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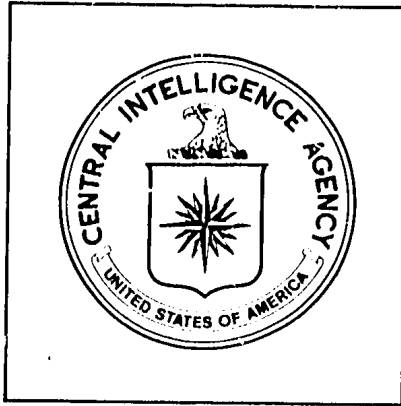
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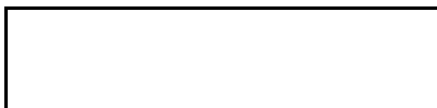


STAFF NOTES:

Chinese Affairs

NSA review completed

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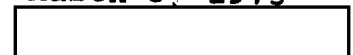


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CHINESE AFFAIRS

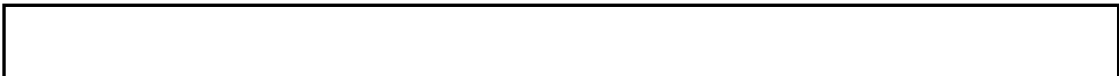


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Chen Hsi-lien: A Study in Compromise

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Of all the decisions ratified by the National People's Congress in January, perhaps the most glaring anomaly was the appointment of Chen Hsi-lien, commander of the important Peking Military Region, as a vice premier in the government. Chen is the only military man among the 12 vice premiers, and while he is not the only military man in the national government--several government ministers have predominantly military backgrounds--he is the only man in the government with troops under his command.

Chen's appointment was no mere gesture of conciliation to the military. He was not just given a government title without real responsibilities. Thus far, at least, he has played a very active role. In mid-February he was named chairman of China's national games, a major sporting event that will not take place until September. This job has traditionally gone to military men, but Chen has carried out other assignments as well. He led China's delegation to Nepal for the King's coronation, met separately with the King, and during his travels he apparently delivered a message from Peking regarding Sino-Indian relations.

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[REDACTED] believes Chen also supervises the machine-building ministries, which are concerned mainly with the production of military goods.

The attention accorded to Chen contrasts sharply with the shaky political status of most of China's other regional military commanders. All of them, including Chen, came under varying degrees of attack during the anti-Confucius campaign last year. None of the eight commanders involved in the

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military rotation of December 1973 has been given a civilian job in his new location. Of the three most powerful regional military commanders--those who sit on the party's ruling Politburo--Chen has done the best by far. Shenyang regional commander Li Te-sheng was demoted from party vice chairman to ordinary member of the Politburo and lost his job in the national military hierarchy. Canton regional commander Hsu Shih-yu has neither gained nor lost. He came under heavy attack in wall posters late last year, however, with no apparent effort from Peking to halt the attacks, as had been done earlier in the year. Hsu has not appeared publicly since the National People's Congress and has missed several important leadership turnouts in Canton.

On the face of it, Chen seems an unlikely candidate to prosper as a result of the National People's Congress, which endorsed the moderate policies of Chou En-lai. In July 1973, Chen crossed swords with the moderates over the use of university entrance examinations, and appeared to best Chou in the subsequent confrontation. At that time, Chen was probably less concerned with exams than with the party's plans regarding the political status of the military on the eve of the party congress; he may even have feared he was going to lose his Politburo post. During the military rotation a few months later, Chen was brought to Peking and rumors immediately began to fly that he was in line for the job of defense minister or army chief of staff. In any event, Chen got neither position.

Late last year, propaganda attacks on an historical figure by the name of Chen Hsi seemed aimed directly at Chen Hsi-lien. Chen Hsi was in charge of China's northern border area--as was Chen Hsi-lien for many years--and was accused of collaborating with China's northern enemies, an obvious reference to the Soviet Union. These were serious charges, but Chen has managed to survive them.

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Chen's appointment as vice premier appears to be an artful compromise between those who perhaps wanted to exclude him from the central government apparatus entirely, or even purge him, and those who may have wanted him to become defense minister or army chief of staff. Chen himself has made it clear that he is anxious to retain some civilian duties, and as the man in charge of the troops in Peking, he is an important man to keep happy.

Despite his radical stand on university entrance exams in 1973, Chen probably is not wedded to radical domestic policies in general. Where he may differ sharply with the civilian leadership is over the issue of defense spending. Chen conceivably could argue for a larger piece of the budgetary pie for the military, but there is little he can do to ensure this. Even if he does in fact supervise the machine-building ministries, their budget must be approved by the powerful State Planning Commission, headed by a long-time civilian protege of Chou En-lai. Chou himself made it clear in his report to the National People's Congress that China's economic priorities remain the same, with agriculture heading the list and heavy industry, including defense-related projects, coming in last. It is possible that defense may in fact get somewhat more money than it did last year, but certainly not as much as some in the military would like.

In the complex system of interlocking party, government, and military bureaucracies, Chen is one of three men who hold important posts in each area. But just as he does not have a free hand to push for special interests in the government hierarchy, he is subordinate to Chou En-lai and to close Chou associates in the party and military as well. In fact, in the military hierarchy, Chen is

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accountable to ranking deputy chief of staff
Yang Cheng-wu, who criticized Chen by name during
the Cultural Revolution.

