

SOVIET STAFF STUDY

This study is a working paper prepared by the Soviet Staff, OCI, FOR INTERNAL DISSEMINATION ONLY. It represents an effort to identify and assess the character of major trends in Sino-Soviet relations since the end of World War II. It is designed solely to assist Soviet Staff analysts in developing a common appreciation of the background against which to view current developments in this vital relationship between the USSR and China.

State Dept. review
completed

Army Review
Completed

A SURVEY OF SINO-SOVIET RELATIONS 1945-1955

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INTRODUCTION

During the past two years, Moscow and Peiping appear to have arrived at a working relationship which has been evolving since the establishment of the Chinese People's Republic in 1949. This relationship has been characterized by Soviet grants to Peiping of economic assistance on a modest level, but including high priority items, general Soviet avoidance of direct involvement in potentially explosive situations in the Far East, and a willingness on the part of the Soviet leaders to champion China's claim to great power status in international affairs.

This relationship reflects the practical interests presently shared by the USSR and China--i.e., Peiping is dependent on the Soviet Union for the essentials of economic and military assistance necessary to build up its position as an Asian great power, while Moscow relies on China as the center of Communist power in the Far East serving to counter Western-oriented power and to provide uncommitted Asians with an impressive example of Communist economic and military achievement.

I. POLICY TOWARD YENAN--1945-1948

With the defeat of Japan and the immediate resumption of hostilities between the Kuomintang and the Chinese Communists, Moscow was confronted with the necessity of working out a stand on the status of Mao and his party. The Chinese Communists were attacking the USSR's treaty partner which Stalin had pledged at Yalta to recognize and aid.

The timing of the Yen-an group's successes could hardly have been apparent in 1945, and Stalin and Molotov were content to follow a wait-and-see policy and pay lip service to Yalta pledges of support for Chiang and a "unified democratic" China.

Dismantling in Manchuria:

One of the earliest examples of Moscow's postwar errors in its policy toward Yen-an was the wholesale Soviet looting of Manchurian industry. This enormous grab was evidently due to either a callous disregard of the potential value which an undisturbed industrial base in Manchuria would have for the Chinese Communists or on a pessimistic calculation of Yen-an's chances of controlling that area for some time to come. This looting of Manchuria has been described by many competent Western observers as a big mistake. The machinery reportedly was not adaptable for use in the USSR. In 1948 large quantities of it were observed rusting on station platforms at major towns along the Transsiberian railroad, and probably very little of it could have been economically returned for reinstallation in its original plant. A few years later, though, a few small pieces of this machinery were reportedly returned, in their original packing cases, as part of the Soviet "aid" to the new Chinese People's Republic.

Moscow's Neutrality in The Chinese Civil War:

In 1947, the strategic initiative in the Chinese military conflict passed from the Nationalists to the Communists. By the end of that year, Communist units were deployed in strength along the railroads from North China to Manchuria. A Communist

offensive mounted in late December succeeded in cutting all rail connections into Mukden and isolating all the major Nationalist garrisons in Manchuria.

Meanwhile Moscow remained neutral, dropping occasional hints that it would be willing to replace the US as mediator between Chiang and the Communists. The Soviet officials punctiliously followed Chiang on his various retreats, closing consulates as the territories in which they were located fell under Communist control, and, in the end, the USSR was the only major government to move with the Kuomintang to Canton.

II. THE KREMLIN FACES A TRIUMPHANT CHINESE COMMUNIST REGIME--1949-1950

The Fall of Manchuria:

By late 1948, the Chinese Communists had completed the occupation of Manchuria. Tientsin fell on 15 January 1949, and by the end of the month Peiping surrendered without a battle. From mid-September 1948 to 31 January 1949 the Nationalists were estimated to have lost 45 percent of their total troop strength.

By February 1949 the Intelligence Division of the Department of the Army reported that events had so enhanced the position and capabilities of the Communists that they were then capable of achieving a complete military victory over the Nationalist forces.

Reaction in Moscow:

Western observers in Moscow believed that the rapid sweep of events in China outpaced Soviet policy. During 1948 Moscow several times intimated its readiness to mediate a political settlement between Chiang and the Chinese Communists. Many diplomatic observers felt that while these conciliatory gestures might have been a pure smoke screen, it was more probable that the Kremlin had underestimated both Yen'an's military capacities and Kuomintang weaknesses and thus believed that a political settlement in China would be advantageous at this time. The capture of Manchuria coupled with Mao's publicly stated intransigence toward the Kuomintang probably forced the Kremlin to a new appraisal of the China situation.

