

SNIE 100-6-54

28 November 1954

T/S 032130

APPROVED FOR RELEASE
DATE: 07-18-2008

~~TOP SECRET~~

(b)(1)
(b)(3)

SPECIAL
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 100-6-54

WORLD REACTIONS TO CERTAIN POSSIBLE
US COURSES OF ACTION AGAINST
COMMUNIST CHINA

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 28 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; and 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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Deputy Director for Research
Bureau of Intelligence and Research

MAR 2 1976

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311660192

Retain classification / Change / classify to _____
 With concurrence of CIA
 Declassify in part and exclude as shown
EO 12958, Sec. 1.3(a)
M-C/HDR by RC 613018
Withdrawal No. 4-11A
D. Johnson 2-7-01

~~TOP SECRET~~

COPY NO. 133

ASSISTANT DIRECTOR, ONE

Regraded ~~SECRET~~

Authority: 12958
By H.M.T. Date 5/19/08

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WORLD REACTIONS TO CERTAIN POSSIBLE US COURSES OF ACTION AGAINST COMMUNIST CHINA

THE PROBLEM¹

To estimate Communist and non-Communist reactions to an offshore and/or an inshore blockade² of Communist China imposed unilaterally by the US in retaliation for the recent sentencing by Communist China of US citizens to prison terms.

ASSUMPTION

The imposition of the US blockade would be publicly announced and its scope defined and would be preceded, or accompanied, by a formal US statement, possibly in the UN, of a "bill of particulars" against Communist China, and an expression of support from the US Congress, possibly in the form of a Joint Resolution.

THE ESTIMATE

I. ECONOMIC EFFECTS OF THE BLOCKADE

1. A blockade of Communist China which included Port Arthur, Dairen, Hong Kong, and Macao (paragraph 4 considers the effects of excluding these ports from the blockade) would cut off Communist China's seaborne foreign trade which was estimated to have included, in 1953, at least 1.5 million tons of imports and 3 million tons of exports. If the blockade were extended to coastal waters it

would be only partially effective against localized junk traffic but would virtually eliminate oceangoing coastal traffic estimated for 1953 at approximately 4 million tons per year.³

2. The Communists would probably estimate that the Bloc would be able to supply from its own production or by transshipment from the West a substantial portion of the essential imports presently entering Communist China by sea. Overland transportation routes to China would be adequate to handle the extra burden of tonnage coming from the USSR. In terms of internal transport adjustment, the

¹ This paper does not take into account the legal aspects of the posited blockade either from the domestic or international point of view.

² Within the context of this paper an *Offshore Blockade* assumes that the blockading forces are maintained at a distance from the coast, and that all designated traffic, entering or departing Communist Chinese ports from or for overseas destinations, will be intercepted.

An *Inshore Blockade* is assumed to include, in addition, all oceangoing coastwise traffic between Chinese Communist ports and between Chinese Communist and adjacent foreign ports. Depending on the tightness of the blockade commercial or fishing junks may or may not be included.

³ The Director of Naval Intelligence and the Deputy Director for Intelligence, The Joint Staff, believe that paragraph 1 should be extended as follows: "The imposition of an inshore blockade, involving only oceangoing shipping (1,000 GRT or over) engaged in coastwise traffic, would have immediate and serious effects on the Chinese economy already considerably dislocated by the recent floods. If the blockade were extended to junk traffic, fishing and commercial, and even if it were only partially effective, the effects would be more far-reaching."

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blockade would require the costly reorientation of China's present rail traffic pattern and the acceptance by an already strained railroad system of a significant burden of long-haul traffic now handled in coastwise and overseas oceangoing vessels.⁴ Moreover, there are large portions of China, specifically the Chekiang and Fukien provinces, which are almost completely isolated except for seaborne trade since no rail lines are available in these areas.

3. Communist China's economic adjustments to the blockade would require considerable time and in the short run the blockade would impose serious economic problems. Additional strains would be placed on the inadequate internal transportation system and trade would be reduced. The Bloc would not be able to fill entirely Chinese Communist requirements for certain critical items. The sum of these adverse effects would, however, be small in relation to Communist China's gross national product or to Communist China's budgetary expenditures but would retard Communist China's economic growth. Over an extended period, the adverse economic effects would decrease as Communist China expanded its own production of critical goods and as the expected growth in the Soviet ability to export capital goods takes place over the next two to five years.

4. Should the blockade exclude Port Arthur and Dairen, the economic effects would be lessened since Port Arthur and Dairen and the supporting rail network can handle substantial additional tonnages. Exclusion of Hong Kong (and Macao) would also lessen the economic effects of the blockade with the exact effect depending on the nature of trade controls maintained by the UK on transshipments into the mainland.

⁴The Director of Naval Intelligence; the Assistant Chief of Staff, G-2, Department of the Army; and the Deputy Director for Intelligence, The Joint Staff, believe that the second and third sentences of this paragraph should read:

"However, the overland transportation routes into China and the inland transportation system in China would probably not be adequate to handle additional essential imports unless there was a reduction in less vital tonnage presently being carried."

II. PROBABLE COMMUNIST REACTIONS

General Considerations

5. The Chinese Communists would be seriously concerned over the economic effects of the blockade, but their reactions against the blockade itself and with respect to the issue of US prisoners would be determined to a much greater extent by political and military considerations and by the counsel of the USSR.

