

November 12, 1963

**Memorandum of Conversation, Chinese Officials and
the Hungarian Ambassador to China**

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Summary:

Martin, the Hungarian ambassador to China, is involved with several conversations with Chinese officials before returning to Hungary, and the three highlighted conversations are with Zhu De, Chen Yi, and Zhou Enlai. Among other international issues, Zhu De discusses imperial attempts to restore capitalism in socialist countries and references "revisionism" in Hungary, to which Martin responds defensively. Chen Yi discusses Chinese industrial and economic development. Zhou Enlai discusses recent Chinese struggles, and interprets Martin's reaction as distrust.

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The visit of the Hungarian Ambassador in the PRC to bid farewell

The Hungarian ambassador requested a farewell visit before his departure from the PRC with 16 Chinese representatives (Liu Shaoqi, Zhou Enlai, Peng Zhen, Chen Yi, Song Qingling, the ministers of agriculture, finance, defense, the chair of the committee on cultural exchange, the chair of the All-Chinese Federation of Trade Unions, the heads of the international section of the CCP CC, and so on). The ministers of agriculture, finance, and the heads of the CCP CC international sections did not respond to the request for the meeting. In response to the request to Peng Zhen, the Chinese side notified c. Martin that perhaps he might visit squares in Beijing that he had not seen before and did not know about. This meeting was therefore rejected, as it was a Sunday visit with the aim of getting acquainted with the Chinese representatives, while he [c. Martin] wanted to address topics that were important to him. Altogether he visited 12 representatives, [the details of which] were announced by the MFA only an hour before the meeting, although the list of people Martin wanted to visit was given to the PRC MFA ambassador on 14.9.

The most interesting conversations that the ambassador had were with Zhu De (25.9), Zhou Enlai (4.10), and Chen Yi (30.9). According to the details provided at the organizational meeting with Zhu De, it was resolved that the Chinese side will provide c. Martin an interpreted [transcript of the meeting] upon his return home. The meeting with Zhou Enlai featured the sharpest words against the Hungarian ambassador that c. Martin has ever experienced in his time in the PRC.

Subsequently several ideas were mentioned at the three meetings, and several conclusions can be formulated.

In his speech Zhu De said that c. Martin had seen quite a bit of the PRC, had learned a lot, and he believes he had seen much that will be useful to him upon his return home. He continued further to say that he, Zhu De, had twice been in the People's Republic of Hungary and from everywhere he brought back much that was useful. Based on this, he came to the conclusion that we can each do our best to understand each other. "With the HPR [People's Republic of Hungary] we have always had good relations," he said. "Everyone holds the view that in the future it is necessary to strengthen further our unity. Our friendly countries understand each other and their affairs well. Each country in its many issues follows the principles of Marxism-Leninism and a consideration of facts. This has been evident for the past two or three years. Some of us spread [the idea] that war is likely. This is self-evidently not true. Instead we have a good understanding that communists do not go to war [against each other]. Everyone has the responsibility to say that our position is the following: if no one initiates war, then it will not happen. If a war is started, the results will not be good. For example, in the time of aggression against Korea the Americans came all the way to our borders. At that time it was obvious to everyone that the Americans wanted war. The instigators of war bring a great catastrophe upon themselves. Those who intervene in battle are simply those who want war. The facts, however, remain that this war has secured ten years of peace. This is a fact. It is necessary to say that it was not just we that rendered help to the Korean comrades, but the entire socialist world. Now the Americans, the Shanghai clique and south Korea again are preparing for war. They are stocking Laos with arms. This shows that it is not us but them who want war. That's just the way it was in India. We had good relations with India, and began together with the Indians [to wage] a fundamental struggle against imperialism and neo-colonialism. Nehru, however, changed his position. This is evident in their opposition to the convening of the 2nd Bandung Conference. Why is that? Because the goal is the expansion of

great-power chauvinism, which they are anxious to achieve with the help of imperialism. Several times we have suggested peace negotiations, but Nehru chose the path of armed expansion. In such a situation attacks must be answered with attacks. We have resolved all of our problems with the Korean People's Democratic Republic, the Mongolian People's Republic, the Vietnamese Democratic Republic, Pakistan, Burma, Laos, Nepal, and Afghanistan. What remains (and it is not our fault) is the problem of India. For a long time there was a good situation on the Chinese-Soviet border. Now, however, the situation is complicated.

