules.

4 Similarly, we castigated China for refusing to observe the
5 principles of non-intervention in the affairs of other states,
6 but we have sought to rationalize our intervention in Vietnam
7 because we were combatting this kind of Chinese subversion, this
8 indirect aggression I mentioned earlier. And yet we tend to
9 ignore the evidence that enterprising journalists and scholars
10 uncover from time to time of the extent to which our own
11 government has engaged in hostile activities of a covert
12 nature -- not merely propaganda -- against the People's
13 Republic, as in Tibet, and in sponsoring Nationalist raids
14 against the Chinese.

15 Last week the Washington Post discovered and reported that
16 the United States has just ordered the CIA to stop sending into
17 China Lao tribesmen whom we have been using to infiltrate
18 into China for a variety of purposes. Previously, high
19 Administration officials not only in public but in private have
20 denied that these raids have been going on since the Nixon
21 Administration took office. They conceded they were going on
22 earlier. And yet it has become very clear now that it is not
23 only Peking and Moscow that have been fostering subversion in
24 behalf of the universalistic ideology.

25 Now our ideology is different from theirs. I prefer it.

1 But the question is, does that really justify us and not them
2 in covert departure from the rules? Even if, as it appears,
3 the Chinese Communists regard international law as an instru-
4 ment of policy to be adopted and used when desirable, but to be
5 ignored when necessary, we shouldn't overlook the extent to
6 which this attitude of theirs reflects their perception of how
7 we and others play their game.

8 I could go on at length, but I will simply tick off other
9 instances in which they see us as having manipulated inter-
10 national law to our interests.

11 I have mentioned our overnight change on the legal status
12 of Taiwan. One can go back to the United States for peace
13 resolution in 1950, where we changed the role of the General
14 Assembly far beyond what was contemplated at the time the
15 United States charter was passed. They regard, of course,
16 the label of aggression on them in Korea as being inappropriate.
17 We held up a truce in Korea for well over a year because of a
18 new interpretation we grafted upon the 1949 Geneva Convention
19 with respect to prisoners of war. We announced in 1954 that we
20 were wrong in 1950 in saying that there was no veto in the
21 Security Council on the question of China's representation.

22 I was glad, by the way, to see that Mr. Rogers appears to
23 be retreating from that position and saying that at least the
24 United States will assert a veto on China's representation in
25 the Security Council.

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1 And in addition to this manipulation of the rules, we
2 seem to be continuing, as I have indicated, covert violations.
3 My own college classmate, who has been in a Chinese prison
4 for almost 20 years, was engaged in CIA air operations against
5 China, which we have denied.

6 And we have used meteorological balloons over China as an
7 excuse for getting reconnaissance information.

8 And we have used foreign fishermen and other means of
9 getting data inside Chinese territorial waters against their
10 will.

11 And the Chinese haven't ignored either how we play the game
12 in international law, not only in Vietnam but also in the Bay of
13 Pigs -- but with respect to the overthrow of the Arbenz
14 regime in Guatemala, and the Dominican Republic in 1965 is a
15 beautiful case. The State Department legal adviser, Mr. Meeker,
16 then said, while it is true that one could argue from a mechani-
17 cal, legalistic point of view that we may not have complied with
18 all the rules of international law, properly viewed one could
19 see our action in the Dominican Republic as another chapter in
20 the creative development of international law. Well, that is
21 fine for domestic public opinion, but if you are looking at it
22 from the point of view of Peking and other capitals, it doesn't
23 look very persuasive.

24 So I am hoping, Mr. Chairman, that our new cessation of the
25 hostile ground penetration of China, our new cessation of the

1 overflights into China's airspace, represent not merely some
2 tactical decision to facilitate and assure the President's
3 trip to China, but represent more than that, represent a new
4 policy of dealing with the Chinese, one that is based upon
5 respect, respect for China's territorial integrity, respect for
6 the other forms of international law, and respect for the
7 principle of reciprocity. I think if we adopt such a policy
8 and combine it with a more realistic and less fearsome assessment
9 of China's capabilities and intentions, we will be making a
10 substantial contribution to the relaxation of tensions in
11 China, to our own security and to the conservation of our own
12 human and material resources.

13 Senator Proxmire. Thank you very much, Mr. Cohen.

14 (Prepared statement follows:)

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1 Senator Proxmire. Mr. Fairbank.

2 STATEMENT OF PROFESSOR JOHN K. FAIRBANK, DIRECTOR,
3 EAST ASIAN RESEARCH CENTER, HARVARD UNIVERSITY

4 Mr. Fairbank. Mr. Chairman, I agree with practically
5 everything Mr. Cohen said.

6 I would like to look back a little bit and begin with the
7 point that President Nixon's visit to Peking is part of a
8 general trend toward greater contact with China. And this kind
9 of contact cannot be handled by purely economic and
10 military means. It will require academic, cultural, educational
11 and informational means on a much larger scale than heretofore.
12 Since these latter means are a great deal cheaper than the
13 usual military and economic means, this trend can benefit the
14 American taxpayer.

15 Historians look back at past cases to get a longer view
16 of our experience. In Chinese historical studies we try to
17 take account of the psychology of the Chinese people. In the
18 new and as yet neglected field of American-East Asian relations,
19 we study the values and attitudes of the peoples on both sides
20 of the Pacific and how they interact.

21 The first point revealed by such studies is that the
22 Chinese attitudes and values are very different from those of
23 the Americans. Their war aims and peace aims are both
24 different. We have recently found that the Vietnamese
25 psychology, values and attitudes are different than we thought.

1 and for this reason our firepower has not had the effect we
2 expected it to have in Vietnam. We have been fighting people
3 who used to be Confucians and Buddhists and are now claiming to
4 be Communists, whereas we ourselves have not been any of those
5 things. How could we expect to understand their psychology?

6 I suggest that just as man is a creature of habit, so
7 nations are creatures of history. One way to foresee their
8 future conduct is to look at how they have behaved in the past.
9 As we prepare to deal with China, what has been the Chinese
10 record, first of all, as a military power?

11 Historians have long since exploded the fiction that the
12 Chinese have always been a very pacifist people. Actually,
13 their history has as much warfare in it as that of most
14 countries. However, warfare in China has occurred in a
15 different context and sometimes for different ends than we
16 might expect.

17 Take the simple question of expansion over surrounding
18 peoples. The Chinese record shows that once the Chinese filled
19 up their own subcontinent that they now occupy, they have seldom
20 gone abroad with expeditionary forces to foreign countries. In
21 fact, China stretches so far from north to south and is so
22 self-sufficient economically that they have been an extremely
23 stay-at-home people, while the Western Europeans have been the
24 expansive peoples.

25 We can understand this if we look back to China in the year

20

1 1000 or in the time of Marco Polo in the 13th Century, when the
2 Chines Empire was a commercial area with a great deal more
3 population and production and a higher technology than medieval
4 Europe.

5 Probably one reason the Chinese did not expand much beyond
6 their frontiers was their self-sufficiency. In contrast, the
7 European countries on the small peninsulas of northwest Eurasia
8 were relatively poor. For example, they lacked products like
9 cotton and sugar, which they got from the Eastern Mediterranean
10 and warmer countries. The Europeans were have-nots with an
11 incentive to expand abroad and this led them into foreign
12 exploration, maritime trade, colonialism and taking over the
13 world in the 19th century.

14 In the last 500 years the Chinese have been concerned
15 primarily with their own affairs, as usual. Unfortunately for
16 them, in the period of the Renaissance and industrial revolu-
17 tions the Chinese fell behind the western countries. They are
18 now trying to catch up, but they still have a long way to go,
19 and they are trying to catch up in a rather different way than
20 we would expect. They are not interested in a great foreign
21 trade and have shown no signs of wanting to develop a worldwide
22 naval power. They claim they have plenty to do at home and
23 observers of their recent progress all agree that there is a
24 great deal to be done there.

25 Let me illustrate China's non-expansiveness with reference

1 to Southeast Asia. By the first century A.D., the Chinese were
2 in touch with Southeast Asia and could see there were trading
3 possibilities in the area. It was quite easy to sail with the
4 monsoon winds from the coast of China to the Straits of Malacca
5 and back again with the seasons. The Chinese in South China and
6 in North Vietnam -- where the unified Chinese Empire had begun
7 to rule in the second century B.C. -- had more than 1500 years
8 of opportunity to expand their trade and political power into
9 Southeast Asia, right down to 1500 A.D.

10 Indian and Arab traders were at first more active in this
11 region, but eventually Chinese also began to go to Malacca for
12 trade. But the Chinese government never followed up with
13 colonies or political control. In the 1300's and 1400's, the
14 Chinese government at Peking sent fleets to the south on the
15 established routes of trade and they got some of the Southeast
16 Asian rulers to send tribute missions to Peking. These Chinese
17 fleets found overseas Chinese trading communities already
18 established in places like Malaya and Sumatra. However, there
19 was no governmental attempt to establish colonial control. The
20 Chinese fleets went back to China and did not come again after
21 1435.

22 Almost a century later the first Portugese got to Malacca
23 in 1511 and to China in 1514 and began the process by which
24 European colonialism took over Southeast Asia. The Portugese
25 were succeeded by the Dutch and the British and the French, and

1 now in recent years the Americans have been active in that same
2 area, all coming half way around the world from a great
3 distance. China has remained close at hand all this time, both
4 in the 1500 years before the Europeans arrived and in the 400
5 years after that. Yet China has not even tried to establish
6 colonies in Southeast Asia.

7 This does not indicate that the Chinese are incapable or
8 stupid, but rather that they have different aims and a different
9 governmental tradition. Their military tradition is defensive
10 and throughout most of their history has been concerned with
11 Inner Asia, where the Russians now pose a menace to their
12 frontiers. Predecessors of the Russians were, first, the Huns
13 in the period B.C. and then, later, the various Mongol tribes,
14 leading up to the Mongol conquest of China in the 13th century.

15 This record of conquest of China from Inner Asia, which
16 was repeated by the Manchus in the 17th century, has led to a
17 Chinese strategic concentration on the landward side of their
18 realm. Their concern for Russia today carries on this tradition.
19 The Great Wall was built in the period before Christ to mark
20 this frontier and help keep these foreigners out of China.
21 There was no menace from the ocean and no tradition of defense
22 by naval power.

23 All of this land-minded defensiveness has resulted in
24 China having a very weak naval tradition. This was not a result
25 of technological backwardness. Far from it. The Chinese were

1 the early inventors of the watertight bulkhead, the use of
2 transoms in naval architecture and also were the early inventors
3 of the axial or stern-post rudder. They were the first to use
4 the compass in navigation and developed a very efficient
5 lateen-sail rig. Nevertheless, all this did not go on to produce
6 a navy in the modern sense. The Chinese were simply not
7 concerned about naval expansion overseas, nor did any naval
8 power menace them until recent times, when it was too late. It
9 is significant that the Mongols who invaded China by land also
10 tried twice to invade Japan by sea in the late 13th century,
11 but the Chinese never made the effort. Just as they have not
12 colonized under government auspices, so they have not had
13 striking forces going by sea against foreign powers.

14 What about the new missionary zeal of their Maoist revolu-
15 tion today? They claim today, as they used to do centuries
16 ago, that their system is a model for other countries to
17 follow. How much missionary zeal and subversive proselytism are
18 they going to put behind this idea? They have very little
19 tradition of the adventurous young man who goes abroad to conquer
20 the world and have a career in foreign parts.

21 China has produced very few missionaries. The rather few
22 Chinese laborers, who in the 19th century contracted to work in
23 foreign countries, did so mainly in order to send remittances
24 back home. China is the center of the Chinese world and not a
25 place to go away from. We cannot judge them by ourselves. We

1 have been raised on the idea of expansionism, and Americans
2 today are great travelers around the world. It seem fairly
3 normal for us to have a million troops overseas and a million
4 tourists going to Europe. The Chinese have no such tradition.
5 Sending even a few thousand people abroad is for China a great
6 new achievement.

7 In addition to their attitudes and values being different
8 from ours, the Chinese capacities are strictly limited. Of
9 course, being such a big country, they can mobilize talent and
10 resources to build a nuclear weapon, but I have seen no evidence
11 that they are going into a production program of nuclear de-
12 vices in any way comparable to ourselves or the Soviets. Their
13 standard of living is still low and they have many prior
14 demands on their resources. The American public, if it has
15 30 million handguns and other firearms for hunting and sport,
16 may have as much firepower as the whole Chinese army today.

17 How shall we deal with this very different society and its
18 different ways? Surely the first thing to do is to find out
19 more about China, not as a matter of intelligence or statistics,
20 though these are useful, but as a matter of aims and attitudes,
21 life style and basic values. In recent weeks the so-called
22 China experts in the United States have been deluged with
23 requests for background information and evaluations.

24 Speaking as one of these characters, I can say that both
25 the questions and the answers in our public discussion have

1 lacked depth and background. Americans who know the difference
2 between a Catholic and a Protestant cannot tell you the
3 difference between a Confucian and a Buddhist. Even we so-called
4 China experts have an only superficial grasp of some elements.
5 We are one-eyed men who currently play a role only because the
6 public is practically blind.

7 Chinese studies in the United States are in their infancy
8 and have far to go to catch up with the studies of other
9 countries that we take as a matter of course. Many Americans
10 speak French, German and Spanish but our military problems do
11 not now lie in that sector. Very few Americans can read or
12 speak Chinese or Japanese. We are very poorly equipped for
13 contact with those countries, and this lessens our chance of
14 avoiding mutual destruction.

15 What mechanisms can we set up to right the imbalance in
16 our approach to the Western Pacific? It is easy to make a list
17 of needs. I have no doubt these needs will be met before the
18 decade is over, because it will become apparent in no long time
19 that meeting these needs is going to maximize our chances of
20 survival in the nuclear age.

21 Need number one: Funds on the order of \$10 million a year
22 for support of Chinese and Japanese and Vietnamese and Korean
23 libraries in the United States, not only at the Library of
24 Congress but also in the major university centers across the
25 country.

