China’s Foreign Aid In 1978

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BY JOHN FRANKLIN COPPER

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CHINA'S FOREIGN AID IN 1978

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I. Introduction

The year 1978 witnessed a number of important changes and firsts in China's foreign aid program. Most important was the cutting of aid to China's heretofore largest recipients: Vietnam and Albania. In this connection it was reported in mid-year that China's populace welcomed the end of aid to these two countries and that China's foreign economic assistance was unpopular domestically.1 Late in the year a wall poster was seen in Peking (Beijing) which read: "While people were begging in the streets in some parts of China, the dictator of our country distributed Chinese money to his fellow dictators in Vietnam and Albania."2 It was reported officially in the fall that China was cutting its foreign aid program drastically and that the present level of aid giving was about one-tenth that of 1970. This same source also stated that China needed the resources that previously went into the foreign aid program and that the program had not brought sufficient political dividends.3 At almost the same time the Prime Minister of Papua New Guinea, after approaching China for aid, admitted his disappointment at being told that "China now has a new policy with regard to aid."4 Peking also allegedly answered a request from Tanzania for another railroad project and an iron ore extraction project by saying that China needed railroad building equipment at home and that the two projects suggested were "too expensive and not economically feasible."5 China requested aid from the United Nations for the first time in 1978, while negotiating a number of long-term loans from

Western countries. Although it appeared contradictory that China would solicit aid while continuing to give foreign economic assistance, there was no sign that Chinese leaders were troubled by this, or that the foreign aid program was to end. Other firsts in 1978 were praise from the United States for China’s foreign aid program and an alleged promise by China to give assistance to Pakistan to build nuclear reprocessing facilities.

The report that China’s aid giving in 1978 was only one-tenth of that of 1970 is less startling than it may appear since 1970 was the peak year in China’s foreign aid program. Official aid given in 1970 was one hundred times more than the previous year, though actual aid given was certainly not that much greater. Moreover, in 1971 officially reported aid dropped to just over one-third of what it had been in 1970. According to Chinese government sources, aid worth $121 million was extended in 1978, a figure close to the totals of the previous three years (see Table 1). If a $56 million loan to Mozambique that was renegotiated in 1978 is added, the total comes to $177 million, or more than any of the previous three years.

Since official figures are hardly representative of China’s aid giving efforts, it is necessary to look to other data to make more accurate judgments. The elimination of aid to Vietnam and Albania clearly resulted in a marked drop in total aid deliveries — probably by 50 percent or more. On the other hand, China’s aid to other nations remained about the same or increased. Peking gave aid to 53 nations during the year, four more than in 1977 and nine more than in 1976 (Table 2). Five nations received aid for the first time; seven if Red Cross aid is added (Tables 3 and 4).

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6. See Asian Recorder, December 10–16, 1978, p. 19227. According to this source, China was seeking aid, not only through U.N. development programs, but also from WHO and UNESCO. The amount China wanted was $100 million, according to a U.N. official.


nations that had not received aid from China for some time, North Korea and Ghana, once again became recipients of China's largess. Peking promised or negotiated more than forty new aid projects that could be defined as large or medium sized, involving more than twenty countries (Table 5). Nine major projects were completed during the year, several of which will likely have a significant effect on the recipient country's development plans, as well as its relations with China (Table 6).

Owing to China's termination of its aid program to Vietnam and Albania, communist countries received about the same amount of aid as non-communist Asian countries or African countries, in contrast to previous years when communist nations received the largest portion of Chinese aid. Middle Eastern nations fared much less well, while China extended aid to only two nations in Latin America and one in non-communist Europe.

Kampuchea and Pakistan were China's two largest aid recipients during 1978. The former was almost completely dependent upon China's economic assistance for its survival. Pakistan received aid from a variety of other sources, making China something less than a major donor. Tanzania, in the past a major recipient of Chinese aid, was noticeably being weaned from Chinese economic help. In fact, China publically expressed some disappointment that it could not break its connections with the Tan-Zam Railroad, a railroad line running through Tanzania and Zambia, and China's largest aid project anywhere. Chinese technicians had to return to help keep the railroad operational after it had experienced serious problems that led to some questioning in both recipient countries about its value and usefulness. This undoubtedly explains why China has given no indication, contrary to many observers' expectations, that it would undertake another large project like the Tan-Zam Railroad.

China provided military aid to fewer countries than in the past (Table 7). In fact, officially announced military assistance was extended only to Kampuchea and Zaire. Aid to guerrilla or revolutionary movements was also off, with guerrillas operating in Rhodesia, the Palestine Liberation Organization, and the Meo tribes in Laos being the only recipients (Table 8). Most of China's assistance to foreign countries went to finance projects in the public sector, but few seemed designed to foster socialism per se. Roadbuilding, medical aid, agricultural assistance, textile mills and other small factories, and power stations were the most popular kinds of aid. China also built a number of stadiums,
sports complexes and meeting halls. Little aid was given to help
communist parties or organizations, and almost no food aid was
given. The sparse information available on aid negotiations
during the year, together with recipients' comments and attitudes,
suggest that China still favors giving aid in the form of non-
interest loans with long repayment periods. The grant aspect of
these loans, however, remains less than Western aid because they
are repayable in commodities rather than in currency which
decreases in value due to inflation. Also, as in the past, Chinese
economic aid is given to purchase Chinese goods only.

Judging from China's foreign aid program in 1978, its motives
in aid giving remain predominantly political, though its goals
varied among different nations and regions. In the case of aid to
non-communist Asian nations, Chinese leaders considered the
balance of power on the Indian subcontinent to be important to
Chinese security directly, as well as indirectly by preventing an
increase in Soviet influence there. In Africa, China's aims in
giving aid related to winning support for its foreign policy
objectives and its international views expressed in the United
Nations. Aid to communist nations can be tied to Sino-Soviet
differences and to China's bid for ideological leadership of the
bloc. Aid to Middle Eastern and other nations must be connected
to more specific goals and to local circumstances.

China's foreign aid program in 1978, as has been true over the
past several years, was not in any sense competitive with Western
aid programs. On the other hand, China actively sought to
compete with Soviet aid giving, and in several cases either
terminated aid when its influence diminished and Soviet influence
increased, or increased aid to countries that were experiencing
problems with the Kremlin. Peking criticized the Kremlin for
using aid in exploiting recipient countries and causing them to
lose their political and economic independence. Specifically
mentioned was the fact that Soviet aid advisors and technicians
demand large salaries and much better living conditions than
those of local citizens, and that their technicians keep secret the
blueprints for aid projects.9 The fact that Soviet loans carry
interest and sometimes cannot be repaid and that the repayment
is tied to the export of raw materials to the Soviet Union were also
cited.

In terms of more general foreign policy goals, China’s foreign aid program seemed to reflect an effort to maintain some measure of leadership of Third World countries and win support among poor countries for China’s foreign policy aims. It also mirrored a perspective on the part of Chinese leaders that events in other parts of the world affect China — though this attitude did not seem to extend to Latin America to any meaningful extent. In the context of a larger role in the United Nations and the possibility of China’s becoming an important recipient of U.N. aid, Peking gave evidence of bringing its aid program into line with international guidelines. In one case China gave aid under U.N. auspices. If this can be regarded as a precedent, it represents a major switch from China’s policy of giving only bilateral aid.

Bloc and regional assessments of China’s aid during 1978 are made in the following sections. Specific aims and events in China’s aid giving during the year are analyzed, juxtaposed beside general objectives and trends. After the bloc and region assessments conclusions are made concerning the successes and failures of China’s aid program during 1978 together with some expectations concerning China’s future aid giving.

II. Aid to Communist Countries

China’s aid to communist countries declined significantly in 1978 owing to the severing of aid to Vietnam and Albania. The final decisions in both cases came in mid-year and may, in fact, have been connected. Clearly both moves seem related to China’s own development plans and its need for more investment funds at home. On the other hand, there is good evidence to suggest that China’s aid relations with Vietnam and Albania were based on different motives and China had special reasons for breaking its aid ties with each. Despite the official termination of its aid to these two countries, China continued work on projects almost completed and some projects were even finished in these two countries during the year (in contrast to the Soviet Union’s mode of terminating its aid programs to China and Albania).

Kampuchea received large amounts of Chinese aid, both economic and military, and a sizeable contingent of Chinese engineers, technicians and laborers were in the country up until the time it was overrun by the Vietnamese army. No figures are available on the value of Chinese aid to Kampuchea during the year, but it is uncontestable that Kampuchea was the largest
recipient of Chinese assistance among both communist and non-communist countries during 1978. And, although the fall of the Pol Pot regime ended the official flow of aid and forced Chinese personnel to flee, guerrillas operating in the country and units of Pol Pot’s army that reorganized in Thailand and returned to Kampuchea continued to receive assistance from China.

Laos continued to benefit from Chinese assistance in 1978, and though China appeared to be very active in providing Laos with aid during the year, this can probably best be described as a holding action or an effort to counteract the growing influence of Vietnam and the Soviet Union and their increased aid to Laos. China’s road-building efforts in upper Laos, which had been going on for a number of years, continued to preserve a Chinese sphere of influence there. The value of Chinese help to Laos in 1978 is difficult to estimate, notwithstanding the fact that Chinese leaders had much to say about it during the year.

China also extended essentially token amounts of aid to Romania and North Korea during the year. In March it was reported that Chinese workers and technicians were helping to build a polycarbonate production unit in Romania.10 In September the government of North Korea announced the completion of a large construction project with the help of Chinese technicians.11 Kim Il Sung sent gifts and medals to the Chinese technicians and praised their work, suggesting that they were aid personnel and that the project was built in part or entirely with Chinese assistance.