The imperialists say that we want war. Now, however, our friends also say this, and we are obliged to say that the significance of this generally is unclear to us. If the enemy does not fight, we do not want war. We will never capitulate to anyone and will defend our sovereignty before everyone. Never will we decline to fight in defense of our land. The example of India persuades everyone that in such matters every nation would proceed as we did.

With all our strength we support global revolution in the lands of Asia, Africa, and Latin America. We will do our best to support revolution everywhere. Capitalism will not only defend its rule, but simultaneously wants to restore capitalism in socialist countries, as the example of 1956 in the Hungarian People's Republic shows. The imperialists for many years have attempted counter-revolution in Hungary and have also stuck their nose in the problem of Yugoslav revisionism. You have much experience in this which you must take into consideration, and above all you must consider the case of Yugoslavia. Yugoslavia lives off of American money. One can come to the conclusion that America with its money supports a socialist country."

Then Zhu De developed the Chinese view on Yugoslavia in the spirit of the article, "Is Yugoslavia a socialist country?" He suggested further that Yugoslavia is not a socialist country, and the PRC is anxious about maintaining state relations with a country which is like an imperialist country, in the same way that it is anxious about the development of commerce. He added, however, that the development of international and inter-state relations is necessary. "However, several people today want to teach the enemy that follows imperialism, how to build socialism. Several people, as everyone has heard, talk about their desire for war. But we do not want war, we only want unity. To damage the enemy people, to damage the source of war, is to damage imperialism. This has been made clear in the conversations with the Soviet comrades. It is necessary to say that it is forbidden to deceive the people. Truth remains truth, falsehood [remains] falsehood, and slander [remains] slander. Several people until the end say that we want to provoke a war between the Soviet Union and the USA. Normal people respond to such an idea with astonishment. Mao Zedong has been attacked for his thesis that imperialists and reactionaries are paper tigers. However this is a Leninist thesis, as Lenin argued that imperialism is standing on weak [clay] legs. What does this mean? It means that it can be brought down with just water. Similar to a paper tiger, it only requires that we have a drink, like at a banquet. This theory of comrade Mao Zedong gave great strength to our people to endure in the revolution."

Next Zhu De came to the question of foreign trade. He said that in foreign trade the PRC wants economic relations with all countries, including trade with the capitalist countries without any political terms and trade with the socialist countries can develop simply according to the principle of equality and mutual benefit. "On such a foundation we can develop our trade relations," he said. "As a result of environmental disasters our trade with the socialist countries has decreased. As our situation improves, we can assume a constant rise in trade with the socialist countries."

Then Zhu De spoke about the problem of the three banners. He said that many [people] have attacked the PRC, [suggesting] that the three red banners have concluded in bankruptcy. In the recent period, he said, leading Chinese

representatives have inspected the people's communes and spoken extensively about how the people's communes fulfill the requirements of socialism and communism. "Many attack us. However our affairs are unknown to them. The facts remain facts and the people's communes [remain] people's communes. Several fraternal parties at present engage in the spread of lies. Between us and the Hungarian comrades things have been good. [Our relations have been based on] the principles of Marxism-Leninism. It is necessary to say that the Hungarian comrades also have spread slander and lies against us. Their propaganda deceives their own people. This is not good. A brother must take into consideration the fact that class struggle in the international arena requires one to pose the question in the following way: are you going to be socialist, or capitalist. There is no third way. Therefore it is necessary to conduct a struggle against imperialism, support the principles of Marxism-Leninism, renounce revisionism, which wants to lead people astray on a third path that does not exist. Imperialism will not disappear from the scene. Therefore it is necessary to renounce it. Now imperialism is beginning a war, not us, but imperialism. These matters must be clearly laid out." Then Zhu De shared his views with c. Martin on problems that he had previously discussed.