1 Need number two: Say \$10 million a year -- rising to a
2 larger figure in later years -- for the support of advanced
3 training and research of undergraduates and graduate students
4 in American education in the field of East Asian studies.
5 Universities have thus far depended upon the Ford and Rocke-
6 feller Foundations, the Carnegie Corporation and other private
7 agencies for their start in East Asian studies. This task is
8 becoming too big for foundations. It is a national need of the
9 first importance.

10 Need number three: Say \$10 million for exchange arrange-
11 ments, for travel of American scholars to East Asia and of East
12 Asian scholars to the United States, in other words an increase
13 in the Fulbright and similar programs and a logical expansion
14 and development of their activities. The aim here is a give-
15 and-take between the American and East Asian peoples, helping
16 able individuals to go back and forth and understand each other
17 better on a two-way street.

18 Federal government and state and private universities have
19 had a good deal of experience in doing these sorts of things.
20 Federal funds of \$30 million or so a year can be handled through
21 all sorts of channels which we already know how to operate.
22 We know that the government is not obliged to dictate to the
23 educational world. The two can cooperate. But the national
24 need has to be recognized by the Congress before the talent
25 among our citizens can find adequate opportunities for training.

1 Our national need is to understand East Asia before it is too
2 late.

3 We all recognize, I am sure, that the most heavily armed
4 nations are likely to be the most completely destroyed whenever
5 we lose our grip on peace. The intellectual resources needed
6 for warfare are rather small compared to the intellectual
7 resources needed for avoiding warfare and maintaining peace.

8 Today we know enough to fight in East Asia. The question
9 is whether we know enough to save ourselves from further fight-
10 ing in the future. The Chinese are never going to threaten us
11 in this country. The problem is how to stay in contact with
12 East Asia and still stay out of trouble with the East Asian
13 peoples on their home ground. For this the requirements are
14 less military than diplomatic, less material than psychological-
15 intellectual.

16 I conclude that we Americans are in deep trouble because,
17 as between our two great public institutions, the armed services
18 and the educational system, our national priorities have been
19 unbalanced onto the military side. It is time we redressed
20 the balance on the side of education, ideas and understanding.

21 Senator Proxmire. Thank you, Dr. Fairbank.

22 Dr. Whiting.

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1 STATEMENT OF ALLEN S. WHITING, PROFESSOR OF POLITICAL
2 SCIENCE AND ASSOCIATE, CENTER FOR CHINESE STUDIES,
3 UNIVERSITY OF MICHIGAN

4 Mr. Whiting. I, too, like Professor Cohen, would like to
5 brief my statement and have the full statement received for the
6 record.

7 Senator Proxmire. The entire statement will appear in the
8 record.

9 Mr. Whiting. Our military expenditures in Asia have
10 largely been in response to a non-threat. Moreover, to some
11 extent they have actually provoked a latent Chinese military
12 defense posture which in turn we use to justify further expendi-
13 tures.

14 In conjunction with the Chinese nationalists we have
15 sponsored and supported a wide range of espionage, sabotage and
16 guerrilla activities on the mainland. Those activities created
17 crises in the Taiwan Strait in 1954 and 1958, and furthered a
18 revolt in Tibet in 1959. Covert operations heightened Chinese
19 alarm over Indian advances on the Tibetan frontier in 1962,
20 culminating in the Sino-Indian war that fall. These crises
21 triggered Chinese Communist military reactions which, in turn,
22 have been used to justify a vast expanse of U.S. military bases,
23 alliances and military assistance programs throughout Asia,
24 ostensibly to contain the threat of Chinese Communist aggression.

25 The Chinese Nationalists have, with the knowledge and

1 support of the United States, carried out clandestine air,
2 sea and land operations against mainland China and neighboring
3 areas for 20 years. From 1950 to 1953, hostilities between
4 Chinese Communist and United Nations forces in Korea may have
5 justified our support for these activities. However, our
6 shadowy involvement with Mao's civil war enemy steadily grew
7 after the Korean War and the Geneva Conference of 1954. The
8 Pentagon Papers throw new light on the air operations in
9 particular.

10 According to a top secret memorandum from Brigadier
11 General Edward Lansdale to General Maxwell Taylor, President
12 Kennedy's chief military adviser, a Chinese Nationalist
13 airline, Civil Air Transport --CAT-- ostensibly "engaged in
14 scheduled and non-scheduled air operations throughout the Far
15 East" was actually "a CIA proprietary." CAT furnished "air
16 logistical support under commercial cover to most CIA and other
17 U.S. Government agencies' requirements.

18 Down to 1961, according to General Landdale, CAT carried
19 out "more than 200 overflights of mainland China and Tibet."
20 These were not reconnaissance but airdrops of supplies and
21 possibly men for guerrilla warfare.

22 The 1959 Tibet revolt evoked specific accusations from
23 Peking of outside support, openly conceded by the Chinese
24 Nationalists on Taiwan. These claims and counterclaims, however,
25 now gain fresh credibility. Ultimately Tibet was to become so

1 serious a concern in Peking by 1962, partly because of increased
2 overflights, as to spark a war between China and India.

3 To be sure, as border tension escalated, Indian air recon-
4 naissance missions undoubtedly expanded. However, the sensitiv-
5 ity of People's Daily in its heightened reactions to overflights
6 of Tibet suggests an added dimension of concern consequent from
7 suspicion of American-Chinese Nationalist intentions which
8 earlier triggered a Taiwan Strait alarm in June. Peking's
9 fears linked an internal economic crisis with external threats
10 posed by the Soviet Union's subversion in Sinkiang, by India's
11 advances on the Tibetan border and by new invasion indicators
12 from Taiwan. The linkage between India's "forward policy" and
13 the Taiwan invasion threat was not mere propaganda or paranoia.
14 It was rooted in tangible evidence of collusion between the
15 U.S.-Chiang clandestine operations and Tibetan guerrillas.
16 Indian patrol advances in and of themselves posed more of a
17 political challenge than a military threat; however, as seen
18 from Peking in concert with other hostile postures on China's
19 borders, they necessitated halting. Failing that, they met a
20 firm rebuff.

21 U.S. activities involving Chinese nationalist facilities
22 or forces carry a latent threat to mainland security, whether
23 or not they are immediately aimed at part of China, such as
24 Tibet or the coastal provinces of Fukien and Chekiang. In this
25 regard, Taiwan's utilization and participation in the Indochina

1 war had doubtlessly been of particular interest to Peking. CAT
2 gradually gave way to a new competitor, China Air Lines -- CAL
3 formed in 1960. In 1961 CAL began charter operations in Laos;
4 the next year it moved into South Vietnam. Its contribution
5 came to encompass almost half the pilots and planes for Air
6 Vietnam, with significant contribution in pilots to Royal Air
7 Lao. In addition, it carried out "clandestine intelligence
8 operations" frankly characterized by CAL officials as "more
9 dangerous missions."

10 Taiwan is also the headquarters for Air Asia, a subsidiary
11 of Air America, the latter notorious for its role in the CIA's
12 secret war in Laos. Air Asia's admitted function is "the only
13 facility in the Far East -- excluding Japan -- with modern jet
14 fighter maintenance and overhaul contracts."

15 Well over 600 combat aircraft were serviced there in
16 Fiscal Year 1969. The interest interlock of China Air Lines,
17 Air Asia and Air America supports U.S. attacks in Laos, mounted
18 from bases in Thailand.

19 This places Peking's concern with this area in a different
20 perspective from that commonly held in Washington. With
21 Bangkok and Taipei supporting Vientiane's forces, at times
22 bombing up to or over the Chinese border, sensed security need
23 may explain much of Peking's expanding military presence in
24 road construction and antiaircraft activities in Northern Laos.
25 What is depicted elsewhere as posing a threat to Thailand can

1 also serve China as a buffer zone to protect against hostile
2 probes of Yunnan province.

3 Only a complete investigation of all Chinese Nationalist
4 activities in the area and clandestine U.S. support thereof can
5 fully clarify Chinese Communist motivations and objectives in
6 those portions of Burma, Laos and Thailand adjoining the
7 People's Republic.

8 In sum, there is a credible case that overt and covert
9 U.S.-Chinese nationalist activities have aroused Chinese
10 Communist security concerns, resulting in heightened military
11 deployments toward and across China's borders. This activity,
12 in turn, has been used to justify increased American and allied
13 military investment throughout Asia to guard against the so-
14 called Chinese Communist aggressive threat.

15 Our most provocative posture, of course, exists on Taiwan,
16 where, only four years after the Korean War, we built a major
17 strategic bomber base capable of serving our B-52's. Also at
18 that time we deployed to Taiwan nuclear-capable, 600 nautical
19 mile range Matador missiles, the first in the Far East.

20 Again, in 1962, when foreign diplomats reliably reported
21 "panic in Peking," we moved the first U.S. combat air unit to
22 Taiwan. Today more than 7,000 American military personnel man
23 the \$45 million base of Ching Chuan Kang, supporting operations
24 in Vietnam. Meanwhile the Chiang regime has expanded other
25 airfields as potential strategic bomber facilities. In short,

1 the past 15 years of our military activities on Taiwan have
2 brought a steady increase in the capability of that island to
3 threaten mainland China.

4 Assuming that our withdrawal from Vietnam removes the need
5 for Ching Chuan Kang and associated personnel, the remaining
6 American military presence also bears scrutiny. At least until
7 recently, we had more than 660 Air Force officers and enlisted
8 men there, unaffiliated with any specific base.

9 Another 190 U.S. military personnel comprised the Taiwan
10 Defense Command, of whom 90 were identified in "communications"
11 and 50 in "intelligence." All these were, of course, separate
12 from the U.S. Military Assistance Advisory Group (MAAG) which
13 numbered almost 500.

14 Although we have furnished more than \$2.5 billion in
15 military aid over 20 years, as of fiscal year 1970 we still
16 authorize \$25 million in MAP expenditures, supplemented by
17 another \$35.9 million in "excess equipment" deliveries. These
18 deliveries, unauthorized, uncontrolled and often unknown to the
19 Congress, promise to Taiwan a steady stream of cutrate weapons
20 out of the mammoth Vietnam stockpile. In fiscal year 1970 they
21 included a squadron of F-104's, more than 30 C-119 transports,
22 50 medium tanks, thousands of M-14 rifles, a NIKE-Hercules
23 battalion and five destroyers.

24 Obviously, this is a sizable package for a military
25 establishment that already has almost 600,000 men guarding an

1 island only 250 miles long and less than 100 miles wide. Yet
2 this indirect military assistance has lain beyond Congressional
3 control, despite its implications for our relations with both
4 Peking and Taipei, not to mention mainland Taiwanese
5 relations on the island itself.

6 In this regard, assessment of our actual and perceived
7 involvement with the Chinese Nationalists has been seriously
8 hampered by secrecy and censorship.

9 Now, however, we must see the problem in all its ramifica-
10 tions. So long as we provide concrete evidence to Taipei and
11 Peking alike that our military and intelligence interests are
12 tied to Taiwan and the nationalists, both Chinese regimes will
13 draw negative conclusions concerning our expressed desire that
14 they settle the Taiwan problem peacefully and between them-
15 selves.

16 Moreover, in Peking those responsible for military con-
17 tingency planning will continue to allocate resources against
18 a U.S.-Chiang threat of subversion, if not of invasion.

19 In Taipei, demands will continue for increased military
20 aid to match mainland developments. And in Washington, the
21 military-intelligence complex will argue that helping our ally
22 helps ourselves through continued involvement with and support
23 to the Taiwan regime.

24 Last, but not least, important groups in Japan will press
25 for retaining Taiwan by any means, with or without Chiang,

1 because of its strategic importance. This is the ultimate
2 danger as seen from Peking. James Reston, direct from an
3 interview with Chou En-lai, reports "on the highest authority
4 that officials here are * * * furious because they think this
5 (U.N. formula) was reached as a result of pressure from both
6 Japan and Chiang Kai-shek."

7 The eminent New York Times reporter continues, "At the nub
8 of the problem here, if one hears these top officials clearly,
9 Japanese economic power and military potential, and the
10 Taiwanese independence movement -- independent of both Chiang
11 Kai-shek and Mao Tse-tung -- are this capital's nightmares."

12 It is no coincidence that the Chinese Communists as well as
13 the Chinese Nationalists suspect that escape from Taiwan of
14 Professor Peng Ming-min in early 1970 was a plot by U.S. or
15 Japanese intelligence, or both. Recently Chou En-lai in an
16 unprecedented interview personally attacked Professor Peng and
17 the Taiwanese Independence Movement as instruments of a foreign
18 power. Nor are these suspicions incredible. Our military and
19 intelligence investment in Taiwan convinces all observers,
20 whether in Taipei, Peking or Tokyo, that this is seen as an
21 important asset which must be retained by whatever means,
22 whether directly in U.S. hands or through allied control.

23 But the path to peace in the Pacific does not lie through
24 increasing Japan's armaments, much less acquiescing in Japanese
25 aspirations for nuclear weapons as hinted by press backgrounders

1 during the recent visit of Secretary of Defense Laird. It lies
2 in a concerted effort with the People's Republic of China to
3 arrive at arms control agreements and nuclear free zone arrange-
4 ments which can stop the mutual escalation of military expendi-
5 tures. Only a convincing and credible reversal of our own
6 military-intelligence use of Taiwan can lay the basis for
7 confidence necessary to make President Nixon's "journey for
8 peace" a successful reality.

9 Senator Proxmire. Thank you, Professor Whiting.

10 (Prepared statement follows:)

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1 Senator Fromme. Professor Whiting, as a former State
2 Department official, I should ask you this question first, but
3 I would like the other witnesses to address it also.

4 Each of the opening statements underline the question
5 implicit in my own earlier remarks: Are we spending too much
6 or too little in military outlays in Asia? If we have been
7 wrong these many years in viewing China as an expansionist,
8 aggressive nation, if her real intent is to live peacefully
9 within her borders, how can our enormous military expenditures
10 in Asia be justified?

