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DATE: JUN 2004

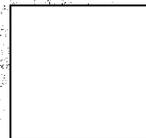
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SNIE 13-2-61  
28 September 1961

4 OCT 1961

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**SPECIAL  
NATIONAL INTELLIGENCE ESTIMATE  
NUMBER 13-2-61**

**COMMUNIST CHINA IN 1971**

*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, The Joint Staff, and AEC.*

*Concurred in by the*

**UNITED STATES INTELLIGENCE BOARD**

*on 28 September 1961. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations (Intelligence), Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, Joint Staff; the Atomic Energy Commission Representative to the USIB; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of his jurisdiction.*

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**Nº 385**

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## COMMUNIST CHINA IN 1971

### THE PROBLEM

To estimate the position of Communist China as a world power 10 years from now, in the light of its probable political, economic, scientific, and military strengths and weaknesses.

### NOTE

This estimate is based on what now appears to be the most probable course of the important factors likely to affect Communist China's industrial, scientific, and military growth over this period. Primary factors are the race between food production and population growth, and the Sino-Soviet dispute. Since these and many other factors could develop in a number of different ways, our judgments are necessarily tentative, particularly in

view of the dearth of information on current conditions and the degree of the recent disruption of Peiping's long-range plans. However, a "contingency" section considers the effect of unanticipated developments in the primary factors of agriculture and Sino-Soviet relations. For both the main estimate and the contingencies it has been assumed that neither general war nor major international war in the Far East has occurred.

### CONCLUSIONS

1. In 1971 mainland China will probably continue to be under the control of a ruthless, determined, and unified Communist leadership which remains basically hostile to the US. Communist China's position as one of the major power centers of the world will have been greatly strengthened. Communist China will probably have more than 850 million people and will continue to have the world's largest standing army and mili-

tary reserve. It is likely to be among the top three nations in the production of coal, steel, and electric power. (*Paras. 5, 9, 14, 18*)

2. By 1971 the Chinese Communists are likely to have a modest stockpile of domestically produced nuclear weapons. They will be producing short-range and probably medium-range missiles, and it may be that they will have a submarine-launched missile capability. The possi-

bility cannot be excluded that they can produce an operational intercontinental ballistic missile system with thermonuclear warheads by 1971.<sup>1 2</sup> (Para. 15)

3. At the same time its people will continue to subsist on a barely adequate diet in good years, suffering shortages in bad years. Although impressive advances will have been made in science and technology, the quality, diversity, and tech-

<sup>1</sup> These estimates of Communist China's missile and nuclear capabilities in 1971 are preliminary and tentative, subject to revision after intensive analysis in the forthcoming SNIE 13-4-61, "Chinese Communist Advanced Weapons Capabilities."

<sup>2</sup> The projections in this paragraph assume continued Soviet cooperation at somewhere near the present level. The contingencies of a marked increase or decrease in Soviet cooperation are discussed in paragraphs 24 and 25.

nological level of production still will be considerably below that of Japan, the USSR, and the industrial nations of the West. (Paras. 6-11, 14)

4. As Communist China's strength grows, relations with the USSR will become an increasingly difficult problem. Communist China will become even less restrained in taking political or military action independent of the USSR. It is likely, however, that their common commitment to the Communist cause, and, especially, their common enmity toward the anti-Communist world will preserve sufficient unity to enable Moscow and Peiping to act in concert against the West, especially in times of major challenge. (Para. 17)

## DISCUSSION

5. *Population.* The population probably will be between 850 and 900 million by mid-1971—an addition in 10 years roughly equal to the present population of the US. Even if the regime should decide to limit the growth of population by birth control and other means, it is unlikely that such a program would have a substantial effect during the next decade. China's population will continue to be predominantly young and will provide a tremendous supply of young workers and military manpower.

