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TELEGRAM INFORMATION REPORT TELEGRAM

CENTRAL INTELLIGENCE AGENCY

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CLASSIFICATION — DISSEMINATION CONTROLS
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COUNTRY CHINA (TAIWAN)

REPORT NO. [REDACTED]

SUBJECT MAINLAND RECOVERY PREPARATIONS

DATE DISTR. 10 MAY 1962

PRECEDENCE ROUTINE

REFERENCES [REDACTED]

DATE OF INFO. [REDACTED]

PLACE & DATE ACQ. APPRAISAL [REDACTED]

FIELD REPORT NO. [REDACTED]

[REDACTED]

THE ARMED FORCES OF THE GOVERNMENT OF THE REPUBLIC OF CHINA (GRC) WERE 80 PERCENT READY FOR COMBAT, AND IF ALL WENT WELL, THEY WOULD BE 100 PERCENT READY IN THREE MONTHS, WITH ONE ARMY AND 26 DIVISIONS ORGANIZED AND RE-EQUIPPED.

[REDACTED] PAST EMPHASIS HAD BEEN ON REPAIR AND RECONDITIONING OF OLD MILITARY EQUIPMENT, BUT FOLLOWING PASSAGE OF THE NATIONAL DEFENSE PREPAREDNESS EXPENDITURES BILL, NEW EQUIPMENT WOULD BE ADDED TO THAT ALREADY ON HAND.

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APPROVED FOR RELEASE
DATE: MAY 2002

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[REDACTED] THE ARMED FORCES WERE NOW IN THE PROCESS OF BUILDING FACILITIES FOR THE STORAGE OF 65,000 TONS OF PETROLEUM PRODUCTS.

2. [REDACTED] THE UNITED STATES HAD NOT OPENLY AND DIRECTLY OPPOSED COUNTERATTACK.

[REDACTED] THE KEY TO COUNTERATTACK LAY IN GRC PREPAREDNESS TO TAKE ADVANTAGE OF OPPORTUNITIES AS THEY AROSE ON THE MAINLAND.

[REDACTED] THE PRESIDENT HAD DECIDED THAT ONCE PREPARATIONS HAD BEEN COMPLETED AND A FAIR CHANCE OF MAKING SUCCESSFUL LANDINGS ON THE MAINLAND EXISTED, IT WOULD NOT MATTER WHAT ATTITUDE THE AMERICANS ADOPTED; THE GRC WOULD ACT. [REDACTED]

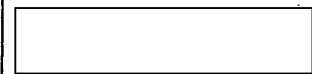
[REDACTED] THE UNITED STATES WOULD NEITHER CONSENT TO A MAINLAND COUNTERATTACK, NOR RAISE SERIOUS OBJECTIONS TO IT BECAUSE OF THE CONSEQUENCES OF EITHER ACTION. THE COUNTERATTACK WAS THUS SOLELY THE CONCERN OF THE GRC, [REDACTED]

[REDACTED] ONCE THE GRC DECIDED ON ITS COURSE OF ACTION, THE UNITED STATES WOULD GO ALONG WITH THE DECISION OF NECESSITY.

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3. [Redacted]

[Redacted] NT\$650,000,000 HAD BEEN SPENT ON WAR PREPARATIONS SINCE JULY 1960 [Redacted] AS O

27 APRIL NT\$800,000,000 HAD BEEN SPENT DURING THE 1962 FISCAL YEAR.) [Redacted] AT LEAST TEN BILLION NEW TAIWAN DOLLARS WOULD BE REQUIRED DURING THE FIRST STAGES OF THE COUNTERATTACK. [Redacted] IN THE FUTURE, THE GOVERNMENT'S ONLY RECOURSE WOULD BE TO ISSUE WAR BONDS AND FORCE THEIR PURCHASE. [Redacted]

[Redacted] THE MINISTRY OF FINANCE WAS PLANNING TO ISSUE NT\$1,100,000,000 IN WAR BONDS IN ADDITION TO THE NT\$400,000,000 SHORT TERM BONDS ALREADY ISSUED. THESE BONDS WERE NOT TO BE SOLD TO THE PUBLIC, BUT ALLOCATED TO WEALTHY PERSONS ON THE BASIS OF A MASTER LIST PREPARED BY THE MINISTRY OF FINANCE. ACTUAL ISSUANCE OF THE BOND SHOULD BE TIMED WITH THE COUNTERATTACK PROGRAM; PURCHASE OF THE BONDS WOULD BE OBLIGATORY.)

4. [Redacted]

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY MCG DATE 11-18-58

END OF MESSAGE [Redacted] or XDS [Redacted] EXT. DATE

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