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**Embassy of the GDR in the USSR, 'Information on
Some Issues of China's Current Policy'**

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Summary:

A discussion of the 5th Plenary Session of the CCP Central Committee and power struggles within the Chinese government, China's development targets, and foreign policy strategies, especially with the Soviet Union.

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Embassy of the GDR in the USSR
Moscow, 26 March 1980

I n f o r m a t i o n
On Some Issues of China's Current Policy

CC:

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1. The 5th Plenary Session of the CCP Central Committee^[6] has confirmed that the struggle for power within the Chinese top leadership is continuing. The background behind the existing power struggles are the serious failures in the domestic and foreign policy area. Cadres who had decision-making positions before the Cultural Revolution were able to strengthen their positions. Deng Xiaoping's role has grown, without doubt. Due to his cynicism, his arrogance, and his arbitrariness both in statements and actions, he has many enemies; and he has no prospect to become China's "first man" for what the United States have rooted. Probably Hua Guofeng will lose his position as Prime Minister still this year, but apparently Deng will not become the new Prime Minister. It is assumed that Deng can be politically active between three and maximum five years.

The offices of Chairman of the Party and Supreme Commander of the Armed Forces are securing Hua Guofeng a powerful position, which he will use to find new supporters in the relevant circles of officials and especially in the military. Hua Guofeng's position is mostly determined by the fact of him embodying a compromise solution between the rivaling factions.

The rehabilitation of Liu Shaoqi at the 5th Plenary Session of the CCP Central Committee is doubtlessly a criticism of some basic theses of Mao Zedong. Yet there will be no deviation from Mao's fundamental teachings. Instead his statements are getting "enriched" by pragmatic ideas and this way corrected. This rehabilitation also means a certain recognition of basic mistakes in policy during the last 20 years. At the same time, it characterizes a general pattern of Chinese leadership to abandon previously pursued principled theses as soon as they are no longer sufficiently serving the leadership. To major extent century-old traditions and psychological peculiarities are at play here (symptomatic is Deng's statement that the color of the cat does not matter, instead just her ability to catch mice). The teachings of Marx are rejected for practical application as European teachings, and Leninism is characterized as a typical Russian phenomenon that cannot be adopted in Asia.

2. The inability of the Chinese leadership to master the complicated economic situation ought to be viewed as something particularly grave. The measures launched in the context of the policy of Four Modernizations are turning out to be insufficiently effective. Given the current pace of development of the Chinese economy, China will reach only in about 30 years from now the production potential the Soviet Union has reached by today. A comparison between the development of national income in the Soviet Union and China is a case in point. For instance, currently China has a national income of about 160 billion Rubles and will reach 500 billion Rubles in the year 2000. Today the Soviet Union has 430 billion Rubles. Per capita of the population, China is

now at 170 Rubles and the Soviet Union at 1,700 Rubles.

The development targets outlined in the program of the Four Modernizations are unrealistic. The assigned perspective of development does not correlate with existing capacities. For instance, it is planned to produce 195 million tons of steel in 2000. The current output amounts to 32.9 million tons. Probably China will reach a steel production of 130 million tons in 2000. Concerning production of electric energy, the great leap from currently 278 billion kilowatt/hour to 2 billion kilowatt/hour in the year 2000 is also not achievable. The Four Modernizations are requiring significant capital investments, but the financial means to underwrite them are unavailable.

About 300 billion U.S. Dollars in capital investments are needed. However, China is not in a position to repay credits of this size. This is why they renew the orientation to rely on your own capabilities. Particularly inhibiting factors are the low level of education, the shortage in skilled workers, the absolutely inadequate infrastructure (which is like the level of the 13th century), and the absolutely insufficient potential to produce electric energy. Currently the working class comprises of about 40 million people. There exists a shortage of 70 to 80 million industrial workers. Training capacities are only allowing for qualifying 800,000 skilled workers per year. In addition, only 150,000 engineers can be trained within five years. Currently 3,000 are getting qualified abroad. In the year of 2000, illiteracy will have been eliminated in China.

All mentioned inhibiting factors for the industry are also having a negative impact on developments in agriculture. The degree of agricultural mechanization is just up to 10 percent and can reach a maximum of 20 percent in the year 2000. A disrupting factor for the development of the economy continues to be a lack of material stimuli. 300 million rural population is living in misery. Currently there is a tendency emerging among Chinese economic experts to advocate an economic mechanism similar to the Yugoslav one, and in addition the application of some elements from Hungarian economic practices. In spite of all deformations, the production and property conditions in China have still to be defined as socialist. The establishment of factories with a foreign capital share will continue to further undermine socialist production conditions.

