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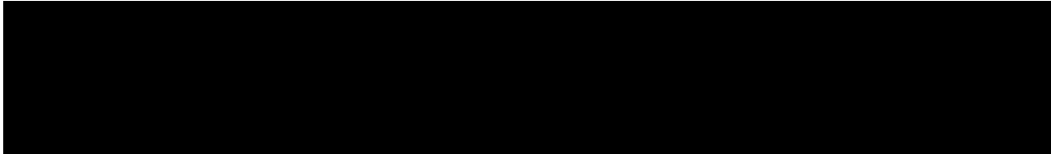
CHINESE AFFAIRS

This publication is prepared for regional specialists in the Washington community by the East Asia - Pacific Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence and from the Directorate of Science and Technology. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Mao Revisited

Recent events have done nothing to clarify Chairman Mao's current political status. He sent a wreath to, but did not attend, the funeral of his old comrade Tung Pi-wu, and he failed to meet the visiting Tunisian prime minister.

Given Tung's role, along with Mao, in founding the party, the Chairman's failure to attend Tung's funeral is significant. His absence was somewhat obscured by the absence of several other Politburo members, but they were either out of the country or in the provinces. The only other notable absentee was Chou En-lai, who met with the Tunisian prime minister a few days earlier. Chou was probably healthy enough to attend the funeral, but it seems likely that he stayed away to make Mao's absence less conspicuous. Politburo member Wang Tung-hsing, who used to be Mao's bodyguard, also missed the funeral, suggesting he may be staying with Mao in the provinces.

Despite what appeared to be a conscious effort to soften the impact of Mao's absence, Yeh Chien-ying in his eulogy to Tung seemed to underscore that absence in his reference to the joint role of Mao and Tung in founding the party. Ironically, Yeh said in public what Teng Hsiao-ping curiously failed to mention in his private speech to the Central Committee in January. Teng made no reference to Mao's role in founding the party in his comments on the Chairman's early political activities. If this omission was intended to slight Mao--and it appears that it was--Chinese leaders are obviously being careful to balance unflattering private statements with laudatory public statements.

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[REDACTED] a speech by chief economic planner Yu Chiu-li to the National People's Congress seemed to raise much the same criticism of Mao that other Chinese officials have made. Yu complained that political instability over the last ten years, i.e., since the Cultural Revolution, has had an adverse effect on economic development. He raised yet another issue on which the Chairman is vulnerable--the failure of the Great Leap Forward--when he commented that the "three difficult years" (a synonym for the Great Leap Forward failures) could not be blamed on others, specifically the Soviets.

Yu's reference to the Soviets, in what could imply a more flexible attitude toward Moscow, coincides with comments of other Chinese officials that appear critical of Mao's policy toward the Soviet Union. Yu's comment, however, could also be read as an answer to those--if any--who may be arguing that an improvement in relations with Moscow might bring needed economic assistance. Yu's message was that responsibility for economic development is in Chinese hands.

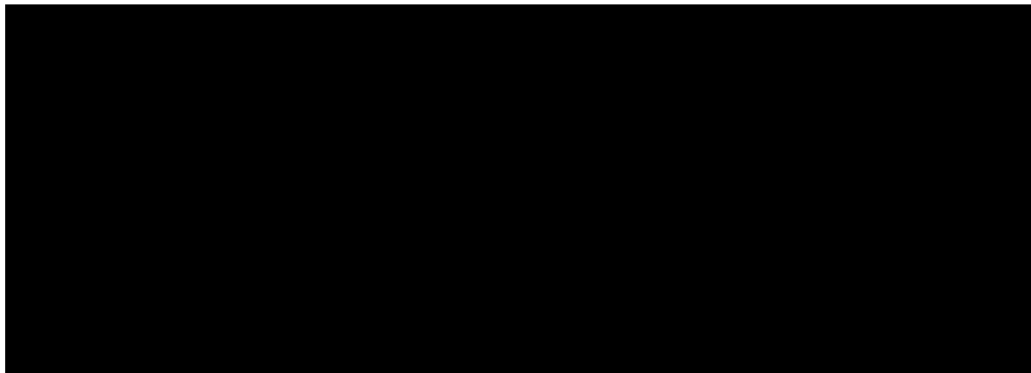
Comments by some Chekiang provincial officials raise still further questions about Mao's status. They reportedly believe that Mao, at his own request, is in the "second line" of leadership and has become the adviser to "first-line" leader Chou En-lai. This view is the reverse of last year's anti-Confucius propaganda, which portrayed historical prime ministers as advisers to their emperors. Whether Mao is in fact in the second line and whether he is there of his own volition remain open to question. Nevertheless, coming on the heels of comments by officials in Fukien Province that Mao's influence is on the decline,