11 Mr. Whiting. I think that the Korean War did cause our
12 estimate of the threat to the West Pacific in an entirely
13 different framework from that which had been entertained by
14 the Truman Administration. Prior to that war there was no
15 anticipation of the North Korean invasion of South Korea, as is
16 clear from the record, nor indeed was the Chinese willingness
17 to take real risks and sacrifices on behalf of its security
18 anticipated at the higher levels of government down from
19 November of 1950. And in the shock of discovery that other
20 nations' interests were taken that seriously, there was an
21 exaggeration of what lay ahead. The image of hoards of
22 Chinese manpower pouring into Korea was a reality. Hoards did
23 come in, at a tremendous sacrifice. And it was then assumed
24 that similar situations might arise in the China peninsula and
25 in the Vietnam War, and that indeed the Chinese support and

1 subversion elsewhere would lead to an expansion of power beyond
2 all reasonable means of containment and the mass retaliation
3 doctrine was announced. .It required extra-strategic forces
4 in that theatre separate from those of the Soviet Union. This
5 was never questioned because of the policy of McCarthyism and
6 even challenge to that notion became tantamount to treason not
7 only in the government but certainly in the academic community
8 of the United States.

9 I think that it has taken time, and it has taken the
10 removal of that inhibition against speaking out for us to
11 refocus our concern to realize that there is not that military
12 threat to the United States or the area coming out of China,
13 and that the situation in the Korean Peninsula is a function
14 of Korean actions and not Chinese actions. The capture of the
15 PUNBLO and the shooting down of our intelligence aircraft off
16 of Korea was not triggered from Peking; indeed, the Chinese
17 response at the time was rather reluctantly supported by Peking.
18 Nor was the Vietnamese war directed from Peking but obviously
19 and clearly from Hanoi.

20 If we then accept these past errors as a function of the
21 limited experience at the time, the domestic politics of the
22 United States and the trauma of the Korean War, I think we can
23 understand how they have evolved and hopefully correct them
24 today and in the context --

25 Senator Proxmire. When you say correct them today, you

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1 mean we are spending too much? Can you give us any notion of
2 how much too much? How much can we safely reduce our immense
3 commitment over there?

4 Mr. Whiting. I would say our POLARIS-POSEIDON force in
5 the Western Pacific is so great in its strategic deterrent
6 power over the next decade that we have virtually no need for
7 any strategic bomber bases in that theatre, that instead of
8 increasing we could decrease to a minimum presence such to
9 reassure those countries to whom we are allied that we are
10 indeed committed to those defense treaties we have signed; and
11 I am speaking here primarily of South Korea and Japan.

12 Senator Proxmire. I indicated in my opening remarks that
13 we are spending \$16 billion in the Asian theatre, not counting
14 the amount we are spending in the Vietnam War, and I pointed
15 out that this was a very large part of our total conventional
16 commitment, the \$16 billion compared to the \$19 billion that we
17 are spending in Europe.

18 Can you give us any notion of what this would mean in
19 terms of savings of our own resources?

20 Mr. Whiting. I am afraid, sir, I am not a cost analyst,
21 and I would not make any pretension to quantifying in dollar
22 terms what the savings could be. I see no real utility for our
23 20,000 or 40,000 men in South Korea, and that entire cost can
24 be eliminated without jeopardy to the credibility of our
25 commitment or to the security of South Korea.

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1 I see no role for any of the bases that we have maintained
2 or hope to keep alive in Japan.

3 Certainly our entire establishment in Taiwan can be closed
4 forthwith, and should be.

5 The type of forces that we have maintained in Clark in
6 the Philippines have been expanded because of the Vietnam War,
7 and if the Vietnam is, as the President promises, eliminated as
8 a cost factor in the very near future, then presumably that
9 force structure in the Philippines could also be collapsed.
10 And I would suggest that this kind of line item approach would
11 give you a better figure than something I would grab out of the
12 air.

13 Senator Proxmire. Dr. Fairbank?

14 Mr. Fairbank. I feel this situation that Mr. Whiting
15 has just revealed about the American military activity under
16 the guise of American aid is all of a piece with our Vietnam
17 problem. Here we have had a relationship with Taiwan. The
18 public has not realized the extent to which we have used Taiwan
19 for this offensive action. We have been outraged in this
20 country in recent months with the idea that the civilian
21 administration did not keep the public informed as to vital
22 decisions of involvement in war in Vietnam. We have or
23 should be equally outraged, if we have any of that sentiment
24 left, about the way in which the military had their cap set
25 under the argument of secrecy of operations in the CIA, to

1 conduct wars which in turn produced responses as from the
2 People's Republic without the American public knowing about it.
3 This is a very unfair situation for any people to be placed in.
4 They are confronted with the fact that the Chinese for some
5 reason are extremely militant toward us. The Chinese seem to
6 be threatening us and claiming we should not do this or that
7 and not be aggressive. And yet the American public lacks the
8 evidence to understand why they seem to be aggressive. And the
9 institutional structure that we have is such that we are not
10 supposed to know that these secret military things are being
11 done. It is not possible to have your secret operation known
12 to the public, and the result is that we have been led, and the
13 American public has been led, into animosity toward China in
14 the period Mr. Whiting has been discussing, and out of ignorance
15 of the fact that we also have contributed to the animosity.

16 Now, this is not a basis on which we can survive. And to
17 put it very simply, I don't think we are going to make it. We
18 have a military institution in this country that is too big to
19 be brought under public control, unless a Committee such as
20 yours, sir, can bring it to public information.

21 Senator Proxmire. One of your conclusions is that the
22 Chinese will never threaten this country. Now, of course, our
23 concern with the Chinese power goes far beyond this country.
24 We are not simply looking at our own interests here -- maybe
25 we should but we are not -- we are also concerned with our

1 interests in the Pacific.

2 Would you extend that observation to say that the Chinese
3 will never threaten our interest as a Pacific power?

4 Mr. Fairbank. Any Chinese threat to us is part of the
5 balance of forces. And the thing I have just mentioned is
6 that we don't know the balance of forces. We are using force
7 not knowing it with our left hand secretly; and we are then
8 outraged when the other side, the Chinese, respond in some way.
9 Now, we can build up a Chinese threat very easily. And we can
10 also get into having a --

11 Senator Proxmire. You say we build up a Chinese threat.
12 What I am getting at is, would you conclude that most of the
13 \$16 billion that we seem to be spending in the Far East, in
14 addition to the \$13 billion or so we are spending in Vietnam,
15 most of that \$16 billion is unnecessary, it is built on our
16 own myth, our own misunderstanding, our own self-deception?

17 Mr. Fairbank. I am personally of the view that those who
18 arm are most likely to be destroyed. And I simply do not
19 believe that our armament policy at present is a defense policy;
20 it is rather like putting our finger in the door and waiting
21 for the door to close, or putting our necks on the block and
22 waiting for the knife to fall. Insofar as we have built up
23 our military posture in the name of defense, we have collaborated
24 with the military people of other countries to do the same.
25 There is no end to this and the only out is to stop the defense

1 effort.

2 Now, this is a very simplistic approach. But I have not
3 seen anybody who has a better idea. Once you start talking
4 about countering the threat of others, you are off in the game
5 of the escalation --

6 Senator Proxmire. Dr. Fairbank, many undoubtedly share
7 that view, but many do not. Supposing we do not share that
8 view, supposing we think we have to be prepared to meet any real
9 threat to the teeth, we have to be prepared to meet and over-
10 whelm any threat to this country. On the basis of your testi-
11 mony as an expert on China, and the testimony of Dr. Whiting
12 and Dr. Cohen this morning, I would assume that you would still
13 argue that just from the standpoint of deployment of military
14 forces on the assumption you have to have them to meet any real
15 threat cannot be justified in the Far East simply because China
16 doesn't represent a threat, they don't have the economy to
17 represent a threat, they don't have the force in being or the
18 potential force to do it, they don't have the navy, they don't
19 have the industry, they don't have the air force or the capa-
20 bility of building an air force, there just isn't anything
21 there that can really threaten this country, possibly in
22 Southeast Asia, possibly in the Korean peninsula, period.

23 The factor that persuades me on this -- and I would like
24 to be disabused if I am wrong -- is that they are not even
25 threatening Quemoy and Matsu two or three miles offshore, let

1 alone Formosa, let alone the Philippines, let alone Hawaii or
2 any other base in the Pacific. What really are we concerned
3 about? Why are we deploying these billions and billions of
4 dollars worth of defense on the assumption -- again, I don't
5 want you to take any action that the best way to meet force is
6 for us to reduce our force, with the feeling that they may do
7 the same -- I am assuming that we have to recognize force and
8 meet it hard and headon. When it is not there we are just
9 throwing our money away.

10 Mr. Whiting. If I could intervene at this point, Mr.
11 Chairman, I would like to say that in the South Korean situation
12 a great deal of this investment is directed not at Peking
13 primarily but against the North Korean threat.

14 In this regard I think it is fascinating that Premier
15 Chou En-lai's interviews with Scotty Reston of the New York
16 Times dealt rather heavily on the Korean question as another
17 one that he would like to see explored. I think that is itself
18 a genuine concern to the Chinese, as it should be, that another
19 war in the Korean peninsula would be frightful to contemplate,
20 that forces now in the area could escalate that far beyond the
21 last war, and perhaps lead to the introduction of nuclear
22 weapons. And yet we have assumed that the only way to live with
23 the Korean situation is to increase the defense capabilities
24 of the south as the defense capabilities of the north increase,
25 which is a perpetual arms race gambling on the restraint of the

1 men in Pyongyang. Premier Chou En-lai is not saying that we
2 should withdraw, period. He is saying that there should be
3 negotiations to end the Korean War. He has gone back to the
4 1954 failure at Geneva. I think that it is futile to talk about
5 simply increasing Japanese expenditures and our investment in
6 the area to meet the Chinese threat. We should take up the
7 earlier Chinese proposal for nuclear agreements in the area and
8 see what kind of convergent interest and shared costs might lie
9 in the joint sharing programs of that type, instead of unilateral-
10 ly pumping more money and more weapons in on all of our allied
11 countries to produce this defense credibility.

12 Mr. Cohen. Mr. Chairman, could I just comment on these
13 problems?

14 Senator Proxmire. Yes.

15 Mr. Cohen. I think, first of all, what Mr. Whiting has
16 just said about South Korea and that the Chinese desire for
17 some sort of settlement there, not merely the withdrawal of
18 U.S. forces, is correct. It also appears to coincide with the
19 wishes of both Pyongyang and Seoul.

20 In recent weeks both sides made a statement that they would
21 like to begin talking to each other about the problem of
22 eventual unification. And I think we should certainly do what
23 we can to encourage that. Now, Chou En-lai wants us to withdraw
24 our troops not only from South Korea and Vietnam but he wants us
25 to end any pressure for Japanese rearmament, and also to

1 withdraw troops from Thailand and the Philippines as well as
2 Taiwan, of course. Mr. Reston seemed to indicate that Chou
3 was asking too much in asking us to withdraw the troops from
4 the Philippines and Thailand. I don't frankly understand that
5 myself because it seems to me as the Thais have made clear,
6 once the Vietnam conflict is over our troops should not have
7 any real role in Thailand; Thailand would be better equipped,
8 I think, without the presence of American troops to handle its
9 own modern insurgency problems.

10 I think the instability of government in the Philippines
11 calls for not only a more vigorous Philippine government, more
12 responsive to the needs of that society, but also the withdrawal
13 of the stimulus that American troops' presence seems to
14 provide the leftist elements for anti-American posture that in
15 turn weakens the government that entertains the troops.

16 I don't see the problem in gradually withdrawing, in
17 accordance with the Nixon Doctrine, troops from Thailand and
18 the Philippines as well as these other places.

19 I think we have got to distinguish very clearly Taiwan from
20 these other places. The Chinese claim Taiwan is Chinese
21 territory. They do not claim that the Philippines or Thailand
22 or Japan and Korea are Chinese territory. And we have to
23 distinguish Chinese aims and ambitions with respect to Taiwan
24 compared to these other places. It doesn't mean that the Chinese
25 are prepared to take over Taiwan by force. The evidence

1 suggests that they are hoping Taiwan will be reunified with
2 the mainland through means other than force.

3 The Chinese are not naive. They realize they have a very
4 grave problem on their northern border. It has just been
5 accentuated by the Soviet treaty with India. They understand
6 that action against Taiwan would leave them open on the northern
7 border as well as elsewhere; and they would also be creating,
8 kindling, you might say, the later Taiwanese independence --
9 nationalism, one might call it -- if they sought to use force
10 against Taiwan.

11 So even with respect to Taiwan, which they distinguish
12 from these other areas, we don't see a great emphasis on the
13 use of force.

14 I would think we certainly could withdraw our troops from
15 South Korea. But I would say that Japan should also be
16 distinguished from all these other areas.

17 The Chinese would like us to sever our security treaty
18 as well as withdraw troops from Japan. And they would really
19 like to see us liquidate our entire operation in Asia. I don't
20 think we can ignore what Chou himself conceded to be a contra-
21 diction in the Chinese policy. They want to see us withdraw
22 from Asia but they also don't want to see Japan rearmed and
23 fill the gap that would be perceived to exist by the withdrawal
24 of American power.

25 So we have the problem, the U.S. wants to withdraw troops

1 under the Nixon Doctrine. We don't want to limit our commitment,
2 however. So how are we going to make up for the existing forces
3 that presumably will help us implement these commitments?

4 Senator Proxmire. Let me interrupt to say, again and again,
5 being Chairman of the Foreign Operations Subcommittee of the
6 Appropriations Committee, I have heard the Administration
7 witnesses argue that the Nixon Doctrine means that we will
8 withdraw our troops, we will replace our troops with foreign
9 troops equipped and funded by this country.

10 Mr. Cohen. Precisely. And that is what the Chinese
11 fear specifically in the Japanese case, that we are going to
12 try to have our cake and eat it too by withdrawing American
13 troops, but increasing Japan's armed force as well as the armed
14 forces of other countries. And this worries them even more
15 than the presence of American forces. I would think we must
16 not prejudice our relations with Japan, we must make Japan
17 continue to feel secure in Asia, and we must not encourage
18 Japan to go nuclear armament and I would think that the Chinese
19 realistically, if they see us not only withdraw from Vietnam
20 but also from the Philippines and Thailand and South Korea,
21 and other places, will understand that it is in their interest
22 as well as ours that we not rock the boat in Japan, and that we
23 even -- although we cannot expect them to pay lip service to
24 this -- maintain our security arrangement with the Japanese.
25 I would hope that as we implement the Nixon Doctrine as our new

1 policy toward Peking, we will be moving in close coordination
2 with the Japanese, who I think have been profoundly shaken by Mr.
3 Nixon's overtures toward Peking and who want to go along and
4 coordinate with us. I think we have to distinguish, therefore,
5 the Japanese situation from that of other countries.

