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COMMUNIST COURSES OF ACTION IN ASIA  
THROUGH 1957

Submitted by the

## DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

## INTELLIGENCE ADVISORY COMMITTEE

on 23 November 1954. Concurring were the Special Assistant, Intelligence, Department of State, the Assistant Chief of Staff, G-2, Department of the Army, the Director of Naval Intelligence, the Director of Intelligence, USAF, the Deputy Director for Intelligence, The Joint Staff, The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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## MEMORANDUM TO ALL HOLDERS OF NIE 10-7-54, "COMMUNIST COURSES OF ACTION IN ASIA THROUGH 1957"

SUBJECT: Errata Sheet

Please make corrections in your copies of NIE 10-7-54 as follows:

- a. G-2 footnote at bottom of page 2, second line of text: for "probable", read "probably".
- b. The portion of paragraph 44 which is printed on the right-hand column at the top of page 10 should read as follows:

They probably believe that such actions would lead to war with the US, possibly including nuclear weapon attacks on mainland China. If the Chinese Communists should come to believe that US determination to defend Taiwan had markedly decreased, the likelihood of a Communist assault on Taiwan would be greatly increased. Finally, if the Chinese Communists should come to believe in the course of their tests of US intentions or otherwise that the US would not in fact defend Taiwan and the Pescadores, they would probably attempt to take over Taiwan by force.

Central Intelligence Agency  
3 December 1954

This document has been approved for release through the HISTORICAL REVIEW PROGRAM of the Central Intelligence Agency.

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## COMMUNIST COURSES OF ACTION IN ASIA<sup>1</sup> THROUGH 1957

### THE PROBLEM

To estimate Communist, particularly Chinese Communist, courses of action in Asia through 1957.

### CONCLUSIONS

1. Although the USSR possesses preponderant influence in the Sino-Soviet partnership, the main outlines of Communist policy in Asia are almost certainly determined jointly by consultation between Moscow and Peiping, not by the dictation of Moscow. Chinese Communist influence in the Sino-Soviet alliance will probably continue to grow. We believe that such frictions as may exist between Communist China and the USSR will not impair the effectiveness of their alliance during the period of this estimate.
2. The current tactic of the Communists in Asia appears to be a variant of their familiar policy of combining professions of peaceful intent with continued efforts at subversion and continued expansion of the Communist capability for war. The chief new element in this policy, evident since the death of Stalin and particularly since the calling of the Geneva Conference in early 1954, is a heightened effort

to convince non-Communist countries that Moscow and Peiping desire "peaceful coexistence," that reasonable and profitable arrangements with the Communist Bloc are possible, and that US policy is the only obstacle to a new era of peace in Asia. This new element conforms with present world-wide Communist tactics of minimizing tensions and of exploiting methods to divide the free world, and particularly to detach the US from its allies, during a period in which the significance of US nuclear superiority is being reduced. (The professed Communist desire for "lessened tensions" in Asia appears in fact, however, to be marked by a desire to lessen the dangers of full-scale US military action against mainland China and to dull the vigilance of non-Communist Asia, while at the same time continuing Communist expansion by means short of open war. Within this framework, the Communists are prepared to maintain a state of extreme tension with the US and Nationalist China, accepting the attendant risks.) In brief, Communist China and the USSR will continue their present

<sup>1</sup> Asia, as here used, includes Japan, Taiwan, the Philippines, Indonesia, Ceylon, and all of mainland Asia east of (but not including) Iran and Afghanistan.

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policy of wooing Asia with protestations of peace, while at the same time continuing to subvert Asia, in the expectation that this long-range "peaceful coexistence" policy will with minimum risk result in both the realization of their present military and economic objectives and the eventual elimination of US influence from Asia.

3. The Chinese Communists will continue committed to the "liberation" of Taiwan and the offshore islands, defining this issue as an internal affair in which foreign interference will not be tolerated. Hence this issue will continue to present the greatest danger of large-scale warfare in Asia.)

4. We believe that as long as the US continues its firm support of the Chinese National Government, remains committed to the defense of Taiwan, and continues to keep major air and naval units available in the general area, the Chinese Communists will not attempt a full-scale invasion of Taiwan or the Pescadores. Short of invading Taiwan, the Communists will almost certainly concentrate on an interim policy of subversion and other means of softening up Taiwan for ultimate takeover.

5. We believe that the Chinese Communists will almost certainly increase the scale of their present probing actions against the Nationalist-held offshore islands, and will probably attempt to seize some of the major offshore islands. They would almost certainly attempt to seize some of the major offshore islands if their probing actions were to provoke no appreciable US counteraction.

6. We believe that the Viet Minh now feels that it can achieve control over all

Vietnam without initiating large-scale warfare. Accordingly, we believe that the Communists will exert every effort to attain power in South Vietnam through means short of war. Should South Vietnam appear to be gaining in strength or should elections be postponed over Communist objections, the Communists probably would step up their subversive and guerrilla activities in the South and if necessary would infiltrate additional armed forces in an effort to gain control over the area. However, we believe that they would be unlikely openly to invade South Vietnam, at least prior to July 1956, the date set for national elections.

7. Elsewhere in Asia (the Nationalist-held offshore islands and South Vietnam excepted as per paragraphs 5 and 6 above), the Communists will probably not, during the period of this estimate, initiate new local military actions with identifiable Soviet, Chinese Communist, North Korean, or Viet Minh forces.

