



PEOPLE'S REPUBLIC OF CHINA

BACKGROUND NOTES

Population: 800-850 million (1970 est.)

Capital: Peking

The People's Republic of China (P.R.C.) is located in eastern Asia. Occupying a landmass of 3,691,502 square miles, it is the second largest country in the world (after the U.S.S.R.). It shares common borders with North Korea, the U.S.S.R., the Mongolian People's Republic, Afghanistan, Pakistan, India, Nepal, Bhutan, Burma, Laos, and North Viet-Nam. The British Crown Colony of Hong Kong and the Portuguese Overseas Province of Macao are on the P.R.C.'s southern coastline.

Two-thirds of China's area is mountainous or semidesert; only about one-tenth is cultivated. Ninety percent of the people live on one-sixth of the land, primarily in the fertile plains and deltas of the east.

The country lies almost entirely in the Temperate Zone. Only portions of the southernmost area—the Provinces of Yunnan and Kwangtung and the autonomous region of Kwangsi Chuang—are within the tropics. Monsoonal climate is a major influence, with summers hot and humid throughout much of the country and winters dry and unusually cool or cold for the given latitude. The concentration of rain in the summer months frequently results in torrential downpours and is a major cause of the floods which often afflict China.

The P.R.C.'s flag consists of five yellow stars, one large and four small (signifying the five Chinese races), located in the upper left corner of a red field.

THE PEOPLE

Although the Chinese authorities have issued no recent population statistics, the P.R.C. is believed to have between 800 and 850 million people, making it the most populous country in the world. The rate of increase appears to have been about 2-2.5 percent annually except during 1959-61, when it probably was affected by a succession of poor harvests. Government authorities have shown an ambivalent attitude to the growth of an already crowded nation—they endorsed birth control at first, played it down in 1958, and again actively promoted it beginning in 1962. Using a population figure of 800 million, there are about 216 persons per square mile, although the distribution is very uneven. In 1957 (the latest year for which figures are available) the populations of the P.R.C.'s four largest cities were: Shanghai, 6.9 million; Peking, 4 million; Tientsin, 3.2 million; and Shen-yang, 2.4 million.

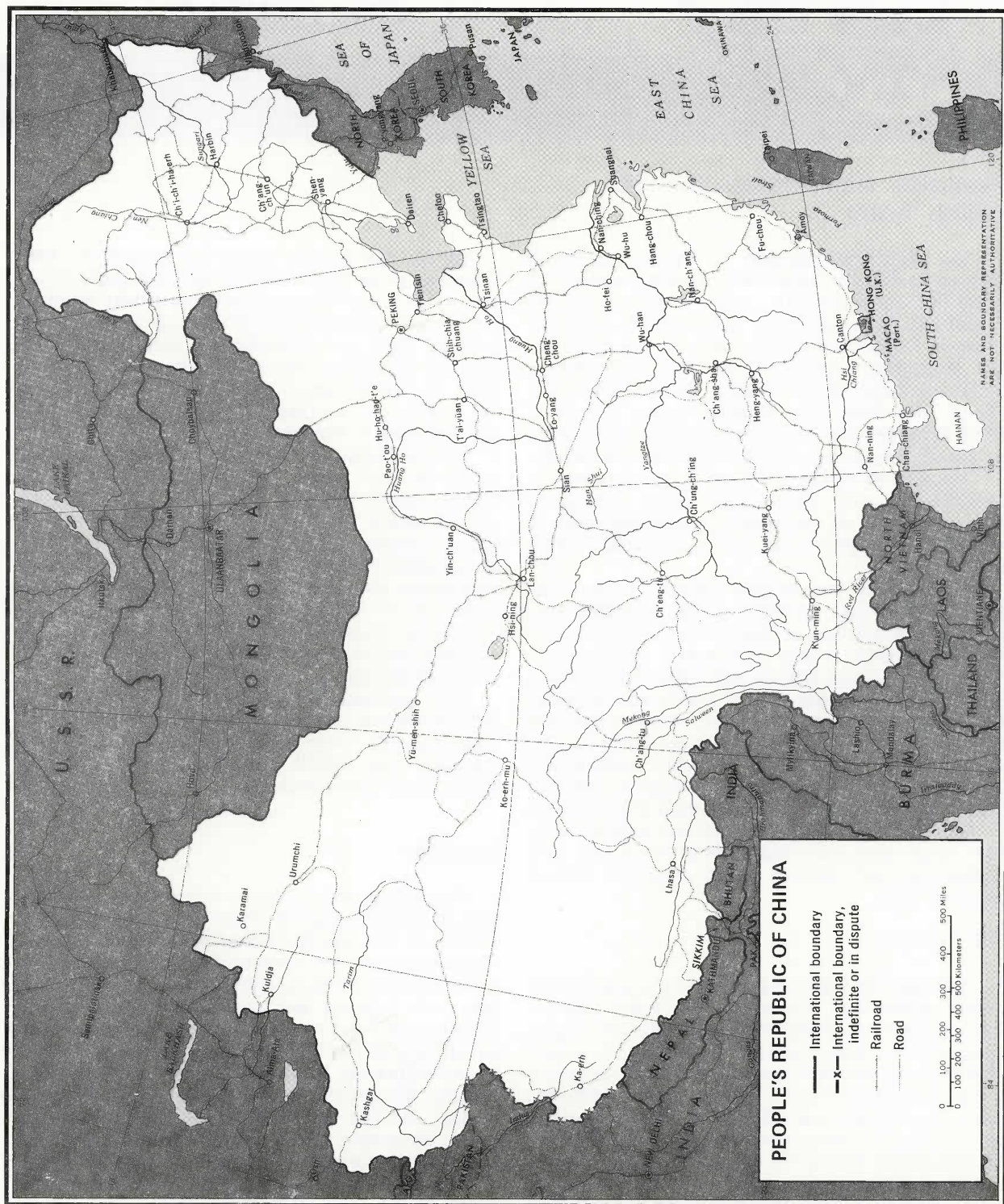
By far the largest ethnic division is the Han Chinese—about 94 percent of the total population. The remaining 6 percent (approximately 50 million people) is composed of several non-Chinese groups. They are concentrated mainly along the Chinese frontiers and include Uighurs and Moslems in the northwest, Mongols and Manchus in the north and northeast, Chuangs in the south, and Tibetans in the southwest.

