STORY

COURSES OF ACTION RELATIVE TO COMMUNIST CHINA
AND INCREASE -- IWP--COMMITTEE

14 MARCH 1951

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[Signatures]

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STUDY

COURSES OF ACTION RELATIVE TO COMMUNIST CHINA
AND KOREA -- ANTI-COMMUNIST CHINESE

1. Communist China (1 January 1951)
   a. Population 452,500,000 in Communist-held areas as of
      1 October 1950. Males (ages 15-49) 127,000,000 of unknown
      physical fitness.
   b. Education: No data available.
   c. Munitions Industry: The Chinese Communists now possess
      an industry capable of producing substantial quantities of
      munitions. Estimated monthly output is: 26 artillery pieces
      (75 mm), 12 recoilless pieces (57 mm); 850 mortars; 15,000
      rifles; 260,000 mortar shells; 150,000 grenades; 30,000,000
      rounds small arms ammunition.
   d. Military Strength and Organization
      Army
      Field Forces--2,294,000--75 Armies, 220 Divisions
      various individual units. Estimated actual strength
      210 infantry divisions, 6,500-9,000; 3 artillery
      divisions; 15,000-16,000; 3 armored divisions, 5,000-
      7,500; 4 cavalry divisions, 4,000.
      Military District Troops--955,000, tactical
      organization unknown.
      Navy--18,000 personnel, with 1 light cruiser and 11
      escort vessels. It is also reported that 6-10 submarines
      have been turned over to the Chinese Communist Navy by
      Soviet Russia.
      Air Force--18,500 personnel and some 650 aircraft, of
      which approximately 200 remain under Soviet control. An
      additional 400-500 Soviet planes could be readily turned
      over to the Chinese Communists from those in the Port
      Arthur-Oriam area.
g. Army Dispositions: Field forces in Korea, 200,000; in Manchuria, 450,000; North China, 160,000; East China, 345,500; South and Central China, 308,000; Southwest China, 294,080; Northwest China, 145,080.

f. Trained Reserves: 5,500,000 poorly trained and partially armed "People's Militia" form a reserve organized on a local basis.

g. Status of Arms and Equipment: Artillery consists of Japanese, Chinese and U.S. pieces, with a limited number of Soviet anti-aircraft pieces. Mortars are Japanese, Chinese and U.S. Tanks are apparently few in number, largely of Japanese manufacture although a few U.S. tanks have been reported. Motor vehicles are primarily of Soviet and U.S. manufacture.

h. Mobilization Capacity (Ground Forces):
   In terms of manpower only (limitations are not on manpower, but on equipment):

<table>
<thead>
<tr>
<th></th>
<th>60-day</th>
<th>90/90 days</th>
<th>180/90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army</td>
<td>3,544,000</td>
<td>8,400,000</td>
<td>5,000,000</td>
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i. Capabilities: The Army is capable of eventually defeating remaining Nationalist forces and maintaining internal security. It could successfully resist an attack by any Asiatic power except the USSR. It is capable of launching an attack against any non-Soviet peripheral country or combination of countries. Providing the United States did not interfere, the Air Force is capable of gaining air superiority over the Chinese Nationalist Air Force, launching an air offensive against Formosa, and supporting an airborne and amphibious operation against the same objectives. The Navy is capable of some escort and reconnaissance work. These capabilities are dependent
upon the extent of improvement in the Chinese military forces as the result of Soviet aid and advice, upon success in suppressing guerrilla activities, and success in consolidating territorial gains, none of which can be accurately determined. In general, it would appear that current trends will increase Chinese Communist military strength.

1. Combat Effectiveness

(1) Army

(a) Strengths. Generally speaking, all four field armies have good discipline; excellent leadership; high morale; good training; and availability of a great number of trained manpower reserves. The 4th Field Army is the most effective, and the 3rd Field Army is next in effectiveness. The Chinese forces fighting in Korea are composed almost entirely of elements of those two armies.

(b) Weaknesses. General weaknesses present in varying degree throughout the four field armies are: lack of standardization of equipment; insufficient equipment to support prolonged operations without substantial replenishment from non-Chinese sources; antiquated transportation facilities; inexperience in modern warfare.

(2) Navy. The Navy has no modern ships; inadequate support facilities; and inefficient crews.

