

ECONOMIC AND POLITICAL APPRAISAL OF RED CHINA

18 March 1964

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NOTICE

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Publication No. L64-135

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

Dr. David N. Rowe, Professor of Political Science, Yale University, was born in Nanking, China, on 21 October 1905, and resided in that country until he came to the United States in 1922. He has returned to China several times. After graduation from Princeton in 1927, he did postgraduate work at the University of Southern California where he received his M. A. degree in 1930, and at the University of Chicago, specializing in the history of the Far East. After taking his Ph. D. at the latter university in 1935, he continued his postdoctoral work at Harvard, 1935-1937, and the College of Chinese Studies, Peking, China, 1937-1938. He has taught American History at Southern California and Chicago, and Far Eastern History, Government and Politics, at Princeton and Yale. He served as Special Assistant to the Director, Branch of Research and Analysis, Office of Strategic Services, Washington, from 1941-1942, and also as Special Assistant to the United States Ambassador, Chungking, China. He was a member of the International Secretariat at the United Nations Conference at San Francisco in 1945. He has been Research Associate, Yale Institute of International Studies, 1943; Associate Professor of International Relations at Yale, 1945-1950; Professor of Political Science at Yale since 1950. During this period he was Director of Chinese, Japanese and Russian Studies, 1946-1958; Research Professor, Political Science, 1958-1959; Director of Graduate Studies, International Relations, 1958-1960; Director, Study of Human Resources, 1951-1954; Associate in Government, Barnard College, 1945-1956; Associate Director, Princeton Bicentennial Conference on Chinese Society and Culture, 1947; Visiting Professor in Political Science, National Taiwan University, 1954-1956; Consultant, U. S. Information Service, Department of State, Shanghai, China, 1948; Representative of The Asia Foundation, Taipei, Taiwan, 1954-1956. He is a member of the American Political Science Association and the Association of Asian Studies. Among the books of which he is the author are "China Among the Powers," 1945, and "Modern China, A Brief History," 1959. He is the author of numerous articles on Far Eastern Affairs. This is his first lecture at the Industrial College.

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COLONEL TILLMAN: Ladies and Gentlemen:

Any study of the capabilities of the Communist World for international conflict would be grossly incomplete without the inclusion of Red China. We learned the economic and political impact of this large country can have far-reaching effects.

We are indeed fortunate to have Dr. David N. Rowe, Professor of Political Science at Yale University with us this morning to talk to us on, the "Economic and Political Appraisal of Red China."

It is a great pleasure to welcome you, Dr. Rowe, and to introduce you to the Class of 1964.

DR. ROWE: Thank you, Colonel Tillman. I would like to compliment you on your introduction, in particular for its brevity, which is a characteristic feature of all too few introductions. We have a limited time and we have a subject of infinite scope. How we accommodate those two things we will see in the next 45 or 50 minutes. But just by way of warning to you, as you can easily understand, I am sure, I will not go over it two or three times, we can only hit the high spots in any survey that pretends, as we pretend this morning to do, namely to survey the economic and political aspects of Red China and provide some kind of appraisal in this area.

I am going to reverse the order of treatment, however, and treat the political aspect first, for reasons I hope to make clear as we go on in the discussion. I think that without understanding the basic political orientation and character and features of Communist China, the economics become totally unintelligible. Perhaps it is almost unintelligible even then. It is hard for us to understand what has gone on in Communist China from an economic point of view, since 1950, but it would be totally impossible to understand these developments unless we put them in a framework of politics. Because, in Communist China, whatever can be said about other Communist countries, we have to face the fact that politics are primary and economics are secondary.

Now, of course, I am a political scientist and maybe I might come to this verdict anyway, you know, on the basis of putting economists in their proper position. But I do not always do this. In some countries I think economics does come first and politics flows after it. Or, at least there may be a more balanced arrangement of priorities of concentrations of interest as between politics and economics.

But I feel reasonably sure that with respect to Communist China this is about the case and political drives, motivations, means and ends are primary, and the economic ends are secondary. Of course, in order to prove this I would have to first define the difference between politics and economics, and this would get us off into a realm of philosophy that I will not enter into here.

We must remember that Chinese communism is an orthodox development of Marxism, Leninism and Stalinism. It is so orthodox that it is more orthodox, according to the Chinese Communists, than what they look at and see in the Soviet Union. They are constantly talking today about the Soviet leadership being a deviant leadership. Of course, the Russian Communists come back and say, "We aren't deviant, but you are dogmatic." That really means the Chinese are pleading their case by reference back to the old precedents from a Communist political point of view, and the Russians are pleading their case based upon changes in the objective situation.

Mao Tse Tung in 1949, in a book called, "On People's Democratic Dictatorship," spoke as follows: "The Chinese found the universal truth of Marxism-Leninism which holds good everywhere. And the face of China was changed."

A more recent quotation from Chou N Lai, the Foreign Minister, was as follows, in January 1957: "All of us Communists consider it a matter of pride for us to be as true to Marxism-Leninism as was Stalin himself."

The most recent reference I will quote on this matter comes from the people's Daily, Peiping, 19 February 1964. This quotation is a little longer and refers most specifically to recent statements about Chinese matters made in this country, that I think is worth quoting to you.

In the past the Chieftans of U. S. imperialism pinned their hopes on the 'democratic individualist' in China today. And today they are dreaming about 'the second echelon of leadership' in China eventually abandoning 'the rigid class view' and 'accepting again a world of diversity in place of the gray monolith which seems to be communism's goal for human society.'

This amounts to a public declaration by U. S. imperialism of its intention to promote a peaceful evolution in China; subvert its people's regime and restore capitalism. In this self-delusion U. S. imperialism is going to satisfy its hunger with a paper cake. The Chinese people are determined to build socialism and advance toward communism. There is no scheme which can alter this determination of theirs or arrest their advance.

Now, these things are important, because in the past there has been a concerted attempt to argue that the Chinese Communists enjoyed a certain measure of ideological autonomy vis-a-vis the Soviet Union. We do not hear much about this ideological autonomy anymore; we now hear about the Sino-Soviet rift. In both cases--the autonomy idea and the case of the rift--these are but variant aspects of a common line of persuasion, namely, that there are great and substantial ideological and doctrinal, and therefore political differences between the Soviet Union and the Chinese Communists.