The authorities have discouraged religious practices by means of mounting propaganda drives during the past 20 years, and they have cut all direct links with foreign faiths, removed uncooperative clergymen, and closed most places of worship. Nevertheless, religion is still tolerated within very narrow limits. In pre-Communist China there were substantial numbers of Confucianists, Buddhists, Taoists, and Moslems and smaller numbers of Christians and adherents to tribal religions.

The national language of the P.R.C. is the Peking dialect of Mandarin Chinese. Other principal dialects include Cantonese, Shanghai, Fukiense, and Hakka. The non-Chinese groups speak their own languages.

Education

Expanding education to support modernization was an urgent program of the P.R.C. beginning in 1949—one that was facilitated by earlier expansion which had provided a potential cadre of teachers. It is estimated that in 1949 formal education was less than 2 years per capita for the 450 million people aged 7 years and more, with a total student enrollment of 26 million. Enrollments quadrupled in the following 10-year period (to 104 million), raising the years in school to about 3.5 per capita, and then stabilized as the desired enrollment structure was reached. By 1959 primary enrollment was nearly universal, junior secondary enrollment nearly universal in cities and nearby rural areas, and senior secondary and higher education enrollments quite narrow and restricted. Educational advancement was by examination, with extreme competition for admittance to senior secondary and higher education. While standards suffered in the rapid growth from 1949 to 1959, they were noticeably improved in the 1959-66 period when the average school years reached about 5.5 years per capita. In 1966 there



were approximately 116 million students in the P.R.C.

This remarkable social transformation—the surest guarantee yet of China's eventual modernization—brought political problems. A huge flood of graduates entered the labor market after 1959 and found the cities not expanding or providing the urban and industrial jobs they expected. A growing educated, alienated elite began to form, believing it was better trained and motivated to lead the revolution than the less educated old cadres who had led the guerrilla legions out of the backward rural areas.

The Cultural Revolution was in large part a political effort by the P.R.C. authorities to destroy and reform the cultural “establishment” that was dividing China. They sought an accommodation to youth by purging the top leadership and remolding the middle echelons of the bureaucracy to provide political excitement and opportunities for ambitious, talented youth to enter and advance in the bureaucracy. But for the most part it was a disciplining and dampening of youth's expectations, a denigration and a bringing under political control of the professional teaching staff, and a reform of the educational structure to meet the less rosy expectations of modernization.

The new educational model, still far from being fully reconstituted by the demoralized educators, provides for a universal 9-year primary-secondary curriculum for youths 7-15 years of age. The schools no longer will be operated by the central Ministry of Education but will be run and financed by local organizations—in the rural areas, the communes and in the cities, the factories and the “neighborhood” party organizations. Teachers will be paid local wage rates and curriculums and costs will be shaped by local desires and needs. All secondary school graduates are to go to work at age 16, and candidates for higher education will be selected from those aged 18-25, as nominated by local party secretaries throughout China, on the basis of work performance and political attitudes.

This system expands enrollments at lower grades while curtailing enrollments at higher levels, consonant with reduced needs for more highly trained personnel. Competitive examinations are eliminated, reducing the sense of elite status at higher grade levels. The adult literacy rate is estimated to be 40 percent.

HISTORY

China is not the oldest of the world's civilizations—those of the Nile, Tigris-Euphrates, and the Indus Rivers are believed to predate China's by as much as 2,500 years. The earliest evidence of Chinese civilization is set at about 1500 B.C. China does, however, claim the longest and most enduring cultural continuity, running far back to prehistoric times. As with most ancient civilizations, the beginnings of China's civilization are obscure, but under successive dynasties Chinese culture

prospered and advanced to a point where achievements in literature, philosophy, art, and craftsmanship were among the highest attained by man.

The advent of Western ideas had profound consequences for traditional China. Weak in the scientific field and untouched by an industrial revolution, China was no match for 19th-century Western expansionism. A series of military and political humiliations at the hands of the West slowly awakened Chinese intellectuals to the need for drastic changes in the traditional society if China were to be preserved as an entity. The process of change in a society structured by more than 3,000 years of civilization has not been an easy one, and China in the 20th century has been rent by political, economic, and intellectual chaos and revolution in its search for accommodation with the modern world.

20th Century

Recognition of the inability of the Mandarin-Confucian system of government to deal either with internal difficulties or foreign encroachments started a great ferment among China's intellectuals. Many liberals hoped to reform the Imperial system; others, like Sun Yat-sen, sought to overthrow it completely and establish a modern republic.

The Manchu Empire (Ching dynasty) was brought down by the revolution touched off on October 10, 1911, and in its place rose the shaky structure of the Republic of China. The new government barely survived the impact of World War I, which Japan used as an excuse to move into Shantung Peninsula and present China with a stringent list of demands. After the death in 1916 of Yuan Shih-kai, the Republic's first President, the unstable government was all but shattered in the warlord era.

In the 1920's a new leader arose—Chiang Kai-shek, a protégé of Sun Yat-sen. Chiang began skillfully pulling together pieces of a fragmented China. The Kuomintang (KMT)—Nationalist Party—was reorganized with the assistance of Soviet advisers. An increasingly uneasy association between the KMT, the Chinese Communist Party (CCP), and Soviet advisers continued until 1927. Chiang then drove the Communists out of the KMT and out of the Government; he destroyed most of their party organization, virtually paralyzed their ranks throughout China, and drove the survivors into the mountains of central China.

In their historic “Long March” of 1934-35, the Communists, driven out of the mountains by the KMT, retreated to Shensi Province in the northwest. Despite continued hardship they reorganized their forces under the leadership of Mao Tse-tung. The bitter struggle between the KMT and the CCP continued even while both sides were engaged in the war against Japan, finally culminating in the Communist defeat of the KMT forces in 1949. Chiang Kai-shek moved his KMT government and elements of the armed forces to

the island of Taiwan. On September 21, 1949, the Chinese Communists, at a meeting at Peking, proclaimed the "People's Republic of China" and elected Mao Tse-tung Chairman of the new Government.