(3) Air Force. The Air Force under Soviet training and technical assistance is improving; however, it is considerably below United States standards. There is nothing yet to substantiate the fact that the Chinese Communists are flying the jets in Korea. Unless Soviet training methods are more effective than United States methods it is unlikely that Chinese pilots will develop a high quality of aerial leadership.
2. Nationalist China (1 January 1951)

2. Population: 7,500,000 in Nationalist-held areas as of 1 October 1950. Males (ages 15-49) 3,850,000, physical condition not known.

3. Budget: Unconfirmed total budget reported maximum $400,000,000 for FY ending 31 Dec 1951. Estimated military budget $190,000,000 or 39.5 per cent above total. (At official exchange rates, 1 Taiwan dollar equals $0.20. A more realistic rate would be 1 Taiwan dollar equals $0.08.)

4. Munitions Industry: Only a small portion of the once sizeable Nationalist munitions industry remains under Nationalist control on Formosa. Facilities moved there from the mainland include the 26th and the combined 39th and 60th arsenals at Kaohsiung, and the 44th and 61st arsenals at Sungsha, near Taipei. Production is limited to small arms and ammunition and is insufficient to meet the needs of the Army. A portion of the production facilities is devoted to conversion of Japanese weapons.

5. Military Strength and Organization
- Army - 425,000-13 Armies; 40 Infantry Divisions (1,030 actual 6,500-10,000 with 1 Division at 15,000); 4 armored groups (brigade equivalent, 1,000 6,000 actual 5,000); 5 independent regiments and 3 army commands.
- Navy - 44,300-1 Coastal Destroyer, 10 Destroyer Escort, (6) Destroyer, 2 Patrol Craft Escort, (5) Patrol Frigate, 11 (3) Minesweeper, 2 Mine layers, 5 (3) Gunboats. Figures in parentheses are inoperable at present. Amphibious craft include 10 LST, 1 Auxiliary Repair Light, 8 LSM, 5 LCI Large.
- Air Force - 57,400--Total aircraft 845; aircraft in tactical units, 433; major units are 7 light bomber, 13 fighter, 1 reconnaissance and 8 transport squadrons.
6. Army Dispositions: The bulk of the combat forces is located on Formosa; lesser groupings are on Hainan Island, the Penghuades and the Quemoy. Service troops are mostly on Formosa.

7. Trained Reserves: No effective reserves.

8. Status of Arms and Equipment: Material is heterogeneous, poorly maintained, and barely sufficient to meet minimum requirements. For example, in 105-mm howitzers there are 35 Japanese, 8 American and 8 German; in light tanks there are 350 American and 100 Japanese, Russian, etc. Infantry divisions have no organic artillery, insufficient automatic weapons, only about one individual weapon for each 2.5 personnel, and practically no anti-tank weapons. However, the above picture will gradually improve under the current military aid program.

b. Mobilization Capacity (Ground Forces)

In the present situation, any significant mobilization beyond the number of troops now under arms would overtax the capacity of the Nationalist Government.

1. Capabilities: The Chinese Nationalist ground forces are incapable of withstanding a prolonged and determined all-out assault by Chinese Communist forces. They can execute limited operations against the mainland, under conditions discussed later. The Air Force can attack transportation facilities, industrial installations, shipping and concentrations of Chinese Communist junkies. It can offer effective resistance for a limited period of time to Chinese Communist air or amphibious attack. The Navy is presently woefully inadequate for the defense of Formosa, even with all ships available. Furthermore, its ability to absorb additional ships
is limited by a shortage of trained manpower. At best the Navy can execute hit and run bombardment or shore installations, harass communist coastal traffic, and support amphibious operations of not over 15,000 troops.

1. Combat Effectiveness

Strengths - Nationalists occupy a defensible position which can be approached only by water or air. They possess some supporting armored units.

Weaknesses - Poor command structure; lack of inter-service coordination; shortages of some types of ammunition, arms and equipment; questionable morale; lack of reserve manpower.

3. On 27 June 1950, the President of the United States issued a public statement from which the following two paragraphs are quoted:

"The attack upon Korea makes it plain, beyond all doubt, that communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war. It has defied the orders of the Security Council of the United Nations issued to preserve international peace and security. In these circumstances the occupation of Formosa by communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area.

"Accordingly I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary to this action I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations."
4. Nationalist China is still the legally recognized member of the United Nations from the area of China.

