

GERALD R. FORD
FIFTH DISTRICT, MICHIGAN

MICHIGAN OFFICE:
720 FEDERAL BUILDING
110 MICHIGAN NW
GRAND RAPIDS 49502

Pres +
HAK Trips
Mao Book

Congress of the United States
Office of the Minority Leader
House of Representatives
Washington, D.C. 20515

T A B L E O F C O N T E N T S

Briefing Book for the President's Meeting
with Chairman Mao

This briefing book contains a variety of materials designed to provide records of past conversations, background information and discussion points for your meeting with Chinese Communist Party Chairman Mao Tse-tung:

- TAB A: Talking Paper for Your Meeting with Chairman Mao
- TAB B: "Mao Tse-tung's Personal Style and Political Views"
- TAB C: "Mao Tse-tung and the Party Debate on a Strategy for China's National Development"
- TAB D: "Mao Tse-tung and the Sino-Soviet Dispute"
- TAB E: Memcon of President Nixon's Conversation with Chairman Mao, February 21, 1972
- TAB F: Memcon of Dr. Kissinger's Conversation with Chairman Mao, February 17, 1973
- TAB G: Memcon of Dr. Kissinger's Conversation with Chairman Mao, November 12, 1973
- TAB H: Memcon of Secretary Kissinger's Conversation with Chairman Mao, October 21, 1975, and Analysis/Highlights



GEORGE H. FORD LIBRARY

THE SECRETARY OF STATE
WASHINGTON

~~TOP SECRET/NODIS~~

MEMORANDUM FOR: The President
From : Henry A. Kissinger *HK*
Subject : Your Meeting with Chairman Mao

This book provides you with background material for your meeting with Chairman Mao Tse-tung, including papers which give you a sense of his personal style and viewpoints, essays on his historical approach to the key domestic issue (national development) and the key international issue (the Sino-Soviet dispute), and the verbatim records of President Nixon's and my talks with the Chairman. This paper will focus more sharply on your meeting itself -- what you can expect from him, and the lines I suggest you take.

Purpose

The meeting will, of course, be the centerpiece of your trip and will publicly symbolize the ongoing development of the US-Chinese relationship. For the Chairman, it puts his personal, authoritative stamp on Chinese policy, both for his people and the world. He will also be reconfirming the basic policy lines for the other Chinese leaders such as Vice Premier Teng Hsiao-p'ing who will be expected to carry them out within his framework.

You in turn will be placing your personal imprint, for the first time to the Chinese as President, on our policies toward China and the world generally. You will be charting your directions as someone they must calculate that they may have to deal with for the next five years. Words alone will not be convincing to the Chinese; they will judge us by our

~~TOP SECRET/NODIS~~
XGDS

EG. 1201-100-100 SEC 3.3

SECRET, CONFIDENTIAL, SENSITIVE, *State review 9/18/03*

By *WA* NARA, Date *6/25/10*

actions. Nevertheless, the meeting will give you the opportunity to demonstrate your own personal style and strength, your conviction that the US must play a vigorous international role (including working with our friends to counter Soviet hegemony), and your commitment to the further development of Sino-US relations.

Setting

Per the Chinese custom with all foreigners, and reflecting their Middle-Kingdom mentality and sense of drama, the Chinese will probably notify us only an hour or two before the meeting that it is taking place. We have made clear to them that you do not wish any substantive discussions on your day of arrival in China. Your session is apt to be early, on the second or third day, so that the Chairman personally can set the framework for your visit.

You will be driven through a side gate of the Forbidden City to his residence (about ten minutes from the Guest House). You and the other Americans attending the meeting will be escorted into the Chairman's den, a large and rather sparse, high-ceilinged room. There will be a semi-circle of big easy chairs and tall lamps. Behind them are shelves of books which may be covered by drapes. The Chairman will stand with some difficulty and greet you and the other American guests, shaking hands and exchanging small talk while Chinese photographers take pictures. (They never allow foreign photographers to be present, since they wish to control the situation, select the pictures they want to use in the media, and touch up the images of the Chairman.)

