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**PROBABLE DEVELOPMENTS IN
THE TAIWAN STRAIT CRISIS**

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

UNITED STATES INTELLIGENCE BOARD

on 28 October 1958. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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PROBABLE DEVELOPMENTS IN THE TAIWAN STRAIT CRISIS

THE PROBLEM

To estimate probable Chinese Communist courses of action with respect to the crisis which has existed in the Taiwan Strait since August; and probable Chinese Communist, Chinese Nationalist, and non-Communist East Asian reactions to various possible developments in the Taiwan Strait area.

THE ESTIMATE

I. THE CHINESE COMMUNISTS AND THE TAIWAN STRAIT CRISIS

A. Chinese Communist Objectives and Motives in Initiating the Crisis

1. In initiating the present crisis, Communist China has shown greater boldness in probing US intentions in the Taiwan Strait than at any time heretofore. This shift in tactics has taken place against a background of generally increased Chinese Communist assertiveness and confidence since the advent of sputnik. In general, however, we believe that the shift in tactics in the Taiwan area does not portend any basic change in the over-all conduct of Chinese Communist foreign policy as described in NIE 13-58 (16 May 1958).¹

2. The Chinese Communists regard continued GRC control of the offshore islands as an

affront to their national prestige and dignity. They may still regard the GRC position on the offshore islands, backed as it is by the US, as a military threat. However, we do not believe that the Chinese Communists initiated the present crisis with the firm intention of obtaining the offshore islands regardless of GRC, US, and world reactions. Such recent actions in the present crisis as the failure to use the CCAF for offensive action, the less than maximum possible artillery effort, the emphasis on the undermining of Chinese Nationalist morale, and the cessation of the bombardment between 6 and 20 October almost certainly indicate that Peiping's leaders are using military power primarily as a political weapon, and that they are not committed to the immediate capture of the islands at all costs.

¹ NIE 13-58 (16 May 1958) held that: the Chinese Communists view the present world position of the Bloc with considerable confidence; they feel the trend in Asia to be running against the West; they are not impatient to achieve their goals; they are directing their energies toward the intermediate objective of weakening the position and influence of the US in Asia; the principal thrust of their policy will continue to be reasonableness and peaceful coexistence, though they will display more assertiveness; they are concerned about the growth of "two Chinas" senti-

ment; they will probably not resort to overt military aggression which they believe would involve them in military action with the US; they will continue their efforts to undermine Nationalist will; and "the possibility cannot be excluded that the Chinese Communists will adopt a more aggressive policy toward the Offshore Islands, in part because of intense irritation and a sense of affront, in part to emphasize their determination to destroy the Nationalist Government, and in part to test US intentions in the Taiwan area."

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3. Nor do we believe that the Chinese Communists viewed the acquisition of the offshore islands as their fundamental objective. Their primary purpose in increasing military and political pressure in the Taiwan Strait area was undoubtedly to further their ultimate goal of eliminating the GRC and bringing about the withdrawal of US forces from the Taiwan area. They probably believed that their action would serve this purpose: (a) by probing US determination to support the GRC; (b) by driving a wedge between the US and the GRC; (c) by discrediting the GRC and the US before world opinion; (d) by reminding the world that Communist China must be reckoned with; (e) by preventing a drift toward wider acceptance of a *de facto* "two Chinas" situation; and (f) by straining Nationalist morale. Although domestic considerations probably played some part in the timing of the Chinese Communist initial attack, we believe that these considerations were of secondary importance in the reaching of the decision to initiate the attack.

4. Available evidence, albeit inconclusive, indicates that the USSR did not initiate the crisis by encouraging the Chinese Communists to their actions. However, the Soviets clearly acquiesced in it and have supported it, almost certainly in the belief that it would not lead to large-scale hostilities between Communist China and the US. There is no evidence as to what role the USSR played, if any, in the temporary suspension of shelling.

