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FOR THE ASSISTANT DIRECTOR
FOR REPORTS AND ESTIMATES

CRITICAL SITUATIONS IN THE FAR EAST

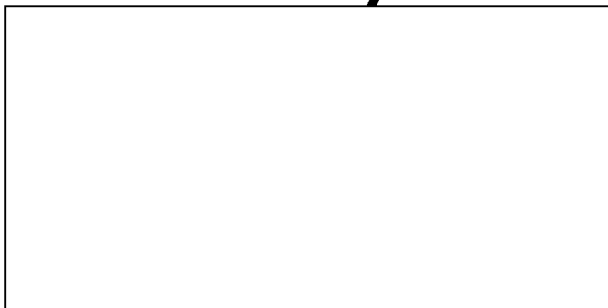
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CRITICAL SITUATIONS IN THE FAR EAST

FOREWORD

This set of estimates regarding critical situations in the Far East was prepared in response to a request from the President. The intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force participated in the preparation of these estimates and concur in them.

The estimates follow in this order:

- A. Threat of Full Chinese Communist Intervention in Korea
- B. Threat of Soviet Intervention in Korea
- C. Threat of Chinese Communist Invasion of Formosa

D. Threat of Chinese Communist Invasion of Indochina

E. Communist Capabilities and Threat in the Philippines

F. General Soviet and Chinese Communist Intentions and Capabilities in the Far East

Inasmuch as the conclusions reached with respect to these particular situations in the Far East depend in part on the possibility of a Soviet decision to resort to global war, the latest agreed estimate concerning that decision is included as Section G.

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CRITICAL SITUATIONS IN THE FAR EAST

A. Threat of Full Chinese Communist Intervention in Korea

I. Statement of the Problem.

1. To estimate the threat of full-scale Chinese Communist intervention in Korea.

II. Capabilities.

2. The Chinese Communist ground forces, currently lacking requisite air and naval support, are capable of intervening effectively, but not necessarily decisively, in the Korean conflict.

III. Factors Bearing on Intent.

3. *Indications of Intentions.* Despite statements by Chou En-lai, troop movements to Manchuria, and propaganda charges of atrocities and border violations, there are no convincing indications of an actual Chinese Communist intention to resort to full-scale intervention in Korea.

4. *Factors Favoring Chinese Communist Intervention.*

a. Intervention, if resulting in defeat of UN forces, would: (1) constitute a major gain in prestige for Communist China, confirming it as the premier Asiatic power; (2) constitute a major gain for World Communism with concomitant increase in Communist China's stature in the Sino-Soviet axis; (3) result in the elimination of the possibility of a common frontier with a Western-type democracy; and (4) permit the retention of sources of Manchurian electric power along the Yalu River.

b. Intervention, even if not resulting in a decisive defeat of UN forces, would: (1) enable the Chinese Communists to utilize foreign war as an explanation for failure to carry out previously announced economic reforms; (2) be consistent with and furnish strong impetus to anti-Western trends in Asia; and (3) justify a claim for maximum Soviet military and/or economic aid to China.

c. Intervention, with or without assurance of final victory, might serve the cause of World Communism, particularly the cause of the So-

viet Union, in that it would involve the Western bloc in a costly and possibly inconclusive war in the Far East.

d. The Communist cause generally and the Sino-Soviet bloc particularly face the prospect of a major setback in the struggle with the non-Communist world if UN forces are permitted to achieve complete victory in Korea.