8. The Asian non-Communist countries are dangerously vulnerable to the expansion of Communist power and influence because of their military weaknesses and consequent fear of antagonizing Communist China, their political immaturity and instability, the social and economic problems they face, and the prevalence of anti-Western nationalism. The effect of the Geneva Conference and subsequent events has been to increase this vulner-

<sup>2</sup> The Assistant Chief of Staff, G-2, believes that this paragraph should read:

"We believe that the Chinese Communists will probably increase the scale of their present probing actions against the Nationalist-held offshore islands and are likely to seize some of these islands if such action appears desirable as part of their overall political-military-psychological program."

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ability. Accordingly, the Communist leaders almost certainly estimate that they have a wide area of maneuver open to them in Asia in which they can safely continue efforts at subversion and support of armed insurrection without incurring unacceptable US counteraction.

9. The Communists will probably continue to exercise considerable control in the northern provinces of Laos and will retain a capability for subversive activity against the Lao Government. However, we believe that the Laotians can limit Communist political advances and that an anti-Communist government will remain in power providing it continues to receive outside assistance and the Viet Minh do not invade or instigate widespread guerrilla warfare. We believe that the nature of Communist aggressive action against Laos will be moderated by the Communist desire to continue their "peaceful coexistence" line in Asia, particularly directed toward Indian reactions, and to a lesser degree by the possibility of US counteraction.

10. In the absence of a unilateral attack by ROK forces, resumption of hostilities by the Communists in Korea is unlikely.

11. Japan and India will become increasingly important targets for Communist "coexistence" policies and propaganda. We believe that the Communists will continue their efforts to undermine Japan's stability and present orientation and will seek an expansion of economic and cultural relations. They will make greater effort to create the impression that their terms for a resumption of diplomatic relations with Japan are flexible, and may offer to conclude a formal peace settle-

ment during the period of this estimate. We also believe that the Communists will focus increasing attention on India in an effort to insure at least its continued neutrality, and if possible to bring it closer to the Communist Bloc. However, even at the expense of friction with India, Communist China will seek to increase its influence in the Indo-Tibetan border area.

12. Communist influence in Indonesia has grown considerably since the present government took office in July 1953, and as a result of recent political developments the government is increasingly dependent upon Communist parliamentary support for its continued existence. We believe the Indonesian Communists will probably continue to support the present government or, if it falls, to work for the establishment of another government in which they would participate or in which their influence would be strong. They will try, through both constitutional and illegal means, to expand their influence in the bureaucracy and the armed forces, and to prevent the formation of a unified and effective opposition. They will probably also attempt to strengthen their capabilities by the organization of a Party-controlled armed force. In general, however, they will probably avoid highly aggressive tactics in the near future, lest these provoke counteraction by the military or by domestic opposition groups before their own strength has become great enough to deal with it. However, present strengths and trends are such that a Communist takeover in Indonesia by subversion or force is possible during the period of this estimate.

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## DISCUSSION

## I. INTRODUCTION

13. The net effect to date of the Geneva Conference and of subsequent developments has been to advance the Communist position in Asia. Western prestige, in particular that of France and the US, has suffered greatly. Absorption of North Vietnam has strengthened the Communist strategic position in Southeast Asia, and has greatly increased Communist capabilities to subvert the remainder of Indochina, and Southeast Asia as well. Communist China's claims to great power status have been enhanced. Lastly, the Communists' "peace offensive" has had some successes in further deceiving many non-Communist elements as to ultimate Communist aims. The conclusion of the eight-power Manila Pact and the establishment of closer ties between Pakistan and the US have some potential for countering future Communist pressure, but their effect to date has not offset the gains of the Communists.

## II. GENERAL CONSIDERATIONS

## Communist Objectives in Asia

14. The USSR and Communist China share the following long-range objectives in Asia: (a) augmentation of the military and economic strength of Communist Asia; (b) elimination of US influence in Asia, and extension of the area of Communist political influence; and (c) neutralization and eventual domination of non-Communist Asia.

15. We believe that Communist China seeks: primarily, to carry out rapid industrialization of its economy and modernization of its military establishment and, for this purpose, to obtain greater Soviet assistance; to increase Chinese Communist influence over Communist movements in Asia; to gain an acknowledged position as a world power and as the leader of Asia; to gain control of Taiwan; and to eliminate the Chinese National Government. Communist China considers Taiwan to be part of China, and looks upon its acquisition as unfinished business of the Civil War. Apart from this, however, we believe that the

Chinese Communists feel under no immediate compulsion to expand China's present borders, but will continue to keep alive certain border demarcation disputes.

16. We believe that the USSR seeks: to make Communist China a strong and reliable ally; to this end, to increase Communist China's military and economic strength, but to keep China dependent upon the USSR; and to increase Soviet influence over Communist movements elsewhere in Asia.

17. Certain Communist leaders elsewhere in Asia probably entertain objectives for their countries which do not coincide with the short-term aims of Moscow and/or Peiping. The objectives of the local parties may be considered in the formulation of Communist tactics, but over-all Bloc strategy will probably be formulated primarily on the basis of Sino-Soviet objectives, sacrificing if necessary the ambitions of local Communist parties.

