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## **SPECIAL ATTENTION TO THE READER**

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NAVAL WAR COLLEGE  
NEWPORT, R.I.

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ERRATA SHEET to Volume VIII, No. 2, October 1955, of the  
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1. It is requested that addressees note corrections, as indicated below, in the October 1955 issue of the NAVAL WAR COLLEGE REVIEW:

(a) Page 61, under STRATEGY AND TACTICS, change 4 installments to 8 installments. Change 24 Naval Reserve Point Credits to 48 Naval Reserve Point Credits.

(b) Page 62, under ADVANCED INTERNATIONAL LAW, change 8 installments to 4 installments. Change 48 Naval Reserve to 24 Naval Reserve Point Credits

**NAVAL WAR COLLEGE  
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Newport, R. I.**

## **EDITORIAL POLICY NAVAL WAR COLLEGE REVIEW**

Readers of the Review may have speculated on the manner in which lecture material is selected and edited.

Lectures are selected on the basis of :

- (a) Favorable evaluations by Naval War College audiences.
- (b) Usefulness to subscribers, in general, rather than material designed narrowly to support a specific college need.
- (c) Timeliness.

Materials must be chosen from the best of UNCLASSIFIED lectures at the Naval War College, and these represent a total of something less than half the overall Lecture Program. For this reason there is no orderly progression of subjects reflecting the logical outline of the College curriculum.

**EDITOR.**

## **U. S. POLICY IN THE FAR EAST — COMMUNIST CHINA**

These lectures were delivered to  
students of the Naval Warfare II Course  
at the Naval War College  
Academic Year 1954-1955

by  
*Dr. Walt W. Rostow*

I propose over the next week to consider with you a problem of some interest — the problem of American policy in Asia.

In the first of these three lectures we shall examine the problem posed for the United States by the intentions and capabilities of Communist China. In the second we shall consider the dangers and potentialities which appear to be inherent in the position of Free Asia. And in the third, I shall consider the lines of action which are open to us in Asia — the alternatives we face there — and those which I would commend.

My discussion of Communist China today has a special and arbitrary focus. It is designed to indicate how the situation in Communist China relates to forces over which the United States can exercise some measure of control or influence, direct or indirect. It is an appreciation of Communist China which is designed to lead directly into the second and third lectures; that is, to the discussion of the situation in Free Asia, and to the possible lines of U. S. action.

There are, of course, many ways to discuss the position within a country or a society. The method I have chosen here to deal with Communist China is arbitrarily designed to lead ultimately into the question of U. S. action. I shall come back at the end of my talk to a few further reflections on the lecture, viewed as an intelligence exercise. But the method I have adopted is designed to dramatize the bare-boned structure — the skeleton — of

a particular view of Communist China which has emerged out of the research we have done. In so doing, I am assuming that you had a chance to look over the less formalistic and more conventional writing about Communist China incorporated in *The Prospects for Communist China* itself.

If one is going to produce an intelligence appreciation that leads up to the issues of action, I think one must start with some clarity about questions which he is ultimately going to answer. The notion that intelligence can be pursued abstractly by examining the evidence, and leaving the answers to drop off the end of the line from the mere collection of data, is not a correct one. I should therefore like to list at the beginning the five questions which summarize the interests of the American people and its government in Communist China:

1. Is it likely that Communist China will initiate major war against us or against areas vital to our interests?
2. Should war come about from any cause, what are Communist China's capabilities?
3. What are the intentions and capabilities of Communist China with respect to the expansion of its power by means short of major hostilities?
4. What are the prospects for the maintenance of Communist power in China?
5. What are the prospects for change in the nature of Communist power in China which might lead to developments favorable to the American interest?

To get at these searching and difficult questions in a reasonably orderly way, we must examine the variables which are likely to determine the future course of events in Communist China.

Broadly speaking, the equation we might set up for China's future has four major independent variables. It is these independent variables that are most likely to affect the course of events in Communist China which I should like to discuss with you now in some detail.

Our method this morning in this little exercise is first to consider the prospects for Communist China in general by examining the four variables on which its prospects appear to depend; and then, having set up that little theoretical model of Communist China, to turn to the five large strategic questions which I have set out as summarizing the nature of the American interest.

Here are my four independent variables:

*First*, the effective unity of the top leadership in Communist China. It is clear from all of history — and especially from all of modern history — that the minimum condition for the continuity and success of totalitarian or autocratic regimes is the maintenance of a high degree of unity and common purpose among the top leadership. So long as they remain together, controlling as they do by definition the instruments of force, we can assume a certain degree of continuity in their rule.

*Second*, the degree of success or failure of the new general line in Communist China — the so-called “transition to Socialism.” The core of the new general line is the Five-Year Economic Plan, the effort to move China into a position where it can sustain industrial growth on its own. As we shall see, it is on the success of this plan that almost every other aspect of Peking's contemporary aspirations hinge.

*Third*, the Sino-Soviet tie, which gives to a fundamentally weak China a link with a major power — a major power which shares an interest in the disruption of Western positions in Asia — is the minimum condition for permitting Communist China to pursue an aggressive course, given China's present weakness as



a straight military and economic power. It is obviously an essential variable.

*Fourth*, the external force arrayed against Communist China — not merely the military force, but the total political, economic, and military performance of the Free World; and especially the performance of the Free World in Asia.

I should now like to discuss each of these key variables.