China provided economic aid to Vietnam during the first part of the year, though in a very truncated form, as had been true during the previous two to three years. Peking probably hoped to keep Hanoi from falling completely into the Soviet orbit, even though it was clear that Vietnam was siding with Moscow regarding Sino-Soviet differences and was becoming heavily reliant upon Soviet aid. Early in the year Vietnamese leaders had given some cause for thinking that they would not unequivocally side with the Russians by requesting Western aid and by pursuing better relations with nations of the region that were openly cool to the Kremlin’s “Asian Security Plan” — which was viewed in Peking as a device for “containing” China. In May, however, it was reported that China had decided to withdraw its specialists.

working on 20 projects in Vietnam. The stated reason was that China needed the funds to feed large numbers of refugees that were being forced to leave Vietnam. Subsequently the Chinese Foreign Ministry announced that it was cancelling part of its "complete factory aid projects" to Vietnam. Almost at the same time, however, Peking reported that a large oil bunker had been built and put into use in Vietnam, stressing that it was part of China's aid program to Vietnam. Peking apparently wanted to give the impression that it was cancelling its aid to Vietnam because of Hanoi's actions and sought to avoid the impression that it was trying to disrupt Vietnam's economy or was acting vindictively.

In July the Chinese government sent a note to Vietnamese officials saying that China "had been compelled" to stop all economic and technical aid and that it was recalling its engineers and other technical personnel still working in Vietnam. Peking's explanation, subsequently published in Peking Review, stated that the reason was that Vietnam had "obdurately stepped up its anti-Chinese activities" and was guilty of "ostracism of Chinese residents in Vietnam." The article went on to say that Vietnam had "seriously damaged the friendly relations between the two countries," had created a "foul atmosphere of vilifying and inciting antagonism against China," and had destroyed the "minimum conditions required for the continued stay of Chinese experts . . . to carry on aid projects." In July Hanoi reported that China had cut off aid for 21 projects in early May and had cancelled another 51 projects by the end of June. Another source put the total number of projects cancelled at 72, the entire value of which was $1 billion.

17. Ibid.
Japanese reporters observed over 100 Chinese technicians leave Hanoi on July 9, most of whom had been working on a bridge construction project near the capital city. 20 Vietnamese officials told Japanese reporters at the time that the suspension of Chinese aid was "naturally causing certain immediate difficulties in Vietnam." 21 The government of Vietnam also reported that in July China had decided to end training programs for Vietnamese post-graduates studying in China. 22

The scope of Chinese aid to Vietnam, if Chinese sources are to be believed (and their reports were not contradicted by Hanoi), was much more than most Western sources had previously estimated: somewhere between $10 billion and $20 billion over a 20-year period. Teng Hsiao-p'ing (Deng Xiaoping), according to one source, put the figure at $14 billion; a different source said he valued it at $18 billion. 23 In this connection he was quoted as saying that the only thing wrong with Chinese economic aid to Vietnam was that "it was too much." He also asserted that the sum total of Chinese aid to Vietnam was "much more than from the Soviet Union." 24

An article in People's Daily stated that most of the "over $10 billion" in aid to Vietnam was given in the form of grants and the rest in interest-free loans. 25 It went on to say that China had provided Vietnam, over the course of thirty years, with almost $6 billion worth of complete plants and non-military materials, 100 locomotives, thousands of railroad cars, 700 ships, and tens of thousands of motor vehicles. The article also stated that many of these items were supplied by factories in China that were producing only for Vietnam, or were purchased abroad with "precious" foreign exchange. It also declared that China provided

Vietnam with better weapons than it had at home and that many Chinese had "shed their blood and laid down their lives" in Vietnam.

There were probably several important reasons behind China's decision to sever its aid to Vietnam, besides the fact that China needed more capital to finance its own modernization plans. First, China considered it a hostile act for Vietnam to mistreat and expel Chinese residents, and found it costly to absorb them into China, where most of them had never lived. In June, when Teng Hsiao-p'ing announced that Chinese aid to Vietnam would be reduced, he accused Hanoi of mistreating Chinese living in Vietnam and stated that Vietnam had "expelled 110,000 Chinese still pretending that they had simply escaped out of the country." A second reason for cutting its aid was opposition to Hanoi's policy of creating a "Federation of Indochina." Chinese leaders had long advised Hanoi not to reunify Vietnam too quickly, and not to try to make Laos and Cambodia puppet states. China preferred the three Indochinese nations to remain independent and wanted to pursue relations with them separately. Vietnamese leaders had not followed this advice and instead had stationed large numbers of troops in Laos and had infiltrated its government. Their policy of establishing a federation also brought them into direct military conflict with Kampuchea, which China supported and aided. Third, Chinese leaders were upset over Hanoi's ties with the Soviet Union and Vietnam's reliance on Soviet aid. Peking had expected Vietnam to solicit Western aid and not become overly dependent upon the Soviet Union for economic assistance. Chinese leaders therefore opposed Vietnam's industrialization plans which required increased amounts of Soviet aid. Chinese leaders were especially antagonized by Hanoi's allowing the Soviet navy to use Vietnamese ports, and rumors that Vietnam would give the Soviet Union exclusive and by unlimited use of Cam Ranh Bay in exchange for Soviet military assistance. China likewise opposed Soviet-Vietnamese cooperation in Laos and Hanoi's support of Soviet and Cuban activities in Africa.

As in the case of Vietnam, China announced work on aid projects in Albania both before and after the termination of aid to the Albanian government. In May Peking announced that a plastics factory had been built and put into operation in Albania, boasting that it was the largest of its kind in the country and was capable of producing 270 different kinds of plastic products and
items for use in industry and agriculture. In late July, after the cutoff of aid, Peking publically announced the completion of a factory for building prefabricated parts for houses, noting that it also was the largest in the nation and that it produced the parts for 14,000 square meters of five-storied flats.

In early July, confirming rumors about strains in Sino-Albanian relations and an end to China's foreign aid, Peking announced formally that it was terminating its aid to Albania and recalling its aid personnel there. The announcement, first made public through China's official news agency and later published in Peking Review for international distribution, stated that China had given Albania military and economic aid totaling more than $5 billion since 1954. Peking provided details in a note to the Albanian Embassy, also published in Peking Review, stating that China had signed agreements on 142 projects, 91 of which were said to have been finished, 23 nearly completed and 17 surveyed or designed. According to the note, China had also sent 6,000 aid personnel and experts to Albania, trained 2,000 economic and military cadres in China, delivered 1.8 million tons of grain, and provided aid in the following areas: iron and steel, chemical fertilizers, caustic soda, acids, glass, copper processing, paper, plastics, armaments, electricity, coal, petroleum, machine tools, textiles, building materials, communications and broadcasting.

The note also asserted that China had provided food aid to Albania when there were scarcities in China, that electric power stations were supplied even though electricity was in short supply at home, and that modern Chinese tanks and fighter planes were sent to Albania before China's own armed forces were equipped with these weapons. The note further disclosed that Albania had been granted a $250 million interest-free loan in 1975, in addition to a free grant of military aid, and in 1977 China deferred payments on loans for approximately $110 million repayable.

29. Ibid.
30. Ibid.
during the period 1980 to 2000. Mention was also made of the fact that all Chinese aid had taken the form of free aid or non-interest-bearing loans. Peking obviously wanted to present an image of generosity.

In explaining the reasons for stopping its aid to Albania, the note to the Albanian Embassy documented several cases where the Albanians had sabotaged aid projects or had through inattention or carelessness allowed accidents to occur. Also cited were demands by the Albanian government for more aid and for help to repair projects damaged or not maintained by the Albanian side. Finally the note reported Albania's attacks on China's domestic and foreign policies, anti-Chinese activities, and slander against the late Chairman Mao. More specifically it asserted that Albania had maligned China's aid program after having given great praise to Chinese assistance in the past, and had criticized China's leadership, ideology and foreign policy.

Albania responded by criticizing Chinese aid, specifically citing delays in aid deliveries of as long as six years. The Albanian government also chided Chinese efforts to control the Albanian economy and dictate its economic development plans. Albania also mentioned China's slowness in breaking with the Soviet Union in the 1960s, and the excesses in China during the Cultural Revolution. The important issue from Albania's perspective, however, seems to have been China's rapprochement with the United States after the death of Mao in 1976 and its subsequent improved relations with Yugoslavia. Albanian leaders may, in fact, have perceived that China was abandoning Albania in favor of better relations with Yugoslavia and the West.

Certainly after improving relations with the United States, the Chinese viewed Albania as less valuable as an ally and for its strategic location; thus differences between the two countries were no doubt partly a product of China's changing priorities. Chinese leaders were also obviously displeased with Albania's criticism of Mao's "Three Worlds Theory," which rationalized China's relations with the capitalist West and which became official ideology after Mao's death. It may not be coincidence that

31. Ibid.
32. Ibid.
34. See "Stop the World, We Want to Get Off," Asia Week, September 1, 1978, p. 14 for further details on this point.
Peking made the announcement of the termination of its aid on the first anniversary of Albania's attacks on this policy. Also, when Albania referred to China's "imperialist tactics" in its feud with Vietnam, Chinese leaders were no doubt angry. In fact, this may have been an important factor motivating Peking to dump its two most important aid recipients at virtually the same time.

The Albanian government tried to disguise the importance of the loss of Chinese aid by giving publicity to several economic accomplishments. Soon after the severance of Chinese aid, Albanian officials announced the installation of turbines in an electric power generating plant, new departments in a metallurgical complex, the production of the first Albanian-made tractor, and the completion of Ballash oil refinery.\(^{35}\) Notwithstanding, it was clear that the termination of Chinese aid would be a blow to the economy, which was already experiencing serious problems. With China accounting for about 70 percent of Albania's trade and supporting a large portion of the nation's economic development program through its aid, the loss of this economic help had to be felt.