Chen should be pleased with his new responsibilities, but the system of checks and balances in the three major bureaucracies currently works in favor of civilian moderates and against any individual who might try to upset the balance. As pointed out in the February issue of the party theoretical journal *Red Flag*, there is little tolerance of the notion that "each takes what he wants and puts it to his exclusive use." Chen probably has most of what he wants but, in return, he will be expected to cooperate with the rest of the team. [REDACTED]

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Wrangling with Hanoi

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Signs of tension in Peking's relations with Hanoi have increased in recent weeks. As in the past, evidence of friction between the two sides peaked earlier this year when battlefield action was on the upswing and Hanoi's requirements for support presumably had increased.

The frictions are evident in public comments from both sides, as well as in recent private complaints of Vietnamese officials in Peking and abroad. Explanations of these difficulties lie in Hanoi's apparent view that Peking has not provided full support to the war effort in South Vietnam and in Peking's concern that Hanoi is attempting to expand its influence in Indochina.

Recent examples of conflict center on these issues, which have been a source of irritation in the Sino-Vietnamese relationship for years. Last month,

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[Redacted] that the Chinese, unlike the Soviets, could not be trusted and that Peking in fact, "does not want to see a united Vietnam." In a series of recent reports, [Redacted] whose views almost certainly reflect Hanoi's attitude on this subject, asserted that the Chinese had torpedoed the PRG's recent attempt to gain a seat at the Red Cross Law of War meeting in Geneva. The official claimed that the Chinese had decided at the last minute not to attend the conference, and had then lobbied with Third World representatives against a resolution that would have seated a PRG delegation.

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There have been several other recent reports of private North Vietnamese criticism of the low levels of Chinese support. [Redacted]

[Redacted] North Vietnamese complaints that the

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Chinese were dragging their feet in the shipment of war material. [redacted] in early February that in late December, Peking was 33 shipments behind schedule in weapons and economic aid deliveries to Hanoi. Reflecting the philosophical differences that lie behind the controversy, [redacted] said recently that the Chinese have urged a "slow, moderate approach" in South Vietnam and were opposed to large-scale warfare there.

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Peking's own propaganda has reflected this difference. When the fighting in the South picked up in January, Chinese media coverage of the situation was reserved. Instead of providing detailed coverage of Communist victories, the Chinese press emphasized that Communist initiatives were aimed at preserving the Paris accords and played down the large-scale nature of this military activity.

The friction apparently goes beyond differences over the Vietnam war. Last month, on the first anniversary of Peking's assertion of authority in the Paracel Islands, the Chinese press took note of the event with articles that pointed up the historical basis of Peking's claim to sovereignty there. An NCNA commentary also asserted that Peking would brook no challenge to its position in the islands--presumably from Hanoi as well as from other quarters. A [redacted] implied in January that Hanoi had officially protested to the Chinese on the Paracel issue.

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Other examples of Peking's apparent unhappiness with Hanoi include:

--Coverage of the second anniversary of the Paris Accords, which was limited to an NCNA correspondent's account in contrast to the *People's Daily* editorial last year commemorating the event.

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--Chinese media apparently made no mention of the 25th anniversary of the establishment of PRC-DRV diplomatic relations in 1950.

The current situation in Cambodia is almost certainly influencing Peking's wary attitude toward Hanoi. As the Khmer Communists, whose ties with Hanoi are apparently closer than those with Peking, draw closer to a military victory in Cambodia, Chinese fears of widening North Vietnamese influence in Indochina almost certainly grow. The Chinese also seem to be concerned about increased Soviet influence on the Khmer Communists--both directly and indirectly through Hanoi--in the event of an early Communist victory.

Peking apparently does not believe that the Communists are likely to win a quick victory in South Vietnam. It is clear that such a development, together with a Communist take-over in Cambodia, would cause serious problems for Peking. Chinese leaders almost certainly recognize that the resultant absence of a strong US presence in Indochina would bring Peking into even more direct and costly competition there with both Hanoi and the Soviets.

This is not to say that the Chinese are uninterested in maintaining their equities with North Vietnam. The delivery in early February of eight MIG-19 fighters to Hanoi was probably a sop to North Vietnamese requests for additional military support. Providing aid in the form of highly visible aircraft may help soften Hanoi's criticism, although it contributes little to North Vietnam's capability to prosecute the war in the South.

Peking's interest in maintaining maximum influence in Hanoi is further reflected by a PLA delegation's arrival in the North Vietnamese capital last

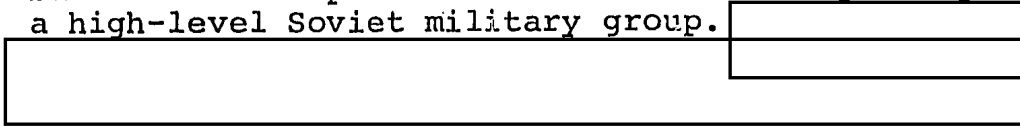
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week. The mission, headed by Sinkiang military chief Yang Yung, almost certainly will take up the Cambodian situation with Vietnamese leaders. The visit is also probably a Chinese attempt to balance the trip to Hanoi made late last year by a high-level Soviet military group.

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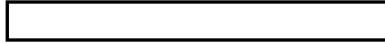
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More About Mao

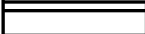


Peking has devised an official explanation for Mao's absence from the National People's Congress in January. 

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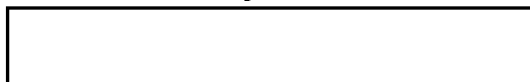
 According to the official line, Mao announced as early as August 1973, at the Tenth Party Congress, that he did not plan to attend the people's congress because he did not intend to hold a government post and wanted to concentrate exclusively on party affairs.