## Communist Relationships

18. The USSR has never controlled Communist China as it has its European Satellites, but seems rather to have dealt with China as an ally. In this partnership Moscow possesses preponderant influence because of the superior power of the USSR and because of Communist China's military and economic dependence on the USSR. The USSR is acknowledged by Communist China as leader of the Bloc. Nevertheless, the main outlines of Communist policy in Asia are almost certainly determined jointly by consultation between Moscow and Peiping, not by the dictation of Moscow. Communist China possesses capability for some independent action, even for action which the USSR might disapprove but which it would find difficult to repudiate. We believe, however, that the two countries are disposed to act in concert.

19. The influence of Communist China in the Sino-Soviet alliance has been growing since 1949. This growth has been accelerated since the death of Stalin, and has recently been made evident in the Sino-Soviet accords of 12 October 1954. This process is likely to con-

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tinue during the period of this estimate. On a number of questions frictions may exist between Moscow and Peiping: over the control of Asian Communist parties, the nature and timing of action against Chinese Nationalist territories, the amount and character of Soviet aid to China, and perhaps other issues. We believe, however, that such frictions will not impair the effectiveness of the alliance during the period of this estimate.

#### **Communist Strengths, Weaknesses, and Capabilities<sup>1</sup>**

20. The Chinese Communist regime has effected a virtually complete consolidation of control in continental China. There is considerable popular resentment of the central authority, but there is no indication of serious organized resistance.

21. On the basis of present evidence, we believe that Chinese industrial expansion under Peiping's five-year plan will result in nearly doubling by 1957 the 1952 output of the modern industrial sector. However, farm output has lagged during the last two years, and during the past year the regime has moved to impose more rigorous controls over the economy in an attempt to maintain its industrial progress. To counteract increasing consumption pressures, Peiping has monopolized the distribution of important consumer goods and has instituted a rationing system for large segments of the population. To increase its controls over production, the Communist regime is establishing a program providing for compulsory sales of specified amounts of farm products to the state, and has speeded up socialization measures which by 1957 aim to organize over half the nation's farmers and handicraft workers into production cooperatives and to place virtually all industry and trade under state enterprises.

22. The Chinese Communists have certain capabilities for, and have demonstrated considerable skill in, employing trade or trade overtures for political warfare purposes, even

with the limited means at their disposal. Moreover, the regime has with some success sought to convey the impression that relaxation of trade controls would open large markets for industrial products in Communist China and would develop sources of raw materials, a development which would ease some of the problems now facing industrial countries such as Japan and certain Western European nations. In addition, the regime has impressed many non-Communist countries with its statements that trade controls are a major hindrance to a general reduction of political tensions in Asia. Actually, these claims of the possibility of greatly expanded trade appear to be largely propaganda. In time, with the development of its industrial base, Communist China's capability for political warfare by economic means will be enhanced. The USSR's capability in this regard in Asia is far greater than that of China, but is still substantially limited by internal Soviet demands and other pressing needs within the Bloc.<sup>4</sup>

23. The Chinese Communist Army of over two million has been gradually improving in combat and organizational effectiveness. The role of the Navy will be primarily limited to operations in coastal waters. Its capabilities may be increased by the addition of at least 6 submarines and 50 motor torpedo boats. The Air Force, which has some 2,200 aircraft, of which more than half are jet-propelled, is gradually improving in numbers of aircraft, quality of aircraft and equipment, and in combat effectiveness. It is limited primarily to operations under conditions of good visibility, and is unlikely to develop a substantial all-weather capability during the period of this estimate. During the period of this estimate, the Chinese armed forces will remain critically dependent on the USSR for resupply of heavy equipment, spare parts, aircraft, and POL. However, the strategic position of China will be improved by the expected completion in 1955 of a new Sino-Soviet rail link through Mongolia.

<sup>1</sup>Certain of these questions are discussed in detail in NIE 11-4-54, "Soviet Capabilities and Probable Courses of Action through Mid-1959," dated 14 September 1954.

<sup>4</sup>The problem of trade controls is being examined in detail in NIE 100-5-54, "Consequences of Various Possible Courses of Action with Respect to non-Communist Controls over Trade with Communist China," currently in preparation.

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24. Chinese Communist forces are capable of overrunning Thailand, Burma, and the free states of Indochina against the non-Communist forces currently present in those areas, or against any indigenous forces likely to be developed in the area during the period of this estimate. The Chinese Communists will have the capability throughout the period of this estimate to seize Taiwan, the Pescadores, and the offshore islands if opposed by Chinese Nationalist forces alone. Communist China is capable of successfully defending itself against any invasion effort by any non-Communist Asian power, despite China's logistical problems and vulnerabilities to attack.

25. The demands of Communist China's domestic programs, together with China's vulnerability to air attack, will probably tend to inhibit Chinese acceptance of major risks in the field of foreign affairs. If, as we believe probable, these domestic programs go forward without major setbacks, this progress will augment China's capabilities for extending Communist influence in Asia. There might be some danger of foreign policy adventurism in the event of major setbacks in China's domestic programs. We believe, however, that on balance such setbacks would have the opposite effect — that of dictating abstention from military aggression.

26. The Communist regimes in North Korea and particularly in North Vietnam augment Chinese Communist and Soviet military and political strengths in Asia. These two areas will serve both as buffers protecting China and the USSR, and as bases for further Communist political or military expansion in Asia. The economies of both North Korea and North Vietnam will be closely coordinated with those of the Communist Bloc during the period of this estimate. Primarily because of Bloc aid, North Korea will probably effect substantial economic recovery by 1957. However, pre-1950 levels of production in North Korea will probably not have been attained, and heavy demands on the populace will almost certainly detract from willing support of the regime's programs.

