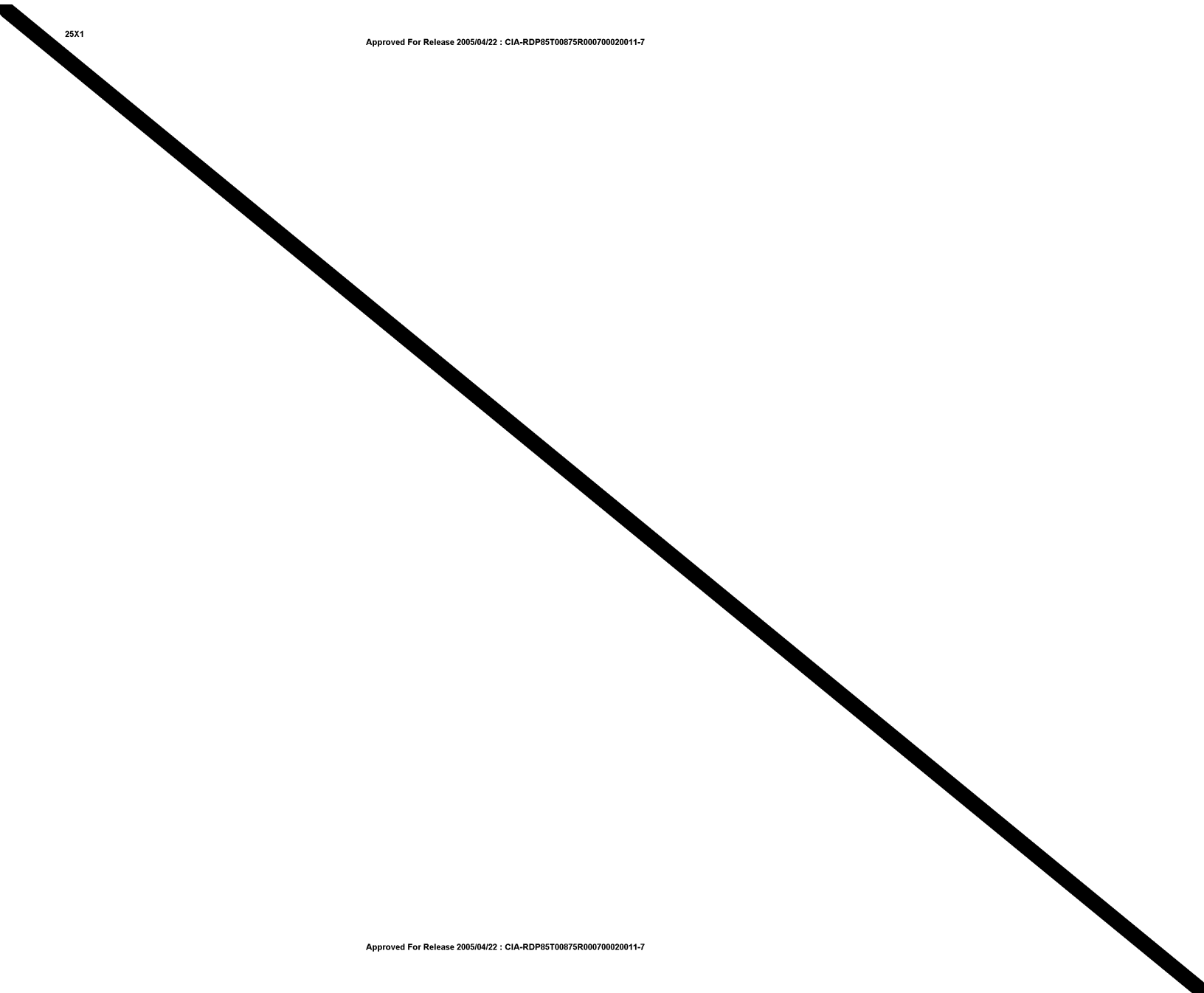

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9 July 1973

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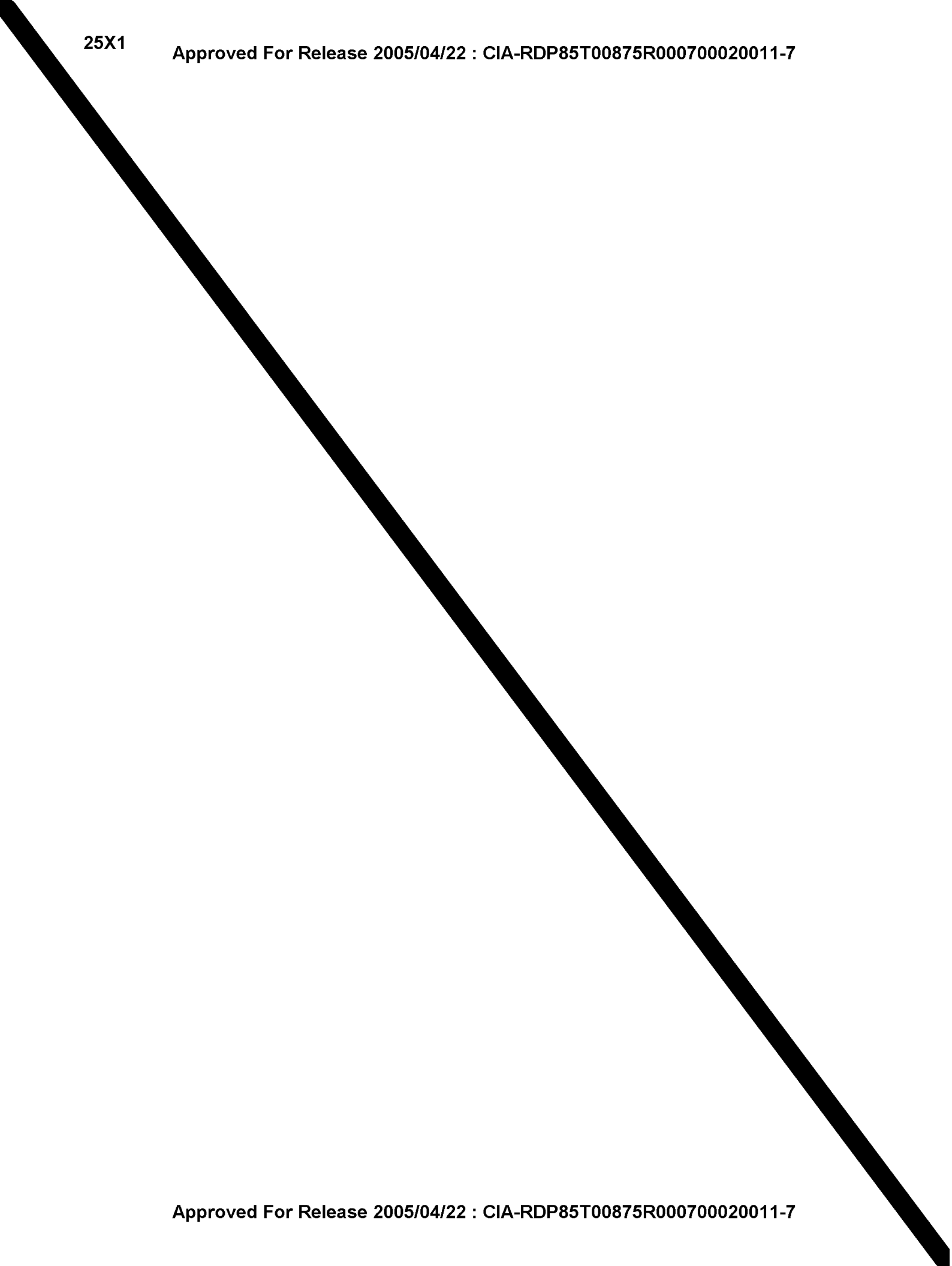

Movement in the Provinces

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Leadership turnouts during the past month or so reveal important new additions to provincial party committees and clarify the status of a number of long-absent leaders. At the same time, the campaign to rebuild mass organizations in the provinces highlighted in the New Year's Day editorial is moving along gradually but steadily. In short, the regime appears to be on its way toward resolving the problems precipitated by the death of former defense minister Lin Piao in 1971. It is most doubtful, however, that all difficulties have been overcome.

The most important changes were announced in Sinkiang on 3 July in conjunction with the return to China of Cambodian Prince Sihanouk from an extended trip abroad. Saifudin, a Uighur who has long served as the most prominent minority cadre in the region, is now the first party secretary for Sinkiang. He replaces a military man who dropped from public view shortly after the Lin affair. The new second-ranked leader in Sinkiang is Yang Yung, a highly regarded professional soldier who, along with a number of other military leaders in Peking, was purged in an early phase of the Cultural Revolution. Yang was publicly rehabilitated last July and, like many other veteran party and military leaders, is apparently being given a second chance to demonstrate his loyalty and skill. Both Saifudin and Yang apparently lack real authority, which, at the moment, seems to rest with a group of local military leaders who hold lower ranking posts on the regional party committee.