On 8 January 1949, Chiang asked the Big Four to mediate in the Chinese civil war. Ten days later the Kremlin handed its refusal to the Chinese ambassador. There is tentative evidence indicating that this interval was utilized for a meeting between Soviet and Chinese Communist leaders to determine and co-ordinate policies. This meeting might have come about on the initiative of the Moscow leaders, who found it necessary to make a decision on the expected mediation request, or on the initiative of Mao who feared the USSR might favorably consider such a proposal.

As the victorious Communist armies advanced toward the Yangtze, editorial comment on the China situation in the Soviet press dried up. To many Western observers in Moscow, this indicated that the Chinese question had become too hot for any but the highest levels to handle.

In September 1949, the Chinese Communist press defended Stalin's partnership with Chiang in the Chinese Eastern Railway and Soviet joint rights in Dairen under the 1945 Stalin-Chiang Treaty on the grounds that they were necessary to prevent Chiang from giving Manchuria to the US. According to this line the USSR had taken the Manchurian machinery, first because it was entitled to war booty, and secondly to keep the equipment out of Kuomintang hands. The people of "new China" were called upon not to let "national emotion" cause them to be victimized by anti-Soviet propaganda.

Soviet sensitivity to the China problem in that period is suggested by the arrest and expulsion from the USSR of Anna Louise Strong, one of the Chinese Communists' most ardent champions and a leading proponent of the "Yenan way" as a new guide for Asian Communism.

On 20 April 1949 the Chinese Communist forces crossed the Yangtze without effective opposition and Shanghai fell on 25 May.

On 2 October 1949, shortly before the fall of Canton, the USSR broke off diplomatic relations with the Nationalist government and recognized the Central People's Government of the Chinese People's Republic. N. V. Roshchin, first Soviet ambassador to the Chinese People's Republic, presented his credentials to Mao Tse-tung on 16 October.

The Victors Come to Moscow:

Two weeks later, Wang Chia-hsiang, first Chinese Communist ambassador to the Soviet Union, arrived in Moscow and Deputy Foreign Minister Gromyko led a group of protocol officers to meet him at the train. Wang was one of the "returned student" clique trained in Moscow and sent back to China by Stalin in the early 1930's to run the Chinese Communist Party. His appointment among other things was perhaps intended as a gracious gesture to Stalin as was that of his successor, Chang Wen-tien, also a "returned student."

On 6 November Malenkov delivered the important Revolution Anniversary address in which he optimistically appraised Soviet prospects for world revolution as a sequel to World War II. Malenkov's sanguine outlook has been attributed to the special importance attached by the Kremlin to the China victory. At the UN later that month, Vyshinsky declared that his government no longer recognized the Nationalist delegation and walked out of the debate on China.

In mid-December Mao Tse-tung arrived in Moscow, and Molotov, Bulganin, and Gromyko met his train. The same day he was received at the Kremlin by Stalin, Molotov, Malenkov, Bulganin, and Vyshinsky.

On 20 January 1950, Chou En-lai joined Mao in Moscow. The selection of Foreign Trade Minister Mikoyan as the ranking official to greet him and his subsequent entertainment by economic officials would suggest that the Chinese premier's mission at that time at least in part was connected with the \$300,000,000 loan included in the subsequent treaty. This loan has been used primarily to restore looted Manchurian industries.

Mao and Chou left Moscow on 17 February 1950, seemingly satisfied with the results of their visit. Communist China had a new treaty committing the USSR to a mutual defense arrangement, a Soviet promise to withdraw from Port Arthur and to return the Chinese Eastern Railroad, and a long-term credit which, though not lavish, would at least permit the Chinese to undertake rapid reconstruction of key industries. However, there were reports at this time of some disquietude in Chinese Communist circles at rumors from Moscow that the negotiations were not proceeding favorably, and it is perhaps significant that the treaty required two months of negotiations.

The New Regime Prepares for Peace:

By spring of 1950, progress toward economic stability and the final battle with the Nationalists--the "liberation" of Formosa--seemed good. So far the Sino-Soviet alliance had produced an agreement to send Soviet experts to China, the formation of three Sino-Soviet joint stock companies and a joint Board of Management for the Changchun Railroad, the ratification of the Treaty of Friendship, Alliance and Mutual Aid, the signing and ratification of a Sino-Soviet trade agreement for 1950, and, on the military side, a discernible build-up of forces on the mainland opposite Formosa.