B. Present Chinese Communist Intentions

5. Whatever the expectations of the Chinese Communist leaders in July and August, they have probably become convinced that the US itself would fight rather than permit the offshore islands to fall in the face of direct military pressure. In these circumstances, the Chinese Communists, apparently unwilling to risk resort to those increased military measures which would be necessary to effect a complete interdiction of the islands, probably estimate that they can best pursue their objectives at the moment by emphasizing the political aspect of their effort, while main-

taining a measure of military pressure. They probably retain considerable confidence that a course of shelling and intermittent "truces" will still serve to aggravate US-GRC relations, erode Nationalist morale, and exert world and domestic pressures on the US to effect a withdrawal of Nationalist troops from the offshore islands, as a step towards Communist China's aim of eliminating the GRC.

6. The Chinese Communists almost certainly consider that their position is a strong one and that there is little compulsion on them to make concessions. They probably intend to maintain in the Warsaw talks that the only issue negotiable with the US is a withdrawal of US forces from the Taiwan area, insisting that the question of the offshore islands and Taiwan is a purely Chinese affair. However, they probably view a continuation of these talks as desirable in order to give the world the impression that they are willing to negotiate, to forestall UN or other international consideration of the crisis, to arouse doubts in the GRC's mind regarding US policy, and to reap whatever prestige benefits result from direct talks with the US. At the same time, they will probably continue to offer to negotiate with the GRC, suggesting to the Nationalists openly and through covert contacts that they had better make a deal soon before the US abandons them. They will almost certainly prefer such negotiating channels to any discussion of the crisis in the UN or in any other international forum, since this would probably involve resolutions which would not fully endorse Peiping's position and which might have "two Chinas" connotations.

7. Peiping's negotiating position is limited by its concern that acceptance of any concessions might prejudice its claim to Taiwan and the offshore islands. It may hope that the US will exert pressure on the GRC to withdraw from the offshore islands, calculating that such pressure will exacerbate US-GRC relations. However, the Chinese Communists would not accept such a withdrawal as a permanent solution to the Taiwan problem, although they may suggest that if they were given the offshore islands and if the US were

to withdraw its forces from the Taiwan area, they would not use force against Taiwan for a certain period. They certainly do not view a *de facto* neutralization or a reduction of the Nationalist garrisons as acceptable solutions, and it is most unlikely that they would respond to such proposals by offering any concessions. Certainly they would not agree to such reciprocal measures as a demilitarization of the coastal area opposite the offshore islands.

8. The specific actions which Communist China will pursue within the limits indicated above — refraining from both extreme risks and major concessions — are difficult to estimate. Chinese Communist tactics will depend in large measure on Soviet attitudes and on Nationalist and particularly US actions. The Chinese Communists will probably move up new and improved aircraft and other weapons into the immediate coastal areas, but we believe that they will continue to refrain from launching a direct assault to capture the major offshore islands as long as they believe that this would involve them in hostilities with the US. Nevertheless, this does not rule out, especially in the event that their present tactics fail to advance their cause, the resumption of serious interdiction efforts and more aggressive employment of air and naval units in the Taiwan Strait. Although the Chinese Communists probably now believe that the US would fight rather than permit the islands to fall in the face of direct military pressure, they probably also believe that the US would exercise considerable restraint short of a direct and flagrant Chinese Communist challenge. Consequently, they probably believe that it would be safe again to create a high degree of military tension in the Strait area. In such a situation there would always remain a serious chance of miscalculation, from which hostilities could develop between US and Chinese Communist forces.

