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11/1/74 [unclear] (a)

EO 12958  
3.4(b)(1)>25Yrs  
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SUBJECT: Appraisal of the Chinese Army Documents

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2.

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MANDATORY REVIEW  
CASE # NLK- 99-78A  
DOCUMENT # 1a

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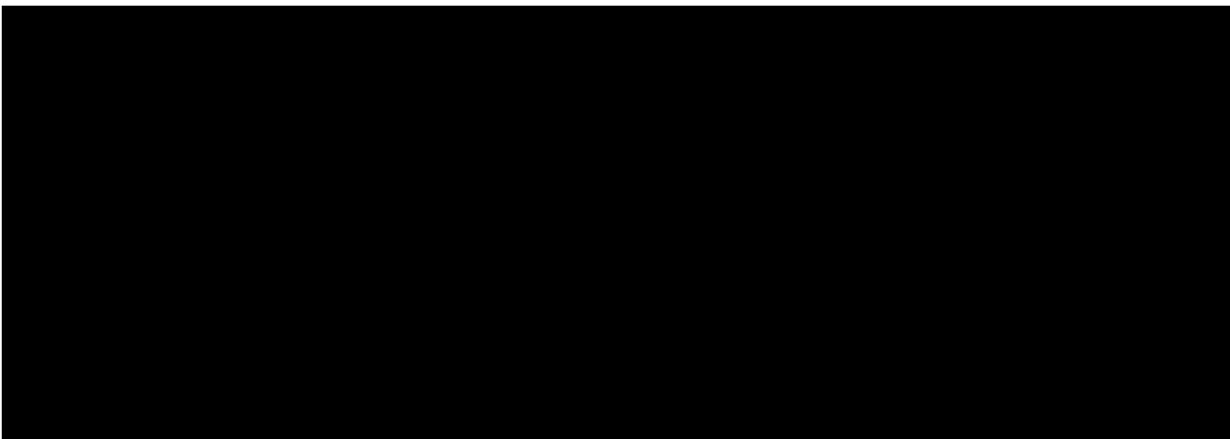
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Highlights of Reports Processed Thus Far

3. The value of the reports so far translated has equalled or exceeded previous expectations based on a preliminary scanning of the documents.



4. The documents have proved a prolific source of army order of battle and represent an OB acquisition unmatched since Korean War days. The documents



have yielded identifications of 49 major military units by true designation and 72 others by cover designation throughout China. Their subject matter covers virtually the entire gamut of ACSI's research responsibilities for China. Illustrative of the range and unique nature of their intelligence are the following nuggets extracted from reports thus far translated:

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- a. The Chinese have no nuclear weapons and their military leadership recognizes that it will have to "fight any war within the next 3-5 years with the weapons we now have on hand".
  - b. The total strength of the Chinese armed forces is 2,625,000 men; the total vehicle inventory of the Chinese Army is 90,000 trucks.
  - c. The militia, which the Chinese have claimed to number over 200 million men, is largely an empty shell. In November 1960 a militia inspection team checking Honan Province's claimed 20 million militiamen, found that entire units existed only on paper and that several militia battalions, supposedly composed of over 600 men, had only a dozen or so militiamen who did not even know who their platoon leader was supposed to be.
5. An unexpected bonus in the translation of these documents was the discovery of our first firm indication of the retrenchment China's economic troubles have forced on her military establishment. The statistics contained in these documents reveal the startling dimensions of this retrenchment. They show that bank deposits maintained by the armed forces were frozen at the end of 1960 and all spending from them was temporarily stopped. The national defense budget was pared

by US\$40 million in the category of "expenditures by military social organizations" alone. Barracks construction programs were cut by 50-70% in 1960 and the Rear Services Department ordered that "all military construction which can be halted must be halted and all that can be stretched out or reduced, must be". In the first six months of 1961, China's industries delivered to the military less than 10% of the truck parts scheduled for delivery, less than 17% of tires, and less than 16% of weapons and related items; only 23% of the steel allotted to the armed forces was actually delivered during this period and the Rear Services Department estimated that China's industry could deliver during all of 1961 only one-third to one-half of the goods planned for allocation to the military. Since the Chinese have never released military production figures and have released no significant production figures of any kind for almost two years, this has been uniquely valuable intelligence.

6. The documents have also provided the U.S. Government's first firm intelligence on the impact of China's recent poor harvests on her privileged armed forces. They show that the Rear Services Department declared the problem of providing adequate food to soldiers "the very core" of their logistics problem. According to admittedly incomplete statistics, almost 33,000 members of the armed forces suffered from gross nutritional deficiencies between

October 1960 and January 1961; 5% of the troops of the Foochow and Nanking Military Districts were incapacitated by edema and investigations showed that troops in several units who needed 4,200 calories per person per day were actually receiving as little as 2,600 calories. After intensive diversion of military personnel to food-gathering and food-substitute campaigns (one army employed almost 10,000 men or 20% of its effectives in this way) the Rear Services Department declared the situation in mid-1961 "greatly improved", but admitted that most military regions had stopped issuing meat rations, that 5-10% of soldiers were still getting inadequate rations, and that a further reduction in rations was likely.

7. Less easily summarized but almost as valuable are other documents detailing military strategy and tactics, military pay and allowances and extension of services provisions, political conflicts within the ranks of the military leadership, etc. When translation of all the documents is completed, we confidently expect this acquisition to prove [redacted] most valuable [redacted]

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