Comrade Martin reacted first of all to the accusation of revisionism against the Hungarian comrades. He said that he cannot agree with Zhu De, and that the Hungarian comrades are like the other socialist countries, proclaiming a correct Marxist-Leninist policy, mutually formulated in common in the Moscow documents. Then he responded to the remark that the Hungarian counterrevolution was a product of imperialist intrigue. He said that in fact a Chinese delegation was in the country at the Hungarian congress, when the reasons for the counterrevolution were made known to be internal reasons and mistakes in addition to the imperialist intervention. It was the [result of the] leadership of Rákosi, and the Chinese delegation agreed. The ambassador further expressed [his views] about the development of trade and agreed with the need for us to get to know each other better. He informed [the Chinese] that the Hungarian comrades had invited the previous leading Chinese representatives (Liu Shaoqi, Zhou Enlai, and Chen Yi) to Hungary, but the visit did not take place. After that, he addressed the issue of rozporu.

To the response of c. Martin, Zhu De expressed the view that the Chinese representatives would be very glad if in their speeches the Hungarian comrades would abandon their revisionist views against the PRC. The conversation concluded with the point that now the Hungarian party in its practice can decide to wipe away the position of revisionism, and it is her affair and they can do nothing about it. Everything that he has said to c. Martin he has offered as an old comrade and friend of the Hungarian people, [a country] which he has twice visited. The views of c. Martin and his speech here can be interpreted for the CC, or not. What he has informed him about here is an internal matter of the Hungarian comrades.

The visit of Minister Chen Yi was arranged according to the protocol of the PRC MFA, where it was announced at 8:30 on the day of the visit that probably Chen Yi would receive c. Martin at 9:00 o'clock. At 9:00, we were informed that the meeting would be at 9:20. In his polite introductory remarks c. Martin inquired about how much time Chen Yi had, as he wished to inquire about a series of issues that interested him. Chen Yi said that he could only talk for 40 minutes, as he was obliged to receive an Algerian delegation. Comrade Martin initially asked the Chinese comrades about the economic and domestic situation in the PRC. Chen Yi replied that the national economy of the PRC and its agriculture and industry is continuing to be put in order. Great successes in the national economy have been accomplished in this policy of [putting the economy in order]. In response to the notion that the situation in industry is more improved than in agriculture, Chen Yi in conversation several times stressed that this was not the case. He expressed the view that the course of completing the aligning of the national economy was being conducted in an orderly fashion, otherwise the Great Leap needed to be put in order, in the same way as a military battle in war requires the organization of an army into ranks, to prepare for a future attack. It's the same in the PRC with the Great Leap, where the national

economy has been strengthened as a result of the Great Leap. At this time the main task is to establish the foundation for the further development of the economy. In industry the main task is to increase the varieties of steel, and increase the quality of steel. He said that in the past few years light industry has significantly improved, and a consequence of this has been the development of synthetic fibers and textiles. At present we are anxious to put into practice [forms of] experimental technology in the economy. He noted, for example, that this May we ourselves manufactured the MIG 14, 15, and 17 airplanes. (Interestingly, he said that they will not produce the MIG 19). He further said that the PRC now is preparing to produce the MIG 22. (Note: According to information from the embassy council, c. Shcherbakov, and the economic council, Lysov, the USSR gave the PRC the technical documentation for the MIG 14, 15, 19, and 21F airplanes. They did not provide documentation for the MIG 22. According to their views the production of the MIG 21F is eventually likely. At some point the MIG 21F was given to the PRC. According to a communication of the Soviet friends this airplane will not be manufactured in the USSR, but instead the MIG 25 will be produced.)