In late June three other important provincial military leaders, who were suspected of having suffered the same fate as the former Sinkiang chief, resurfaced in evident good standing: Heilungkiang boss Wang Chia-tao; Ningsia first party secretary Kang Chien-min; and the number-two party leader in Tibet, Chen Ming-i. The three made their appearances in conjunction with local congresses of the youth corps or the trade unions. The formation of these party-affiliated mass organizations is a major step forward in Peking's efforts to re-establish orthodox party rule. Beyond the announcements themselves, there is very little information on the actual functions or duties of these newly reconstituted bodies.

In some areas, the changes in provincial leadership have been so sweeping that they have amounted to a reorganization of the provincial party committees formed throughout China prior to Lin's fall. The re-staffing has hit the military hard, but has by no means brought a complete return to civil rule. Those civilian officials—most of them youthful activists—who came forward during the Cultural Revolution do not appear to be gaining as much ground as might be expected. Instead, most of the vacancies on the committees, as well as the new positions that are being added, are being filled by veterans—usually civilians but also some military officers—who had been removed from power and often publicly humiliated during the Cultural Revolution.

This curious blend of old and new, military and civilian, ardent leftist and chastened bureaucrat, has apparently pleased no one and upset almost everyone. The national and provincial press has been replete with discussions of cadre dissension and admonitions concerning the proper balance between old and new officials. In Heilungkiang Province, no less than eight additional people, most of them returning veterans, have appeared on the provincial party committee in the last month. An attempt to clarify their relationship in a rambling radiobroadcast on 20 June was not very successful. 25X1 25X1

The divisions between old and new cadre impose serious limitations on efficiency and control. These constraints are not likely to be removed quickly. Peking undoubtedly wants to create a more unified and stable provincial leadership, but the present formula seems to call for the infusion of both old and new cadre and then letting the participants thrash out their own duties and responsibilities as best they can.

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Communications Satellites

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With little prior notice, seven Chinese communications specialists are scheduled to visit the US in July at the invitation of the Communications Satellite Corporation (COMSAT). The Chinese will tour US companies involved in the construction, launching, and operation of the Intelsat IV communications satellites. This delegation will be the first Chinese industrial survey team to visit the US and the first Chinese group to arrange a visit directly with an individual company.

The Chinese appear to be operations and administrative personnel, essentially counterparts of the COMSAT people who are arranging the visit. Very little background information on the Chinese is available, but they probably worked on the satellite communications facilities set up in Peking and Shanghai for President Nixon's visit. COMSAT officials played a major role in the negotiations for the installation of the Peking earth station. The visit will provide the Chinese with a better understanding of the Intelsat system operations, which will facilitate China's effective use of imported ground-station equipment for international communications. At the same time, the Chinese may be seeking something more significant, possibly technical assistance.

Within the past year there have been a number of indications that the Chinese desire to develop or acquire a satellite communications system for domestic use. If the Chinese wish to achieve such a goal in the near future, they could use an existing Intelsat IV satellite for domestic as well as international traffic or they could purchase a satellite for exclusive domestic use until they can launch a satellite of their own. In either event, the Chinese would be likely to seek technical assistance from COMSAT, which manages the Intelsat system and provides consultative services in setting up domestic satellite systems.

The Chinese are also known to be interested in obtaining full Intelsat Consortium membership, which would give them greater influence than they have as only a user. As a condition for accepting membership, China has demanded the removal of Taiwan from the Consortium. China recognizes the influential position of COMSAT in determining Intelsat policy and through discussions with COMSAT they may hope to facilitate Taiwan's expulsion.

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A Rehabilitation Scorecard

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The rehabilitation in April of former party secretary general Teng Hsiao-ping has touched off a wave of speculation that other disgraced party leaders may be restored to good standing. Although Teng is the only party leader to reemerge thus far, the rumors cover almost every leading party figure purged in recent years—from the victims of the Cultural Revolution to those who prospered during that upheaval but fell during the Lin Piao affair. Teng's return has even sparked renewed interest in the status of Liu Shao-chi, the chief victim of the Cultural Revolution.

