

- **That 70s Woe: The Problem with Pandas (Episode 3)**
 - *A series on understanding the transition of the US economy in the Crisis of the 1970s: The US-China episode. (A Bill solo episode recorded Apr 23, 2022.)*
 - [Nixon tapes cold open, 1:54-2:03]
 - [recurring episode opening Music cue]
 - It's Arsenal For Democracy. I'm Bill Humphrey. This is episode 423 – the third bonus episode in a somewhat monthly series called “That 70s Woe”, recorded on April 23, 2022. Today's episode: “The Problem with Pandas,” covering US-China relations in the 1970s. If you're not already a Patreon subscriber, we hope you will go to [Patreon.com/arsenalfordemocracy](https://patreon.com/arsenalfordemocracy) and sign up for \$3 per month to support this series. This series requires a pretty huge amount of time to research and write and to find the relevant historical audio clips. I really enjoy making them, and I've been releasing the series free to everyone, but it's difficult to set aside the time without financial support from listeners like you. I'm really grateful to those of you already donating each month on Patreon. With that out of the way, let's get into it...
 - **The Wilderness (1949-1971)**
 - October 1, 1949: After achieving military victories on the mainland earlier in the year, although before completing the mainland operations, and [after months of state-building conferences by the communist politicians](#), Mao declared the People's Republic of China and called for diplomatic relations with the rest of the world
<https://www.youtube.com/watch?v=UvgLUGRhUwU>
 - (1:55-2:31) [Translation as provided, but I can't read it out loud because it doesn't scan right:] *“Our government is the solely legitimate government of the people all over the nation. [?] representing the People's Republic of China [?] are willing to comply with the principles of equality, getting benefits together and respecting territorial sovereignty of every foreign government. Our government are ready to build the diplomatic relations.”*
 - Recognition was largely not forthcoming initially, apart from other communist countries. The veto-wielding Soviet Union began boycotting UN Security Council meetings over the lack of international recognition for the PRC, briefly leaving the door open for the US to get whatever it wanted at the UN, just long enough for a UN-approved intervention in the Korean War in the second half of 1950.
 - Initially, in October 1949, it looked like the US government might actively promote trade with Communist China, sensing an opportunity for lucrative trade without much competition from war-devastated Europe and the Soviet Union. In 1950, China sold \$142.63 million in goods to the US, while the US sold \$95.49 million in return. But this was not to last.
 - Those figures come from the journal article:
<https://www.jstor.org/stable/44288827> “China and the US Trade Embargo, 1950-1972” by Xin-zhu J. Chen for the American Journal of Chinese Studies in Vol. 13, No. 2 (OCTOBER 2006), pp. 169-186
 - September 30, 1950, a year after the PRC was proclaimed and a few months after the start of the Korean War, PRC Premier and Foreign Minister Zhou Enlai told the US for a final time that the PRC might be forced to intervene against US-led UN forces in Korea if those UN forces

crossed the pre-war north/south border at the 38th Parallel, which began the following day). On October 19, 1950, PRC forces began entering North Korea.