The Chinese Communist top leadership in the first five years of its rule has enjoyed a degree of unity rare in Communist history. This unity is based on the common experience, comradeship, and history of success achieved by the group around Mao Tse-tung. After the Communist defeat in 1927, Mao succeeded in regrouping in the countryside. He developed a political and military strategy based on peasant support and on guerrilla operations. Around 1935, if not a bit earlier, he finally emerged (against Moscow's inclinations and Moscow's intent) unchallenged as the leader of the Chinese Communist movement. Those who now rule China are men who survived the 6,000-mile "Long March." For more than twenty years, they have stuck together. It is a notable fact that in the recent reorganization of the Chinese Communist government in the summer of this year, the key figures of the regime remained Old Guard veterans — literally veterans of the Long March itself.

It is undoubtedly true that beneath the level of Mao Tse-tung there is a considerable maneuvering for authority. There is also undoubtedly a considerable clash of interest among the different bureaucratic arms of power in Communist China. From all the information available one can only conclude that Mao Tse-tung has achieved a stronger degree of unity than did Stalin, Hitler, Lenin, or Mussolini. In part, we must attribute this unity to the peculiar kind of comradeship, mutual reliance, and habit of reconciliation which comes to men who have successfully survived many difficult experiences together.

It does not follow from this rather pessimistic view about the possibilities of schism in the ranks of the top leadership, that the Chinese Communist leadership is impervious to division in the future, even to serious division. Such division is notably possible after Mao dies, or ceases to be — as he is now — the effective source of decision. It may follow, however, that the sources of potential division among the top leadership are somewhat less likely to be matters of personal power and prestige than they are likely to be substantive issues of policy.

If forced to hazard a guess about the future, I would say this:- After Mao's death a split among the leadership may well emerge, centered on the issue of agricultural policy — the pace of collectivization — and perhaps also on the character of Sino-Soviet relations. I would hazard a further guess that if such a split over the substance of policy should emerge, one will find it not merely a split based on individuals and individual views, but, as usual in such regimes, a split on policy in which different policy views are associated with particular arms of the bureaucracy.

In effect, then, my conclusion is that the fate of the first variable — the effective unity of the top leadership — will in a sense depend upon the other three; that is, the continued unity of the leadership appears to hinge on the success or failure of internal policies, on Sino-Soviet relations; and, as we shall see, these in turn are linked to the nature of the external forces which Communist China faces in the Free World. In short, the top leadership is likely to remain unified — and therefore the control system is likely to remain intact — unless the present lines of policy, both internal and external, clearly fail of their purposes.

What of the second variable — the internal policy of Communist China? There, as you know, the fundamental conclusion of the analysis incorporated in *The Prospects for Communist China* is that a question mark hangs over the regime's internal policy. This question mark comes to rest at one point: on the human response

of the Chinese peasants to Communist rule and the effects of that human response on agricultural productivity and agricultural output in China. I confess that I find it rather satisfying in the midst of the modern world, with its tremendous powers of administration and control over the individual, and its tremendous capabilities to mobilize science for military purposes, to conclude that the ultimate fate of the Chinese Communist regime depends upon the psychological reaction of the Chinese peasant.

The reason for that conclusion is that we believe that the peasant's reaction may well determine whether agricultural output rises, stagnates, or falls in Communist China. We have tried to make clear that the First Five-Year Plan in Communist China, and all the ambitions for domestic and external power which hinge on its success can be traced back to this issue; that is, the rise, stagnation, or fall in agricultural output. There are no grounds (of which I know, at least) for predicting dogmatically a major internal crisis or failure, stemming from the position of agricultural output.

On the other hand, there is abundant evidence in the past few years and there is continuing evidence in the Chinese Communist press that the attitude of the Chinese Communist peasant toward the regime's policy is hostile; and in cold blood we must conclude that the tendency of agricultural output for the past two years has been downward. The best intelligence estimate I can give you is that the estimated crop for 1954 will be 9% under that of 1952. How much of that is due to a shift in the weather, and how much represents the slow beginning of a deterioration of productivity, none of us can say. It is definitely too soon to be sure whether this is a trend or a weather fluctuation.

In any case, in the equation that I have set up for our discussion today, the course of internal policies is clearly a key variable. Internal policy hinges upon the success of the industrialization plan, and the fate of the plan hinges in good part on

the peasant's productivity, which in turn is likely to be the net effect, on the economic side, of the impact on him of the regime's total performance.

We come now to the third variable — Sino-Soviet relations. Here you will recall that our general view is somewhat as follows:- The intimate ties formed by Stalin and Mao early in 1950, and incorporated in the pact of February of that year, were based on the view that Communism then had immense opportunities rapidly to move on from its victory in China to expand its power throughout Asia. Despite the urgency of internal Chinese problems, Mao was prepared in the first year of his rule to devote a high proportion of its energies and its resources to exploiting this believed potential for external expansion, and Moscow was prepared to take the considerable risks involved in the North Korean offensive of June 1950.

On the whole, from the point of view of the ambitions and hopes likely to have been in the minds of Communism's top leaders in 1950, that effort failed. In India, Pakistan, Thailand, Burma, Malaya, the Philippines, Japan, as well as in Korea, the Free World's line more or less has held. On the other hand, the Vietminh strength was successfully translated into Communist domination of the northern half of Vietnam at Geneva; and, of course, the position remains precarious and unstable throughout wide areas of Asia. Nevertheless, on balance, given the high but not unjustified hopes of 1950, Communist plans must be a good deal more sober now than they were then. In a stage where hopes are less inflated and the conflicts with the Free World somewhat cooled off, it is our view that the inherent friction and the inherent costs to China of the Sino-Soviet tie lie with increasing weight on Peking.