The original propaganda of Chinese Communist autonomy was based on the notion that our strategy toward the Communist World should involve the process of breaking off and splitting Communist China away; weaning China away from the Soviet Union. We do not hear much talk of that kind anymore. The talk is now that the process of break is almost complete; when it will become total is just a matter of argument and discussion.

But in both cases the propaganda of the Chinese Communist autonomy vis-a-vis the Soviet Union, and the propaganda of the Sino-Soviet rift, in both cases what has been involved has been an effort on the part of some people both inside the Communist bloc and outside, to persuade the West that we should deal with the Communist bloc on the basis of separation between the ends of the axis. This kind of dealing has now eventuated and come into being. It could not be produced by the propaganda of Chinese autonomy

and Chinese Titoism, but now that Mao claims that Khrushchev is a Tito the West is now split, de Gaulle is dealing with China and we deal with the Soviet Union. So that, the so-called split inside the Communist bloc has now gotten its parallel in a split in the Western bloc.

Some of those people who discuss the so-called Sino-Soviet rift talk about the Soviet Union today as if it were a part of the West. This is just more of the same kind of talk. De Gaulle today talks about China as if he is going to go over and join China. So, the United States and some others adhere to the Russians as being less harmful, less dangerous, and less poisonous. And de Gaulle thus takes the open invitation that's involved and goes and joins the other end of the axis for reasons of his own; reasons that have to do with his relations inside the Western bloc.

So that, now we have a Franco-American rift--or is it? Do we call it that? I haven't heard it called that. I haven't heard any policymakers on either side call it a rift, but there is every bit as much of a rift there as I can see between the Chinese and the Russians. But, on that, more later.

Now, the important point here, however, is not to lose sight of the fact that the Chinese Communists remain a Communist regime; they remain a regime of the Communist persuasion and they embody this persuasion in the character of their government and the character of their regime. From a doctrinal point of view there is no question but maybe, of course, they just talk communism and do not mean it. To find out whether they mean it we should look at what they do. Here the facts are quite clear. The government organization embodies all of the familiar institutions and methods of operation that we have learned about in other Communist countries.

Democratic centralism is the fundamental feature of government in Communist China just as it is in the U. S. S. R. The leadership cult and the concentration of leadership power in the hands of one man, or two, three or more people at the top, this is just as strong in China and maybe stronger today in China than it is in the Soviet Union. In fact, the cult of the leader and the tendency to magnify his power and influence and virtually worship him, has a long background and basis in native Chinese history and native Chinese psychological and social tradition.

Then, below this leader there is a small elite group. I do not mean small in terms of a half dozen, I mean small in terms of the percentage of the total population. In Communist China today this is the Communist Party, which, although it's 10 or 12 million strong, still constitutes only a very small percentage of the total Chinese population. This elite is the trained, educated leadership that exists down below the top levels of the state organism to carry out policy. This elite is a thoroughly indoctrinated elite. It is so thoroughly indoctrinated that it resembles in this respect the age-old Chinese Confucian literary elite for which it is today the current Chinese substitute. It is not a very great change, only a change from Confucius to Marx, Lenin, and Stalin. This kind of change is relatively simple. The fundamentals have not changed at all. They involve intense subjectivism, intense indoctrination, and intense subjection of this small elite to the top leadership.

The Party in Communist China is, again, purely Chinese and purely Communist at the same time in its conspiratorial character, and in the fact that the patterns of its political actions are and always have been conspiratorial in nature. This roots it in Chinese political tradition, but there is no conflict here between this and the Communist political tradition that we find, say, in the Soviet Union. I suppose we might argue that it would be hard to distinguish between the Chinese Communists and the Russians as to their devotion to conspiracy and as to their skill in the art of conspiracy. I do not care which one would come out on top; the fact is that there is a fundamental similarity.

The Chinese Communists, of course, like the Russians, also have a Constitution. This Constitution occupies just about identically the same position in Communist China as the Soviet Union Constitution occupies in that country, namely, the position of the letter and the law which does not inhibit the free use of force by the small minority of people who have control of the destiny of the masses; a Constitution that does not guarantee any individual any rights; that subordinates the individual to the government; in other words, a Constitution, which, according to our rights, is no Constitution at all.

Well, how can you have a Constitution that is not a Constitution? Well, the Chinese and the Russians both have it. And this brings us back to one of the fundamental truths about government; namely, that the existence of a Constitution does not guarantee Constitutional government. Now, I cannot get into this; we would

go into American Constitutional History, which, I must insist I have made a good deal of study and I am the coauthor of a textbook on the subject, as a matter of fact.

But it is quite clear that from time to time, Americans have been misled. When they looked at a country such as Japan, which, under the Meiji Constitution seemed to be a constitutional regime, they found it was not the same kind of regime as we think of, at all.

The fundamental of constitutional government, of course, involves the situation in which the government and the members thereof--the personnel thereof--live under law just as everyone else in the country does. They are subject to legal control in the exercise of their governmental functions just as the ordinary individual is subject to legal control in the conduct of his everyday private life.

Nothing like this exists in Communist China. There is no difference here between Communist China and the Soviet Union. A natural concomitant of all this, of course, is the regime of terror and intimidation, and persuasion combined, by which the Communist leadership of China attempts to guarantee the monolithic unity of the people under its control. Here I suppose, again, the Chinese Communists did not have to learn from the Soviet Union; they are now using new doctrines, that of Marxism, to back up a pattern of action that is as old as the Chinese Empire. So, if they make a better thing of brainwashing in Communist China than the Russians have ever been able to invent and deal with in their country, it should be no surprise to anyone.

The important thing today is that the age-old Chinese system of terror, intimidation, and persuasion combined, is now backed up and given authority on the basis of a new and supposedly modern ideology derived from a "Western" country; that is, the Soviet Union, and originally Germany and Western Europe. This is the tough part of it; not that you have so much that is revolutionary in Communist China, in Chinese terms, but that all of this reversionism back to the past, in China today, the antithesis of revolutionary change backed up by new doctrinal subjective sources of authority, derives supposedly from the outside, therefore new, therefore modern, therefore having in back of them something entirely different from the old Confucian backup. This is the combination which is so powerful in China today.