27. The Viet Minh is consolidating and reorganizing its armed forces by grouping pre-

viously independent regular and regional units to form new divisions with augmented firepower. This augmented firepower will result principally from a high level of Chinese aid in 1954, including illegal aid since the cease-fire. By the end of 1955, the Viet Minh will probably have at least 11 or 12 infantry divisions, two artillery divisions, and one anti-aircraft division. These developments would more than double the pre-Geneva combat effectiveness and capabilities of the Viet Minh regular army. It will exert an even greater intimidating effect upon the Vietnamese than it has to date. A Viet Minh Air Force will probably be developed, covertly or otherwise, during the period of this estimate. The Viet Minh regime will continue to require Bloc military, technical, and possibly economic assistance, and its policies will probably reflect a consensus of Sino-Soviet views. The Viet Minh is expanding and improving its transportation and communication facilities, including rail and highway links with South China.

28. The large overseas Chinese communities in many Southeast Asian countries provide the Chinese Communists with a significant potential channel of subversion. Such support as was given by these overseas Chinese to the Communist regime has diminished substantially since 1950 under the impact of Communist domestic policies affecting the families and property of overseas Chinese, as well as a consequence of Communist efforts to extort remittances from overseas Chinese. At present the great bulk of the 10 million overseas Chinese tend to be politically inactive and neutral, with the politically-minded minority split between allegiance to the Communists and the Chinese National Government. However, Communist influence among overseas Chinese youth has been increasing, especially since the Geneva Conference. In sum, the subversive role of the overseas Chinese in Southeast Asia generally is limited by the apolitical nature of most overseas Chinese, by their isolation in the Southeast Asian communities, and by the popular onus they tend to bring to any cause with which they are too closely associated. However, these overseas Chinese communities maintaining numerous ties with the Chinese mainland will provide a

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useful channel for Communist infiltration, espionage, and propaganda activity, and would, in the event of war or insurrection, constitute a grave threat.

#### **Non-Communist Vulnerabilities**

29. Within most of the countries of non-Communist Asia, a state of uneasy equilibrium exists. No Communist party outside of Vietnam and possibly Laos at present possesses a military strength sufficient by itself to threaten seriously the existence of the national government. Furthermore, no Communist party in the area, with the exception of that in Indonesia, has the capability of significantly influencing the national government's alignment. Despite these facts, the Asian non-Communist countries are dangerously vulnerable to the expansion of Communist power and influence because of their military weaknesses and consequent fear of antagonizing Communist China, their political immaturity and instability, the social and economic problems they face, and the prevalence of anti-Western nationalism. The effect of the Geneva Conference and subsequent events has been to increase this vulnerability.

30. South Vietnam remains the most vulnerable to Communist subversion and expansion. Developments in Vietnam will have a direct bearing on non-Communist prospects in Laos and in Cambodia, and in turn Communist successes in South Vietnam, Laos, or Cambodia would markedly increase the vulnerability of other Southeast Asian states to Communist tactics.

#### **Communist Estimate of the Situation**

31. There has been no evidence of change in the basic Communist view that the US represents the center of opposition to the maintenance and extension of Communist power in Asia. While the Communists almost certainly believe that the ultimate US objective in Asia is the overthrow of the Chinese Communist regime, they interpret present US domestic and foreign policies as indicating that the US in the foreseeable future does not intend, unless provoked by Communist action, to wage large-scale war or to run great risks thereof

in Asia. Furthermore, they probably also interpret these policies, especially US restraint in Korea and Indochina, as indicating that immediate US policies in Asia go no further than opposing the further expansion of Communist power and influence, building up the strength of non-Communist Asia, and hindering achievement of Chinese Communist domestic objectives.

32. The Communists probably also believe that their capabilities for a long, primarily political struggle are greater than those of the US. The Communist leaders almost certainly estimate that they have a wide area of maneuver open to them in Asia in which they can safely continue efforts at subversion and support of armed insurrection without incurring unacceptable US counteraction. The Communists probably recognize that differences among the non-Communist powers on many aspects of Asian policy make it difficult for the US to bring effective force to bear against Communist expansion through measures short of overt aggression.

33. The Communists almost certainly believe that recent events, while demonstrating a US reluctance to become involved in major war in Asia, have delimited more clearly the area in which the US would take military counteraction to prevent Communist military conquest. In particular, the Communists probably believe that open military aggression against Japan, Taiwan, the ROK, Thailand, the Philippines, or Malaya would lead to strong US counteraction, probably including action against mainland China and possibly including the use of nuclear weapons. They probably further estimate than an overt military attack against Laos, Cambodia, or South Vietnam might result in at least local US military action, and that an overt attack on any other non-Communist Asian state would entail serious risk of US military counteraction. Moreover, there is almost certainly also a large twilight area of possible courses in which the Communists are uncertain of US reactions. Such courses probably include: attacks on the Nationalist offshore islands, greatly intensified paramilitary subversion in Indochina, or infiltration of armed groups into Thailand.

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34. The Communists, particularly the Chinese Communists, almost certainly regard the orientation of Japan and India as the key to the future balance of power in Asia. The Communists probably believe that Japan's ties to the West can be weakened by a policy involving economic and political inducements. They probably consider that in the near future a policy toward India which shows at least a superficial respect for India's position in South and Southeast Asia will best maintain India's neutral position.