6. *Gross National Product (GNP).*<sup>3</sup> During the next 10 years Communist China's annual increase in GNP probably will average about six to eight percent, and at this rate of growth GNP in 1971 will be approximately double the present level. The primary factor in achieving this rate of growth will be the continued investment of approximately one-third of GNP in the expansion of productive capacity, but it has been assumed in making the estimate that

<sup>3</sup> The basis of the economic growth estimates in this SNIE is set forth in Appendix A.

the yield per unit of investment will drop substantially compared to the past decade. In addition to investment, a large portion of the increase in GNP will be used for military purposes and for supporting the added population; relatively little will go for improving living standards.<sup>4</sup>

7. *Agriculture.* The greatest test the Chinese Communist regime will have to pass in the coming decade will be to increase agricultural production at a rate faster than population growth or about three percent annually. This is well within the capability of modern agricultural science; in technically advanced Japan, per acre productivity rose 6.5 percent annually from 1952-1954 to 1960; in Taiwan farm output rose 4.5 percent annually between

<sup>4</sup> One computation, which takes account of both the US and Chinese price systems, shows per capita GNP in China as US\$115 in 1960 and US\$185 in 1971. Per capita GNP in China will remain well behind that of any highly industrialized nation. Even in Japan, per capita GNP is expected to reach US\$670 by 1971. (It was an estimated US\$420 in 1960.)

1952 and 1960; in South Korea farm output rose 3.5 percent annually between 1953 and 1959; and in India grain output has risen by nearly four percent annually over the past decade. Assuming that the weather will approximate a normal average of bad and good years over a 10-year span, success or failure in agricultural development will depend upon the willingness and ability of the regime to invest sufficiently in agriculture, to organize its agricultural forces effectively, and to motivate the peasantry. The failure of the commune organization, in connection with the crop disasters of the past three years, has probably caused China's leaders to realize that personal and material incentives are essential to the success of their agricultural program. The Communist commitment to socialization, however, will almost certainly lead the regime to move again toward expanded collectivization, and the farm program will probably vacillate between degrees of regimentation of the peasants and concessions to them.

8. On balance we believe that growth in agricultural output will be adequate to meet at least the minimum needs of the economy.<sup>5</sup> However, the regime will probably be unable to build up adequate food reserves, rendering the country vulnerable in poor crop years to hardships comparable to 1960-1961 and making necessary large food imports in those years. Fibers and other industrial crops will probably be sufficient to support growth in the nation's light industry, but periodic shortages are likely to occur here also.

9. *Industry.* Industrial production in 1971 will probably be about triple that of 1960. In 1971 Communist China may produce as much as 50 million tons of steel, more than a billion tons of coal, and possibly 300 billion kilowatt-hours of electric power, and it will be a major producer in many other fields. Primary emphasis will almost certainly continue to be on the expansion of heavy industry, but there will also be a substantial increase in the production of consumer goods, such as cotton cloth, sewing machines, and radios.

<sup>5</sup> The effects of a failure to meet these minimum needs are discussed in the CONTINGENCIES section, paragraphs 19-23.

10. *Foreign Trade.* Over the next decade the volume of China's foreign trade will probably be smaller in proportion to GNP than it has been in the past. Domestic requirements for agricultural products are expected to reduce the availability of farm exports over the period, and this loss is likely to be offset only gradually by developing exports of light manufactures. Part of its export earnings will also be needed to repay substantial trade deficits accumulated over the past several years and to import from time to time substantial quantities of grain. Thus, although China's military and industrial rates of growth depend on imports of certain military goods, machinery and equipment, large quantities of petroleum products, and other industrial materials, such imports may play a smaller role over much of the next decade than previously. The bulk of China's trade still will be conducted with the Soviet Bloc. However, there is likely to be a considerable growth of trade with underdeveloped countries based on expanding Chinese exports of industrial manufactures. Peiping probably will continue its aid and trade programs in specific areas of the world aimed at serving its political ends, but its difficult foreign trade position will tend to limit the magnitude and flexibility of such programs.