Former chief of staff Lo Jui-ching, thought to be an opponent of Lin Piao, is variously reported to have died during the Cultural Revolution, to have rejected an offer of rehabilitation, and to have been rehabilitated [redacted] 25X1 25X1 him by name this month. Much of the speculation in South China centers on the possibility of an imminent return of the former boss of the region, Tao Chu. Tao's wife reappeared on May Day, but Tao's own status is unclear. A rumored return of Huang Yung-sheng, the former chief of staff who fell with Lin Piao, may have been prompted by a party document that criticizes Lin's son and portrays Huang as powerless to resist young Lin's demands for greater authority.

Party documents on the rehabilitation issue only add to the confusion. According to the official explanation, Teng Hsiao-ping strayed from the party line but upheld party principles, a blurred distinction at best. A Peking directive reportedly denies rehabilitation only to cadres who have committed any of four unforgivable crimes. The four categories are so broad they encompass almost any kind of political action. Complicating the issue, according to some reports, is Peking's worry that the rehabilitation process will antagonize the workers who rode high during the latter stages of the Cultural Revolution. On the other hand, Peking is probably even more reluctant to offend the military, which was given even greater power in the Cultural Revolution than the workers.

For all the talk, there has been little action. Many experienced cadres have been reinstated at the lower levels, but Teng Hsiao-ping remains a lonely figure at the top. In fact, [redacted] China's leaders clustered in groups at a recent airport reception, leaving Teng by himself. An opportunity to reveal further returnees slipped by on 1 July, when Peking failed to celebrate the anniversary of the party. Nevertheless, Teng Hsiao-ping, the man who started all the talk, is being kept in the public eye. The message seems to be that the difficult process of rehabilitation is not intended to end with Teng. [redacted]

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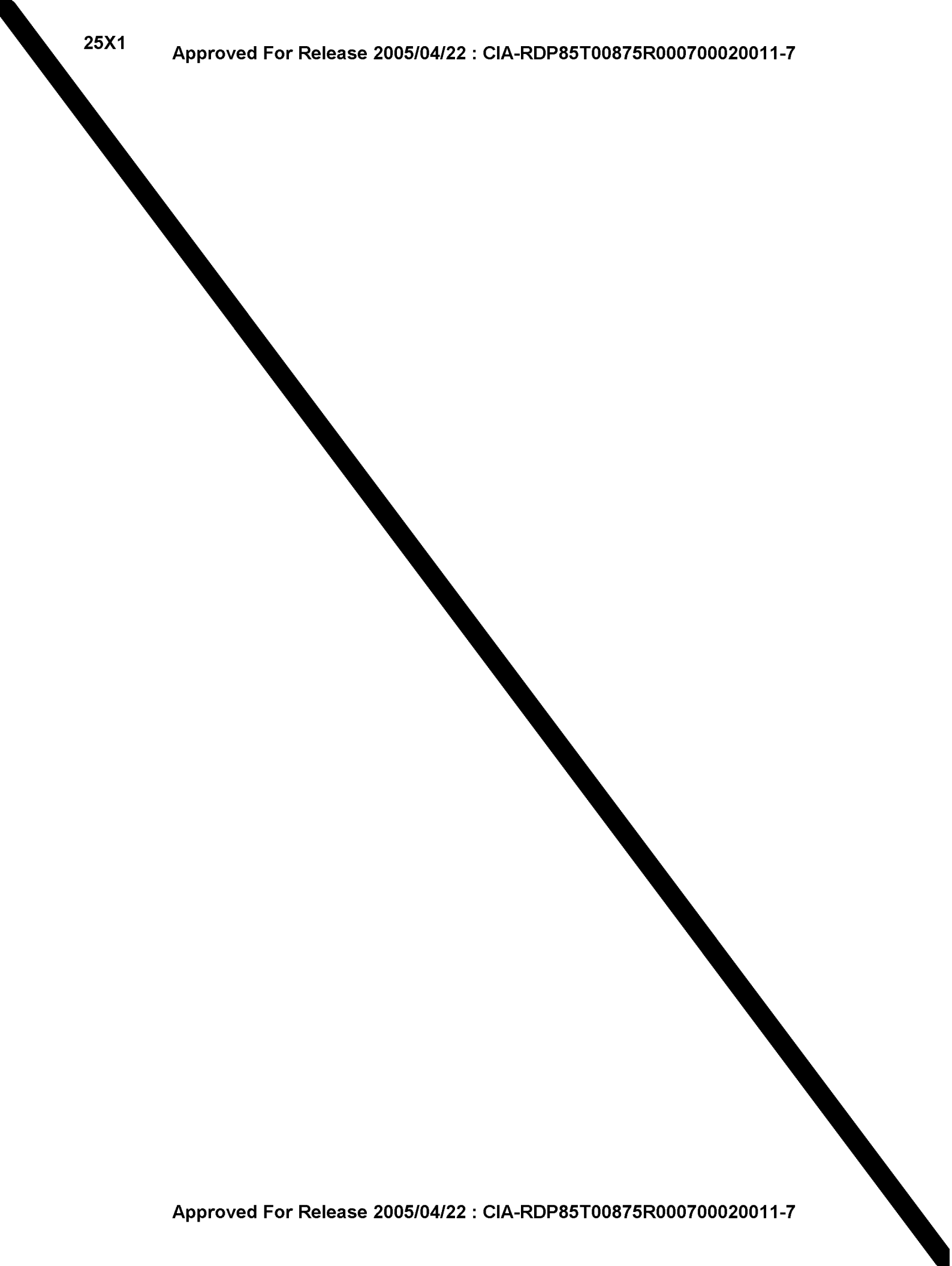