The Communists took over a country that had been exhausted by nearly a generation of conflict, war, and social upheavals; whose economy had been disrupted and many of whose industrial centers had been damaged or destroyed; and whose people had become disillusioned by inflation and the apparent inability of the Government concurrently to solve China's economic problems and meet the political challenge of the Communists. As a result, many Chinese were ready for a change and willing to take a chance with any political organization that gave promise of establishing order and restoring the economy.

The Chinese Communists promised this and much more, including "freedom of thought, speech, publication, assembly, association, correspondence, person, domicile, religious belief, and freedom of processions and demonstration." It was also promised that the People's Republic would "in a systematic manner transform the feudal and semifeudal land ownership system into a system of peasant land ownership. It shall protect the economic interests and private property of workers, peasants, the petty bourgeoisie, and the national bourgeoisie."

As Communist political control spread over the country, these promises were ignored. Peasants, for instance, were originally granted titles to private plots but subsequently lost them when, from 1952 to 1956, the land was rapidly collectivized. The promised freedoms of thought, speech, publication, and the like fell before such mass political indoctrination campaigns as the "Three and Five Anti" campaign of the early 1950's and the attack on the intellectuals following the "hundred flowers" campaign of 1957. The Cultural Revolution, which began in 1966, represented an even more intensive assault on China's intellectuals.

The Chinese Communist leaders initially proclaimed that it was their objective to transform a weak and traditionally backward China into a militarily strong, modern, industrial state. Economic progress of the Chinese Communists in the years of rehabilitation following 1949 was impressive. They succeeded in curbing inflation, restoring the transportation network, and rebuilding many of the industrial plants destroyed during World War II, although the strains of the Korean war created serious financial difficulties.

The Cultural Revolution

Between 1949 and 1966 the P.R.C. had a typically Communist government, similar to that of the U.S.S.R. The authority of the Chinese Communist Party (CCP) Central Committee reached into every phase of Chinese life through an extensive organization extending down to the village and city block. Strong military and security forces supplemented the approximately 18.5 mil-

lion members of the CCP who, holding key power positions in the state government apparatus and the usual Communist youth, labor, and women's organizations, formed a tight web of control over the entire country.

The Great Proletarian Cultural Revolution changed all this. Begun in the spring of 1966, this most massive, pervasive, and disruptive of all Chinese Communist political campaigns was the result of four interacting processes: (1) an attempt by Chairman Mao Tse-tung to purge and remold his party bureaucracy, which he felt had degenerated and was leading the country toward Soviet-style "goulash communism;" (2) Mao's effort to inspire and test a younger generation that had never experienced war or revolution; (3) a power struggle to determine the succession to Mao; and (4) deep-seated and long-standing domestic and foreign policy disputes among the top leadership, many of whom increasingly questioned the applicability of Mao's revolutionary principles to the problems of administering a complex nation-state.

These processes inspired the Cultural Revolution—the major upheaval needed to purge the party, block the growing movement toward liberalism and revisionism, inspire the younger generation, and place the country again squarely on the path to revolution. Initially, attacks were directed against those in arts and letters, party secretaries, and propagandists but were soon broadened to include all spheres of Chinese activity. In the process, the People's Liberation Army became deeply engaged in the struggle to provide civil government and fill the vacuum of power.

In August 1966 the Maoists formed the Red Guards—a youth group which, in its efforts to force revolutionary Maoism on every faction, quickly placed itself outside the disciplines of the CCP and the Government. As Red Guard units fought each other throughout China, economic production, communications, and transportation were interrupted. Fortunately for the Government, with ideal weather in 1967, China produced a record crop. The leadership urged the Red Guard youth to return to work and school.

By the time the movement began to draw to an apparent close in the summer of 1968, millions of CCP and government officials and ordinary Chinese had come under criticism, and the party structure was virtually shattered. Key political, economic, and military officials had been purged, including among others Liu Shao-ch'i, Chairman of the People's Republic, and Teng Hsiao-p'ing, Secretary General of the CCP. The Minister of National Defense, Lin Piao, rose during the Cultural Revolution to become Vice Chairman of the party and Mao's designated heir only to fall from power in an apparent purge of top P.R.C. military leaders in late 1971.

GOVERNMENT

The Constitution of the People's Republic of China was adopted on September 20, 1954. It provides that the powers of state be shared by

the National People's Congress, its Standing (Executive) Committee, and the Chairman of the Chinese People's Republic. In fact, however, the formal structure of government constitutes an administrative framework within which the ruling Chinese Communist Party—which is not mentioned specifically in the Constitution—exercises complete control. The real rulers of China are the members of the Standing Committee of the CCP, especially the Politburo.

In accordance with Mao Tse-tung's dictum that the Government be streamlined and simplified, a number of ministries have been amalgamated and staff levels have been greatly reduced since the end of the Cultural Revolution. There are now said to be only 28 ministries, offices, or commissions as compared to 90 before the Cultural Revolution. Only some of the government officials have been publicly reinstated, but these same men constitute virtually the whole top staff of the restructured bureaucracy. One objective of the Cultural Revolution was to infuse new blood into the ruling machinery, but the new young officials who have been added to the central bureaucracy seem to have been assigned to lower-level posts.

The P.R.C.'s legal system is a complex structure of indigenous concepts, civil and common law, and Communist theory, which was largely suspended during the Cultural Revolution. The highest judicial organ is the Supreme People's Court.

National People's Congress

The National People's Congress (NPC) is constitutionally the P.R.C.'s highest organ of state authority. Its representatives were indirectly elected for a term of 4 years, with NPC sessions to be convened annually barring "exceptional circumstances." In practice the NPC met rarely in the period leading up to the Cultural Revolution, and when it did meet, its sessions served only to demonstrate mass support for the regime and to give legitimacy to prior decisions of the top leadership. The last session ended in January 1965. The main function of the NPC was to endorse party decisions on election of the Chairman of the People's Republic of China (Chief of State), amendments to the Constitution, and state economic plans. The NPC had the power to elect the Chairman and Vice Chairman of the P.R.C. who were to continue in office until the next NPC convened (4 years). However, the last Chairman was reelected to office in January 1965, and his dismissal was announced by the Central Committee of the CCP in October 1968; the position of Chairman of the P.R.C. is currently vacant.