Further Chen Yi informed us that in the PRC besides the production of airplanes they are developing an automobile industry and that in connection with their production needs they must have high-quality steel. Further he informed us that they want to arrange for the manufacture of missiles. The production of missiles for short and mid-range distance is not a manufacturing problem for the PRC. However, the production of inter-continental missiles remains a problem. (Again, according to information from the embassy-council, c. Shcherbakov, and the economic council, Lysov, the USSR gave the technical documentation for the production of short and mid-range distance missiles to the PRC. According to a communication from c. Lysov, the air-to-air rocket production series in the PRC was a quality copy. The production of surface-to-air missiles is importantly related to the insufficient supply of quality steel and leads to the conclusion that they have not been given copies of several precise components of the product, that is, from us). Chen Yi further informed me in the conversation that the PRC now requires an amount of time in which they can demonstrate their first nuclear product which will lead to the production of nuclear weapons. He informed me that according to all assumptions, they will accomplish [this]. The Americans have accomplished the production of the atomic bomb, which is proof of their achievements, however we are not stupider than the Americans and our socialist system has far better possibilities.

Chen Yi further in the conversation informed me that agriculture has received great support from industry. (Machine tools, tractors, autos, trucks, large pump stations, and so on). He said that the fraternal country embassies have attacked the PRC for retreating in the development of industry, and denied that this was true. He said that agriculture cannot develop without the aid of industry. He informed me that at present no one has published statistics, and therefore the enormous task of putting the economy in order must be conducted without accurate statistical figures which correspond to facts. A planned economy must be based on accurate statistical figures. Perhaps, now for several years (until the end of the third five-year plan) statistics will not be published. He informed me that this will not affect foreign agreements. But it is indeed a fact, however, that for the PRC they do not have any released figures.

Further Chen Yi said that the PRC and the HPR are friendly countries and that both of them—the minister and the ambassador—are communists. Therefore we can say openly that leading Chinese figures in the past several years in industry and agriculture have made important errors. “In the years of 1957 to 1959,” he said, “the tempo of the development of the economy was too accelerated.” Comrade Mao Zedong was aware of this, and therefore from 1959 to 1961 worked on measures to balance the economy. On this issue many did not believe him, including the specialists. Life, however, illustrated, that it is forbidden to drop to one’s knees. In 1959 Comrade Mao Zedong said, that now the PRC will be able to produce in 1967 10 million tons of steel, and this will be a good output and a good pace of development.

However, many again did not believe this, including again the specialists.” Chen Yi said that 10 million tons of steel is not small, as in the PRC at liberation they produced 400,000 tons of steel. (The last officially issued figures were that in 1960 the PRC produced 18 million tons of steel—our note). Further, without any preface, he informed me that the working class and the communists have committed mistakes and errors. The problem is not only that now the mistakes must be corrected. “Now for example regarding our errors, you can see that our specialists try hard to speed up the pace of development of the economy and achieve a rapid pace.” Further Chen Yi said that we must not decrease the development of industry, and informed us that comrade Mao Zedong has affirmed that the rapid development of industry is necessary, as the objective situation of defense must be considered.

Then Chen Yi came to the question of arguments among the fraternal parties. He said: “Now there are great arguments among us. However, we must do all that we can to insure that these arguments and discussions are only among workers and party members. The diplomats will do all they can to strengthen friendship.” The arguments signify for Chen Yi a temporary phenomenon which will disappear. He said that nothing has been said that the diplomats cannot fix, and imagine a policy for their country and party which is not only harmful talk leading to all sorts of disputes. The resolution of controversial problems requires time, a long time, perhaps even several decades.

The visit ended when Chen Yi said he must receive the Algerian delegation, and did not have the opportunity to respond to other issues raised by c. Martin.

Zhou Enlai opened the discussion with an inquiry into whether or not c. Martin participated in the 1957 [meeting] of party activists in Budapest, in which he presented a report. Comrade Martin answered affirmatively. And in his view, the report of Zhou Enlai offered good moral support to the Hungarian people at that time. However, since that time many years have passed. That visit of Zhou Enlai to Budapest was the result of the invitation of the Hungarian party to a series of Chinese representatives to visit the HPR, however none of them came and often did not answer the invitation.