Model Agriculture Unit Hit by Drought

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Prolonged drought in the northern China province of Shansi has obliged the regime to make an embarrassing admission about the near-legendary "Tachai" farming brigade. For nearly ten years this small agriculture unit has served as a national model of how to best nature by local self-reliance achieved by intense political indoctrination. On 25 June, the official Chinese news agency reported, however, that sowing at Tachai this spring was made possible only "by carrying water from elsewhere."

Tachai is tucked away in one of the many barren ravines that scar the foothills of northern Shansi Province. It is almost completely dependent on local rainfall for its water supply. Peking evidently is making great efforts—at considerable expense to the state—to keep its model alive. 25X1

25X1 the famous farming brigade has gone without rain for 17 months and that water was being trucked in from outside.

Over the years, Peking has regularly held up Tachai as an example of the power of the collective where everyone struggles against nature in an egalitarian spirit without regard for personal gain. In the mid-1960s, conservative-minded critics charged that Tachai's yearly increases in grain yields were achieved largely by shady bookkeeping, such as understating the amount of land under cultivation.

These critics asserted, correctly, that the conditions at Tachai were not representative of the nation's farming problems at large and argued that emphasis should be placed on acquiring modern aids to agriculture such as fertilizers, mechanical pumps for wells and irrigation, and improved seeds. They added that material incentives for the peasants needed to be encouraged or at least tolerated and certainly not curtailed when food production is lagging.

A recent *Red Flag* article on Tachai suggests that these critics have not been forgotten. Not only is water being trucked to Tachai, but according to a news account of Tachai on 25 June, the town has a "newly sunk well." Undoubtedly there will be other innovations at Tachai to help the faltering model survive the harsh realities of extended drought.

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Rural Health Program Strengthened

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Before the Cultural Revolution, health authorities had already established hospitals in nearly all of the 2,000 or so counties throughout China. Yet, the old party apparatus, in general, and the Ministry of Public Health, in particular, were severely criticized during the Cultural Revolution for neglecting the countryside in favor of urban areas. A recent NCNA broadcast, timed to the anniversary of Mao's scathing indictment of the public health service in 1965, has provided important details on the improvement of health facilities and services since the Cultural Revolution. The NCNA account demonstrates that the most important and enduring health gains have been achieved by the same methods that were so harshly condemned by Mao's militant adherents.

According to NCNA, nearly every one of China's 50,000 people's communes has a clinic. This statement is newsworthy on two scores. First, it shows that permanent health facilities exist at the administrative level below the county, and, second, it is the first authoritative information in some years on the number of communes in China. Since communes were instituted in 1958, they have alternately contracted and expanded in number depending on whether the collectivization drive was being pushed or not; 50,000 is a mid-range figure, indicating that today's communes are roughly the equivalent of the administrative districts in use prior to the advent of the communes.