35. The Communist estimate of US actions and reactions in Asia will be the factor of paramount importance in their determination of courses of action in Asia throughout the period of this estimate.

### III. MAIN LINES OF COMMUNIST POLICY IN ASIA

36. The current tactic of the Communists in Asia appears to be a variant of their familiar policy of combining professions of peaceful intent with continued efforts at subversion and continued expansion of the Communist capability for war. The chief new element in this policy, evident since the death of Stalin and particularly since the calling of the Geneva Conference in early 1954, is a heightened effort to convince non-Communist countries that Moscow and Peiping desire "peaceful coexistence," that reasonable and profitable arrangements with the Communist Bloc are possible, and that US policy is the only obstacle to a new era of peace in Asia. This new element conforms with present worldwide Communist tactics of minimizing tensions and of exploiting methods to divide the free world, and particularly to detach the US from its allies, during a period in which the significance of US nuclear superiority is being reduced. The professed Communist desire for "lessened tensions" in Asia appears in fact, however, to be marked by a desire to lessen the dangers of full-scale US military action against mainland China and to dull the vigilance of non-Communist Asia, while at the same time continuing Communist expansion by means short of open war. Within this framework, the Communists are prepared to maintain a state of extreme tension with

the US and Nationalist China, accepting the attendant risks. In brief, Communist China and the USSR will continue their present policy of wooing Asia with protestations of peace, while at the same time continuing to subvert Asia, in the expectation that this long-range "peaceful coexistence" policy will with minimum risk result in both the realization of their present military and economic objectives and the eventual elimination of US influence from Asia.

37. The Communists will attempt to impress free-world countries, particularly Japan and the Asian neutrals, with their willingness to negotiate outstanding issues. In so doing, they will probably make proposals for settlements which may be attractive to some non-Communist nations but contrary to US interests, and, as at Geneva, may on occasion make significant procedural and tactical concessions. Communist China may attempt to negotiate, on the basis of the Chou-Nehru five points, a series of mutual nonaggression, co-existence understandings with most of its Asian neighbors. In these efforts, the Communists will continue to seek greater recognition and acceptance of the Peiping regime, and to hold out the promise that Asian and world problems can be solved by Great Power deliberation if Peiping is permitted to participate therein. In addition, the wisdom of closer diplomatic ties with Peiping will be impressed upon non-Communist Asia by constant exaggeration of Communist China's strength, progress, and peaceful intent.

38. The Communists will almost certainly make every effort to publicize the attractive possibility for non-Communist nations of increased trade with the Bloc, and to blame the trade control program, and the US as the chief supporter of that program, for the failure of international trade to reach higher levels. Communist China will also seek such trade to supplement Bloc assistance to China's industrialization program, to reduce such demands on Bloc over-all economy as this program may now entail, to carry out politico-economic courses of action elsewhere in Asia, and to reduce the level of domestic political pressures required to support economic programs. It is probable that Communist China

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will continue to exchange trade missions with many non-Communist countries and to negotiate trade agreements, both formal and informal, which express hopes of a high level of trade and disapproval of trade restrictions.<sup>5</sup>

39. Except as noted below with respect to the Chinese Nationalist-held offshore islands and South Vietnam, the Communists will probably not, during the period of this estimate, initiate new local military actions in Asia with identifiable Soviet, Chinese Communist, North Korean, or Viet Minh forces. Communist courses of action will probably be designed to expand the area of political struggle while maintaining and increasing capabilities for future military action. The Communists will almost certainly attempt increasingly to utilize Communist China's power and prestige in Asia as a spearhead for Bloc policy there.

40. Despite our estimate that new Communist military aggression in South and Southeast Asia is unlikely, the Communists might undertake new aggression in reaction to US policies, or a result of miscalculation on their part of probable US reactions, or because of prospects of easy success in some area, especially if the strength and determination of the US and states cooperating with it seemed to be weakened. In particular, acute crises may arise out of the Geneva settlement or out of the Chinese Communist determination to gain possession of the Nationalist-held offshore islands and Taiwan. Thus, throughout the period of this estimate, the possibility of war remains.

41. The Chinese Communists will continue their efforts to subvert and exploit the overseas Chinese in Southeast Asia. They will attempt to gain control over schools and youth, commercial and other groups, and will exploit continuing ties between these communities and mainland China for financial purposes, and as a channel for infiltration, espionage, and propaganda. The degree of Communist success in exploiting the overseas

Chinese will be strongly influenced by the over-all fortunes of Communist China. However, because the usefulness of most of these Chinese is limited (their members are apolitical, culturally isolated, and disliked by the indigenous populations), the Communists will probably concentrate their activities primarily on the governments and indigenous populations of Southeast Asian countries. The Chinese Communists may even make compromises on the nationality status of overseas Chinese, believing that such compromises would not greatly diminish the subversive potential of the overseas Chinese communities.