Unlike Vietnam and Albania, Kampuchea received increasing amounts of aid from China during the year. Much of China's aid to Kampuchea, however, was military aid and in no case was the exact kind or amount of aid specified. Thus it is impossible to do more than estimate the value of Chinese aid during the year. In fact, it may be more meaningful to say simply that it was considerable rather than try to put a dollar figure on it. On the other hand, Chinese assistance was not sufficient to prevent the successful invasion of Kampuchea by Vietnamese forces at the end of the year, which caused the fall of the Pol Pot regime.

During the year, China made no official promises of new aid or credits to Kampuchea, though this was unnecessary in view of the $1 billion aid promise made in 1975, much of which had probably not been used. The flow of aid could be confirmed by project work financed by China, by the delivery of goods, and by the imbalance in their trade accounts. The only official mention of aid by China came indirectly when Pol Pot gave a party for Chinese technicians in Kampuchea in July.\(^{36}\) Kampuchean sources gave some details on Chinese assistance mentioning that

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Chinese technicians were working on restoring a cement factory, a phosphate factory, a textile mill, a plywood factory, a power station, a glassware factory and a tire factory.\(^{37}\)

The amount of aid and its importance is even better reflected in the diplomatic activities between the two countries, China’s feud with Vietnam, and Kampuchea’s needs. At the beginning of the year, China was clearly titling toward Kampuchea in its struggle against Vietnam.\(^{38}\) In January Chou En-lai’s (Zhou Enlai) widow visited Kampuchea and met with Pol Pot. After her return to China it was reported that China regarded Kampuchea as a “victim of Vietnamese aggression.”\(^{39}\) It was also reported at this time that Chinese soldiers were fighting in Kampuchea, though this could not be confirmed.\(^{40}\) Hanoi at this time proclaimed that China was giving vast amounts of military aid to Kampuchea — enough to “help them build up and equip overnight a dozen divisions armed with long-range artillery and warplanes.”\(^{41}\)

In June and again in July, the Kampuchean Minister of Foreign Affairs, Ieng Sary, visited Peking. The second visit coincided with a trip by Defense Minister Son Sen, who met with Deputy Premier Chen Hsi-lien (Chen Xilien). Chen stated at the time that the Chinese army would “always support the Cambodian army.”\(^{42}\) It was subsequently reported that Chinese leaders had agreed to supply Son Sen with large quantities of small arms and weapons that could be hidden in the countryside for use by guerrillas in the event of an invasion by Vietnam.\(^{43}\) There was also speculation, however, that China was reluctant to continue


\(^{39}\) Keesing’s Contemporary Archives, October 27, 1978, p. 29295.


\(^{42}\) Keesing’s Contemporary Archives, October 27, 1978, p. 29295.

support of the Pol Pot regime in view of its human rights record, China’s efforts to improve relations with the United States, and the expectation by Chinese leaders that Vietnamese forces would soon invade Kampuchea with the help of anti-Pol Pot forces in the country and overthrow the Pol Pot government. Chinese leaders may also have perceived that, owing to logistical problems, there was little they could do to help stop an invasion by Vietnam.

On the other hand, Western sources reported, prior to the Vietnamese invasion, seeing tanks, armoured vehicles and large artillery in use in Kampuchea for the first time, apparently shipped in from China via the port of Kompong Som. There were also reports that in July China had agreed to provide Kampuchea with large quantities of air and naval weapons and was expediting its training of Kampuchean pilots in China. In addition, in November Chinese instructors were seen in Battambang in western Kampuchea training Khmer pilots to fly MIG-19s. According to U.S. intelligence reports, Chinese were also helping build an airfield near Phnom Penh capable of handling both jet fighters and bombers. It was estimated at this time that China had 20,000 advisors and technicians in Kampuchea.

Prior to and while anticipating Vietnam’s invasion, Chinese Politburo member Wang Tung-hsing (Wang Dungxing) and veteran economic planner Yu Chiu-li (Yu Quili) visited Kampuchea while Teng Hsiao-p’ing visited Bangkok. Teng reportedly queried the Thai government about using Thai airspace for flights from China to Kampuchea, ostensibly to guarantee the flow of military equipment and supplies to that country in view of the treaty Vietnam signed with the Soviet Union on November 3 and the expected Vietnamese invasion of Kampuchea as the dry season approached. Alternatively, Teng may have had in mind the evacuation of Chinese personnel. It was also reported at this time that China twice rejected requests from the Pol Pot government for combat troops.

47. CBS Evening News, seen in Memphis, Tennessee at 5:30 p.m., November 9, 1978.
49. Ibid.
In any event, the invasion of Kampuchea cut China's aid supply routes to Kampuchea, except what could be delivered via land routes through Burma and Thailand with the help of pro-Chinese communist insurgency groups. During early 1979 it was still uncertain how important this might be or if there were large caches of Chinese weapons in the countryside. Anyway, even if there were stores of Chinese weapons in the country, it was unknown whether this would be able to help sustain a guerrilla campaign against the Vietnamese army in Kampuchea.

In Laos, China's aid efforts were less definite in terms of both China's commitment and its successes. Peking made a number of offers and official promises of aid during the year, and it finished a major road project that had been under construction for 16 years. Soviet economic aid to the Laotian government overshadowed Chinese aid, however, and the Vietnamese presence in the country was larger than China's. In addition, there were clear signs that Laos was tilting toward Moscow and Hanoi because of the need for Soviet aid (foreign aid has comprised 70 percent of the national budget in recent years) and the presence of at least 30,000 Vietnamese soldiers in Laos. Yet China maintained a presence in the north, where it had been involved in road construction for more than a decade. Peking appeared to be waiting for the Soviets and the Vietnamese to alienate the people of Laos more than they already had, or for the government's problems with the Meo tribes and other insurgents to escalate.

In January, according to sources in Laos, China offered to build additional roads throughout the country and construct some unspecified light industries in Vientiane; but the Laotian government rejected the offers and instead asked China to build an earlier-promised brick factory in the northern part of the country and one new project in the capital.\(^{51}\) According to Chinese sources its negotiators signed two protocols for aid projects with the government of Laos in January, one of them for complete sets of equipment, the other not specified.\(^{52}\)

In March the construction of the Laos-China Friendship Weaving Factory was started in Oudomsay Province in northern Laos.\(^{53}\) And in April a turning-over ceremony was held for the Na

Sang-Bou Hai Highway in upper Laos. Construction on this 286-kilometer asphalt highway, part of a Chinese-built network of roads in northern Laos, started in October 1973 and was completed in February 1978. These road projects have long provided China with an excuse for having worker-soldiers numbering up to 20,000 in Laos. During the American bombing they were protected with artillery and other weapons, which remained after the communist takeover in 1975. The holding of the ceremony may have constituted a veiled effort by the Laotian government, under pressure from Moscow and Hanoi, to get some or most of the Chinese worker-soldiers out of Laos. In any event, 10,000 left, though they were reportedly replaced by 5,000 others to do some finishing work on the road network.

In mid-year China's foreign aid program in Laos remained active, or so it seemed based on official Chinese accounts. In May it was reported that 20 percent of the Laos-China Friendship Textile Factory had been completed. In July Peking announced the beginning of work on the brick factory mentioned above. In mid-September, however, a high Chinese official told the mayor of Paris that Laos is “henceforth completely dominated by Vietnam.” In the context of previous and subsequent aid activity it appears that this remark was directed at the Laotian government and may have been intended to pressure it to limit Soviet and Vietnamese efforts to extend their influence into the northern part of Laos. Alternatively it may have been a warning to the Laotian government that the war in Kampuchea might spread to Laos if it did not maintain its neutral stance. The Laotian government’s acceptance of Chinese Red Cross assistance at almost the same time the remark was made and its announcement just days after that an oxygen factory was being started with Chinese assistance, tends to support this conclusion and may indicate that Peking did not regard Vietnamese domination as a fact. Further evidence is

55. See Copper, China’s Foreign Aid pp. 58-60 for further details.
the organization by the Laotian government at this time of a photographic exhibition on Chinese development, and the sending of a delegation to Peking to celebrate China's national holiday.\(^6\)

In any case Chinese aid to Laos was not terminated as would have been expected if Chinese leaders had perceived that Laos had fallen into the Soviet-Vietnamese orbit.

There were also unconfirmed reports during the year to the effect that China was aiding the Meo tribes with weapons and supplies and hoped to detach part of northern Laos from the rest of the country.\(^6\) Rumors emerged in this context that China was cutting its aid to Laos, but these were debunked by aid discussions and deliveries in September.\(^6\) Other reports indicated that China had broached the subject of building a railroad in Laos, but that the offer was turned down.\(^6\) This may have been less than a genuine offer, however, since building a railroad, like extending the Chinese-built roads in Laos further south, would give the Soviets and Vietnamese greater access to northern Laos where China's influence predominates and the difficult terrain favors China.

In view of the fact that Laos asked for and received economic aid from the United States during 1978, not to mention receiving aid from the United Nations and from a number of donors both communist and capitalist, a waning of Chinese influence is not necessarily indicated by the large quantities of Soviet aid compared to Chinese aid and the presence of Vietnamese soldiers. Laos seems to have tilted toward the Soviet-Vietnamese camp, but it has also maintained some degree of independence. China's continued willingness to give aid and the willingness of Laos to accept it, plus China's physical propinquity, seem to suggest that China will continue to maintain some presence and influence in Laos.