This official story seems to combine elements of truth with some elements of obvious chicanery. The explanation that Mao wants to devote his time only to party matters does not explain his failure to attend the Central Committee plenum that preceded the people's congress. As chairman of the party, Mao's presence at this meeting, in light of his exclusive attention to party matters, would seem mandatory. Nor does this story account for his long absence from Peking, which dates not merely from the meetings in January but back to July of last year. Still away from the capital, Mao apparently moved early in February from his home province of Hunan to a favorite vacation spot in Hangzhou in Chekiang Province.

The story does strike an authentic note with Mao's disinterest in occupying a government position. He has been on record for years as saying he did not want to be head of state and that the post should be abolished, as it was at the people's congress.

This situation bears an ironic resemblance to that of 1958, when Mao claimed he was voluntarily stepping down as head of state to devote more time

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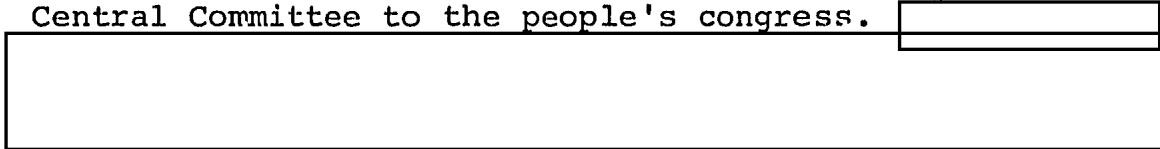
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to party affairs; later, he was to say that the move was not voluntary and that he was deliberately shunted aside by the party leadership. Mao would have difficulty making that claim today, not only because of his many statements that he did not want to be head of state, but because the story has widely circulated in China that he was shown in advance and personally approved the reports and the slate of government officers recommended by the Central Committee to the people's congress.

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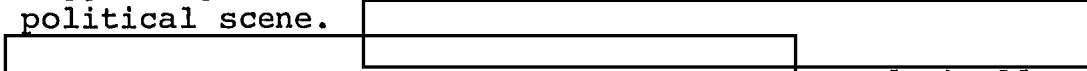
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These accounts seem designed to counter any speculation that the Chairman has been put out to pasture, or that major steps have been taken over his objections. In fact, a recent statement of his has touched off a nationwide political study campaign, suggesting Mao remains a central figure on the political scene.

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Paradoxically, Mao left Peking just as the unity theme began to be promoted vigorously in the propaganda.

Whether Mao opposed the idea of unity at that time, he has now apparently joined the rest of the leadership in endorsing this sentiment. How strongly he actually feels about unity within the leadership is not clear, however, for the longer he stays away from Peking, the more likely he is to give the impression that something--or someone--in the capital displeases him.

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More Attention to Latin America
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Peking's Third World rhetoric notwithstanding, Latin America has long been the neglected child of China's foreign policy. Lately, however, the Chinese have shown more interest in increasing their contacts with certain countries in the region, and a greater flow of delegations is one indication of this trend.

China's vice minister of fuel and chemical industries, Tang Ko, recently spent six weeks touring Venezuela, Mexico, and Trinidad, an unusually long overseas visit for a vice minister. Next month, Poliburo member and vice premier Chen Yung-kuei, accompanied by a retinue of 21 Chinese, will pay a one-week visit to Mexico. This delegation will include a vice minister of agriculture and forestry as well as a ranking official of the Ministry of Foreign Affairs. Although Chen probably has less influence than his position would suggest, he is the highest ranking official ever to visit Latin America.


Both political and economic considerations seem to be behind much of this activity. Tang Ko's trip to three petroleum-producing countries was avowedly to determine whether they could assist China in offshore exploration and drilling; it is not known if any agreements were concluded. Over the longer term, though, Peking probably calculates that these oil producers will grow in political influence and that they may prove useful to the Chinese in pursuing their anti-Soviet aims in the region. This helps explain why Chen Yung-kuei is being sent to strengthen relations with Mexico, a country whose petroleum industry appears to have great potential.


Trade seems to be another important lure for the Chinese. Several months ago, Lin Ping, director of the American and Oceanian Affairs Department of

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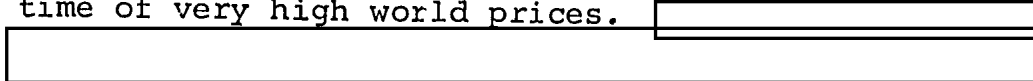
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the Chinese Foreign Ministry, remarked  that China is increasingly interested in Latin America as a source of raw materials. Chile is a case in point. Despite certain political liabilities, the Chinese have carefully cultivated relations with Santiago to ensure a steady flow of natural fertilizers and copper to China. Peking also hopes to increase its exports to Latin America and has recently held a number of trade fairs in the region.

The Chinese would like to strike a balance between economic and political goals in Latin America, and seem determined not to sacrifice one for the other. For example, in the interest of maintaining cordial political ties with Brazil, China agreed to make a hard-currency purchase of a significant quantity of sugar this year at a time of very high world prices. 

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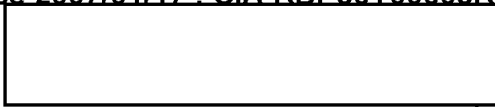


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Watching and Waiting in the Provinces

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Provincial leaders are treating Mao's latest dictum to study the "dictatorship of the proletariat" with caution. They seem to be particularly concerned that it may lead to new attacks on them.

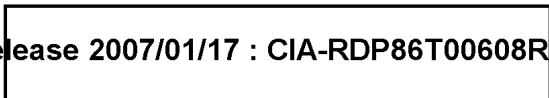
The troublesome quotation, which first appeared in a *People's Daily* editorial on February 9th, was expanded on in a series of articles carried in official party papers and journals. Besides calling for stricter adherence to party discipline and for an end to public disturbances, the articles continue the strong attack on a number of common practices that undermine the collectivized economy. Cadre who tolerate such "bourgeois" behavior also come in for harsh words, but the articles generally counsel education and discussion as the remedy for such errors.