- The US before the year's end had declared a trade embargo against the People's Republic of China that would end up lasting until 1971, despite Western Europe and Japan dropping restrictions by 1959 and 1960, in no small part due to the PRC's ongoing military and economic assistance to North Vietnam during its independence struggle against France and then (after 1954) its efforts to reunify with South Vietnam, all of which was still ongoing by 1971...
- **Nixon Goes to China / Trade / Panda Diplomacy**
 - Nixon, however, was trying to wind down the Vietnam War in 1971 and [China had tested its first nuclear weapon back in 1964](#). All that realistically meant negotiating with China, even if he was a big anti-communist crusader personally. [[7/15/71 address](#), 0:19-34] One of the hallmarks of the 1970s American political rhetoric is conceding over and over that the United States can no longer bend reality to its will. Keep that in mind when we get back to a Carter speech later. For China's part, they had faced very serious risks of military conflicts with the Soviet Union during periods of hostility in the 1950s and 1960s, and they had just as much to gain strategically as the US did from putting themselves on friendlier terms. The first big step taken in public, as opposed to behind the scenes in secret talks, occurred on June 10, 1971 (The Washington Post headline the next day read: "[U.S. Ends Ban on China Trade: Items Are Listed.](#)") They elaborated on the new arrangement, while noting ongoing embargo categories related to the war in Vietnam.
 - *Under the new order, U.S. exporters will be free to sell to China most farm, fish and forestry products, fertilizers, coal, selected chemicals and metals, passenger cars, agricultural, industrial and office equipment and certain electronic and communications equipment. The President's order does not remove the prohibition against the shipment of locomotives to China, one of the key items the Peking government is said to want, and of aircraft.*
 - ([They did end up getting 10 Boeing planes the next year.](#))
 - *U.S.-China trade was roughly \$200 million annually in 1950 when President Truman imposed an embargo after China entered the Korean War on the North Korean side. China's total world trade now totals about \$2 billion in exports and the same in imports with about \$1.5 billion from non-Communist countries, the bulk of it from Japan.*
 - Just over a month later, on July 15, 1971 Nixon addressed the nation live on television to announce his formal acceptance of an invitation to visit China in 1972 and explained the series of secret diplomatic talks that led to this invitation [0:08-18; 0:34-3:29]:
<https://www.youtube.com/watch?v=3Ps34mVys8o>
 - The next milestone was the UN Security Council Reshuffle: On October 25, 1971 the UN General Assembly voted not only to shift the Chinese seat on the Security Council from the government in Taiwan to the government on the mainland (which the US was ready to concede defeat on) but also to expel the government in Taiwan from the UN altogether (which the US opposed)

- The following day, George H.W. Bush, Nixon's Ambassador to the United Nations, appeared on ABC's late night Dick Cavett Show to discuss the UN vote, including the Assembly delegates openly cheering the result and jeering Ambassador Bush:
<https://www.youtube.com/watch?v=PXr7IRzBE4o> [5:17-7:47]
 - George H.W. Bush would later go on to serve as President Ford's top diplomat in the People's Republic of China for about a year.
 - Interestingly, according to the secret Nixon tapes from earlier in 1971, Dick Cavett was one of the President's public enemies, so make of that interview what you will.
<https://www.youtube.com/watch?v=PxwXBS8AM6M> 25 seconds]
- Finally, as promised, Nixon made his one week trip to Beijing, via Shanghai, in February 1972:
 - Here is the official joint summary of the tour itinerary and participants from the Joint Communiqué issued at the end (linked further below):
 - *President Richard Nixon of the United States of America visited the People's Republic of China at the invitation of Premier Chou En-lai of the People's Republic of China from February 21 to February 28, 1972. Accompanying the President were Mrs. Nixon, US Secretary of State William Rogers, Assistant to the President Dr. Henry Kissinger, and other American officials.*
 - *President Nixon met with Chairman Mao Tsetung of the Communist Party of China on February 21. The two leaders had a serious and frank exchange of views on Sino-US relations and world affairs.*
 - *During the visit, extensive, earnest and frank discussions were held between President Nixon and Premier Chou En-lai on the normalization of relations between the United States of America and the People's Republic of China, as well as on other matters of interest to both sides. In addition, Secretary of State William Rogers and Foreign Minister Chi Peng-fei held talks in the same spirit.*
 - *President Nixon and his party visited Peking and viewed cultural, industrial and agricultural sites, and they also toured Hangchow and Shanghai where, continuing discussions with Chinese leaders, they viewed similar places of interest.*
 - As noted, Nixon met with Mao for a bit but most of the trip was about diplomatic events with Premier Zhou Enlai, including various televised speeches back and forth and cross-cultural performances such as a Chinese military band playing "America the Beautiful." [1:07-1:31
<https://www.youtube.com/watch?v=ebv81njqec8>]
 - For American audiences the most important element besides a few key photo ops was probably Nixon's six-and-a-half minute toast to Zhou Enlai (on Feb 25, 1972), which was carried live on

American television. Here are a couple excerpts:

<https://www.youtube.com/watch?v=Ni38rNeo-ZU>

○ [2:05-2:50; 5:02-6:51]

○ Transcript in full:

<https://china.usc.edu/richard-nixon-and-zhou-enlai-toasts-banquet-honoring-premier-february-25-1972>