III. Aid to Non-Communist Asian Countries

China's aid to non-communist Asian countries in 1978 followed previous patterns and there were no new recipients (with the exception of Thailand, which received a small Red Cross

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Afghanistan, a past recipient, was not mentioned by Peking in connection with its foreign aid giving in 1978, probably reflecting the rise of Soviet influence there. For the first time China probably gave more assistance in dollar terms to non-communist Asian countries than to any other region or bloc. This was the product of both the cutting of aid to Vietnam and Albania and the increasing strategic importance of South Asia in the eyes of Chinese leaders. Soviet encroachments in the area and continuing efforts by the Kremlin to contain China, underscored by the pro-Soviet coup in Afghanistan, were particularly challenging to Chinese leaders. The goal of preventing India’s domination of the subcontinent and an effort to maintain a balance of power of sorts in the region also remained important. The fact that China’s aid went almost exclusively to countries in South Asia rather than Southeast Asia might be seen to reflect a shift in geographical focus of interest, though this is probably more the result of cautious attitudes on the part of leaders of the nations of non-communist Southeast Asian nations toward China, rather than a shift of strategic concern by Chinese leaders. Only in the case of Burma was meaningful aid given to a communist party or organization, though some assistance may have been given to the Communist Party of Nepal. In no case can it be said that Chinese aid was given specifically for the purpose of advancing socialism or assisting the socialist sector of the recipients’ economy. China’s concern with increasing its foreign trade, however, did appear to be a motive in giving aid, especially to Nepal and Pakistan and to a lesser extent Sri Lanka and Bangladesh.

Aid to Pakistan, Bangladesh and Nepal clearly increased during 1978. Aid to Sri Lanka and Burma remained at about the same level as in recent years. Pakistan was the largest non-communist recipient of Chinese aid during the year, and Bangladesh the recipient of the largest aid promise during the year of those whose value was officially announced. After Kampuchea, Nepal was probably the nation most influenced by Chinese aid in terms of both its economic and political impact.

Peking made several announcements of new aid in progress to Burma in 1978. However, no mention was made of the value of any of the projects promised. And, in spite of what seemed to be significant aid discussions and meaningful promises, Burma was not an important recipient of Chinese aid during the year; nor did China provide much of the external assistance the Burmese
government obtained. The greater than usual publicity given to aid by China may reflect problems in its relations with the Burmese Communist Party which China had long supported both psychologically and with weapons and supplies. Alternatively, China’s more open discussions of aid to Rangoon may simply have represented an attempt to prevent Burma from tilting toward Vietnam and the Soviet Union — a factor that had become more important because of the struggle for influence in Indochina.

In March Peking announced the completion of the Meiktila Textile Mill in Burma, reportedly equipped with 80,000 spindles and 600 looms. That same month Chinese leaders signed an agreement to expand this mill with a “second-stage project.” One interpretation of this aid promise by China was that it was an effort to maintain good relations with Burma in the wake of the visit there by Teng Hsiao-p’ing in late ANUARY. It may also have related to China’s efforts to support the Pol Pot government in Kampuchea, since it is likely that Teng broached the subject of transit rights through Burma to send supplies to Kampuchea or for overflight privileges. Another possibility is that Teng wanted to pressure the Burmese communists to support China’s efforts in Kampuchea and Laos or to actively resist Vietnamese “expansionism.” China at this time was also providing supplies and probably weapons to the Burmese Communist Party. In any event, after Teng’s visit the Burmese Communist Party mounted a new offensive against government forces in northern Burma and increased terrorists activities throughout the country. Apparently the Burmese Communist Party did not approve of China’s aid to Rangoon and wanted to demonstrate its displeasure.

In May a technical team from China arrived in Burma to make a feasibility study on the construction of a 10,000-seat indoor stadium in Rangoon. However, a summary of talks on this project was not signed until October. Meanwhile, Chinese aid to Burma was given a more official place when Peking Review publicized the textile mill it was expanding, noting that it was the

66. Ibid.
largest in the country.\textsuperscript{69} China seemed to be making offers and giving publicity to its aid to Burma to test the Burmese government's response.

China's foreign aid program in Nepal was active during 1978, and, as in previous years, continued to help prevent Nepal from tilting politically toward India or the Soviet Union or becoming economically dependent on either of these countries. China's foreign aid also facilitated trade and helped redirect some of Nepal's foreign commerce through China. A somewhat more active aid program than usual in 1978 (Since the 1950s China has regarded relations with Nepal as important to China and has maintained an active foreign aid program there) probably represented efforts by Chinese leaders to enlist additional support for their foreign policy views that were coming into direct conflict with Moscow and Hanoi. Alternatively aid was used to compensate for not opening up Tibet to trade with Nepal as China had earlier promised. China sent some financial aid to a faction of the Communist Party of Nepal, but this probably had no effect on official relations between the two countries.\textsuperscript{70}

In February Teng Hsiao-p'ing visited Katmandu, and though he failed to mention a major highway project that China had already discussed with Nepalese officials and postponed discussions on a large water project, he promised three industrial projects and agreed that Chinese teams would soon visit Nepal to study other projects.\textsuperscript{71} Teng probably wanted to extract some promises from the Nepal government, or at least test their reactions to tenets of Chinese foreign policy in several realms, before extending additional aid.

In March a textile mill built with Chinese aid funds went into operation in Nepal and 200 tons of cotton lintel were air-shipped from Pakistan. The mill could not operate at full capacity, however, due to the lack of electricity.\textsuperscript{72} In June an industrial survey team from China arrived to conduct feasibility surveys of ceramic, paper pulp and sugar factories.\textsuperscript{73} And, in September

\begin{itemize}
  \item \textsuperscript{71} \textit{The Asian Student}, February 25, 1978, p. 4.
  \item \textsuperscript{72} \textit{Asian Recorder}, March 12–18, 1978, p. 12411.
  \item \textsuperscript{73} Katmandu Radio, June 14, 1978, cited in \textit{China Aktuell}, June 1978, p. 15.
\end{itemize}
Peking signed an agreement with the government of Nepal on the construction of "complete projects." The Chinese side failed to mention the costs or conditions involved in the agreement; however, it was reported by other sources as valued at $40 million and designated for the building of a sugar refinery and a paper mill. In December the Chinese media reported the completion of the Hetanda Cotton Textile Printing and Dyeing Mill, which at that time was handed over to the Nepal government. It was said to be the largest of its kind in the country and capable of turning out 10 million meters of cloth per year.

China's aid to Nepal during the year may be viewed as successful in maintaining friendly ties between the two countries and even in improving relations. Nepal supported the China-Japan treaty, although this should perhaps be attributed as much to the generous aid given and promised by Japan. Nepal's continued close relations with India probably did not bother Chinese leaders too much, while cooling relations with the Soviet Union, in spite of an agreement signed during the year by Moscow to build a turpentine factory in Nepal, no doubt pleased Peking.

China's aid to Pakistan was extensive and though it exceeded aid given to any other non-communist Asian country, it did not make up a large portion of Pakistan's total economic help. Nor did it facilitate economic development in any significant way. On the other hand, China's assistance was useful and helped maintain friendly ties between the two countries, and it helped parry Soviet overtures and threats. Roadbuilding was very important and two other forms of aid offered great possibilities: a steel mill and nuclear reprocessing facilities. Like China's aid activities in Burma and Nepal, new difficulties with the Soviet Union and Vietnam, combined with the savings resulting from cutting aid to Vietnam and Albania, influenced decisions resulting in more aid to Pakistan.

In January Islamabad announced that China had agreed to supply Pakistan with a timber seasoning plant, but furnished no further details on this aid donation. At almost the same time the

Pakistan government announced that China was providing engineering training to Pakistanis.\textsuperscript{78} In March government officials in Islamabad revealed that iron ore deposits had been discovered in Baluchisthian through exploration work aided by China and that a feasibility study was being conducted by China for a "mini" steel mill there.\textsuperscript{79} It was also made known at this time that China was providing aid, technical training, and machinery for a glass factory.\textsuperscript{80}

China's most important aid project in Pakistan, the 500-mile Karakoram Highway, was completed in May and inaugurated in June. This highway was started 15 years ago by Chinese and Pakistani army engineer corps. The Chinese segment was completed in 1970, after which Peking made available its engineers and equipment to Pakistan. The first phase of construction on the highway in Pakistan was finished in 1971; the second was started in 1974 and completed in May 1978.\textsuperscript{81} Work on the road had been kept as secret as possible, but became widely known during 1977 when local tribes tried to block construction through sabotage and the taking hostage of Chinese and Pakistani workers and engineers. An undisclosed number were killed and the Pakistani government had to dispatch troops to the area so that work could continue.\textsuperscript{82} President Ziar revealed at the time of the road's completion that more than 400 Chinese and Pakistanis had lost their lives building the road (though many died from causes unrelated to the violent activities of the local tribes) and that at times 20,000 Chinese workers had been helping on the project.\textsuperscript{83} According to Chinese reports, stone and earth work totaled 16.9 million cubic meters, and 85 bridges were built with a combined length of 3,631 meters.\textsuperscript{84} Part of the reason for the extensive earth moving was the occurrence of an earthquake in the region in 1974 and a number of avalanches.