Zhou Enlai replied that now there was no reason to travel to the HPR. That would require an improved atmosphere and the resolution of problems which currently exist between us, and a spirit similar to what I referred to in the report on the possibilities of state relations. I reported that we want state relations to be normalized and that contacts be developed and maintained at the state level.

In response to c. Martin about contacts, he said mutual relations in the areas of culture, tourism, and science. Further, without any introduction, he began to speak about the very good speech of the Hungarian council, who advocated close [ties] against counterrevolution and the threat of counterrevolution. He emphasized that with members of the council we discussed not simply the idea of unity, but the majority of the council agreed that they did not want Hungary to become revisionist, and even feared that Hungary would become revisionist. Council members several times spoke convincingly about this.

To these ideas of Zhou Enlai, c. Martin did not respond, and assumed that Zhou Enlai wanted to begin a broad discussion about counterrevolution in the People’s Republic of Hungary.

Zhou Enlai later inquired about the state of industry currently in the HPR and its perspectives for development. C. Martin in his answer provided a description of the situation in Hungarian industry. Then Zhou Enlai inquired about the situation in Hungarian agriculture, and the outlook today regarding the collectivization of agriculture. C. Martin provided a concise response, and inquired about how leading

Chinese figures evaluate the situation in agriculture in the PRC. Zhou Enlai answered that this year it will be better in the PRC than last year. Similarly with the cotton harvest. Later he said that the situation in agriculture is fine and stable in all the socialist countries. We are required to devote extraordinary care to agriculture, and here it is difficult for us to help each other. Where there is an insufficient supply of agricultural goods in all the countries, it is significantly difficult to transport agricultural goods such a long distance from China. In the area of industry, on the other hand, from such a distance we can still help each other.

Comrade Martin recalled for Zhou Enlai his words regarding his explanation in conversations with socialist ambassadors in 1961 about the need to reduce trade with the socialist countries, because of the famine. He inquired whether or not now, when the consequences of the famine have been addressed, did Zhou Enlai see the possibility of increasing foreign trade.

Zhou Enlai responded that one must view this problem from two sides. First, as he said in 1961, the situation in the PRC was indeed serious. The PRC was forced to import grain. However, there was another reason for the severe situation in the PRC, about which no one wants to talk about. This reason was the withdrawal of all the Soviet specialists, which meant a catastrophe for the PRC in industry, and the necessity of stopping production in a series of industrial enterprises. The situation included a wide variety of huge problems that could not be resolved through state authority. This led to a situation where we had factories that were constructed but were not able to begin production. We had to cancel a series of orders for various industrial goods from the socialist countries, including as an example here the order of military equipment from the CSSR [Czechoslovakia]. When the Soviet leaders began their open attacks against the PRC at the congresses of the fraternal parties, nothing more was said about this issue until now. He informed me that this was the case at the congresses of five fraternal countries, such as the congress of the Communist Party of Czechoslovakia, where they began an attack and sharp discussion. There was also an attack and such a discussion at the congress of the Italian CP. At a SED congress an openly unfriendly position was taken toward the CP of China and against the Moscow documents. At this congress equal representation was granted to the revisionist Yugoslav party. Zhou Enlai said: "We responded to these attacks, but they only continued. Such a situation exists until now." Further he informed me that he wanted to offer several words on the PRC economic situation. The withdrawal of the Soviet specialists led to the full disorganization of Chinese industry—it was necessary to establish political order and adopt a position—to rely on our own strengths. The USSR abused their economic strength and pressured the PRC, and the withdrawal of the Soviet specialists knocked us to our knees. Similar [things] happened in relations with the fraternal countries. In the summers of 1961-1962, when policies of re-alignment were instituted, in the last year the situation in industry improved. Zhou Enlai said that everything that c. Martin has said is completely clear about why it was necessary to reduce trade. Now in the Soviet press an article has been published with the idea that the PRC would not exist without Soviet aid. He offered thanks to the USSR for moral support and aid in the time of the battle against imperialism and in the Korean war, and during the time of the first five-year plan. However, to come to the conclusion that China could not exist without the help of the USSR does not represent a Marxist position. It is necessary to point out that we ourselves helped the USSR. Everyone knows that at that time the USSR could not rely on their own strengths for daily living. He added that an enormous country like the PRC could not be maintained by another country. We gave the USSR quality Canadian wheat for 300,000 tons of Soviet rye. It was mutually advantageous. The Soviet Union obtained quality wheat and we at the same time obtained a great quantity of rye. Besides this in 1961 we supplied 150,000 tons of rice to the USSR for equivalent goods at global prices. In that same year we bought 5 kilograms of goods from the inhabitants of imperialist [countries]. Now the USSR buys 150 kilograms of goods [from imperialists].