- 1972 Shanghai Joint Communiqué summarizing the tour (as noted above/earlier) and points of agreement or areas requiring further talks:

https://en.wikipedia.org/wiki/Shanghai_Communicu%C3%A9 Full text:

https://en.wikisource.org/wiki/Shanghai_Communicu%C3%A9

- PRC supported communist reunification of Vietnam and Korea. The US pledged to draw down forces in Vietnam and leave soon, but not to do that in Korea.
- PRC condemned “Japanese militarism” while US pledged continued friendship with Japan and both supported peaceful democracy in Japan
- PRC and US both basically supported the Pakistani position on Jammu & Kashmir territorial dispute, with varying wording
- *8. There are essential differences between China and the United States in their social systems and foreign policies. However, the two sides agreed that countries, regardless of their social systems, should conduct their relations on the principles of respect for the sovereignty and territorial integrity of all states, non-aggression against other states, non-interference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence. International disputes should be settled on this basis, without resorting to the use or threat of force. The United States and the People's Republic of China are prepared to apply these principles to their mutual relations.*
- *9. With these principles of international relations in mind the two sides stated that:*
- *a) progress toward the normalization of relations between China and the United States is in the interests of all countries*
- *b) both wish to reduce the danger of international military conflict*
- *c) neither should seek hegemony in the Asia-Pacific region and each is opposed to efforts by any other country or group of countries to establish such hegemony*
- *d) neither is prepared to negotiate on behalf of any third party or to enter into agreements or understandings with the other directed at other states.*
- The very contentious Taiwan issue was mostly set aside except to say that it was being set aside and to reaffirm the position of PRC and the US’s reluctance to leave: *The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and*

that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all US forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes.

- The communiqué also stated intentions to promote bilateral US-PRC trade and future normalization of diplomatic relations.
- That bilateral trade point was followed up on the American side with [a trip by Democratic House Majority Leader Hale Boggs and future Republican President Gerald Ford in 1972](#) and subsequently the 1973 formation of the “National Council for US-China Trade, later renamed the US-China Business Council (USCBC).” The embargo had been lifted in 1971 but there was still very little trade and not much reason to trade because China didn’t yet have the resources to buy things from the US even if they wanted to (and didn’t care about protecting domestic sectors) and China didn’t have enough surpluses of much of anything exportable to sell to the US. There was still a great deal of political resistance within China in the early 1970s to getting into business with American corporations, which we will come back to in a few minutes when we get to the transition of the late 1970s. China, in the closing phases of the Cultural Revolution, was interested in buying American agricultural output to feed the population. American growers wanted to be able to sell there, too, like the Australian and Canadian agriculture sectors had been doing for years. Other US corporations, by contrast, mostly wanted to wait until permanent normalization of relations before getting into business there, whether as buyers or sellers.
<https://www.chinabusinessreview.com/40-years-of-us-china-commercial-relations/>
- We also need to discuss Panda Diplomacy (April 1972)
 - Let’s hear an excerpt from the Nixon tapes on the matter:
<https://www.youtube.com/watch?v=WBO9Y0SyDgk> [full clip]
 - As alluded to in the clip, China received a pair of musk-oxen, I assume from Alaska, which doesn’t seem as exciting or symbolic as pandas, although I like them too. Ling-Ling and Hsing-Hsing, born in the wild in China, joined the National Zoo in Washington DC in April 1972.
<https://nationalzoo.si.edu/animals/history-giant-pandas-zoo>
https://siarchives.si.edu/collections/siris_sic_8933 (1985 photo used in cover art for this episode.) They did not produce any offspring until 1983, a full decade later, and none survived to adulthood anyway. She died in 1992, 20 years later, and he died in 1999. New pandas were brought over in December 2000, which I got to see on a 4th grade vacation my dad took me on, beginning my lifelong passion for traveling to zoos around the US and the

world. However by this point, other zoos like Atlanta, Los Angeles, and San Diego had also received pandas from the Chinese government, too.