Since we put *The Prospects for Communist China* to bed in August, there have been events which tentatively support this thesis. As you know, the joint Sino-Soviet companies have recently been dissolved, and the Russians have agreed to fulfill that provision of the 1950 alliance which required their evacuation of Port

Arthur. Beyond that, Peking has launched a series of diplomatic maneuvers in Asia, more or less independently of Moscow, and is struggling to consolidate a position of quasi-independence on the diplomatic scene. It does not follow from this that Sino-Soviet ties are about to be broken. On the contrary, it is our judgment that this tie was made by the top Communist leaders in Peking for long-run purposes. Its particular purpose is this:- to supply to Peking a security and economic connection which will permit the Chinese Communists to pursue an aggressive and expansionist policy in Asia from a weak economic and military base.

Try to visualize for a moment what would happen to Communist China if it did break from the Soviet Union. It might well be able to protect its interior frontiers from the Russians by massing its considerable ground troops along those frontiers; but it would have to make new and important economic and security arrangements with the Free World, much as Tito did after his 1948 break with Moscow. At the moment, 75% of China's trade is with the Communist Bloc. This includes 100% of the trade in military equipment. China is moving into a situation where it is dependent on Moscow not only for its trade but for its flow of industrial and military spare parts — a form of dependence which, if you have ever been at the end of the pipeline, is peculiarly acute.

The upshot of the arrangements that China would have to make if it should break from the Soviet Union would inevitably be the abandonment of Chinese expansionist ambitions in Asia. It must take that to be the minimum terms on which the West would offer to bail them out under such circumstances. We see at the moment no evidence at all that Communist China does not intend to pursue a policy of maximum aggrandizement in Asia; and, given its fundamental military and economic weaknesses, it can only do so if it stands in close alliance to a major power. As long as the regime maintains its unity and faith in its present internal policy, which in turn are the foundations for its long-run

hopes for external expansion, we see no likelihood that the Sino-Soviet tie will break.

If the Sino-Soviet tie should break in the very near future — say in the next five years — it is my hunch (and that is all it is worth) that it will break as an indirect consequence of a major failure in the present internal policy of the regime; that is, a failure of its first Five-Year Plan and its current attempt at rapid industrialization. A dramatic decline in agricultural output which would deny the regime the ability both to expand its foreign trade and to feed its growing population would have two connections with the Sino-Soviet Alliance. First, it might persuade Peking that China's task of modernization is likely to be long and slow, and that it is likely to involve a considerable period during which capital would have to go into, say, chemical fertilizers rather than into steel and tanks; and that, to all intents and purposes, Peking must abandon hopes of expansion in Asia and be content with the protection of its borders and its national integrity. In such a movement, should it come about, the tie with Moscow could lose much of its present attraction. Second, the failure of the effort to repeat the Soviet industrialization experience on the Asian scene — and that is what is involved in the success or failure of the First Five-Year Plan — might have important secondary consequences on the whole ideological orientation to Moscow. There may be men quite close to the instruments of power in Communist China — notably a Communist China after Mao has left the scene — who may conclude under such assumed circumstances that once again, in taking over Stalin's model from Russia, China has tried to absorb an indigestible and inappropriate piece of Western experience.

In general, then, the state of Sino-Soviet relations is partly dependent on what happens to the internal policy to which Peking has now committed itself. And I conclude that two of my first three variables hinge substantially on the third; that is, that the effective unity of the regime, and the fate of the Sino-Soviet tie,

are related intimately to the success or failure of the Five-Year Plan.

Of course, we can envisage other circumstances in which the Sino-Soviet tie might affect the outcome in China. If, for example, Moscow should attempt to convert China into a straight satellite by acquiring control over the internal instruments of Chinese power, I think we can safely assume a violent reaction, even among the most stalwart of Chinese Communist leaders; and we can assume an attempt by Peking to break the tie. The tie might also be weakened or broken by an internal crisis in the Soviet Union which would so weaken the Soviet Union on the world scene as to make it no longer a satisfactory partner for a weak but ambitious Peking. Finally, of course, the tie might be broken if, during a major war, the Soviet Union appeared to Peking to face defeat. Under such circumstances Peking would probably make the best terms it could with the Free World, lacking (as it evidently does) the capability to conduct a modern war against the external world to a decision without the benefit of the Soviet tie. But aside from these less-likely possibilities, the Sino-Soviet relationship appears heavily dependent on the success of Peking's internal policy.

We come now to the fourth variable in our equation — namely, the course of events in the Free World; and particularly, the military strength and economic and political vitality of the forces arrayed around Communist China in Free Asia.

As we have tried to trace out in our *Lines of Action* paper, we believe that there is an important degree of interaction between the events in Free Asia and events in Communist China. Whether right or wrong, it is certainly the most important conclusion of our China project that China is so caught up in the competitive struggle in Asia that it must either go forward, making good its pretensions to power and the ideological leadership in Asia, or it must suffer a significant setback. It is at the same time in a position of greater potential strength and a position

of greater vulnerability than was the Soviet Union in the 1920's and the 1930's, when it was forming up the foundations for its present power situation.

This connection to Asia can be illustrated by examining two marginal or extreme cases. Assume for a moment that the Chinese Communists were wholly successful in their First Five-Year Plan, and that they proceeded without hitch to establish a firm basis for industrialization and sustained growth in China by the end of this decade. Assume that over this period the United States failed to solve Japan's balance of payments problem, and that India and the rest of Southeast Asia remained in a state of relative economic stagnation. It is clear that the politically conscious figures in Free Asia are aware that the fulfillment of the great aspirations they hold for their countries and their peoples hinge on rapid economic progress. Under the circumstances of my first extreme case, I think we could assume that Chinese success of a clear-cut kind, and clear-cut Free World failure in the field of economic growth, might well result in the passage of Asia into Communist hands without the movement of any Chinese troops across China's borders. Free Asia would say in effect: "After a decade or so of effort, it has been demonstrated that, whatever the moral and human virtues of democracy may be, democracy does not provide in the Asian setting a framework for rapid economic growth; and rapid economic growth is the indispensable foundation for our long-run aspirations." And in a mood of greater or less reluctance, we might assume in this abstract case, from what we can now establish of the Asian mind, that Communism would take over almost by default.

