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From the Diary of N. V. Roshchin: Memorandum of Conversation with Chinese Premier Zhou Enlai on 24 July 1951

Citation:

Summary:
Discussion between Soviet Ambassador to the PRC Roshchin and Zhou Enlai regarding the conflict in Korea. Zhou states that the war effort is a drain on China's domestic economy, but that it will bounce back once the war is won. Also describes Chinese relations with capitalist countries. Notes that the CCP lacks technical specialists of any sort.

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Contents:
- English Translation
On 24 July I visited Zhou Enlai ... [discussion of Dal'dok joint shipping enterprise]. Then a 
conversation developed during which I asked Zhou Enlai his opinion on the negotiations in Korea 
and on some questions regarding [Chinese] internal politics. Zhou willingly agreed and gave the 
following evaluation of the chances for the negotiations in Korea as well as on several Chinese 
internal politics questions.

After a year of war in Korea, said Zhou Enlai, the Americans have lost 150 thousand men and the 
war has cost 10-12 billion dollars and nonetheless they can’t occupy North Korea and approach the 
borders of China ... [Describes the basic military stalemate in Korea and the negotiation positions, 
with emphasis on the issues of the 38th parallel and the withdrawal of foreign troops from the 
peninsula.] ... Then Zhou touched on the moods of the various groups of the population in China 
towards the Korean events and said that the laboring masses in China are full of determination to 
fight and drive off American troops out of Korea and liberate Taiwan island. [Detail on various 
groups within Chinese society and their reaction to the Korean War.]

Among the right-wing elements is a group of people, who in their time were closely tied to the Jiang 
Jieshi regime and with the Americans. Some of these people who carried out subversive work have 
been discovered. For each discovery we provided the democratic parties and groups with 
irrefutable evidence and they were unable to object to our repression of these elements. Others of 
whose subversive activities we still have no evidence have been isolated. 

They are under observation. We are trying to determine if they are tied in any degree to the GMD 
[intelligence] agency ... [Chinese internal politics are discussed.]

Then I asked Zhou Enlai what are the fundamental problems facing the Chinese government. Zhou 
answered that there are two, both aggravated by continuation of the war. The first is enormous 
financial tension. Sixty percent of the budget goes to the war. At the same time, the economy 
demands urgent investment. The standard of living of the working class and intelligentsia is 
extremely low. However, added Zhou, if the war in Korea ends, then China will quickly escape from 
this situation, conduct a monetary reform, increase the budget for economic construction and raise 
the standard of living for workers and the intelligentsia.

The other huge problem is the acute lack of technical cadres. The Chinese revolution developed for 
many years in the village. Senior cadres have village and army experience. Among 5 million party 
members, 5 million soldiers and officers and 6 million [government] employees, there are almost no 
specialists with contemporary technical knowledge. The young, just out of higher education, lack 
experience and qualifications. The old GMD technical cadres do not have the level necessary for 
the industrialization of China. Without the war in Korea and the huge outlays on this war, the 
Chinese government would quickly deal with this problem by organizing courses, technical 
universities and study for many [Chinese] students in the USSR. However, so long as the war 
goes on, it will be hard to solve this problem and it will be a fundamental constraint on Chinese 
industrialization.

In closing I asked Zhou Enlai to give me an overview of Chinese foreign policy towards capitalist 
countries. Zhou said that China divides the capitalist countries into two groups. The first group 
holds India, Burma, Indonesia, the countries of the Arab League and others dependent on 
imperialist governments The Chinese government has friendly relations with them and contact with 
their representatives in Beijing has been established. China tries to use them in [China’s] interest,
sharpening the contradictions between them and the imperialist metropolises. In this group China will not establish relations only with Israel. Establishing relations with Israel will not bring anything substantial and besides, this can lead to a worsening of relations with the countries of the Arab League, who in a number of cases have supported the PRC.

In the other group are England, France, Denmark, Holland, Sweden, Switzerland, etc. With these countries China conducts the same policy that they conduct with China. China always willingly supports each friendly initiative and decisively rejects their inimical acts. Of these countries, England and France are afraid of over-exacerbating relations with China, fearing for the fate of their colonial possessions in Southeast Asia. Furthermore, if the war in Korea ends, they will want to broaden trade with China. China can sell them agricultural products, unnecessary materials (excluding strategic materials) and will buy tools and machines.

USSR Embassy First Secretary M. S. Kapitsa was present for the talk.

USSR Ambassador to the PRC N. V. Roshchin