One exception is an article by Chou Ssu, a pseudonym that suggests the article's views may be close to Chou En-lai's (the legalist Li Ssu was obviously an analogue to Chou's anti-Confucius propaganda). It echoes much of the tough yet measured language common to the other articles, but it also points out--in what some may see as a threat--that Lenin solved a similar problem in the Russian party by purging those who persisted in their ways.

Peking has not made its goals in this study campaign entirely clear. Stricter enforcement of party directives, especially as they relate to the troubled economy, certainly seems to be one of its purposes, but the possibility of new attacks on provincial or national figures also exists.

Understandably, the provinces have chosen to emphasize the safer economic aspects of the study campaign and will probably continue to do so until

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Peking's plans become clearer. Familiar whipping boys--private plots, production bonuses, and peasants who shirk collective farm duties to seek better paying jobs elsewhere--are getting most of the criticism. The provinces, however, like Peking, stress that it is not the existence, but the unauthorized expansion of these programs that is under attack.

As much as possible, the provinces have avoided the more sensitive subjects in the campaign that could easily become the basis for renewed criticism of individual leaders. Most provinces have repeated Peking's criticisms of "bourgeois lifestyles and muddled thinking" by "some cadre and workers," but only a handful have relayed the warnings about the possibility of new "capitalist roaders" or enemy agents arising in the party. Many provincial leaders, especially those who are military men, were targets of the anti-Confucius campaign. Peking cut that campaign short prematurely last year, partly because it had gotten out of hand. Provincial leaders may fear, rightly or wrongly, that this year's study campaign may be an attempt to continue last year's campaign under a new name.


In addition to concern about their personal welfare, provincial leaders seem worried that the study campaign may lead to a revival of the factional clashes that characterized some phases of the anti-Confucius campaign. Yu Tai-chung, first secretary of Inner Mongolia, in an address to a provincial meeting on February 20th, dealt at length with the need to keep the study campaign "on course" and to educate, not persecute, erring individuals. Szechwan, Kiangsu, and Kweichow have all made similar broadcasts stressing the importance of "accurate" criticisms and attention to unity.

Peking also seems determined to keep the study campaign tightly controlled--law-and-order themes have been featured in all the national articles--but

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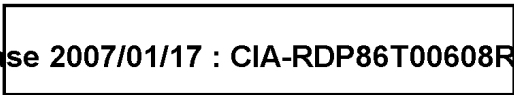


it is clear, too, that excessive caution or foot-dragging by provincial cadre will not be tolerated. One of the most recent articles in *People's Daily* notes that many cadre talk a good game, but that in reality they have made "little effort to promote" the study campaign. 

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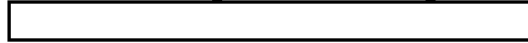
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A Look at the Party's Military Commission


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A central document reportedly names Yeh Chien-ying as first vice chairman of the party's military commission 

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 The report is plausible in view of Yeh's high rank; in the past, the Chinese minister of defense has normally also been the commission's first vice chairman.

Assuming the report is true, it suggests that the military commission is now dominated by allies of Premier Chou En-lai. The other individuals known with certainty to be commission vice chairmen--Hsu Hsiang-chien, Nieh Jung-chen and Teng Hsiao-ping--are all Chou supporters.

Mao is, of course, the chairman of the military commission and, as party chairman, has been designated commander in chief of the armed forces. Mao's long absence from Peking and his limited physical stamina, however, mean that his impact on the workings of the commission is limited to the broadest policy questions. The ranking vice chairman would be in a position to influence heavily the daily affairs of this body.

The appointment of Yeh as the ranking active member of the military commission would help explain why he was not named a vice premier, as were previous defense ministers. The upgrading of Yeh and the downgrading of the defense portfolio serves to emphasize party authority over the military without reflecting negatively on Yeh.

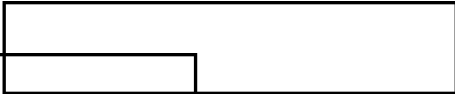
Yeh's apparent promotion clearly conflicts with reports of last summer that party vice chairmen Wang Hung-wen had been made first vice chairman

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of the military commission. 

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 Wang was said to have assumed the post because Yeh Chien-ying was ill. In fact, Yeh did not appear in public between July 31 and September 30; it is possible that he was indisposed and that Wang was just filling in.

Even such a temporary expedient, however, would certainly have rankled several experienced vice chairmen who would have felt themselves fully capable of taking over the reins, and who would have been concerned about the political implications of such a development, particularly as they relate to Wang's succession chances. In any event, Yeh Chien-ying has recently been appearing regularly, while Wang's star has dimmed a bit. It is by no means certain at this juncture that Wang is next in line to Yeh on the commission, or whether Wang did fill in last summer--or even if he is a senior member of the commission.

In fact, apart from the vice chairmen clearly mentioned, we cannot be sure of the precise composition of the commission. It has long been thought that Premier Chou was a member, but this has never been confirmed. Several aging military veterans such as Chu Teh and Liu Po-cheng probably retain their membership, and would be inclined to support the moderates. Shenyang Military Region commander Li Te-sheng presumably is still at least a member of the commission's standing committee and may hold a higher rank by virtue of his former position as head of the People's Liberation Army's political department. The other military region commanders, including Politburo members Chen Hsi-lien and Hsu Shih-yu, as well as the first political commissars of the military regions, are almost certainly members of the standing committee. Opposition to efforts to reduce the military's political

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power would presumably be centered in this group, although it is unlikely the group is fully cohesive.