Now let us look at a more hopeful and equally extreme marginal case. Let us assume that India makes a great success of its first two Five-Year Plans, building onto its agricultural program, which is now ending its first phase, a second wave of industrial development. Assume, in short, that India moves over



this decade into a stage of sustained economic growth by the political and social methods of democracy, her policy demonstrating that rapid economic growth and democracy are compatible in Asia. If, under these circumstances, China should experience a flat failure in the First Five-Year Plan, requiring an abandonment of its industrial target, the impact of the relative Indian and Free Asian success can be assumed to be considerable on the whole course of events within Communist China.

The great Asian competition is not confined merely to the question of economic growth rates. The political and social health achieved in Free Asia is the prime determinant not only of whether Peking can successfully undertake subversive operations in South-east Asia, but also of whether in fact Peking will attempt such operations. There is every reason to believe that Peking's view of its own capabilities for enlarging its power is directly geared to its judgment concerning the state of political, social, and economic — as well as military — health in the Free World.

From insights of this kind, we would draw the following conclusion: the degree of success achieved by the Free World in Asia — military, political, and economic — will help determine the course of events in Communist China. The Free World's performance will first determine for the Communist leadership whether the game is worth the candle. It will determine, in other words, whether expansion is possible, and at what cost. It will determine, by affecting that variable, whether or not the cost and the purposes of the Sino-Soviet alliance in the long run make sense.

The Free World's performance will, secondly, determine for many Chinese, as well as peoples in other under-developed areas, whether democracy can cope with the gigantic problems they face, or whether Communist brutality is alone compatible with rapid economic progress.

How does the equation now shape up? Well, in more or less strict form — which I urge you strongly *not* to take seriously — we may put our views somewhat as follows:

The future of Communist China hinges on four variables:

- (1) the degree of effective unity of their leadership;
- (2) success or failure of Peking's internal policy;
- (3) the course of Sino-Soviet relations; and
- (4) the relative success or failure of the Free World in Asia.

Looked at more closely, however, two of our independent variables become dependent; that is, the effective unity of leadership and the course of Sino-Soviet relations will be largely determined by the success or failure of internal policy in relation to the Free World performance in Asia. A success of internal policy in Communist China, in relation to the performance of the Free World in Asia, is likely to maintain the unity of the leadership and the present pattern of Sino-Soviet relations. A success of the Free World in Asia, in relationship to Chinese Communist internal policy, is likely to weaken the unity of the leadership and induce disruptive tendencies in the Sino-Soviet tie.

Here, in skeleton style, with brutal and false clarity, is our whole thesis about Communist China and Free Asia. Against this stylized background, let us turn back to the key substantive questions I posed at the beginning of the lecture.

Bearing in mind this model, how can we answer Question One? What light, if any, do they throw on the question of whether or not Communist China will initiate a major war against us?

Here I would have three observations. The first observation is that, looked at from the point of view of Peking, and watching the evolution of Peking's policy since it came to power, I think we can say that at this moment Peking does not wish to initiate a major war with the United States. It is engaged in a massive economic development effort, on which all of its future ambitions

hinge, and I believe it is prepared to give that internal effort top priority. It does not follow at all that they will cease probing and trying to expand their power by means short of major war, but they are likely to chose methods which are not likely to be costly in terms of real resources. In short, I would say that the priorities in Peking make it unlikely that they will chose to initiate major war, and that they are unlikely to initiate even a second Korean-type operation, which was short of major war but costly in terms of real resources.

The second observation is that on the whole, at this stage, Moscow, which exercises very strong powers over Peking's military decisions, is not in a mood for major war, and this is likely to strengthen the case for limited aggression in Peking.

There emerges from our analysis, however, one possibility of a war initiated by Peking which I think we should bear in mind. Let us assume that the internal policy fails, in the sense that agricultural output sags away and they cannot cope with the rise in population, the requirement of increased imports, and so on. My hunch is that there might under such circumstances be a split in Peking. There might be some who would say: "We are in desperate need of added agricultural output. Across our borders in southern Vietnam, in Thailand, in Burma, there are food surplus areas. We will take all the risks involved and light out with our ground forces, which are ample, to seize those areas." I think such an act of desperation would probably be opposed by some in Peking, who, under these assumed circumstances, would say: "Let us change our domestic policy."

Should a situation of this kind develop in Peking, with two groups debating, I think the outcome would depend very much indeed on what the posture was of the external world, and notably the United States. If the United States were weak, if its alliances were split and unable to stand the strain, these aggressive groups would be strongly tempted; and the aggressive course, if it showed

any possibilities of success, might well look attractive. If the Free World were strong and purposeful, if the only outcome of the effort would appear to be military defeat, then those advocating a change in internal policy might win. I think that it is always wrong to change, or face any problems of adjustment. I also think that this potentiality, while it is not even on the horizon right now, is one that we should not rule out of our forward thinking.

What about the second question — “Should war come about from any cause, what are Communist China’s capabilities?”

Well, this is not the occasion, nor am I the source, to give you a lecture on the strictly military capabilities of Communist China. I would assume, as a layman, that they would have powerful and growing ground forces, of increasing technical capabilities. I would assume that they have limited air forces and extremely limited naval forces, the maintenance and scale of operations of which are dependent in a very direct way on Soviet aid, guidance, and spare parts. In short, they can move their ground forces with some degree of quasi-independence, but that is not so with air or naval forces. I would assume that in any major war, they would be dependent for a decision in that war on the performance of the Soviet Union versus the West; that is, they would be an extremely important but secondary partner in such a war.