5. Although at present all U.S. military advisory personnel to Nationalist China have been withdrawn, the agreement between Nationalist China and the United States concerning the old Joint Advisory Group, together with its terms of reference, are still in force. On 7 March 1951, the Joint Chiefs of Staff recommended that a Joint U.S. Military Advisory Group (JUMAG) be authorized for Formosa immediately.

6. Although Communist China is largely self-sufficient in food and hard fuel, she is dependent upon sea imports in excess of 97 per cent of petroleum requirements and a large percentage of many other materials vital to the economy. China is a country of great distances, limited interior lines of communications and with few land outlets to the outside world. As China's coal and food are produced in certain areas only, distribution is dependent on inland waterways, coastal shipping and the limited railroad net. Therefore, if these means of transport are disrupted, the entire distribution system will collapse and large areas will be denied many of the essentials of life.

7. U.S. Naval Amphibious Lift Available at the Present Time: General MacArthur has U.S. naval amphibious lift for 0.4 combat loaded army divisions. An additional 0.3 division lift is now available in the Pacific. A total lift for 1.0 divisions could be provided within about two months. However, considerable additional lift could be utilized, especially for short hauls such as from Japan to Korea, or from Formosa to China, by the use of excess World War II vessels now in Japan, by utilizing all types of cargo, coastal and other vessels, and by increasing ship lift in accordance with oriental standards. It is estimated that amphibious lift for 100,000 Nationalist troops could be assembled in two months.
8. It is believed that Soviet decision to engage in open war with the United States (United Nations) will be predicated on the Soviet concept of the proper time to do so, which may, of course, be either hastened or delayed by U.S. removal of current restrictions on Nationalist China but which probably will not be precipitated by it per se.

9. The peoples of Asia will be greatly influenced by their judgment as to the probable outcome of any action against the Chinese Communist regime and will be reluctant to commit themselves to take sides, and more particularly, to align themselves with a probable loser. Successful overt action against the Chinese Communist regime would invoke favorable reactions in most of the non-Communist Asian nations, though little material aid could be expected from them. There are at present non-Communist governments in Indochina, Malaya, Siam, Burma, Formosa, Pakistan, Hong Kong, Indonesia, Japan, and the Philippines. These governments and the anti-Communist element among their peoples would be encouraged in their own efforts against communism by strong action against Communist China. The anti-Communist elements and guerrilla forces on the mainland of China would also be encouraged and activated to positive action. India, however, though non-Communist, could be expected to condemn any overt action against the Chinese Communist regime. Nehru recognized the Chinese Communist Government, would oppose any extension of hostilities, and would particularly condemn U.S. aid and assistance to the Chinese Nationalists because he opposes any participation by the "white man" in Asian affairs.

10. There is evidence to indicate that a substantial part of the Chinese people are thoroughly disillusioned with the Chinese Communist regime, and it is estimated that about 700,000 are engaged in active resistance operations, ranging from local banditry to organized guerrilla warfare.
11. Although the Communists were formerly welcomed by many Chinese as the lesser of two evils, another switch in allegiance by those same Chinese would not be unlikely. For example, the actual benefits to the farmer resulting from the agrarian reform have been considerably smaller than the Communist propaganda line would indicate. While he has been gaining land to farm without high rentals, the tax in the form of confiscation of a large part of his production has left the farmer with approximately the same net result as heretofore.

12. Nationalist troops have undergone extensive and prolonged training, but, due to inept leadership and poor living conditions, there is some question of their morale. Knowledge that they were receiving full fledged aid from the United States would provide a tremendous lift to morale. It is highly probable that, provided with effective leadership, modern equipment, and logistic support, they could be brought to a point of efficiency equal to that of the average of the Chinese Communist Army. The use of Chinese Nationalist Forces in any war with Communist China would be most desirable from a military viewpoint. They constitute the only immediately available ground forces for use on the mainland of China, and their acceptance and use would inspire hope among millions of non-Communist Chinese on the mainland of China and non-Communist sympathizers throughout Asia. An increase in the tempo of guerrilla activity and sabotage within Communist China would be promoted while, at the same time, the threat of Nationalist landings on the China coast would prevent further CCP withdrawal from South China for transfer to Manchuria and Korea. Furthermore, this trend combined with possible large-scale guerrilla activity in Kwangsi and Yunnan would materially reduce pressure on Hong Kong and Macao, and reduce support of the Viet Minh.