6 Mr. Fairbank. If I could amplify just one question about
7 Taiwan -- it seems to me that it is of first importance that we
8 pull out American troops and cease these offensive activities.
9 On the other hand, it seems to me that we can easily get a
10 bandwagon psychology or some kind of enthusiasm in this country
11 for a new day with Peking, and mislead ourselves into thinking
12 that our problems can be easily solved by a complete switch.
13 I don't think things can be worked out that way. It takes a
14 lot of time, a lot of work. Talk with Chou is just a beginning.
15 Consequently, I think that we have to keep that defense
16 commitment about Taiwan for some time to come.

17 I hope that the Taiwan government will cease to be a rival
18 of Peking. I would hope that sometime they would have sense
19 enough to say that they are merely governing a part of China
20 autonomously, but not as a rival to Peking; they are not claiming
21 all of China.

22 Senator Proxmire. You would say that it would be wise for
23 us to withdraw our troops and to follow the prescription that
24 the Administration seems to propose to increase our foreign
25 military assistance, at least to Taiwan, and to continue it with

1 respect to South Korea and other areas?

2 Mr. Fairbank. I see no point in increasing military
3 assistance, unless this is proved in the public discussions
4 which are brought before you. We need figures; we need
5 comparative figures. And we need to know whether there is a
6 buildup going on, or just a maintenance of a situation. But
7 in particular we need to have some assurance that we do not
8 have offensive activities emanating from Taiwan. If the
9 place can be no longer an offensive threat to the mainland,
10 then the mainland can perhaps tolerate it, and will have to
11 tolerate it for a time. But we cannot expect the mainland
12 people to accept an offensive Taiwan still on their front door.
13 And I would argue that it is possible to have a non-offensive
14 Taiwan situation with our defense commitment if it doesn't
15 have these offensive aspects to it. In other words, it is an
16 element of stability in a transition period for us to continue
17 our treaty with Taiwan to defend the island from attack providing
18 we make it plain, and carry it out in practice, that we are
19 not readying it for any offensive action or using it for such.

20 Mr. Whiting. Mr. Chairman, I would like to go further
21 than Professor Fairbank. I would advocate termination of all
22 military expenditures, direct and indirect, that support the
23 military establishment of the Republic of China, while main-
24 taining our treaty commitment. These expenditures are surplus
25 to any logical analysis of that island's needs against any

1 foreseeable threat. We have spent \$2.5 billion and while I
2 realize that your figure of \$18 billion makes a saving of
3 \$50 million sound insignificant, to a mere taxpayer \$50 million
4 saved is \$50 million that might be used in another way. And
5 if our direct and indirect expenditures approximate \$50 million
6 then I think that should be eliminated. There is no credible
7 threat from the mainland offered by the testimony of such
8 renowned military analysts as Colonel William Whitson, now
9 with Rand, and recently retired from the U.S. Army; of Morton
10 Alpern, formerly with CIA and the National Security Council,
11 now with Brookings Institute; or any analysis of which I am
12 aware in the U.S. Government. If there is no threat, and if we
13 have a very large defense establishment there, why spend a
14 dollar on it? Every dollar spent is going to be unnecessary,
15 if not provocative nationalist posture, whether it is defensive
16 or offensive.

17 Mr. Cohen. Mr. Chairman, I would like to endorse what Mr.
18 Whiting has said, and simply emphasize not merely the savings
19 in dollars and cents which you obviously have been reoccupied
20 with, but I am sure you are also aware of the profoundly hostile
21 symbol system that our continuance of military aid to Taiwan,
22 to the Republic of China, really represents at a time when
23 it is extremely important for our larger security interest that
24 we genuinely, not just for public relations, but genuinely
25 move toward a new era with Peking. And we cannot expect them to

1 entertain our initiatives toward the leadership of Peking if
2 we are going to continue any form of military assistance or
3 presence on the island of Taiwan.

4 Senator Proxmire. Yesterday and today we have had witnesses
5 on the Soviet Union. And they contended that one element in
6 dissuading the Soviet Union from increasing their military
7 commitments was for us not to increase ours --to the extent
8 that we increase ours they tend to match by corresponding
9 increase. Governor Harriman pointed out, for example, that it
10 was his understanding that in 1964 or 1965 the Russians
11 complained that it was their understanding that we had reduced
12 our military budget, and that they had reduced theirs because
13 of that understanding. We didn't do that. We increased ours.
14 Of course, the Vietnam War was the principal reason. But we
15 increased ours. And I think that was a very useful observation
16 on their part, because it indicated that in their view at least,
17 to the extent that we do not escalate, they agreed that that
18 would bring a corresponding deescalation on their part.

19 The reason I give you that background is because I wonder
20 if there is a corresponding reaction on the part of China. I
21 would like to ask you, Dr. Fairbank, as a close student of
22 China's internal development, could you tell us something about
23 the way resources are allocated between civilian and military
24 sectors in that country? Can you describe briefly how the
25 decision-making process works and how it differs from ours? Are

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1 their tensions similar to those in the Soviet Union as a result
2 of military, consumer and industrial demands for resources? And
3 how are these tensions resolved?

4 Mr. Fairbank. That is a very interesting question. I
5 cannot possibly give you the answer. I don't think anybody in
6 this country knows. If anybody does, he certainly hasn't
7 established it.

8 Senator Proxmire. If you don't know, no one else does.

9 Mr. Fairbank. One thing you can say about the Chinese
10 situation is, the military are under the control of the so-
11 called civil government. In other words, the civil government
12 is extremely militant, and they call themselves revolutionaries.
13 Chou En-lai has been a commander of troops, Mao Tse-tung a
14 military strategist. They don't make the division between civil
15 and military that we have got. So they don't have this situation
16 that we have where we call in the military, who are given a
17 mission to perform, and they tell us how they are going to do
18 it after they have done it, perhaps. On the contrary, the
19 Chinese leadership decides the military questions as well as the
20 civil questions all in one bag. And that gives them a great
21 advantage over us in many ways. They understand what is going
22 on, and what their position is militarily and otherwise. We
23 have a problem, by giving the military their mission we then
24 advocate that when they have won peace, or whatever they have got,
25 they come back and report it.

1 Senator Proxmire. The trouble we have with that, and I
2 think many people, is that I think they would say that the
3 Chinese civilian leaders really envision themselves as military
4 people in a sense. That is the way many Americans look at it.
5 They feel that Mao, for example, and Chou, and so forth, are
6 primarily viewing their role as one of military revolutionaries
7 and consequently when you say the civilians are in control, it
8 doesn't mean that there is an element that is interested in
9 improving consumer well being as much as there is a group that
10 is determined fanatically to achieve revolution.

11 Now, I don't say that that view is correct, but I say that
12 is a very widespread view.

13 How do you meet that?

14 Mr. Fairbank. First of all, there are people who are
15 dedicated to a revolution at home, and they are stuck with the
16 problem of China, which is an enormous problem such as the world
17 has never seen before, so big, so many people, and how do you
18 maintain a government. Nobody has ever done that before. It
19 is a job that takes all your time and attention. And this in
20 fact has held China back. Maintaining unity is slow work. We
21 can be sure of one thing, that unity of China and the government
22 of China and the situation in China comes first in their
23 considerations. They do not have a country which is oriented
24 toward the outside. They do not have a country which is
25 dependent upon foreign trade. It has no lifelines abroad. It

1 does not depend on this or that kind of commodity from abroad.
2 There is no staple trade from the southern realm, for instance.
3 They are self-contained; they always have been; they cover
4 enough latitude north and south so that they don't need to
5 expand for any of their goods.

6 In this situation the Chinese leadership has to keep its
7 eye on the domestic scene. And foreign relations is the
8 framework within which they try to carry on their revolution.
9 The fact that they have the idea of themselves as a model for
10 other countries is an ancient Chinese tradition. They always
11 felt they were a model for nearby countries; and they felt that
12 they were a model for Korea and Vietnam in the early days, and
13 even Japan. And they continue in that rather superior train
14 of thought, they are the center and model.

15 This does not mean that they have been able to develop the
16 kind of overseas subversion or foreign aid abroad comparable
17 to the Russians or ourselves. They simply don't have the
18 resources, and they haven't put that much into it. The prospect
19 of their doing so in the future is not very great.

20 Mr. Whiting. Mr. Chairman, could I answer your question
21 a bit?

22 In terms of the Chinese nuclear story, I think the develop-
23 ment of Chinese nuclear weapons is one of the most misperceived
24 and misunderstood stories of this country. We threatened the
25 Chinese with nuclear weapons in the Korean War in the spring of

1 1953. President Eisenhower and Secretary Dulles sent nuclear
2 threats to Peking in February and May of that year, and forced
3 their acceptance of our terms. In 1970 we deployed, as I
4 indicated in my testimony, nuclear missiles that could fire 600
5 miles into Chinese territory from Taiwan. It was not until
6 Mao Tse-tung went to Moscow in November of 1957 that he won
7 from the Russians any kind of nuclear weapons assistance
8 program. In 1958 we gave the Nationalists 8-inch howitzers
9 on the island of Quemoy and indicated that they could have
10 nuclear heads in them to wipe out the Chinese batteries on the
11 mainland. The Russians responded to the Chinese demand and for
12 years gave them important ingredients in what has subsequently
13 become an independent nuclear capability.

14 When we say, why would the Chinese go for nuclear weapons,
15 while it may be the ticket of equality that Professor Cohen
16 has referred to, but it also has had an important strategic
17 response to our strategic threat. Former Secretary of State
18 Dean Rusk said only a month ago: "I cannot imagine a war with
19 China that would not be nuclear." If the U.S. leadership
20 assumes that nuclear weapons are an option against China, then
21 surely China is going to have to develop some nuclear deterrent
22 capability at least against the bases in the Western Pacific
23 which they can hold hostage against a first strike from us. It
24 may be a crippled response, but it is the only response a self-
25 respecting government would take under the circumstances.

1 I cannot pretend to know whether there is a military-
2 intelligence complex in Peking that argues with civilian
3 economic analysts as to how to allocate resources. Presumably
4 there is a consensus. We have very little to spend, says any
5 Chinese leadership, but the first need is for defense. I think
6 the remarks of both Mao Tse-tung to Edgar Snow and Chou En-lai
7 to James Reston are honest assessment of the point I have
8 their resources and the case for nuclear weapons that they
9 would rather not have, but the necessity has been forced on them
10 by our activities and to the extent that Secretary Laird looks
11 to Japan encourages the Japanese to spend more, and we provide
12 offshore procurement or backup for any escalation of arms,
13 there will not be any argument between civilian and and military
14 men that the Chinese leadership will feel itself threatened
15 and its first priority will be for defense needs.

16 Senator Proxmire. I take it that the consensus of this
17 panel is that the extent to which the Chinese commit their
18 resources to defense or to military purposes or to aggression,
19 potential aggression, is very much a function of what we do,
20 to the extent that we seem to threaten them by our activities
21 in Taiwan and the Vietnam War and elsewhere, they react by
22 increasing their military commitments. And it is very hard for
23 them to do it because they have an extremely limited economy
24 with enormous demand for feeding their people and clothing their
25 people and housing their people, they have so many of them, and

1 of course, this economy is one-twelfth as productive as ours, I
 2 understand.

3 I would like to ask, though, Dr. Cohen, if you would agree
 4 with what seems to be the views of Mr. Fairbank and Mr. Whiting,
 5 although perhaps I have paraphrased it too much, that the military
 6 is really not a factor in the same way it is in this country.
 7 We hear a lot about the military on mainland China. Apparently
 8 their military establishment, however, occupies a somewhat
 9 different role in the society than does the military in this
 10 country. Can you describe that role for us and can you say
 11 whether China is in any sense a militaristic nation, is she
 12 dominated by military values, do military requirements have the
 13 highest priority, is her economy determined by military needs,
 14 that is, do the military get what they need first and then what
 15 is left is made available to the economy?

16 Mr. Cohen. Mr. Chairman, first of all, I want to emphasize
 17 what I have said earlier and what others I think have said
 18 here this morning, that Chinese policy is very often reactive
 19 rather than active. We often think that they are taking the
 20 initiatives and we are always responding. But actually the way
 21 they see it it is often the other way, but obviously there is a
 22 dynamic process at work here.

23 Just as the Soviet Union cannot afford to be exclusively
 24 concerned with what we spend, but now has to look increasingly
 25 to its concern about what China is spending and what Japan

1 will be spending, I think we have got to understand that it is
2 not a bilateral world for the Chinese either, that they will
3 obviously take into account and to some extent respond to
4 reductions in our own military expenditures, but they also have
5 to take into account that they are not confronted by about
6 800,000 fully armed for defensive purposes Soviet troops plus
7 about 200,000 Mongolian troops on their border. And no matter
8 what we do, they would have to maintain or obtain enough
9 capacity to guarantee some modicum of security against that
10 threat, apart from any American threat.

11 Now, specifically with respect to your question, I would
12 agree with the other witnesses that it is very difficult to have
13 a conventional kind of separation between military in China
14 and political in China. First of all, the Chinese are at a much
15 less advanced degree of economic development than the United
16 States and the Soviet Union, and therefore functional speciali-
17 zation and departmentalization have reached a lesser degree of
18 attainment there. But they have ideologically committed to
19 prevent that kind of departmentalization and specialization.
20 The whole debate they have had about whether to be a specialist
21 has downgraded the role of specialists, including people who are
22 exclusively military specialists. As you know, their slogan
23 has been, politics commands. Although all of these people come
24 from a civil war background as military leaders, they are not
25 exclusively military leaders; indeed they properly perceive

1 the failure of Chiang Kai-shek to govern China effectively and
2 to prevail in the civil war was largely due to the fact that he
3 was exclusively a military leader. Chinese Communists have
4 been truly aware that if you are going to run a society you
5 must deal with politics and they are aware that politics is the
6 thing, and the military must be the tool of implementing what
7 your military goals are internally and externally. And I think
8 that is the predominant kind of focus that they have.