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the view of Chekiang officials that Mao is voluntarily in the second line of leadership suggests that local officials in China are taking a hard look at Mao's current status. (SECRET NO FOREIGN DISSEM)



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Peking's Reporting on Indochina Picks Up

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Peking continues to replay PRG and North Vietnamese commentary on the situation in South Vietnam, but has so far refrained from elaborating its own view of the fighting. Chinese coverage of the Cambodian situation is somewhat more intensive, but still centers on the inevitability of an insurgent victory. In both cases, Peking seems to be getting over its earlier surprise at the rapidity of recent developments, and its press is now keeping pace with battlefield developments.

One new element in Chinese press treatment of the war revolves around the US domestic debate over US involvement in Indochina. In an April 1 Peking radio broadcast, the Chinese referred to the division among US leaders on this question, pointing out that some Americans argue that the Indochina effort has prevented the US from devoting sufficient attention to Europe, which should be Washington's "primary" concern.

The Chinese seem to be arguing that the US should not allow itself to be drawn into increasing its involvement in South Vietnam, a step they allege would seriously weaken the US capability to devote adequate attention to more important areas where the Soviet "threat" is greater. Hong Kong's communist *Ta Kung Pao* reflected this notion last week, suggesting that the US should remember the lesson of the 1960s when, after becoming "bogged down in the quagmire of Indochina," the Soviets were able to "sneak into the Middle East and Europe."

By casting Washington's Indochina "predicament" in the context of Soviet-US confrontation, Peking may be attempting to forestall the possibility of

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Indochina creating problems in Sino-US relations. At the same time, of course, this approach tends to play down Peking's influence over events in Vietnam.

Recent reports from several sources quoting Chinese officials abroad support this line of reasoning. These sources strongly suggest that Peking had been surprised and disturbed at the rapid pace of North Vietnamese battlefield successes in South Vietnam. In late March, [REDACTED] claimed Peking had "nothing to do with" the current North Vietnamese offensive and would not supply additional aid to support the campaign. In early April, [REDACTED] said a Chinese military delegation that visited Hanoi in March had discussed only routine military aid with the North Vietnamese and that the Chinese had not been forewarned of plans for an offensive. [REDACTED] the Chinese had been led to believe that Hanoi's intention was to press for implementation of the Paris agreement while it continued mopping-up operations in "liberated" areas.

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[REDACTED] said in early April that Peking had curtailed Soviet military aid to Hanoi in the past and suggested that the Chinese were considering similar steps in order to impede both Soviet and North Vietnamese efforts to "establish hegemony" in other parts of Indochina. He also suggested that Peking was taking other measures to improve its position in both Laos and Cambodia.

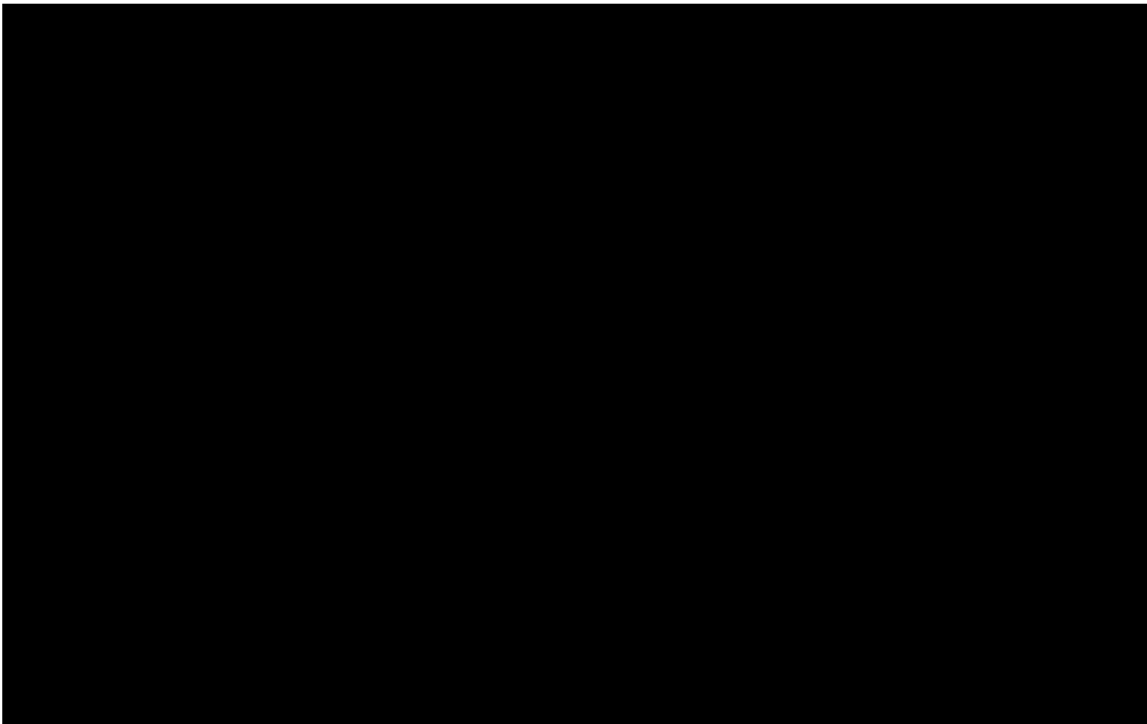
Peking is clearly attempting to make the best of the complicated situation in Indochina, playing down its own role in Vietnam in order not to jeopardize its more important interests with the US, while maintaining efforts to improve its influence in Cambodia and Laos. Peking will not, of course,