After the photographers are escorted out of the room, the participants in the meeting will then be seated. Only tea will be served. The likely participants on the Chinese side are Vice Premier Teng Hsiao-p'ing, Foreign Minister Chiao Kuan-hua, Ambassador Huang Chen of the Chinese Liaison Office, Vice Foreign Minister Wang Hai-jung (who is reputed to be Mao's grand niece and is always closely associated with the Chairman) and two interpreters, (one who is



the Foreign Minister's wife and another who was originally born in Brooklyn).

You will find the Chairman mentally alert but physically very frail. He is not able to stand up for long periods or escort you out of the room (as he had always done until my last visit). He will gesture vigorously with his arms and hands as he speaks. He now has great difficulty talking and will thus express himself in two ways: sometimes he will speak in a slow grunt-like manner, with the interpreters often having to repeat (and perhaps slightly extrapolate) his words back to him for confirmation before translation; often he will write down what he has to say, with his female nurse holding the pad for him, and this in turn is translated by the interpreters, often with confirmation/extrapolation. He will conduct the conversation almost entirely on his own, with an occasional query to Vice Premier Teng. Because of his physical condition and style his interventions will be generally quite brief, but his laconic style carries great depth and meaning. As you will see from reading the past transcripts, he makes rich use of analogy, symbolism, allusion, and earthy humor. He will cover his agenda in a seemingly casual, even haphazard manner, but by the time he is finished he will have conveyed all the main points he wishes to get across in comprehensive, though very economical, fashion.

He will take the lead in indicating when the conversation is finished; it should last 1-1/2 - 2 hours. He will then rise to bid you farewell and you will be escorted by Vice Premier Teng to your limousine. We will check immediately with the Chinese on the wording of the brief communique they always put out after a Mao meeting, with the key element being the adjectives they use to describe the session, e.g., "frank", "friendly atmosphere", "wide ranging", etc.

His Approach

I believe you can expect the Chairman to sound the basic themes that he did with me last month (see the transcript and analysis at Tab H). His overriding

concern will be with the international situation, particularly the Soviet threat and the US response; he will probably also briefly mention the issue of Taiwan. His basic thread should run somewhat as follows. (It will emerge from a series of brief, seemingly disjointed, observations):

- The Soviet menace is growing. There is a storm, probably war, coming. The Soviet Union is looking toward that day with its vigorous military buildup and expansion of geopolitical influence. The West will be the first target and should be making preparations. For its part China is getting ready.
- Accordingly the US and China do have a "common opponent". This factor brought us together several years ago and is still the main rationale for our developing relationship. (However, whereas before the Chairman expressed this theme in terms of talking to a friend who is acting on a parallel track, in my last conversation with him the tone was more in terms of their being realistic while we and our friends were indulging in illusions.)
- In the face of this threat the US is maneuvering frantically, including our making of agreements with Moscow that are worse than worthless because they tend to mask Soviet intentions. It is not so much American collusion with Moscow as it is appeasement (whether calculated or not) reminiscent of Chamberlain, Daladier and Munich prior to World War II.
- In short, the US is "not reliable" as a world power. And we place the Soviet Union higher in our priorities than our allies, and much higher than China. Indeed we have even used China in order to work with the Soviets.

- Soviet conventional forces are much larger than the West's, and the US would be reluctant to use nuclear weapons in a crisis. (The Chinese consider SALT a charade, MBFR as a dangerous device that gets our troops out of Europe; and they believe that Moscow is building up its military power generally while the West is not.)
- Europe is the key immediate area of struggle. The Europeans are soft, disunited, and indulging in illusions about the Soviets. The Helsinki Conference is but the latest and greatest example of naivete, if not appeasement. Furthermore, Europe's domestic structures are being undermined by weak political leadership, economic difficulties, and communist parties controlled by Moscow. If Europe were attacked, the US would pull a "Dunkirk" rather than risk American lives. Instead the US should work closely with Europe, build up NATO, and be prepared to defend the continent.
- Japan is an uncertain factor and will seek hegemony at some point. (The Chairman's reference last October to Japan's seeking of hegemony was a new theme and at variance with all recent Chinese statements on Japan. It may reflect their difficulties with the Japanese in negotiations over a peace and friendship treaty, which center on language concerning hegemony to which the Soviets have objected. Generally, however, the Chinese have swung to our view in recent years that the best way to prevent Japan from remilitarizing is to keep it closely anchored to the US under our nuclear umbrella and security treaty.) The US should work closely with Japan and pay a great deal of attention to this relationship. (The Chairman once scolded me for not giving Tokyo as much attention as I did Peking.)