Zhou Enlai continued to say that the reality is that as a consequence of the

development of industry the PRC can produce many goods itself. Then Zhou Enlai inquired of c. Martin whether or not he knew of new goods and technology that might be purchased from the HPR. He suggested that their ambassador in Budapest and the Hungarian ambassador in the PRC might explore the possibilities of trade. The PRC can export to the HPR useful products, agricultural goods, industrial goods, light industry products, machine tools, and heavy industrial equipment. Subsequently Zhou Enlai said that the Hungarian trade council will be informed of possibilities in May. He said persuasively that trade between both countries will expand. They need to purchase chemical products, radio technology, equipment for oil production, as well as steel. Later [he mentioned] several kinds of machine equipment and several other goods. Comrade Martin thanked [Zhou Enlai] for this economic information, and emphasized that the lack of cooperation led to the development of arguments. He wants only to say (as it came up that he who is silent, agrees) that he cannot agree with Zhou Enlai, and his analysis of international relations and the role of the USSR. Zhou Enlai angrily began to gesticulate and answered that now c. Martin is not in agreement with him, and it must be said, that he does not agree with these views. He said that it is very good that c. Martin spoke with his party and government. It is very good that the Hungarian comrades fully agree with the Soviet comrades.

You have the right not to agree with my opinions," said Zhou Enlai. "Now things are proceeding quickly, and you have our respect. However, the views of both sides must be stated, otherwise we cannot agree. Such a position we consider to be non-Marxist, which does not correspond to the facts. All that has been said to you is an outgrowth of our experience, an outgrowth of our experiences with obstacles and difficulties. That you communicate a lack of agreement with me suggests that you do not trust me. How can we resolve significant issues if we have such different opinions between our parties? You have such little sympathy in our difficulties? We have communicated to you about our difficulties in a comradely fashion. Your response shows that you do not have any trust in me and us. Your position is that whether or not the Soviet Union is correct or incorrect is not the matter at hand. This is like pouring oil on fire."

Comrade Martin added that all that Zhou Enlai has maintained is a new position to both parties, and will be thoroughly studied and analyzed. Zhou Enlai speaks with information from the past three years of experience in the PRC, with information that makes it difficult to strengthen friendship between both of our countries. He added, to the respected Zhou Enlai, that he again wants to emphasize that silence is tantamount to agreement, and he definitely does not want to give the impression that Zhou Enlai dominated, and we agreed.

Zhou Enlai responded that c. Martin does not know about this and therefore cannot provide such a summary. These are subjective conclusions, however an objective view would be that today Martin affirmed that Zhou Enlai is correct. He added that Martin wanted today to express his opinions, but would return home and say something else to the leading comrades about whether or not he agreed or did not agree with Zhou Enlai. Zhou Enlai further communicated to c. Martin that the speech of c. Kadar was unknown to the Chinese comrades, but they expected to agree with the Hungarian comrades [when informed of this speech].

The visit concluded with Zhou Enlai extending his hand and offering best wishes and congratulations to c. Kadar, and the Hungarian government. Comrade Martin wished him a happy trip, and success in his future work.

Conclusions:

1. We have the impression that the Chinese leaders speculate that in the future they will have few conversations with c. Martin, as it was shown, that as we conceded nothing, this led to an angry reaction during the visit on the part of Zhou Enlai.

2. The purpose of the Chinese party in the organization of the visit might be to initiate a general PRC policy toward the European socialist states.