- Here's the official, although not especially politically accurate, Smithsonian National Zoo summary of the 1972 animal exchange: *At dinner in Beijing, China, in February 1972, First Lady Patricia Nixon mentioned her fondness for giant pandas to Chinese Premier Zhou Enlai. As a gesture of goodwill following President Nixon's seminal state visit, Premier [Chou] gifted two giant pandas to the American people. Nestled in the Nation's Capital and with free admission, the President and Mrs. Nixon selected the Smithsonian's National Zoo as the home for the first giant panda bears at a U.S. zoo. On April 16, 1972, the giant pandas Ling-Ling (a female) and Hsing-Hsing (a male) arrived at their new home. Over the next 20 years, Ling-Ling and Hsing-Hsing produced five cubs. Sadly, none of the offspring survived for more than a few days. But ever since their arrival, the pandas have symbolized cross-cultural collaboration between the United States and China.*
- What is not mentioned in that account is that Panda Diplomacy was not really the result of an offhand comment by First Lady Pat Nixon to Zhou Enlai during the trip, but rather a planned animal exchange as part of a longstanding practice of the People's Republic of China government to promote goodwill with literally dozens and dozens of countries from the late 1950s through the 1960s, when the PRC was seeking diplomatic and economic ties to those countries. Beginning in the 1980s, the government's policy would be changed from a permanent gift program to a long-term loan or lease program, and there was a growing emphasis on scientific research in cooperation with Chinese scientists. The arrangements are increasingly expensive, especially with the climatic and dietary needs of the pandas.
https://en.wikipedia.org/wiki/Panda_diplomacy
- **The interregnum (1973-78)**
 - After the flurry of regular diplomacy and panda diplomacy between the US and China during Nixon's first term ahead of the 1972 US elections, activity mostly died down for almost six years, apart from a state visit by President Ford, which we will come back to in a moment. There are several key reasons in both countries for this, basically summarized in both cases as domestic political instability. Now, to be fair, Nixon's main objective of peace overtures to China in order to secure a US withdrawal plan in Vietnam had succeeded by January 1973, when the Paris Peace Accords were signed. Vietnamization of the war effort continued as US troops began preparing for an exit and the alleged secret "[decent interval](#)" policy was adopted, whereby North Vietnam would effectively allow the US to get out of South Vietnam completely and wait for a bit and then militarily defeat South Vietnam's forces and unify the country by force in the absence of foreign opposition. So after the beginning of 1973, the US under Nixon had more or less gotten what it wanted. The Nixon Administration was also continuing to bolster Détente with the Soviet Union, which was deeply unpopular with Chairman Mao in his efforts to continue playing the two off each other. Senior Chinese officials

repeatedly denounced Détente negotiations, directly to American officials at the highest levels, [as Chamberlain-esque appeasements of a new Soviet Hitler](#). Mao himself referred to the Soviets by the euphemism “the socialist imperialists.” Understandably, this very hard line rhetorically temporarily created some challenges for building further US-Chinese diplomacy.

- But the bigger picture after the Paris Accords was the internal collapses in and reshuffling of leadership in both the US and China, around the same time. Mao, who had already been in poor health when Nixon visited in 1972, was continuing to fare poorly and would eventually die in 1976, not long after Zhou Enlai. Inside China, oddly mirroring the US situation, there was a loosey-goosey struggle for power and party control toward the end of the Cultural Revolution. Nixon made his way out the door slowly and dramatically with the Watergate scandal unfolding over 1973 and into 1974. Gerald Ford had unprecedentedly become Vice President by Congressional confirmation after the resignation of corrupt Spiro Agnew. Then unexpectedly elevated to the Presidency without any national election, much to the consternation of diplomatic partners in China (however familiar a process it might have been), Ford served out the two and a half year remaining on the term, and [he did actually make another trip to China in December 1975](#), this time as President. [Kissinger’s eyes-only memo preparing Ford for a meeting](#) with the by now very unwell Chairman Mao provides a fascinating snapshot into the state of relations between the two countries at the time and the role that political instability in both was playing on their diplomacy. However, Ford’s 1975 visit did not result in any significant announcements or policy changes. Both Ford and Vice Premier Deng Xiaoping delivered speeches explicitly quoting from the 1972 Shanghai Communiqué and effectively just reaffirming all of its contents, although Deng added some harsh remarks against US-Soviet détente and expressed the view (from Chairman Mao) that war by the Soviets against the combined Americans and Chinese was inevitable “and nothing can prevent the storm”:
<https://www.fordlibrarymuseum.gov/library/document/0331/1553946.pdf> In general the now-released transcripts of the December 1975 meetings between Ford and Deng reveal quite a tense point in the new bilateral relationship and mostly around the issue of the Soviet Union, not any direct US-China problems or disputes. It makes for fascinating reading.
- Ford told Chairman Mao, as 1975 drew to a close, that he believed 1977, i.e. after the US presidential election, would be the most optimal time to resume work on advancing the US-China bilateral relationship. However, the next year, although Ford beat back a strong challenge from the right by Ronald Reagan, he was in turn defeated by Jimmy Carter in November 1976. By that time both Zhou and Mao were dead anyway. Both countries had had a nearly complete turnover in senior leadership. But the role of China in the American political and economic story of the 1970s was not over yet and by the middle of Carter’s term, around 1978, they both needed each other enough to get back to the table to make further progress...
- **Carter Normalizes Diplomatic Relations**
 - Before President Carter could normalize diplomatic relations with China, he needed to work out a lot of specific, delicate details – most of which