In unusually specific language, NCNA notes that the new commune clinics are of two types: those paid for by the state and those paid for by the collective. Clinics paid for by the state account for one third of the total; they have all the facilities and personnel normally found in a hospital meeting certain minimum standards—physicians and surgeons, x-ray machines, compound microscopes, refrigerators, high-pressure sterilizers—and can handle fairly complicated surgery and other medical treatment. As for the more than 30,000 clinics financed locally, NCNA merely notes that their technical level is "improving steadily." The contrasting description is intended to show that most local collectives, using their own resources, are unable to develop the kind of facilities needed for adequate health care in the rural areas.

During the Cultural Revolution, the ideologues who were attacking the old party hierarchy posited precisely the opposite result. They insisted that the localities could pay their own way and do a better job because of their familiarity with local conditions. Health care would be dispensed by roving medical teams assisted by "barefoot doctors." Decentralization also seemed to fit in nicely with the concept of the "people's war" that places a premium on small, dispersed, and mobile medical units. By squeezing whatever money is allotted for public health out of the meager income of peasants, the leaders of the Cultural Revolution were, of course, seeking to free state funds for other objectives.

Although the militants miscalculated the willingness and ability of local authorities to finance major health improvements, some of the innovations during the Cultural Revolution were beneficial and will probably become institutionalized over time. For example, the "barefoot doctor" program, which teaches ordinary farmers certain basic skills, seems destined to survive. NCNA noted that a majority of the "million or more" barefoot doctors in the cooperative medical service received special training at the new commune clinics.

Overall the gains achieved by the radical measures of the Cultural Revolution are slight compared to the havoc wreaked by the Cultural Revolution on the public health system. In their heyday the militants suspended all medical training, paralyzed health research, and thoroughly intimidated China's small corps of veteran medical specialists. Indeed, there are hints in the media that responsible persons in China are beginning to question whether the country really needed a full-blown Cultural Revolution to correct what seem today to have been minor inadequacies in a basically sound and responsive governing apparatus. NCNA's acknowledgment that rural health development is moving along the old route undoubtedly will serve to reinforce these doubts.

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China and the UN: Slow Expansion

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While Chinese activities in the Security Council and the General Assembly have attracted most of the publicity, Peking has gradually expanded its membership in UN subsidiary organizations over the last year and a half.

During 1972, Peking attended the Third UN Conference on Trade and Development (UNCTAD) and the UN-sponsored Stockholm conference on the environment. China joined the International Telecommunications Union (ITU) and the UN Industrial Development Organization, to which it pledged a modest $176,000. Last fall, China accepted membership on the executive board of the UN Economic and Social Council (UNESCO). China's increasing contacts with the various international organizations in Geneva led Peking to appoint a deputy permanent representative to the UN in Geneva last August.

This year Peking has become active in the World Meteorological Organization (WMO), where it has a representative on the executive committee; the World Health Organization (WHO), where it is represented on the executive board and holds an assistant directorship; the Food and Agriculture Organization (FAO); the Intergovernmental Maritime Consultative Organization (IMCO); and the UN Commission on Narcotic Drugs. Last April, China attended a session of the UN Economic Commission for Asia and the Far East (ECAFE) for the first time.

The main reason for Peking's deliberate approach to participation in the numerous UN organizations has been a shortage of trained, experienced personnel. As a result, China was at first forced to devote its assets to issues like the law of the sea and organizations like UNESCO and WMO, which might provide political or economic-technological benefits. Membership in UNESCO might help in gaining scientific contacts which Peking could use in its stepped up effort to modernize its economy and technology. Joining an organization such as WMO ties the PRC into a worldwide meteorological network. Both ECAFE and UNCTAD provide forums in which China can polish its image as a champion of the interests of underdeveloped nations. Participation in the UN Narcotics Commission shows China as a responsible nation willing to cooperate in the search for a solution of a highly publicized world problem.

So far most of Peking's delegates to the meetings of the various UN organizations have played an observer role. The increasing number of Chinese memberships on the various executive boards, however, suggests that Peking intends to expand its participation in the UN network as personnel limitations and finances permit.

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Toward the Normalization of Sino-US Agricultural Trade

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Peking has informed agricultural officials in the US that China intends to import US agricultural commodities for the next several years. Since last August, Peking has acquired enough US grain, cotton, vegetable oil, and soybeans in increasing quantities for the US to emerge as China's principal source of agricultural imports. Initially, the Chinese appeared to be looking to the US as an interim source of imports, but it appears now that the US role will be permanent.