* Chinese Communist Forces
13. Chinese Nationalists have an excellent system of intelligence in the central coastal areas of China, the accuracy of which has been frequently verified. However, their means of obtaining intelligence elsewhere is extremely limited. Therefore, it is considered that if augmented by U.S. air and naval intelligence, it would not be likely for the Communists to trap any Nationalist landing force on the mainland due to surprise action.

14. In the light of past experience and present conditions in the Chinese Nationalist military command, it is considered that the establishment of a Joint U.S. Military Advisory Group is mandatory in the event of further U.S. logistical support to ensure that: supplies are not misappropriated, troops are properly fed and paid, equipment is properly maintained and utilized. Such a group should have representation down to the battalion level, and in time may require about 2,000 officers and men for full implementation. In addition, the magnitude of our aid should be used as a lever by the head of the group to ensure that operational advice is accepted.

15. Areas of operation on the Chinese mainland suitable for Nationalist attack contain few vital objectives. Fukien Province, directly opposite Formosa, is wild, mountainous, semi-tropical, and sparsely populated in comparison with the rest of China. The bulk of the people live on the coastline, where fishing is a major industry. The interior is infested with bandits, who will fight on any side which pays them. This area is suitable for the establishment of a guerrilla operating base. From such a base, underground control and supply lines to the north, west, and east could be maintained to other guerrilla groups.

16. To the south, the Crown Colony of Hong Kong, with British sensitivity, its trade and traffic, makes any overt operation by the Nationalists in the Canton area undesirable initially.
17. To the north stands Shanghai, at the mouth of the Yangtze River. From the city, south for about 100 miles, the coastline contains good beaches, and is protected by numerous offshore islands. Just south of Shanghai is one of the largest airbases in China. Furthermore, the area inland, between the Yangtze and Yellow Rivers, is the rice bowl of China. Thus, this area is suitable for a large-scale lodgment or for commando type raids.

18. Amphibious operations by the Nationalists against the mainland south of Canton and north of Shanghai are not considered feasible due to logistical problems, and the danger of annihilation.

19. In view of the foregoing, the probable military effectiveness of the Chinese Nationalist forces in operations against the mainland is considered under five different cases below. In this connection, the element of Soviet participation has been excluded. Should overt participation occur at any time, our entire course of action in the Far East would be immediately altered to one of strategic defense, due to actual or threatened general war. In this case, the use of Chinese Nationalist forces on the mainland of China would depend on the degree of direct Soviet participation within China, and our own ability to assist with either material or supporting forces. Soviet covert participation, probably by air and naval units only, would correspondingly reduce Nationalist covert effectiveness, but would not seriously impair Nationalist covert capabilities.

2. Case I. The protection of Formosa by the 7th Fleet and restrictions on mainland operations by the Nationalists are both removed; the present Military Aid Program (MAP) is continued, but no additional logistical support is given the Nationalists. In this case, nearly the entire Nationalist strength will be required for defense of Formosa, and nothing more than a few small harassing raids by air and sea could be
attempted. Raids by ground troops would be subject to the principal danger of defection, and in any event, Formosa would probably fall within a year.

c. **Case II.** The protection of Formosa by the 7th Fleet is continued, but restrictions on mainland operations by the Nationalists are removed; the present MAF is continued, but no additional logistical support is given the Nationalists. In this case, the Nationalists could spare approximately 150,000 troops from the defense of Formosa, but transport and resupply problems would probably limit mainland operations to the establishment of one or two small guerrilla bases in Fukien Province, and scattered large-scale raids of not over 10,000 men each. These raids could remain ashore one to three weeks, depending on the time required for the Communist Chinese to muster sufficient ground forces to defeat the beachhead. The principal military effect would be to force the Communists to station additional troops, possibly as many as 200,000 in the vulnerable coastal areas.

d. **Case III.** The same as Case II above, but in addition supplies and incentive bonuses for guerrillas are furnished to the Nationalists by the United States. In this case, an additional Nationalist capability would be created. They could probably accelerate the tempo, increase the combat effectiveness and widen the area of guerrilla activity with logistical support. With outside leadership, organization and bonuses, they could probably improve cohesion and control, and enlarge the guerrilla force somewhat. The principal military effect would be active guerrilla warfare throughout the provinces of Chekiang, Fukien, Kiangsi and eastern Kwangtung. Probable subsidiary effects would be: a disruption of the coastwise shipping (junk); harassment of mainland fishing fleets;
destruction of Communist military depots in the area designed to support attack on Formosa; and disruption of the economies of Fuchow, Amoy, and Swatow, the principal economic centers of the area.