11. By 1971 Communist China will probably have made appreciable progress toward its announced goal of economic self-sufficiency. Its own production will probably be able to meet the economy's needs in basic heavy industrial products, in many basic types of machinery, in nearly all products of light industry, and in food (except in poor crop years). However, Communist China will still lag considerably behind the USSR, Japan, and the industrial nations of Western Europe in the quality, diversity, and technological level of production. In order to continue its progress toward becoming a truly modern power, Communist China in 1971 will still need to import technology, some kinds of complex electronic gear and precision machinery, some metal alloys, and many types of advanced military equipment.

12. *Political Strength.* Revolutionary zeal probably reached its peak in 1958 and has been severely dampened by the harsh economic setback of 1960-1961. The people of China—particularly the peasants, who bear the brunt of the regime's efforts to industrialize—are generally disillusioned with the glorious promises and grandiose schemes of the Communists, and even the party cadres are beginning to associate Communist ideology with failure and suffering rather than achievement. In the future, the Communist leaders will probably have some success in identifying the Communist system with greater national progress and achievement, as the Soviets have so successfully done, to win popular support. Success in Peiping's nuclear weapons program would play an important part. Discontent will almost certainly continue to exist, but the regime will probably combine limited material incentives and appeals to patriotism with effective repression in sufficient degree to prevent any large-scale organized resistance.

13. By 1971 the political leadership itself will have changed to some extent. Less than 10 percent of the party members in 1971 will have had any direct experience with the pre-1949 revolutionary struggle for power. Leadership, however, will almost certainly continue to come from the surviving old revolutionaries. Although some of the present politburo members (present average age: 61 years) will probably have died, their replacements will almost certainly come from among their old colleagues on the Central Committee. If Mao survives, he will be 78 in 1971. If he has died, his special authority will be missed in settling intraparty differences but the continuity of the established leadership group would be unbroken and a sharp change in policy would be highly unlikely. Mao's death might precipitate a factional struggle within the top party leadership, particularly if it occurs at a time of domestic crisis; however, the cohesiveness of the Chinese Communist Party leaders in the past suggests that the party could probably survive a struggle for succession without serious damage.

14. *Science and Military Technology.* By 1971 the present shortage of capable scientists will have been considerably relieved, with

significant numbers of new scientists emerging from advanced training programs. Peiping's main emphasis will still be on enlarging its scientific and technological base. Chinese science may have produced a few achievements of world interest by 1971, but its overall standing will be well behind that of the advanced nations. Communist China will still be trying desperately to assimilate the ever-advancing science and technology of the USSR and the West.

15. Technological capabilities, however, may be relatively advanced in key economic and military areas where the Chinese have concentrated their efforts. By 1971 the Chinese Communists are likely to have a modest stockpile of domestically produced nuclear weapons. They will be producing short-range and probably medium-range missiles and it may be that they will have a submarine-launched missile capability. It is also possible that they can produce an operational intercontinental ballistic missile system with thermonuclear warheads by 1971.<sup>6 7</sup>

16. *Military Strength.* The armed forces will probably show little increase in personnel, but their capabilities will have been substantially increased by modernization and the introduction of new weapons. If Soviet aid to conventional military production is restored to previous levels, Communist China will probably have added a number of new submarines to its fleet and have increased its air power with a considerable number of domestically-produced medium jet bombers. Even without Soviet aid, it will probably be self-sufficient in the peacetime production of most conventional weapons, including tanks and unguided rockets.

17. *Sino-Soviet Relations.* Communist China's increased strength, combined with a greatly increased degree of military and economic self-sufficiency, will cause Peiping to be even less restrained than at present in opposing the Soviets on points of doctrine, strategy, or tactics. Peiping's efforts to woo underdeveloped nations and to present itself as a model for the Communist parties of these

<sup>6 7</sup> See footnotes to Conclusion 2.

areas will probably lead to increased competition with Moscow. Relations between Moscow and Peiping will continue to be disturbed by differing revolutionary stages, ideological interpretations, national interests, and personality conflicts. In general, relations between the two states will probably not be much better than lukewarm. It is likely, however, that their common commitment to the Communist cause, and, especially, their common enmity toward the anti-Communist world will preserve sufficient unity to enable Moscow and Peiping to act in concert against the West, especially in times of major challenge.