On 23 June Mao Tse-tung discussed China's progress in a closing speech at the second session of the National Committee of the Chinese People's Political Consultative Conference. He stressed the importance of unity with the USSR. Presumably he was aware of the imminence of the Korean adventure in the Far East although certainly not of the speed with which he would become involved.

III. THE KOREAN WAR

China Retrieves a Soviet Loss:

The Western reaction to the invasion of South Korea on 25 June 1950 and the subsequent route of the North Korean army raised a new problem area for Sino-Soviet relations.

[redacted] Stalin was forced to put real pressure on Mao to bring the Chinese into the Korean war. The Chinese leader reportedly extracted promises of greatly increased Soviet economic and military aid. [redacted]

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However, Peiping must have estimated that it was important to keep North Korea from becoming a US-controlled base, bordering as it would the strategic area of Manchuria. Any display of reluctance by Mao to intervene in Korea might therefore have been mainly calculated to extract the most favorable terms from the Soviet Union.

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A redeployment of Chinese armies toward Manchuria had begun at least as early as [redacted] After the UN counter-attack and offensive toward the 38th Parallel, the pace of the Chinese preparations was accelerated. That autumn, Peiping used Indian and Burmese diplomatic channels to inform the United States that crossing the 38th Parallel by "American" forces would necessitate Chinese intervention.

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By late September, some Chinese units were already present in Korea. Large-scale intervention did not occur, however, until the last week in November, when US forces reached the Yalu and were overrun by a major Chinese offensive.

By the end of 1950, the Communists had recaptured North Korea and by 4 January 1951 had taken Seoul.

Peiping saved the day for Moscow, but the outcome of Stalin's Korean gamble introduced serious new complications into the Sino-Soviet relationship.

Moscow Gives Back the Loot:

Early in 1951, Moscow made much of the fact that it had returned to the Chinese all of the former Japanese property it had held in Manchuria. These gifts had been promised a year earlier under the treaty Mao had negotiated in Moscow. Peiping graciously acknowledged that the installations had been enlarged while under the direction of the USSR, whose administrators and trained technicians had made it possible for the plants to be delivered in smooth running order. It was subsequently disclosed, however, that one of the largest installations allegedly returned--the Dairen Shipyard--had actually been formed into a joint stock company.

Suggestions of Strain:

By the first anniversary of the treaty on 14 February, there were signs of strain in the Peiping-Moscow axis. [redacted]

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Any strain may well have resulted from what Moscow considered excessive demands by Peiping as the price for crossing the Yalu.

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It is possible that Mao was annoyed because the USSR was stalling on the aid it had promised when the Chinese entered the Korean war.

On 18 February the military situation began to change. The Chinese Communist drive was halted on the central front, and two days later UN forces launched a general counteroffensive. On 13 March the Communists broke off contact along the entire front, and the Allies reoccupied Seoul on the following day.

The Communists launched two unsuccessful offensives, and by the end of May they had been driven back across the 38th Parallel along most of the front. On 21 June they lost their last stronghold in South Korea.

Soviet Cease-fire Proposal:

On 24 June 1951, Soviet UN delegate Malik made his proposal for a Korean cease-fire based on a mutual withdrawal of forces from the 38th Parallel. Next day the Peiping People's Daily published the text of the Malik broadcast and declared that the Chinese people supported the suggestion. On 10 July cease-fire talks began at Kaesong.

A Quiet Period:

Generally 1952 seemed a relatively uneventful year in Sino-Soviet relations. On 11 February 1952 the Peiping People's Daily ran an article on the importance of the Sino-Soviet alliance, stressing that as long as China stood with her "great ally," she would be able to smash "the imperialist plot of aggression." China's task, therefore, was to strengthen and consolidate the "invincible force" of the alliance.

On 14 February, the second anniversary of the treaty, Bulganin, Molotov, and Mikoyan attended the Chinese embassy reception in Moscow. [redacted] the Soviet guests were amicable and stayed at the party for a proper number of hours. In Peiping, Liu Shao-chi and Chou En-lai attended a special celebration of the event at the Soviet embassy.

On 12 April 1952 the annual Sino-Soviet trade protocol was signed in Moscow, providing for a "considerable expansion in the exchange of goods in the current year as against the 1951 level." Another protocol was signed "by which the Soviet Union is to deliver to the People's Republic of China equipment and materials during 1952 on account of the credit granted under the agreement of February 14, 1950."