9 Now, with respect to their goals, I think strength at home
10 is slightly critical. Just as we have seen how we can be
11 debilitated and weakened by our Vietnam War, they have no
12 illusions that they must bring up the standard of living of
13 the masses of Chinese people. And I think the reporters who
14 recently visited China from this country have made this very
15 clear, that although for the elite in past China there has been
16 obviously some loss of status and deprivation of privileged
17 position, that for the overwhelming masses of people they have
18 done an incredibly good job in bringing up the level of the
19 standard of living. And that cannot be ignored even in the
20 world's most retaliatory internal system.

21 Now, as to their defense needs, I think there are profound
22 disagreements within the Chinese elite. That has been clear, and
23 it is becoming even clearer; and even the small group that has
24 been running China in recent years seems to be fractured. We
25 have just been reading now about Chen Po-ta, who is apparently

1 in bad graces. And there may be others in the same state.

2 And so it is beginning to look increasingly like the
3 Miao story. And they have very serious -- it is not to say
4 that they agree that China's defense must come before anything,
5 the question is how do you do it; do you defend China through
6 conventional military warfare following, say, the Soviet model?
7 Do you defend China through continued application of guerrilla
8 tactics? Do you assume a primarily defensive posture on the
9 assumption that through giving land and time to the invader, and
10 letting him come in, you will eventually take him in? Do you
11 postulate the need for some forward strategy? There are
12 profound disagreements with respect to the question of how much
13 to allocate to nuclear compared to conventional weapons. And
14 it is over this that the Chinese elite has really been fractured.

15 So we have to see then as a group that obviously has
16 understandable differences of opinion about questions about
17 which we all would have differences of opinion. And within
18 that you have different kinds of alliances in terms of the
19 specifics. We know extremely little, surprisingly little, about
20 how government functions at the top, and also how it functions
21 at the local level.

22 Senator Proxmire. Both Professor Cohen and Professor
23 Whiting have made serious statements about the U.S. role in the
24 Tibetan revolt. Are you saying, Professor Cohen, that the U.S.
25 engaged in covert activities, in subversion, in Tibet, and

provoked the Chinese response that has been labeled aggression for several years?

Mr. Cohen. Professor Whiting's statement provides more detail on that than my own. But I would agree that what we have done is to help foster -- I am not saying we are alone, we obviously had to have some local cooperation within the area -- we helped foster in 1959 the revolt of the Khamba tribesmen against the Chinese government of Tibet. Now, I must say that in the last year there have been repeated news stories, particularly by Dispatch International News Service, I believe it is called, from Laos, describing in detail, naming names, CIA agents there in Laos, who were sending these Laos tribesmen into China. And one of the principal people was named as somebody who had taken part in the 1959 operation against Tibet. Now, when I raised this privately with high administration officials they denied it and assured me the Central Intelligence Agency said there was no basis for this, these were certainly reporters who had to sit around Laos with nothing to do and were obligated to file stories, and they were simply making these things up out of whole cloth. This was a year ago; this was six months ago. And these operations from Laos into China were not happening. I was assured repeatedly on a confidential basis, presumably. And yet what do we find? As I mentioned in my statement, all of a sudden the operations that were never going on have now been ceased. And I think that is very important, that they have

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1 ceased, and I am for it, and I hope it will be a continuing
2 policy. But I don't think we can afford to ignore what China
3 knows but the American public has had concealed from it, that
4 we have been engaging in a lot of hanky-panky; we have inter-
5 fered with the affairs of other countries. Just as we wouldn't
6 like them to do it to us, they don't like to have it done to
7 them. And I think it is a reciprocal kind of interaction and
8 I hope our new policy toward China will involve a cessation
9 of these kinds of acts. And I think they may, perceiving a
10 lesser threat, also bring out a diminution of their efforts,
11 which haven't been very great by and large, to subvert their
12 neighbors.

13 Senator Proxmire. Professor Whiting, you have spoken
14 of other covert U.S. activities aimed at mainland China. You
15 say on page 9 of your statement that "there is a credible case
16 that overt and covert U.S.-Chinese Nationalist activities have
17 aroused Chinese Communist security concerns, resulting in
18 heightened military deployments toward and across China's
19 borders."

20 To make such an accusation stick you need more than just a
21 credible case, it seems to me. What you are saying is that we
22 have intentionally provoked the Chinese into enlarging their
23 military capabilities and that we have then used those enlarged
24 capabilities as an excuse for increasing our own military
25 presence and military assistance activities in that part of

1 the world. Where is the proof for this accusation?

2 Mr. Whiting. I did not say that we did this intentionally
3 to arouse their response, which we would then use to justify
4 our expenditures. I was explaining a causal relationship, not
5 a relationship that was effective by U.S. design. We have
6 aroused them. But I did not say that we intended those responses.
7 In bringing about revolt in Tibet or assisting revolt in Tibet
8 I don't think that any of the persons involved anticipated, for
9 instance, the Sino-Indian war. Nor do I think that those persons
10 that were involved in the covert operations from the offshore
11 islands believed that they would trigger the crises of 1962.

12 Senator Frommire. Yes. But you seem to imply that by
13 taking those actions we certainly should have recognized that
14 this would result in the Chinese increasing their military
15 capability and military reaction.

16 Mr. Whiting. Sir, as you realize, the government of the
17 United States is very large; the left hand and the right hand
18 knoweth not what each other is doing. The operations taken
19 clandestinely by the CIA are certainly not cranked into the
20 annual estimate of the Department of Defense when we look at
21 what the Chinese develop in airfields, air capacity and
22 military response, and then project that through time five years
23 hence, and then say, we must have this kind of capability in
24 the area.

25 Senator Frommire. They certainly ought to look at it.

1 Mr. Whiting. They certainly should. Were it not for the
2 Pentagon Papers, I wouldn't feel free to go into it. But I
3 think the memorandum of Brigadier General Lansdale documents
4 the investigation which could have gone much further than I
5 have gone.

6 Senator Proxmire. I don't want to suggest a conspiratorial
7 action on their part, because I don't believe in conspiracy. I
8 think we have fine people in the Pentagon and they are well
9 motivated, and they are doing their best for their country,
10 and have a very tough, difficult job. But it seems to me by
11 not looking ahead and not considering the consequences of their
12 action, by permitting -- by the Pentagon I mean the CIA, too --
13 after all we put it in the budget of the Pentagon -- they seem
14 to be creating a situation where it is inevitable that the
15 Chinese would react, would they react militarily, and so they
16 come in and say, now we need a greater defense establishment,
17 we need to move our resources from domestic areas into military
18 areas.

19 Mr. Whiting. The establishment of the strategic business
20 in 1957, for instances, has never been examined in the context
21 of the Chinese use of their own air force in 1958. This action-
22 reaction syndrome rarely is linked together in the kinds of
23 defense deployment that we have made over the last 15 years in
24 the Western Pacific. And when the Chinese have moved it has
25 either been excused as exaggerated suspicions and unfounded

1 alarms, or as a design that was openly aggressive and initiatory.

2 Mr. Fairbank. Could I add, Mr. Chairman, it seems to me
3 this dynamism in which our military do their jobs, their very
4 best -- and as you say, they are not conspirators, they are
5 patriots -- and then other parts of the government do their
6 jobs, their very best -- but operating on a pluralistic basis --
7 this is the real center of our dynamic expansion we have
8 seen so many different elements that are doing their jobs and
9 expanding, including business and missionaries and everybody
10 else, and professors. And as this expansion goes along, it
11 confronts the Chinese with a multi-headed sort of hydra, in
12 which first there is this kind of expansion and then that kind;
13 it is not under control; we do not expand under control in
14 this country. And one of the things that we may find in the case
15 of China is a little bit of hope in their system. They do have
16 a greater degree of control, because they do not wish for
17 a pluralistic type of operation either. Their business
18 activity is under a degree of control in foreign trade. And
19 their military and politics go together.

20 Senator Proxmire. Let me ask you to comment, Dr. Fairbank,
21 on a very interesting observation with respect to China's
22 agricultural problem.

23 You have given us the picture of a self-contained country
24 that is self-sufficient that really has looked inward during
25 most of its history, and perhaps would like to continue to if it

1 wasn't troubled by encroachment from without. That picture
2 may be changing. A recent article in Business Week, I think,
3 which is very provocative, and very interesting, said this:

4 "Looking further ahead, however, economists see some
5 fundamental troubles for China. It is hard to see how an
6 adequate rate of growth in agricultural output can be sustained
7 for many more years. Chinese crop yields already are not much
8 behind those in Japan. In the next decade or so the Chinese
9 are likely to be in a serious food bind again. In the past
10 16 years, fertilizer consumption has risen from 2 million tons
11 to 20 million tons a year. In the next decade it will have to
12 rise to 50 million or 60 million tons a year for output to keep
13 pace with population growth.

14 "The U.S. Agriculture Department estimates that even if
15 Chinese agricultural technology could be brought up to, and keep
16 pace with, that of the U.S., which is unlikely -- the best it
17 could do over the next 50 years would be to multiply farm output
18 2 1/2 times. The U.S. Census Bureau estimates that during
19 the same period China's population will triple."

20 Now, this gives them a very favorable assumption, because
21 they are certainly not going to be able to meet our standard.
22 We are so far ahead of the Soviet Union and China in our
23 agricultural output.

24 Those grim statistics pose the danger that China will
25 founder under the weight of population. To date, Peking's

1 progress on population control has been erratic. It first
2 launched a serious family-planning program in 1956. That fell
3 to pieces during the Great Leap Forward. It was revived in
4 1962, only to bog down again during the Cultural Revolution."

5 "Under these circumstances, China is certain to remain
6 subject to intense and mounting social and political strain.
7 Stable growth would appear to be difficult to maintain. Some
8 experts, in fact, think that China must change so fast to
9 survive that it is bound to remain in a permanent revolutionary
10 condition, controllable for long only by fanatics."

11 Mr. Fairbank. That is a great dope story, and always at
12 the level of high school debating, where they take a statistic
13 which says a population will triple, and then quote it as a
14 statistic.

15 Senator Brown. Let's forget about the population
16 tripling; let's forget about any likelihood that they can
17 increase their agricultural output as much as it projects
18 here. Let me put it a simpler way.

19 Is it possible that the problem of producing enough food
20 for their increasing population would put them into a position
21 where they might be able to do it, and therefore their previous
22 history of internal concern might turn to looking outward, and
23 doing what many countries have done in the past when they need
24 food supplies, that is, to engage in military aggression to get
25 them?

1 Mr. Fairbank. There are several points here. The first
2 is that the Chinese do indeed have a very serious food supply
3 problem, and a population increase which is formidable -- while
4 the rate may not be very high, it is such a big base, you get
5 20 million extra a year, or something like that. The point is --
6 they have shown considerable capacity for reducing the population
7 increase rates. They have now a program that Japan had of free
8 abortion clinics, and later age of marriage is being encouraged,
9 and most of all, getting rid of the idea that you have to have
10 children for security. This is the first thing that Till Durden
11 and others going in as correspondents have reported. They have
12 found considerable evidence by talking at random -- and this
13 doesn't seem to be a line that they are being fed -- that
14 peasants feel that they don't need large families as they used
15 to for old age insurance, because they do have a social welfare
16 system. It is very modest, of course, but it will remove the
17 incentive for heavy population production.

18 A second point is that even with the best effort to reduce
19 population growth, and to build up the food supply, they are
20 going to have a tough time. And whether they are going to make
21 it is indeed a question.

22 However, when we look at this from the historical perspec-
23 tive, I would suggest that those countries that have tried to
24 expand for food supply have seldom solved their population
25 problem. You cannot export your extra people. You have to

1 have them where they are. You couldn't begin to export 20
2 million people a year, of course. As you develop at home you
3 may want more trade abroad, but the implication that you have
4 to expand militarily is a non sequitur. It is an idea that
5 people have had. The Japanese, for example, when they had 70
6 million at home, felt that they were stranded and had to expand.
7 Now they have 100 million at home, and they are expanding
8 by trade, but not militarily.

9 Senator Proxmire. I think I undoubtedly went too far in the
10 future on this. We can only limit ourselves -- it seems to me
11 we can only make real progress that is helpful and useful--
12 at least I can, as a Senator if I limit my questioning to the
13 immediate future. I have so much to learn in this area, so
14 rather than to project 10 or 15 or 20 years ahead, let's confine
15 our questioning to the immediate future.

16 Let me move into this.

17 Events have moved so swiftly in Asia in the past few weeks
18 and in the past few days that it is hardly possible to keep up
19 with them. But if anyone can clear up some of the confusion
20 it is you.

21 First, what is the significance of the recent discussion
22 between Washington and Peking and of President Nixon's
23 announced intentions to visit China next year? This is a very
24 broad question so perhaps we can restrict the response to the
25 significance in terms of our relations with China.

1 Are relations between us really easing after all these
2 years? Do you expect to see renewed trade and if so, how large
3 is that trade likely to grow?

4 Mr. Fairbank. I don't think the trade is going to grow
5 very greatly. I think the Chinese will remain diversified in
6 their land and not trade with us if they can possibly avoid it.
7 But I think both countries are convinced that they need contact
8 with each other; and it is mainly because we see ourselves
9 moving into a multi-power world. The two superpower confron-
10 tation age, I think, has passed; it is now multi-power. The
11 Japanese are so strong, that is a factor, and Europe is
12 unifying and that is a factor. And China wants to come into the
13 world. That makes a five-power situation. And it is possible
14 that you could get a concentration of power and not a super-
15 power domination as so many countries fear.

16 Senator Proxmire. You wanted to comment?

17 Mr. Cohen. I wanted to respond to your last three questions,
18 Mr. Chairman, but I didn't want to interrupt you.

19 Senator Proxmire. I saw you keeping notes.

20 Mr. Cohen. Just dealing briefly with this last question,
21 I would agree with Professor Fairbank, our immediate interest
22 in trade will be rather small. And there has been a study
23 published by the National Committee on U.S.-China Relations that
24 tries to go into this in great detail. The Chinese have said,
25 of course, that unless there is a normalization of relations

1 between the U.S. and China there will be no direct trade
2 between the two countries. One doesn't know whether they will
3 continue -- I hope they won't -- to adhere to that line, because
4 I think that direct trade will enhance businessmen's contacts
5 and interest in China and will have an enlightened result on
6 the evolution of our China policy. But certainly indirect
7 trade is now beginning at a very modest level, and will continue
8 with the help of the Administration's welcome change in China
9 policy.