5. *Factors Opposing Chinese Communist Intervention.*

a. The Chinese Communists undoubtedly fear the consequences of war with the US. Their domestic problems are of such magnitude that the regime's entire domestic program and economy would be jeopardized by the strains and the material damage which would be sustained in war with the US. Anti-Communist forces would be encouraged and the regime's very existence would be endangered.

b. Intervention would minimize the possibility of Chinese membership in the UN and of a seat on the Security Council.

c. Open intervention would be extremely costly unless protected by powerful Soviet air cover and naval support. Such Soviet aid might not be forthcoming because it would constitute Soviet intervention.

d. Acceptance of major Soviet aid would make Peiping more dependent on Soviet help and increase Soviet control in Manchuria to a point probably unwelcome to the Chinese Communists.

e. If unsuccessful, Chinese intervention would lay Peiping open to Chinese resentment on the grounds that China would be acting as a Soviet catspaw.

f. From a military standpoint the most favorable time for intervention in Korea has passed.

g. Continued covert aid would offer most of the advantages of overt intervention, while

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avoiding its risks and disadvantages. Covert aid would enable the Chinese Communists to:

- (1) Avoid further antagonizing of the UN and reduce risk of war with the US;
- (2) Promote the China-led Asiatic peoples' "revolutionary struggle," while ostensibly supporting peace;
- (3) Maintain freedom of action for later choice between abandonment of aid or continuing such covert aid as might be appropriate to Chinese Communist needs in Korea;
- (4) Satisfy the "aid Korea" demand in Communist circles in China and Asia

generally, without risking war with the US.

IV. Probability of Chinese Communist Action.

6. While full-scale Chinese Communist intervention in Korea must be regarded as a continuing possibility, a consideration of all known factors leads to the conclusion that barring a Soviet decision for global war, such action is not probable in 1950. During this period, intervention will probably be confined to continued covert assistance to the North Koreans.

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B. Threat of Soviet Intervention in Korea

I. Statement of the Problem.

1. To estimate the threat of direct Soviet military intervention in Korea during 1950.

II. Capabilities.

2. Soviet armed forces now in the Far East are capable of intervening overwhelmingly in Korea virtually without warning.

III. Factors Bearing on Intent.

3. *Indications of Intentions.* The Soviet Union to date has given no indication that it intends to intervene directly in Korea. Since the beginning of hostilities the Soviet Union has sought in its official statements and in its propaganda to give the impression that it is not involved in the Korean situation. Moreover, the USSR has taken no political or military actions that constitute direct armed intervention in Korea. However, the Soviet Government for some months has been increasingly improving its military capabilities in the Far East as well as in other strategic areas.

4. *Factors Favoring Soviet Intervention.* The defeat of North Korea would constitute a major setback for the USSR. It would involve:

a. The loss of a Satellite, and the establishment of a Western-oriented state on the frontiers of Communist China and the USSR.

b. Giving the Western Powers a potential strategic bridgehead which the Kremlin would always regard as a threat to the industrial, communication, and military centers of Manchuria and the Soviet Far East.

c. Weakening the Soviet military and political position vis-à-vis Japan.

d. A loss to Soviet political prestige in that it would demonstrate that the Kremlin is not willing to support its followers effectively in a Soviet-instigated action.

e. A loss to Soviet military prestige in that it would lead to a tendency, whether or not

justified, to re-evaluate the effectiveness of Soviet military equipment and tactics.

f. A reduction in the prospects of the Soviet Union for expanding its political control by means short of war in that it would demonstrate the determination and capability of the non-Soviet world to resist effectively Soviet-inspired aggression.

5. *Factors Opposing Soviet Intervention.*

a. In weighing potential gains and risks of intervention, the Soviet leaders must calculate, as an overwhelming consideration, that their open intervention would lead to direct hostilities with US and other UN forces over an issue on which the Western world has achieved a new degree of unity. Soviet leaders would have no assurance that combat between Soviet and US forces would be limited by the US to Korea or to the Far Eastern theater. Consequently, a decision to intervene openly in Korea, in the ultimate analysis, involves a decision to risk immediate and probably global war with the US.

b. The Soviet leaders may estimate that it will be possible, without assuming this all-critical risk, to salvage some of the losses suffered from the Korean situation. US military activities could be obstructed by extensive guerrilla action, which might involve the US in an extended and costly occupation and which could contribute to Soviet efforts to develop in Asia a racial enmity toward the US and the Western Powers.