Stalemate in Korea:

Meanwhile, the Korean negotiations, which had broken down at Kaesong and been resumed at Panmunjom in late October 1951, were stalemated. [redacted] Stalin hoped for a Chinese break-through and hence was stalling.

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By June 1952, however, UN forces were on the move, and the Communists suffered heavy losses. On 23 June UN planes hit the Yalu hydroelectric plants for the first time and by September North Korean targets were being hit by aircraft operating from carriers in the Northern waters. At Panmunjom the UN negotiators broke off discussions on 8 October because of deadlock on the POW exchange, and there was some evidence that this occasioned surprise and concern in the Communist camp.

The Chinese leaders might have been satisfied with the practical benefits derived so far from the Korean war. They had acquired the necessary Soviet assistance to build a first-class land army and a formidable air force, although at the cost of retarding their plans for industrial development and postponing the invasion of Formosa. Moscow, on the other hand, had not only been forced to buy its way out of a threatening military disaster, but had increased the alarm and unity of the West.

IV. THE PROBLEM OF PEIPING'S INDUSTRIALIZATION

When Chou En-lai appeared in August 1952 in Moscow with a number of top-ranking Chinese economic officials, it appeared that Peiping was anxious to get back to its industrial development.

Chou left Moscow in September 1952 after the announcement of rather unexciting Soviet concessions to Peiping. In accordance with the 1950 Sino-Soviet agreement, a commission was to be set up to

complete the transfer of the Chinese Changchun Railway to Peiping not later than 31 December 1952. It was also agreed that, "at the request of the Chinese government," the time limit stipulated in the 1950 agreement for the withdrawal of Soviet troops from the Soviet naval base at Port Arthur should be extended until the conclusion of peace treaties between Japan and the USSR and China.

In early October, China's number-two man, Liu Shao-chi, publicly visited Moscow for the first time since he was there as a student at the Far Eastern University in 1918. He went ostensibly to represent Peiping at the 19th Party Congress, but no explanation was ever given as to why he stayed for some three months after the meeting.

From late autumn 1952 until after Stalin's death, there were an unusually large number of ranking Chinese officials in Moscow. The top-level Chinese economic official who had come with Chou in August 1952 stayed on through the next summer. The Chinese minister of trade, Yeh Chi-chuang, arrived in November 1952 to negotiate the annual trade agreement. Curiously, the Chinese ambassador to Moscow was in Peiping during most of 1952 and 1953.

The prolonged stays of these officials and reports of Soviet coolness and snubs to the Chinese in Moscow suggested that this was a period of possible strain in the Sino-Soviet relationship. Western journalists reported that the visiting Chinese officials were shabbily treated at Soviet parties in Moscow, being relegated to outer rooms. In February 1953, only Bulganin among the Soviet leaders went to the Chinese embassy to celebrate the anniversary of the Sino-Soviet treaty. It is possible that the Chinese were making further demands on the Soviet economy for the long-sought domestic priorities at a time when Stalin was annoyed with Peiping's inability to break the military stalemate in Korea. However, the Soviet leaders were going through a period of internal tension they may well have considered more urgent than the problems of their Chinese allies.

Peiping may still have been optimistic about further Soviet aid during late 1952. Although the heavy emphasis in propaganda on the less material aspect of their relationship seemed to indicate that the optimism was tempered with caution. In November, the Chinese announced a Sino-Soviet Friendship Month, key-noted by such slogans as "study advanced Soviet technique" and "learn from the experience of the Soviet Union."

The other major Sino-Soviet problem, the Korean war, seemed to produce some moves which were badly co-ordinated between Moscow and Peiping. In November 1952, Vyshinsky vehemently denounced the Indian resolution on a Korean armistice. Indian diplomats expressed some surprise over this seemingly needless Soviet attack, as they had been in constant contact with the Chinese and had designed their proposal to meet what they felt were Chinese desires.

V. THE MALENKOV REGIME

On 10 March Pravda published a doctored photo of the 1950 signing of the Sino-Soviet Treaty. In this version, Malenkov had moved next to Mao, and Molotov, Mikoyan, and Bulganin had been erased, like Beria, Khrushchev, Vyshinsky, Roshchin and Voroshilov. Only Stalin, Mao and Malenkov were left.

The implication must have been that there was a new man to be dealt with--and that his presence at a Sino-Soviet event had been chosen to illustrate his position as Stalin's heir. Peiping and Soviet-bloc governments, however, treated the situation with care. Malenkov was not singled out for praise, and his status was carefully described by the phrase "the Soviet government headed by G. M. Malenkov."