Executive responsibility is vested in the State Council (cabinet), whose members (Premier, Vice Premiers, and other ministers) were appointed by the Chairman of the P.R.C.

Peking has decided to convene the Fourth National People's Congress "at an appropriate time" to replace the existing parliamentary body

which has outlived its term of office by 2 years. A forthcoming NPC is expected to ratify a new constitution based on a draft which circulated throughout the P.R.C. in the fall of 1970.

Chinese Communist Party (CCP)

The highest organ of the Chinese Communist Party is the National Party Congress. The Congress elects a Central Committee which in turn elects a Politburo as well as the party Chairman and other top party leaders. The Politburo elects the Standing Committee, the most prestigious party body and one with the final decisionmaking authority.

Theoretically, the CCP congress is elected every 5 years and holds annual sessions; in practice the Eighth Party Congress met only in 1956 and 1958. The Ninth Party Congress convened in April 1969 and was attended by about 1,500 delegates. It adopted a new party constitution and elected a new Central Committee of 278 members, 19 percent of whom were on the pre-Cultural Revolution Eighth Central Committee.

Provincial Structure

Since the Ninth Congress of the Chinese Communist Party met in April 1969, Peking has begun the careful reconstruction of the Communist Party. By August 1971 the reformation of all of the new Communist Party Committees at the provincial level had been reported, and many had been reestablished at the municipal and district levels.

The principal governmental organ to emerge throughout the country after the Cultural Revolution was the Revolutionary Committee. It consists of a coalition of local military figures, old-line party cadres, and representatives of mass organizations in each Province and major municipality. The People's Liberation Army, which during the Cultural Revolution emerged as the only national institution competent to maintain order and minimum standards of public administration, dominates almost all of these committees as well as the Communist Party Committees. With the reconstruction of the latter committees in all of the P.R.C.'s Provinces, it is likely that the Revolutionary Committees have become less important.

Among the political subdivisions of the P.R.C., which apply to the party as well as to the Government, are the 21 Provinces: Anhwei, Chekiang, Fukien, Heilungkiang, Honan, Hopeh, Hunan, Hupeh, Kiangsi, Kiangsu, Kansu, Kirin, Kwangtung, Kweichow, Liaoning, Shansi, Shantung, Shensi, Szechwan, Tsinghai, and Yunnan. There are also five autonomous regions (Kwangsi Chuang, Inner Mongolia, Ninghsi Hui, Sinkiang Uighur, and Tibet) and three centrally-governed municipalities (Peking, Shanghai, and Tientsin).

ECONOMY

First 5-Year Plan

During the "rehabilitation" period of 1949, the P.R.C. organized and restored farm and industrial production and expanded fiscal controls and saving, enabling the inauguration of the First 5-Year Plan (FYP) during 1953-57. In this plan it copied the Soviet model, stressing armaments and heavy industry. According to official Chinese data, net material product (a Soviet concept roughly equivalent to total industrial and agricultural production plus construction, transportation, and trade related to material production) showed an average growth of 9 percent annually, reflecting mainly an 18 percent annual growth in industrial and handicraft output. Despite a reasonably high level of industrial capital construction, most of the new plants were not completed in the period, and industrial growth stemmed primarily from successful efforts to intensify the use of existing plants and raise their productivity.

The planning did not proceed smoothly. The 1953 census and demographic surveys disclosed sharply reduced death rates and a population growth in excess of 2 percent annually, requiring increased attention to farm output. In 1954 the Soviets gave their final refusal of loans and grants to accelerate Chinese development, forcing the P.R.C. in 1955 to collectivize in an effort to increase the mobilization of domestic resources. The initial economic expansion drive in 1956 led to severe dislocations and retrenchment in 1957.

The outline of the Second 5-Year Plan (1958-62), announced in the latter half of 1956, continued the goals and priorities of the first plan with a slightly increased emphasis on agriculture. Through 1956 and 1957 Chinese planners studied schemes to translate alleged rural labor surpluses into realized output, including proposals for decentralized administration and rural industrialization.

The "Great Leap Forward"

The Second 5-Year Plan had barely gotten underway in 1958 before economic policy was taken out of the hands of the planners in a politically inspired program termed the "Great Leap Forward." The program proposed to regiment the population of the P.R.C. in huge, semimilitary communes where in an egalitarian, austere society the people would work overtime on various productive activities. According to the rationale, a campaign of "3 years' hard effort" would so raise investment, production, and savings as to secure a rapid-growth economy. The leaders envisaged the sudden availability of a huge surplus labor supply with the problem being one of finding sufficient productive outlets rather than one of its efficient use. Schemes emanated from Peking to the localities for constructing "backyard steel plants," deep plowing, grandiose water conservation projects, and rural industry, while the urban

population rose sharply as industries greatly expanded their labor forces. Cost controls and technical constraints were abandoned as restrictive to the growth of labor employment.

By 1959 severe dislocations and strains were evident. However, the central leadership believed the system could be made to work by abandoning overly ambitious schemes and calling for greater common sense, and pressed on. But farm output, which had dropped sharply in 1959, fell further in 1960 under the additional influence of adverse weather. Food rations sank perilously and nutritional deficiency was widespread. Owing to soaring death rates and declining birth rates as a result of these conditions, population growth between 1959 and 1962 was retarded by 20-50 million persons. By mid-1960 the "Great Leap" was abandoned in practice as the economy had exhausted its resources and was paralyzed by massive imbalances.

"Readjustment" and "Upsurge"

There followed a 5-year hiatus in planned development as the planners launched an effort to restore balance and a soundly based productivity to the economy, involving two programs termed "readjustment" (1961-63) and "upsurge" (1964-65). In the first period retrenchment policies curtailed investment, closed uneconomic enterprises, cut social expenditures, and expelled the surplus urban population to the rural areas, thereby reducing the urban population from 130 million to 110 million. In the rural areas the commune administration was progressively decentralized, placing the accounting unit and production authority at the level of the "team" of 20-30 households and permitting increased scope for individual household production through private plots and free markets. Thus, the peasant was permitted to find his own way to restore farm productivity.

