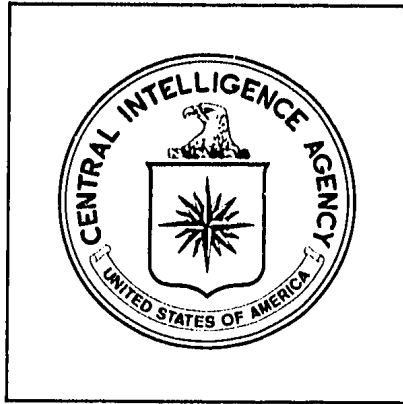


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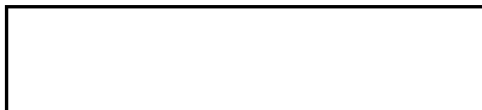
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CHINESE AFFAIRS



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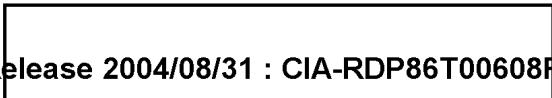
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The People Look at the Politburo

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Several vignettes about Chinese leaders have surfaced in recent weeks. Although some of the stories may be apocryphal, they provide some clues as to how the Chinese people perceive their leaders.

One story circulating in Peking is that Vice Premier Teng Hsiao-ping has virtually invited criticism of himself by stating that anyone who assumes responsibility should not be afraid of criticism. The story sounds very much like the rather blunt, outspoken Teng and is consistent with a number of indications that his confidence has grown along with his authority.

The latest in a series of tales about Chairman Mao's displeasure with Chiang Ching is that he reportedly rebuked her last fall for her efforts to make a major political issue of using the "back door," an expression that refers to obtaining jobs or entrance into universities through personal connections. The "back door" issue did emerge rather suddenly in late 1973 and tended to divert public attention from the then more important anti-Confucius campaign. Peking finally issued a directive in March 1974 deferring any action on the issue until a later date, and the much publicized "back door" controversy eventually subsided. Peking is still on public record as opposing "back door" methods, but no steps have been taken against people who have used such methods.

According to the story, Mao's reason for wanting to turn a blind eye toward the "back door" issue was that it involved so many people that to make a public issue of it would be too disruptive. The reasoning is certainly sound: during the brief period when the issue was daily propaganda fare, it created considerable confusion and consternation

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[REDACTED]

among university students who had gained admission through their influential relatives. Some students left the universities, others were pressured into doing so, and still others agonized over what to do. In any event, whether or not Mao did argue with his wife over pursuing this matter, the Chinese people see her as the person who opened this Pandora's box and obviously as a disruptive force on the political scene.

Another story about Chiang Ching is that she failed to applaud, unlike other Chinese leaders, after a private screening of a film about "Iron Man Wang," China's model worker who died a few years ago. The film was probably not produced under her auspices. In contrast to the growing number of documentaries (such as this one) that are now being shown in the country, Chiang Ching's "model" cultural works are idealizations, not documentaries.

Propaganda that has supported Chiang Ching's role in culture has not been noticeably receptive to work other than her "models" and has occasionally denigrated them. Under these circumstances, it seems entirely consistent with Chiang Ching's image that she would not applaud a cultural effort that was not of her own doing.

There is in fact some tenuous evidence that Madame Mao is not quite the cultural force that she once was. [REDACTED]

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[REDACTED] local Honan operas were enthusiastically received but that Chiang Ching's models were nowhere to be seen. A recent broadcast from Shantung Province, Chiang Ching's home, failed to mention the model works in a lengthy account of cultural activities.