Now, of course, the total control extends through the economy, about which I will talk below but won't talk here. So, control effects the social life of the ordinary individual, and the total control of China is aimed at, externally speaking, making over the whole world in the image of communism by any and all possible means. The question of justification does not enter here; justification is assumed. The end mission of Chinese communism, like that of communism everywhere else, is an aggressive transformation of all the rest of the world in the Communist image. This is absolutely central, and without understanding this we cannot understand what goes on inside of Communist China today.

Because, what goes on inside Communist China today is an attempt to organize this China as an instrument and agency for taking part in the struggle to make the whole world over in the Communist image.

Now let's go from the political and governmental side of things over to the economic side of things. First let us consider a few basics about China from an economic point of view. Of course, the nice thing about basics, or the bad thing about basics, depending on how you look at it, is that the basics do not tend to change very much. Here, you know, I have to quote myself to you, you see. I have to point out to you that in some of the libraries here in Washington--and I am sure if you do not have it in your own library here you can find a little book I wrote in 1944, going on 20 years ago, and which was published in the spring of 1945, and which is titled, "China Among the Powers."

"China Among the Powers," is not read by anybody anymore because it is 20 years old. Today you have to have new books and new authors, particularly, new authors. But, "China Among the Powers" stated the basic facts about China. It was written in an effort to assess the probabilities about China's postwar role in the world. What I was obsessed with at the time was trying to make a little more sense out of the then current evaluations of China as a country that would emerge from World War II. You probably remember the atmosphere of those days, the atmosphere in which China was considered to be one of the "Big Five" on our side. China was given a seat on the Security Council. China was to be one of the great powers.

Winston Churchill fruitlessly argued against this concept which so many Americans held and which was therefore so influential, but he never got anywhere, really, with it. Of course, I was writing a book in an attempt to persuade people to think about China in a different way. This was not a very popular book at the time because it went against so many people's opinions. So, that was just not the thing to do. Of course, some people bought it in large quantities because they agreed with it, and other people boycotted it because they did not agree with it.

One of the men who agreed with it and kept a copy of it on his desk at the Pentagon, was the late Mr. Forrestal. He actually had 1,200 copies of this book bought and distributed to every Naval library all around the world, because he bought my analysis of China at that time. Part of my analysis, you see, involved downgrading the probability which was so fruitlessly held to in many sectors here in this city, the probability that China would have a dramatic and strong part in the defeat of our common enemy in the Pacific. You see, I could not buy that notion.

But, the basic part of this was the assessment of China from the point of view of the fundamentals, the basics about China. Interestingly enough too, and this is by no means just a parenthetical observation I make here, I had two reviews of this book in the Soviet Union. One of them was purely a propaganda review in the "New Times," of Moscow. Those of you who are acquainted with this publication in English know that it is purely a propaganda publication. They took the usual line about anything the Americans were saying at the time.

The other review appeared in a Soviet learned journal. This was a learned journal of geographers. The geographers reviewed this book, in essence, by saying "This man really knows his China. He seems to know the basic facts about China." Which shows you the differences between the propaganda publication of a government on one side, and what scholars think about something on the other hand, which is not an unknown division even in our own country.

My analysis of China back in those days led me to conclude, and this was a bitter conclusion for the Chinese; you know, the Chinese were then the government of Chiang Kai Shek. I was led to conclude that China could not become a major power within 25 years. Today, almost 20 years of those 25 have gone by, and I begin to look better every day. There was a time when I looked bad.

Four, five, or six years ago, with the Great Leap Forward, you know, and all that stuff, which was bought hook, line, and sinker by many Americans, I looked pretty bad to a lot of people. I never gave up faith in my understanding of the Chinese basics and I never abandoned my position, even at the time of the so-called Great Leap Forward in Communist China.

When the Great Leap Forward turned into a Great Leap Backward I never got the credit that I figured was due me, but, of course, one never counts on that.

Now, what were some of the fundamental basics about China that could be seen 20 years ago and that people have to face today no matter how little they like to? A lot of us do not like to face up to these things because it makes China into such a horrifying mess, into such a horrifying jungle, into such a tremendous overall poorhouse. It is just disturbing to face this kind of situation anywhere in the world. Americans do not like to admit that situations like this have to exist. Take India; we never faced that in India. But that is another chapter; I will not get into that here.

What are the basics? Well, first there is this business of population. Back in those days you could talk about China's population as 400 or 450 million people. That is an awful big amount of people. Today we have to face up to 650 or 700 million people. They are still pretty much the same kind of people. They have not changed very much over the last 20 years. Now, this 650 or 700 million people, what is it, an asset? Or is it a liability? Or is it part one and part the other?

If you are a good dogmatic Marxist you would have to admit that it is an asset. Because, one of the basic tenets of Marxism is that all wealth is a product of human labor; it is only these nasty capitalists who think that machinery has anything to do with it. Human labor produces everything and therefore q. e. d., the more labor you have the more you produce and the better off you are bound to be. Well, that is a run of the typical Marxist oversimplification. It is so enthralling to look at superficially, but fundamentally it lacks so much in reality.

The Chinese have been torn on this question. When it gets difficult to feed this great mass of humanity, then they start talking about birth control, regulating the size of families, et cetera, and when all this propaganda about birth control and regulating the size

of families fails to have any effect on the great inchoate, inert mass of the Chinese population; then they get doctrinally pure again and start talking Marxist economics and Marxist demography. They cannot quite make up their minds which of these to choose. You never know which they are going to choose.

There was a famous Chinese scholar by the name of Ma Yin-Chu (phonetic), who was the head of the university in Peking. One time he could not take this business anymore and he came out and said, "Let's face it, this tremendous population is a horrifying problem. It is increasing all the time and it is eating up every bit of progress that we make. Let's face it; we have to do something about population control." Well, at the time he spoke it was the wrong moment to speak; he lost his job, was disgraced, and at that point they went back to Marxism again. They could not admit that population was a problem; it was an asset.