There is one further aspect of vulnerability and capability which I would assume — again without current professional knowledge — and that is that their major industrial installations would be highly vulnerable to strategic air attack; but that in the pipeline — industrial, and military, and ultimately available from small workshops — would be a supply of ammunition and small arms sufficient to permit them to persist in ground force effort even if their major industrial sector were wiped out.

The only point that I would underline here is the meaning of the two forms of dependence on the Soviet Union. As I say,

the first is that Communist China in a world war could not count on forcing a decision on its own. From our point of view it could play an extremely painful role, using its ground forces freely in Asia. The second point I would make is that in bringing such a war to a conclusion, the decisive element from the point of view of China would be whether or not the Soviet Union was winning. On the assumption that it was losing, I would assume that Communist China would seek terms. This problem of seeking terms in a war against Communist China is one which I would commend to our forward military planners, because I believe it to be likely — again from a layman's point of view — that in a war with Communist China we could not envisage as our terms "unconditional surrender." "Unconditional surrender" demands that one be prepared to put one's military police throughout a country, that one be prepared to take over physically; and I think that this is ruled out in a war between the United States and China. It therefore means that at some stage we must look to a group prepared effectively to assume responsibility for the ruling of Communist China, on terms short of unconditional surrender, whose program and performance characteristics will meet American interests.

In short, I think that as far as war planning for Communist China is concerned, political planning holds a place equivalent to military planning. This conclusion flows from a judgment, which may be wrong but which as a layman I hold, that unconditional surrender is an inappropriate objective in a war against so vast and complex a society.

The third question: "What are the intentions and capabilities of Communist China with respect to expansion of its power by means short of major hostilities?"

Here, I think we must assume that Chinese Communist intentions at the moment are unlimited; that is, they would like to expand their power in Asia to the maximum. As far as capabilities are concerned, however, at the present moment they appear

to be operating on the view that they will use all methods for expansion which do not cost sufficient resources to interfere with their domestic industrialization program. This limits the techniques, and therefore limits the capabilities available to them.

They are at the moment pursuing their expansionist efforts in Asia by: first, subversion — carried on in Asia through the Communist Parties in Asian countries; second, subversion, carried out through certain elements in the overseas Chinese in Asia; third, by their general posture, as the leading power in Asia and the ideological example for Asia, notably in its industrialization effort; and, finally, through the game of diplomacy in which Peking is trying to prevent the United States from making a tight alliance in Asia, and is trying to draw toward Peking, as far as it can, India, Burma, Indonesia, and the rest. What we face, then, is the technique of erosion and ideological and diplomatic seduction; plus, of course, the question of the inshore islands now held by the Nationalist Chinese, and the question of Formosa.

The fourth question: “What are the prospects for the maintenance of Communist Power in Communist China?”

There we come back to a discussion of the stability of the top leadership and the success or failure of internal policy, which we considered earlier.

Finally: “What are the prospects for change in the nature of Communist power in China favorable to the American interests?”

Again our line of argument comes out at about the same place; namely, that if they are denied the possibility of expansion, if the ideological leadership in Asia is effectively seized by the Free World; if they are left — in short — to sweat it out with the implications of the Sino-Soviet Pact of 1950 and the implications of the new general line formulated at the end of last year — then over a period of time there is some reason to believe, or at

least to hope, that developments favorable to the American interests might occur, whether or not they lead to a clean overthrow of Communism in China.

In concluding, I should like to make an observation not on Communist China but on the problems of strategic intelligence methods. I have used today the device of a formal equation, fully aware of its limitations and of the extent to which it could be misleading. I have done this for two reasons. First, it is worth laying out your thought in this over-simplified form to make clear what your hypotheses are. For it is extremely easy to lard over an intelligence appreciation with words which cover the intelligence officer's track, and save him perhaps some future embarrassment. But when the analytic lines of an intelligence argument are fuzzed up in this way, they yield a picture which not only lacks intellectual clarity but lacks something vastly more important — it fails to give to the man with operational responsibility his leads to action. And the purpose of intelligence is to permit us to act intelligently. So this exercise, in laying bare in the crudest and simplest way a line of thought, I commend to you not as a final form of intelligence appreciation, but as one way of forcing clarity about your argument.

The second reason is perhaps more revolutionary. If you were to receive a briefing, as perhaps you should arrange to do, from a responsible intelligence officer from Washington on Communist China, it would differ from mine this morning in one important respect above any other. There would almost certainly be no discussion of one of our variables — the direct and indirect influence on Communist China of the Free World's performance in Asia. Intelligence at the strategic level is normally excluded firmly, by common law and administration, from discussing our own intentions and our own capabilities and our own potentialities.

Now in a power struggle of the kind which is now proceeding in the world, it is easy to forget that what we do, and

what the enemy believes we can and will do, is a major determinant of what he does. In my view, it is impossible to do good strategic intelligence in the 'cold war' without bringing to the center of the stage the Free World's performance. One of my aims this morning was to dramatize that simple and obvious fact. I believe, in short, that strategic intelligence is a problem in war gaming rather than one of simple research on the enemy.



# U. S. POLICY IN THE FAR EAST — FREE ASIA

by

*Dr. Walt W. Rostow*

Gentlemen :

It was the fundamental conclusion of the discussion on Communist China yesterday that a margin of Free World influence exists in Free Asia over the course of events and courses of action likely to be taken in Communist China.

The lecture today is concerned with the area within which, if we are to affect the evolution of Communist China, we must mainly bring our influence to bear — that is, Free Asia. From the point of view of American action — towards which these lectures are leading — there are two intelligence evaluations that must be made.