3. It is still the objective of the Beijing leaders to develop China into a hegemonic power. In their opinions, this objective requires the unchanged pursuit of the line of anti-Sovietism and the exploitation of the parallel interests between China and the main imperialist powers, in particular the United States.

The imperialist powers are willing to support China's rise to a medium global power, while they are assuming that the Beijing leaders will maintain long-term the anti-Soviet course. At the same time, the United States, Japan, and Western Europe will avoid to further China's power and influence up to a threshold where it could become dangerous for these imperialist centers themselves.

The establishment of a bloc in form of a military alliance with Washington, or with Tokyo, or with Western Europe, respective with one and the other, is unlikely; since it remains the defining element of Chinese policy to preserve a free hand in international affairs. Despite the evident tendency of convergences between positions of China and the United States, despite the commonality of militant anti-Sovietism, and despite the joint interest in an aggravation of the international situation: one has to assume that on decisive questions the objectives of Beijing, Washington, Tokyo, and Western Europe are different in principle, and any cooperation is for specific purposes and only temporary. China will always subordinate them to its own hegemonic aspirations.

In this context, Soviet comrades are drawing attention to the fact that the support

action of the Soviet Union for Afghanistan has also not failed to make an impression on China. The Chinese leadership has become aware that another aggression by China against Vietnam would result in according action by the Soviet Union.

Regarding the military policy of the Beijing leaders, it is assessed that they primarily want to acquire from the imperialist powers technology, production processes, and production equipment in order to be able to produce most modern weapons themselves.

Options to equip a modern army need to be seen as limited given the overall economic situation. The status of the [Chinese] conventional equipment is corresponding currently to the overall quality level at the end of World War II. China is in possession of about 160 missiles that can reach targets up to a distance of 4,000 kilometers. The number of nuclear bombs is estimated to amount to between 300 and 500. In about 4 to 5 years, China will have developed an intercontinental ballistic missile and will have 1 operational rocket ready.

4. In its relations with China, the Soviet Union is consequently continuing its line decided at the XXV [CPSU] Party Congress^[7]. Negotiations between the foreign ministries of both states are conducted by the Chinese side in order to exert pressure on the Western countries and Japan. The same goal is pursued vis-a-vis Vietnam, but also towards India. This way the Chinese leadership is attempting to portray itself as flexible and capable to maneuver. At the same time, it is trying to unsettle those countries through hinting at a potential arrangement with the Soviet Union.

China is still refusing to negotiate about the principles of relations [with the Soviet Union]. As a condition for an agreement on such political principles, Beijing is demanding the reduction of Soviet forces and weapons along the border, the withdrawal of Soviet units from the MPR^[8], as well as the recognition of the existence of "disputed" border areas. The Soviet Union is insisting on filling the political-legal vacuum created by the Chinese cancellation of the treaty of 1950^[9] with an according document. The latter is supposed to exactly outline the international law foundation of mutual relations and especially contain the commitments to comply with the principles of coexistence, the renunciation of force, the principle of anti-hegemonism, the obligation of an exclusively peaceful resolution of disputes, and with consultations.

The Soviet Union is prepared for a lengthy struggle to assert its political line and objectives vis-a-vis Beijing. However, it cannot be excluded that one day China will accept the priorities for negotiations set by the USSR. One has to take the option into consideration that in the long run the Beijing leaders will pursue a course of "equidistance" between the USSR and the United States. The more intensively China is preoccupied with the so-called Four Modernizations, the sooner the interest of the Beijing leaders could evolve towards reaching a certain detente in relations with the Soviet Union and to develop economic as well as scientific-technological cooperation.

5. Overall, it is necessary to rationally and realistically assess the capabilities of the Chinese leadership to implement its hegemonic and expansionist objectives. Obviously one also has to take into account that, in light of the vast problems concerning China's development, the Beijing leadership will resort to foreign adventures in case of serious domestic problems. Such an approach would have catastrophic consequences - because of [China's] overall backwardness in economic and military terms in relation to the further growing power of the USSR and its allies, as well as because of the instability and insecurity regarding a potential imperialist support for China itself.

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[5] Helmut Ziebart (1929-2011). Head of the Soviet Union Department. GDR Ambassador to Czechoslovakia 1981-1990.

[6] Held from 23 to 29 February 1980.

[7] Held between 24 February and 5 March 1976.

[8] Mongolian People's Republic.

[9] Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance of 14 February 1950.