On 25 March Moscow announced the signing of the annual protocol on trade between the USSR and China, a protocol to the agreement on credit to the Chinese People's Republic of 14 February 1950, and an agreement concerning Soviet aid to China in expanding and constructing power stations. The agreements, as usual, envisaged expanded mutual trade and specified that the USSR would supply China with heavy industrial and agricultural equipment in return for Chinese raw materials and foodstuffs.

Appointment of Kuznetsov:

Chou, accompanied by the Chinese ambassador, returned to Peiping on 24 March 1953, again leaving behind in Moscow the economic and military aides who had gone there with him the previous August. Molotov, Malik, and the newly appointed ambassador to China, V. V. Kuznetsov, saw the Chinese premier to his plane, and Kuznetsov followed two days later.

Peiping is certainly Moscow's most sensitive diplomatic post in the Orbit. The Kremlin changed ambassadors there within a matter of hours after Stalin's death, replacing A. S. Panyushkin, who had arrived at this post only four months earlier. In line with their cautious policy on happenings in the Soviet Union at that time, the Chinese gave no sign of their feelings about Moscow's new emissary. In fact, the Chinese did not even announce the appointment until Kuznetsov departed for the Chinese capital on 25 March.

Kuznetsov's trade union background and experience in Soviet industry led to speculation that he was selected to aid the Chinese with labor problems during the initial stages of their first five-year plan. His activities in China, however, received little public notice and consequently provided no clue as to why he was selected.

Ending of Korean Stalemate:

The major problem settled by Stalin's successors with Chou was Korea. Two days after Chou's arrival in Peiping, Peng Te-huai accepted General Clark's month-old offer for the exchange of sick and wounded and suggested resumption of the stalemated Panmunjom talks.

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These indications that a Korean truce was the first order of business are further strengthened by Soviet diplomatic leaks. A Soviet official in London hinted that the USSR wanted peace because the Korean war had proved too heavy a drain on China and the USSR. Despite Rhee's mass release of prisoners in June, an armistice agreement was signed at Panmunjom on 29 July.

That summer, Moscow made a big play to Chinese prestige. Soviet commentators became far more generous in their appraisal of Mao's contribution to Marxist doctrine. In August Malenkov and the whole party presidium attended a rather ordinary Chinese farm show, and Mikoyan gave a "grand reception" to mark its successful conclusion.

Peiping Undertakes its Transition to Socialism:

There were no such celebrations to mark the conclusion of the economic negotiations which Peiping's emissaries had been carrying on in Moscow for almost a year. Chou's chief aide, Li Fu-chun, evidently returned to Peiping during the summer of 1953. The results of his mission were not announced until September, however, when Li reported to the Central People's Government Council that the USSR had "agreed to satisfy the demands" of the Chinese government and would provide aid for the construction of 141 basic industries in China in the course of an aid program to run through 1959. There was no mention then of any formal agreement, which Li Fu-chun has subsequently said was concluded in May.

It would seem that the Chinese were not unduly jubilant over the agreement they had reached with Stalin's successors. While Peiping was receiving industrial goods which were in short supply throughout the Soviet bloc, it had received no large additional credits to the \$300,000,000 granted in 1950 for five years.

Throughout 1953, it is possible that Peiping was going through a period of indecision on domestic policy. The outcome of the Moscow negotiations undoubtedly played a great role in the difficulty of deciding what China's general line for the transition to Socialism was to be. While Chinese industrialization has not apparently been limited by the quantity or type of industrial equipment the Soviet leaders were willing to provide, China's limited export capability and the need to spend nearly half its trade earnings from the USSR on military imports, have been governing factors.

Li Fu-chun, the man who had been most involved in these negotiations, wrote an article upon his return from Moscow for the China edition of the Cominform journal in which he criticized those comrades who "set the scope of our new development plans too wide and demand too much speed."

In addition to this evidently disappointing deal, the Peiping leaders had to face other sobering announcements from the USSR that summer. Malenkov's 8 August speech calling for concentration on increasing consumer goods for the Soviet populace did not augur well in terms of what would be left over for China. Khrushchev's report a month later on the failure of Soviet agriculture just as the Chinese began their drive for collectivization could also have been disillusioning.

