

**July 26, 1958**

**Report to the Presidium of the Supreme Soviet, 'On  
the Economic and Political Situation in the PRC'  
(excerpts)**

**Citation:**

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**Summary:**

S. Antonov's report on the economic and political state of the PRC. Antonov writes that China should be able to equal England's steel production within the second Five-Year Plan. Also notes the heightening of Chinese-Japanese tension, as China recognizes the possibility of renewed Japanese militarism.

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Russian

**Contents:**

Translation - English

26 July 1958

"On the Economic and Political Situation in the PRC"

Report to the Presidium [excerpts]

[S. Antonov's 75-page report, "On the Economic and Political Situation in the PRC" was distributed to all members and candidate members of the CPSU Presidium. Its general conclusions were positive, especially on the economy. "The sharp rise in the PRC economy," it stated, "creates the conditions for a significant shortening of the time necessary to liquidate China's economic backwardness and, in particular to accomplish the CCP slogan of catching up with England in the production of steel and other important kinds of industrial production within 15 years. There are reasons to think that this slogan can be realized during the second five-year plan [1958-62], and in certain important indicators in the next 2-3 years." The discussion of foreign policy begins with the echoes of the Yugoslav issue and continued with the new Japan "tactics."—ed.]

Changes in the tactical line of the PRC toward Japan

In the last three- four months, there is a sharp aggravation of Chinese-Japanese relations

[A lengthy presentation of the information in the memorandum of the 9 May 1958 Antonov- Zhang conversation provided above follows. The phrases below provide a few additional points.]

These measures, however, are not short-term. The basic reason for these changes is that recently it has become clearer that there is a danger of aggressive Japanese militarism reviving. Our task, said Com. Deng Xiaoping in a conversation with the charge d'affaires of the USSR, is to strike as great a blow as possible at this potential danger ...

The Chinese friends consider that under the present conditions this tactic is the best way to expose the imperialistic designs of the Kishi government and strengthen Japan's contradictions with the US and the Chang Kaishekists ... [The Chinese insistence that this is only a tactical measure and it will help the Japanese opposition follows.]

It is possible to consider that the PRC pressure on Japan has had some results in the past 2-3 months. It appears that it played a useful role in the Japanese election campaign, increasing the role of Japanese-Chinese relations in the country's political life. If at first many Japanese considered the Chinese measures an election maneuver and did not believe the Chinese would take such decisive measures, now the PRC actions have begun to cause serious anxiety. Evidently, the bourgeois press reports of disagreements on China policy among various government and liberal-democratic-party groups are not without foundation. Since the end of June, the tone of Kishi and other Cabinet members has clearly changed, emphasizing less the non-recognition of the PRC and more the need for improved relations, the development of tourism, and cultural exchanges. They sometimes even express "regret" for the flag incident in Nagasaki and some other "misunderstandings." Although, of course, these statements are demagoguery and are often intended to probe the PRC's intentions, the very fact that the Japanese leaders feel they must respond in this way testifies to the strong pressure on the government from various circles in Japanese society. This pressure has become significantly stronger, in particular, because the deterioration in Japanese-Chinese relations tangibly wounded the direct interests of a large number of Japanese industrialists, traders and figures tied to the fishing industry.

Definitely in the near term it is hard to expect the Japanese government to change its policy towards China. Therefore, the Chinese comrades will clearly occupy a firm position aimed at pressing Japan for a while. For example, on 7 July, Renmin Ribao published an editorial in which the Kishi government was criticized further and called "the most reactionary Japanese cabinet since the capitulation of 1945."

In our opinion, the measures taken by the PRC government towards Japan recently are on the whole strongly positive. The main thing is that the Chinese comrades are seriously evaluating the danger of Japanese imperialism and are undertaking measures to counteract this danger.... [Continued affirmation is followed by a few minor reservations.]

It must be noted that in changing their tactics toward Japan, the Chinese comrades did not consider it necessary to consult with the Soviet government in advance, only informing us of steps already taken.