With good weather, there was a favorable harvest in 1962, and production turned upward in 1963. Having rationalized economic organization and developed domestic technology, the Government was able to secure a rapid recovery in production during 1964-65. In the cities, there was a rapid growth in the efficiency and productivity of existing enterprises. In the rural areas, a substantial modernization program was begun, with the Government again asserting its leadership with a sophisticated mixture of direct and indirect controls. Though private production activities were still permitted, the growth in farm output was now more dependent on communal agriculture utilizing increased fertilizer supplies, irrigation, and the provision of improved seeds.

During these periods development planning radically revised the Soviet model which had been adopted in the 1950's. The planners accepted the premise that until the growth in farm output sufficiently exceeded the growth in population it would not be possible to increase the share of the nonfarm population and secure rapid

industrialization. Accordingly, until 1980 there would be an emphasis on farm modernization, together with population control efforts, while industrial efforts would be aimed more at consolidating than expanding the industrial base, seeking a high level of efficiency, technology, and autarky.

Third 5-Year Plan & Cultural Revolution

While there was little debate over the planning assumptions, the end of the recovery period precipitated a struggle over the implementation of the plans. One leadership group, termed the followers of Liu Shao-ch'i (Chairman of the P.R.C.), saw the problem as primarily a technical one, requiring the economic use of resources under a stable and rational party leadership. Another group, led by Mao Tse-tung (Chairman of the CCP), argued that the proposed austerity and great social change required revolutionary measures, involving guided social upheaval, universal involvement and commitment, imposed egalitarianism, and an end to the growing elitist pockets of privilege and bureaucratic stagnation.

The ensuing struggle seriously disrupted urban production, particularly from mid-1967 to mid-1968, although farm production was little affected and bumper harvests in 1967 and 1970 sustained stability through the Third 5-Year Plan (1966-70).

Statistics

As Chinese authorities have not published nationwide statistics in recent years, it has been difficult to make hard quantitative assessments of the Chinese economy. Nevertheless, rough unofficial estimates of production in key areas have been made, and P.R.C. Premier Chou En-lai, in a recent interview with American journalist Edgar Snow, gave some figures on production in various categories.

Trade and Aid

Since 1960 the P.R.C.'s pattern of trade has shifted from Eastern Europe to non-Communist states in Western Europe and the Pacific. In 1960 some 70 percent of its trade was with the Communist bloc (mainly the U.S.S.R.) and 30 percent with the free world. By 1965 this ratio had reversed itself, and approximately 80 percent of the P.R.C.'s trade is now with the free world. A major portion of its purchases from the free world during the past several years has consisted of large grain imports (4-6 million tons a year), mainly from Canada and Australia, to supplement domestic food supplies.

In addition to food grains, the P.R.C. imports chemical fertilizer, pesticides, machinery and equipment, and raw materials. Its major exports include raw materials, agricultural products, and manufactures including consumer goods, textiles, and goods and services to Hong Kong.

Serious rail and port tieups, as well as production and procurement problems caused by the Cultural Revolution, resulted in a 12 percent decline in the P.R.C.'s exports in 1967 to a volume of \$1.92 billion. At the same time imports increased to a volume of \$1.94 billion, creating the largest balance-of-trade deficit since 1955. In 1968 the P.R.C.'s exports declined slightly to \$1.89 billion, while imports declined to \$1.82 billion, thus producing a slightly more favorable trade balance. In 1969 exports increased to about \$2.02 billion; imports remained virtually unchanged at \$1.84 billion. In 1970 exports were \$2.15 billion; imports \$2.10 billion. (Trade totals are adjusted to account for shipping costs.) Japan, Hong Kong, the Federal Republic of Germany, the United Kingdom, and Singapore (in that order) were China's principal trading partners.

Although beset by its own financial problems, the P.R.C., nevertheless, for political reasons, has continued economic aid to other countries. Economic credits and grants extended to

KEY STATISTICS

	1966	1967	1968	1969	1970	1971*
Industrial output index (1957=100)	183	148	155	188	221	243
Production:						
Coal (mil. met. tons)	240	190	200	250	300	325
Crude Oil "	10	10	11	14	18	23
Electric power (bil. KWH)	47	41	44	50	60	70
Steel (mil. met. tons)	13	10	11.5	14.5	17	21
Trucks (000)	47	34	31	66	75	NA
Cotton cloth (bil. m.)	6	4.8	4.8	6.5	7.5	NA
Grain (mil. met. tons)	205	218	210	212	225	240
GNP (bil. 1969 U.S.\$)	104.3	99.5	96.7	107.3	119.5	125
Foreign Trade (bil. U.S.\$)						
Exports "	4.2	3.9	3.7	3.9	4.3	4.5
Imports "	2.2	1.9	1.9	2	2.2	2.3
	2	1.9	1.8	1.8	2.1	2.2

*Preliminary estimates subject to revision.

developing non-Communist countries totaled about \$949 million for the period 1956-69, of which about \$531 million had been expended through December 31, 1969. The P.R.C. also provides substantial military and economic assistance to North Viet-Nam, although it provided less in 1969 than in 1968 and has given far less than the U.S.S.R.

ESTIMATED ECONOMIC & MILITARY AID
TO NORTH VIET-NAM
(millions U.S.\$)

	1967	1968	1969	1970
P.R.C.	225	200	195	180
U.S.S.R.	705	530	370	430

Africa and the Near East have continued to be prime targets of the P.R.C.'s aid efforts. In 1969 agreements were signed and projects launched in 10 African countries. Most are minor efforts, although the \$400-million TanZam railway—to run from Lusaka, Zambia, to Dar es Salaam, Tanzania—is the most ambitious aid project ever undertaken by the P.R.C.

In 1970, in the wake of economic recovery and in a new bid for world influence, the P.R.C. extended a total of \$711 million in credits and grants to seven countries, or nearly as much as in the preceding 14 years. These included \$404 million for the TanZam railway and \$200 million to Pakistan, as well as smaller amounts to Southern Yemen (\$43 million), Sudan (\$42 million), Ceylon (\$12 million), and Guinea (\$10 million).

The P.R.C. has provided military assistance to North Viet-Nam, North Korea, and Albania, as well as other countries. In general, they have received infantry weapons and transportation equipment. However, the Chinese have provided military jets, tanks, and artillery to Pakistan and tanks and artillery to Tanzania.