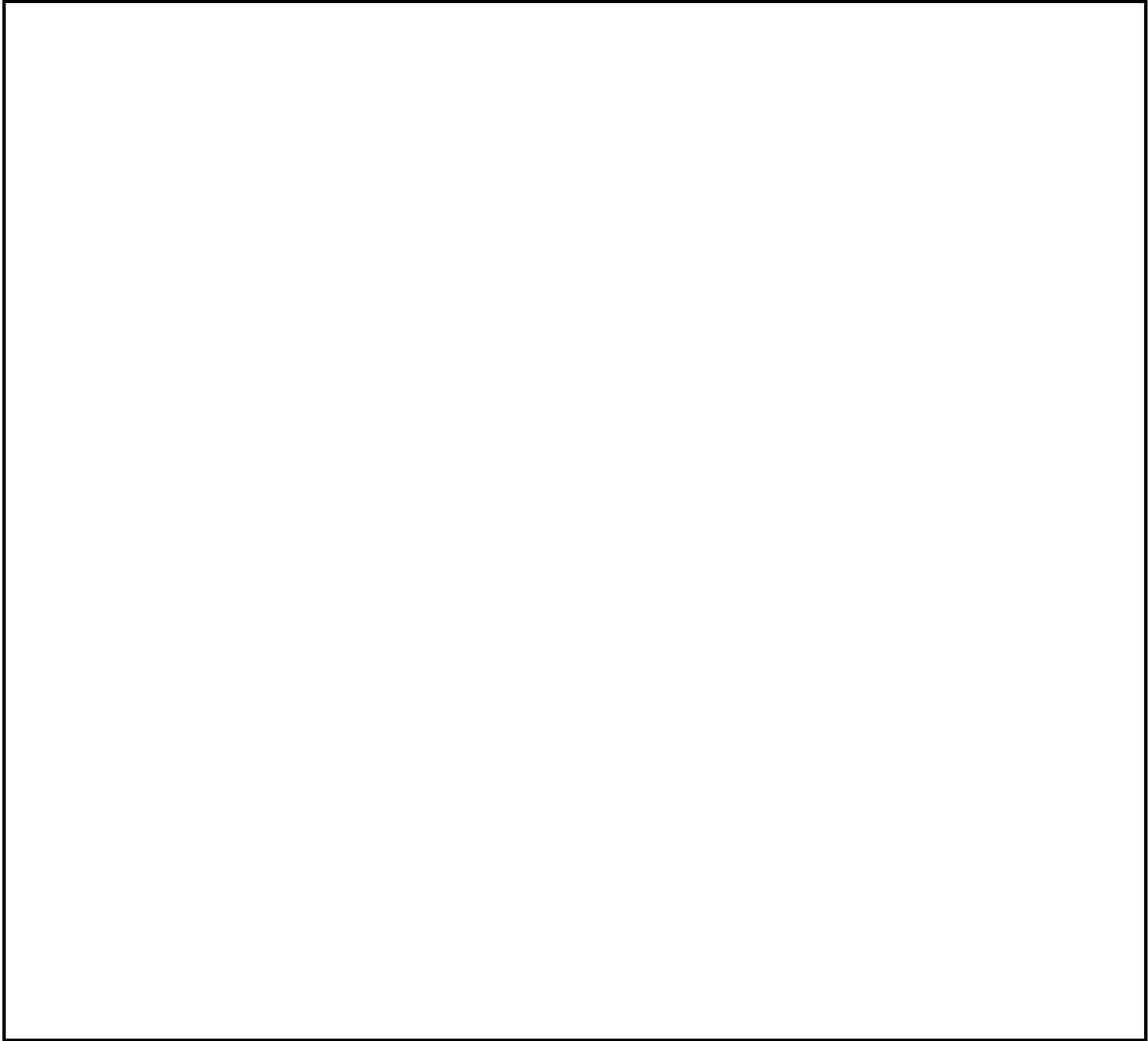
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According to the story about the private film showing, party Vice Chairman Wang Hung-wen stopped applauding when he noticed that Chiang Ching was not doing so. The Chinese people apparently have the

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impression that Wang takes his cue from Chiang Ching and that he seems unsure of himself.

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[REDACTED]

Problems with the Militia--Who
Watches the Watchers?

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[REDACTED]

With some notable exceptions, Peking's campaign to improve unity and stability and boost production has made progress this year. The level of urban crime seems to have been reduced and some advances have been made in dealing with disgruntled youths, who were the main perpetrators. However, the intervention of regular troops [REDACTED]

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[REDACTED] indicate that the effort to restore public order and local authority to pre - Cultural Revolution levels has a considerable distance to go.

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The militia, particularly the urban militia, has been Peking's primary instrument to enhance order in the last two years. In the aggregate, the militia has performed reasonably well. The upgrading of the militia has allowed the regime to virtually complete the removal of the military from the expanded civil affairs duties acquired as a result of the Cultural Revolution, and has supported the priority goal of reducing the military's political involvement. Thus, when Peking called in the PLA in Chekiang--and in effect admitted failure on the part of the militia--it was not an easy decision. Furthermore, the well-publicized nature of the decision seems to be a warning to all parties, including the militia and its leaders, that factionalism will not be tolerated.