#### IV. SPECIFIC COURSES OF ACTION

##### Nationalist China

42. The issues between Nationalist and Communist China will continue to present the greatest danger of large-scale warfare in Asia. The Peiping regime will continue committed to the "liberation" of all Chinese Nationalist-held territory, defining this issue as an internal affair in which foreign interference will not be tolerated. The future course of Communist action toward the offshore islands and Taiwan will be determined largely on the basis of the Communist estimate of US reactions.<sup>6</sup>

<sup>5</sup>The Assistant Chief of Staff, G-2, believes that this paragraph should read as follows:

"Chinese Communist activity against Taiwan and the offshore islands has fluctuated during the last four years from almost complete indifference to recent heavy pressure against the Chinmens and the Tach'ens. Current pressure appears to be part of an over-all pattern of Communist politico-military action. The Peiping regime is committed to the "liberation" of all Chinese Nationalist-held territory and has defined this issue as an "internal affair" in which foreign interference will not be tolerated. A successful assault against the offshore islands is well within Communist capabilities, and it would be unreasonable to assume that they think otherwise. These islands pose no particular military threat to the Chinese Communists and are of only limited military, political, and psychological value to the Chinese Nationalists. However, the Chinese Communists, by continuing military pressure against the offshore islands without direct assault, are

<sup>6</sup>The problem of trade controls is being examined in detail in NIE 100-5-54, "Consequences of Various Possible Courses of Action with Respect to non-Communist Controls over Trade with Communist China," currently in preparation.

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43. We believe that the Chinese Communists will continue to bomb and conduct raids against the Nationalist-held offshore islands, to occupy undefended adjacent islands, and to increase air, naval, and artillery activities. They will almost certainly increase the scale of such probing attacks on the offshore islands, and will probably attempt to seize some of the major offshore islands during the period of this estimate. They would almost certainly attempt to seize some of the major offshore islands if their probing actions were to provoke no appreciable US counteraction. On the other hand, as long as the US responds to these probing attacks with shows of force, the Communists may not attempt all-out assaults against the major offshore islands. In any event, the Chinese Communists may attempt to provoke local incidents involving US forces which could then be put formally before the UN as a case of US aggression and of US interference in the internal affairs of China.<sup>7</sup>

44. We believe that as long as the US continues its firm support of the National Government, remains committed to the defense of Taiwan, and continues to keep major air and naval units available in the general area, the Chinese Communists will not attempt a full-scale invasion of Taiwan or the Pescadores.

Footnote continued from page 9

able to keep the Chinese Nationalists and the US on the defensive wondering where the Communists will strike next. In addition, Communist propaganda concerning Taiwan tends to accentuate the divergence of views between the US and her allies on the China question."

<sup>7</sup>The Assistant Chief of Staff, G-2, believes that this paragraph should read as follows:

"We believe the Chinese Communists will continue to bomb and conduct raids against the Nationalist-held offshore islands, to occupy undefended adjacent islands, and to increase air, naval, and artillery activities. Peiping probably estimates that efforts to take the Nationalist-held offshore islands may involve a risk of war with the US. However, in spite of their estimate that risk of war may be involved, the Chinese Communists are likely to attempt to seize some of the Nationalist-held islands if such action appears desirable as part of their over-all political-military-psychological program."

They probably believe that such actions would lead to war with the US, possibly including nuclear weapon attacks on mainland China. If the Chinese Communists should come to wise that the US would not in fact defend Taiwan had markedly decreased, the likelihood of a Communist assault on Taiwan would be greatly increased. Finally, if the Chinese Communists should come to believe in the course of their tests of US intentions or otherwise that the US would not in fact defend Taiwan and the Pescadores, they would probably attempt to take over Taiwan by force.

45. Short of invading Taiwan, the Communists will almost certainly concentrate on an interim policy of subversion and other means of softening up Taiwan for ultimate takeover. To this end, they will probably attempt to undermine the international and domestic position of the Chinese National Government and to weaken its ties with the US. Through propaganda and diplomacy, they will attempt to embarrass and discredit the US and the National Government, to exacerbate existing differences between the US and its allies and other non-Communist powers on the Taiwan issue, to promote international favor for an ultimate disposition of Taiwan acceptable to themselves, and to put pressure on the US to withdraw its military protection and support. Meanwhile, through continuing operations against the offshore islands, psychological warfare, subversion, and perhaps nuisance air raids against Taiwan, they will try to undermine Nationalist morale, increase their espionage and sabotage potential on Taiwan, encourage defections, and promote political unrest on the island.

#### Indochina<sup>8</sup>

46. We believe that the Viet Minh will continue to gain in political strength and prestige and, with Chinese aid, to increase its military striking power in North Vietnam. The Viet Minh probably now feels that it can achieve control over all Vietnam without initiating large-scale warfare. Accordingly, we believe

<sup>8</sup>See NIE 63-7-54: "Probable Developments in South Vietnam, Laos, and Cambodia through July 1956," dated 23 November 1954.

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that the Communists will exert every effort to accomplish their objectives through means short of war. Viet Minh agents will continue to subvert all susceptible elements of the population, to intrigue to prevent the coalescence of the various factions and the building of any strength in the South, and Viet Minh "shadow-governments" and politico-military networks will be established wherever the failure of the national government or the French to impose controls leaves the Communists a vacuum in which to operate. As a result of their activities and probable degree of penetration in South Vietnam, it is possible that the Communists will succeed in convincing most Vietnamese in the South of the inevitability of Communist control.

47. If, on the other hand, South Vietnam should appear to be gaining in strength or if elections were postponed over Communist objections, the Communists probably would step up their subversive and guerrilla activities in the South and if necessary would infiltrate additional armed forces in an effort to gain control over the area. However, we believe that they would be unlikely openly to invade South Vietnam at least prior to July 1956, the date set for national elections, because: (a) they would consider that their prospects of gaining control over the area without resort to invasion continued to be highly favorable; (b) they would be concerned over the possibility of US military counteraction; and (c) they would probably fear that invasion would induce the neutral nations in Asia to move toward open alignments with the West.