- The Middle East, Persian Gulf, and South Asia are other key areas where the Soviet Union is striving to increase its influence. The US should work "with two hands in the Middle East" (i.e., with the Arabs as well as Israel) so as to reduce Soviet influence. We should also work closely with other key countries such as Iran, Pakistan, and Turkey to counter such Soviet clients as Iraq, India, and Afghanistan.
- The US domestic scene is the source of much of our difficulties. The removal of President Nixon through Watergate was incomprehensible. The Congress, the media, and the public show signs of weariness, discord, and withdrawal.
- In the face of this strategic picture, the Chinese are prepared to go it alone in their resistance to Soviet expansionism, even if this means they are cursed by the world for being war-like. They will "dig tunnels deep, store grain, and oppose hegemony everywhere." They, of course, hope that the US, Europe and Japan, and other friendly nations, will join them in the geopolitical struggle. But if necessary they can handle the Soviet Union on their own, thanks to their vast population, indestructible spirit and inexhaustible patience.
- The big issue therefore is the international situation, and Taiwan is a small issue by comparison. The Chinese are patient on this matter and confident of its ultimate resolution, even if it takes 100 years. It is better for the US to maintain control over Taiwan for the time being, since it is filled with counterrevolutionaries, and in order to prevent other influences like the Soviet Union or an independence movement. (If taken literally the Chairman takes an even more relaxed view of Taiwan than other Chinese

leaders, but there may well be sardonic overtones to his presentation. In addition, he tends to elide the issues of diplomatic relations between us and Peking on the one hand, and the future status of the island with respect to the Mainland on the other. These are two separate issues, in their eyes and our own.) Eventually China will probably have to fight for Taiwan, but it can wait for the time being.

Your Approach

The scope and Soviet Union papers for your trip give you the basic framework for your approach to this meeting and the essential themes that I believe you should express. You will not have an opportunity to make lengthy statements, but rather will be getting your positions across in a pattern of relatively brief interventions back and forth. The Chairman expects, and will appreciate, your taking a strong, principled stance. He will respect your sticking by your own convictions; indeed, he welcomes friendly quarreling. You should, of course, point out where we and the Chinese agree. But you should also candidly discuss our differences which you can describe as being primarily tactical rather than strategic.

I believe the following are some of the basic points that you will wish to make:

- You are strongly dedicated to the further strengthening of ties with the People's Republic of China. You believe it is in our fundamental national interest to develop this relationship and you will pursue it vigorously in the coming years.
- Our two countries share some basic common perceptions of the world situation. The United States will continue to play a strong role on the international scene. Your own convictions and record as a Congressman and President show your

determination to have our country maintain a strong defense, work closely with our allies and be prepared to resist Soviet pressures.

- We pursue this policy as being in our own interest, not to do China any favors. However, it is objectively true that we have a "common opponent". This was one of the main reasons that our two nations came together after two decades and why it is in our mutual interest to continue to develop our bilateral relationship.
- At the same time each of our countries must pursue policies which it believes are tailored to its own situation and in its own national interest. We have to deal on many fronts with the Soviet Union because of our global concerns, and the fact that the Soviet Union is a superpower. Our basic strategy is to put ourselves and our friends in a position to contain Soviet expansionism. We believe the most effective way for the United States to do this is through a combination of hardheaded negotiations designed to test Soviet intentions and entangle them in a series of agreements, together with firm reactions to Soviet pressures whenever they occur.
- This double edged policy is necessary in order to demonstrate to the American people (and our various allies) that we are trying all reasonable courses of action; then in any crisis we can rally public support because it will be clear that Soviet policy gave us no other choice.
- The US has demonstrated its resolve in many instances -- e.g., in Berlin, the Caribbean, the Middle East (including the 1973 October alert), and currently as well in such areas as Angola and Portugal. We believe that

action as well as rhetoric is required. In any event, we have no illusions, and we are keeping our powder dry. And we would consider a Soviet attack -- whether in the West or East -- would have serious implications for our own national security.