In addition, Chang Chun-chiao may well be a commission vice chairman now that he has been named the PLA's top commissar, and he could have joined the upper rank. In fact, the naming of civilians such as Chi Teng-kuei, the first political commissar of the Peking Military Region, to leading political commissar posts has probably resulted in an increasing civilianization of the military commission. This trend, coupled with the fact that supporters of Premier Chou hold important posts, suggests that despite the membership of regional military commanders the military commission is an important instrument in the continuing drive to increase party power over the military.

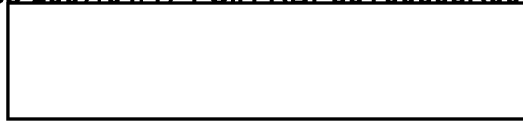
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New Little Red Book

The following is the text of a cable from the US consulate general in Hong Kong.

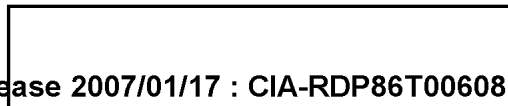
The "Little Red Book" of Mao quotes, waved by Red Guards in the Cultural Revolution, may have a sober replacement in the collected quotes of Marx, Engels, and Lenin on proletarian dictatorship published jointly by *People's Daily* and *Red Flag* on February 22. It is probably no coincidence that the new collection numbers 33 quotes, exactly the number of chapters in the original "Quotations from Chairman Mao Tse-tung." Even the number of words, 10,000, is approximately the same.

Time will tell what this return to orthodoxy and further downgrading of Mao thought means. At present, the move is clearly Mao's initiative, and the joint editorial note accompanying the Marx-Engels-Lenin quotations, like a preface, cites four Mao quotations on dictatorship, led off by his recent dictum about the need to study Lenin's writings on the subject. (The last of these quotes is newly identified as coming from Mao, and warns about people like Lin Piao coming to power if Marxism-Leninism is not properly understood.)

The collected Marx-Engels-Lenin quotes, from our initial reading of them in the Hong Kong communist press, convey a message aimed at improving discipline and, beyond that, at increasing production. Three Lenin quotes come from his work "left-wing communism, an infantile disorder" (mentioned for the first time on the Inner Mongolia radio on February 20), and we would guess this is a particular warning to the left. The left may also be the target of quote number 25, which hints at a rectification of party membership with emphasis

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on quality rather than numbers. The 10th Party Congress in 1973 revealed that the party had swelled to 28 million members, and the bulk of that influx would have come from the activists of the Cultural Revolution. In view of the rehabilitation of veteran cadres that has taken place since the fall of Lin Piao in 1971, we would guess that it is the left (and the young) who are most likely to be culled from membership, if it comes to that.

The joint editorial note and collection of quotes appeared roughly two weeks after the February 9 editorial launched the "dictatorship" campaign; this is the same interval between pronouncements which was observed at the outset of the anti-Lin/Confucius movement last year. The campaign is still in the study phase, and we would expect some discussion yet to come about the organs of dictatorship--the courts, police, military, and militia. We have heard nothing yet about the campaign's practical effects, but propaganda has made clear that increased production is to be the measure of performance.

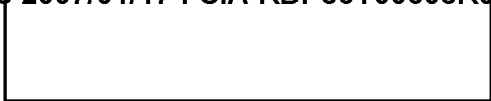
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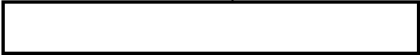
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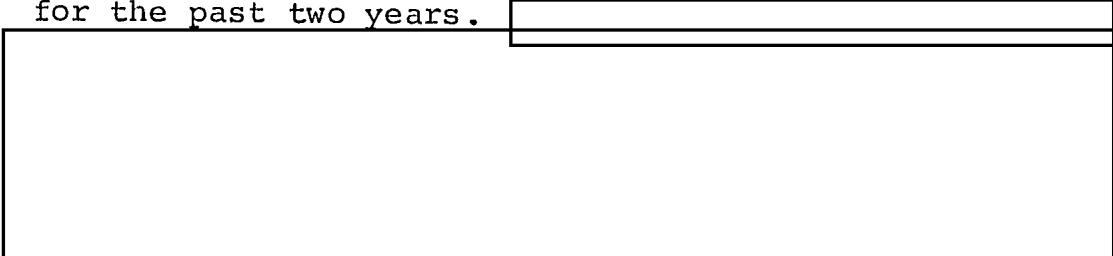
Leadership Notes

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Politburo member Hua Kuo-feng, named a vice premier and the minister of public security at the National People's Congress, apparently retains the agricultural responsibilities he has exercised for the past two years.

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The combination of agriculture and public security, each a full time job in itself, obviously makes Hua a busy--and important--man, and fits with a general trend to concentrate a wide variety of duties in a few hands. Hua's continuing agricultural responsibilities strongly suggest that model peasant Chen Yung-kuei, also a vice premier and seemingly a logical choice to supervise agriculture, is more a symbolic figure than a power in his own right.

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New information about Politburo member Chi Teng-kuei, who was recently named a vice premier, suggests that Chi fits in well with the predominantly moderate leadership coalition. Many observers have been inclined to put Chi in the leftist camp because of his relative youth (he is in his 40s) and because he rose to prominence during the Cultural Revolution.