Well, you have it any way you want; the facts are the same. Their population increases every year--somewhere between 12 and 20 million persons--and this is an annual net rate of increase I am talking about. This is birth rate, subtracting death rate. Which means that every 30 days you have a minimum of a million more people, more than you had 30 days ago; or, at most a million and two-thirds a month. Start dividing that down by 30, calculating how many new people you have to feed every 24 hours, and that is a pretty staggering business.

As a matter of fact, even in the palmiest days of the "Great Leap Forward"--in agriculture--the total agricultural production never advanced more than about 2-1/2 to 3 percent per annum, or just above the rate of increase in the population. So that, agriculture as a basic asset for capitalization of other changes in your society, just could not prove out, because you were just running as hard as you could to stay in the same place as you had been staying before.

Now the quality of this great mass of people. This is vital too. And here, of course, I am not talking in ethnic terms. I am not talking about race. Nothing of this kind enters in. These people are all Chinese and they would all be Chinese if their skin were pink instead of yellow. It does not make any difference about this; it has nothing to do with the matter. What is the truth about this mass of people; call them what you will; call them "Chinese," "Asians," "Mongoloids," anything you want to call them; I do not

care what the term is? This mass of people can be talked about as a unit. What are their features? What are their characteristics?

Qualitatively, poor--poor health, poor education and training levels. These are the fundamental handicaps. Let us take education and training levels first. What has happened here? You hear a lot about Communist programs of doing away with illiteracy; Communist programs of mass education. Now, all Chinese Governments in modern times have had these programs. How should we assess their net effect? Well, I will do it this way. I will say that in China today there are probably more illiterate persons than there were 50 years ago. Note what I said. I did not talk in percentage terms, did I? I talked in absolute numbers.

You can increase the number of literates, but you have to increase it pretty fast to get over this million new people every 30 days kind of obstacle, haven't you? Now, they have tremendous problems in this respect. They are cursed, for better or for worse, with one of the most awkward and obstructive systems of writing that the world has ever seen. It is a system they cannot throw away because if you throw the Chinese system of writing away you begin to break China up into a collection of separate cultural entities.

You see, there are a hundred different dialects that are all spoken differently. The beauty of the Chinese system of writing is that you can write any one of these languages in the same system of notation, and thus communication is possible throughout the length and breadth of the whole land. This is indeed one of the main things that has kept China China, or has kept China, if not a nation in our modern sense of the word, an entity throughout these centuries and thousands of years of time. I spend two or three lectures on this before my students at Yale in my course on "Political Science." This is political all right, the relationship between the system of communication and the maintenance of a system of unity of whatever you want to call it.

The Communists, you know, said this whole Chinese system of writing with characters--and there are thousands of them, no two alike, with no alphabet, nothing easy to learn--this has to go. We are revolutionaries and we are going to show you. So, they started. And, of course, as you know, any language can be set down in phonetic symbols. So, they developed a set of phonetic symbols and began to teach everybody this. But they suddenly woke

up one day and realized what they were doing; they were building complete separate language systems in different parts of the country, thus threatening the unity that people call China. So, they quickly retrogressed back to the characters and said, "Before we can teach a system of phonetic writing we will have to teach everybody to speak the same language." And this, of course, was nothing new either, because every government since 1900 has been working on that.

They have a language, which is the Peking variant of the Mandarin Dialect, and that is the official language of China, both in Taiwan and on the Mainland today. The only trouble is, you know, that all Chinese thus have to learn two spoken languages. One is the national language and one is the language your mother speaks. You learn the one your mother speaks first--and that is just natural--and the other one is a product of education; it does not strike its roots too deeply.

Now, I talk about this problem to indicate what some of the vast almost insuperable difficulties are in China today when it comes to this business of improving the qualitative character of the Chinese population.

Health measures? That is another one. The Chinese Communists, of course, have succeeded in raising the rate of increase in the population due to the fact that they have imposed some crude health measures in the Chinese countryside. This is self-defeating, though, because you simply keep more people alive to starve. The old Malthusian system, cold and crude as it was, as bad as it is--and we cannot face it; Americans, let's face it, we cannot face that sort of thing. The old Malthusian system had in it a certain sense of balance. Once you put in law and order, peace and stability, and cut out the wars and revolutions, and put in a few crude health measures, then the population goes up. It goes up so drastically, that this is one of the most immense and seemingly insoluble problems of China today, and it is still there in spite of starvation; in spite of anything anybody can do.

What does this population problem look like for the future? If there are 700 million Chinese in China today, 20 years from now there will be 1 billion 147 million. Now, if this makes you feel good, it certainly does not make the Chinese Communist leadership feel good. It is just a brutal fact of life.

All right, what have these people got to do with it? Let us take the basic resource of China, after people; that is, land. Well, China is a big place; it covers a lot of ground on this map. The only trouble with this ground is, a lot of it is not good for anything much; not even animals can live on a lot of it. What is the feature of this land from a human use point of view? Well, the Chinese Communists estimate that 21.65 percent of this total land surface is arable or cultivatable land. I caution you that that estimate is about 20 percent higher than previous well-founded estimates before the Communists came in.

But the Communists admit that of this 21.65 percent that can be cultivated theoretically, and with a tremendous amount of work on some of it, involving irrigation and everything else, only 51.6 percent of this 21 percent is actually cultivated, making a figure of 11.2 percent of the total land area that is under cultivation. The rest is uncultivated.

Now, you say, "All right, there is another 50 percent of the 21 percent they can still cultivate." But, as I said, you have to be careful about this because in some cases this is only cultivatable from a theoretical point of view. Practically speaking, it cannot be cultivated because the amount of investment that would be called for to put it into cultivation, is so huge that it would make the economic outcome therefrom undesirable or uneconomical, and it cannot be done.

To get a picture of what this arable land means to the Chinese people, if you take arable land in China as a figure of 100, this is per capita; the amount available to an individual; if China is taken as 100, here are some of the comparative figures for other countries: Burma, 383; France, 183; USA, 684; U.S.S.R., 835. These are comparisons of arable land per capita, on an absolute maximum basis. That is, you can put in everything you need to put in to make it cultivatable. But, of course, the figures per farmer are even worse because of the large number of people in China.