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[REDACTED] there is reason for concern. As in Chekiang, the Wuhan militia was disbanded for participating in factional struggles rather than repressing them [REDACTED]. The Wuhan militia is now under the direct command of the Hupeh provincial authorities, and Peking presumably hopes that they can straighten out the situation without having to call for troops.

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[Redacted]

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[Redacted]

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Another example of progress was reflected in Szechwan, which announced on May 21 that the Chengtu Municipal militia command had been established. Szechwan has been one of the more turbulent areas in China, and the creation of the Chengtu command is several months behind most other major cities.

One problem that seems to have arisen as the result of Peking's emphasis on reducing factionalism is the abuse of militia authority in the name of law and order. [Redacted] activities of militia units in Peking often border on criminal acts--including street fighting with juvenile gangs. One militia patrol allegedly beat to death the son of the minister of foreign trade, who resisted their investigation while in a Peking restaurant [Redacted]

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[Redacted]

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Such activities could provoke an eventual backlash against the militia and those who lead

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[Redacted]

it. In Peking, this might include alternate politburo member Ni Chih-fu, a model worker who commands the capital workers militia. Ni is hardly a major political target, but the real architects of the urban militia movement are difficult to identify. Wang Hung-wen's name has been mentioned as a possible national militia leader, but the impetus behind the upgrading of urban militia is more likely to have come from more moderate regime leaders. With the political left in disarray, any backlash is likely to be limited at present.

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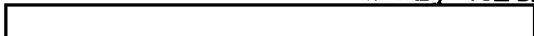
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The Commitment to Tanzania: Hardly Altruism

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Festivities surrounding the formal completion of the five-year, \$402 million Tan-Zam railroad in Dar es Salaam this fall and the probable attendance of a high-ranking Chinese delegation will bring into focus Peking's heavy investment in Tanzania. President Nyerere's government is, in fact, the leading African recipient of Chinese economic aid and the second leading recipient worldwide of military assistance from Peking.

The Chinese will maintain a significant aid program and large numbers of personnel in Tanzania well beyond ribbon-cutting ceremonies on the Tan-Zam line. Although the arrangements are not yet final, several hundred technicians will probably stay on to assist in operating and managing the railroad. The continued presence of about 300 Chinese now working on several small rural development and construction projects and of some 750 Chinese military advisers also seems assured. Under a \$74-million agreement signed by Peking and Dar es Salaam last year, the Chinese have also agreed to construct two rail spurs into coal- and iron-rich areas in northwestern Tanzania and to help develop these resources.

Despite its scope and expense, the Chinese effort in Tanzania is not aimed primarily at short-term economic and political goals within the country itself. On the economic front, the Tanzanians have little that China needs in terms of raw materials and the Tanzanian market is a minuscule one for the Chinese. Politically, Peking certainly values Dar es Salaam as a reliable diplomatic ally and is undoubtedly pleased that Nyerere has borrowed from the Chinese model for his own domestic programs.

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Such gains, however, could probably have been achieved with much less expense, and Peking clearly views its considerable investment in Tanzania in terms of the long haul and the larger African--and Third World--context. On this broader plane, Peking has attempted to create in its aid program in Tanzania a model demonstrating to other African and developing countries China's willingness to extend generous and politically untied aid without any danger of foreign subversion or interference in internal affairs. To this end, the Chinese have applied themselves to their aid projects in Tanzania with unusual energy--particularly the Tan-Zam project, which will be completed well ahead of schedule--while carefully avoiding any impression that they are pressing for direct influence over the country. Peking, in fact, has gone so far to limit the impact of its large presence on the domestic scene in Tanzania as to provoke some criticism from Tanzanian officials. The low key Chinese approach has had the overall effect, however, of building trust and allaying suspicions both in Dar es Salaam and elsewhere in the region.

The establishment of durable relations between Peking and Dar es Salaam has also given the Chinese an important leg up in their competition with Moscow for influence with regional black nationalist movements. Peking has long acted as Tanzania's agent in training and equipping various guerrilla groups. This direct Chinese access and backing from the influential Nyerere were instrumental in gaining Peking the inside track with Samora Machel's forces in Mozambique. The Chinese are moving in a similar manner to develop a strong position in Rhodesia, where Peking long backed the Zimbabwe African National Union (ZANU) and has recently stated its willingness to train and equip the joint forces of the African National Council--an umbrella organization which has absorbed ZANU and other Rhodesian nationalist groups. The breakdown last

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[REDACTED]

week of talks between Council leaders and Salisbury and the increased possibility that guerrilla operations might resume in Rhodesia have played comfortably into Peking's hand.

