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June 1, 1982

Mr. Don Gregg
National Security Staff Director
Old Executive Office Building
Pennsylvania Avenue
Room 300
Washington DC 20506

Dear Don,

During our conversation with Vice President Bush, he expressed interest in the idea that some senior person might visit the US from Taipei for the purpose of gaining a first hand view of US policy toward Taiwan. This would involve an off-the-record and totally unpublicized meeting with a senior US official, such as the Vice President, and would be handled quietly much like the visit of Admiral Soong.

Despite periodic reassurances, the government on Taiwan believes its position has steadily eroded over the past year or so and because of this I believe the US is in danger of losing much of its credibility with the leadership there. If the US were to provide a clarification of its policy directly to a senior person on Taiwan, rather than through a third party, I believe it would do much to allay concern among the leaders on Taiwan.

One candidate for the kind of meeting I have in mind would be Central Bank Governor Yu, Kuo-hua. Governor Yu is also Chairman of the Economic Council for Planning and Development and is respected and trusted by President Chiang. In the past he was considered a leading contender for the position of Premier. He is a careful and prudent person who would accurately report whatever transpired in any meeting that might be arranged.

There is another advantage in selecting Governor Yu. He is a frequent visitor to the US, because of his contacts with senior US bankers, and it would be quite natural for him to be in the US at almost any time.

The meeting could take place at lunch or dinner in a

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Mr. Don Gregg

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private home and, if it would be helpful, I am confident that Ambassador Kennedy would be willing to play host.

If you have any thoughts or questions, please give me a call.

Best personal regards.

Sincerely,

W. N. Morell, Jr.

c.c. Ambassador David M. Kennedy