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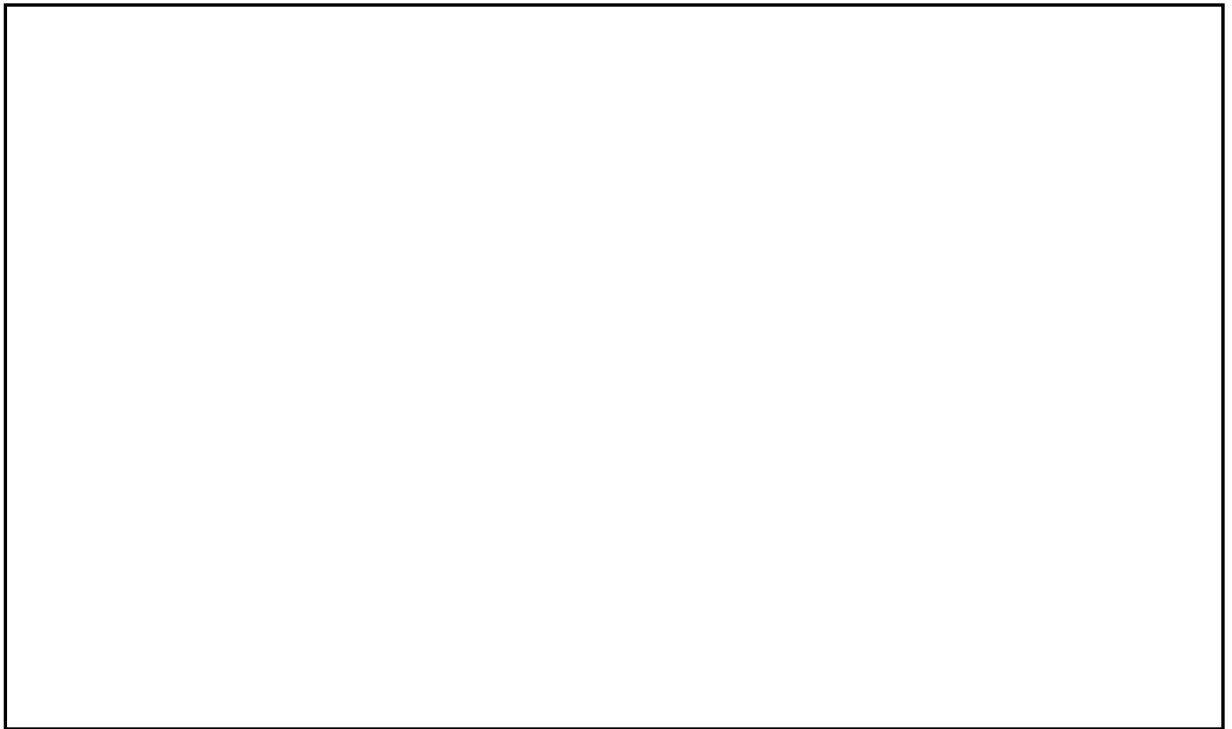
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[Redacted]
[Redacted] Chi chaired a party symposium in late 1970 at which it was decided to rehabilitate party officials who had been purged but whose work before the Cultural Revolution was good.

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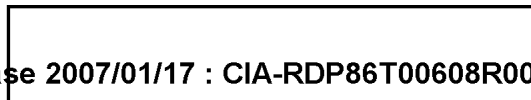
Those who have opposed the rehabilitation policy over the years have generally been younger officials who won their positions at the expense of veteran party cadre and were afraid they would lose their jobs should the veterans be allowed to resume party work. By chairing the symposium that adopted the rehabilitation policy, Chi seems to have established his credentials--as early as 1970--as a flexible young official who is not afraid to embrace policies advocated by political moderates. This may explain why Chi did so well at the National People's Congress, at which moderates of the Chou En-lai mold won all but a few of the key government positions.

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CHRONOLOGY

- February 12 Lao economic delegation completes visit to China where PRC aid to Laos was discussed. [REDACTED] 25X1
- February 15 Chief Soviet and Chinese border negotiators hold talks in Peking. [REDACTED] 25X1
- Chen Hsi-lien named chairman of China's national games. [REDACTED] 25X1
- February 15 - 21 West German civil air delegation discusses air transport agreement with Chinese in Peking. [REDACTED] 25X1
- February 16 Chinese Vice Minister of Public Health Chiang Hui-lien arrives in Gambia to attend independence day celebration. [REDACTED] 25X1
- Philippine President Marcos receives Chinese medical delegation in Manila. [REDACTED] 25X1
- February 18 Chinese agree to sell 5.4 million tons of crude oil to Japanese oil import firm in 1975 at reduced price of \$12.10 per barrel. [REDACTED] 25X1
- [REDACTED] 25X1
- February 20 Mozambique friendship delegation led by Samora Moises Machel, president of the Liberation Front of Mozambique, arrives in China. In the press communique at

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[REDACTED]

the end of Machel's visit on March 2, China and Mozambique announced that they will establish diplomatic relations on June 25 when Mozambique becomes independent. [REDACTED]

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Vice Premier Hua Kuo-feng meets in Peking with New Zealand delegation headed by Agriculture Minister Colin Moyle. [REDACTED]

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Liao Chih-kao, new first secretary of Fukien, is identified as political commissar of Fuchou Military Region and first political commissar of Fukien Military District. [REDACTED]

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February 21 Chinese government delegation departs for Jamaica. [REDACTED]

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February 22 *People's Daily* carries 33 quotations from Marx, Engels, and Lenin on the dictatorship of the proletariat. [REDACTED]

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February 22 - 26 Chinese delegation led by Vice Premier Chen Hsi-lien attends Nepalese King's coronation in Kathmandu; on February 25 Chen meets King Birendra. [REDACTED]

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Delegation led by Chen Hsi-lien stops in Calcutta for less than an hour en route to and from Nepalese coronation; Chen indicates a desire to improve Sino-Indian relations.