The first, in a rough and ready way, I tried to make in my first lecture in the stylized consideration of the determinants of the prospects for Communist China.

I shall take a shot today at making the second intelligence appreciation; namely, an appreciation of the problems, dangers, and potentialities of Free Asia — the area which in one sense constitutes the raw materials with which the United States in a large part must work in coping with the problem posed for us by Communist China. Again I shall try to set up this argument in such a way that it leads naturally from intelligence appreciation to U. S. action, which I hope to treat on Monday.

First, there is a question which I should like to raise in your minds as to whether there is such a thing as "Free Asia". The term "Free Asia" arises in part from an attempt in strategic papers in Washington to have a convenient phrase for the vast

area stretching from Japan around to West Pakistan. In part it is a phrase of propaganda. As we shall see, when I come back at the end of this lecture, I believe that there *is* real substance in the phrase "Free Asia", but I should like to begin with skepticism.

One of my favorite quotations is from an old classics scholar at Cambridge, England, who once defined propaganda (this is more or less accurate) as "that branch of the art of lying which succeeds in confusing your friends without quite deceiving your enemies." It is generally true of propaganda, as my old friend and former colleague, Gunnar Myrdal says . . . "the one sure victim of propaganda is the propagandist".

I think it is important when we use a phrase like "Free Asia" to begin with a fairly skeptical look at what we are talking about.

Geographically, we are considering an arc stretching from the northern island of Japan around through certain mainland positions, certain islands, through Malaya, India, and out to West Pakistan. We can and should include in Free Asia two societies quite different from the rest — those of Australia and New Zealand.

Politically, we are considering traditional kingdoms, hardly touched by this century in some ways, around through quasi-dictatorships, to more or less stable — on the whole *less* stable — democracies. Within these democracies we have some radical governments in our normal political sense, and such conservative governments as that of Japan.

Economically, we embrace within this area traditional, and virtually untouched, segments of Asian economy. There are societies which are beginning to develop the conditions for a transition to modern status, and societies which are struggling to make that transition into a position of sustained economic growth. And we have in Japan, at least, one modern economy.

Culturally, we are dealing with societies whose ultimate ethical and religious foundations range from the Shinto religion to Moslem societies and Buddhist societies; we have Hindu areas; we have Confucianism in Free Asia, and we have Christianity.

We are dealing with a vast area, sprawling in an exterior arc around the periphery of eastern Eurasia. The segments of this arc are at widely different stages of political and economic development. The human beings who live there are loyal to widely different cultures and religions; and, above all, they confront the Communist aggression in highly differing forms and with different degrees of urgency.

In trying to make some order out of this analysis and avoiding a kind of quick and rather meaningless travelogue, the best approach I could think of was this: to define Free Asia in terms of five (5) key problems, each of which I will symbolize in a particular area. This is a device of intelligence appreciation which I think may help to lead us in the end into the issues of U. S. action.

The five key problems, isolated quite arbitrarily to draw this sketch of Free Asia, are the following: (1) the problem of the industrial power base — there, uniquely, the case of Japan; (2) the problem of the transition to sustained economic growth, which I shall treat briefly in the context of India; (3) the problem of the pre-transitional areas — there I shall have a few remarks to make about Burma and Indonesia; (4) the 'soft' area — south Vietnam, Laos, Cambodia, Thailand, and, if you like, Malaya, the area which is most vulnerable and at the moment the most intense focus for Communist aggression; and finally, (5) the special case of Formosa.

What I should like now to do is briefly to make a few observations on each of these key problem areas, leaving for your question period an exploration of the issues which I cannot touch. I shall discuss first the economic problems of the area and then the psychological and political problems.

First, the economic problem of Japan. The economic problem of Japan is — or should be — in many ways familiar to us. It is the last industrial country in the world which still faces the kind of balance of payments problem which led in Western Europe to the Marshall Plan. By that I mean it now requires to sustain its economy a higher level of imports than the foreign exchange available to it can afford. Not only is there a problem of the size of exports, but there is the so called 'dollar problem' — that is, it now can only get certain of its key imports, physically, from the United States and other dollar areas, notably raw cotton and food. It is not in a position in its foreign trade to earn enough dollars to get the food and raw materials it requires.

If one is looking to a solution, this balance of payments problem breaks down into two quite separate problems. The first problem is the internal structure of Japan. There, it is clear that if Japan is to solve its problem, it must produce a new pattern of Japanese industry, and therefore, it must inaugurate a new pattern of domestic investment. In a sense it must do what Britain has succeeded in doing in the post-war period. It must shift out of its traditional cotton textile exports and build up those industries which have the best chance of earning foreign exchange in the contemporary world. It must build up its engineering industries, its machine tools, electricity, and motor transport industries in particular. There is some fighting chance that Japan, in a healthy Free World economy, could learn what it needs if it exported these more advanced goods. There is very little chance that it can pay its way in the modern world if it does not produce a transformation in the scale and productivity of these industries and if it continues to rely on cotton textiles.

The success of the British export drive since 1945, incidentally, if the story is tracked back far enough, hinges on exactly the same factors which won the Battle of Britain for that country. By that I mean that between the wars there quietly developed, in the period when the general trends were downward, a vigorous

light engineering industry; and the sort of men that made the light engineering industry vigorous and creative without much public attention were also the kind of men who made the R. A. F. a vigorous and capable service. It is the engineering industry which has taken the burden of the British export drive in the post-war world and has produced a sustained level of exports about 50% higher than pre-war. It is something like that kind of a transformation, internally, which Japan requires.