Agriculture, Industry, & Mineral Resources

Basically, the P.R.C. is an agricultural economy with an annual per capita income of about \$145. Approximately 90 percent of the land is unsuited for agricultural purposes because of high altitude and other topographic or climatic conditions. Consequently, maximum yield must be obtained from the 10 percent of land that is arable (mainly in the east). Although intensive cultivation techniques already secure high yields of food per acre, China's main hope lies in substantially increasing these yields even further through improved technology. Because virtually all arable land is used for crops, there is very little animal husbandry in the country—except in western and northern regions, such as Inner Mongolia, Sinkiang, and Tibet.

China is the world's largest producer of many important food crops, including rice, sweet potatoes, sorghum, soybeans, millet, barley, peanuts, and tea. Major industrial crops consist of cotton,

other fibers, and various oilseeds. The portion of the industrial crop which is exported comprises a principal source of foreign exchange.

An expanding but inadequate manufacturing sector supplies the needs for capital and consumer goods. Major industries are iron and steel, coal, machine building, armaments, and textiles. Shortages exist in the manufacture of complex machinery and equipment.

The P.R.C. has extensive deposits of iron. Other minerals include bituminous and anthracite coal, tin, tungsten, antimony, salt, and magnetite. Crude oil exists and is refined throughout the country; the supply is adequate to meet the needs of China's expanding economy.

Nuclear Program

Balanced economic development in the P.R.C. has been affected also by extensive allocation of technology and scarce resources to the development of advanced weapons systems. This program, aided at an earlier stage by the Soviet Union, resulted in the detonation of a nuclear device at Lop Nor in western China on October 16, 1964. Since then the Chinese have conducted 12 additional tests, including one underground and three thermonuclear in the atmosphere, while pushing development of a missile delivery system for such weapons. They have successfully tested a medium-range ballistic missile (MRBM) and have the capability of deploying it. There is no firm evidence that the Chinese have yet tested an intercontinental ballistic missile (ICBM), although they are capable of developing one. In any case, they are unlikely to have the capability to deploy ICBMs before the mid-1970's.

FOREIGN RELATIONS

The international objectives of the Chinese Communists, like their domestic policies, are in part Chinese-inspired and in part Communist-inspired. These objectives essentially are to bring under the P.R.C.'s influence all territories that it regards as historically Chinese and to exclude the influence of rival powers. The international Communist objectives are to promote communism in Asia and the world.

The P.R.C.'s leaders have assumed for themselves a major responsibility to press the cause of communism in newly independent countries in Asia, Africa, and Latin America. They offer their own experience as a pattern for less developed countries to follow in seeking transition from an agricultural to an industrialized state, although this model has undoubtedly been much tarnished by various domestic setbacks.

In 1965 the P.R.C. suffered a series of foreign policy setbacks, and its relations with a number of Afro-Asian countries, particularly Ghana and Indonesia, as well as with Cuba, deteriorated sharply.

The P.R.C.'s international position declined further during the Cultural Revolution. With the Foreign Ministry temporarily in the hands of a new group of militants, the country's diplomacy during the summer of 1967 degenerated into harsh sloganeering, advocating the armed overthrow of the Governments of several countries which had been cultivated assiduously only a year before. Red Guard mobs sacked and burned the British Embassy at Peking and humiliated diplomats of other countries. Foreign businessmen and newsmen were harassed and in some cases arrested and expelled.

By mid-1968 the P.R.C. moved to restore some semblance of order to its foreign relations by resuming more normal relationships with several selected Afro-Asian countries. Despite these efforts, Chinese Communist diplomacy remained far from normal, with the P.R.C. represented at that time in only one capital (Cairo, Egypt) by a diplomat of ambassadorial rank. The rest of its ambassadors were reported at home undergoing "ideological rectification." Since then, however, most of the P.R.C. diplomats have returned to their posts, and in early 1969 the Government gradually began sending new ambassadors abroad. The P.R.C. is now involved in a "People's Diplomacy" offensive intended to improve its relations with as many countries as possible and to reverse its former self-imposed isolation. Recent recognition of the P.R.C. by a number of countries, including West European, constitutes evidence of the success of this policy. Peking has received a parade of visiting delegations, many of whom have returned home with trade or aid agreements (e.g., Canada), and the Chinese have reciprocated a number of these visits.

Soviet Union

Since 1960 sharp policy differences and a strong Chinese bid for leadership in the Communist camp have split the once-monolithic structure of Sino-Soviet solidarity. The rift over basic ideological and national issues has widened over the years. Although state relations continue, party ties have been completely ruptured, for the time being at least. Sino-Soviet trade dropped from \$2.14 billion in 1959 to \$56 million in 1969.

In the spring of 1969 the Sino-Soviet dispute broke out violently in a series of border skirmishes in the area of a disputed island, Chen Pao Tao (Damansky Island), in the Ussuri River along the Sino-Soviet eastern frontier. The hostilities resulted in increased tension and were followed by numerous outbreaks of violence at other points along the Sino-Soviet border. In October 1969 high-level border talks between the Chinese and the Soviets began at Peking; these talks are continuing. In the meantime, there have been no recent reports of clashes along the border.

During 1970 and 1971 the P.R.C. and the Soviet Union took steps toward improving government-to-government relations. Chinese and Soviet

ambassadors have returned to their posts at Moscow and Peking. A trade agreement was negotiated for 1971, which is expected to result in an increased volume of trade. However, on the ideological level relations remain severely strained, and the polemics between Peking and Moscow continue unabated.

United States

Following the establishment of the Communist regime in China in 1949, the new Government immediately demonstrated intense hostility toward the United States and toward Americans who were resident in China. Nevertheless, American diplomats, businessmen, and missionaries remained on the mainland during this period of "wait-and-see." Hope of improving relations was ended, however, by the Korean conflict, with the P.R.C. verbally supporting the initial attack on the Republic of Korea and ultimately sending in Chinese soldiers in an effort to save the North Korean forces from total defeat by the United Nations forces. To secure the southern flank of the U.N. forces President Truman ordered the 7th Fleet into the Taiwan Strait, and the United States took a number of economic sanctions against the P.R.C.