Here, if China is a figure of 100, Belgium is 904. Denmark is 2,690. The United States is 7,171. The U.S.S.R. is 1,734. These are comparative figures of arable land per farmer in these countries. It shows you, in other words, how little, compared to other countries, China has of this basic resource.

Now let's go away from people and land, to power resources. There is plenty of coal in China. At any conceivable rate of exploitation in the next century this resource will last and there will still be some left. The coal is not qualitatively good everywhere; there is very little coal that is good for metallurgical purposes. This is found typically in Manchuria and Northern China, for the most part. And it is far removed, in some cases, from the iron ore which it would be combined with for metallurgical purposes.

Waterpower resources exist, but not great in magnitude. I suppose China is, of all the large countries, that country which is most designed to use atomic energy. This is a big capitalization problem in itself. But, certainly even with the coal they have atomic energy would be a natural for China in view of its poverty in power resources.

Oil in China. You get a lot of different figures on this, depending on whom you are quoting. There are probably about 1.2 billion tons of workable reserves. This compares with the U.S.A. reserves of 4.2, Venezuela 2.1 and, of course, the Mid-East with 23 billion tons. This oil is located in China in places very remote from the industrial concentrations where it would be most employed. It is very distant, and it has not yet been connected up to them effectively by transportation and communication means.

In this connection there is one very interesting fact that emerges about China in the petroleum field. That is, the presence of large refineries very remote from the sources of crude petroleum. And, if this were not enough by itself, the presence of such heavy, large refineries in regions close to the Chinese coast--this is a very interesting thing. People speculate on why this is so. They say that the Chinese are building this large refinery capacity far greater than the capacity to produce the crude oil at present or in the near foreseeable future, they are doing this in the hope that they can develop the sources of oil and the transportation to bring the crude oil down.

My own theory is different. My own theory is that the development of these large refineries with capacity far in excess of the probable development of crude oil sources inside of China, and certainly, in the absence of transport to bring the crude oil down to the coast from the remote areas of the hinterland; that this is planned by the Chinese Communists on an optimistic forecast of

the future relationship between China and the West. That is, that the West is going to come to China's economic aid; that the sources of oil in the near Middle East will be opened to the Chinese; and that therefore the places to build the refineries are on the coast where big tankers can pull the stuff up and unload it and economically do so. This is my own theory and it is based upon my analysis of the Chinese idea of the trend of Western policy toward China in the next 10 to 20 years. And I will only say this at this point, because I will deal with this a little bit later; they have something on their side from this point of view.

The French are the first to break away. The British, of course, initiated the friendly policy, but they have never gotten anywhere with it. But with the French breakaway the whole wall may crumble and China may be taken over by the West from an economic point of view that is far from impossible.

Now raw materials of other kinds. There is a general deficiency in ores, particularly iron. Some other ores exist in small quantities that are important, but these ores are not vital to development.

The upshot of all this is that China remains today what it was 20 years ago, and has been, namely, a poor country. It is becoming relatively poorer all the time if you talk in terms of per capita sharing, and all the efforts of the Chinese Communists to surmount these problems and difficulties, have so far ended in failure. What was their original program?

Their original program was heavy industry first to build state power. Get the capital for the building of heavy industry, out of agriculture. To do this, rationalize--as they would put it--agriculture; and totally rationalize it. That is, break down individual cultivation. Break down the village societies. Combine the cultivators into more efficient, supposedly, units, leading, of course, eventually to the people's communes, and leading, of course, to the automatic built-in self-defeat of the whole program.

What the Chinese Communists did not face was the fact that agriculture, from a technological point of view, had to remain the same under any such program. Since industrial production was aimed at heavy production and not aimed at accentuating and aiding and abetting agriculture, agriculture remained primitive, dependent for the most part entirely upon crude manpower and therefore highly

labor-intensive. So that, the blank spot of the Communists in this area had to do with the labor-intensive character of agriculture as mobilized under a system that took all the incentives away from the farmer for being labor-intensive.

Now let's face it, the farmer has to be intensive in his labor; nobody else can be. The farmer has to be willing to work; nobody can make him willing to work. You can get him up in the morning to the bugle and you can march him out to the field in a squad, but he can lean on the hoe just as easy that way as any other way. And they leaned on the hoe by the millions. The result was that agricultural production really went down. Of course, percentage-wise it went up. But at a time when more labor was being poured into it than ever before, per capita labor went down, and in per capita people it barely kept up.

In other words, the Chinese Communists imposed upon the Chinese farmer, or tried to impose on the Chinese farmer, a way of working which was incompatible with his basic psychology and with the maintenance of the primitive system of cultivation, that had to be maintained, with the primary emphasis being focused on heavy industry. The result is that the whole program of modernization has virtually come to an end. The Chinese have announced the deferment for 25 years, of their aims in industry, and they have announced and admitted that it will take them 20 to 25 years to modernize agriculture. Here, of course, they are biting off something that is pretty tremendous.

I can see the modernization of agriculture from a technical point of view in a country like the Soviet Union, where what you cultivate is to a heavy extent hard grains cultivated on dry country which is relatively flat. But if any of you have ever flown over the country of China and seen how much of it--I gave you the figures on arable land--is hilly and mountainous, where rice cultivation in small plots with individual hand labor, just has to survive or you do not have anything. Go to South China and see how much of it there is. Go to Taiwan; it is open to you; and you can see what Chinese rice cultivation is. And then try to figure out a system for modernizing rice cultivation in China. I will only say this; nobody has ever come up with it.

You know, of course, that out in the Sacramento River Valley in California they plant the rice seedlings by airplane. And, of

course, this does not grow you large crops of rice per acre. But, what do you care; you have lots of acres. And if you were to try to plant the stuff by hand the Chinese way this would cost you so much money that you could not afford to eat rice; you could not afford to grow it. So, you plant it by airplane. Now, nobody has ever suggested that this be done in China. If you try to apply this to the mountain-sides and hill-sides of China which survive from a rice cultivation point of view only because they are really garden plots, planted by hand and cared for like a rose garden or a flower garden of any kind; if you try to modernize this business you get into one of the most difficult situations you can possibly imagine.