- We know that the Chinese disagree with some of our policies and prefer a more frontal approach to the Soviet Union. This may be suited to their situation. It is less suited to ours. We should respect each other's choice of tactical policies while keeping in mind that our strategic perceptions are similar. Certainly we won't convince each other through persuasion. But it is in neither side's interest to appear to be criticizing the other. We believe it is in our mutual interest to give the impression to the world that we are cooperating with each other within certain limits rather than two powers seeking to use each other. An impression of US-Chinese quarreling only benefits the Soviet Union.
- In any event the Chinese can be sure that we will never make any agreements with Moscow directed against Peking, and indeed have turned aside several Soviet suggestions to this end. We do not use China to jump to the Soviet Union.
- You and Secretary Kissinger have devoted a major portion of time in recent months to allied relations. This has included many bilateral meetings with European leaders, your first Presidential trip abroad to Japan, and the recent Economic Summit. This has been designed to rally Western nations politically and economically, in part so as to shore up defenses against possible Soviet threats. We would certainly defend Europe if it is attacked; our strong national interest would leave us no other choice.

- Relations with Western Europe and Japan have been greatly strengthened and have never been more solid. We appreciate the Chinese statements to our allies on the need for close trans-Atlantic and trans-Pacific ties.
- The southern flank of Europe, however, remains a serious problem -- e.g., Portugal, Spain, Italy and Greece/Turkey. We are working vigorously in all these areas with our friends in a way that is compatible with Chinese interests.
- We have also pursued a determined policy in the Middle East. Our efforts to promote a settlement there and our greatly improved ties with Arab nations have the objective result of reducing Soviet influence in the region.
- In other areas of the world, we have taken heed of the Chairman's views expressed to Secretary Kissinger in past conversation that we should work not only with our European and Japanese allies, but also in other areas with friendly countries like Pakistan and Iran.
- A recent example of our efforts is Angola where there has been major Soviet (and Cuban) involvement. We have been working with friendly African forces to counter this by helping Angolan elements that China herself had been backing. Frankly we are sorry that the Chinese have withdrawn their efforts recently even as we have increased our own. We believe that action, as well as public statements, are necessary in such situations.
- The basic mood of the American people across our large country is healthy, with broad support for a strong national defense and international role. This is the real sentiment of the nation, rather than the atmosphere that sometimes persists in our capital, and this will be reflected in the election coming up. We have been in a turbulent period because of various domestic events, but this is a passing phase.

TOP SECRET/NODIS

- 11 -

-- You intend to pursue a normalization of our relations in line with the principles of the Shanghai Communique. We know that the Chairman is patient on the Taiwan issue, but we also know that this is a matter of principle for the Chinese. The direction of our policy is clear. We have every intention of completing the process. We will work to resolve our remaining differences but this will require some understanding by the Chinese of our concerns as well.

TOP SECRET/NODIS



TO BE PROVIDED



STATE OF TEXAS
COUNTY OF [illegible]

7

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 030347

REASON FOR WITHDRAWAL ÇNational security restriction

TYPE OF MATERIAL ÇBriefing Paper

TITLE Mao Tse-Tung's Personal Style and
Political Views

CREATION DATE 11/1975

VOLUME 25 pages

COLLECTION/SERIES/FOLDER ID . . 035800388

COLLECTION TITLE NATIONAL SECURITY ADVISER. TRIP
BRIEFING BOOKS AND CABLES OF GERALD
FORD

BOX NUMBER 19

FOLDER TITLE November 28 - December 7, 1975 - Far
East - Briefing Book - Peking - Meeting
with Chairman Mao - President's Copy
(1)