A connection between Moscow's preoccupation with its own troubles and Peiping's domestic policy was apparent. In the autumn of 1953, Peiping announced a campaign of austerity simultaneously with the Soviet aid agreement. In early 1954, the Chinese were also warned by the People's Daily not to expect consumer goods from the USSR, since the Soviet economy developed according to a definite ratio which would not be changed to absorb more Chinese agricultural products or to produce more consumer goods to meet Chinese demands.

Despite Khrushchev's implicit admission that Soviet agricultural methods had proved disappointing, the central committee of the Chinese Communist Party published in December a four-year-old "Decision on the Development of Agricultural Producers' Co-operatives" calling for establishment of 800,000 producers' co-operatives by 1957, a goal that was soon upped to 3,000,000, embracing more than half of China's peasant population.

The prolonged bargaining between the USSR and China could well account for the rather strained atmosphere at the October Revolution Day ceremonies in Moscow in 1953. At the annual reception, Molotov was reported to have ignored the Chinese ambassador. To Molotov's one remark that there were "many complicated problems" in the Far East and he was sure the Chinese ambassador "had many thoughts on that subject," Mikoyan responded contemptuously that the Chinese ambassador "doesn't think at all."

Also beginning in the fall of 1953, a rather curious propaganda difference was noted between Peiping and Moscow. On 19 September Malenkov had gone out of his way in a speech to the visiting North Korean delegation to make a major address on the Far East. There was a new situation in the Far East, Malenkov asserted, and the world should take note of it. Now that peace had been restored in Korea, the Chinese People's Republic could be freely appreciated and its role as stabilizing factor in the Far East was to be noted. He later said that the alliance guarantees "the peace of the world." Peiping, however, seemed not to take to this bit of flattery with its implications of less need for direct assistance from the USSR. The Chinese continued to stress the old formula--that the alliance guarantees "the peace of the Far East and the world"--emphasizing joint Sino-Soviet responsibility in the Far East.

On the other hand Peiping was not reluctant to claim advanced political and economic status for its present stage of development. In October 1953 the "general line" for the transition to socialism in China was announced in a directive signed

by Mao. While the substance of this line was to be modified and revised throughout the next year, the regime advertised through all media available to Peiping that China was ready for this stage of transition. Moscow ignored this "progress," and Pravda in its year-end editorial for 1953 placed China in a pre-transition status, by carefully distinguishing between the Eastern European people's democracies, which were "building socialism," and the Chinese, who were "making progress in building a new life." Peiping's eagerness to claim Moscow's aid as the factor responsible for its ability to by-pass capitalism and move ahead so rapidly may have given the USSR more responsibility that the Kremlin leaders were willing to accept.

In December 1953 a Soviet ideological expert, Pavel Yudin, replaced Kuznetsov as ambassador to China. This shift was evidently somewhat of a surprise to Kuznetsov, [REDACTED]

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[REDACTED] Yudin, however, was obviously far better qualified to handle any potentially dangerous ideological rifts which might develop between the two countries.

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This ideological discrepancy continued through the summer of 1954. It was finally settled in September, when the long-awaited Soviet text on Political Economy was reviewed by Pravda, and China's movement into socialism without a prior period of capitalist development was cited as an outstanding example of how each country must work out its own economic policy to build socialism. However, China's claim to a unique state form--the "people's democratic dictatorship"--for the transition to socialism continues to contradict Political Economy's postulate that it is "impossible" to build a Socialist society without the "dictatorship of the proletariat."

Peiping As an International Power:

The year 1954 raised to a new high Moscow's efforts to demonstrate its regard for Peiping and the inviolability of the Sino-Soviet alliance.

The annual Sino-Soviet trade protocol was signed on 23 January. It was announced that the USSR would supply China with metallurgical and mining equipment, power generating equipment, motor vehicles, tractors, agricultural and building machinery, structural steel, nonferrous metal products, petroleum products, chemicals, and other goods. China was to provide nonferrous

metals, soya beans, rice, peanuts, vegetable oils, meat, tea, tobacco, fruit, wool, raw silk, silk piecegoods, hides and other goods.

At the Berlin conference in January, Molotov successfully manipulated an invitation for Peiping to attend the Geneva conference.

On the occasion of the Sino-Soviet treaty anniversary, Molotov and his staff attended the Chinese embassy party in Berlin, while Malenkov and a high-level group including Khrushchev honored the Chinese ambassador in Moscow. Two weeks later, Malenkov and other leading party members attended a banquet for visiting Chinese journalists.

In July, on his way back to Geneva, Chou stayed in Moscow for two days, and, since both Khrushchev and Molotov were absent, undoubtedly conferred with Malenkov.

