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Foreign Report

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Khrushchev's Link with Liu

The triumph of Mr. Khrushchev over Mr. Malenkov should make no difference to the Foramsar crisis, or to the present relations of Russia to China. Mr. Khrushchev already had command of policy towards China, in company (on the military side) with the new Prime Minister, Marshal Bulganin. It was made finally evident in October - when the Party Secretary and his Army chief went to Peking to extend and clarify the Russo-Chinese treaty - that relations with China do not count as foreign affairs. Mr. Molotov was right, not of the picture.

The alliance with China is a matter of party to party, and, specifically, of Mr. Khrushchev to Mr. Liu Shao-chi, the Chinese Party Secretary-in-Chief. Therefore it is probable that, if a change in relations to China takes place, it will be indicated by a change inside the Chinese party leadership, rather than in Moscow. Eyes should be fixed on the position of Mr. Liu Shao-chi, the man who has co-ordinated the Chinese party line with Mr. Khrushchev.

The main characteristics of the Khrushchev-Liu line in internal affairs are:

1. Heavy industry must be built up and the consumer goods industry must be developed for the good life they had been promised.
 2. President Mao Tse-tung steps out of the limelight as master of the Chinese revolution, just as Stalin did in Russia. The Chinese revolution is to be concentrated on the economic and social aspects, and not on the political aspects with that in Russia. With the emphasis on economic and social aspects, the concentration on the economic and social aspects is to be maintained.
- If there is a change in relations to China, it will be indicated by a change inside the Chinese party leadership, rather than in Moscow. Eyes should be fixed on the position of Mr. Liu Shao-chi, the man who has co-ordinated the Chinese party line with Mr. Khrushchev.

has revealed that there are forces in the party itself, which would like to call a halt to the orthodox Communist revolution and to remain at the present half-way house, where capitalists still have a limited place. Mr. Mao's own attitude may be wavering. He is known to have ordered the party to win over rather than terrorise non-Communists. He is, after all, a national leader.

Therefore, if the Formosan crisis were peacefully settled, it is just possible that forces inside China would break with the Khrushchev-Liu line and slow down the pace of the revolution. But this is very unlikely while the Communist leaders have reason to believe that their revolution is passing through the same stage as the young Soviet Union went through in the early twenties, in the period of foreign intervention.

While Marshal Chiang Kai-shek still threatens to return to the mainland, and the American government does not unambiguously repudiate this aim, the Communist leaders have cause to think that Liu and Khrushchev are right. Heavy industry will have to come first, and foremost, in order to gain strength with which to conquer the foreign interventionists.

In this connection, the New Year message which was issued to both the Soviet and Chinese peoples by Marshal Voroshilov, the technical head of the Soviet State, is significant. Marshal Voroshilov, an unimportant figurehead, is an "old faithful" follower of Stalin, who was identified in the past with the line "heavy industry first." He was presumably speaking as the mouthpiece of Mr. Khrushchev, and he argued in favour of pure industrialism. The Chinese, he said, must build up their heavy industry in order not to fall victim to interventionists. He also revised Soviet history in order to prove that Russia had not over the years progressed to collective farming. The implications of Voroshilov's message were:

1. Russia cannot be relied upon alone to supply China. China must build up its own industry quickly.
2. China must avoid a major war, and keep the interventionists out by other means until it is ready to deal with them.
3. The Soviet Union maintains its claim to have the world leadership as a basis for revolutions. Mr. Mao did nothing that the Russian Communist leaders did not do in their early days.

TERMS FOR CO-EXISTENCE

There will probably be no change in the "soft policy" that has been carried out by Khrushchev under the leadership of the Soviet government. The Chinese government under Khrushchev and the Soviet government will probably present the world with more apparent compromises.

It should, moreover, be recalled that the Soviet policy towards co-existence had already been modified in some respects since the signing of the Declaration.

The public aim of Khrushchev's policy is at least a change in the policy of co-existence with the West which has been signed since Khrushchev signed the new alliance with the Chinese. It is clear that co-existence was possible, and that an alliance with the West was not possible.

by the Chinese Foreign Minister, Mr. Chou En-lai; and by Mr. Molotov has been in some months past:

- 1. Co-existence is possible only if American bases are removed. The "National Front" organized by Communists must remove them.
- 2. Formosa must be "liberated."
- 3. The chain of US alliances must be broken by inducing the number of neutral countries.

All these lines were laid down last October, and there is no reason to think that they will change. In fact, the key to all the recent moves by the Soviet Union and China over Formosa lies in the October treaty, when it was decided to isolate America from its allies, and to force it to withdraw by those means. Khrushchev, Russian and Chinese made their demarches to the United Nations, and partly explain why China refused to accept the Secretary-General's invitation to attend the Security Council meeting.

CO-ORDINATED MOVES

All these moves fit in with the analysis of the treaty in FOREIGN REPORT of October 14th. They were doubtless co-ordinated, and had the object of isolating America. The only signs of divergence between the Chinese and the Russians (Molotov acting presumably in agreement with Khrushchev) are: (a) the Chinese would have liked to attack Tachen and have a spectacular victory over Chiang; and (b) the Chinese do not suggest, as did Mr. Molotov, that Chiang and his army supporters could be removed by the Americans. The Chinese, in fact, are hellbent and are finding it hard to restrain themselves; but it may be assumed that they undertook to do so when the new rulers of the Soviet Union signed the new treaty last autumn. In return for Soviet support over Formosa, and the various other concessions made to China at the time, the Chinese agreed to give military aid to Russia if it is involved in war in Europe (that is, in Germany). It is clear that Khrushchev and Bulganin made their principal move in the international sphere before they were publicly in their present position of supremacy (which we forecast in FOREIGN REPORT of July 16th and August 27th, 1953). This consisted of tightening the political-military links with China.

Mao Eyes Formosa's Hills

It has never been seriously suggested that the Chinese are capable of mounting a full-scale invasion of Formosa in the face of American opposition, but it would not be out of the question for the Communists to land a few hundred guerrillas against the island. This could be done either by air or by submarines, and the material used in either case would, of course, be of Russian origin. Between them, the Communists have enough paratroops and trained submarine personnel to consider either method of infiltration; but the Chinese probably could not manage the submarines alone.

An operation of this kind would become more feasible if the Chinese Nationalist evacuated Quemoy and Matsu as well as the other islands. So long as Chiang Kai-shek has held these islands he has been able to maintain a mainland and support guerrillas