DATE WITHDRAWN 06/30/2010

WITHDRAWING ARCHIVIST GG

C



~~CONFIDENTIAL~~

MAO TSE-TUNG AND THE PARTY DEBATE ON A
STRATEGY FOR CHINA'S NATIONAL DEVELOPMENT

Mao Tse-tung's Cultural Revolution purge of high leaders of the Chinese Communist Party represented, in part, the culmination of more than a decade of debate over the most appropriate policies for modernizing peasant China. What began in the mid-1950s as disagreement over economic policy evolved into a conflict of basic differences in the conception of a "socialist transformation" for Chinese society. By the early 1960s this debate began to pass into matters of personal authority; and in 1964 Mao raised the issue of succession to his leadership. The aging Party Chairman had come to fear that his policies would be repudiated by long-time Party colleagues, just as Khrushchev had repudiated Stalin. The succession issue directly shaped Mao's Cultural Revolution purge of the Party, and continues to be a major source of contention within the post-Cultural Revolution leadership. It is likely that this issue is at the center of the current instability evident within the Chinese Communist Party (CCP).

This memorandum summarizes the main lines of debate within the CCP leadership over the question of a strategy of national development, and points out how Mao Tse-tung's forceful political initiatives of the 1950s led other Party leaders to attempt to restrict the Party Chairman's power in the early 1960s thus setting the stage for the Cultural Revolution.

The CCP came into power in 1949 with only vague notions of how Chinese society could be modernized. CCP leaders had defeated the Nationalists more rapidly than anticipated in three years of civil war; and as revolutionaries committed to the Communist vision of society they instinctively turned to the Soviet Union to provide a guiding model of

~~CONFIDENTIAL~~

DECLASSIFIED

Authority NLF MR80-4, #6

By DAW NLF Date 1/14/81

national development. As Party leaders shifted from military operations to economic management, however, they gained practical experience which gradually called into question the relevance of the Soviet model for China's development problems. Mao Tse-tung "led" other Party leaders in his early questioning of the Soviet development experience, and in the search for an alternative suited to Chinese conditions.

Between 1949 and 1953 the Communists used their armies and the Party bureaucracy to dismantle the remnant organizations of Nationalist rule, and to destroy the power of the landlords in China's vast rural hinterland. In 1953 the Party quietly initiated its first Five Year Plan, which drew inspiration from the Soviet precedent. The CCP created a centrally-directed economy, and a governmental bureaucracy to implement Party policy. The Party's basic commitment was to industrialization; and the assumption was that development of a modern industrial sector through technical and organizational reform would establish the basis for bringing China's peasants -- more than 80% of the population -- into the modern world. Industry was to lead agriculture, and most capital investment in the First Five Year Plan was allocated to heavy industry.

In 1955, however, the goals of the First Five Year Plan had to be revised downward, for the agricultural sector was unable to meet its planned targets, thus hindering capital investment in industry. The Party gradually came to see that low agricultural productivity constituted the bottleneck to China's economic development. Without major increases in the level of productivity of China's peasants, there would be insufficient food to cope with population growth. And without substantial increases in per/acre grain yields it would be difficult to feed a growing urban population, turn over agricultural lands to the production of raw materials for light industry (such

as cotton for textiles, or oil-bearing crops for secondary processing), and earn foreign exchange through the sale abroad of rice and other agricultural products.

In an important speech of July 1955, Mao challenged the relevance of the Soviet precedent for China's development problems. He criticized the "industry first" approach and the view that increases in agricultural productivity would have to await technological modernization -- also a function of industrialization. Mao asserted that the Party could use its revolutionary political experience to mobilize China's one great resource -- her underemployed and inefficient labor force -- through political and social means to bring about increases in agricultural productivity. Mao's views were resisted, however, by a state bureaucracy and urban-oriented governmental planning system committed to a technical and industry-first approach to modernization. Mao expressed concern with Party "conservatism." Fearing that the lessons of the revolution would be lost, the Party Chairman succeeded in the fall of 1955 in prodding the Party to mobilize the peasantry in forming elementary collective farms and managing, through political means, an effort to bring about a "leap forward" in agricultural productivity. The state bureaucracy was shunted aside as politics and the Party took command.