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abandon its equities in Hanoi and presumably will maintain what it considers to be "proper" levels of military assistance. The North Vietnamese have reportedly applied strong pressures on Peking to provide additional foodstuffs, transportation, and other aid for recently liberated areas in South Vietnam. Peking will probably respond rather generously to these requests. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)



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Two with Troubles

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The political fortunes of Politburo members Chiang Ching and Hsu Shih-yu do not appear very bright at the moment. There were indications during the anti-Confucius campaign last year that the two were linked in some way, and this apparent connection is now being talked about by Chinese officials. Adding to Madame Mao's woes, in particular, is the belief now being expressed by Chinese that Mao himself is unhappy with her political performance.

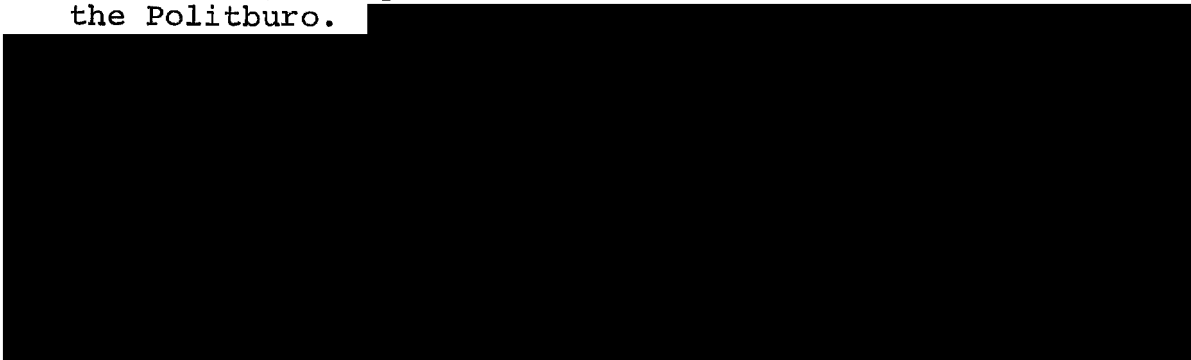
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Chiang Ching's current round of difficulties appears to date back to early January, when the leadership was working up a slate of new government officers for ratification at the National People's Congress. [REDACTED] Mao did not want his wife to hold a government post and, according to one account, even vetoed her nomination to the relatively innocuous position as one of several vice chairmen of the National People's Congress. Adding insult to injury, Mao reportedly praised Chou En-lai's wife and the widow of former vice premier Li Fu-chun as the two most respected female party officials.

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On one occasion, Mao reportedly became so angry with Chiang Ching that he wanted her removed from the Politburo.

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Another ominous sign is a letter from Mao in which he warned Chiang Ching of Lin Piao's treachery and advised her to correct her own mistakes. The letter was first circulated in 1972 as part of the campaign to discredit Lin, and was circulated again last year in conjunction with the anti-Confucius campaign. The same letter reportedly was disseminated throughout China earlier this year and is the subject of study sessions. Madame Mao made her first public appearance since the National People's Congress at Tung Pi-wu's funeral on April 7. During her absence, International Women's Day, a time for praising the contributions of female party members, passed without a single mention of her.

Canton Military Region commander Hsu Shih-yu seems to be facing double jeopardy. As a regional military commander, he automatically falls within a group viewed with some suspicion by the civilian leadership in Peking. In addition, Hsu, perhaps more than any other regional commander, seems in the past year to have developed ties with the party's left wing and especially its leader, Chiang Ching.