18. *International Relations.* It is probable that by 1971 Communist China's increased economic and military strength will enable its aggressive leaders to play a considerably greater role in international affairs than at present. Communist China will probably have been admitted to UN membership. Most countries will have extended diplomatic recognition. The basis of Peiping's foreign policy will continue to be opposition to the US, the promotion of communism in underdeveloped areas, and the establishment of Chinese Communist hegemony in Southeast Asia.

## CONTINGENCIES

19. *The First Contingency: Agricultural Failure.* Agricultural disaster might occur either early or late in the decade. The series of bad harvests which began in 1959 might continue through 1962 or beyond. In this event, the already undernourished population would suffer greatly from the cumulative effects of widespread malnutrition and lowered resistance to disease, especially in the spring of each year before the early harvests brought relief. It is also possible that mismanagement over the next decade might prevent food production from keeping pace with population growth even with good weather. Starting from 1961's inadequate base, this would mean not only a continuation or intensification of present food problems but of problems of foreign exchange and investment as well.

20. Whatever the cause of agricultural failure, there would be increased popular disillusionment with communism and growing resentment against the regime. Peiping would be forced to rely increasingly on force and terror to regiment the people and on preferential treatment (as well as purges) to preserve the loyalty of its instruments of control—the party, the police, and the army. At the same time, growth in GNP and industrial output would be seriously retarded and future prospects obscured. However, the regime probably could survive such difficulties, even as

Stalin's did, but in these circumstances Communist China would have considerably less power and prestige in 1971 than we have estimated.

21. The effect that prolonged agricultural failure would have on Peiping's foreign policy is uncertain. Two factors might incline the regime toward military aggression. On purely economic grounds there might appear to be a case for attempting the conquest of the agriculturally rich and relatively underpopulated lands of Southeast Asia. On political grounds the rallying effect of war might appeal to Peiping as a means of deflecting popular discontent. Against this rationale for war, however, are very weighty considerations.

22. Conquest of Southeast Asia would not appreciably alleviate China's food problem. Mainland Southeast Asia's annual production of rice (the only important exportable food) is only about 20 million tons, 75 percent of which is normally consumed locally.<sup>8</sup> Even though the Communists might ruthlessly reduce local consumption, the disruptive effects of war, the attrition of guerrilla warfare, and the effects of peasant resistance to foreign oppression would tend to reduce production sharply. Over the longer run the prospects of greatly

<sup>8</sup> At present Communist China's annual grain requirement is over 200 million metric tons.

increasing the region's food output under Communist domination are also dim; in North Vietnam experience has demonstrated that, even when working with their own people, the Communists fail to stimulate enthusiasm and high production from the peasantry.

23. Moreover, China has historically been aggressive and expansionist in times of strength rather than weakness. The attack on Quemoy in 1958 coincided with a period of strength and optimism; since then Peiping has been less aggressive. Most important, Peiping is almost certainly convinced that a major overt assault on either Southeast Asia or Taiwan would mean war with the US. On balance, therefore, we believe that agricultural problems alone would probably not cause Peiping to embark on a military adventure.

24. *The Second Contingency: Major Change in Sino-Soviet Relations.* If Sino-Soviet relations were to improve greatly, economic cooperation between the two powers would almost certainly expand accordingly. The USSR has the economic strength to give large-scale assistance to Communist China's economy—technical assistants by the thousands,

plans and blueprints for advanced industries and missiles and nuclear weapons, and loans or grants to tide China over its present period of economic depression and launch its recovery. While anything approaching this level of cooperation between Moscow and Peiping is highly unlikely, any substantial rise in the current level would increase Communist China's economic strength by 1971 and advance its position as a modern military power.

25. Conversely, if Sino-Soviet relations were to deteriorate further, present levels of economic cooperation would be reduced or completely ended. Even a complete cessation of Soviet aid would not, in itself, stop Communist China's economic growth. Industrial production would fall short of the tripling we have estimated, but the effects would be felt less in the gross quantity of production than in the diversity, quality, and technological level of production. Progress in the development of advanced weapons would be considerably slowed, although, even without further Soviet aid, Communist China would probably have produced some atomic bombs and some missiles by 1971.