IV. Probabilities of Soviet Action.

6. It is believed that the Soviet leaders will not consider that their prospective losses in Korea warrant direct military intervention and a consequent grave risk of war. They will intervene in the Korean hostilities only if they have decided, not on the basis of the Korean situation alone, but on the basis of over-all considerations, that it is to their interest to precipitate a global war at this time.

C. Threat of Chinese Communist Invasion of Formosa

I. Statement of the Problem.

1. To estimate the threat of Chinese Communist invasion of Formosa during 1950.

II. Capabilities.

2. Despite certain definite Chinese Communist deficiencies in naval and air forces and probably in amphibious training and doctrine, the Communists are now capable of launching an invasion against Formosa with about 200,000 troops and moderate air cover. The USSR could at a minimum furnish tactical advice and technical and logistic support.

3. Although Chinese Nationalist forces are sufficient in number and materiel to defend Formosa, lack of staying power, poor command structure, lack of inter-service coordination, questionable morale and shortages of some types of ammunition make their defense capabilities questionable.

4. Without direct Soviet participation and given strong naval and air assistance by the US armed forces, the Chinese Nationalist defense forces are capable of holding Formosa against a determined Chinese Communist invasion.

III. Factors Bearing on Intent.

5. *Indications of Intentions.* Frequent official statements of the Chinese Communists have clearly indicated their intention to seize control of Formosa. However, available intelligence does not indicate their intention to do so in the immediate future. An unknown factor bearing upon the intent to invade is the degree of control the USSR is capable of exercising over the Chinese Communists, and the Soviet intent with respect to Formosa.

6. *Factors Favoring Invasion of Formosa.*

a. The occupation of Formosa would remove the symbol of Nationalist resistance; eliminate a potential source of coordinated opposition to the Chinese Communist regime;

and would seriously diminish continued anti-Communist resistance in China and throughout Southeast Asia.

b. Abandonment or continued postponement of an attack on Formosa would result in a loss of "face" to the Chinese Communists.

c. Formosa would provide the Chinese Communists with a small but significant source of foreign exchange, and a potential source of rice, thereby contributing somewhat to Chinese Communist capabilities for economic reconstruction.

7. *Factors Opposing an Invasion of Formosa.*

a. Success would be improbable.

b. An attack involves the risk of war with the US as long as US forces are interposed between Formosa and the mainland. The Chinese Communist leadership would be reluctant to jeopardize its popular support, domestic achievements, and internal program by an attack on Formosa that could lead to retaliatory air attacks on Chinese cities, to a strict blockade of the Chinese coast, to strong economic sanctions, and to protracted warfare that could sap Chinese economic strength.

c. The Chinese Communists face serious domestic problems, including banditry, widespread unrest, guerrilla opposition, economic stagnation, agrarian maladjustments, and the problems involved in consolidating the Communist Party's political control. For these reasons the danger exists that, if attacks should fail or prove unduly costly, the present apparent solidarity of the Communist regime would be subjected to a severe strain.

d. In view of current UN interest in Formosa, the Chinese Communists have some reason to hope for a favorable political solution.

IV. Probability of Chinese Communist Invasion.

8. It is believed that, barring a Soviet decision to precipitate global war, an invasion of Formosa by the Chinese Communists will not be attempted during the remainder of 1950.

D. Threat of A Chinese Communist Invasion of Indochina

I. Statement of the Problem.

1. To estimate the threat of a Chinese Communist invasion of Indochina in 1950.

II. Capabilities.

2. From forces presently deployed near the Indochina border, the Chinese Communists could commit 100,000 troops for an invasion of Indochina without appreciable forewarning. Approximately 150,000 additional Chinese Communist troops could arrive at the border in support of an invasion within ten days. Reinforcements and supplies might be moved by sea to rebel-held sections of the Indochina coast. It is also within Chinese Communist capabilities to furnish air support for an invasion.