Of course, the second thing which Japan requires is larger markets for its exports and enlarged sources of supply for its foodstuffs and raw materials. It was this fact — the fact that Japan depends for its survival on a rapidly developing environment — which explains Premier Yoshida's speech when he was recently in the United States. It was perhaps something of a surprise to some that in his one public statement he did not advocate a large program of aid to Japan directly. He advocated a 4-billion-dollar-a-year investment program in Free Asia as a whole. This was sound nationalist economics from the Japanese point of view, because Japan requires a more rapid rate of growth in the areas to which it might sell, and it requires enlarged production in those areas for the things it needs. Roughly speaking, I would say that Premier Yoshida's recommendation, whatever the appropriate scale, was in the right direction from the Japanese point of view; and also, I would add, from the American point of view.

The question then arises to what extent, if at all, East-West trade is — or should be — a solution to the Japanese problem. There, my own recent immersion in the Asian problem has brought me up with a conclusion which I had not expected. I was quite prepared to come up with a conclusion which might be roughly along these lines:- East-West trade could be of great importance to the Japanese economy. Enlarged East-West trade, however, is not in the U. S. political interests. We must therefore cope with these cross-purposes.

I think it turns out that, if you examine carefully the position of Communist China and also the Soviet Union, you find that there is in prospect no significant margin of East-West trade that will be available for Japan. The scale of the potential exports from the Soviet Union and especially Communist China, and the commodities which they would have available for export, in no way promise to afford a solution to the Japanese problem, even if it were politically wise. Specifically, Japan above all needs food-stuffs and it needs raw cotton, which account for about 60% of what it imports in value. Then there is a whole raft of raw materials for industry.

When we talk about Japanese imports, the ones which we talk about most often are coal and iron ore. These are a very small proportion of the required Japanese imports. On the basis of what I have been able to establish, I would say that, given the scale of the long-term Chinese commitments to trade with the Soviet bloc, given the probable course of its agricultural output, given the probable internal requirements of Communist China for its own coal and iron ore, there is just not going to be a significant margin for Japan.

So I emerge with a conclusion (quite aside from the politics of the situation) that if there is to be a solution to the Japanese trade problem, it must lie in the Free World.

These, briefly, are the three headings under which the Japanese situation must be approached: (1) the internal structural problem; (2) the external market problem; and (3) the East-West trade problem.

As an economist, I have come strongly to feel that in approaching a serious problem of policy, even if it has as high an economic component as the Japanese problem, you must never lead yourself into the position where you believe that the economic part of the problem is the whole answer. Nevertheless, it is clear

that there is no way of making Japan take up a positive and constructive role, militarily and politically, in Free Asia unless we do solve the economic problem. But I would hazard the view, although I do not count myself as an expert on Japan, that the psychological and political problem of Japan deserves as much attention as the economic problem.

Here I speak with a real diffidence. I have given some sustained thought to the Chinese situation, and to other parts of Asia, but I have not been able to give this to Japan, and I am now giving you my impressions. I feel that the state of democracy in Japan will hinge on: first, the kind of environment which the Free World gives to the Japanese. I believe that our occupation in Japan got off to an excellent start. But the things that were done in the early stages of the occupation, while they were in the right direction, cannot in themselves guarantee the stability of Japan as a part of the Free World. Specifically, we must find a role for Japan in which it not only earns its own way (and develops a sense of dignity and independence that comes to a country that is earning its own way in the world and is not dependant on handouts) but we must also find constructive functions for Japan in the Free World's politics and political organization.

From reports that I have received, I believe it to be the case that we in the United States have suffered a most severe setback in our relations with Japan in the manner in which the United States had handled the cases of those Japanese injured in the fall — out from the atomic bomb tests. The stories which I have heard from reliable people make me feel even more strongly that in addition to relations with Japan that encompass its economic problem, giving Japan a foundation of viability, we must give more thought to creating an environment in Free Asia in which Japan can again assume a role of dignity, and a status of constructive leadership.

I would now like to turn to the case of India, which is perhaps the most important area in Asia falling under the heading

of those trying to make the transition to sustained economic progress. It is the area in Asia which, whether Nehru likes it or not, or whether we like it or not, is in inevitable and unavoidable competition with the Chinese Communists over this decade.

As an historian, I have the feeling that this is an extremely interesting affair. I am sure that for good reasons, many of which I am in sympathy, men in Washington would prefer this not to be so. They would prefer not to have so large a stake in the Free World depend on what happens relatively in India and China over this decade.

After talking to some Indians, I believe that many of them, too, would be delighted if they were not caught up in this extremely interesting competition parallelism in Asia. But I am also reasonably sure that, whether any of us like it or not, the relative outcome of the Indian performance and the Chinese Communist performance between now and the 1960's is going to be one of the historic determinants of the fate of Asia, and therefore of the fate of the balance of power.

Now let us consider very briefly the Indian economic problem.

Their First Five-Year Plan ran from fiscal year 1950-51 to fiscal year 1955-56. It is now well along. It was a plan which in a sense was not an industrialization plan at all. It can best be understood as a "crash" plan to permit India to get a stage ahead in the race between population and food. A very high proportion of the effort and investment of this First Five-Year Plan was in agriculture; a relatively low proportion of the investment was in industry. Indeed, at the time the plan was launched, only such an effort made sense if you took the view that a democratic government cannot afford, and should not afford, large-scale starvation. Because the Indian population was growing rapidly, its low agricultural productivity was forcing it to use its limited foreign exchange for food, and India would have gone on into a position of greater and greater dependence on food imports, forestalling



any serious economic development in the field of industry, if something had not been done. It is true that the plan did provide for some industrial investment, but about 30% of the total investment under the plan was to be in agriculture.