6. Case IV. The same as Case III above, but additional logistical support in the form of rations, supplemental pay, individual equipment, to include expanded supplies and incentive bonuses for guerrillas, are furnished by the United States. In addition, a full-scale Joint Military Advisory Group down to battalion level would be mandatory, as noted in paragraph 14 above. In Case III, in addition to capabilities noted above the Nationalists could maintain several large-scale guerrilla bases in Fukien Province. In coordination with amphibious operations, they could probably retake and hold certain Kweilin air strips by use of guerrillas presently in the area, and thereby open an air route to Yunnan Province. Thus, widespread guerrilla activity could be fostered in an area which has always been difficult for the central government to control, which is important as being on the Indochinese border, and which contains one of the largest airports in China, at Kunming. They could probably, by a combination of guerrilla and overt operations, keep the rail and coastwise shipping in a state of disruption. Since the principal rail lines throughout China could be cut from time to time, and since the distribution of food and other necessities in many areas depends largely on rail traffic, this action would require the utilization of additional thousands of CCP troops for security duty throughout China. They could probably make landings of 10,000-15,000 troops and remain ashore for from one to eight weeks, or perhaps indefinitely in small mobile groups, depending upon the Communist Chinese ability to muster forces to dislodge them. This would be affected in large part
by the aid which they receive ashore. However, it cannot be expected that any large-scale defections of Communist troops or even civilians will take place until it is believed that the Nationalists have a good chance of remaining ashore and expanding their bridgehead. Unless the U.S. should withdraw support of Communist China, this would probably not take place for a long period of time, except as noted under Case V, below. The principal effect of this course would be to sow the seeds of rebellion which might in the long-term succeed in overthrowing the Communist Chinese Government, but in the short-term would preoccupy perhaps a third of the OCF first-line troops, in addition to an estimated one-third of the total of OCF second-line troops currently considered engaged against guerrillas on the mainland of China.

g. Case V. The same as Case IV, except that active support to landing operations is given by U.S. air and naval units. In this case, not only would the scope of guerrilla operations be greatly expanded, but the overt aid given by U.S. armed forces would indicate that the Nationalist beachheads would be supported, retained, and enlarged. With reasonable security against reprisal, large numbers of defections from Communist troops and the citizenry could be expected. The extent to which a massive landing (involving initially 150,000 troops without endangering Formosa) would succeed, and how well it could eventually maintain itself from mainland sources, is a matter of speculation. However, the chances for eventual complete collapse of the Communist Chinese Government are definitely present. In any event, the effectiveness of the OCF would be reduced (and the threat to peripheral areas correspondingly minimized) in direct proportion to the effort and seal invested in this undertaking.
20. Active operations under the conditions of Cases I, II, and III can be initiated almost at once. However, three to six months would be required before major operations could be carried out under the conditions of Cases IV and V.

21. The military effectiveness of the use of Chinese forces on Formosa against the mainland of China will be in direct proportion to the aid and guidance given by the United States. In short, the Chinese Nationalists are not capable of continued overt activities at this time without direct U.S. military support. Even with U.S. air and naval support (case V above), the ultimate success of military operations on the mainland is questionable. It follows that Chinese Nationalist forces should be equipped by WEAF along somewhat austere standards, but trained for eventual employment on the mainland. In the meanwhile, U.S. identification with guerrilla warfare, either in conjunction with Nationalist or independent efforts, should be a prelude to larger overt operations using Chinese Nationalist forces if such should appear practicable in the future.

22. The courses of action proposed in paragraph 9 of NSC 101/1 will have very little immediate effect on our position in the Far East. However, if taken in conjunction with the other courses of action now under consideration for the Far East the combined results in time may well: deny all of China south of the Yellow River to Communism; eliminate Communist logistic support in Indochina; disrupt the economy in the remainder of China; banish the threat of armed aggression in other parts of Asia; reduce the effectiveness of Communist Chinese military forces, and do much to counter the myth of Communist invincibility throughout the world.
23. In the consideration of Cases II, III, IV and V above, the Chinese Nationalist forces retained on Formosa are considered adequate for the defense of that island. It is noted that in each of these cases protection of Formosa by the 7th Fleet was assumed. If such protection is removed (Case I) it is believed that the Chinese Communists could conquer Formosa within a year.