This connection, alluded to by historical analogy in the propaganda last year, is now being openly expressed by Chinese officials. [REDACTED]

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[REDACTED] some of the military and the left worked together during the anti-Confucius campaign. [REDACTED] mentioned several military regions where leftist sympathies ran high, and these included Hsu Shih-yu's former and current commands. Chekiang Province officials recently claimed that Hsu was in line for the job of defense minister, but lost out because he "supported the leftists" during the anti-Confucius campaign.

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Whether Hsu was ever seriously in the running for the defense portfolio, there were several indications last year that Madame Mao was in correspondence

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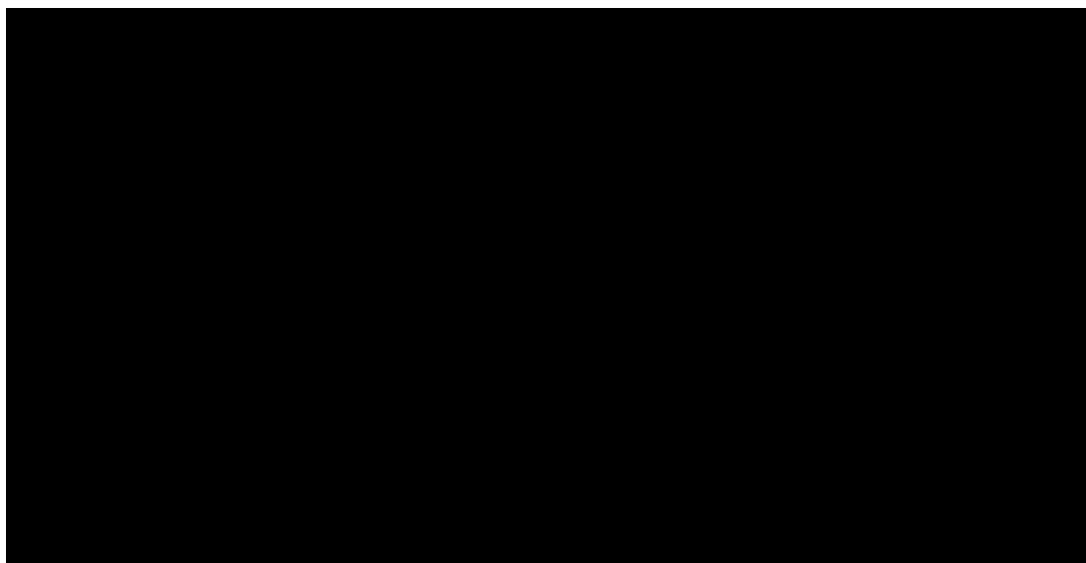
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with troops under his command and, perhaps, even with Hsu personally. According to rumors in Canton, Chiang Ching even visited Hsu in April of last year. Like Madame Mao, Hsu dropped out of sight after the National People's Congress. Unlike her, he did not appear at Tung Pi-wu's funeral but only sent a wreath. Possibly as a sign of Peking's suspicions about Hsu, he is the only regional military commander with two civilian members of the Politburo as political commissars in his region.

Although both Chiang Ching and Hsu Shih-yu appear to be under a dark cloud, it is not at all certain that they will suffer any major political catastrophe in the near future. Given Peking's concern with promoting unity and stability--and evidently with setting such an example among the top ranks of the party--a decision to remove either of the two from office would probably have to be weighed against the potentially destabilizing effects of such a move. As one Chinese has claimed, Chou En-lai had "his own political reasons" for not wanting Madame Mao to be completely humiliated. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

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Peking Comments on Taiwan

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Nationalist President Chiang Kai-shek's death last week provided Peking with the opportunity to reiterate a theme to which it has given heavy attention in recent weeks--the hope that Taiwan's residents would participate in the peaceful reunification of the island with the mainland.

Commenting last week on Chiang's death, *People's Daily*--after characterizing the Generalissimo as the "common enemy of all Chinese people"--asserted that "patriotic" military and government personnel on Taiwan could now actively contribute to Taiwan's reunification with the mainland. The brief article also pointed out that increasing numbers of people on Taiwan would be able to see the benefits of solidarity among all Chinese peoples. No timing for the island's liberation was mentioned, however, in keeping with the patience Peking has shown for some time on this issue.

Peking's renewed enthusiasm for increased communication and cooperation between Chinese on both sides of the Taiwan Strait surfaced last February. On February 27, marking the anniversary of the 1948 uprising on Taiwan, Liao Cheng-chih claimed that many former Taiwan residents had returned to China and said he hoped more "compatriots" would come to "tour, see relatives, and take part in various activities." Liao also expressed confidence that "patriotic forces" on Taiwan would grow and contribute there to the island's reunification with the mainland.

