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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT NO. [REDACTED]

CD NO.

DATE DISTR. SEP 11 1951

NO. OF PAGES 2

COUNTRY China

SUBJECT Opinion on Chinese Communist Government Policy

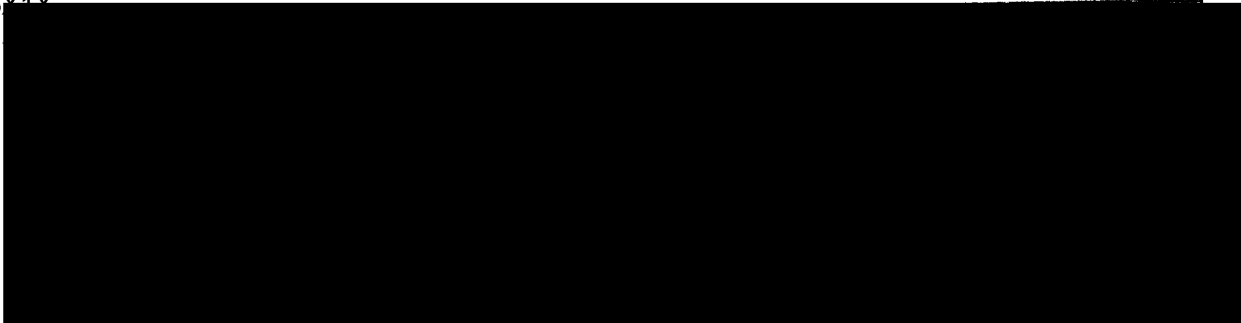
NO. OF ENCLS. (LISTED BELOW)

SUPPLEMENT TO REPORT NO.

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25X1A PLACE ACQUIRED [REDACTED]

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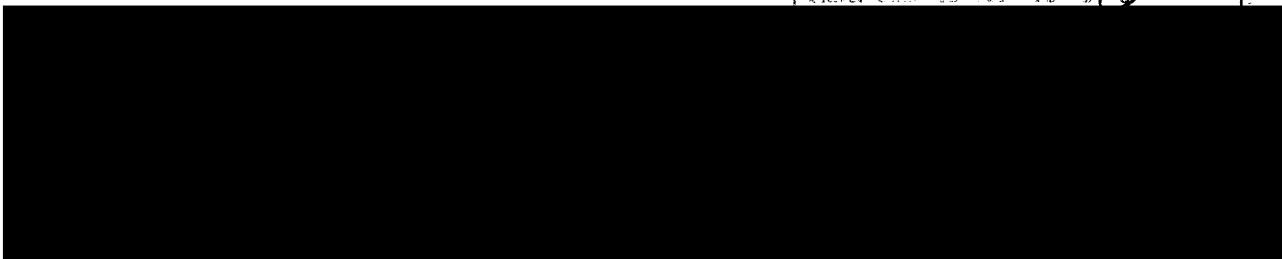


1. The promulgation of the law meting out capital punishment to counter-revolutionary elements was timed with the land redistribution program along the Yangtse valley and southward, so as to snuff out guerrilla and other anti-Communist activity. The Communists expected to take advantage of the newly constituted peasant proletariat as defenders of the regime and as informers. Promulgation of the law was also designed to frighten dissident elements within the regime into submission and to be used as a weapon in a purge if necessary.
2. Although the promulgation of the Organic Law at the time of the foundation of the Communist Government in October 1949 promised the continuation of the use of bourgeois capital, by permitting the distribution to shareholders of eight percent on invested capital and additional dividends in more profitable enterprises, refugee capitalists are skeptical. Most of source's friends of this type do not wish to return to China. One told him he had written off his investments around Shanghai; another who had always been optimistic is now ready to go from Hong Kong to Japan at a moment's notice, seeing now that the Communists are not working solely for the benefit of the Chinese.
3. The British in Hong Kong take a lenient attitude toward the Communists, and as long as they retain this attitude, Hong Kong's status will not be disturbed. The Communists are still obtaining some materials through Hong Kong, but are interested in keeping things as they are, more because from Hong Kong they maintain communication with Southeast Asia. From Hong Kong they distribute personnel and direction for subversive activities all over Southeast Asia.
4. The Communist leadership views the Korean war as fighting a fire in a neighboring house. There is no rift in the leadership; there will be no Tito. The leadership believes fanatically that faith will move mountains, that the Chinese Communists will be able to throw the United Nations into the sea or make them give up. If the United Nations bombs Manchuria they believe that the Soviets must intervene, and that the United States will not risk a world war over Korea.

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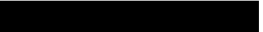
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5. It would be naive to state that the Soviets do not exert a tremendous influence on the Government, but it is a sound conclusion to state that they collaborate as comrades and not as master. The Chinese Communists are very sensitive about being treated as equals in their dealings with the outside world.
6. Popular opposition to the Government is lessening rather than growing, as the peasants, especially, find the Government is trying to improve their lot and raise their standard of living through increased production and control of inflation.
7. The massacre is much exaggerated as reported in the newspapers. The people do not hold the purge against the Government, as those killed are mostly suspicious characters, feudalistic landlords, and well-known racketeers. Some blame the Nationalists for the unjustifiable killing of some victims, since the Nationalists are prematurely announcing plans for the invasion of the mainland. There is no purge in the Chinese Communist Party.

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 These opinions, especially that part in paragraph 7, were written prior to the mass arrests starting 27 April.

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