The US has become China's leading source of agricultural imports because of the large quantities and great diversity of agricultural commodities available in this country. Until recently, the merit of US commodities as a continuing source of imports was questionable because of high cost. The Chinese acquired US agricultural commodities through third country brokers for cost-plus-freight delivery. Under this system, ownership is not transferred until the grain is unloaded at a Chinese port. This arrangement is much more expensive than f.o.b. purchases, where the title transfer takes place at the time the grain is loaded. Peking apparently believed that using cost-plus-freight delivery would forestall attachments by US citizens with claims against China. The question of cargo attachment has now been resolved.

Peking is now negotiating directly with US firms, purchasing US agricultural commodities on an f.o.b. basis, and shipping them in vessels under Chinese charter. So far, only small quantities have been involved. One of the problems is that China has made provisions for shipping a major bargaining point.

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Increasing quantities of US agricultural exports will move to China under f.o.b. contracts as Chinese chartered shipping becomes available for use in American trade.

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Smiles for the Militia

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The fortunes of China's militia force—reported by Peking at one time to number over 100,000,000—have ebbed and flowed during the past decade. Now, the military role of the militia is once again being emphasized. Two recent columns in the *Liberation Army Daily*, China's widely distributed military newspaper, stress Peking's concern over strengthening its irregular forces.

The first column, "An Appreciation of Studying People's War Thinking," condemns "swindlers like Liu Shao-ch'i" (the usual way of referring to former defense minister Lin Piao) who fought Chairman Mao's thinking on peoples' war and tried to destroy the militia. The second column, "Talks on Militia Work," provides instructions to the many new cadres in the militia. It criticizes unnamed opponents of the regime who have contended that "the time of the militia has already passed" and that "the militia is useless."

25X1 [redacted] training has been intensified in militia units, [redacted] members of the militia are assuming duties formerly carried out by the People's Liberation Army. A radio broadcast on 18 June from Hainan Island stressed the role of minorities in the militia, and a broadcast from Kiangsi Province on 22 June emphasized the importance of the Communist Youth League in strengthening the militia. 25X1

The preeminent force within the militia is the "armed militia," which may number as high as 5,000,000. It has the capability to assist the PLA in China's defense. Military training for the armed militia is carried out twice a year for a period of two weeks, and regular sessions are held every week. The remainder of the force has more limited training. Both the armed and regular militia are responsible for such duties as patrolling border areas and guarding industrial and transportation facilities.

It has long been a keystone of China's military thought that the country's defense is a responsibility of the whole population. The militia apparently is being strengthened as the PLA withdraws from many tasks not associated with its central military role. [redacted]