The themes of peaceful reunification and Peking's desire for more communication with Taiwan residents were pointed up again in March, when

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the Chinese announced the amnesty and release of nearly 300 Nationalist "war criminals." At that time, Peking said the released prisoners could travel to Taiwan, if they wished. Although none of the prisoners has as yet exercised that option, Peking's frequent references to it suggest that some of the prisoners will eventually make the attempt.

The activities of the released prisoners have been given extensive coverage in the Chinese media, with emphasis on their salutary comments about the changes in China since the communists came to power in 1949. In Hong Kong, the communist press has carried a number of articles on the amnesty, urging Taiwan residents to work for reunification. One Hong Kong newspaper has pointed out that Peking is likely to treat Taiwan residents fairly after "liberation," because among those pardoned last month were some of the most notorious Nationalist "war criminals."

In late March, Peking returned to the notion of improving communications with residents on Taiwan, in an open invitation to Taiwan suggesting that a delegation of athletes be sent to the Third National Games in Peking next September. The invitation included a call for "unity of compatriots in Taiwan and the rest of the entire Chinese people."

The Chinese clearly have several objectives in mind in their appeals for unity among Chinese on both sides of the strait. In addition to the obvious attempt to quiet any fears that Taiwan residents will be treated harshly after "liberation," Chinese leaders also hope to create apprehension among Taiwan's residents about the island's prospects after Chiang. Peking has argued that Chiang was the major obstacle to accommodation between the two sides and that his death will clear the way for better understanding between them.

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Moreover, by declaring the fundamental unity of all Chinese, Peking may be taking steps to make clear its opposition to any options other than eventual reunification with the mainland. The Chinese appear to be most concerned about forestalling any speculation in Taipei about an independent Taiwan or the development of some sort of relationship with Moscow. Although there is no evidence that Taipei is actively considering either option, Chinese wariness, especially regarding the Soviet angle, surfaced in two recent articles in Hong Kong's communist press.

In early March, Hong Kong's PRC-owned *Ta Kung Pao* published a front-page article that warned of Soviet designs on Taiwan and implied that some officials in Taipei had toyed with the possibility of "changing allies," a move characterized as "absurd" by the author. In mid-March, the same newspaper claimed that the Soviets had made unspecified moves toward Taipei, but played down the possibility of any collusion between the Nationalists and the Soviets. A major factor that inhibits Soviet designs on the island, according to the article, is the likelihood that the US would not permit the Soviets to step in. The article also dismissed the notion that an independent Taiwan is a real possibility, declaring that even after President Chiang's death, it will be impossible to separate Taiwan from the mainland.

Another feature of Peking's recent statements regarding Taiwan should be noted. In keeping with Peking's low-key treatment of the US role in Taiwan, little press attention has been paid to this potential complication in Peking's efforts to enhance communications with Taipei. In fact, the refutation of any possibility that Taipei could "change allies" reflects Peking's preference that Taipei retain its links with Washington, at least for the time being. (CONFIDENTIAL)

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Criticism of Foreign Trade Policies Continues

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China's expansive foreign trade policy has drawn sharp criticism in domestic propaganda for some time. While honest differences undoubtedly exist among leaders of various ideological hues over the role of China's foreign commerce, critical comments in the media have been highly polemical, mainly reflecting the use of the foreign trade question for partisan political ends by elements of the political left. A notable criticism of over-reliance on foreign resources appeared in the national media in August 1973, when the anti-Confucian campaign was just getting under way. Moreover, the linkage between Confucius, Lin Piao, and those who advocate "the philosophy of servility to things foreign" has been stressed repeatedly.

As the leader of the broad coalition of moderate forces and the chief architect of external policy, Premier Chou En-lai has been the apparent target of many of these propaganda barbs. An article in the January 6 issue of the Peking *Kuangming Daily*, which was only recently received in Washington, continues the attack and leaves little doubt that the objective is to disparage Chou. The piece assaults Chang Chih-tung, described as "the bureaucrat handling foreign affairs at the end of the Ching dynasty who worshipped things foreign and fawned on foreign powers."

The article charges that 19th century modernizers, who favored the melding of Western technology with traditional Chinese culture, were in effect colluding with reactionary elements at home and abroad. The parallel to what is wrong with current imports of Western technology and equipment is obvious, but the line of argument seems to have another objective. A number of harsh articles have been published under

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pseudonyms associated with Mao and Chou, branding feudal princes and other Confucianists as traitors who colluded with foreign enemies, especially the Huns--i.e., the USSR. The targets of the criticism were certain regional military commanders and their leftist political allies. The line of attack in the *Kuangming Daily* article turns the traitor charge against the original accusers by drawing the comparison between those who have shaped foreign trade policies with historical figures who have sold out to foreign revisionists.