The road is an all-weather one and connects Pakistan's capital with roads and railroads in China. More than this, it provides the final link in a continuous road system from China's

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\textsuperscript{78} Karachi Radio, January 17, 1978, cited in \textit{Ibid.}
\textsuperscript{80} Karachi Radio, March 3, 1978, cited in \textit{Ibid.}
\textsuperscript{82} See Copper, "China's Foreign Aid in 1977," \textit{Current Scene}, Vol. XVI, Nos. 8 and 9, p. 27, for further details.
\textsuperscript{83} \textit{Asian Recorder}, July 30-August 5, 1978, p. 14990.
\end{flushright}
Pacific coast to the Atlantic shore of Europe. The road will also open isolated parts of Pakistan, some of which are known to be abundant in minerals and precious stones, including diamonds, gold and mica. And it will facilitate the development of hydroelectric resources in northern Pakistan. Finally, it is strategically important to Pakistan, particularly in view of the coup in Afghanistan during the year.

In July the Pakistan government announced that a fertilizer plant was being built at Haripur with Chinese assistance at a cost of $37 million. However, no details were provided on the amount of financial aid provided by China for the project or the conditions. In August it was confirmed that China would help in building a small steel mill in Baluchistan. In November a sugar mill built with Chinese aid and capable of producing 400,000 tons of sugar a year, went into operation. Again, however, no details on the costs of these projects or the conditions of aid were mentioned.

In the fall it was reported that China had offered Pakistan the technology to process spent nuclear fuel and extract pure plutonium. According to this source the promise was made after France’s cancellation of an agreement to supply Pakistan with a reprocessing plant. The report was made more credible by the fact that President Ziar had assured the public that he would get the reprocessing facilities one way or the other. However, the absence of followup reports or any mention of the offer by the Chinese government suggests that no such offer was made or that it was only a tentative proposal.

No mention was made during the year of Chinese military assistance to Pakistan, but given the importance and amounts of Chinese military aid in the past, it is likely that some may have been delivered. A Soviet source reported that Pakistan was sending Chinese military equipment to Somalia, but this was officially denied by the Pakistan Foreign Ministry.

China’s aid to Pakistan during 1978 had considerable influence, in combination, of course, with other instruments of its
foreign policy. Pakistan made a move to leave the Central Treaty Organization during the year, but was persuaded by China not to. The coup in Afghanistan and that country's tilting toward Moscow had an impact in Pakistan, but this was no doubt lessened because of ties with China and Peking's economic aid to Pakistan. Pakistan resisted direct Soviet overtures and Indian pressures probably in large part because of its ties with China which were augmented by aid. Chinese aid also had special importance in the context of the cessation of U.S. aid to Pakistan because of the patterns efforts to gain nuclear status.

China was active in supplying aid to Sri Lanka during 1978, but this took the form mostly of completing projects started in previous years. Another rice-for-rubber deal was concluded on the 25th anniversary of the first such agreement, and as usual its terms were favorable to Sri Lanka. No figures were given on any new aid or projects in progress, probably because they were not impressive compared to Western aid projects and Sri Lanka wanted to praise China's generosity thinking this would attract more Western aid. In addition, Peking probably did not want the monetary value of its aid compared to that given by Western nations.

In May Peking reported the completion of a cotton spinning mill started in Sri Lanka in 1976.90 This mill reportedly can produce 1.6 million kilograms of yarn a year, and is the largest of its kind in the country. In August a fish-breeding experimental station built with Chinese aid and technical help was turned over to the Sri Lanka government.91 The station breeds the Chinese grass carp which is now raised in rivers, lakes and reservoirs in Sri Lanka.

China's aid to Sri Lanka continued to help balance India's influence, and it was apparently deemed useful for China to maintain ties with one of the important leaders of the non-aligned nations. The fact of a rightist government in Sri Lanka seemed to make little difference to Chinese leaders, who had been reluctant to aid the former socialist regime because of its unproductive economic policies and inefficient use of aid. Granting new aid, however, may have been pointedly avoided in order not to evoke

the suggestion that China favored the new regime over the previous socialist one.

China's aid program to Bangladesh followed the pattern of the two previous years. Some of the aid promised in 1977 was formalized by being publically announced, naming specific projects and the value of Chinese commitment to each. Apparently Chinese leaders perceived that aid to Bangladesh would be seen by both the world and the Chinese people as needed and generous. Peking successfully cultivated good relations with the Bangladesh government, especially when compared to relations between that government and the Soviet Union. This probably explains why China granted aid, why it refrained from assisting any communist movement in the country, and why it was willing to announce the value of its aid even though a number of Western countries were more active and more generous in giving aid to Bangladesh. Nothing was heard about the continuing of military aid, however, which was expected after a promise in 1977 to provide Bangladesh with MIG-21 aircraft and other weapons.

In March China signed an agreement with the government of Bangladesh to provide an interest-free loan for $60 million to build a fertilizer plant.92 According to a Bangladesh source, this plant will produce 180 tons of urea per day when finished.93 Also included in the agreement was a water conservancy project that will provide irrigation facilities for 4,500 acres of land. In April China announced that it would train officials and technicians for work in fish hatcheries in Bangladesh, making use of an experimental fishery grounds developed in Canton by the U.N. Development Program and the Food and Agricultural Organization.94 This is one of the few times China has cooperated with the United Nations in the aid realm and set a precedent for conducting such a cooperative project in China.

China's aid efforts both paralleled and augmented a successful effort to increase trade with Bangladesh. Two top-ranking Chinese leaders visited Dacca during the year, apparently to discuss trade ties. China ostensibly wanted to increase its commercial ties with Bangladesh to offset India's influence in the area and compensate for the decline of Bangladesh-Soviet trade.

Peking may have had still another motive in mind: Bangladesh can serve to help China improve its relations with Middle Eastern countries where China also seeks to counter Moscow's growing influence.

During the year China also donated $30,000 in cash through the Chinese Red Cross to help flood victims in Thailand. This was the first time China had extended aid in any form to Thailand and represents much-improved relations between the two countries in recent years. This donation might also be seen as specifically related to China's concern with events in Kampuchea, particularly the need to fly through Thai airspace or employ communist groups in Thailand to help support the war effort in Kampuchea.

IV. Aid to African Countries

China officially granted aid or continued aid projects in progress to thirty-one African countries, two more than in 1977. Five to ten nations can be categorized as important recipients of Chinese aid. Tanzania has been and remains China's most important aid recipient in Africa, though Chinese economic support to that country continued to show a decline and in 1978 there were clear indications that this trend would not be reversed. Zambia, Somalia and Zaire would also classify as major recipients. Peking's recent aid agreements with Chad, Cameroon and Botswana may make these countries significant recipients in the future, though relative only to aid projects in those countries, not as a part of China's total foreign aid program because of the small size of these countries. Four African nations, Botswana, Sychelles, Surinam and Liberia, received aid from China for the first time in 1978. Ghana, a nation that had been an important recipient of Chinese aid in the past, but with whom the aid connection had been severed, received aid again in 1978.

Most of China's aid to African countries took the form of small project aid. Moreover, China's aid program in Africa during 1978 suggested that this emphasis may be lasting: Peking had cause for disappointment in large aid projects because of problems with the Tan-Zam Railroad during the year. On the other hand, Peking continued work on several major road projects and committed itself to more road building in 1978. Medical aid and

agricultural projects constituted an important part of China's aid giving in Africa during the year, continuing a trend of the past decade. China provided very little military aid to nations of the region during the year, Zaire being the only country that received weapons officially. Peking sent arms to guerrillas operating in and against Rhodesia, but its aid to rebel groups, like its support for "wars of national liberation" in general, continued to decline. Little support was provided to local communist parties or groups.

China's motives for aid giving in Africa seemed intimately related to its foreign policy objectives in the area, the most important of which was to counter-act Soviet influence. Chinese decision makers seemed more motivated than usual by efforts to build support for China's positions in the United Nations and its leadership of Third World nations, probably again reflecting Peking's conflict with the Soviet Union. Political motives clearly took precedence over facilitating economic development or building trade ties, even though both of the latter were as apparent or more apparent than in Chinese aid giving elsewhere. China continued to maintain a good reputation for purveying projects that could be finished quickly and would show an immediate result. As in previous years China continued to find its policy of making its aid personnel live at local standards of living, its low-cost labor, and grass roots projects good publicity for its foreign aid program.

China demonstrated during 1978 an even greater willingness than in past years to aid countries that also received economic assistance, even in large amounts, from Western nations, and where Chinese aid had little hope of much impact. In fact, judging from China's aid efforts in Africa in 1978, China now has little concern with "Western imperialism." Nor was there any shunting of U.N. aid work. Peking seemed to be joining the international community to a greater degree, or at least sought to use the international community and turn it against the Soviet Union. One of China's specific motives in this context was to influence the non-aligned nations of Africa to keep the Kremlin from gaining leadership of this movement and thereby winning control over the Third World generally. This no doubt prompted Chinese efforts in Africa to assume an anti-Cuban bent in view of Havana's support for Moscow's leadership of the non-aligned nations and a pending meeting of that group in Cuba.

Tanzania and Zambia, two of the most important recipients of Chinese aid in previous years, continued to receive significant Chinese assistance during 1978. Of greatest importance was the
return of Chinese railroad workers and advisors to keep the Tan-Zam Railroad working. Until recently this line was land-locked Zambia’s major transport link for the export of its copper. In 1978, however, various problems arose and the question of the line’s profitability, and, therefore, its usefulness, became more serious. In mid-year it was reported in Zambia that 19 or 27 locomotives were under repair and that half of the train cars were not in operation. Moreover, for various other reasons, including three major accidents, the turn-around trip from Zambia to the port of Dar-es-Salaam in Tanzania, originally projected to take 15 days, was requiring five weeks. It was also reported that Tanzanian and Zambian workers assigned to the line were disgruntled and that thefts of thousands of dollars worth of goods had occurred. The result of all these problems was the tie-up of 30,000 tons of copper in Zambia, causing serious economic problems for a country dependent on exports of this mineral for ninety percent of its foreign exchange.