6. Peiping probably feels that it has a convincing case against the US prisoners, or at least against certain of them. More importantly, it would feel that its prestige as a leading Asian power had been directly challenged by the US blockade. Peiping would probably estimate that the blockade would offer possibilities for the Communists to isolate the US on this issue. Peiping would probably be surprised at the vigor of the US reaction and would be concerned lest it signified a US intention to take still more aggressive action against Communist China. In any case, Peiping would probably believe that the US was willing to proceed without its allies and that the US was psychologically prepared at the moment to attack the mainland in reaction to any attack against the blockading forces.

Offshore Blockade

7. In this situation we believe the initial Chinese Communist reactions to an offshore blockade would not include either the use of military force against it, release of the US prisoners, or initiative to negotiate on the prisoner issue. We believe Peiping would attempt propaganda exploitation of the issue, playing on the fears of war of the non-Communist world, and would produce a substantial volume of evidence designed to refute official US denials of the validity of the espionage charges. For a time not presently determinable, the Communists probably would take no military counteraction while they gauged non-Communist reactions, the effect of these reactions on official and popular sentiment in the US, and their own relative capabilities. They might expect that eventu-

ally the US would accept some resolution of the impasse which did not diminish Communist China's prestige.

Inshore Blockade

8. If the blockade were extended to coastal waters, we believe the Communists would almost certainly use their limited naval capabilities, and their air capabilities, in hit and run raids against the blockading forces in widespread efforts to reduce the effectiveness of the blockade. The extension of the blockade would be interpreted as an added indication of US determination and would increase Peiping's apprehension over the possibility of war. In this case they might be more disposed to seek a face-saving solution than in the case of the offshore blockade, but we believe that even here they would be unlikely to effect an early release of the US prisoners.

Offshore and/or Inshore Blockade

9. Without regard as to whether the blockade were offshore and/or inshore, the USSR would counsel Peiping to caution and exert its influence to localize any incidents growing out of US-Chinese Communist encounters.⁵ However, it would afford Communist China whatever support seemed necessary to execute the courses of action on which Peiping had embarked, and would resort to political and psychological means to exploit the issue, including raising it in the UN as a threat to the peace. In addition, the USSR might react to a naval blockade by attempting to bring merchant ships into Port Arthur and Dairen (where it retains its position until June 1955), by attempting to breach the blockade at other points, or by increasing Communist China's capability to wage mine and submarine warfare against the blockading forces. Although the USSR would be unlikely to initiate general war solely because of incidents arising out of attempts to force the blockade, it would not be deterred from attempts at counteraction by the risk of general war.

⁵The Assistant Chief of Staff, G-2, Department of the Army, believes that this sentence should be deleted since there is insufficient evidence to substantiate such a broad conclusion.

III. PROBABLE NON-COMMUNIST REACTIONS


10. The ROK, Nationalist China, probably the SEATO nations of Southeast Asia, and elements in other countries would approve such action and would regard it as indicative of US willingness to take firm action against the Communists. Opinion in most other non-Communist countries of the world would vary from indifference to strong criticism. In those nations which have been hoping for a general relaxation of tensions or for extensive trade programs with Communist China, it would be asserted that the US had seized upon the Chinese Communist action as a pretext to bring about full-scale war with Peiping, if not preventive war against the USSR. Normally middle-of-the-road opinion would probably be appreciably affected by the continuing extensive propaganda of the Communists on the subjects of "peaceful co-existence," the desire of the US to eliminate the Peiping regime, and the horrors of nuclear warfare. India would almost certainly condemn the US action and would, in the United Nations and elsewhere, attempt to bring about a solution in favor of Communist China. Accordingly, and based to a large extent on fear of general war, certain non-Communist nations would critically reappraise their confidence in US leadership. There would almost certainly be a sharp rise in neutralist sentiment in many states now in alliance with the US. NATO states, France, in particular, would fear that this US engagement in the Far East would prejudice its support of NATO. However, as time went on, and if no large-scale warfare in Asia ensued, we believe that the free-world nations would in varying degrees adapt themselves psychologically to the US action while continuing to attempt mediation of the issue in a calmer diplomatic climate.

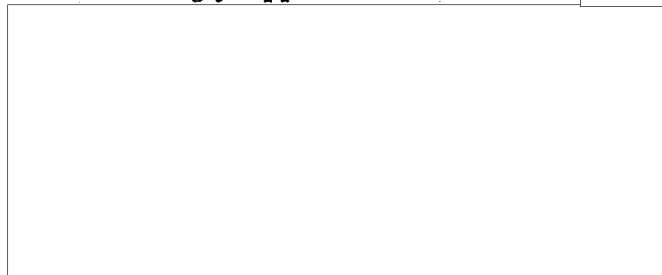
11. The reactions of the UK and Japan would probably be of the greatest importance to the US interests.



influenced by hope of trade with mainland China, and highly fearful of any steps which in the Japanese view involve risk of general war, would probably be comparable to that of the neutralist countries. The Japanese Government probably would seek to avoid direct use of its ports and facilities by US blockading forces.

12. The ROK and the Chinese Nationalists would strongly approve the US action

 The UK would fear that if Hong Kong were associated with the blockade the Chinese Communists would take action to make the British position in Hong Kong untenable. A US blockade which included controls on Hong Kong trade would thus place a severe strain on US-UK relations. Japanese public opinion, at this time strongly



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