The *Kuangming* article does not limit its scope to foreign trade matters. Chang Chih-tung is also charged with suppressing the legitimate revolutionary struggle of the people under the guise of countering the "non-enforcement of rules and regulations and the emergence of great disorder in all corners of the country"--an obvious jab at Chouist efforts to dampen wall poster and other disruptive mass criticism activity.

The real impact of these propaganda blasts is difficult to assess. China has continued to import large quantities of foreign technology and equipment, and a growing number of foreign technicians are now setting up equipment in China. Premier Chou may have been criticized as the result of China's large trade deficit last year--nearly \$1 billion--or the Premier may have perceived the advantage in a pre-emptive move to protect his flank.

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Chou's address on the work of government to the National People's Congress included critical remarks against workers and cadre who began "to worship things foreign" and began to ignore domestically produced equipment and management techniques. Chou is said to have concluded that "we do not oppose foreign assistance," but that the most important consideration is to carry out the policy of independence and self-reliance. In any case, the trade deficit should narrow somewhat this year.

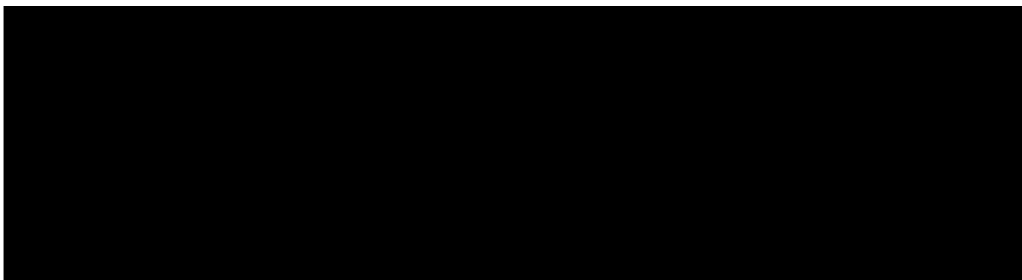
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Most of the articles that attack current foreign trade policies include the caveat that China must never adopt a policy of exclusion or isolation. This suggests that real differences among leaders or groups on the issue are a matter of degree. Still, so long as foreign trade policy continues to be used as a political weapon, politically motivated adjustments in foreign trade remain possible, particularly during the succession period. (SECRET NO FOREIGN DISSEM)



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The Course of Sino-US Relations

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Washington's postponement of the US tour of a Chinese performing arts troupe has had minimal impact on Sino-US relations.

Peking's reaction was as mild and low key as possible. The US decided to shelve the tour on the grounds that the troupe planned to use a song calling for Taiwan's liberation. The PRC Liaison Office, in a statement to the organization sponsoring the tour, regretted the US decision, defended the inclusion of the objectionable song and implied that the US was "retreating" from the Shanghai communique. The statement included no further criticism and made no mention of Chinese displeasure or possible retaliation.

The Chinese waited almost a week before making an official public announcement about the affair and then issued a tepid, low level joint statement under the aegis of a friendship association and the spokesman of a Foreign Ministry department. The statement used much of the same language employed earlier by the Liaison Office and also affirmed China's intention to promote contacts with the US.

In charging that the US action contravened the spirit of the Shanghai communique, both statements misrepresented the US position on Taiwan contained in the communique. While the statements said the US "agreed" that there is one China and that Taiwan is part of it, the Shanghai communique said that all Chinese maintain this position and the US government "does not challenge" it. The Chinese obviously are aware of the language in the communique and probably do not in fact regard the US action as incompatible with it.

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Peking seems at pains to make its position clear in other ways. A few days after the tour was postponed, NCNA carried a glowing article on the PRC archaeological exhibit in Washington. The Chinese further endorsed continued cultural exchanges with the US in agreeing to permit this exhibit an additional and unscheduled run in San Francisco.

The postponement of the Chinese troupe's tour came up during the visit to Peking of House Speaker Albert and Congressman Rhodes early this month. Although Foreign Minister Chiao Kuan-hua complained rather strongly about the US action, he said the issue was not too important. Teng Hsiao-ping told the congressmen that such problems probably could not be avoided at this stage of Sino-US relations.

There is every indication, in fact, that Peking believes Sino-US relations are on track. Chiao characterized relations to the congressional delegation as "not bad," and Teng said that Peking has "nothing to complain about." Teng reportedly added that the US and PRC should not have unrealistic illusions about what can be accomplished and that relations inevitably would develop in zig zags.