Mao's initiative was successful, and in early 1956 the Chairman followed on his efforts of the preceding fall with the promulgation of a twelve-year program for agricultural development. Mao further demanded that the collective farms be enlarged into advanced stage Agricultural Producers' Cooperatives. Against growing resistance from other Party leaders, Mao's plans were put into effect.

Khrushchev's February 1956 attack on Stalin and the "cult of personality" radically changed the atmosphere



within the CCP, bringing to the surface fears of a Maoist "cult of personality." Party leaders who objected to Mao's forceful leadership and his economic development strategy acquired the leverage to restrict the Party Chairman's influence in a context of "collective leadership." In April of 1956, the drive to form Agricultural Producers' Cooperatives was criticized. Efforts were initiated to consolidate the changes in rural life of the preceding fall and winter, and to reaffirm the "industry first" approach to economic development. In frustration at this restriction of his leadership, Mao twice swam across the Yangtze River in the spring, and wrote a poem on "Swimming" in which he said "better this (swimming the Yangtze) than leisurely pacing home courtyards." Political divisions within the leadership had been established which, in time, would lead to Mao's July 1966 swim in the Yangtze, and to his Cultural Revolution purge of Party opponents.

Into the fall of 1956 efforts were made to speed the pace of China's economic development by encouraging the country's precious few skilled intellectuals -- less than 4 million out of a total population of about 600 million -- to lend their efforts to the industrialization drive. Mao has a long record of distrust of the intellectuals; and in the fall of 1956 his concern with the Party's urban-oriented development program -- and the "alliance" with the intellectuals that it required -- was confirmed in his eyes by the disturbances in Poland and the Hungarian uprising against Communist Party rule. Mao now claimed to Party leaders that a "cult of personality" was not the problem facing China, but bureaucratic conservatism and the Party's "alliance" with the intellectuals which -- he asserted -- had led to the Hungarian upheaval.

In early 1957 Mao attempted to confront this problem in a campaign to "let a hundred flowers bloom and a hundred schools of thought content" -- in fact an

effort to establish a critical dialogue between Party bureaucrats and intellectuals which would expose conservatism and bureaucratic behavior on the part of the former, and "anti-socialist" attitudes held by the latter. As has long been the case, Mao asserted that China's development could only be promoted through controlled "class struggle."

The "Hundred Flowers" strategy was undermined in the late spring of 1957 by a Party bureaucracy that resisted public criticism of its errors, and by criticism from the intellectuals which challenged the very foundations of Communist Party rule. While Mao's intellectuals was discredited, the Chairman was able to assert to other leaders that the Party bureaucracy -- by its resistance to criticism -- needed further "rectification." He also stressed that a national development strategy which placed reliance on politically unreliable intellectuals would only create further problems for China. As in 1955-1956, Mao asserted that the Party had to deal with the basic problem of low peasant productivity if it was to spur economic development.

The fall of 1957 and first half of 1958 saw the evolution of Mao's conception of a new development strategy for China. The core of what came to be called the Great Leap Forward was the People's Commune, a self-contained economic and political organization for China's peasants. The Communes grew from township-scale amalgamations of Agricultural Producers' Cooperatives which placed approximately 20,000 peasants under unified political and economic management. Each Commune was to be self-reliant in investment capital -- accumulated from local savings -- and was to maximize the application of labor power by organizing the peasant work force into quasi-military "production brigades." The Communes were further integrated into Mao's new national defense policy of 1958 by combining militia organization

with the production brigades to form a self-contained and decentralized structure of Chinese society. Through the Commune concept, Mao's propagandists asserted in the summer of 1958, China's people would soon realize Communism. Through the Great Leap Forward, Mao told the Party leadership, China's industry and agriculture would be able to develop simultaneously at such a rapid pace that the country would be able to surpass the British in GNP within fifteen years.

Mao pressed the organization of People's Communes throughout China's countryside in September of 1958, fearful that resistance from more cautious Party leaders would undermine support for his concept of a way to organize Chinese society for the "transition to socialism" -- as had happened in 1956. The speed, and concomitant lack of planning, with which the Communes were formed, however, came to be part of their undoing. Party cadres were inept at the new tasks of large scale management. Fearful of political reprisals, they grossly inflated their production figures. The peasants, still committed to family-centered agriculture, resisted the organization of "production brigades." By the summer of 1959 it was becoming evident that Mao's Great Leap in fact was generating a great production disaster.