While China is on the whole probably satisfied with the returns from its commitment to Tanzania, the relationship has not been without its strains. Strident Chinese calls for "armed struggle" in southern Africa and repeated warnings that efforts at compromise between black nationalists and the white-minority governments were "political deceptions" leave little doubt over Peking's displeasure with Nyerere's--and Zambian President Kaunda's --support for talks between Salisbury and the Rhodesian nationalist groups. Peking has also had to draw the line on continued requests for arms from Dar es Salaam and can only view as ingratitude Tanzanian questioning of the quality of equipment already delivered. Tanzania's acceptance of \$74 million of Soviet military assistance in 1974 undoubtedly increased Chinese irritation. Peking has been willing to play down such frictions, however, and this is another measure of the central role Tanzania has played and will continue to play in China's strategy in the area. [REDACTED]

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The Restriction of Bourgeois Rights:
Shades of the Great Leap Forward

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Efforts to restrict "bourgeois rights" have intensified recently as the movement to consolidate the dictatorship of the proletariat continues. The major targets of this phase of the campaign include free markets, private property, private plots and other types of sideline production. Although these "bourgeois rights" are protected under the Chinese constitution--Chang Chun-chiao in his speech on the revision of the Constitution stressed that these rights are a necessary supplement to the socialist economy--a recent *Red Flag* article indicates that the party's line now demands their restriction.

The heaviest pressure appears to be directed at the free markets. Free markets in some provinces have been closed and hawkers are subject to arrest by security officials and confiscation of their goods.

Free markets in other provinces, however, remain open but are subject to stringent controls. Operations of the remaining free markets in Kwangtung are controlled by regulations apparently contained in a recent provincial level document. The new restrictions include limited operation of the markets every fifth day, strictly controlled selling prices, and a ban on selling goods covered by the state procurement system--rice, tea, wheat and flour to name a few. Moreover, hawkers are required to obtain certificates stating that their communes have fulfilled the state quota on those items being offered for sale. Public security forces, special market personnel, and the militia have been mobilized to enforce these new measures.

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Although no clear policy toward the restriction of the other "bourgeois rights" has yet emerged, recent *Red Flag* articles indicate that any private activity which interferes with the collective process or is not included in the state plan will be restricted. The absence of any clear central direction has led to widely disparate methods of implementation in the provinces. In some provinces all kinds of private activity including private plots are being banned, while in others only the more flagrant offenses are being remedied.

Although the movement to restrict "bourgeois rights" has many political overtones, recent articles are stressing the detrimental economic effects that result from the failure to restrict these rights. One report suggests that the recent poor harvest in one area of Kwangtung was caused by too much attention to private plots. However, the last time the leadership tried to abolish private plots and other incentives during the Great Leap Forward the results were disastrous. Peasant intransigence and bad harvests forced the leadership to retrench.

These new attempts to restrict "bourgeois rights" are already meeting with public opposition. [REDACTED]

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Besides the certain economic effects, the restriction of bourgeois rights may have other serious consequences, which could threaten the stability that the leadership is trying so hard to achieve. Under the circumstances--a stricter birth control policy which uses rations as a disincentive plus youths without ration cards who have returned illegally from the countryside--the proliferation of black markets is inevitable. Already hawkers in Peking and Kwangtung are avoiding the restrictions and militia patrols by

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[REDACTED]

selling door to door. The expansion of black markets could also contribute to the rising crime problems in China's major cities.

Whether the leadership continues to press the movement to restrict "bourgeois rights" in the face of certain opposition remains to be seen. Concerns for stability and production may prevail and prevent the leadership from taking this next step toward full collectivization.

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China Trade Delegation To Visit the US



A high-level delegation from China's Council for the Promotion of International Trade will arrive in the US on September 5 for an 18-day tour. The mission will be composed of leaders of the council and representatives of the machinery, minerals and metals, and native produce trade corporations.

Meetings will be held with members of Congress, government officials, and US businessmen to discuss Chinese exports and imports, trade exhibitions, and regional trade promotion offices in the US. The Chinese will also want to discuss the legal issues in US-China trade, including most-favored-nation treatment, a subject on which the Chinese are increasingly vocal.

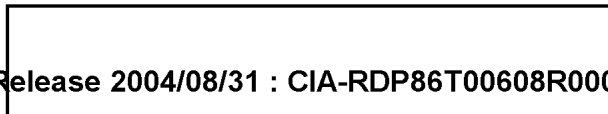
China has expressed concern over the imbalance in US-China trade and has been seeking to promote exports to the US. Early this year a Chinese textile delegation visited the US; a mission from the light industry trade corporation will arrive here next month. Last year, China's trade deficit with the US reached \$700 million.