3. These capabilities could be exercised without jeopardy to other possible Chinese Communist military operations in the Far East, except to the already inadequate air support for a simultaneous North Korean or Formosan intervention.

4. If the Chinese Communists should invade Indochina, it is almost certain that the defending forces under the French would soon lose all of Vietnam, except Cochin China.

III. Factors Bearing on Intent.

5. *Indications of Intentions.*

a. The construction and improvement of roads, railroads, and air facilities; the provision of technical and training assistance and advisory personnel; present logistic support from the border provinces of Kwangtung, Kwangsi, and Yunnan — all these might be construed as positive indicators of an impending invasion. These activities, however, might also be indicators of an increase in the flow of Chinese Communist aid to the Viet Minh Communists, rather than of Chinese invasion.

b. Although Chinese Communists have given propaganda support to the Viet Minh, there has been no public Chinese Communist statement which could reasonably be construed as a commitment to invade or as justification for invasion.

6. *Factors Favoring Intervention.*

a. A Chinese Communist invasion of Indochina would be the most rapid means of establishing a Communist Indochina.

b. The fall of Vietnam to the Communists would facilitate establishment of Communist control over Burma and Thailand.

c. An early Communist victory in Indochina would in part offset the loss of International Communist prestige occasioned by Communist reverses in Korea.

d. The Chinese Communists, operating on behalf of International Communism, might invade Indochina with the hope that, even if UN intervention should deprive them of complete victory, Western bloc forces would be involved in inconclusive warfare in the Far East.

7. *Factors Opposing Intervention.*

a. A Chinese Communist invasion of Indochina would greatly increase the risk of Chinese Communist involvement in war against the Western Powers or the UN, as well as the risk of global war.

b. Recent Viet Minh military successes have increased the probability that Communist control of Indochina can be ultimately secured without resort to Chinese Communist invasion, providing there is no major increase of presently planned external assistance to the French and their supporters.

c. Viet Minh capabilities can be substantially increased without resort to open intervention.

d. Invasion of Indochina by Chinese Communist troops would arouse local anti-Chinese sentiment and could be a serious source of command conflict between Peiping and Viet Minh leadership.

e. A Chinese Communist invasion would tend to antagonize the presently neutral states of Asia, particularly India.

f. Communist China's prospects for membership in the UN and UN-sponsored organizations would be jeopardized and the opportunity for the establishment of diplomatic rela-

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tions with powers outside the Soviet orbit would be curtailed.

g. Chinese Communist invasion of Indochina might provide the US with an impelling reason for retaining in the vicinity of Formosa—a major objective of the Chinese Communist government—the US Seventh Fleet.

IV. Probabilities of Chinese Communist Invasion.

It is estimated that an open Chinese Communist invasion—while possible and capable of being launched with little or no preliminary warning—is improbable in 1950. It is highly probable, however, that the Chinese Communists will increase the substantial military assistance already being given to the Viet Minh forces.

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E. Communist Capabilities and Threat in the Philippines

I. Statement of the Problem.

1. To estimate the Communist capabilities and threat in the Philippines.

II. Capabilities.

2. *The Huks.* The Huks (*Hukbong Mapagpalaya Ng Bayan*) are today the army of Philippine Communism, led by avowed Communists who follow the policies and seek to further the objectives of World Communism. Their armed strength is estimated at no more than about 10,000. The Huks are essentially a guerrilla organization, utilizing "hit and run" tactics; making maximum use of the elements of surprise, choice of terrain, and mobility; and avoiding frontal engagement with government forces. The Huks, who are limited almost exclusively to infantry weapons, have the capability of mounting several comparatively large-scale (300-500 men) coordinated attacks simultaneously against widely separated targets. During 1949-50, they have expanded their areas of operation throughout Luzon and to other islands of the Philippines. In recent months they have carried out better coordinated and more widespread attacks. The Huks have terrorized local communities and interfered with travel. They can extend and intensify their operations, particularly in weakly defended provincial areas, and may well stage another series of coordinated attacks before the end of 1950.