In July of 1959 China's Defense Minister, Marshal P'eng Teh-huai, sought to mobilize opinion within the Party leadership against Mao's Great Leap policies. P'eng's move was given weight by the signs of a growing production crisis, and by Soviet anger at Mao's defense policies and the Chairman's claim that China was near to realizing Communism (and by implication, before the Soviet Union). Mao was able to mobilize a counter-attack with the support of other leaders, and had the critical Defense Minister removed from office; but in the deepening economic crisis -- which reached its low point in 1962, when tens of thousands of peasants, in fear of starvation, fled into Hong Kong -- Mao found



his political influence seriously eroded. In the depth of the Great Leap crisis some leaders encouraged intellectuals to write veiled satires of Mao, criticizing him for acting like a dictatorial emperor and failing to consider the interests of the peasantry or the importance of friendship with the Soviet Union for China's national development and defense.

In these circumstances Mao retreated, in part to build a base of support within the army. More cautious leaders directed the economic recovery from the Great Leap, largely by allowing the peasants greater individual freedom and private land. Party policy shifted to emphasizing agriculture as the foundation of the national economy, with industrialization given a second-order priority.

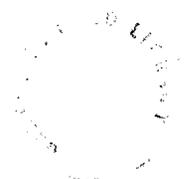
By 1962, however, Mao once again became actively concerned about the loss of his authority within the Party, and with the increasing dissolution of the Communes in the countryside. At a series of leadership meetings in the summer of 1962, the Party Chairman called for renewed "class struggle," and for strengthening Party leadership in the Communes. Other leaders superficially went along with Mao's further initiative, but they began to actively resist his policies in application. The divergencies within the leadership began to grow into a basic conflict over organizational power. By 1964 Mao felt he had sufficient political support from the army to begin to challenge his opposition within the Party. This he did by indirectly raising the issue of succession, thus hoping to divide the most powerful Party leaders on the one issue where his remaining prestige gave him great political leverage. By this strategy Mao was able to fragment his opposition and one-by-one remove key leaders from power beginning in late 1965.

In July of 1966 Mao felt his position sufficiently secure to challenge the entire Party and state

bureaucracy. The Chairman swam in the Yangtze again, as a sign of his enduring political vigor and a symbolic expression of his determination to challenge the Party leaders who, since 1956, had resisted his program for modernizing peasant China. Matters of economic development were shelved as the Chairman confronted the elemental problem of political power.

China's economy was able to operate rather autonomously during the Cultural Revolution struggle, with only temporary production dislocations resulting from disruptions of the transportation network and episodes of "class struggle" in the urban centers. There was not, however, a basic disruption of the economy such as occurred during the Great Leap Forward. There were a number of references to a Fourth Five Year Plan, but no such plan was given formal publication or approval. China seemed to lack a sense of overall economic coordination and the kind of concerted drive for production goals which characterized the economy in the 1950s. The People's Communes remain semi-active organizational structures in the countryside, but with the villages -- the old Agricultural Producers' Cooperatives -- apparently the center of rural management.

Although there were no new developments in Chinese developmental strategy following the Cultural Revolution, the Chinese economy rebounded from the comparative doldrums induced by that movement in 1969-70, largely because it was easy to take up slack in unused industrial capacity. Once this had been accomplished, however, basic underlying difficulties soon became apparent. Active, coordinated efforts to develop the economy were hampered by continued weaknesses within the Communist Party, whose organizational structure had been almost wholly destroyed by the Cultural Revolution; rebuilding was halting and plagued by continual factional disputes and problems engendered by the Cultural Revolution. For several years administrative



authority remained largely in the hands of the military establishment, which proved unfamiliar with economic considerations and arguments and unwieldy in carrying out management tasks. Given the weaknesses of central authority and controls, efforts were made, with Mao's blessing, to decentralize planning to provincial and local levels. Agriculture continued to be emphasized and an effort was made to stress light industry and the production of consumer goods, in part to diffuse and alleviate discontent arising from the dislocations and chaos of the Cultural Revolution.