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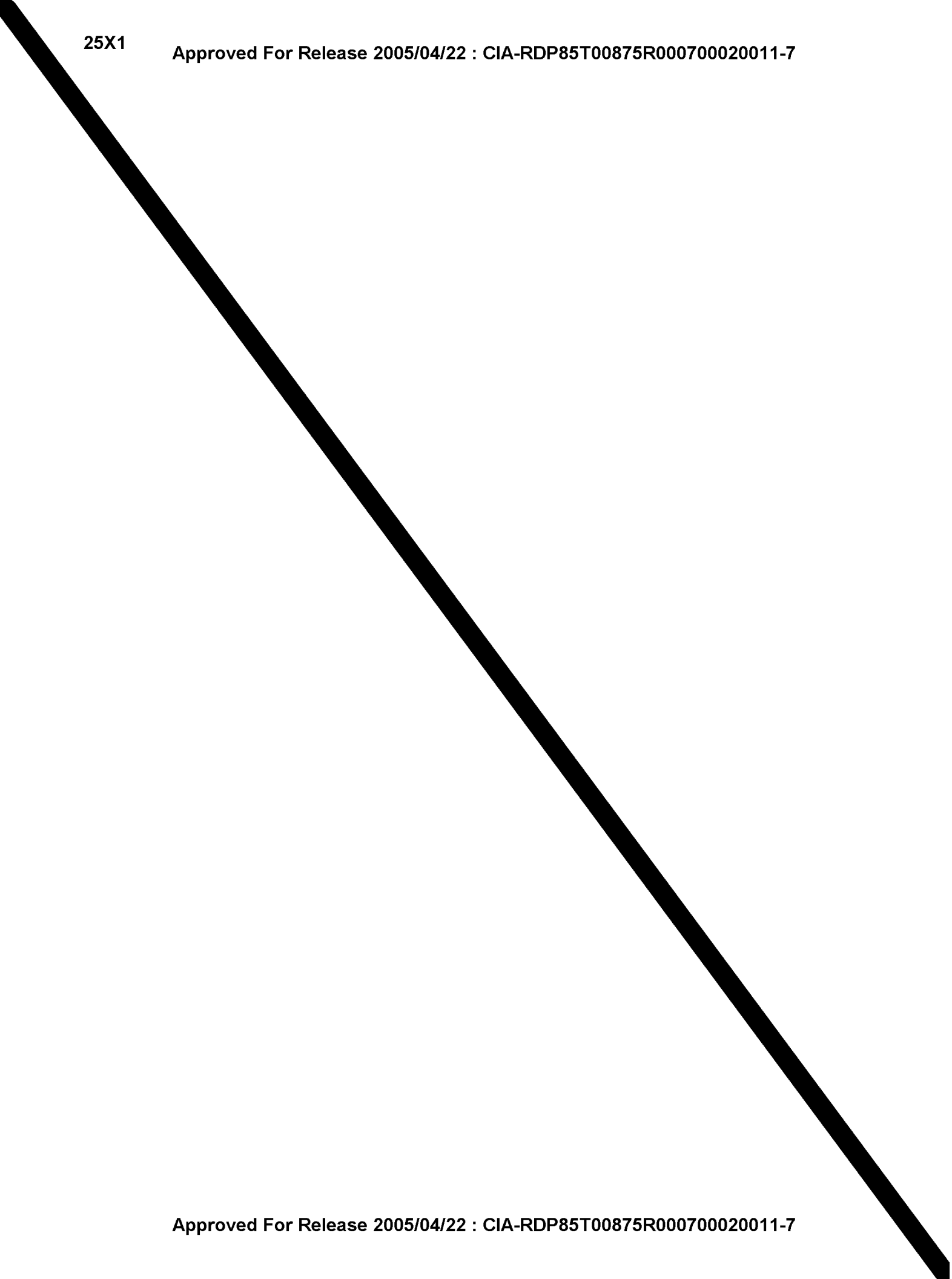

CHRONOLOGY

14-27 June — Aiichiro Fujiyama, chairman of the Japanese Association for the Promotion of Economic Trade, visits China for talks on Sino-Japanese economic matters. 25X1

Japan and China exchange draft proposals for a new trade agreement. 25X1

Negotiations begin on new Sino-Japanese fisheries agreement. 25X1

21 June — Chinese and Malaysian emissaries begin negotiations at the UN on diplomatic recognition. 25X1

24-25 June — Le Duc Tho stops over in Peking en route to Hanoi from Paris; he sees Chou En-lai, Penn Nouth and Yeh Chien-ying. 25X1

25 June — Sino-Malaysian talks recess. 25X1

27 June — President Traore leaves China for Mali after signing an economic and technical cooperation agreement. 25X1

28 June — PRC announces successful nuclear bomb test on 27 June. Formal protests from Japan, Australia, and others rejected by Peking. 25X1

29 June — Delegation from Popular Democratic Front for the Liberation of Palestine, led by Taysin Khalid, visits China. 25X1

29 June — Bank of China establishes correspondent relationship with Chase Manhattan after 12 day visit by David Rockefeller. 25X1

30 June — Sudanese Minister of Finance and National Economy arrives in Peking to sign 1973 trade protocol. 25X1

Iranian parliamentary delegation arrives in China. 25X1

1 July — For the second year in a row, the party anniversary passed without fanfare. No special events were held, there was no joint editorial, and the leadership did not turn out in Peking's parks.

2 July — US Congressional group arrives in Peking, received by Chou En-lai on 6 July. 25X1

2-6 July — High-level Lao Communist delegation passes through Peking en route home; sees Chou En-lai, Li Hsien-nien. 25X1

2-8 July — Delegation from IBM in Peking; Chinese express strong interest in purchasing advanced computers. 25X1

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3 July — Li Chao leaves Peking to become first PRC ambassador to Jamaica.

4 July — Some 60 Chinese officials attend US independence day celebrations, with Ambassador Bruce serving as host. 25X1

6 July — Huang Chen, head of the Chinese liaison office in Washington, meets with President Nixon at the Western White House. 25X1

6 July — Chou En-lai warns against South Vietnamese or Thai intervention in Cambodia after the US bombing deadline of 15 August. Remarks came in banquet celebrating Sihanouk's return from trip abroad. 25X1