US-China trade is off substantially this year because of the sharp drop in Chinese purchases of US agricultural products. US exports to China for the year will reach about \$250 million, compared with \$807 million for 1974. Chinese exports to the US will total about \$150 million, up from \$115 million last year.

For the first half of 1975, US exports to China were \$147 million and US imports were \$73 million. Deliveries of US cotton from 1974 contracts accounted

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[REDACTED]

for about half of China's imports from the US during this period. Ammonia plants, oil exploration equipment, and construction and mining machinery purchased in 1974 made up most of the remainder.

Nonferrous metals, textiles, chemicals, and foodstuffs made up the bulk of China's sales to the US. The Chinese are again purchasing US steel scrap, which will be an important item in trade through December. No further imports of US grain or cotton are expected this year. [REDACTED]

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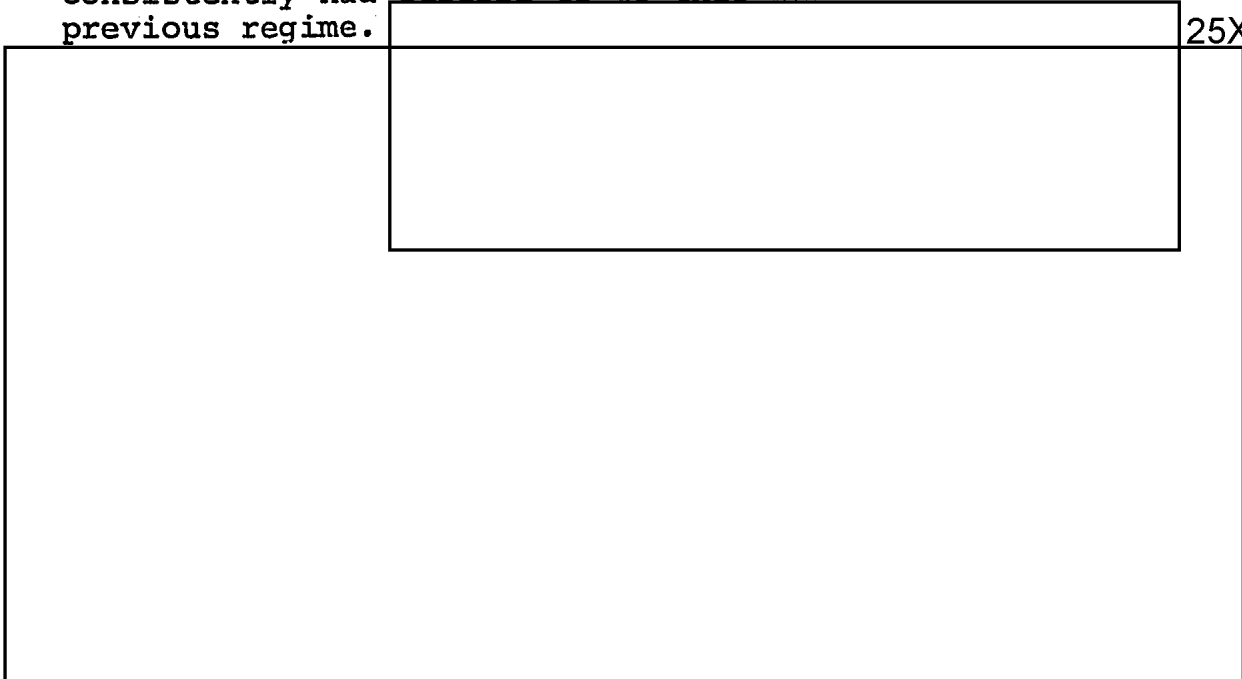
A Smile for Dacca



Peking has moved rather quickly in the wake of the Bangladesh coup to reinforce its improved position in South Asia. Last Sunday, only two weeks after the overthrow of Mujibur Rahman, China extended recognition to the new government. Peking consistently had refused to go this far with the previous regime.