The commanding position of the military, resulting in part from Mao's political strategy in relying on the army in his struggle with the party apparatus, and in part from pragmatic considerations deriving from the fact that for several years the military organization was the only functioning structure of authority in the country, permitted the military to siphon off a considerable, and probably inordinate, portion of the budget for its own ends. Spending on weapons procurement and on other military-related projects rose steadily from the middle 1960s, and some funds were doubtless squandered on projects of only doubtful military value. This profligate approach tended to strain China's limited budgetary resources; moreover, the soldiers' control of budgetary allocations tended to strengthen their political power still further.

By 1970 Mao had concluded that the overweening power of the military establishment was as threatening to him as that of the party apparatus had been a decade earlier. The ensuing struggle, which culminated in August-September 1971 with flight of Defense Minister Lin Biao, then Mao's designated successor, to Mongolia and his subsequent death, involved not only Lin but much of the central military establishment Lin had assembled in the previous five years, as well as a number of "leftist" civilians who had



been Lin's (and Mao's) allies in the political struggle of the late 1960s. One of the central issues in the fight with Lin was the question of budgetary allocations. Following Lin's fall military-related spending fell sharply, perhaps as much as 25 percent, resulting in, among other things, a stretch-out of China's ambitious missile development program. The cut in military spending was in part punitive, a means of punishing the military, and in part an attempt to secure a more rational distribution of budgetary resources.

The redistribution of political power that resulted from the clipping of the military's wings apparently permitted a number of other economic initiatives, undertaken with the support of both Mao and Chou En-lai. Perhaps the most important was a new interest in purchases of advanced technology from the West, an effort that included the acquisition of whole plants, frequently through the use of medium-term credits, a new departure for the Chinese. Purchases abroad have covered the entire economic spectrum but seem to have been concentrated in the agricultural sector -- China contracted for a considerable number of fertilizer plants in 1972 and 1973 -- and in the area of development of the petroleum industry. Other basic industries that require the infusion of modern technology, however, such as iron and coal production, have continued to languish. Moreover, despite Mao's endorsement of the program of technological imports, political opposition to even limited reliance on foreign assistance has continued to bubble just under the surface. Opposition to the program was evident throughout the divisive anti-Confucius campaign of 1974; this opposition almost certainly emanated from "leftists" who were concerned that any infusion of Western ideas and practices into China would tend to compromise the ideological purity of the Chinese revolution. The leftists were apparently joined by some elements of the military who evidently hoped to reopen the question of budgetary allocations.

This rather formidable coalition caused considerable turmoil throughout 1974, leading to yet another slow-down of the economy; transportation was particularly affected and strikes took place in factories scattered across the country. None of the basic decisions taken in the early 1970s was reversed, however; on the contrary, those decisions were reaffirmed at the National People's Congress which met in January of this year. Subsequently a renewed effort that centralized economic control coupled with somewhat more rapid but carefully modulated industrialized growth has been undertaken under the leadership of Vice Premier Teng Hsiao-ping -- again with the backing of Mao, who seems to have eschewed for the present his organizational and investment concepts of the Great Leap period. The Chinese are now talking about a development plan covering a full 25 years, which suggests that shortcuts and "quick fixes" reminiscent of the Great Leap are to be avoided. However, a new effort at mechanization of agriculture designed to "transform the countryside" -- an aim of the Great Leap -- but under much more controlled conditions than existed in 1959, has just been initiated. At the same time an attempt to conciliate the military by upgrading its conventional arsenal -- which will almost certainly require somewhat higher military spending -- has also been undertaken. This program does not yet appear to involve heavy investment in advanced weapons programs. While largely reminiscent of the economic approach of the early 1960s, the mix of current programs seems essentially a compromise giving something to nearly all important political elements on the Chinese scene. But the record of the past two decades suggests that a straight-line projection of current economic strategy over the 25 years of which the Chinese are now speaking would be a mistake. There are likely to be new reversals and departures -- certainly after Mao dies if not before.

CONFIDENTIAL