Peiping Comes of Age:

When Chou again returned to Moscow in late July, Western diplomats noted his self-assurance with the Kremlin leaders. Chou took the opportunity to repay any snubs his countrymen had suffered when they were negotiating for economic aid a year earlier. At a reception given in his honor by Molotov, the Chinese premier--with apparently little regard for the foreign diplomats and correspondents present--made some rather pointed and biting remarks to Mikoyan and Kaganovich. He spoke to them in English, a

language they did not understand, and said he had no apology for this since the two officials had not bothered to learn Chinese. Chou told Mikoyan that, considering how many dealings he had carried on with the Chinese, it was time he learned their language. Mikoyan's defense on the grounds of the difficulty of the Chinese language was rejected by Chou's observation that Russian was equally difficult for the Oriental. To Kaganovich, Chou remarked, "There's no excuse for you people." These sallies could have been indicative of Chinese annoyance with the prolonged negotiations which had marked all of Peiping's economic dealings with Moscow.

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With both Khrushchev and Malenkov, Chou probably discussed China's economic problems in light of the floods which by then were destroying large areas of badly-needed crops. There is no evidence, however, that Chou got more than sympathy from the Kremlin. On the contrary, Chinese rice exports to the USSR in the second half of 1954 reached a record 275,000 tons.

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In September, Moscow made its most lavish gesture of friendship to China when Khrushchev, Bulganin and Mikoyan traveled to Peiping to help the Chinese Republic celebrate its fifth birthday. In retrospect, this trip may have marked the end of an era in Sino-Soviet relations. By the autumn of 1954, Moscow was faced with a strong and growing China, quite possibly dissatisfied with the extent of Soviet economic aid, and engaged in a dangerously provocative adventure off the China coast.

During his visit, however, Khrushchev gave no evidence that he championed a change in Soviet policy toward China. He avoided any new pledge to Peiping on the Formosa question, carefully distinguishing between Soviet "government" endorsement of China's claims to Formosa and the support of the Soviet "people" for Peiping's military aim of liberating the island. Khrushchev generously endorsed Peiping's new constitutional plans which call for a moderate and almost unique transition to Socialism. Before the Soviet leaders left, they announced several major concessions which both parties utilized to demonstrate to the world the firmness of their mutual alliance.

It may be that the Chinese extracted a commitment for increased military and economic equipment from Khrushchev while his group was in Peiping. However, the additional modest Soviet credit announced in the 11 October joint Sino-Soviet communiqué was undoubtedly worked out in Moscow some time before the group left.

If further commitments were made, they could easily have played a part in the resolution of the Soviet policy problems which culminated in the Malenkov shake-up. A suggestion of a connection between Malenkov's demotion and the problem of aid to China can be noted in a series of articles in the authoritative Soviet journal Kommunist of February and March of this year. These articles criticized those individuals who had underestimated the importance of heavy industry, especially in light of the Soviet international obligations to "furnish friendly aid" for the "economic development of the other countries of the camp of socialism."

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There are indications that Peiping is continuing to receive significant military aid from the USSR.

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While the present Kremlin leaders may possibly be moving toward stronger material aid to China, they still have not given unequivocal support to Peiping's Formosan campaign. Their propaganda has continued to portray this as an internal affair of the Chinese, and Molotov has meanwhile been busy keeping the way open for a diplomatic settlement. In late March, Khrushchev took the strongest position to date

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Bulganin had likewise pledged "the aid of the great Soviet people" to China in its "noble cause"--again without spelling out what he meant by "aid." Molotov had been even more equivocal in his 8 February foreign policy speech. In an early February interview with William

Randolph Hearst Jr., Marshal Zhukov referred to Formosa as "one of those little things" and an "accident"--a viewpoint which Peiping might well have found annoying. It would seem that Moscow clearly desires to avoid a general war over Formosa and is anxious to forestall any actions by either side which might lead to major military action and thus confront the Soviet leaders with very difficult and painful decisions. Moscow has apparently sought to restrain American actions by hinting at the consequences of an attack on China. The Austrian delegation left Moscow last April with the impression that the USSR would give China "all-out aid" in the event of war.

Peiping and the Kremlin "New Team":

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The USSR appears to be exerting pressure on the Chinese to look for a peaceful solution to this question. Peiping, on the other hand, may consider that the new team in the Kremlin has gone farther, but still not far enough in its military backing of Peiping's aspirations.