10 I think generally the Chinese, if one can credit Mr.
11 Kerton's extensive interview published yesterday in the Times
12 with Chen En-lai, are taking a fairly mature, relaxed posture
13 here, recognizing that we cannot change overnight, but indicat-
14 ing that their major goals will be ones that they will continue
15 and want to attain, and that we have been in the wrong by and
16 large, and we are going to have to do some changing. I think
17 that is going to be the hardest lesson to make the American
18 people aware of, because there is a good deal of need for change
19 in our policy, and we have got to be much more forthcoming than
20 even perhaps the Administration is yet aware.

21 Now, I would think that we also have a very high priority
22 interest in talking with them about nuclear weapons. And I
23 think we have got to be responsive to their recent suggestions,
24 not only with respect to my previously mentioned reference to
25 a no-first-use pledge, but to some international concerns that

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1 would begin to discuss this problem of how do you control
2 nuclear weapons. They claim they don't want to be involved in
3 a discussion with only the nuclear powers. Obviously a
4 discussion among 120 or 130 odd states, many of which might be
5 minuscule, might not be the best forum to begin a discussion
6 of nuclear controls. But we ought to be generous, I think, in
7 coming back with a counteroffer. We are trying to make the
8 best of some initial discussion, but we have a very high
9 priority interest in this subject.

J. Ward Folio

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1 Senator Proxmire. Before you leave that, how about
2 China's nuclear capability, when will she become a full fledged
3 nuclear power?

4 Mr. Cohen. Well, in the Soviet sense, I don't think we
5 can anticipate when China will begin to be anything like a full
6 fledged nuclear power. But we are anticipating, as my statement
7 states, that as the 1970s unfold, China will eventually be
8 deploying ICBMs. And even though this may be a relatively
9 small capability, it is going to pose increasing concern to
10 us.

11 But there are many other reasons, of course, for wanting
12 Chinese cooperation. And I think just the environmental
13 control problem alone is a more long run but equally pressing
14 one.

15 Senator Proxmire. You have referred to a no first use
16 pledge, and Dr. Whiting has referred, I think, to nuclear
17 free zones. How can we do this with the Chinese?

18 We worked out very carefully our agreement with the
19 Soviet Union on the test ban. And that of course is subject
20 to inspection, and to determination on a unilateral basis.
21 We don't have to worry about anything like that. But a no first
22 use pledge, what would it really mean? How can it be enforced?

23 Mr. Cohen. It will be pledged by each of the nuclear
24 powers that it will never be the force to use nuclear weapons
25 under any circumstances. To them obviously it has advantages.

1 They have not reached our degree of attainment of nuclear capa-
2 bility. They would like to feel secure against -- particularly
3 not from the US now, I should point out, but from the Soviet
4 Union -- a first strike that would demolish, for example,
5 many of their own nuclear installations in northwest China.
6 It would mean that no matter what the threat, no side would use
7 nuclear weapons, that war would be conducted at a conventional
8 level.

9 Senator Proxmire. With the -- what is the quid pro quo,
10 what does the US get out of it.

11 Mr. Cohen. Well, the question would be, first of all,
12 we could link any number of things that we are interested in
13 to what the Chinese are obviously interested in --

14 Senator Proxmire. Such as --

15 Mr. Cohen. Well, one, for example, we could ask for a
16 reduction in conventional Chinese forces, since we would see
17 that we would be at a disadvantage if we gave up our nuclear
18 strength while we are pulling our conventional forces out of
19 Asia.

20 And if we continue to be concerned about Chinese border --

21 Senator Proxmire. How do we enforce that?

22 Mr. Cohen. There would be, for example, some opportunity
23 I would assume, if not directly, by US observation to verify
24 the allocation of Chinese expenditures, perhaps through other
25 visitors, through exchanges of information, and we also would

1 have, of course, continuing observation of new Chinese
2 installations of a military nature through our satellites
3 that are going above Chinese air space. And we have a whole
4 panoply of intelligence gathering methods apart from any formal
5 method we might be able to agree with the Chinese on in terms
6 of inspection and control of any agreement.

7 So I don't think we can despair of our ability to judge
8 that they are making gross changes according to their prescription
9 in order to bring about some forms of arms control and disarm-
10 ament. I think what you say --

11 Senator Proxmire. Do you think that that might be a part
12 of the package? In bringing greater stability in general to the
13 Far East.

14 Mr. Cohen. I think it would be very welcome.

15 Senator Proxmire. If they reduced their forces, presumably
16 that would help us with the Japanese?

17 Mr. Cohen. One would think so. And certainly the Japanese,
18 not being nuclear, and very vulnerable, because of their confined
19 space on the island, would virtually welcome seeing China bound
20 to a first no use pledge with respect to nuclear weapons.

21 So I think there is a lot to be talked about and negotiated here.
22 And I think we ought to respond in a serious way on that question.

23 Now, with respect to the other problems, I don't think
24 we should let the record stand as it now does to suggest that
25 because none of us believes in a conspiratorial theory that all

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1 we have is a vision of the US government running a foreign
2 policy through multiple arms with no checking or coordination
3 at the top that would help to restrain perhaps covert actions
4 by one group that might be inconsistent with innocent actions
5 or estimates by another group.

6 If the Pentagon papers tell us anything, they make it
7 clear that although often this kind of uncontrolled hydra image
8 may represent in some portion reality, that we shouldn't be
9 naive, that they also show that on other occasions there has
10 been conscious programming and scheduling of covert operations
11 and linking them to the public aspects of our operations at
12 the very highest levels of government. That is what the meaning
13 of all the Bundy and McNamara and McNaughton and other memoranda
14 is.

15 They talk about doing these things in foreign operations
16 and blending this into a schedule full of propaganda, covert
17 and overt operations. This is really the way international
18 operations have been planned. I think there is more policy
19 control and sophistication and direction using covert as well
20 as other means than we perhaps care to realize. But that
21 seems to me to be the lesson of the Pentagon papers.

22 Senator Proxmire. Would you tie that in with the special
23 question which was related to the situation in Tibet, that we
24 deliberately acted to provoke the situation in Tibet against
25 the Peoples Republic so that they in turn would increase their

1 military force, so that we in turn could then say, look, they
2 increased their military force, we have got to increase
3 ours, and therefore the Pentagon gets a bigger piece of the
4 pie, would you go that far.

5 Mr. Cohen. That goes to motivation and intent, and as
6 Mr. Whiting said, different decision makers and people who feed
7 inputs --

8 Senator Proxmire. Then you go back to the difficulty of
9 pluralism rather than the conspiratorial theory.

10 Mr. Cohen. Certainly pluralistic intent. I don't
11 think that there aren't some people who don't have that intent
12 One shouldn't assume that the conspiracy always conspires
13 for unpatriotic reasons.

14 Senator Proxmire. No, we had a specific question,
15 was this related to the Pentagon's effort to get bigger
16 military appropriations, is this the reason they did this.

17 Mr. Cohen. We will have to await a more vigorous
18 Congressional inquiry into that incident than we now have.

19 Senator Proxmire. At any rate, you wouldn't dismiss
20 that?

21 Mr. Cohen. I wouldn't dismiss it. I do know from other
22 operations that we conducted against China that people at
23 a higher level have been alerted that we are conducting covert
24 operations against China, they have explicitly lied in public
25 about it, and some of these operations have been revealed. That

1 wouldn't shock me at all if that happened to be the case. And
2 what was the Bay of Pigs if not a covert operation that was
3 okayed and approved at the highest level? We know this goes on
4 all the time.

5 Senator Proxmire. I certainly don't argue, anybody in the
6 panel or anybody who has studied our history would not say
7 that we don't engage in covert operations. That is what the
8 CIA is all about, as I understand it. And many people feel
9 that we have to, including this Senator, we have to engage
10 in covert operations often. What I am saying, however, is that
11 motivation is very important. We engage in covert operations
12 in order for the Pentagon to get a bigger appropriation, and
13 they create a situation where the country will respond by
14 increasing its military force, so that we in turn will have
15 to give them more of our resources. I think that is quite
16 different than a covert operation to achieve some kind of more
17 specific and direct purpose, which I may or may not support.

18 Mr. Cohen. Let me go on to the last point, Mr. Chairman.
19 It seemed to me Professor Fairbank was quite accurate in depicting
20 the measures the Chinese have taken to get birth control under
21 control, if you will. I think we should realize that because
22 of China's internal system, now reinforced by the cultural
23 revolution, that China can implement whatever measures it deems
24 appropriate much more effectively and rapidly than, say, India
25 can, facing a comparable kind of economic and political and social

1 problem. And the Chinese do appear to be making some progress
2 in influencing peoples judgments about the variety of ways
3 that should be used to get birth control.

4 Also I think Chinese agriculture seems to be on the road
5 to improvement again after a period of difficulty. Some of
6 our reporters in China seem to be a little euphoric about
7 it. They talk about China being the only communistic country
8 to have licked the agriculture problem. That may be a little
9 too strong, even if it is cast in relative communist state
10 comparisons. Still I think progress is being made.

11 But I think one of the motivations of a long run nature
12 that China may have for coming in to the United Nations, for
13 cooperating in other ways in economic matters, is that China
14 wants to improve its fertilizer, China wants to improve its
15 rice, and I think China may even need capital and technical
16 aid, although initially it might seem unattractive.

17 In 1950 one of our leading economists on China affairs,
18 at that point, when I asked, is the Chinese pattern of 80 percent
19 trade with the Soviet bloc and only 20 percent with the rest
20 of the world likely to change, assured me that it would only
21 change to increasingly within the Soviet bloc. And yet when
22 seen within 10 years how it has absolutely reversed, and now
23 it is 80 percent with the non-communist world and 20 percent
24 with the communist world. And similarly I think we shouldn't
25 underestimate China's potential interest in trying to attain a

1 higher level of economic development through forms of cooperation,
2 perhaps even with the US, only on a multilateral basis. But the
3 Chinese have real incentives to cooperate with us in order to
4 meet this very problem that I referred to.

5 Senator Proxmire. Mr. Whiting, developments in China are
6 also having a severe impact in the Soviet Union --

7 Mr. Whiting. Could I answer the question your raised.

8 Senator Proxmire. Yes. I am sorry.

9 Mr. Whiting. You asked about trade with China and
10 the prospects and implications of the President's trip to
11 Peking. Could I address that question briefly.

12 I think that beyond trade one must look at the development
13 prospects of the mainland. They have taken some unusual
14 steps with different countries in the past. They have recently
15 informed the Canadians that they will permit, indeed they will
16 invite, Canadian entrepreneurs to come to China to install plant
17 and factory equipment, constraints which they have never lifted
18 for previous relationships. They have engaged in a long
19 negotiation with the west Europe power consortium known as
20 DENAG for a multi-billion dollar petro-chemical complex in
21 northwest China in the mid-60s. I see now reason why we
22 should concentrate solely on China's capability in trade
23 for relating the economic emergence of interests between our
24 country and China. Indeed, turnkey projects, as they are known,
25 are most likely to be wanted by the Peoples Republic. This

1 of course will require certain credit facilities, and indeed
2 Export-Import Bank approval. We wondered why the Chinese
3 suspect our design on Taiwan. Yet at the same time that the
4 President is planning to go to Peking, export-import bank
5 has approved a \$93.5 million loan, approved by the Atomic
6 Energy Commission, for the Republic of China to have a nuclear
7 power plant. Now, perhaps Peking thinks we are going to trans-
8 fer that \$93.5 million to Peking when it takes over Taiwan,
9 but I think that is rather fatuous. I think we foresee
10 retaining Taiwan for a long time to come. In a sense
11 this is the left hand not knowing what the right hand doeth.
12 If we are talking about truck facilities in the Soviet
13 Union while we know that the Soviet Union poses a threat to
14 the security of China, and indeed is massing troops on China's
15 borders, then should we not think about the Export-Import
16 Bank's facilitating a truck construction plant in the
17 Chinese Peoples Republic as a defense need against the
18 Soviet Union?

19 We have another possibility in the economic realm. The
20 Chinese have discovered oil reserves that are beyond
21 their foreseeable needs for the balance of the century, given
22 the state of their economy. Japan's need for oils is too well
23 documented to require elaboration here. But Japan's oil needs
24 must be serviced over long, vulnerable sea lanes and costly
25 lines of transportation to the precarious Middle East. It is

1 quite conceivable that compatible interest between Chinese
2 economic oil development and Japanese economic development,
3 linked to American prospecting and refining capital and producing
4 equipment invested in China, with Chinese concern and control,
5 of course, would show a new nexus of convergent interest in the
6 northeast area, instead of constantly looking at it in bilateral
7 terms, or in confrontation terms.

8 All of these are the prospects that are opened up by the
9 President's trip, and they literally do blow ones mind to get
10 out of the conventional language of the past.

11 Senator Proxmire. Along that line, of course, developments
12 in China are also having a severe impact in the Soviet Union.
13 We are all aware of the Soviet-Sino dispute and the friction
14 that exists along their common border. China also seems to
15 be deeply concerned over a possible preemptive Russian strike
16 against China's nuclear facilities. How serious is the dispute
17 and is there a real possibility of a preemptive strike in
18 your view?

19 Mr. Whiting. I think the possibility of a Soviet
20 preemptive strike against China's nuclear facilities was raised
21 by Moscow through its own media, and by Victor Luri, a Soviet
22 supported journalist, in 1969. So we do not need to credit
23 this as a Chinese phantasy, it is a real possibility, and it has
24 been raised over the last five years. I would not put a probab
25 ility estimate to it. That is obviously determined by men in

1 Moscow and the shifting balance of estimates among those
2 men in Moscow as to what the risks are. I personally think
3 the peak risk was in 1969, and that it has diminished but not
4 disappeared since that time.