The crisis forced Zambia’s President Kaunda to announce the opening of the long-closed railroad line from Zambia through Rhodesia. Also contributing to his decision were the lack of fertilizer for the nation’s maize crop, the International Monetary Fund’s demand that Zambia solve its transport problem and internal political opposition which supported using the rail line through Rhodesia.

In response, and no doubt fearing the credibility of its largest aid project and thus its foreign aid program in general, China agreed to extend the stay of 750 railroad experts who were to leave Tanzania and Zambia in 1978 and leave 60 instructors as well. Later Chinese drivers and guards were also sent back to run the trains after the arrest of twenty Zambian crew members for stealing. By the end of 1978, however, it was uncertain what

96. For further details see Copper, China’s Foreign Aid, supra note 8, pp. 103-08.
effect this was going to have on the efficiency of the line or the
decision by the Zambian government to seek alternative transporta-
tion routes.

Other aid announced to Tanzania during the year included
medical teams and doctors and a promise to help the coal mining
industry. In January a medical team completed work in Zanzibar,
and in September a group of 44 Chinese doctors left the country
and were replaced by a new group. 102 In the fall a protocol was
signed by the two countries on economic and technical coopera-
tion, but aid was not mentioned specifically. 103 In October it was
reported that China had turned down requests by the Tanzanian
government for another rail line and an iron ore extraction
project, but instead promised a coal mining project. 104 While
China’s foreign aid program continued to be active in Tanzania,
with projects promised in recent years being implemented
(including iron ore mining, steel production and the China-
Tanzania Joint Shipping Company), 1978 witnessed no new aid
promises or undertakings of any significance. 105 Thus, China did
not keep pace with other donors that were providing Tanzania
with economic assistance, and a nation that was once very
dependent upon Chinese foreign aid is no longer.

Peking did not seem alarmed at this prospect and may, in
fact, be satisfied with Tanzania’s growing reliance upon Western
aid. China has kept Soviet influence out of this part of Africa and
this may be all that Chinese leaders want. In this connection it is
interesting to note that Chinese aid to Tanzania, especially to its
steel industry, indicates a diminishing concern by China with
fostering socialism and instead with greater attention to economic
feasibility. Tanzania’s steel industry uses incentive methods to
enhance worker productivity, apparently with Peking’s blessing
and even encouragement. 106 This suggests, together with other
evidence, that China is receptive to further cooperation with
Western aid donors and may indicate that Chinese leaders

September 1978, p. 15.
104. “Intelligence,” Far Eastern Economic Review, Vol. 102, No. 41, October 13,
1978, p. 5.
4520.
106. Ibid.
perceive that capitalist development may be a way to guard against Soviet influence, China's overriding concern at the present time.

In Zambia specific projects receiving attention during the year were the construction of a "palace of the people" and medical aid. The former project was given coverage in the press in China in February and the latter was mentioned at the end of the year.\(^{107}\) Aid to Zambia, like China's economic assistance to Tanzania, seems to be designed to insure that the Soviet Union will not gain a foothold in the area. Western aid to Zambia has also increased and again China seemed unconcerned. More specifically, Chinese aid to Zambia during 1978 seemed aimed at preserving some influence with the Zambia government particularly at precluding decisions that would have a bad effect on the Tan-Zam Railroad. On the other hand, the rail line is not as important to Peking now that China has found large reserves of copper at home, while better relations between Zambia and Rhodesia may be seen by China to limit Soviet opportunities in the area. In short, Chinese leaders now have reason to question the basic assumptions which motivated undertaking and finishing China's largest aid project.

China's foreign aid to Somalia was extensive in 1978. However, despite offers of military aid in 1977, Somalia's needs, and speculation about Chinese arms aid to Somalia in 1978, there was no confirmation of any deliveries of Chinese weapons. Peking in effect denied giving military aid to Somalia by publishing the Pakistan government's refutation of a Soviet report that Chinese weapons had been shipped to Somalia by Pakistan.\(^{108}\) If indeed no arms were sent, the probable reason for China's restraint was that Somalia preferred to get weapons from Middle Eastern countries and the United States, and was successful in so doing. Peking may also have anticipated that its arms deliveries would be more than offset by Soviet military aid to Ethiopia and that it was to its advantage in terms of reducing Soviet influence in the area to let the Arabs and the Americans get involved.

In April China reported sending medical personnel to replace those working in Somalia.\(^{109}\) During the same month it was


China's Foreign Aid in 1978

publicized that a bridge started in December 1977 was finished.\textsuperscript{110} China also agreed to take over several irrigation projects started, but not finished, by the Soviet Union.\textsuperscript{111} Finally, in September local sources reported on Chinese assistance to rice growing.\textsuperscript{112}

The biggest Chinese aid project in Somalia, however, was a 970-kilometer all-weather road finished in July after three years of work. In August Vice-Premier Chen Mu-hua (Chen Muhua), an alternate member of the politburo and the person in charge of China's foreign aid program, attended the opening ceremony. The road now serves as a link between northern and southern Somalia, making possible the shipping of agricultural products from the south to the pastoral areas of the north.\textsuperscript{113} Since the road is close to the border with Ethiopia throughout most of the area it traverses, and since it connects with a road that leads to the capital city of Mogadishu, it obviously has military uses, and the speed of construction seems to reflect that fact. According to Peking, the project was originally turned down by Western countries because of the cost of transporting water to construction sites, a problem which the Chinese easily solved by building wells, water storage areas and canals — which were given to the Somalia government when the project was finished.\textsuperscript{114} Another benefit for Somalia was the reported training by the Chinese of 2,500 native workers in various skills during the course of the project.\textsuperscript{115} Though Peking did not cite the value of the project, Western sources put the final cost of the project at $64 million, noting that it was financed by a soft-term loan.\textsuperscript{116}

Zaire was the most important recipient of Chinese military assistance in Africa during 1978 and probably second only to Kampuchea elsewhere. This assistance took the form of a continuation of military aid given previously to repel the invasion of Angolan forces, plus new supplies of arms. Peking wanted to

\textsuperscript{110} New China News Agency, April 23, 1978, cited in \textit{ibid}.


\textsuperscript{112} “Quarterly Chronicle and Documentation,” \textit{China Quarterly}, January 1979, citing a British Broadcasting Corporation report.


\textsuperscript{114} \textit{Ibid}.


offset Soviet influence in the region and Zaire was seen to still occupy a central, strategic location. In June, when Chinese Foreign Minister Huang Hua visited Zaire, it was reported that China was helping train Zaire's naval forces and that a military delegation from Zaire would visit China soon to discuss additional military assistance.\textsuperscript{117} During that visit Huang promised President Mobutu "full support" for Zaire's just struggle to safeguard its national independence against "a new aggression by . . . Soviet socialist imperialism."\textsuperscript{118} Subsequently it was reported that Zaire had requested that China provide two patrol boats and 20 tanks.\textsuperscript{119} According to a Western source, China in mid-year was in the process of making deliveries, but was not sending any troops or advisors as had been previously rumored.\textsuperscript{120}

China also provided other assistance to Zaire during the year. In January Chinese sources mentioned aid for the construction of rice fields.\textsuperscript{121} Subsequently Zaire's president visited a construction site where Chinese aid was in use.\textsuperscript{122} Several other aid projects started in previous years were continued, and Zaire remained one of China's most important aid recipients in Africa.

China made a number of other publically-announced aid promises to African countries during 1978. The most important one was an agreement to build a bridge over the Chari River between Cameroon and Chad and a $16.6 million interest-free loan repayable over 20 years to Botswana for unspecified development projects.\textsuperscript{123} The former agreement with Cameroon and Chad also mentioned the possibility of building a new road on both sides of the border leading to the bridge. If this deal is finalized the project will become considerably larger and more expensive. Late in the year China promised Madagascar a 223-kilometer road project, apparently an extension or addition to a


\textsuperscript{118} \textit{Facts on File}, June 9, 1978, p. 441.


road started there by China in 1976.\textsuperscript{124} China also promised to build a dam in Burundi.\textsuperscript{125}

Less important aid promises made by Peking to African countries during the year include a state farm to Botswana,\textsuperscript{126} medical aid to Chad,\textsuperscript{127} a rice mill in Kenya,\textsuperscript{128} and a sugar industry in Sierra Leone that would reportedly employ 2,000 people.\textsuperscript{129} Protocol agreements were signed on rice and vegetable farms and a sugar project for Liberia,\textsuperscript{130} and on medical aid, a sugar project and a station for disseminating information on rice growing for Togo.\textsuperscript{131} Minutes were signed on agreements for a well drilling project in Senegal\textsuperscript{132} and four health centers in Gambia.\textsuperscript{133} Unspecified aid was promised to Rwanda, after which the Rwanda government mentioned a rice-growing project, a cement works, a hospital, a sports stadium and a flour mill.\textsuperscript{134} In two cases Peking attached a monetary value to new, small aid projects in Africa: $3 million for building secondary schools in Seychelles\textsuperscript{135} and the renegotiation of a $56 million loan made to Mozambique in 1975 (the amount which had not been used, however, was not specified).\textsuperscript{136}

Actual aid deliveries recorded during the year to less important African recipients include the following: Medical teams

\begin{itemize}
\item \textsuperscript{129} \textit{Africa Trade Report}, July 15-August 14, 1978, p. 410.
\item \textsuperscript{134} \textit{Africa Research Bulletin}, December 15, 1978-January 14, 1979, p. 4861.
\end{itemize}
arrived in Chad late in the year;\textsuperscript{137} agriculture technicians were reported dispatched from China to Mozambique;\textsuperscript{138} Surinam received rice hulling machines as a gift during the year;\textsuperscript{139} an agriculture team was sent to the Congo;\textsuperscript{140} and a medical team was sent to the Central African Empire.\textsuperscript{141}

