

NSC BRIEFING

17 August 1959

## COMMUNIST CHINA

- I. While Peiping not much in news recently, major Chicom policy decisions obviously in the making. Top leaders have been out of view for seven weeks, believed meeting outside Peiping.
- II. Domestic policy review--including reassessment of "giant leap forward" and commune program--probably has top place on agenda.
  - A. From recent Chinese press editorials, it looks like regime has decided to reaffirm Mao Tse-tung's hurry-up economic policies.
    1. While Peiping is clearly concerned about adverse effects of this year's poor weather on crops, it evidently is counting on a new frenzy of effort to regain some of lost momentum of 1959 "leap."
    2. Chicoms particularly want show of achievement in support of regime's 10th anniversary on 1 October. Signs point to big decennial celebration along lines of Soviet 40th anniversary in 1957, with gathering of top leaders from all bloc countries.
  - B. Communes after year of operation are neither complete failure nor unqualified success. Leadership is committed to their continuation but is looking for ways to make them work better.
    1. Peasants clearly dismayed by radical changes in way of life necessitated by communal living and disappointed by failure to realize material gains for themselves.

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C. Tibet also likely topic of high-level meeting.

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A. Taiwan Strait policy would almost certainly come up for discussion.

1. Present tone and low volume of propaganda is not suggestive of new flare-up in Strait in near future.

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B. Laos situation reached crisis proportions while Chinese leaders were meeting, and Chinese propaganda insists question is vital to Peiping's interests.

1. Foreign Ministry statement 12 August warned Laotian developments were "menace to security of China."

C. Sino-Soviet alliance remains firm, but identity of viewpoints sometimes lacking.

1. Khrushchev again criticized communes in 18 July speech at Poznan, Poland, Peiping has made ideological concession to Soviets--saying communes designed to meet Chinese conditions, not intended for export--and certain to resent this public criticism.

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2. Chicom statements support Eisenhower-Khrushchev visits, but this may be pro-forma.

a.  Chicoms not enthusiastic about Eisenhower-Khrushchev visits.

3. We think Khrushchev will want to confer with Mao to effect harmony of views. If he doesn't see Mao before his first meeting with Eisenhower, he will almost certainly do so before the second--probably at the time of Peiping's decennial anniversary celebration on 1 October.

D. Loss of Chicom prestige in South Asia is another likely subject of discussion.

1. Nehru has complained in Indian Parliament about Chinese harassment of Indian nationals in Tibet.

a. He declared India's frontier would be defended against any Chinese encroachment.

2. Chinese propaganda attacks Ayub government in Pakistan for its pro-US orientation. Chicoms issued strong protest note last month accusing Pakistan (which recognizes Peiping) of "following the US two China's scheme."

E. Chinese may also feel they have been losing ground in Southeast Asia.

1. Peiping is trying to ward off deterioration of relations with Indonesia, where anti-Chinese legislations was recently passed. (Restrictions on activities of Overseas Chinese in retail trade.)

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- a. Chicoms plan to send a good-will delegation to Indonesia soon.
  - b. Peiping is about to enter into negotiations for new military aid to Indonesia.
2. Burmese becoming increasingly annoyed with blustering Chinese tactics to regain custody of Chicom embassy defector in Rangoon.
  3. Rangoon also irritated by Peiping's continual stalling on settlement of border issue.

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