5 It is because of this Soviet threat that I would disagree
6 with Professor Cohen's suggested development on Chinese
7 conventional force level. I think Chinese conventional force
8 levels are much more a function of the Soviet border threat,
9 the subversive threat that the Soviets have manifested in Sink-
10 iang, in Mongolia, than they are a function of the external
11 relations of the US. And if I were hopeful I would say that any
12 arms agreement would be in the forward development of nuclear
13 weapons rather than in existing force levels.

14 We cannot negotiate the Soviet Chinese relationship. That
15 is going to be a function indirectly of our relationship with
16 China. And I think this administration is not exploiting
17 that, but that it is certainly justified in showing to Moscow
18 that it does not want a war between Russia and China.

19 What will develop between Moscow and Peking after the death
20 of Mao Tse-tung is another question that is implicit in any
21 consideration. After Mao leaves the scene -- and that may be
22 soon or in the near future -- there are obviously going to be
23 those in Moscow or Peking who will seek to revive it. I
24 do not fear a rapprochement between Moscow and Peking, I would
25 welcome it over the prospect of Sino-Soviet war.

1 And I think that too is of genuine interest to this
2 administration. I would call your attention to the very
3 sophisticated analysis by a Soviet American specialist summarized
4 in this morning's New York Times:

5 "Only by letting the Chinese, however, build their own
6 defense base can they have enough deterrent strength to hold
7 off any of those in Moscow who would like to take out 'Chinese'
8 nuclear facility."

9 Senator Proxmire. I will call on Dr. Cohen, I know he wants
10 to respond. But the prospect is for rather remarkable personal
11 changes in China, notably Mao, but virtually all of the leaders,
12 and whether that will have a significant effect. We can expect
13 a change, I think, in the 10 or 15 years with the entire top
14 layer of leadership.

15 Mr. Whiting. I think it is important that President
16 Nixon succeed in his endeavor now while there is a secure
17 and authoritative leadership manifested in the personalities
18 of Mao and Chou En-lai. I think that any residual problems
19 that we leave from our past record with China for a successor
20 regime to cope with might find a far less flexible situation.
21 Certainly a man who is in second or third after Mao Tse-tung
22 will have many political problems at home to contend with.
23 And many of the issues that Mao has put out for the agenda
24 may seem curious to a second or third step successor in this
25 leadership. I don't want to say that after Mao goes China will

1 be terribly insecure. But I certainly think that there is a
2 problem there that is perhaps one of the explanations for this
3 overweening cult of Mao that we now see. If the cult of
4 Mao has grown in the past four years, it may be a function
5 of their sensed belief that a successor government will have
6 to call upon Mao's thoughts as a first claim to legitimacy

7 As you know, there is no national peoples congress,
8 there is no operating Constitution, in fact there is not even
9 an official chief of state in that government today. Chou
10 En-lai has carried on a good deal of activity as premier of
11 necessity, because this is no one else in the governmental
12 position to whom he can delegate these responsibilities. I
13 would not predict the man or the section of that elite
14 that will emerge over the next decade.

15 But I would say that if a negotiatory record is laid down
16 successfully by Mao and Chou, that it will certainly survive
17 this succession to the extent that we make it a credible and
18 confidential basis of our relationship.

19 Senator Proxmire. Dr. Cohen.

20 Mr. Cohen. Could I say that what Professor Whiting has
21 correctly just said about the importance of striking while the
22 iron is hot -- while China has a secured, mature leadership --
23 could equally well perhaps be applied to our own domestic
24 situation. The Nixon Administration seems to be admirably
25 equipped now to make changes in our China policy than any

1 successor, because it too has its domestic constituency worry
2 about, and it may not feel secure enough to make. Perhaps Mr.
3 Nixon can face down the right wings of both parties that are
4 now applying increasing pressure against his China intentions.
5 But we can't be sure that any successor administration,
6 particularly of the Democratic side, would be able in the light
7 of past experience to muster a similar kind of counter pressure.

8 Now, I apparently failed to make myself clear with
9 respect to your first no use pledge as to what we might get
10 in return from the Chinese. I was addressing myself to what I
11 brought up in my earlier discussion about the multilateral no
12 first use pledge that the Chinese have now suggested. As I
13 said earlier, we can't expect any bilateral arms control
14 response from the Chinese, because they have got the Russians
15 to worry about.

16 So we have got to have a multilateral situation here.
17 And I would quite agree with professor Whiting's views,
18 I don't think there is any difficulty at all on that point.

19 Now, as to the preemptive strike, I think it is a genuine
20 threat. I think if you will recall, Mr. Chairman, there was
21 a period when this country debated very seriously having a
22 national shelter building program against a contemplated
23 nuclear attack. We were and still are, I think, the richest
24 country in the world. And yet we abandoned that program
25 because of its psychological implications, because of the

1 misallocation of resources for even a very rich country. China
2 has undertaken a national urban shelter building program,
3 it has been going on for some time. China is a very poor country.
4 This is a misallocation of its resources unless there is a credi-
5 ble basis for China to fear the possibility of a nuclear strike
6 by the Soviet Union. So I think the Chinese certainly are
7 taking it very seriously. It is not pie in the sky or something
8 they are making out of whole cloth.

9 And I might say that part of the significance of the
10 Indian treaty with the Soviet Union that has just been concluded
11 may be that it will offer the Soviets a pretext for acting
12 against China. If, for example, China should support Pakistan
13 too vigorously in any Pakistan-Indian clash, I think we might
14 find the Soviet Union champing at the bit to exercise some
15 influence over the Chinese by threatening to come to India's
16 aid in the most demonstrable way. The situation is beginning
17 to look a little like that in 1914 of Serbia and Austria-Hungary
18 each backed by its own prominent more powerful allies. And
19 this is a serious problem.

20 Senator Proxmire. This morning's paper carries a report
21 of what is described as an "authoritative article in Pravda"
22 expressing concern that an anti-Soviet coalition might develop
23 out of American-Chinese contacts. Is this realistic, Professor
24 Fairbanks.

25 Mr. Fairbanks. I would read this as the kind of counter

1 pressure that we are getting from all these countries. The
2 Soviets in a polite way are expressing their concern lest we
3 are conspiring against them. The Japanese have been expressing
4 again concern about our not consulting them over China. I am
5 not sure there is anything more to it than that. It is political
6 pressure.

7 Mr. Whiting. Mr. Chairman, first, may I suggest that you
8 use the words "preventive war attack" rather than "preemptive
9 strike" in referring to what might be in the Soviet mind, because
10 I would not credit the Soviet Union with believing that
11 preemption, which properly defined means getting your blow
12 in before the other blows come at you, is what this kind of an
13 attack would be all about. A preventive war is removing any
14 future capability of raising a threat. And I think that they
15 are striking so long in advance of the Chinese nuclear capability
16 that it could only be described as a preventive threat. And
17 if Mr. Abatoff's concern is there -- and if the French expression
18 *hoai suit qui mal y pense*, does apply -- if the Russians
19 have been thinking about doing any harm to China, then those
20 who would bolster China's defense are in that definition anti-
21 Soviet, they are thwarting Soviet designs to blackmail or brutal
22 ly punish China.

23 Senator Proxmire. You understand that they are looking at
24 it from the Soviet standpoint, that two other great powers in
25 the world, the US and China, are going to have a detente, or in

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1 the kind of relationship of assistance of the kind you describe.
2 we sent our businessmen there to help them reconstruct their
3 industry.

4 Mr. Whiting. I would look at this in two levels. If the
5 Soviet Union had not invested all of the military
6 buildup effort from 1965 on, at a time when there was no credible
7 Chinese threat to the Soviet Union, then one could say, something
8 is beginning at our initiative or Chinese initiative which could
9 justly be described as anti-Soviet. But I think that investment
10 in the military encirclement of China on the northeast
11 and northwest frontiers makes this a polemic, not a practical
12 charge.

13 But secondly, in terms of anti-Soviet being equated as
14 competition for influence, that is what world politics are all
15 about. And if the Soviet Union has an embassy in Peking with
16 an ambassador and trade relations, obviously parity is the
17 minimum the US could demand without being called anti-Soviet.

18 I think in the longer statement Mr. Abatoff correctly
19 discerned several kinds of groups and several kinds of trends
20 in American policy. And he doesn't single out this one as the
21 dominant element. Indeed, I think his is a very sophisticated
22 rebuttal to cruder Soviet attacks to our policy which have come
23 earlier, but which have only talked about the anti-Soviet impli-
24 cations. And I am sure that as President Nixon and Secretary
25 Rogers carry out their move to Peking, they are very mindful

1 of the need in SALT and the Middle East and elsewhere to
2 assure the Russians where it is reasonable, but not where it is
3 unreasonable.

4 Senator Brockway. Let me just try to get a little
5 balance in this by asking Dr. Cohen this.

6 I think a lot of myths about China are being dispelled
7 these days and that is bound to be a healthy thing. But I
8 wonder if the pendulum may swing too far. Perhaps China is not
9 the violent-prone nation some have believed her to be. But
10 how do you explain China's role in the Pakistani civil war.
11 Here is a nation that claims to be dedicated to revolutionary
12 movements against oppressive colonial type regimes. The East
13 Pakistanis rebel against the more powerful and apparently
14 repressive West, the West ruthlessly crushes the rebellion,
15 murders hundreds of thousands of her people and causes
16 millions to flee the country, if we are to believe the press
17 reports, and China supports West Pakistan, how do you explain
18 this?

19 Mr. Cohen. Senator, there are undoubtedly a number of
20 threads here. But I would think one thing to bear in mind
21 with respect to China's policy toward Pakistan is, the Chinese
22 of course are dedicated to wars of national liberation and self
23 determination movements, but they are even more dedicated to
24 national unification, to China's territorial integrity. And I
25 think the Chinese are very careful, they are extraordinarily

1 sensitive on this Pakistan question, I think extraordinarily
2 sensitive. They are very careful not to act in such a way as
3 would justify retrospectively the Tibetan revolt against China
4 or prospectively any need on China's part to use force if other
5 means should fail in the distant future against Taiwan.

6 They don't want to be in the position of witnessing and
7 helping the Balkanization of Asia through supporting self
8 determination movements that would destroy Pakistan's national
9 unity, China's national unity, and perhaps others. So
10 I think they are being very careful, apart from other reasons
11 that they have, in this whole question of misunderstanding with
12 India, the difficulty with the Soviet Union. And they are also
13 playing in this aspect conventional kinds of balance of power
14 politics.

15 Senator Proxmire. Maybe to our eyes the situation is more
16 horrifying than it is to the eyes of the Chinese. And they
17 may be more used to or capable of tolerating the kind
18 of violence we read about. But we have the incredible
19 atrocities, and as I say, the wholesale murder of hundreds of
20 thousands of people, genocide.

21 Mr. Cohen. It is a shocking thing --

22 Senator Proxmire. To support that it seems to me is beyond
23 -- I would agree that the break up of Pakistan would be
24 unfortunate -- it would seem to me that they can take a position
25 that would bring as much pressure to bear on West Pakistanis to

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desist in this kind of extermination without at the same time supporting a separation movement.

Mr. Fairbank. Sir, they are not giving arms to the Pakistani government, which is killing these people.

Senator Proxmire. That is true. And we certainly are, according to everything we can determine, although the Defense Department has denied it to me when Secretary Laird came up to testify before my subcommittee. But I think the documentation is pretty clear on it.

Mr. Cohen. We have got to be aware of their extraordinarily sensitivity to China's borders, to its territorial integrity. They have lived through a so-called century of humiliation in which through one pretext or means or another Japanese power has sought to detach from China various portions of China. The Chinese communist revolution really came to power on a platform of restoring China's self respect, its equality and its territorial integrity. They are not going to be beguiled by slogans of self determination, they are not even going to blink at tremendous, horrendous slaughter within neighbor states that are going through their own convulsions, because they fear interference by other states.

And that is the principle that takes priority over other principles.

Senator Proxmire. How does the separation of East Pakistan threaten China?

1 Mr. Cohen. It threatens China, as I have indicated, by
2 precedent, by analogy, because of the Tibet problem. You
3 remember how the world was terribly upset when China put down
4 by force the revolt in Tibet. The world was very concerned
5 about what would happen with respect to Taiwan if the US should
6 remove its defense commitment. It is this precedent. I
7 don't think there is any direct security interest that China
8 has in the continued integration of East Pakistan.

9 Senator Proxmire. This isn't China's territory as Tibet
10 may have been. East Pakistan, it seems to me, if separated
11 would represent a lesser threat.

12 Mr. Cohen. Exactly. But China is not going to be in
13 the position, as I tried to say earlier, of supporting the
14 breakup of a national entity according to the principle of
15 self determination, because they see that as justifying them
16 calling for Tibet separating from China, Taiwan separating
17 from China.

18 If we use self determination highly selectively we can
19 use South Vietnam to argue for our intervention there. I
20 think as they see it that as the Chiang Kai-shek forces lose
21 ground in this country the Chinese will shift their rhetoric
22 from supporting the Republic of China to supporting self
23 determination for the people on Taiwan. We haven't called for
24 self determination in the years we have supported the Chiang
25 Kai-shek regime because it would embarrass that regime, which

1 isn't based on self determination. But I know we are going to
2 have some interest in it.

3 And the Chinese have priorities of things just as we do.
4 And number one for them is Chinese territorial integrity.

5 Mr. Whiting. I would like to place this in a different
6 perspective. I think that the "pactitis" of John Foster
7 Dulles aroused in Peking the --

8 Senator Proxmire. Pactitis? You are not talking about Pak-
9 istan.

10 Mr. Whiting. Pactitis, the use of pacts in foreign
11 relations as was done in the mid-50s when confronted with a pro-
12 blem you solved it with a pact.

13 We formed SEATO and CENTO. We used Pakistan as a massive
14 intelligence effort directed against China and the Soviet
15 Union from the facilities at Peshawar. China had had from as
16 early as 1954 to 1955 to respond directly and conventionally
17 at a time when they were not in hostile array against India to
18 see how that alliance could be eroded. Chou En-lai made approach-
19 es to Taiwan at the conference in 1955. The approaches to
20 Pakistan were a little more successful, because of Kashmir
21 and because of India. The Chinese tried to ride both at the
22 same time, the Friendship to Indian and the friendship to
23 Pakistan.