3. *Supporting Elements.*

a. Support of the Huk movement, apart from that derived from unorganized lawless elements, is found among large numbers of peasants, who willingly or by force and intimidation contribute to the Huk movement. Another source of support is found in the Philippine labor movement, where low real wages and poor conditions of work permit exploitation of the union movements by Communist organizers.

b. Since the Communists have achieved power in China, it is believed that a number of the approximately half a million Philippine Chinese have already aligned themselves with the Peiping regime. Such Chinese are probably facilitating Communist communications, providing financial support, and otherwise rendering aid to the Huks.

c. Available intelligence does not indicate that the Huks have received, or are likely to receive, sufficient assistance from external Communist sources to alter their military capabilities significantly during 1950.

4. *Government Countermeasures.* Government efforts to deal with the Huk problem have been ineffective thus far. Government forces have been and are able to maintain over-all internal security but are unable to control local areas where dissident groups are strongest. Recently reorganized armed forces may be able to deal more effectively with Huk activities, but little improvement is anticipated during 1950. Disillusionment with the government's ineffectiveness has caused many persons who are not active Huk supporters to become indifferent and uncooperative toward government efforts to stamp out the dissident forces. The government, moreover, has shown little disposition to adopt and implement basic agrarian and social reforms which might reduce considerably the number of peasants who support the Huks. Such a reduction would lessen measurably Huk capabilities and the intensity of their operations, but would not eliminate the hard core of the Huk movement which would continue to pose a burdensome security problem.

IV. Conclusions.

5. While the Huks are capable of conducting widespread, coordinated raids particularly in central Luzon, and creating some disturbances in the Manila area, it is estimated that they cannot overthrow the Philippine Government in 1950.

F. General Soviet and Chinese Communist Intentions and Capabilities in the Far East

I. Statement of the Problem.

1. To estimate general Soviet and Chinese Communist intentions and capabilities in the Far East in 1950.

II. Objectives.

2. The Soviet Union and Communist China share the common objective of establishing Communist control throughout the Far East. Logically, both would prefer to secure this objective without resort to general war. The Soviet Union includes in its objective Kremlin control of a communized Asia, including China. While the Chinese Communists may well object to such Kremlin control, they have given no overt indication that they do not accept the primacy of Moscow in International Communism.

III. Capabilities.

3. *Short of Direct Employment of Armed Forces.* The Soviet Union and Communist China have the capacity, through a continuation of measures short of war, further to develop the strength of Communism in all areas in the Far East except those occupied by US or UN forces. It is estimated, however, that in no area of the Far East, except Tibet and possibly Indochina unless presently planned external assistance is increased, do they have the capability of establishing complete Communist control during 1950 through such measures.

4. *With Full-Scale Employment of Armed Forces.* In the event of war beginning in 1950:

a. The Soviet Union acting alone has the capability of rapidly occupying Korea, Hokkaido, and Okinawa; of launching a substantial amphibious-airborne invasion of Honshu; and of conducting harassing attacks on the Aleutians, Kyushu, Formosa, the Philippines, and other islands in the adjacent waters, and lines of communication.

b. Communist China acting alone possesses the capability to overrun Tibet and substantial portions of the mainland of Southeast Asia, and to make a strong attack on Korea.

c. In combination, the Soviet Union and Communist China have the capability of overrunning practically all the Asiatic mainland and possibly of occupying all Japan and Formosa.

IV. Intentions.

5. Both the Soviet Union and Communist China have clearly indicated that they intend to pursue without pause their goal of extending Communist control over every vulnerable area in the Far East by every means open to them short of direct use of their armed forces. Neither has given concrete indication of an intention to employ during 1950 its own armed forces outside its own boundaries.