Aid in progress was reported in a number of African countries not already cited. These were as follows: construction under way on a state-owned palace in Cameroon;\textsuperscript{142} a sugar mill and a plantation being built in Liberia;\textsuperscript{143} work in progress on a 7,000-seat gymnasium in Ethiopia;\textsuperscript{144} a hydroelectric station under construction in Equatorial Guinea;\textsuperscript{145} work in progress on an irrigation works in Niger;\textsuperscript{146} an ice plant being built in Uganda;\textsuperscript{147} a rice research station under construction in Mauritania;\textsuperscript{148} well drilling underway in Nigeria;\textsuperscript{149} Chinese technicians helping to improve bamboo workshops in Madagascar.\textsuperscript{150} In addition, Chinese medical teams were reported on duty in Cameroon, Equatorial Guinea, Ethiopia, Gambia, and Malagasy.\textsuperscript{151}

\begin{itemize}
\item \textsuperscript{149} New China News Agency, May 8, 1978, cited in \textit{ibid}.
Chinese aid projects reported completed during the year in Africa in addition to those already mentioned were a power station with seven kilometers of distribution line turned over to the Ethiopian government;\textsuperscript{152} a bridge finished in Sierra Leone that will contribute to that nation's part of the Trans-West African Highway,\textsuperscript{153} plus a stadium;\textsuperscript{154} a hydroelectric station put into operation in the Congo;\textsuperscript{155} a spinning mill finished and equipped with Chinese-made machines in Ghana;\textsuperscript{156} two rice growing stations completed in Togo;\textsuperscript{157} and a reclamation area for rice growing finished in Upper Volta.\textsuperscript{158}

Besides the aid promises and work in progress cited above, China gave some emergency and Red Cross aid to African nations. Early in the year China provided Senegal with 1,000 tons of powdered milk to help drought victims there.\textsuperscript{159} In April the Chinese Red Cross donated $60,000 to help drought victims in Mauritania.\textsuperscript{160} And in September the Chinese Red Cross gave a monetary donation of an unspecified amount to the government of Burundi to help people in cholera-affected areas.\textsuperscript{161}

Some of these promises, donations, deliveries and completions of projects deserve special comment. It is significant that China continued to purvey aid to Ethiopia in view of that country's war
with Somalia and China's adamant support for the latter. Chinese decision makers apparently perceived that a continued presence in Ethiopia may have some value or that the situation there was so fluid that Soviet influence in that country may not be permanent. It is also interesting that Peking was willing to deliver aid and have active Chinese aid personnel in Uganda in view of that country's conflict with Tanzania. Again Chinese policy makers may have felt that their presence in Uganda was worth continuing the aid relationship with that country.

V. Aid to Other Countries

Nine Middle Eastern countries received Chinese aid in 1978, two more than in 1977. Lebanon was the only new recipient, with aid to that country taking the form of emergency Red Cross help. Only two Latin American countries and one non-communist European country received Chinese economic assistance. This small list of recipients outside the communist bloc, Asia and Africa was consistent with previous years. The sole new recipient in Latin America was Jamaica. Egypt and Chile were nations noticeably absent from China's list of aid recipients in 1978. In the case of Egypt, China probably did not extend any aid because it was not requested. Chinese military aid had been provided to Egypt in 1977 after the Soviets pulled out and when Egypt needed spare parts for MIG aircraft and other Soviet-made weapons. During 1978 Egypt had less need for military aid and was getting help from the oil rich Arab nations and the United States. Hence, the absence of any mention of aid in 1978 does not indicate a change in relations between China and Egypt. However, the fact that China did not provide any foreign aid to Chile may be taken to reflect a new attitude on the part of Chinese leaders toward that nation.

Chinese leaders seem to have changed their global perspective very little, at least as reflected in their aid giving in Latin America, the Middle East and non-communist Europe. China's interest in the Middle East remained considerable and its support went to the Arabs and to countries that were anti-Soviet or where Peking perceived that it could help stave off Soviet penetration. Peking saw Soviet goals in the Middle East as part of continuing Soviet efforts to surround and contain China with its naval power. This was seen as particularly true of efforts by the Kremlin to obtain ports for the Soviet navy. Chinese leaders perceived that if the Soviet Union could link its European and Asian fleets, China
would be threatened. Thus, Peking did not seem to be troubled by the fact that most of the countries in the Middle East that it aided were also receiving assistance from the oil-rich countries of the region. Moreover, China seemed to perceive U.S. efforts there as complementary to its own. In more specific terms China's aid efforts to Sudan and North and South Yemen appeared directly related to the Soviet presence in Ethiopia and to Moscow's efforts at gaining a foothold in South Yemen. Elsewhere China's aid efforts were largely symbolic.

In May a Chinese technical team arrived in the capital of the Yemen Arab Republic (North Yemen) to help build a cotton-ginning and oil-processing plant. Shortly thereafter, Chinese sources reported that a new medical team was being sent to replace one that was leaving. Later in the year foreign sources reported that China had agreed to render assistance to North Yemen during its next five-year plan. Projects mentioned included a textile mill, an oil-processing plant, a hospital, an agricultural project and a 90-kilometer highway. However, no information was forthcoming on the cost of these projects or the conditions of Chinese aid. In December a protocol agreement was signed on the construction of an international conference hall. According to this agreement, China would undertake the design and construction and pay for the equipment and materials.

Peking's purpose in providing continued and extensive support to North Yemen seemed to relate to its efforts to maintain some influence in an area that Chinese leaders saw as geopolitically important. In addition, it related to Chinese hopes of winning support in the Middle East for its global policies and for weakening Soviet influence in the area as a whole. The situation in North Yemen was certainly of considerable concern to other Arab countries. Finally, aid personnel gave China a presence in North Yemen that it would not otherwise have had. Ironically, Chinese leaders seemed to have little interest in fostering socialist economic development or building a communist movement in North Yemen.

China also continued to render aid to the People's Democratic Republic of Yemen (South Yemen), even though that nation was

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at odds with North Yemen and China favored the latter. In January Chinese sources reported that a state-owned fishery company, promised in an aid agreement with South Yemen in 1977, was under construction.\textsuperscript{166} In April an agreement was signed between the two countries whereby China agreed to send medical teams.\textsuperscript{167} At almost the same time a group of Chinese road construction technicians arrived to assist in the construction of the Shihr-Sayhut Highway.\textsuperscript{168} No details, however, were provided on either the cost of this project or the conditions under which Chinese aid was given. In June it was announced that another highway was under construction that would form part of the Aden-Mukalla Highway network.\textsuperscript{169} This new highway link was designed to connect the capital city of Aden with the cereal and cotton-producing areas of the country.

Notwithstanding this rather intense aid activity there was no mention by the Chinese media of any aid to South Yemen during the last half of the year. Given the situation in South Yemen, especially the growing Soviet influence there, Peking may have perceived that its aid efforts were futile and thus wasted. This is confirmed by an announcement in December that a Chinese technical team which had built a tool and hardware factory in 1976, but had remained in the country to train Yemeni workers, was departing.\textsuperscript{170}

China's aid efforts in South Yemen were aimed at maintaining some presence that country, where Soviet influence had grown, and to prevent South Yemen from falling completely into the Soviet orbit. A further goal was to retain some influence in the event that either a reconciliation with North Yemen or a military victory brought about the union of the two countries. Neither of these aims, however, seemed to hold good prospects for realization. In fact, the waning of Chinese aid activity in the latter part of the year may have reflected the view by Chinese decision-


\textsuperscript{168} New China News Agency, April 19, 1978, cited in ibid.


makers that South Yemen had already come under Soviet domination, or China's presence was not welcome, or both.

Sudan was the third country in the Middle East where China's foreign aid program was active. In February the Hassaheisa Friendship Textile Mill, built with Chinese aid, was completed and turned over to the Sudan government. According to Chinese press comments the mill employs 1,700 workers and produces 14 million meters of cloth annually. In June a Chinese survey team started work on another textile mill, apparently under provisions made in a new agreement, though no negotiations were announced by either side. In November an agreement was signed on the building with Chinese aid funds of a factory to produce ready-made clothing. Under the terms of this agreement, which was apparently provisionally agreed on in June, China pledged to provide equipment, spare parts and training for employees of this factory, which was designed to produce 200,000 garments yearly. It was also reported that Chinese workers and technicians had been doing maintenance work on a hall which they had built earlier. Lastly, the Chinese Red Cross in August donated just over $100,000 to help flood victims in Sudan.

Elsewhere in the Middle East, Chinese sources reported that its medical teams were working in several hospitals in Tunisia. In addition, late in the year it was disclosed that equipment from China had arrived in Tunisia for the construction of a 120-kilometer canal that will provide drinking water and irrigation water for a large citrus-fruit orchard. The cost of the project, which was negotiated in 1977, and has a projected date of

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completion set at 1983, was reported to be $17 million, of which $8 million would be contributed by China. In Syria, according to Chinese sources, a stadium was under construction using Chinese aid funds. In Iraq the minutes of talks on the construction of a bridge were signed, presumably as part of a Chinese aid agreement. Peking also publicized the completion of a woolen washing and spinning mill in Iraq, built in part by Chinese aid. In Kuwait a Chinese medical team was replaced by a new team, and in Algeria Chinese medical workers were active and were even reported to have rendered treatment to former Prime Minister Boumedienne. China also provided relief aid in the form of blankets and canned food to help displaced persons in southern Lebanon. Finally, China provided assistance to the Palestine Liberation Organization, in the form of medicine and supplies delivered through its ambassador in Syria.