24 Ultimately their border dispute with India came up and
25 they became increasingly dependent upon the pact against India

1 But the emergence of their pact alliance as a tacit one
2 was counter to our explicit alliance with Pakistan. Once
3 the Paks removed our intelligence facility at Peshawar, the
4 Chinese could see positive gains from further cooperation with
5 the West Pakistani government.

6 As an East Pakistan rebellion emerges, the Chinese between
7 realpolitik and total revolutionary grosspolitik is a very
8 hard one. But at this time and under the circumstances that
9 the Chinese face in the agricultural revolution, they seem
10 to be going for realpolitik.

11 I am amused in a sense by your question, because in the
12 past the nightmare that Indian policy has projected would be
13 a Chinese separation of East Pakistan, and alliance there with
14 West Bengal communist party, one of the stronger forces, and
15 indeed a separation of that portion of the subcontinent of
16 Assam, and the Nacolites rebellion, and so forth, cutting
17 India down to a small part of what it is now. That is not what
18 occurred. Instead, Peking made the choice, as appears to
19 have been the choice in this country, of gross or realpolitik,
20 supporting the Pakistani government implicitly or explicitly
21 in what I agree with you is genocide.

22 But I place it in this earlier context of the alliance
23 consolation which we indeed forced on Peking by the formation
24 of CENTO and SEATO.

25 Senator Proxmire. I realize that the hour is late. But I

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1 have a few more questions.

2 Another extremely important new development is the recent
3 pact between the Soviet Union and India. This too seems to
4 have been brought about, in some measure, by events in China.
5 China, of course, has sided with West Pakistan in the dispute
6 with East Pakistan and India, as we have already mentioned.
7 Some rather hard lines seem to be forming here, with Russia and
8 India on one side and Pakistan and China on the other.

9 We have taken no formal position but we have been sending
10 arms to West Pakistan and our government seems more friendly
11 to it than to India. What is the significance of the Soviet-
12 India treaty and what do you think the US would do if hostilities
13 broke out? And by the way do you think persons in this country
14 might some day be asking, "Who lost India?"

15 Mr. Fairbank. No, I don't think so. We don't have the same
16 sentiment about India that we have about China. Somehow it is
17 a different country.

18 I think this pact from the Indian side seems to be taken
19 not as a very heavily military alliance. It isn't in the military
20 alliance terms that is customary. And the Indians may well
21 feel that this is just friendship, and the Russians are helping.
22 In other words, it does not make American aid and American
23 relations any less desirable or feasible. And so while it
24 may be a straw in the wind that the Soviets were moving into
25 the Indian Ocean ---

1 Senator Proxmire. It might make it harder for Congress to
2 approve.

3 Mr. Fairbank. Well, the domestic politics of India the
4 Soviets obviously want to play in, and I don't think we want to
5 get into that. But this I don't think is a very serious matter
6 that we should exercise ourselves about. It is part of a
7 general trend of the Russian movement in that area, which I think
8 we have to accept.

9 Mr. Whiting. There is, sir, an implicit contradiction
10 between this pact and the reality of mutual alliance and friend-
11 ship, including with the Peoples Republic of China, of 1950.
12 For in the article that is most operative the Soviet Union has
13 pledged that it will not give military assistance to any govern-
14 ment which is in hostility to the Indian government. The
15 Chinese have had hostilities with the Indian government in 1950,
16 1962 and 1965. And if I read that article correctly, this
17 formerly precludes the Soviet Union from assisting the Peoples
18 Republic of China under any circumstances that are hostile.
19 It does not say defensive, offensive, who was attacking whom,
20 but it simply precludes military assistance to a government
21 which is in hostilities with the other signatory. I think that
22 is going to be read in Peking with much more attention than the
23 question that we have raised, namely out of our concerns over
24 what will happen in a Pak-India war.

25 But your question raises another --

1 Senator Proxmire. It is a very, very interesting
2 observation, I completely missed that.

3 Mr. Whiting. But there is other observation I would like
4 to make. And that is found in the excellent journal of the
5 former ambassador to India, John Kenneth Galbraith, and in the
6 book by Nevil Maxwell about an Indian-China war. And that is, in
7 1962 the US government moved precariously close to intervention
8 with military action on behalf of India in what was a border
9 war, which I believe the Indians brought upon themselves,
10 without reference to the Congress of the US, and under no mutual
11 agreement or commitment for assistance.

12 I think this pattern of elbowing and easing our way into
13 a military situation without reference to the Congress and
14 without reference to legal obligations should be examined,
15 as I know it has been examined, by various pieces of legislation
16 introduced in the Congress. And the precedents go beyond
17 the Vietnam war. We should certainly nail this one down before
18 we slip or slide any further into what might be a holocaust
19 on the subcontinent.

20 Senator Proxmire. Let me ask you gentlemen, we have been
21 discussing what might be labeled the coming realignment in Asia.
22 What will the economic consequences of all this be for the US?

23 As you know we have a tremendous economic investment in
24 Asia. Our trade with Japan is huge and our investments there
25 are very great. We have substantial economic interests in the

1 Philippines, in Indonesia and throughout Asia. What lies in
2 store for these as a result of what is happening politically
3 and militarily?

4 Dr. Cohen?

5 Mr. Cohen. You have already indicated that we should
6 be in a position substantially to cut down our military
7 expenditures, hopefully not just for combat troops but for mili-
8 tary expense for many Asian regimes.

9 Senator Proxmire. I asked that question, and I think the
10 gist of what you gentlemen told us suggests that.

11 Mr. Cohen. I take it your question now asks also about the
12 future of American private investment in Asia. This gives me
13 a chance to comment on the vision of the future and all the
14 wonders that could be, Professor Whiting pointed out, if we
15 could get some cooperation between American private if not
16 public sources, and the governments of East Asia on the exploi-
17 tation of these recently discovered resources of oil in East
18 China and the South China Seas. But I would think that the
19 prospects for that in the near future are extremely dim. We
20 can't really envisage the People's Republic of China cooperating
21 with the Republic of China or with South Korea or with South
22 Vietnam in some joint venture with the Japanese to exploit
23 these resources.

24 Mr. Whiting. May I interrupt. I was only referring to
25 continental mainland reserves, not offshore reserves.

1 Mr. Cohen. The offshore reserves may be one of the
2 vastest untapped resources in the world. But they can't be
3 effectively, exploited, I think until we have worked out at
4 least whether it is going to be Peking or Taipei. It is
5 going to really have the jurisdiction, for example, to award
6 contracts to American corporations, or Japanese corporations.
7 And indeed Peking's concern at efforts along these lines by the
8 Japanese, the South Koreans and the people on Taiwan to begin
9 exploiting these resources have really, I think, properly led
10 us to be extremely cautious about going ahead, because that
11 could lead to actual shooting incidents, just as disputes now
12 between, say, the Philippines and both Chinese governments are
13 leading to very minor incidents off the other islands in South
14 China Sea.

15 So that is a problem. But in the long run let's hope that
16 there can be some economic cooperation. And I have already
17 indicated that we ought to be working toward other forms of
18 economic cooperation, such as the examples of Professor Whiting
19 has referred to for example, the Canadian. By the way, we
20 have had British and West German firms setting up plants in
21 China. We would hope that Americans would take part in that.
22 And eventually American corporations should be able to profit
23 one way or another, although we are never going to see China being
24 very open in terms of permitting foreign corporations to do
25 business in China.

1 It will take quite some time before China ever gets to the
2 stage that the Soviet Union is now at in that respect. Now,
3 other countries in Asia may become under Chinese pressure
4 perhaps, or a suggestion, increasingly nationalistic. The
5 Chinese have been very strong in supporting Latin American
6 efforts to curb US investment, not merely by governments such
7 as the Absani government, but urging Peru and other Latin American
8 countries to take control of their own resources. And it may
9 be, for example, that in Thailand or the Philippines, as they
10 wear away from an ardently anti-communist posture, and very
11 close relations exclusively with us, that we will see increasing
12 pressure to threaten American business interests there.

13 But of course we have got to recognize that in a changing
14 world each country has a right to determine the allocation of its
15 resources, and the best we can hope for is some continuing
16 reasonableness in terms of the manner in which that has got
17 to be done.

18 Senator Proxmire. Dr. Fairbank, I would like to ask you
19 to pursue this.

20 Along the lines that was recently kind of a revolution
21 to many of us by former ambassador -- he pointed out that
22 if the Japanese continue to expand their economy in the next
23 30 years as they have in the last 10, by the year 2000 they
24 will have a gross national product of \$66 trillion, in other
25 words, in constant dollars it will be six times as big as our

1 present production. Now, I suppose there are many limiting
2 factors, of course. But nevertheless, this is an economic
3 giant, this is the economic giant of Asia. As I say, we have
4 many investments, and we have a great trade with Japan. What
5 effects will this rapprochement with China have on our invest-
6 ments in Japan and elsewhere.

7 Mr. Fairbank. We face the problem that the Japanese
8 economy can be quite a substitute for all our economic
9 activity. And we have competition. It seems to me for the
10 long run vis-a-vis China the only help that we have is to get
11 into multilateral or international auspices or rejudge
12 auspices for economic activity to a much greater degree than
13 heretofore.

14 If contracts now conducted by American corporations could
15 be funneled through international body, regional committees,
16 or multination commissions, that kind of thing, that there
17 might be less onus of imperialist capital expansion, as they call
18 it in China. They see a great menace in the Japanese economy,
19 because it builds up interest abroad, which then becomes
20 endangered and are followed by military support, probably.
21 They accuse us of this same kind of thing. Now, in both cases
22 I think the American and the Japanese are not following really
23 a Leninist book, where the economic growth leads to military
24 expansion, rather it is a more complicated than that. But
25 there is a psychology of expansion in both cases. We have the

1 problem, in other words, of mediating, moderating our own
2 expansion and the Japanese expansion at the same time. We are
3 part of the same economy in a way. The Chinese face this from
4 the outside. And it is a very formidable prospect to them.
5 I would think that institutional development is the first
6 thing that we ought to put our minds to.

7 The channels through which this kind of aid can move
8 internationally certainly can be worked on, and can be improved.

9 Senator Proxmire: Dr. Whiting, would you like to comment
10 on that, that is, the effect of our relationship, budding
11 and developing relationship, that we all hope is going to develop
12 constructively and peacefully with China, our investments else-
13 where and economic commitments elsewhere?

14 Mr. Whiting. I think that the prospect of US investments
15 in Asia is going to be a depressing one, if we see ourselves
16 in competition with the Japanese. I think it is clear that
17 our entire price-wage structure and the value of the dollar
18 in this country is a problem first of priority, and if it is
19 not resolved within the very near future, we will simply not
20 be in a position to compete abroad. The confidence and the
21 cost of dealing with the US as opposed to dealing with Japan
22 will make us uncompetitive. I think while this administration
23 has claimed to have solutions, they have at least not been
24 evident to my eyes. And I am not an economist, and I cannot
25 perceive how much of a crisis lies ahead for how long. But I

1 would be very wish to make projections until I am confident
2 that the internal economic crisis of the US is going to be
3 solved.

4 If there are ways in which the mutual needs of China and
5 Japan and the US community of investors can develop in Northeast
6 Asia, either with underwriting of the world bank, the Asian
7 Development Bank, or with other UN institutions, this too will
8 have to come after the resolution of our political problems
9 with people and the public. And that is why I think the trip
10 that President Nixon has proposed has very far reaching
11 implications. But you don't see them consistently in the frame-
12 work of the Vietnam war, or in the framework of military security

13 And that is why I made such remarks as I did about completely
14 fresh and unconventional approaches to the economic convergen-
15 cies, rather than the economic confluence of China, Japan
16 and the US.

17 Senator Proxmire. Gentlemen, thank you very, very much.

18 Dr. Cohen.

19 Mr. Cohen. Could I just have one final remark about the
20 stability in Asia.

21 It seems to me appropriate that we begin to revive
22 interest in this country than in the executive branch in the
23 idea of recognizing establishing diplomatic relations with
24 Mongolia. We were, as you know, very close to doing that in June
25 of 1969, when the State Department had recommended it. But there

1 was an objection in the regime on Taiwan against this. They
2 have revived their interest in claiming for China Mongolia.
3 And I think it was a profound mistake that we didn't go ahead
4 despite that objection in recognizing Mongolia. I think we
5 now should do it, because it would accord with the
6 President's recently expressed objective of recognizing reality,
7 and recognizing governments that control the bulk of areas
8 we called nation states.

9 And I think it would give us a very important listening
10 post on many of these problems you have been asking questions
11 about, Mr. Chairman, it would provide some balance to the
12 Soviet Union almost exclusive ability to exercise influence in
13 Mongolia.

14 I think the Mongolians have been long interested in a
15 window on the west for economic and political reasons, and the
16 Peoples Republic is not likely to be upset by this move.
17 It has recognized Mongolia and made a barter agreement with it
18 although it doesn't like the way the Russians have treated
19 China with respect to Mongolia. And I think if properly
20 approached this point the Peoples Republic might welcome
21 having a US presence in Mongolia as a counterpoise to the
22 Soviet influence at a time when the Chinese influence in
23 Mongolia is very, very low.

24 For all these reasons I think it would be extremely
25 important for us to revive that idea and perhaps give the

1 administration some support and show that it would be
2 appreciated.

3 Mr. Fairbank. Mr. Chairman, may I say we need funds for
4 more Chinese studies in this country.

5 Senator Proxmire. Yes, indeed. And I think you have made
6 a very strong and compelling case for that. And I appreciate
7 that a great deal.

8 I want to thank you gentlemen very much.

9 The subcommittee will reconvene in September. We expect
10 to have witnesses from the Defense Department to give
11 their justification, and their viewpoint, and their responses,
12 perhaps, to some extent to your testimony in the State
13 Department and from other witnesses, because we feel that there
14 is such a vital question that has not been explored or
15 developed. So we will continue to do it.

16 You have certainly made a contribution this morning.

17 Thank you very much.

18 (Whereupon, at 12:45 p.m., the subcommittee was adjourned,
19 subject to the call of the Chair.)
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