Senior Chinese officials with knowledge of the state of play between Washington and Peking have consistently indicated since the first of this year that China remains patient and recognizes that disengagement from Taiwan poses difficulties for the US. One went so far as to indicate that China would welcome President Ford whether he came empty-handed or brought "gifts."

Along these lines, a PRC-owned newspaper in Hong Kong carried a front page article warning of Soviet designs on Taiwan. [REDACTED]

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earlier had indicated [REDACTED] the pace of US withdrawal from Taiwan was due, in part, to concern in Washington that the Soviets might fill the resulting vacuum. This may be an argument used in Peking with those Chinese who might question the pace of US withdrawal from Taiwan, and its appearance in the Communist press in Hong Kong is another sign of Chinese patience regarding Taiwan.

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Peking also used the Hong Kong Communist press recently to signal that it has taken note of US plans to withdraw fighter aircraft and airmen from Taiwan this spring. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

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Capability To Produce Oscilloscopes

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China's advance into modern electronics technology--large-scale integrated circuits, high-speed computers, lasers, and the like--depends in large measure on the availability and sophistication of its testing devices. The oscilloscope is one of the most important and versatile units of test equipment for electronic research, development, and production. It is used to provide a visual presentation of the characteristics of various types of electronic pulses.

China produces roughly 20,000 to 25,000 oscilloscopes a year, most of which are used domestically in industry, research laboratories, and in military field applications. The technical level of these instruments is considerably lower than that of the US--judging from the characteristics of the 50 or so types of oscilloscopes produced in China, most of these appear to be copies of Soviet prototypes.

China produces both general-purpose and sampling oscilloscopes. A general-purpose oscilloscope presents a real-time display of electronic signals across the viewing screen. Oscilloscopes of this type produced in the US have bandwidth frequencies up to 600 megahertz (MHZ), while the majority of Chinese general-purpose instruments operate at less than 60 MHZ. Sampling oscilloscopes, with their extremely wide bandwidths and fast operating speeds, have wide application in testing band-limited components, sub-assemblies of radio frequency transmission systems, and high-speed switching circuitry of computers. While US manufacturers produce a variety of sampling oscilloscopes with bandwidths up to 18 gigahertz (GHZ), Chinese production in this area is still at the prototype stage.

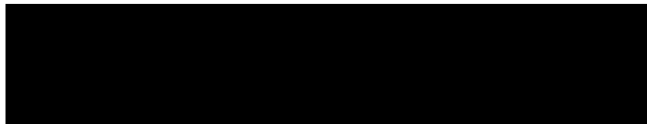
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At least 12 electronic plants throughout the country manufacture oscilloscopes. Shanghai Radio Plant No. 21, which began producing oscilloscopes in 1958, is the largest, followed by Tientsin Electronic Instrument Plant No. 2. In 1966, both of these plants started producing transistorized scopes in addition to the earlier the tube-type models.

A number of new oscilloscope manufacturing plants have come into existence since the end of the Cultural Revolution in 1969. A small number of oscilloscopes are being manufactured at Peking University, presumably for in-house use. Recent reports indicate that these are similar to 1962-vintage US instruments, although university officials claim that modern electronic components such as gallium-arsenide, light-emitting diodes are made at the university for use in oscilloscopes.

China relies heavily on Western suppliers to meet its demand for advanced oscilloscopes. Approximately 200 to 300 oscilloscopes have been imported annually from the West since the mid-1960s. Because Coordinating Committee (COCOM) regulations have set technical constraints on the types of oscilloscopes that can be exported, some of China's requirements for advanced oscilloscopes remain unfulfilled, particularly for use in the research laboratories.
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New Headaches: The Choygal's Fall
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Indian acquiescence, if not connivance, in the abolition of the Sikkimese monarchy makes chances of Sino-Indian rapprochement in the near term even more remote. While Chinese criticism of what Peking regards as a blatant Indian attempt to consolidate power in Sikkim is to be expected, Peking's initial reaction has been relatively sharp. On April 13, a *People's Daily* Commentator article "strongly" denounced the "ugly features of Indian expansionism." Furthermore, it named Mrs. Gandhi as being largely responsible for the "annexation," and went on at some length about what it alleged was Moscow's backstage role.

This language is a few notches stronger than Commentator's treatment in March of the new political arrangement that New Delhi engineered in Kashmir. That article refrained from mentioning Moscow or the Prime Minister. Moreover, the speed with which Peking issued the authoritative comment on Sikkim--only three days after the event--suggests considerable dismay. In the case of Kashmir, nine days passed before Commentator responded.

