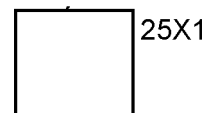


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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

9 October 1968

MEMORANDUM FOR THE  CONSULTANTS

SUBJECT: MAO'S RETREAT

1. Recent events raise the question of whether the Cultural Revolution is being closed down. The two-year sway of the Red Guards has been broken; Peking has ordered their organizations abolished. The army is acting with purpose and direction in restoring order and controlling the factional fighting that has disrupted China. In the provinces, installation of revolutionary committees throughout China completes the first hesitant step toward rebuilding the political order. Overall, the permissiveness and sanctioned disorder that have characterized the Cultural Revolution is being reversed in a sharp back-lash toward discipline and authority.

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2. This clear trend toward moderation has not had visible repercussions in the balance of power in the top leadership. The appearances for National Day (October 1) revealed no major shake-up. The radicals in the Cultural Revolution Group (i.e., Madame Mao, etc.,) have been fairly restrained of late. One of them, Yao Wen-yuan, authored a definitive piece establishing the new moderate line, just as he did when the Cultural Revolution first began. And of course everything is being done in the name of Mao and his latest "instructions". Nevertheless, it seems likely that the moderate forces, especially the PLA and the bureaucrats around Chou En-lai, are the chief beneficiaries of the new line, since they have almost certainly urged it on Mao for the last year.

3. In addition to the obvious consequences of rampant indiscipline, economic conditions could have played a decisive role in swaying Mao and the leadership. Political chaos has led to confusion and drift in the managerial echelon of China's economic and governmental bureaucracy. This, combined with poor weather thus far in 1968, virtually guarantees that this year's agricultural crop will fall short of last year's abundant harvest. Peking has already boosted its orders for fertilizer

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and has shown some concern over current negotiations for wheat imports. Considering that China's exports have fallen as a direct result of the violence and disruption of the Cultural Revolution, the prospective strain on foreign exchange for food and fertilizer imports might well have played a significant role in the retreat from revolutionary excesses. Certainly the regime has been embarrassed by transport difficulties that interrupted the flow of military aid to North Vietnam. Indeed, some of the strongest orders for PLA action date from that event. Thus, while economic problems are far from the whole story, the leadership's timing and apparent resolve to end the chaos probably owes much to the growing pressures of a lagging economy.

4. As regards what is to come, there will be the standard claims of victory for the Cultural Revolution. Peking claimed "decisive victory" in 1967 and forecast "all-round victory" for 1968. The regime apparently hopes to wind up the Cultural Revolution by convening the Ninth Party Congress to sanction the new political order and leadership. Although there was some evidence that Peking hoped to hold the congress as early as this year, this is now clearly impossible.

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5. The next major task is to rebuild the party structure. The divisions within the central leadership, the factionalism in the revolutionary committees, and the general climate of fractiousness suggest that reconstructing the party will be a bitter contest that can not be settled this year. Nevertheless, Peking is clearly indicating that revival of the party will receive high priority in the near future.

6. Peking has acknowledged that the core of the new party will come from the existing revolutionary committees. The army's present position of dominance in the provinces will most likely be reconfirmed in the new party. At the same time, we would expect many of the party old-guard, now "purified" by the revolutionary fires, to emerge in symbiotic unity with the PIA leaders. No more than token representation -- if that -- is likely to be accorded the young revolutionaries. More important than the make-up of the new party will be its attitude toward Mao's revolutionary line. There is growing evidence in China of cynicism and resentment toward the incessant ideological exhortation. The new party members will have experienced the disruptive effects of Mao's ersatz revolution. Unlike Mao,

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they will have felt the popular revulsion against violence and disorder. They will have had another object lesson in the irrelevance of Mao's thought for the building of China.

7. Thus, even though events in China are moving in the direction of greater stability and order (as we predicted in NIE 13-9-68 "The Short-Term Outlook in Communist China," 23 May 1968), this trend is by no means irreversible. As long as Mao survives, we must expect the unexpected. Even now there is an undertone in the propaganda suggesting that Mao may be shifting his attention to the economic scene. Rather than sulking in his tent, as he did after the earlier collapse of the Leap Forward, Mao may already be planning his next revolutionary campaign. But trying to read the mind of Mao is to compound futility with frustration. What counts now is whether Mao and Lin can control the rebuilding of the party to their own advantage or whether the intricate web of power relationships now evolving will subtly enmesh and ultimately enshroud them.

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