Now, what is the result? Well, the result is, of course, that the Russians gave up on this business first. They told the Chinese all along, "You cannot make it go. This commune system is much too extreme. You are going to kill the goose that lays the golden egg," or any other figure of speech. They warned the Chinese but the Chinese persisted with it. When the Russians saw that their aid was fundamentally being thrown away into a ruinous situation, into a ruinous economy, into an economy of total waste and destruction, they pulled out. They do not have the kind of resources we seemingly think we have, namely, resources we can squander in spite of everything. They know they do not have them. They do not have enough to go on themselves. They do not have that much margin for waste of their previous resources. In fact, they never gave the Chinese anything.

They made the Chinese buy everything. When the Chinese demonstrated their agricultural economy could not pay any more, the Russians said, "We warned you; we get out." Now, this did not leave the Chinese and the Russians without any strategy. What was their strategy? This strategy began to develop a number of years ago. This was, the strategy of the Sino-Russian rift.

The Sino-Russian rift is, from the Communist point of view, a design to persuade the Western World that you can do business with both ends of this axis in hostility to each other. And that, since the two ends of the axis are hostile to each other you can gain something by playing ball with both ends at once. Therefore, the people who believe that the Russians are less harmful than the Chinese say we have to do business with Khrushchev. There are still quite a few people who say the Chinese are less harmful than the Russians, or, maybe they are more dangerous than the Russians, and maybe

that is why we have to play ball with them. Maybe if we can bribe them into the United Nations, or if we can bribe them away from the Russians we can sort of humanize them slowly; regulate them; bring them into the U.N. so we can make them behave. These are arguments for doing business with the Chinese.

Now, if we do fall for this business we will go in. There are plenty of people who want to go into China. There are plenty of people who can make a little money out of it, providing, of course, the American taxpayer is willing to lose a lot of money. Because, of course you know that trade with Communist China will not be a legitimate form of free trade. Since there are many risks we will have to loan the Chinese the money to buy the stuff with. And, of course, in this framework loan means give; you never expect to get it back.

Of course, we have been following a line like this with Tito for a long time, and we did it on the basis of Tito's supposed apostasy from orthodox Marxism. I think it has cost us about \$2 to \$4 billion in the case of Tito, hasn't it? That is a small country, isn't it? If you start working it out on a per capita basis in China, or on a geographical area basis in China, how many billions of dollars is it going to cost us to engender and support another supposed apostate from Marxism, who, of course, denies that he is an apostate; he says, of course, Khrushchev is. This is not only a fairly confused situation, it can get even more confusing than it now is. There is plenty of emphasis in this direction in our part of the world.

Now, at the same time that these two partners quarrel with each other, they continue to cooperate. And they cooperate in southeast Asia. The takeover of Laos by the Communists, which is now going on, is a perfect case in point. The Russians cooperated with the Chinese to bring the Americans to the conference table at Geneva, as a result of which, we did not have another Korean war. This time we skipped the war. We sat down at the conference table at Geneva and we did for Laos what Syngman Rhee would never let us do for Korea, namely, institute a coalition government for the whole area; which, of course, is nothing but a step to take over, and the takeover is virtually complete.

This is Sino-Russian cooperation. When the President of the United States not too long ago made some remarks about the dangerous policies of North Vietnam in helping to foster war in the South,

it was not very long before his opposite number in the Soviet Union made some remarks having to do with his willingness to step in with everything that was necessary, in order to prevent the Americans from doing anything regarding North Vietnam that would convince them, indeed, of the fact that indeed it was dangerous for them to be involved in the South.

Now, if this is a thorough war between Communist China and Russia I fail to see it; I don't understand that it is. Why is Russia acting this way in southeast Asia? Well, in a word, and that is the last word, because this is the only possible place for China to go. People talk, you know, about the hostility of the Soviet Union and China as if this is going to develop into a full-scale war on the part of the Chinese to invade Siberia. Well, you know, the Chinese may be starving to death in China, but if they get into Siberia they will freeze to death. So, that is the alternative they face up there. If you don't believe me, go take a look at the map in the Atlas that shows you the cultivatable land in Asiatic Russia. There is not enough of it to put in your eye. And the Chinese know it.

In southeast Asia there is plenty. Thailand, for instance, by Chinese standards, is virtually an empty country. The Thais do not believe this, but the Chinese know it is true. The Thais can grow rice to the extent of 4 million surplus tons a year with one crop. Let the Chinese in there and you will find two crops--in some places three crops--and you know where the rice will go; it will go north. Millions of Chinese will come down there and they will show the Thais really how to work hard and live bad. That is the talent that the Communist Chinese have and they are really good at it.

So that, southeast Asia is the great area that China has to go to and this is why the Russians support them. And this is what makes it so tough for us to prevent it. If the Chinese go there they will get the food; they will get the oil; they will get the natural raw materials. And then maybe you will have 20 years of Chinese development of southeast Asia, and we in this country and elsewhere will then have a chance to compare how much better or worse the Greater East Asia Co-Prosperity Sphere under the Chinese Communist is than that which we fought the war in the Pacific to prevent in the hands of the Japanese. This is the unhappy situation which we are now in, due to the fact that we do not understand, by and large, (a) what China is, (b) where it wants to go, (c) who is helping it get there, and (d) above all, what we have to do to stop them.

I will end there. Thank you.

QUESTION: Would you make a recommendation specifically as to what U.S. policy should be to counter this situation throughout southeast Asia?

- DR. ROWE: Yes. I will start with a slightly more general observation about policy, and, granting there is enough time to do it, work toward specific ones. Although, I do not think that I am the individual to make specific recommendations on a down-in-the-rice-paddies kind of level. That is up to other people, not to me.

My recommendations start out with the general recommendation that we have to frustrate the joint Sino-Russian strategy of loading China off onto the outside world. That is, of solving or at least temporarily alleviating the internal Chinese Communist emergency by virtue of external aid and support, or external aggression and conquest. This is a general recommendation. The carrying out of this general recommendation is a region by region, country by country, area by area matter. For instance, it goes up to Japan and Korea, and Taiwan. It goes into policy in the Taiwan Straits. It goes over to the Philippines where there is a great deal more deterioration inside the Philippines, I think, than we Americans would like to face up to, in view of what is happening on the Mainland of southeast Asia. Then it goes over to areas like Thailand, Laos, and, of course, Vietnam where the attention seems to be focused primarily at the present time.