February 27 China cancels order for 14 million bushels of American wheat, which were contracted for delivery this year. [REDACTED]

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Congolese Prime Minister Henri Lopez arrives in China. [REDACTED]

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ANNEX

A Larger Chinese Role
in the Balkans

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China is devoting a good deal of attention to the Balkan states and is attempting to increase Peking's influence in the region, largely out of concern over Soviet intentions.

The unresolved succession question in Yugoslavia and the real limitations of Romanian independence, along with crises in the Middle East and Cyprus, have convinced Peking that important Chinese interests are affected by the maneuvering of the powers--especially the USSR--in southeastern Europe.

The Chinese have sought--with varying success--to strengthen their influence in Albania, Romania, Yugoslavia and Bulgaria and to encourage antagonism to Moscow.

For about a year, streams of official Chinese delegations and high-level visitors have criss-crossed the Balkans, and increased numbers of Albanians, Romanians, and Yugoslavs have visited China in return. Peking's spokesmen and press have spoken highly and frequently of Balkan policies, particularly those aimed against Moscow.

This kind of attention is relatively new. Although Peking for some years has been at pains to cultivate the maverick Romanians, the Balkans in general ranked relatively low in China's order of priorities, as evidenced by the inattention paid to its long-standing ally Albania. In 1973, it appeared that relations with the Balkan countries had languished, and the Chinese had written off the rest of Eastern Europe as hopelessly under Soviet influence. China set its sights on

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[REDACTED]

the West where there were brighter prospects for developing a community of interest in restraining Soviet conduct and where Peking could acquire the capital equipment and technology necessary for accelerated modernization of the Chinese economy.

The Middle East and Cyprus conflicts clearly demonstrated the strategic value of the Balkans, particularly to the USSR. Soviet airlifts to Arab countries required airspace clearance over the Balkan states. Moreover, the deterioration in the USSR's relations with Egypt probably gave Moscow more interest in getting naval facilities in Yugoslavia.

The Balkans' strategic vulnerability in Chinese eyes was increased by the increasingly shaky condition of NATO's southern flank running through Italy, Greece and Turkey, which was weakened by the Cyprus situation and by political and economic difficulties caused in part by Middle East oil pricing policies. In addition, a stronger Soviet position in the Balkans that gave Moscow easier naval and air access to the Mediterranean and Middle East, would enhance Soviet strategic power at Western expense.

Under these circumstances, Peking saw an obvious interest in enhancing its influence in the area. Peking's establishment of greater influence in Moscow's backyard or encouragement of an independent course by the Balkan states would complicate Moscow's Middle East and European policies and tend to divert Soviet attention from China.

Peking has been particularly concerned that Moscow might seek to establish strong Soviet influence in Yugoslavia following Tito's death.

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[redacted] The surfacing last summer of the existence in Yugoslavia of a pro-Soviet group accused of anti-regime subversive activities--the so-called "Cominformist Affair"--added to Chinese concerns.

Soviet intentions in the Balkans, in fact, have become an important concern of Chinese policy. Foreign Minister Chiao Kuan-hua, in a major UN speech last fall, listed the Balkans along with oil as major new sources of international tension. A commentary in *People's Daily* fleshed out this propaganda line, charging that Moscow had stepped up its "expansionism" in the area. As "evidence," the article noted the "Cominformist" plot, Soviet military exercises near Romania, alleged demands for transit rights, and alleged Soviet support for Bulgarian claims to part of Yugoslav Macedonia.

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[redacted] Chinese officials invariably point to the Balkans as a world trouble spot, frequently adding what seems to be an element of genuine concern that conflicting Soviet and US interests in the region might well trigger a general war.

The "Cominformist" plot also provided Peking a useful issue to promote antipathy to Soviet influence. Chinese statements began to focus on Soviet threats to the independence of the Balkan states and on the determination throughout the region to resist Soviet pressures, with military force if necessary. The Chinese missed no opportunity to publicize Yugoslav and Romanian measures to strengthen conventional military forces, and to upgrade partisan warfare and civil defense capabilities, and Peking emphasized its readiness for military cooperation with the Balkan states.

Peking has long believed that Eastern Europe is a Soviet Achilles' heel, and the Chinese for years have encouraged greater East European independence from Moscow's influence. This effort was stepped up last year.

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[Redacted]

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Peking had ordered an intensive propaganda campaign to exploit Soviet-East European "divisions."

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[Redacted]

in Peking's view, Eastern Europe is chafing under Soviet pressure and strongly desires independence.

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[Redacted] Eastern Europe is a volcano likely to erupt under certain conditions, including a Soviet attack against China.

Soviet efforts to convene an international Communist conference that would challenge China's Communist credentials and isolate the PRC have further spurred Peking's Balkan policies. Peking has sought to persuade East European states that they and China share a common interest in curbing Soviet attempts to impose Moscow-oriented discipline on Communist states. The Chinese clearly are banking on mavericks like Yugoslavia and Romania to continue to hold the line against Moscow and thereby reduce Soviet pressure on China.

In view of Yugoslavia's strategic location and its uncertain political future, improved ties with Belgrade seem of overriding importance to China's Balkan policy. The once-dormant relationship revived in the wake of the "Cominformist Affair." On the heels of Tito's announcement of the plot, the highest level Yugoslav military delegation ever to visit China and a Yugoslav parliamentary delegation arrived in Peking. Belgrade repaid in kind when Vice Foreign Minister Yu Chan visited later in 1974. Prime Minister Bijedic is scheduled to arrive in Peking this spring; he will be the highest ranking Yugoslav to visit China. Following Yu Chan's visit, the Yugoslav press reported that the two sides were satisfied with the positive development of relations.