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Moscow is certainly well aware of the sensitivity of the Chinese. In his reportedly unsatisfactory 8 February speech, Molotov had made a special effort to elevate the Chinese to co-partner status with Moscow as leaders of the camp of socialism. In early March Anna Louise Strong was exonerated and her connection with and championship of the Chinese cause made this also appear as a possible play to Peiping. Moscow's appointment on 22 March of V. V. Kuznetsov as first deputy foreign minister and N. T. Fedorenko as deputy foreign minister put two China experts high in the Soviet Foreign Ministry setup.

Prognosis:

It seems inevitable that Peiping's economic problems will continue to plague Moscow for the next several years. The

Peiping regime is now committed to rapid industrialization, and it starts from a considerably smaller industrial base than the Soviet Union had in its parallel period of development. The pattern of present East-West relations makes it necessary for Peiping to depend on Moscow to provide the industrial equipment necessary for the achievement of its goals. The Chinese have thus been continually forced to tailor their program to Soviet willingness and capability to make Chinese economic progress possible.

In 1953 Moscow's exports of capital goods to China amounted to nearly 3 percent of its total investment in capital goods. Although this appears small it represents a fairly substantial contribution at a time when the USSR is striving for greatly increased industrialization. However, it would seem this is only the beginning of the Chinese demands upon the Soviet economy, and there may well be additional strains as Peiping attempts to force Moscow into subordinating some of its more immediate economic goals to the longer range interests of the Chinese.

In the political field, China's position as a junior partner seems now to be improving. Peiping's growing strength and its expansionist tendencies should further strain the Sino-Soviet relationship. Not only will Moscow have to share its leadership of the Communist camp in Asia but also it must take account of China's new dimensions as a world power. The present Far Eastern situation, where Peiping's military might, created with the aid of Soviet materials and technicians, threatens to involve its benefactor in a general war with the United States, is illustrative of Moscow's problems with a growing China.

Ideologically, the Communist theoreticians must take further note of Mao's successful "creative application of Marxism-Leninism." The dynamic experiment in building Socialism which belonged to Moscow in the 1920's has now been transferred to Peiping, which in addition is bordered by those areas most vulnerable today to Communist expansion.

Chou En-lai's role at the recent Bandung conference illustrates the behind-the-scenes position in Asian politics which Moscow may have to accept as the corollary of publicly recognizing Peiping's co-equal status. The Chinese premier showed a degree of flexibility and independence far greater than is customary for Soviet bloc representatives in dealing with the non-Communist world.

Chou did not defend the Soviet Union against public charges of tyranny and imperialism, and he gave Peiping's approval to the conference communiqué which contained features long challenged by Moscow, although he has since plausibly explained his actions as motivated by tactical considerations designed to get the widest possible area of agreement. These included endorsement for UN membership of seven Afro-Asian nations which the USSR had consistently vetoed, inferential approval of the US plan for the peaceful use of atomic energy and American economic aid, both of which Molotov has persistently denounced as "imperialist tricks," and finally, endorsement for a proposal on nuclear weapons and disarmament which deviates considerably from the Moscow line.

While Chou by no means abandoned the goals of world Communism at Bandung, he did not speak as a prisoner of Moscow's line. Moreover, Chou was willing to encourage the belief that Communist China would develop along nationalist lines diverging to some degree from the USSR. Chou's tactics suggested that Peiping wished to further at this conference both Sino-Soviet bloc objectives and Peiping's own goal of pre-eminence in Asian politics.

Soviet ideology does not allow for other foci of Communist doctrinal authority. In this respect, Peiping's power to make independent policy decisions represents one of the greatest trials that Moscow as the leader of international communism will have to face.

Conclusion:

For the future the problem of Sino-Soviet relations would thus seem to be that of constantly reconciling conflicting national interests. Previously the greatest tensions in this relationship have appeared to come when the respective interests of the two countries have become so antagonistic as to require modification. This was the case in the 1920's when the Chinese party was nearly annihilated as a result of Stalin's policies, and it seemed again to be true in 1950 when Peiping's immediate goals--domestic development and the capture of Formosa--were put off by the press of events in Korea. This conflict of interests may again be developing since it seems likely that Moscow is being asked to divert industrial goods from its own needs for the economic growth of China.

Thus the past five years have witnessed a growing recognition by both Peiping and Moscow of the fact that, as the strength of the Chinese Communists grows, so does their degree of independence and hence their bargaining power with Moscow.

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