

# China's economy: more signs of trouble

The war in Indochina disappeared this week from the front pages of the nation's press upon receipt of the Chinese statement announcing in somewhat ambiguous fashion their intention to withdraw their troops from Vietnamese territory after having delivered what Peking claimed was a success in "achieving the goals assigned them." In subsequent days following the Chinese statement there has been no evidence of any large-scale Chinese withdrawal while the Vietnamese charged today (March 8) that the Chinese are strengthening their forces in the frontier area in preparation for more fighting and continuing their attack in Vietnamese territory.

The question that arises is whether in fact the reports of imminent peace are nothing more than a "phony peace," not unlike the phony war of Nazi Germany following the invasion of Poland. Certainly Peking itself knows better than their claims of having destroyed the "invincibility of the Vietnamese army" — in fact the *Toronto Globe and Mail* reports that a secret document is circulating within military and Politburo circles in Peking which admits that China "had not been able" to wage "a modern war" and that their forces suffered extremely heavy casualties in the fighting up till now.

The Chinese withdrawal announcement is likely to have stemmed from two key factors. The first is the fear of imminent Soviet intervention should China continue its "flight forward" into Vietnam, an assessment that is shared by informed observers in India and Western Europe. At the end of the week the Soviet leadership, while displaying considerable restraint, as indicated by President Brezhnev's speech, was hardly in a mood of passivity toward China. As the Soviets themselves said quite clearly, their restraint was not the result of fearing China but rather derived from their perception that China's intention was to force a Soviet response of a character that would bring the U.S. and the Soviet Union into direct confrontation.

The second major factor was increasing signs that elements of China's own leadership and major segment of the population would not tolerate a widening war and the incredible beating being taken by the Chinese army. Vice-Premier Teng, who is the director of the anti-Vietnam policy, may be in

(see article following on that situation) for the failure of this adventure.

At this moment the Chinese have adopted a policy of holding their present position, not attempting to expand the fighting on the immediate battle fronts, while conducting a scorched earth policy in the occupied territories. The Vietnamese Communist Party daily *Nhan Dan* charged on March 8 that: "While their leaders talk about withdrawal, Chinese troops continue killing, shelling, burning and destroying economic establishments with the aim of paralyzing the Vietnamese economy and forcing it into poverty." Separate reports from Vietnamese sources charged that some 16 Chinese divisions (over 160,000 men) remain inside Vietnam territory. This suggests that Peking may even try to use their 1962 India War tactics of announcing unilaterally their withdrawal and ceasefire in order to induce similar behavior by the other side and then "withdrawing" to positions that represent Chinese claims on Vietnamese territory. But as one Indian source said, "Vietnam is not India," and it is highly unlikely that Hanoi will sit still for that.

The Chinese statement and the Vietnamese reply both left plenty of room for that kind of continued warfare. The Chinese warned that "the Chinese side reserves the right to strike back again" if Vietnam carries out alleged "provocations and incursion" on the border. Vietnam for its part said that "in order to show our good will for peace, we will allow them to withdraw their troops," but only if the invaders halted their "acts of war." So far there is no evidence that China is withdrawing or halting its "acts of war."

One little noticed side of the war is the continued evidence of Chinese military activity in the two other Indochinese states, Laos and Kampuchea. The Laotian government issued a formal statement charging Peking with carrying out a "serious threat to peace" through a large scale buildup of troops on their border, in the region of conjunction of Laos, Vietnam and China. The Vietnamese had indicated earlier their anticipation of a Chinese move on their northwest, ironically in the Dien Bien Phu area, through Laos.

The Laotians made a more interesting charge in stating that the Chinese were carrying out subversion in-

side Laos by forming armed divisions of tribal elements inside Laos against the government. It is known that this is a reference to Chinese links reported for some months now to Meo tribesmen, the opium-poppy-growing hill tribe that became famous during the infamous CIA "Secret War" in Laos as a CIA financed and armed private army. In fact some months back *Far East Economic Review* had reported that the CIA's Meo General Vang Pao, now in exile in Thailand where he still leads armed Meo operations in Laos, had traveled into southern China for talks with Chinese authorities to gain their military support to create a "Meo state" in the region.

On the Kampuchea front the new government in Phnom Penh issued a statement charging that Chinese arms were being transited through Thailand, from Thai islands, to remnants of the Pol Pot regime still carrying on scattered fighting in western Kampuchea. The Thai government denied the charge but informed sources have been reporting this activity for some time now. Only last week a battle took place right on the border when some of the last element of the Khmer Rouge forces of Pol Pot were literally driven across the Thai border. Dismissing reports of a Vietnamese "quagmire" in Kampuchea, *Asia Week* magazine wrote this week that "the consensus in Bangkok is that the fighting appears to be at a low level and Khmer Rouge activity is more annoying than threatening."

#### **What else has China lost in Asia**

The Chinese claims of victory are patent nonsense to any observer who is not wearing rose-colored glasses made in Hong Kong. On the military side the Chinese were badly chewed up, while failing to force the engagement of any significant force of Vietnamese regular troops. *Asia Week* reports that there is no evidence that the Vietnamese forces in Kampuchea, which Peking so badly wants to force out in hopes of restoring the Pol Pot regime to power, moved one inch. The Vietnamese report that the Chinese have suffered some 45,000 casualties up till now, a result of feeding Chinese foot soldiers into a meatgrinder of Vietnamese artillery fire and mines. While media sources, among them the *New York Times's* Drew Middleton, have portrayed the Vietnamese claims as propaganda, qualified U.S. military professionals who participated in the U.S.'s Vietnam war have told this news service that Vietnamese casualty

claims tend to be accurate.

In short there was no real test of strength against the best of Vietnam's battle-tested army, and the Chinese showed little ability to conduct modern warfare. Should Peking move to expand the battle immediately again it is likely that the Vietnamese will expand their military education from the grade school lesson delivered this time to a university level course.

More important for Peking legions still sitting in Vietnam are the political repercussions for Peking in the region. While the non-Communist nations of the Association of Southeast Asian Nations (ASEAN) adopted a formal position of cautious neutrality, there is evidence that there is considerable anger at Peking for its destabilizing invasion and for bringing the world to the brink of large-scale war. Well-informed sources report that at least one ASEAN nation, and the most important one, Indonesia, was privately feeling that China had proved itself an aggressive nation and a threat to the region.

The Indonesia view is likely that of one Southeast Asian official quoted in the recent *Asia Week* on his assessment of the situation. Regarding Kampuchea he says, "In all probability, Heng Samrin (head of the new government) is not mad, as Pol Pot was. We shall one day have to agree with the Vietnamese that in the case of the Khmer Rouge, the end justified the means ...

"We in ASEAN have very good reason to be confident about the future. In a sense, this is the last of the Indochina wars. When it is over, all of us — Vietnam, Laos, Kampuchea and the ASEAN members — can begin properly to build strong and independent societies."

Any attempt by Peking to keep its war going, following their "phony peace" is sure to accelerate the anti-Chinese feeling in the region. The next days will show if the Chinese intend to provide more than words to indicate their real intentions but given China's aim to get Vietnam out of their way as their chief obstacle to dominance in southern Asia, it is certain that we have only seen the opening act of a much longer Chinese Model Opera. It remains only to note that the Chinese may have written the first act, but Vietnam has written the closing scene which may well cause us to rename this Opera, "Remember Dien Bien Phu."

— Daniel Sneider