Nevertheless, the relationship is relatively fragile. A renewal of ties on the Communist party level is unlikely. Belgrade evidently was put off to some extent by Yu Chan's emphasis on the Soviet threat, and his use

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of anti-Sovietism as the basis for Sino-Yugoslav relations, and Belgrade made clear its desire to keep its distance from China's dispute with Moscow. China's restrained handling of the "Cominformist Affair" seems to reflect such caution. Overcoming obvious temptations, the Peking press has carefully followed Belgrade's lead in publicizing the affair and has largely refrained from independent comment.

Peking is less inhibited in its relationship with Romania. Efforts to strengthen relations last summer proved productive almost immediately. Peking sent the highest ranking Chinese mission to travel abroad in almost a year to Romania's 30th National Day celebrations. The Chinese group was given an exceptionally cordial and warm reception. This pattern was repeated later in 1974 during the Romanian Party Congress when President Ceausescu's reference to "the ascending trend of cooperation with China" drew some of the warmest applause that his keynote address received.

Peking has given extensive coverage to Romanian defense measures, and pointed Chinese statements on "threats of force" during the visit of Romania's foreign minister to Peking drew a strong disapproving reaction from Moscow. Some observers have concluded, in fact, that Peking is encouraging Bucharest in part because of concern over Romanian staying power.

China's friendship with Albania also is on the upswing following a period of relative decline. China exchanged more delegations at all levels with Albania in 1974 than with any Balkan country, and the warmth in greetings and press treatment that was customary years ago has resumed.

The relationship was given a shot in the arm last year when Tirana bluntly rejected Soviet soundings on prospects for closer USSR-Albanian relations.

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Defense Minister Balluku was subsequently purged-- apparently because he advocated a review of ties with Moscow, which implied criticism of Tirana's relations with Peking. Premier Shehu later denounced Soviet overtures as a blatant attempt to split Albania from China.

The relationship is still not, however, what it was years ago. The issue that divides Peking and Tirana--China's rapprochement with the industrialized West--remains unresolved. The two sides' ideological kinship and antipathy toward the USSR are sufficient to sustain relations at the current plateau, which suits China's purposes in the Balkans.

China's thinly veiled anti-Soviet appeals to Bulgaria, however, have proven completely unproductive. The Chinese have given heavy play to Bulgarian contacts with the West and cited examples of inequitable Soviet economic treatment of Bulgaria. Bulgarian speeches last year were so blatantly anti-Chinese, however, that Peking's ambassador staged walkouts. On the PRC National Day, the Sofia press sharply attacked the Chinese government and Mao's leadership.

Despite some disappointments, Peking probably is reasonably satisfied with the turn of events in the Balkans. Romania, Yugoslavia, and Albania clearly recognize that good relations with China are useful in helping to counter the USSR.

Although the Soviets have made some headway in Yugoslavia despite the Cominformist affair, Peking can take satisfaction that Romania, Yugoslavia, and Albania all took steps last year to add new muscle to their military defenses, and to improve relations and coordination with one another. Yugoslavia and Albania had long been at odds with one another over ideological and other issues, and in the early 1960s their quarrels were used as a surrogate by both Moscow and Peking for their then-burgeoning larger quarrel. Now the Chinese are clearly encouraging rapprochement.

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Indeed, the Chinese may be on the verge of helping to finance a project in Yugoslavia that would tie Albania closer to Yugoslavia and eventually Western Europe.

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Tirana already has indicated interest in linking the terminus of Albania's rail line to the Belgrade-Bar line some 50 miles away. Albania presently is not tied to the European rail system. The rail line is only a few miles from the port at Boka Katorska, which the Soviets covet.

Bucharest and Belgrade, moreover, have opposed Soviet efforts to censure Peking at gatherings of European Communist parties. In fact, no criticism of another party is a stipulation to their continued participation in the present series of European Communist party conferences.

All sides recognize, however, the limitations of Chinese influence in the Balkans. As Premier Chou En-lai remarked to a Yugoslav correspondent some time ago: "water at a distance cannot extinguish fire." Despite Peking's incessant talk about military cooperation, the Chinese lack an effective military option to influence events even if Peking were inclined to risk Soviet counteraction. Chinese military assistance would be of little use, and no one has proposed mutual security pacts or even informal coordination.

Nevertheless, Chinese actions and statements regarding the Balkans suggest that Peking is far more worried about the dangers of a blow-up in that area than it is about the risk of a more general European conflagration involving Western Europe. Although China continues to stress that Moscow's rapacity and perfidy make a Soviet move against Western Europe possible, its statements on this subject lack the urgency of private Chinese remarks on the Balkan situation--and

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in fact Peking probably does have a good deal to worry about in the wake of Tito's demise.

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The Chinese may in part be hoping for US action to forestall aggressive Soviet moves. A Chinese official

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 indicated last October before Secretary Kissinger's trip to Peking that China "needs" information on US intentions toward Yugoslavia. The official asserted Moscow was pressing Belgrade for naval bases in the Adriatic and that US policy was the "key" to the situation.

The Cyprus situation and related Greek and Turkish ties with NATO are also important elements affecting the balance in the Balkans over which Peking has little influence. Peking has tried to develop friendly relations with both Athens and Ankara--its embassies in both capitals are still relatively new--and to counsel restraint to both parties. The Chinese seem to have no objection to Dr. Kissinger's efforts at mediation. Peking's overriding interest is the maintenance of NATO's southeastern flank, and the Chinese have made it clear that they would use their veto in the UN Security Council to block a Soviet role in the Cyprus settlement.

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