48. The Viet Minh is adopting a conciliatory line toward France, thus seeking to exploit French hopes of retaining their economic and cultural interests in North Vietnam. It probably hopes that French susceptibility to an arrangement with the Viet Minh will increase and consequently reduce French willingness to support a strongly nationalistic state in South Vietnam.

49. The Communists will probably continue to exercise considerable control in the northern provinces of Laos and will retain a capability for subversive activity against the Lao Government. However, we believe that the

Laotians can limit Communist political advances and that an anti-Communist government will remain in power providing it continues to receive outside assistance and the Viet Minh do not invade or instigate widespread guerrilla warfare. We believe that the nature of Communist aggressive action against Laos will be moderated by the Communist desire to continue their "peaceful co-existence" line in Asia, particularly directed toward Indian reactions and to a lesser degree by the possibility of US counteraction.

50. However, if South Vietnam should fall to the Viet Minh during the period of this estimate, Communist capabilities for pressure against Laos would be substantially increased, and the Laotian will and capability to resist these pressures would be correspondingly lessened. The extent to which the Communists chose to exploit this situation would depend almost entirely on their estimate of the probable reactions of the Manila Pact powers and of the neutral countries of South and Southeast Asia.

51. Although some Vietnamese Communist troops and their dependents have been evacuated from Cambodia, we believe that a sizeable Viet Minh cadre has been left behind. Moreover, the Cambodian Communist armed bands, although ending their guerrilla activities, have failed to demobilize or to turn over their arms. Future events in Cambodia will be considerably affected by developments in Vietnam and Laos. A Communist takeover in South Vietnam would increase Communist capabilities against Cambodia and would impair Cambodian will to resist further Communist pressures, though we estimate that the Cambodians would be more resolute than would the Laotians under similar circumstances.

#### Japan

52. Japan will become an increasingly important target for Communist "coexistence" policies and propaganda. The Bloc powers will continue to seek an expansion of economic and cultural relations, playing upon exaggerated popular expectations in Japan of the potential benefits of trade with Commu-

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nist China. They will continue to hold out the possibility of negotiations leading to closer relations with the USSR and Communist China as a means of resolving economic and security problems facing Japan. The Communists will make a greater effort to create the impression that their terms for a resumption of diplomatic relations with Japan are flexible, and may offer to conclude a formal peace settlement, possibly involving the return of some small Japanese islands such as the Habomais, and the conclusion of a non-aggression pact. There are no indications at present of any change in the basic Sino-Soviet requirement that Japan terminate its alliance with the US as a precondition for diplomatic relations or a peace treaty, but it is possible that within the period of this estimate the Communists may be willing to accept something less.

53. The Communists will continue their efforts to undermine Japan's stability and present orientation through subversion by the Japanese Communist Party, and through intensification of informal negotiations between nongovernmental groups. The Japanese Communists will continue to subordinate armed revolution to the "peaceful" demands of "united front" and "unified activity" tactics. At the same time, the Japanese Communists will continue to develop their covert organizations and may, on occasion, resort to sabotage and limited acts of violence.

#### India

54. The USSR and Communist China will focus increasing attention on India in an effort to insure at least its continued neutralism, and if possible to bring it closer to the Communist Bloc. Communist China may seek to conclude a formal non-aggression pact with India, and may even agree to an informal delimitation of respective Sino-Indian spheres of influence in Southeast Asia. Even at the expense of frictions with India, Peiping will probably establish diplomatic relations with Nepal, and seek to increase its now limited influence there and in Bhutan, Sikkim, and elsewhere along India's borders.

55. Within India, the native Communists will probably continue their efforts, largely through legal and constitutional procedures, to build a united opposition against the ruling Congress Party. They will seek to exploit nationalist, neutralist, and anti-Western sentiments, and probably to aggravate Indian-Pakistani differences. The Communists in India may join in riots and employ other violent tactics on a small scale, particularly where outbursts of violence have been instigated by non-Communist groups. Local Communists will try to enlarge their influence within the Kashmir government.

#### Korea

56. Communist policy during the period of this estimate will probably seek to continue a stabilized situation in Korea. We believe that the chief features of this policy will be: (a) to refrain from renewing hostilities in Korea, but to be militarily prepared for a resumption of hostilities; (b) to refuse to accept any settlement in Korea which either endangers continued Communist control of North Korea or precludes hope of eventual Communist control of all Korea; (c) to rehabilitate North Korea and to strengthen its military and economic power; and (d) to attempt to weaken the ROK by infiltration and subversion.

57. The Communists probably will withdraw most if not all Chinese troops from Korea within the period, claiming credit for reducing tensions in Korea and thereby imposing pressures on the US to effect further US troop withdrawal from Korea. Dissolution of the Neutral Nations Supervisory Committee in South Korea, if it takes place, will almost certainly evoke a sustained propaganda campaign against the US, but probably will not lead to renewal of hostilities or serious incidents in Korea. The Communists probably will continue to urge that negotiations on the unification of Korea, possibly in the form of a new international conference, be reopened. They will continue to suggest that if unification cannot immediately be achieved, lesser arrangements can, such as economic and cultural intercourse between North and South Korea. The Communists will almost certain-

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ly not agree to unification based on free elections under UN supervision, but will probably be willing to make procedural concessions in negotiations and to enter into economic and cultural contacts with the ROK. The Communists nevertheless will continue efforts to increase their now limited capabilities for subversion within South Korea, and for exploiting political instability and grievances against the US and Japan.