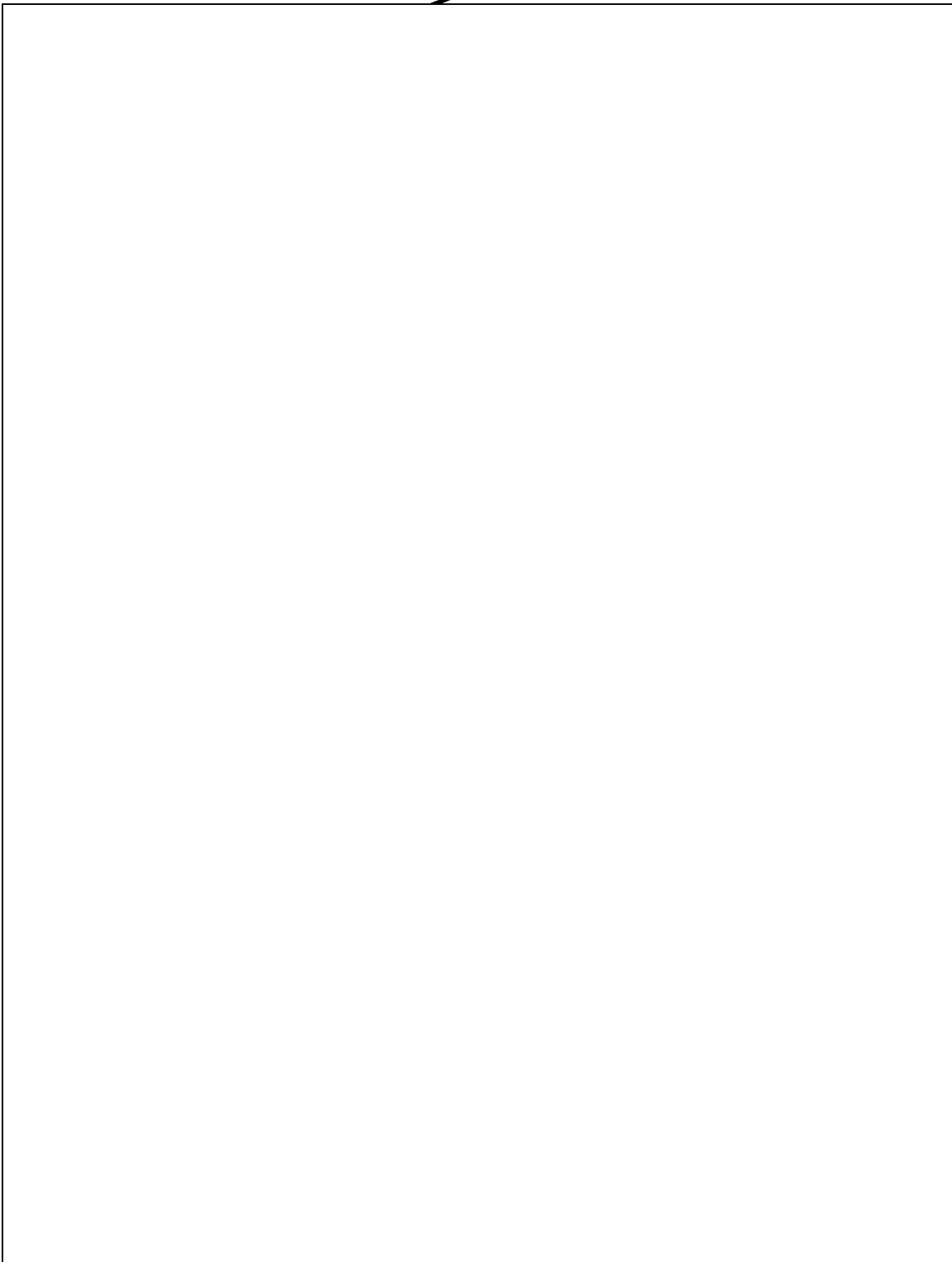
9. On balance, we feel that for the near future the chances favor a prolongation of the present situation of no maximum interdiction effort, no serious negotiation, no solution. Assuming the Nationalists remain on the offshore islands, the Chinese Communists will

probably maintain an atmosphere of crisis and tension in the Taiwan Strait for some time to come. In any event, they will not give up their efforts to split the US and the GRC, to cause the collapse of the GRC, and to undermine US prestige in Asia.