In Latin American and non-communist Europe, China purveyed aid to three countries in 1978: Guyana, Jamaica and Malta. Chile was the recipient of a sizeable aid donation in 1977 and may have drawn on these credits, although the fact that China recently discovered a large copper field at home may have taken away its incentive to grant economic assistance to Chile. In the past Chinese economic aid to Chile was clearly aimed at maintaining a guaranteed source of copper imports. In any event, there were no reports from either side on the use of Chinese aid. Aid to Guyana consisted of continued help in building a

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179. Ibid. According to the original negotiations the canal was to cost $15.7 million. The difference may be explained by more detailed estimates or changes in values of the currencies involved. The 1978 figure is translated from Tunisian dinars.
textile company, a carryover of past aid work. No new aid was reported. China's continuing interest in Guyana, albeit small, relates to that country's socialist government and Peking's desire to support a left-wing government in Latin America as an alternative to Cuba. Peking's aid people also helped maintain contacts with the government while eschewing ties with the Guyana Communist Party, which is strong but clearly pro-Soviet.

Jamaica became a recipient of Chinese largess for the first time in 1978. In September an agreement was signed whereby Peking agreed to supply the equipment and materials for building the Jamaican Cotton-Polyester Textile Company. No details, however, were provided on the value of this project or the conditions attached to the loan or grant. In December China signed another agreement with the Jamaican government, this time in the form of a $1.6 million commodity loan without interest. China's interest in Jamaica ostensibly related to that country's relations with other countries in the area, especially Cuba, and to Soviet efforts to gain influence there.

Chinese economic aid to Malta, attractive for its strategic location though of uncertain advantage to China, continued in the form of earlier aid promises being drawn. China's official news service in July announced that Chinese technicians were continuing their stay in Malta, working on a large dry dock capable of repairing 300,000-ton ships. Subsequently it was announced that China had purchased its second oil tanker from Malta, the 5,700-ton Da Ching-217. A continued presence in Malta is apparently deemed useful by Chinese leaders in view of China's declining presence in Albania and the apprehension that in the near future Soviet aid personnel and military advisors may be sent to Albania, though there was no indication in 1978 that this might happen.

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VI. Conclusions

In some ways, China's foreign aid program in 1978 seemed to be at a turning point. In other ways Peking's aid giving confirmed past trends and long-standing foreign policy goals. In regard to new directions, China seemed to be abandoning the practice of supporting client states with large amounts of economic assistance as confirmed by its rejection of any new large project. China's new leaders also questioned both the wisdom and the usefulness of providing costly economic support for Vietnam and Albania in the context of China's need for foreign exchange to further its own development programs. Looking at the situation another way, China would have had to make a decision to compete with the Soviet Union in aiding Vietnam, ultimately making Vietnam more industrialized and more prosperous than China itself. Regarding China's aid to Albania, China's new leadership simply perceived Albania as less useful (in the context of China's new pragmatism) and troublesome.

Kampuchea and Pakistan may be categorized as exceptions to China's view of supporting client states, although the latter would hardly fit this definition in terms of its dependence on China economically or China's influence there. And in the case of Kampuchea, Vietnam's defeat of the Pol Pot regime eliminated Kampuchea as China's ally and protege in Southeast Asia. In view of the Pol Pot regime's human rights record, China may have been glad that he fell and may have withheld aid late in the year, making that eventuality more probable. Clearly China's ties with that government were an embarrassment in the context of Peking's efforts to improve its relations with the United States. On the other hand, China seemed to be preparing for a long fight and appeared to be committed to supporting a guerrilla movement against the new Vietnam-supported government in Kampuchea. In this connection China's invasion of Vietnam early in 1979 may be seen, at least in terms of the results expected, as costly economically for Vietnam. China destroyed much of Vietnam's economic infrastructure in the north as well as aid projects that China financed and helped build. Ironically, China may be seen as having taken away some of its aid. Vietnam is certainly expected to experience economic problems as a result of the cutoff of Chinese aid, the cost of rebuilding after the Chinese invasion and, not heretofore mentioned, the loss of Chinese oil shipments. It remains to be seen whether the Soviet Union will supplant Chinese aid and oil. Similarly the future form of China's relations
with Kampuchea is uncertain. Peking probably hopes to support a new leader of the guerrilla movement in negotiations on Kampuchea's future leading to the exit of the Vietnam-supported Samrin government, and the installation of a neutral government.

China will probably continue to aid Pakistan as long as it serves as a counterweight to Indian and Soviet influence on the subcontinent. Clearly Chinese leaders do not expect Pakistan to become dependent upon China's aid or to institute socialism because of its friendly ties with China and Chinese economic help. On the other hand China's economic assistance has been helpful, particularly in 1978 with the cutoff of U.S. aid. In addition, China's commitment to Pakistan, demonstrated by its aid, probably helped the Pakistan government maintain its hard-line stance toward the Soviet Union and India at a time of external pressure and internal instability.

In Africa China appears to be as committed as ever to African nations. But this now has new meaning. Peking seems less concerned about a base of operations and permanent friends, or allies. Rather it is looking at the region from a broader perspective: as part of the Third World, as a large number of votes in the U.N., and as an area where China can compete with the Soviet Union. Clearly, at least judging from China's aid program to African nations in 1978, Peking is no longer competing with the West.

The Middle East remains a promising area to China: geopolitically important and crucial to the Soviet Union and the West due to the oil resources. This presents special opportunities, though China's role in foreign aid giving has diminished in the context of billions of dollars in oil money in the Middle East — more than can be invested efficiently. Peking apparently still sees its ties with the Muslim world as useful in checking the spread of Soviet influence, and good relations with Middle Eastern countries as important in terms of Peking's goals in South and Southeast Asia and to a lesser extent Africa. Elsewhere, namely in Latin America, China does not seem confident enough or does not perceive interests which justify expanding either its foreign aid program or its foreign policy interests.

Considering all regions, China in 1978 seemed to be leaning toward a foreign aid program with more but smaller recipients — as was true of China's aid program when it was initiated in the 1950s. Peking seemed to seek more publicity for its aid program trying to make it more a showcase to support Peking's bid for leadership of the Third World, rather than a tool of foreign policy.
to be used to combat imperialism. On the other hand, the anti-Soviet aspect of China's foreign aid diplomacy remained.

China's foreign aid program in 1978 gave additional confirmation to China's improved relations with the United States and its efforts to become a more legitimate member of the international community. Nowhere was China's foreign aid competitive with U.S. aid. Likewise China voiced no criticism of U.S. economic aid. In fact, Peking seemed to structure its foreign aid giving upon the premise that it did not want to compete with U.S. or Western aid, and instead, where possible, it appeared to prefer allowing U.S. aid efforts to play a leading role in impeding efforts by the Soviets Union to extend Soviet influence in Third World countries. Chinese aid in this sense became complementary to Western aid, or at least seemed to be going in this direction.

This probably also goes far in explaining China's declining enthusiasm for supporting "wars of national liberation" and its meager military assistance. Peking apparently now views its relations with the U.S. and other Western countries as more important than its erstwhile goal of supporting anti-imperialist revolutionary movements. In this context Chinese leaders have learned that granting military aid will evoke large Soviet grants or sales of weapons to an opposing nation, or faction in the case of civil wars, and that if the U.S. is unwilling to extend military aid to stop Soviet penetration or influence, there is little China can do that would not be counterproductive.

Similarly China's aid program in no way exhibited any competition with Japanese or Arab economic aid. In fact, China seemed to be indifferent to the fact that both were giving large amounts of aid to nations that China aided in the past and continued to aid. This again suggests that uppermost in the minds of Chinese leaders in terms of motivating Chinese foreign aid, was blocking the spread of Soviet penetration of Third World countries and Moscow's efforts to surround China with its naval power.

China's stance toward U.N. development programs and the fact that China for the first time actively sought U.N. aid and cooperation with U.N. programs of a development nature, suggest that China may seek U.N. help for its own development. Yet, China still wants to be a model for Third World nations and seeks to attain some influence with Third World countries in the development realm through bilateral aid. It is uncertain at this time how China will deal with this apparent contradiction.

The broadening of its foreign aid program in 1978 to include new nations and a slightly increased number of aid projects (if
Vietnam and Albania are not considered) suggests that China still views its foreign aid program as a useful and an important instrument of its foreign policy. Moreover, judging from its aid activities in 1978, Peking still seeks to maintain a bigger presence overseas and finds its aid people good representatives. This, however, should be juxtaposed beside China's rather cautious approach to foreign aid giving during the year. Chinese leaders, especially Teng Hsiao-p'ing, seemed to be reappraising China's foreign aid program, especially its costs, in the context of China's needs for investment funds at home.

It should be expected that China will continue to support a foreign aid program in the future and that foreign economic assistance will continue.

In conclusion it should be expected that China will continue to support a fairly large foreign aid program in the future and that foreign economic assistance will continue to play a role in the conduct of Chinese diplomacy. Chinese aid will doubtless continue to have a special impact in special situations and it will give China a reputation for its support of the Third World, to offset its small amount of trade with Third World countries. And, it will remain a conscience of the rich nations and the Soviet Union, since China is a poor nation with an extensive foreign aid program. On the other hand, it remains to be seen what effect public opinion in China will have on foreign aid giving. Economic growth at home remains a top priority and it has mass support. Thus as Chinese populace comes to realize that most of the countries that China is giving foreign aid to are richer and are developing as fast or faster than China, there may be some resistance to continuing a foreign aid program. This certainly reflects complaints in the early part of the year about China's aid to Vietnam and Albania.
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