had been completely sidestepped in the 1971/1972 negotiations. Reflecting a little over 40 years later in 2019 on his approach at the time, Carter explained his strategy for getting to a compromise:

<https://www.cartercenter.org/news/features/p/china/president-carter-on-normalizing-relations-with-china.html>

Rather than selecting a career diplomat as my chief negotiator, I named Leonard Woodcock, who had proven his negotiating skill as the head of the United Auto Workers, a major American labor union. I sent him to Beijing with the rank of ambassador. Rather than immediately and directly confront the sensitive issue of Taiwan, Woodcock proposed that we obtain early successes on the less controversial issues, which would set the tone for the two sides to settle the hard issues involving Taiwan at the end of the process. This principle of elevating areas of agreement over disagreement proved to be quite effective, and constantly moved the negotiations forward. [...] Of all that I was able to achieve during my term as president, normalization with China may have been the most beneficial to world peace and understanding.

- Once that negotiation work was completed, the United States and the People's Republic of China signed another communiqué on normalizing relations on Dec 15, 1978 (to take effect Jan 1 1979). President Carter addressed the nation live on television to announce the communiqué and summarize some of its various terms including clearer recognition of the One-China Policy regarding the people in Taiwan, an issue that had mostly been hand-waved away in the Nixon years as simply something to be resolved or addressed later by peaceful means. And the United States gave formal notice alongside the new communiqué that they would be withdrawing all US military forces from Taiwan one year later, by January 1980, which they did. All future US-Taiwanese ties would be guided by new formulations Carter signed in the specialized [Taiwan Relations Act](#) of April 1979, which would no longer accept the old "Republic of China" terminology. But first let's hear some other excerpts from Carter's December 1978 address to the nation on the communiqué:
<https://china.usc.edu/jimmy-carter-%E2%80%9Cestablishing-diplomatic-relations-china%E2%80%9D-dec-15-1978>
https://en.wikipedia.org/wiki/Joint_Communicu%C3%A9_on_the_Establishment_of_Diplomatic_Relations
<https://www.youtube.com/watch?v=37azeXBjYJc> [0:11-2:46; "recognizing simple reality" 3:27-3:42; 3:51-4:14]
- In the December 15 address announcing the new communiqué, President Carter also announced that China's new de facto leader Deng Xiaoping, officially still the deputy premier, who had met with Ford so extensively three years before, would be visiting the White House in January 1976. This visit occurred over the 29th to the 31st of January. Carter and Deng publicly signed the document announced back in December, which had already taken effect. The Chinese diplomatic team compelled the Carter Administration to bring Former President Nixon to the ceremony, less than five years after his downfall and resignation. Deng then proceeded to various other American cities, much as Nixon had done on his visit to China in 1972, and he toured Coca-Cola in Georgia, the Johnson Space Center in Texas, and Boeing in Washington state, with a stop off to visit Henry Kissinger. Deng then returned home to launch an ambitious reform

program in the People's Republic. Vice President Walter Mondale also made a reciprocal visit to China in March 1979. Carter's efforts with China would pay off almost immediately for the United States later in 1979 and into the 1980s as the US sought to unite the world against the Soviet invasion of Afghanistan. This was one of a number of ways in which the seeds planted in the 70s on US-Chinese relations came to fruition later...
<https://www.history.com/this-day-in-history/deng-xiaoping-and-jimmy-carter-sign-accords>
https://en.wikipedia.org/wiki/State_visit_by_Deng_Xiaoping_to_the_United_States