In terms of short-run prospects for Sino-Indian rapprochement, New Delhi's move in Sikkim does not bode well. The Chinese have long expressed their support for the choygal; and last November, NCNA aired its apprehension that New Delhi was planning to abolish the monarchy. In the context of such warnings and of India's failure to reciprocate China's recent signals for better relations, Peking will undoubtedly read New Delhi's latest actions in Sikkim as a further sign of disinterest in rapprochement.

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For the next couple of months, at least, China will probably suspend efforts to improve relations and will grow more vocal with its public, if not its private, anti-Indian themes. In doing so, Peking would seek to tell the Indians not to mistake gestures of friendship for lack of resolve to maintain the status quo in South Asia, and at the same time reassure Pakistan and the other Himalayan buffer states of its support.

On a more fundamental level, India's failure to respond to recent Chinese initiatives, the abolition of the Sikkimese monarchy, and the visit to New Delhi of Soviet Defense Minister Grechko in February will almost certainly raise new doubts in Peking about Indian intentions on the subcontinent. Indeed, the inclusion in the April 13 Commentator article of an entire paragraph on the Soviet Union seems clearly related to China's concern over the results of Grechko's visit.

There are some signs, however, that the Chinese still hold out hope for Sino-Indian rapprochement. The April 13 Commentator article, for example, did not return to the harsh language used when New Delhi changed the status of Sikkim to an "associate state" last September. At that time, Peking mentioned India's new-found nuclear muscle and dwelled on its expansionist ambitions in South Asia. This time, such talk was absent, although these thoughts are clearly on the minds of Chinese policy-makers. (SECRET)

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Political Notes

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The prestige of the People's Liberation Army, which reached its zenith during the Lin Piao era, was severely tarnished by his disgraceful fall. Nevertheless, the armed forces remained an important avenue to party membership, a good civilian job and, for many demobilized soldiers, an urban rather than a rural habitat. Now, however, there is a campaign in progress to send ex-soldiers to the countryside.

Articles have appeared in domestic propaganda in recent weeks lauding demobilized soldiers who have advanced the socialist cause by electing to take jobs in rural areas. The broadcasts stress that the arrangements are permanent, and the message is obviously intended to influence the mass of recently demobilized soldiers to make a similar choice.

According to recent reports, the government has decided to pare a million men from the armed forces. Such a move could further reduce the political power of regional military men and would certainly cut military expenditures. The reports cannot be confirmed, but the current propaganda concerning demobilized soldiers is consistent with such a plan. (SECRET NO FOREIGN DISSEM)

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Peking's preoccupation with promoting a militarily strong and united Western Europe as an anti-Soviet bulwark has resulted in unusual public Chinese criticism of the British government and its ruling Labor Party.

April 14, 1975

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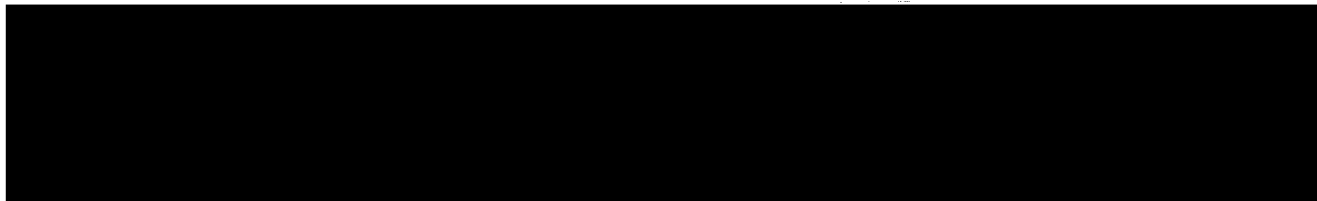
An NCNA article late last month criticized a UK "white paper" on defense policy which called for cuts in London's defense budget. NCNA questioned the policy in light of the expansion of Soviet military strength, and the Chinese account claimed that the cuts have caused serious concern among the UK's NATO Allies.

At the same time NCNA carried an article critical of the Labor Party's stand on continued membership in the Common Market comparing this position unfavorably to the Conservative Party's more positive policy. In its account of Parliament's vote last week for continued membership, NCNA mentioned that a number of Labor Party members favored British withdrawal.

In contrast, the Chinese press recently has carried several favorable accounts of plans in the US, West Germany, and Austria to increase defense spending--which NCNA attributes in large part to the Soviet threat--and an article on French President Giscard's recent public call for increased European solidarity.

Peking has tilted somewhat toward some of Europe's more conservative political parties in the past but rarely has leveled such criticism at the policies of a Western government with which the Chinese have enjoyed good relations. China's displeasure with these British policies has not, however, been reflected in other areas of the UK-PRC relationship. (CONFIDENTIAL NO FOREIGN DISSEM)

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