10. We do not anticipate that the Chinese Communists will take overt military action against other Far Eastern countries during the near future. In the event that the offshore islands were lost by the Chinese Nationalists, we would foresee heightened Communist pressures against other areas of Asia.

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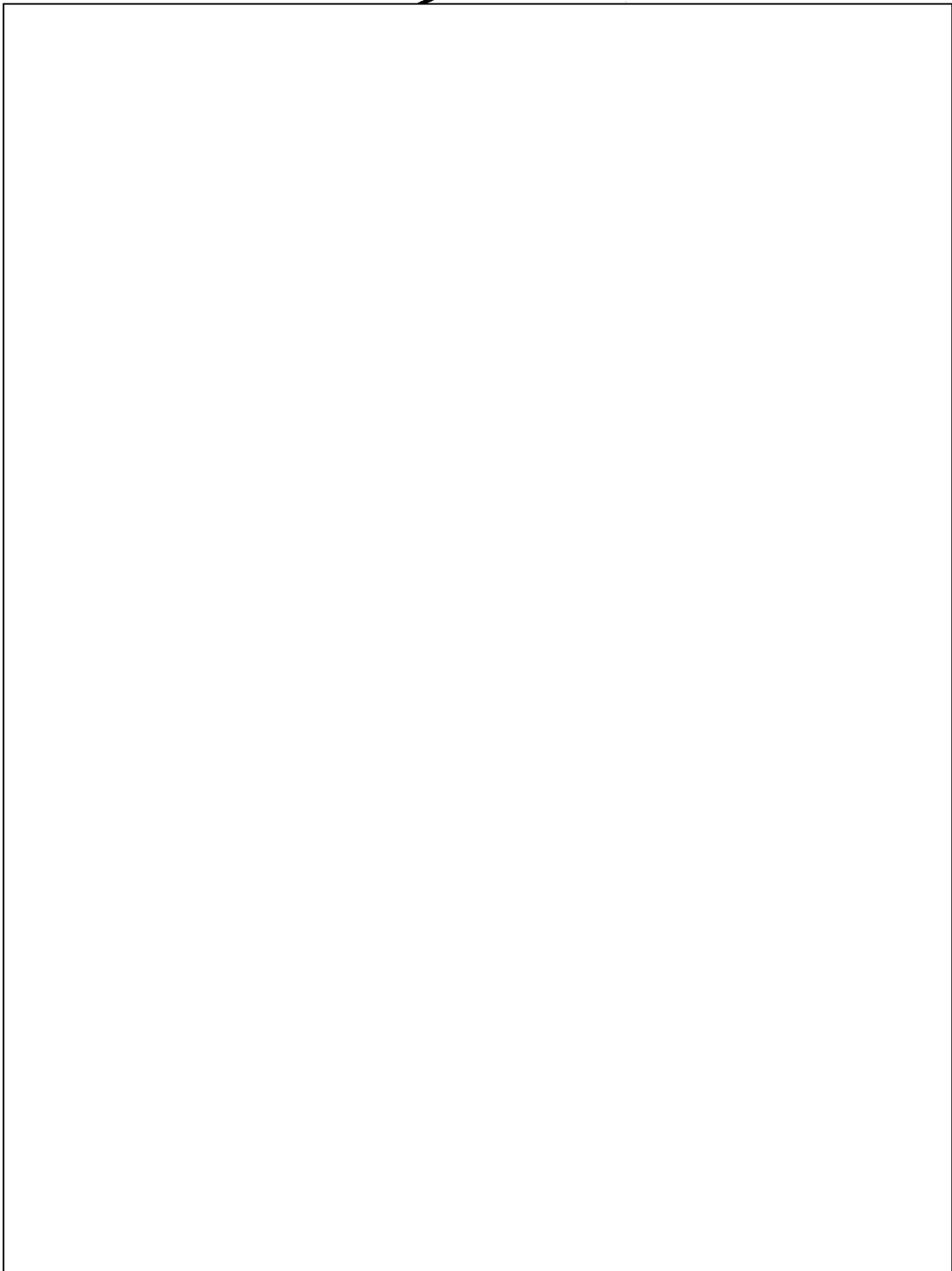
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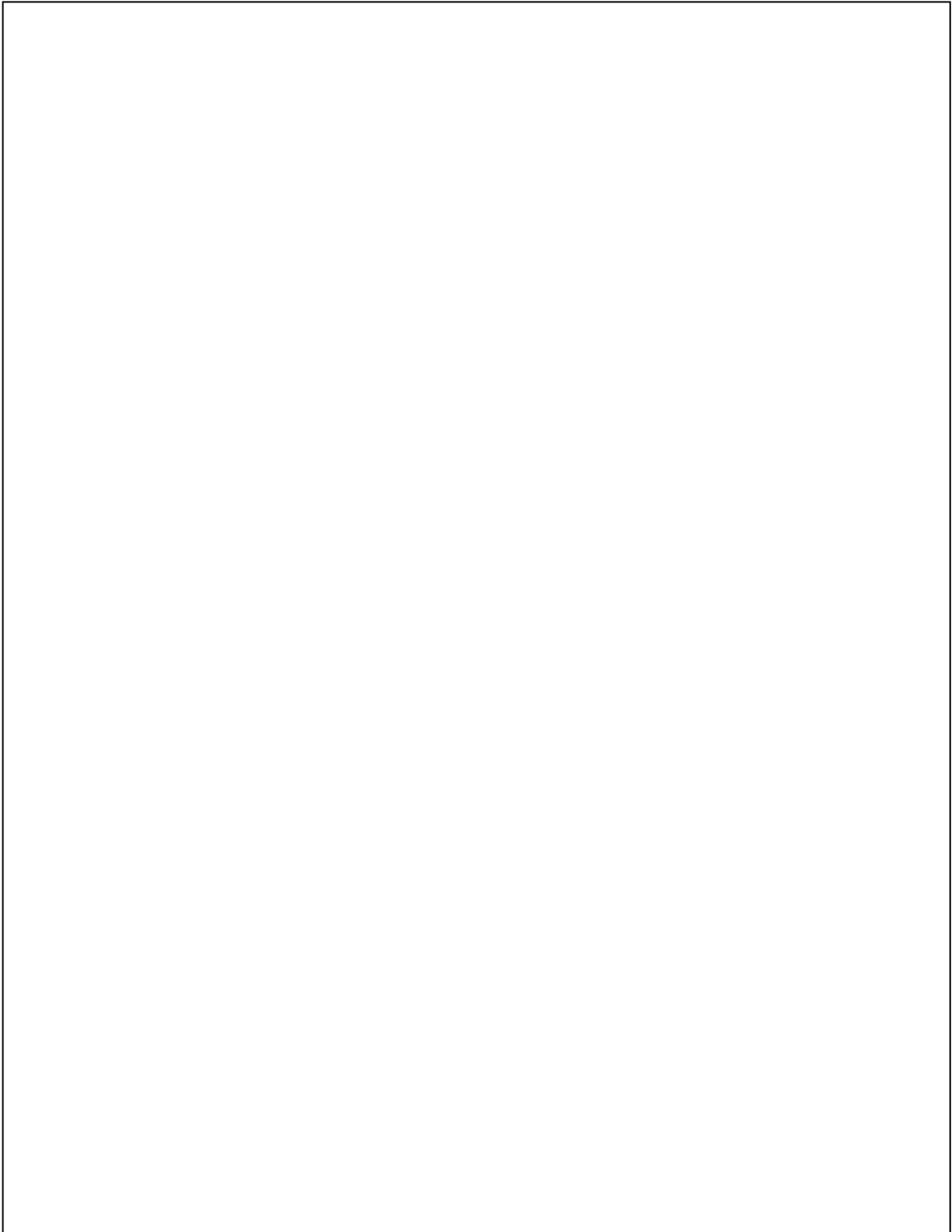
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