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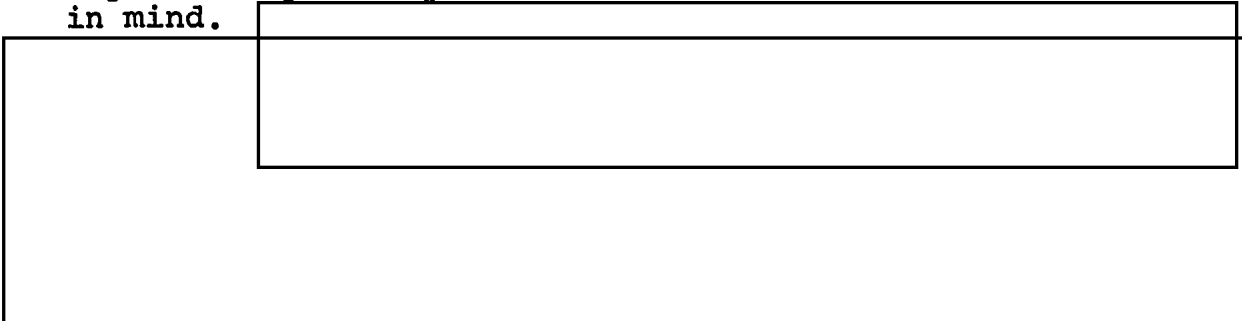
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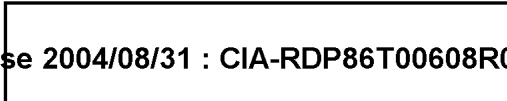
Peking's decision to recognize the Mushtaque regime was probably taken with the Soviets foremost in mind.

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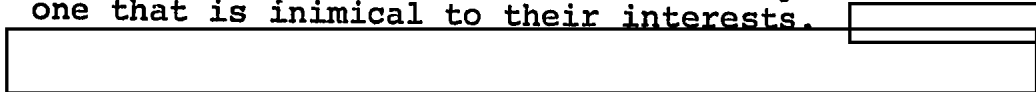


Peking is well aware that the Indians are not going to take kindly to the decision to recognize Dacca, but undoubtedly calculates that recognition will do more to deter rather than provoke moves by New Delhi. India's somewhat more accommodating attitude toward Dacca in recent days may have influenced this judgment. The Chinese all along have carefully avoided antagonizing the Indians about developments in Bangladesh.

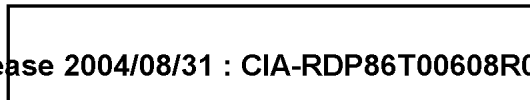
The change of government in Dacca would seem to give Peking some badly needed leverage in the region which it can use in dealing with India. At the same time the Chinese have generally avoided critical commentary on Prime Minister Gandhi's recent internal difficulties. While this approach will not be lost on New Delhi, the Indians are likely to consider any Chinese rapprochement with Dacca as a far more significant development--and one that is inimical to their interests.

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CHRONOLOGY

- August 18 Shanghai and Kiangsi are the only areas to mark the anniversary of the Red Guards. [REDACTED] 25X1
- August 20 Vice Premier Li Hsien-nien meets with visiting Thai trade delegation led by Commerce Minister Thongyot Chittawira. [REDACTED] 25X1
- Congressional delegation led by Senator Byrd of West Virginia visits China; meets with Teng Hsiao-ping and Chiao Kuan-hua. [REDACTED] 25X1
- August 21 Japan signs agreement in Tokyo providing for sale of 720,000 tons of fertilizer to China before January 1976. [REDACTED] 25X1
- August 23 Cambodian "head-of-state" Prince Sihanouk returns to Peking from Pyongyang, accompanied by Deputy Prime Minister Khieu Samphan; party met by vice premiers Teng Hsiao-ping and Li Hsien-nien; meets with Chou En-lai on August 26 and with Mao Tse-tung on August 27. [REDACTED] 25X1
- Peking again reports use of troops in Chekiang factories. [REDACTED] 25X1
- August 25 Anhwei province announces troops have entered a steel mill. [REDACTED] 25X1

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August 25 China and Thailand sign trade agreement in Peking calling for Chinese purchase of 200,000 tons of Thai rice and sale of 563,366 tons of crude oil and diesel fuel to Bangkok. [redacted]

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Delegation of Chinese People's Association for Friendship with Foreign Countries ends 10-day visit to Egypt. [redacted]

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August 28 Chinese delegation to the seventh special session of the United Nations, led by Minister of Foreign Trade Li Chiang, arrives in New York. [redacted]

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August 30 National media begin to carry a series of articles attacking the novel *Water Margin*. [redacted]

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August 31 Delegation led by Vice Premier Chen Hsi-lien arrives in Hanoi for North Vietnamese National Day celebrations. [redacted]

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