6. It is estimated in particular that, barring a Soviet decision to precipitate a global war, the Soviet Union will not during 1950 intervene directly with its armed forces in Korean hostilities, and the Chinese Communists probably will not in 1950 attempt to invade Korea, Formosa, or Indochina.

7. With respect to a possible Soviet decision to precipitate global war, the latest agreed conclusions are set forth in Enclosure G.

G. Conclusions Regarding A Possible Soviet Decision To Precipitate Global War

1. The Soviet rulers are simultaneously motivated by Marxist-Leninist-Stalinist doctrine and by considerations affecting the position of the Soviet Union as a world power. They have made clear that their long-term object is to establish World Communism under the domination of the Kremlin. Their immediate concerns, however, are:

a. To maintain the control of the Kremlin over the peoples of the Soviet Union.

b. To strengthen the economic and military position and defend the territory of the Soviet Union.

c. To consolidate control over the European and Asian Satellites (including Communist China).

d. To make secure the strategic approaches to the Soviet Union, and to prevent the establishment, in Europe and Asia, of forces capable of threatening the Soviet position.

e. To eliminate Anglo-American influence in Europe and Asia.

f. To establish Soviet domination over Europe and Asia.

g. To weaken and disintegrate the non-Soviet world generally.

The Soviet Union will try to pursue these objectives simultaneously. In case of conflict between one and another of these objectives, however, it may be expected that the Soviet rulers will attach greater importance to the first four listed, and in that order.

2. On the basis that the long-term object of the Soviet rulers is immutable and dynamic, and that the Western Powers are not prepared to succumb to Soviet domination without a fight, there is, and will continue to be, grave danger of war between the Soviet Union and its satellites on the one hand, and the Western Powers and their allies on the other.

3. The Soviet Union will continue relentlessly its aggressive pressures on the power position of the Western nations.

4. The Soviet rulers could achieve, and are in a fair way toward achieving, the first three parts of their object (see *a, b, c* above) without risk of involvement in direct armed conflict with the Western Powers.

5. Parts *d, e, f,* and *g* of their object are improbable of achievement without the employment of armed force, though there are still factors in the existing situation which might well lead Soviet rulers to consider that, in certain circumstances, and in the absence of effective armed opposition by the Western Powers, they might ultimately attain these parts of their object without the overt involvement of Soviet armed forces.

6. In pressing to achieve parts *d, e, f,* and *g* of their object, the Soviet rulers will, at certain stages, inevitably impinge upon the vital interests of the Western Powers and so incur the risk of involvement in a general war precipitated through the necessary reactions of the Western Powers.

7. In the belief that their object cannot be fully attained without involvement in a general war against the Western Powers, the Soviet rulers may decide deliberately to provoke such a war at a moment when, in their opinion, the strength of the Soviet Union vis-à-vis the Western Powers is at its maximum. It is estimated that such a period exists now and will extend from the present through 1954 (Note 1) with its peak at about halfway, i.e., 1952 (Note 2).

8. From the point of view of military forces and economic potential, the Soviet Union is in a position to conduct a general war of limited duration now if Soviet rulers thought it desirable or expedient.

9. While intelligence is lacking to permit a valid prediction as to whether or when the Soviet Union may actually exercise its initiative and capability to launch a general war, in view of the foregoing it must be recognized that the risk of a general war exists now and

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hereafter at any time when the Soviet rulers may elect to take action which threatens, wholly or in part, the vital interests of the Western Powers.

Note 1: 1954 being the date by which it is assumed that North Atlantic Treaty Organization forces in Europe will be built up to such a strength that they can withstand the initial shock of surprise attack; and when

the gap between the relative strength of the Western Union forces and those of the Soviet Union will have begun to contract.

Note 2: i.e., when the Soviet Union has made good some essential deficiencies in atomic bomb stockpile, and in certain types of aircraft; and before the North Atlantic Treaty Organization economy is fully geared to the war effort.

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