58. Communist forces in North Korea are almost certainly capable of repelling a unilateral ROK attack. The Communists would probably consider such an attack as justification for an attempt to conquer the entire country. We believe, however, that the Communists would wish to avoid becoming involved again in war with US/UN forces, and therefore that they would invade South Korea only if they estimated that the invasion would not lead to such involvement.

### Indonesia

59. Communist influence in Indonesia has grown considerably since the present government took office in July 1953, and as a result of recent political developments the government is increasingly dependent upon Communist parliamentary support for its continued existence. Communist influence has been exerted especially through Communist activity in Indonesia's principal labor, veterans, and agricultural organizations, respectively, SOBSI, PERBEPSI, and the B.T.I. At the same time, Minister of Defense Iwa, who has had a long history of Communist association, is attempting to isolate anti-Communist elements in the security forces and to develop new military commands under his direct control. It is possible that other individuals under direct Communist control will by invitation participate in a government during the period of this estimate, and in this case Communist influence would probably rapidly increase. If no prompt and determined counteraction to this latter development were taken, the chances favoring a complete Communist takeover would be high.<sup>6</sup>

60. We believe the Indonesian Communists will probably continue to support the present government or, if it falls, to work for the establishment of another government in which they would participate or in which their influence would be strong. They will try, through both constitutional and illegal means, to expand their influence in the bureaucracy and the armed forces, and to prevent the formation of a unified and effective opposition. They will probably also attempt to strengthen their capabilities by the organization of a Party-controlled armed force. In general, however, they will probably avoid highly aggressive tactics in the near future, lest these provoke counteraction by the military or by domestic opposition groups before their own strength has become great enough to deal with it.

61. The prospects of the Communists in the elections, now scheduled for mid-1955, are unclear, and may depend on election procedures which the Communists will attempt to influence. If an anti-Communist government

<sup>6</sup>The Special Assistant, Intelligence, Department of State, believes this paragraph should read as follows:

"Communist influence in Indonesia has grown considerably since the present government took office in July 1953, and as a result of recent political developments the government is increasingly dependent upon Communist parliamentary support for its continued existence. Communist influence has been exerted especially through Communist activity in Indonesia's principal labor, veterans' and peasant organizations, respectively SOBSI, PERBEPSI, and the B.T.I. Minister of Defense Iwa, who has had a long history of Communist association, is attempting to isolate the more anti-Communist elements in the security forces and to develop new military commands under his control. There is no indication, however, that Communism has made any extensive inroads in the Indonesian army, and there have been reports of a movement to heal factionalism within the army in order to resist the efforts of politicians to influence that body. Direct Communist Party participation in the government is unlikely during the period of this estimate. It is possible, however, that individuals who have Communist connections and Communist support would be invited to participate in a government thus enabling the Communists to continue to increase their influence."

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came to power in the near future, with or without elections, we believe that the Communists, because of their present limited capabilities, probably would not consider violent reaction on a large scale to be feasible. Their principal efforts in such a case would be devoted to the improvement of their local organization and of their capabilities for future action. On the other hand, if a government of the present character continues in power and if Communist strengths continue to grow as rapidly as in the period since 1953, the chances of a Communist take-over by subversion or force during the period of this estimate will greatly increase.

#### **Thailand<sup>10</sup>**

62. The Communists probably consider that their prospects in Thailand depend chiefly upon the course of events in Indochina. They will continue subversive activities in Thailand, primarily among the Chinese and Vietnamese communities. However, the most significant Communist activities relating to Thailand will be conducted from outside the country. We believe that there will be increasing subversive activity supported from southern Yunnan and Laos. In addition, Peiping will exert pressures on the Thai Government to join a Peiping-organized "peace bloc." To this end, former Thai Premier Pridi Phanomyong may become increasingly prominent in Peiping as a spokesman for such "coexistence." We believe that these tactics will not have significant effects in Thailand as long as Western assistance and support to Thailand continue and the Thai are not faced with an imminent military threat from China or major Communist gains in Indochina.

<sup>10</sup> See NIE 62-54, "Probable Developments in Thailand," to be published in December 1954.

#### **Burma**

63. The Chinese Communists face a peculiarly difficult problem in determining what balance to strike between soft and hard tactics, since obvious support of the insurgents within Burma would probably move Burma closer to the West and arouse Indian apprehension of Chinese Communist intentions. Furthermore, Moscow and Peiping probably do not consider the present Burmese Communist leadership wholly reliable. We believe that the Chinese Communists will attempt to pursue a middle course toward Burma: continuing a "peace policy," while fostering subversive activities, particularly in the border areas.

#### **Pakistan**

64. Although the USSR and Communist China will continue to maintain correct diplomatic relations with the Government, Communist policy will be weighted in favor of subversion and occasional terrorism. The aims of the Communists will be necessarily modest: to increase their now limited strength in Pakistan, and to lend a hand in causing an existing government to be replaced by one less pro-US and anti-Communist. They will attempt in particular to exploit provincial, ethnic, and religious differences, the unsolved refugee problem, and differences between India and Pakistan.

#### **Elsewhere in Asia**

65. The present policy of infiltrating incipient nationalist movements in Malaya will probably increase Communist political potential in that area by the later period of this estimate. Communist policy involving the Philippines, Ceylon, Hong Kong, and Macau is likely to continue along present lines.

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