In all these areas and regions what we need in a general way is a reversion and a return back to patterns of far more aggressive containment than we have had during the past several years. At a time when we have been perfecting, supposedly, many of the weapons and instrumentalities--and even agencies--with which to be more effectively aggressive in military containment, we have progressively refused to employ those means ourselves. And we have engaged in a very dubious, politically a very dubious policy of accentuating our efforts to persuade other people to make more efforts, promising money, of course, know-how, which we always feel we have a surplus of--with some question in my mind from time to time and place to place; materiel, but emphasizing the fact that the other people have got to shed the blood. We never put it quite that way, but that is what it really comes down to.

Now, I am not, of course, denying that a significant number of Americans have shed blood in some of these places; any number is significant, I do not care how small it is. And it is hard to measure these things. But, I do not believe that the kind of activity that we are trying to promote, encourage and foster, can be promoted, encouraged and fostered by us operating externally to it to the degree that we have been operating so far. If I am right on this, it confronts any American administration, anyone, with several almost equally unpleasant, unpalatable choices; the choice to make containment aggressive in American terms. Well, we have talked about blows against North Vietnam. We have hinted that North Vietnam is endangering itself. This means, in other words, that we may be preparing something against it.

We have talked about and discussed actual involvement of American combat units in South Vietnam. And, of course, we have talked about the intensification and improvement of what we have succeeded with so far. I am not a believer in solving a problem with more of what has not worked so far. That is the way I would rather bluntly and baldly put it.

I therefore think that what we have seemingly embarked on very recently can be nothing but a mere holding activity; a holding activity in face of a situation which has deteriorated, I think, steadily since the first of last November, and will continue to deteriorate steadily until the first of next November, as a minimum, meaning a 12-month process of continuous deterioration in the military situation in South Vietnam, which then may become irremediable; we may be convinced that it is after the first week in November 1964, which, of course, then opens up the possibility for a repetition in a different way and in different forms, of our reaction to the same kind of frustration and difficulty with allies whom we were trying to advise, encourage and supply on Mainland China before 1949. The upshot of that, of course, was the large volume which is popularly known as the "White Paper on China Policy," the main burden of which was, "We did everything we could. We have done everything, here is what all we have done. It failed in spite of that. It is their fault." And it may turn out the same way in South Vietnam.

If it turns out that way again, then the joint Sino-Russian strategy will have succeeded and I would argue that much of what I have said about the basics as to China will then become untrue. Because, China will then be something else than what it is that I have talked

about today. I think you get a general idea of the kind of policy that I am talking about from a positive point of view, although as I say, the specific details of such kind of policy are not in my province; they are only possibilities.

QUESTION: Dr. Rowe, from your discussion I understand that the Sino-Soviet split is a premeditated tactic aimed at disarming us. I would be interested in knowing whether you believe this tactic actually was evolved and decided upon by the two nations. (There was more to this question, but the voice was inaudible.)

DR. ROWE: Well, let me make it clear first; that what I consider the so-called Sino-Soviet split or rift to be--which rift or split has never really taken place yet, you know; it is always anticipated that it will become complete--what it really is, is a combination of difficulties which undoubtedly exist in the relations between these two countries. The difficulties are material, economic, physical, and therefore are bound to spread over into the area of theory and opinion.

But the Sino-Soviet policy that has emerged from these difficulties is a policy designed to solve the difficulties. That is what it is. In other words, how do you get around it when one partner in a union cannot seem to balance the checkbook? You know the kind of irrationalities that flow from this, of course. They blame each other for all kinds of other different things. Of course, the one party who cannot balance the checkbook says, "Well, it is your fault that the checkbook is not fat enough; if it were fatter it would be easier to balance." In other words, "You ought to help me more." That is what the Chinese Communists are saying to the Russians.

The Russians say, "How can I help you more when I am throwing this more and more into greater and greater economic wastefulness?" And out of this comes all kinds of irrationalities. You know, the wife says, "Well, it is obvious to me that none of this has any roots in the bank or the bankbook or checkbook; you just do not love me anymore." And that is what they are saying about the Russians; "We have just got to come to an emotional parting of the way."

So, the question is, what do these two partners do about it? And these two partners, at least, have decided that they have to employ the disagreements in such a way as to produce a remedy therefor. They have a lot of fancy terms for this you know;

exploiting your difficulties, or turning difficulties into advantages. The Communists have a lot of terms for this kind of thing. "Self-examination will yield you up solutions to almost anything."

The joint policy, then, develops when it comes to how do you get out of this problem. Therefore, as you can easily see, my tendency is to identify the beginning of the ideological break with the period of Russian realization that the situation is, from a material point of view, going from bad to worse. Now, the Russians realized this a lot sooner than we did. We were still talking about the Great Leap Forward at a time when it was obvious that it was not leaping anyplace; it was just going sour quite steadily. The alienation between the Chinese and the Russians came before the people's communes were really put into effect.

When the Russians said, "Look, don't do it, you're wrong"--now, you know, when one Communist starts calling another Communist wrong about a matter of substantive policy, it is not 5 seconds time that has to elapse before this is ejected up into the rarified area of theoretical differentiation. I am not a master of all this terminological gobbledygook that they use, but you know what I mean. As soon as you start criticizing Mao for a policy the cuss-words that come out are awfully refined, but nevertheless, they are cuss-words. You start calling each other names in your own lexicon; like deviant, dogmatist, and things of this kind. This does not solve any problems but it convinces you you have to get to work to solve them. Because, if this goes too far you are really headed for the divorce court.

And although divorce courts are resorted to by individual members of our body politic here in the United States all too frequently, a divorce in this case is inconceivable. It is inconceivable because this divorce would and could produce only disaster to both sides; it cannot produce anything else.

Now, at the same time there has to be enough appearance of friction, enough substantive friction about issues, to make it possible for the two partners to engineer together some kind of an arrangement. The Sino-Russian cooperation over Laos, for instance, was consistently labeled by members of our own Government in this city, as a situation in which the Chinese were being inhibited by the Russians from having a war in Laos. The Russians, then, were going to see that everything was settled finely and nicely. The only trouble is, of course, that nobody can get Khrushchev to do it.