The Korean experience and many other manifestations of hostility and rigidity at Peking produced a corresponding antagonism among people in the United States, and there was little opportunity throughout the 1950's to improve relations. However, some efforts were made. In 1954 a series of bilateral conversations were instituted, first between consular officials at Geneva and then in 1955 at the ambassadorial level again at Geneva and later at Warsaw, Poland. On September 10, 1955, the P.R.C. and the United States issued a joint agreed announcement concerning the repatriation of some nationals.

This is the only concrete arrangement reached by the two sides in the talks. If these talks failed to produce important changes in the relations of the two nations, however, they at least served to give both Governments a clear understanding of each other's views on questions of mutual interest, reducing the hazard of war by miscalculation. While not formally discontinued, the talks have not occurred since February 1970.

In the relations between the United States and the P.R.C. there are two major factors to consider: U.S. strength and policies in Asia have been a major obstacle to the expansion of China's influence in the area; furthermore, the United States, as the major capitalist power, has been a principal target of Chinese Communist ideological attack. Therefore, the P.R.C.'s leaders have sought to associate the United States with all developments in the area adverse to their interests. The United States is portrayed as the cause of Chinese border troubles with India and as being behind Japan's reluctance to normalize relations with Peking. The United States is made

synonymous with "imperialism" and warmongering, and it is alleged to have suppressed independence movements in Asia and Africa. But above all, the P.R.C. alleges that the U.S. "occupation" of Taiwan constitutes interference in China's "internal affairs." It also has termed "illegal" the U.S. treaty commitment to the Republic of China to assist in the defense of Taiwan and the Pescadores.

U. S. POLICY

Since coming to office President Nixon has taken a series of steps to relax tension between the United States and the People's Republic of China. In broad outline, these have had the cumulative effect of eliminating all restrictions on the use of U.S. passports for travel to the P.R.C. and dropping the 21-year embargo on trade by permitting imports from the P.R.C. on the same basis as other Communist countries and authorizing exports of many items. By July 1, 1971, about three dozen Americans had traveled to the P.R.C. and indirect U.S.-P.R.C. trade had begun. (From mid-March 1971, when U.S. travel restrictions were removed, through the end of the year as many as 180 Americans were believed to have traveled to the P.R.C.)

On July 15, 1971, the President announced to the Nation that he had sent his assistant for National Security Affairs, Dr. Henry Kissinger, to Peking for meetings with Premier Chou En-lai, and made the following statement, which was released simultaneously at Peking:

"Premier Chou En-lai and Dr. Henry Kissinger, President Nixon's Assistant for National Security Affairs, held talks in Peking from July 9 to 11, 1971. Knowing of President Nixon's expressed desire to visit the People's Republic of China, Premier Chou En-lai on behalf of the Government of the People's Republic of China has extended an invitation to President Nixon to visit China at an appropriate date before May, 1972.

"President Nixon has accepted the invitation with pleasure.

"The meeting between the leaders of China and the United States is to seek the normalization of relations between the two countries and also to exchange views on questions of concern to the two sides."

President Nixon went on to add: "In anticipation of the inevitable speculation which will follow this announcement, I want to put our policy in the clearest possible context. Our action in seeking a new relationship with the People's Republic of China will not be at the expense of our old friends. It is not directed against any other nation. We seek friendly relations with all nations. Any nation can be our friend without being any other nation's enemy.

"I have taken this action because of my profound conviction that all nations will gain from a reduction of tensions and a better relationship between the United States and the People's Republic of China.

"It is in this spirit that I will undertake what I deeply hope will become a journey for peace, peace not just for our generation but for future generations on this earth we share together."

President Nixon summarized U.S. policy toward the People's Republic of China in his foreign policy report to the Congress of February 25, 1971, from which the following key excerpts are taken.

"It is a truism that an international order cannot be secure if one of the major powers remains largely outside it and hostile toward it. In this decade, therefore, there will be no more important challenge than that of drawing the People's Republic of China into a constructive relationship with the world community, and particularly with the rest of Asia.

"We recognize that China's long historical experience weighs heavily on contemporary Chinese foreign policy. China has had little experience in conducting diplomacy based on the sovereign equality of nations. For centuries China dominated its neighbors, culturally and politically. In the last 150 years it has been subjected to massive foreign interventions. Thus, China's attitude toward foreign countries retains elements of aloofness, suspicion, and hostility. Under Communism these historically shaped attitudes have been sharpened by doctrines of violence and revolution, proclaimed more often than followed as principles in foreign relations.

"Another factor determining Communist Chinese conduct is the intense and dangerous conflict with the USSR...."

"A clash between these two great powers is inconsistent with the kind of stable Asian structure we seek. We, therefore, see no advantage to us in the hostility between the Soviet Union and Communist China. We do not seek any. We will do nothing to sharpen that conflict--nor to encourage it. It is absurd to believe that we could collude with one of the parties against the other. We have taken great pains to make it clear that we are not attempting to do so.

"At the same time we cannot permit either Communist China or the USSR to dictate our policies and conduct toward the other....we will have to judge China, as well as the USSR, not by its rhetoric but by its actions.

"We are prepared to establish a dialogue with Peking. We cannot accept its ideological precepts, or the notion that Communist China must exercise hegemony over Asia. But neither do we wish to impose on China an international position that denies its legitimate national interests.

"The evolution of our dialogue with Peking cannot be at the expense of international order or our own commitments. Our attitude is public and clear. We will continue to honor our treaty commitments to the security of our Asian allies. An honorable relationship with Peking cannot be constructed at their expense.

"Among these allies is the Republic of China"

"Our present commitment to the security of the Republic of China on Taiwan stems from our 1954 treaty. The purpose of the treaty is exclusively defensive, and it controls the entire range of our military relationship with the Republic of China...."

"I am recalling the record of friendship, assistance, and alliance between the United States and the Government of the Republic of China in order to make clear both the vitality of this relationship and the nature of our defense relationship. I do not believe that this honorable and peaceful association need constitute an obstacle to the movement toward normal relations between the United States and the People's Republic of China. As I have tried to make clear since the beginning of my Administration, while I cannot foretell the ultimate resolution of the differences between Taipei and Peking, we believe these differences must be resolved by peaceful means...."