- One flash forward we cannot skip, however, is the biggest delayed result for the US of its 1970s policy shift on China, as well as our previously covered look at the post-1971 modified reserve currency status of the US dollar and associated treasury instruments: The rise of the "Made in China" consumer economy in the United States...
 - [This followed a key 1980 decision](#) in the next and final year of the Carter Administration: *The United States first granted China most-favored-nation (MFN) status in 1980, which made trading with China more attractive by lowering tariffs on goods imported to the United States. The status was subject to annual renewal.*
 - By the 1980s, Americans were to some degree already familiar with Made in Taiwan and Made in Hong Kong. We will be going on a very deep dive about trans-Pacific container shipping, during and immediately after the Vietnam War, in a future episode. Some multinational US corporations began mainland Chinese operations in the late 1980s, as Deng Xiaoping's "Socialism with Chinese characteristics" business reforms took full effect, including Special Economic Zones at new container ports, and US investments there continued to grow during the 1990s. However, the competitive pressure and production offshoring associated with the late 1980s and 1990s was still mostly about places like Japan, Taiwan, Korea, southeast Asian countries – as we'll cover in our containerization episode – and of course Canada & Mexico after NAFTA in 1993. The biggest boom for "Made in China" production by American companies (or very frequently by Asian-based privately-owned or state-owned producer companies with factories in mainland China acting as suppliers to American brands) did not actually happen until quite late, namely after the Clinton Administration in 2000 signed permanent normal trade relations (PNTR) ... and after the accession of the People's Republic of China to the World Trade Organization in late 2001, during the George W. Bush Administration, as well as that administration's reliance on issuing public debt financed by China as a form of dollar recycling.
 - Nov 2001 clip (Robert Zoellick, USTR for GW Bush) on WTO accession: <https://www.youtube.com/watch?v=ufo4FrFR5Wo> [2:23-2:42]
 - In January 2006, Zoellick, who was also previously involved with the World Wildlife Fund, was photographed at the Giant Panda Breeding Research Base in Chengdu, China hugging a panda cub. Here is the Washington Post's breathless account of the moment at the time: *Zoellick's pose with Jing Jing, a female cub born at the Chengdu facility in August, was seen at least in part as a signal to China about where he wants to steer U.S.-Chinese relations. The official New China News Agency received his message 10-4. It immediately transmitted a happy*

photo of Zoellick and Jing Jing around the country, illustrating the government's view that good U.S.-China relations are essential and, in fact, getting better and better. Zoellick's gesture, in another reading, could also be seen as a signal of where he stands in the Washington debate about China. Interpreted that way, becoming a public panda-hugger was an eloquent endorsement of the view that engagement with Beijing is the best path for the United States and that China's emergence as an Asian power does not have to mean conflict in the Pacific. "You want to know how the panda felt?" he asked. "Very soft." Zoellick, in a meeting with reporters, joked that he had discussed the various readings of his panda poses with his staff before agreeing to take Jing Jing on his lap. Some aides had questioned whether the image was the right one to convey, he acknowledged, but he decided to go ahead because his wife wanted a photo of him with a panda. "At my age, I listen to my wife," he said.
<https://www.washingtonpost.com/wp-dyn/content/article/2006/01/25/AR2006012500744.html>

- Thanks for listening to this episode and consider subscribing at [Patreon.com/ArsenalForDemocracy](https://www.patreon.com/ArsenalForDemocracy) for \$3/month to support the show and more special episodes like this. This series has a special theme song called "Cold War Echo" by Kai Engel from the 2017 album "Sustains," and I curated and added on top of it the political speech clips myself. As usual, the notes are posted in a PDF accompanying the episode. Stay tuned for more soon.
- Additional materials not used in this episode: I cut a tangent about China's border war with Vietnam in 1979 right after the Carter-Deng signing ceremony...