We send Mr. Harriman to Moscow and he cannot get Khrushchev to come through. Then, the British, of course everybody knows are better at it than we are; when it comes to diplomacy they send their people to Moscow and Khrushchev cannot even do it for them. And this begins to mean to me, you know, that maybe he never intended to do it in the first place. And that what this was all about was, giving the Russians the chance to appear to restrain the Chinese from a war that the Russians and the Chinese certainly did not want. Because, if they had gotten that war in Laos they would have had the same result they ultimately had to have in Korea.

So, they traded on our fear of another Korean war to get this time what the war they learned in Korea before did not get them. And they are getting it. The fact that they are getting it slowly and gradually invites dangers, still does not mean that they are not getting it.

Therefore, it does seem to me that it is a far more complicated situation than any that has been explained or labeled by all of our Kremlinologists who analyze the words that these people use toward each other. It is a far more complicated matter than that. We have developed volumes, and volumes, in which people say, "Here is what the Russians say about the Chinese, and here is what the Chinese say about the Russians." And they will tell you, "In a few months the break will be complete." We have a young gentleman whom I won't name, who came up from this city to New Haven to teach us the facts of life on these matters two years ago. And he said then that the rift will become final and complete early next year. That would have been 1962. We were still waiting for it; it still has not come.

So, all this concentration on taking their word for the description of the reality instead of looking at the facts of policy, is leading us into tremendous illusions. It has led us already into the loss of Laos; it may easily lead us into the loss of South Vietnam.

Now, when did it start? Before economic disaster began in China; before then, it started; the moment when the Chinese Communists initiated the commune program and the Russians told them, "Don't do it; it cannot be done; it won't work." At that point the Chinese went ahead and did it, and at that point the fat was in the fire. What has happened since doesn't change that situation, it just magnifies it; it has gotten worse; they disagree about more things. And, of course, what they disagree most about, let's say

countries like Albania, for example, those are good things to disagree about because neither one of them gives a continental about it. Nobody cares about Albania.

I mean, this is the right thing to disagree about. The right place to cooperate is when it comes to taking over countries, people, territories, assets and resources. And, boy, when those chips are down--this rift, well, where has it gone? All of a sudden it doesn't exist. Even when it doesn't exist, like at the Geneva Conference, the Americans have to create it by their own imagination, their own interpretation. The Chinese did mass 250,000 troops on the frontier of Laos at the time. They did mass them there. Does this mean that the Russians restrained them from marching in? There were not any Russians to do it there; I will say this.

What did restrain them? What restrained them was the certain knowledge that this time the Americans knew they were there. When they massed across the Yalu in the fall of 1950 the Americans would not believe they were there, would they? You know they wouldn't. Nobody believed it, and so it happened. This time we believed it. Even if they had not been there we would have believed it. Therefore, this time they did not have to have the war. So, this time we went to the conference table, skipped the war and gave them a coalition. That is, we gave them Laos.

Now, you know this kind of business can only go on about so long before the ultimate fat is in the ultimate fire. That is what is happening in southeast Asia today. I say today, and I do not mean 5 years ago. I mean now that is what is going on.

Well, I have wandered away from your question, but this is my prerogative as a pedagogue. But I have answered your question too, I think.

QUESTION: Doctor, could we have your comments on the wheat deal with Russia?

DR. ROWE: The U. S. wheat deal with Russia is part of the same kind of picture. We won't sell wheat to the Chinese Communists and we sort of get angry when the Australians and Canadians do it. And we are upset about de Gaulle's tentative moves toward augmenting trade and cultural relations with Red China. But, we sell wheat to the Russians. This is not the way to keep the burden

on the back of the Communist World Revolution. In my book this is not the way to do it. This is folly.

Now, from this point of view the Communist bloc is like that theoretical construct that the physicists will tell you about and picture for you in theory, which is an absolute vacuum. You know that you relieve a vacuum anywhere at its outer periphery. You relieve it equally simultaneously throughout the whole vacuum. Now, I know there are a lot of physicists in the audience and I am not a physicist; I took freshman physics all too many years ago. But from a philosophical point of view there is a very important and vital concept.

So, the relief of the vacuum over there wherever the wheat is going, effects business over here (pointing to China on map) just the same at the very moment the wheat goes into the Soviet Union.

You see, after all one of the main reasons for the difficulties between the Chinese Communists and the Russians still is the fact that with the failure of the Chinese system of agricultural production, the Russians cannot count on the Chinese anymore for the kind of stuff that the Chinese were paying them in to buy Russian foreign aid, which, of course, is not aid at all but a form of barter.

Now, the Chinese, you see, have been bled away and have started buying wheat from the outside too. So, both ends of the axis are buying wheat from different elements of the West and we thus have a rift in the West, not only between ourselves and de Gaulle, but between ourselves, the Canadians, and the Australians. That is something we do not often put on the scale of the situation. I would not sell them an ounce of wheat for any purpose whatever. You may ask, in view of the total difficulties of the Chinese economy how are they going to pay for the billion dollars worth of wheat they have committed themselves to buying from the Australians and the Canadians. The first thing to say on that is that the credit problems are beginning to arrive. They have begun to arrive.

Of course, the second thing to say is that it is no problem to the individual Australian or New Zealander, or Canadian; it is governmental business. It does not bother the farmer any; it throws the total impact of this on the budget and will be seen and felt maybe by generations yet unborn--who knows?

The third thing to say is that the Chinese can take \$500 million a year out of foreign trade, a lot of which is with the United States of America, believe it or not. What kind of commodity am I talking about? I am talking about the international dope traffic which is a billion dollar a year business. It goes through Japan, Hong Kong, Macao, comes out through the mountains of Thailand, and ends up on the city streets of New York. We know all about this, and that is where some of this money comes from. Now it is being put into wheat. If that is a better use for it, then the uses they made of it before, maybe the whole system is rational--who knows. I don't tend to believe this.

COLONEL TILLMAN: Gentlemen, I am sorry, we have run out of time. Dr. Rowe, on behalf of all of us, thank you very much for a very informative and interesting presentation.

(22 July 1964--7, 600)H/en/dc