APPENDIX A

BASIS OF THE ECONOMIC GROWTH RATES<sup>9</sup>

1. Despite serious current difficulties, the economy of Communist China probably will achieve rates of growth during the coming decade equal to the high rates of the First

Five-Year Plan (1953-1957) but below the extraordinary rates of the "leap forward" period (1958-1960), as follows:

ANNUAL AVERAGE RATE OF GROWTH (IN PERCENT)

	FIRST FIVE-YEAR PLAN (1953-1957)	"LEAP FORWARD" (1958-1960)	NEXT DECADE (1961-1971)
GNP .....	6	10	6-8
Industrial Production .....	15	28	9-12
Agricultural Production ...	3	1	3

<sup>9</sup>The data used in making estimates of present and future production in the Chinese Communist economy come from both official and nonofficial sources. Official production claims for individual industrial commodities have been checked against related data on plant capacity, raw materials, and labor force, and these claims generally stand up

under examination. On the other hand, official claims for production in agriculture have been sharply discounted. The release of official data has fallen off in the past year, but, on the whole, enough information is available on the Chinese economy to give a reasonably solid base for the figures presented in this SNIE.

FACTORS OF GROWTH

2. Strong factors of growth are expected to take hold over the next decade: a high rate of investment, a large and increasingly skilled labor force, further exploitation of the ample natural resources available for heavy industry, and continuation of the regime's fundamental policy of rapid industrialization.

3. *Investment.* The main factor favoring high rates of growth over the next decade is the ability of the Chinese Communist regime to maintain a high rate of investment. Gross investment in new productive facilities (measured in Chinese domestic prices) has increased from 15 percent of GNP in 1952 to 33 percent in 1960, and the regime is expected to continue to allocate approximately one-third of GNP to investment over the next decade.

Even if the additional output yielded per unit of investment fell to one-half of the yield per unit of investment obtained in the First Five-Year Plan period, total output (GNP) would still rise by 6 to 8 percent per year, the forecast adopted for this estimate. Although a considerable decline in yield from investment is to be expected in the next stage of China's economic development, the assumption of a 50 percent decline is so great as to suggest the estimates are conservative.

4. *Labor Force.* The manpower of Communist China is so abundant that the industrial labor force could be doubled over the next decade at the same time that the agricultural labor force was increasing by about 40 million people. Although shortages of skilled man-

power will persist throughout the economy, the continued emphasis on education and technical training, as well as the continued accumulation of experience in science and industry will lead to steady improvement in the quality of the labor force.

5. *Natural Resources.* Communist China has large scale resources of coal, iron ore, water-power, and the other resources necessary to build up heavy industry. The major exception is natural crude oil. Communist China will have made great strides in exploiting its available petroleum resources by 1971 and

substantial reserves may have been proved, but the country almost certainly will continue to depend on the outside world for an important share of its petroleum products.

6. *Economic Policy.* The regime's policy of forced-draft industrialization is expected to be resumed once the current economic difficulties are surmounted. This policy involves the concentration of a high proportion of manpower, resources, and administrative energy in sectors of the economy capable of the most rapid growth—heavy industry, construction, and transportation.

### PATTERN OF GROWTH

7. Growth in industry and the economy as a whole, however, is not expected to follow an even pattern. Three periods may be identified roughly as follows:

(a) 1961-1962. Period of current economic difficulties when growth is slowed down (or even brought to a halt) by (1) shortages of raw materials, (2) adjustment to the departure of the Soviet technicians, and (3) relative increase in priority for agriculture.

(b) 1963-1965. Period of high and rising rates of growth, when industrial activity is

supported by (1) bettering of raw materials situation, (2) the coming into operation of considerable additional plant capacity, (3) the realizing of gains from newly trained management, professional, technical people, and (4) return to "normal" situation in agriculture.

(c) 1966-1971. Period of high, but declining rates of growth, when entry into relatively more complex fields gives slower rates of increase.