"We continue to believe that practical measures on our part will, over time, make evident to the leaders in Peking that we are prepared for a serious dialogue. In the past year we took several such steps...."

"In the coming year, I will carefully examine what further steps we might take to create broader opportunities for contacts between the Chinese and American peoples, and how we might remove needless obstacles to the realization of these opportunities. We hope for, but will not be deterred by a lack of, reciprocity.

"We should, however, be totally realistic about the prospects. The People's Republic of China continues to convey to its own people and to the world its determination to cast us in the devil's role. Our modest efforts to prove otherwise have not reduced Peking's doctrinaire enmity toward us. So long as this is true, so long as Peking continues to be adamant for hostility, there is little we can do by ourselves to improve the relationship. What we can do, we will."

CHINA'S REPRESENTATION IN THE U. N.

On October 25, 1971, the U.N. General Assembly passed a resolution calling for the seating of the People's Republic of China and the expulsion of representatives of the Republic of China. While favoring the participation of the P.R.C. in the United Nations, the United States had vigorously opposed expulsion of the Republic of China. The following day Secretary of State William P. Rogers said:

"Last night's decision to admit the People's Republic of China as a member of the United Nations, of course, is consistent with the policy of the United States. President Nixon hopes that this action, which will bring into the United Nations representatives of more than 700 million people, will result in a reduction of tensions in the Pacific area.

"At the same time, the United States deeply regrets the action taken by the United Nations to deprive the Republic of China of representation in that organization. We think that this precedent, which has the effect of expelling 14 million people on Taiwan from representation in the United Nations, is a most unfortunate one which will have many adverse effects in the future.

"We and the cosponsors of our resolution made an all-out effort to prevent the expulsion of the Republic of China. We are particularly grateful to all of our cosponsors for the very dedicated and determined effort that was made to retain a place for the Republic of China in the United Nations.

"The Republic of China, of course, continues to be a respected and valued member of the international community, and the ties between us remain unaffected by the action of the United Nations.

"Although we believe that a mistake of major proportion has been made in expelling the Republic of China from the United Nations, the United States recognizes that the will of a majority of the members has been expressed. We, of course, accept that decision.

"We hope that the United Nations will not have been weakened by what it has done. We continue to believe in its principles and purposes and hope that ways can be found to make it more effective in the pursuit of peace in the future."

CURRENT LEADERSHIP*

Chinese Communist Party (CCP)

Politburo Standing Committee (PBSC)**

MAO Tse-Tung—Chairman, CCP and PBSC

CHOU En-lai—Member, PBSC; Premier

Other Members of the Politburo

YEH Chien-ying—Vice Chairman, Military Affairs Committee (MAC)

LIU Po-ch'eng—Member, MAC

CHIANG Ch'ing (Mao Tse-tung's wife)

CHU Te (former head of army)

CH'EN Hsi-lien—Commander, Shenyang Military Region; Chairman, Liaoning Provisional Revolutionary Committee (PRC); First Secretary, Liaoning Party Committee

LI Hsien-nien—Vice Premier

CHANG Ch'un-ch'iao—Chairman, Shanghai Municipal Revolutionary Committee

YAO Wen-yuan—Vice Chairman, Shanghai Municipal Revolutionary Committee; Second Secretary, Shanghai Municipal Party Committee

TUNG Pi-wu—Vice Chairman, P.R.C.

*As the Government is being reconstituted at present, a list of government officials is not included.

**Listed in order of precedence.

Alternate Members of the Politburo

CHI Teng-k'uei—Vice Chairman, Honan PRC; Secretary, Honan Party Committee
LI Te-sheng—Chairman, Anhwei PRC; Director, General Political Department, People's Liberation Army; First Secretary, Anhwei Party Committee
WANG Tung-hsing—Vice Minister, Public Security

Ministers

SHA Feng—Agriculture and Forestry
LAI Chi-fa—Building Materials
YANG Chieh—Communications
FANG I—Economic Relations with Foreign Countries
CHI P'eng-fei—Foreign Affairs
PAI Hsiang-kuo—Foreign Trade
TSENG Shan—Internal Affairs
CH' IEN Chih-kuang—Light Industry
CH' EN Shao-k'un—Metallurgical Industry
LI Shui-ch'ing—First Ministry of Machine Building

Other Officials

KUO Mo-jo—President, China Academy of Science; Vice Chairman, Standing Committee National People's Congress; Member, CCP Central Committee
KENG Piao—Director, International Liaison Department of the CCP; Member, CCP Central Committee
WU Te—Head, Cultural Group under the State Council; Second Secretary, Peking Party Committee; Vice Chairman, Peking Revolutionary Committee; Member, CCP Central Committee
WANG Kuo-ch'uan—Vice Chairman, Sino-Japanese Friendship Association
SHIH Shao-hua—Deputy Director, New China News Agency (NCNA); Alternate Member, CCP Central Committee
KUANG Jen-nung—Director, Civil Aviation General Administration; Member, CCP Central Committee
WANG Meng—Chairman, Physical Sports and Culture Commission
CHUNG Fu-hsiang—Head, Telecommunications General Administration
SUNG Ch'ing-ling—Vice Chairman, P.R.C.
CH'IAO Kuan-hua—Vice Minister, Foreign Affairs; Chief Delegate to the U.N., 1971
HUANG Hua—Ambassador to the U.N.

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In 1969 the Department of State published "Communist China," No. 4 in the Issues in United States Foreign Policy series (pub. 8499, 60¢) and a Discussion Guide (pub. 8503, 10¢). In August 1971 a Current Information Supplement (pub. 8605, 15¢) was released to update the data contained in the original pamphlet. These pamphlets may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

*These titles are provided as a general indication of the type of works on the People's Republic of China currently being published; the Department of State does not endorse the specific views in unofficial publications as representing the position of the U.S. Government.

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NOTE: This special revision of the Background Notes on the People's Republic of China, prepared for official use in connection with the visit of President Nixon to the P.R.C., is not for sale by the Superintendent of Documents, U.S. Government Printing Office. A revised edition for general distribution will be available in the spring of 1972.