We are now about 60% through this Plan, and the results are quite interesting. The Indians in three years have produced an increase in agricultural output which they had planned for five years. Thus far they have produced an increase in the total national income of about what they had planned. But if you look at their investment in industry, it has fallen behind what they had planned for at this stage. They are now, against the background of their relative agricultural success, formulating a Second Five-Year Plan and revising their methods for the latter part of the First Five-Year Plan. The upshot of this will be a much more serious effort to increase industrial output.

I want to underline to you the rather extraordinary results achieved in agriculture. They, in themselves, do *not* guarantee the success of the Indian Five-Year Plan; because now India must prove that it can go on and produce a sustained expansion in industry. But the agricultural progress made does prove something which may be of great importance. The reason for this increase in output has been a remarkable "grass roots" revolution, which began with demonstration in selected villages but fanned out in a kind of non-atomic fission to villages where government administrators and demonstrators did not go. The key things that are being done economically are the expansion of the use of chemical fertilizers and the expansion of double-cropping, which means increased irrigation.

I met a young Indian in Nashville recently who told me that he, a government bureaucrat, had no idea what was going on until he went back to his native village and found his aged grandmother very much excited about the Japanese method of rice culture. Somehow the Indians have stumbled on a formula, or

a method, which is producing in agriculture quite remarkable results. Their food supply is pretty well assured, at the moment. In fact, the latest information which we have is that the Indians are quite worried that they will produce a food surplus and break the food price, which would much discourage the peasant. They are now thinking of much larger schemes of storage to carry them through, and possibly even of food export.

In short, it is too soon to be sure, but there are no grounds for being discouraged with the notion that the method of consent can produce on the Asian scene a remarkable increase in agricultural productivity. It still remains to be seen whether — in the language which my colleague, Mr. Bator, has undoubtedly taught you — you can increase the marginal rate of savings and increase the average rate of savings from the 5% or so, at which it begins in an underdeveloped country, up to the 15% to 20% which is required for a high rate of sustained growth. But I did want to underline the extent to which at least one important breakthrough appears to have been made.

A comparison between India and China is of some interest at this stage. It is difficult because one cannot be sure of the Chinese Communist figures, but I think the main features are quite straightforward. The Chinese Communists are investing a somewhat higher proportion of their national income than are the Indians. The orders of magnitude are hard to state, but perhaps if we take 12% of national income for Communist China, and at the moment something like 8-9% as the gross investment percentage for India, we would be about right. So the first point is a somewhat higher, but not markedly higher, rate of gross investment for China.

The first big difference is that India is investing about 30% in agriculture, and the Chinese Communists are investing 10%. That 10% is mainly in the form of forced labor and labor-intensive projects, such as flood control.

In industry, the Indians are investing perhaps 25% and the Chinese Communists 50% of their total investment. So the proportion of investment in industry is very much higher in Communist China, while it is less in agriculture.

With respect to military outlays, as near as one can gauge them, the Indians are expending about one-fourth of the Chinese Communist figure — a difference perhaps between 2% of national income and 8%. That 8% may be underestimated, because there are items in the Chinese Communist budget which are probably military items, but are concealed.

So we are having a test of two methods in Asia, one of which is working on the principle of consent and on the other principle that the individual Asian should share in the improvements in welfare as the plan progresses; the other, in Communist China, is a ruthless concentration on heavy industries and military outlays, and the control system is used to compress the level of welfare in order to finance this effort. I should say that the outcome hinges on the question that I raised last time, whether the Chinese Communists get the 10% increase in agricultural output that they require to swing their plan; and, on the other hand, whether India can move from its rather successful first phase in agriculture into an accelerated industrialization.

It is at that strategic point, I believe, that the United States could make a major — and perhaps decisive — contribution to the Indian position.

I should perhaps say that, from an American point of view when one is used to American economic figures, it is quite staggering to look at the orders of magnitude involved in these historic Asian economic development plans. If you take a country like Communist China, with 600 million persons beginning the process of industrialization, supporting an armed establishment whose capabilities we all sense, making an extraordinary effort to mobilize resources for investment and concentrate them on industry.

— I doubt that any of you could guess roughly what the figure is, this 50% of total investment per year going into industry. Fifty percent of the Chinese Communist total investments comes to a figure of about two billion dollars a year! Of course, the Indian figures are much lower. In other words, when you look at the margins on which this growth race hinge, and the stakes in orders of magnitude; and when you think that General Motors recently announced an expansion program for about a year or so ahead of the order of a billion-and-a-half dollars of its *own* investments — substantially more than India now invests in a single year — one cannot conclude that it is outside the capabilities of the United States to influence the outcome in a fairly significant way by the degree of its investment in these countries.

I think it is quite proper in India to give a high priority to the economic problem, just as it is in Japan. In Japan, all the political warfare and wise diplomacy in the world is not going to make a sound ally out of Japan unless we can give Japan a basis of economic viability. By 'give' I mean not with money, but in terms of common policies and in terms of our general Free World economic program. Similarly, so far as Asia is concerned, there is in India a unique degree of political focusing of attention around the economic problem. Nevertheless, when all has been said, in the case of India one still faces important psychological and political problems in weaving India into the Free World alliance.

I have listed here four elements which enter into the psychological and political problems of India. One could set them up in quite different ways and my listing is quite arbitrary. One of the things which I believe to be extremely important is the extent to which India regards either the Free World or Communist China as the wave of the future. As you know, most Asian politicians, when they make their speeches, most often talk in terms of anti-colonialism, a desire for peace, economic progress and so on. Even so casual a student of the Orient as myself cannot emerge without a strong feeling that equally in their minds and equally real is

a much simpler calculation — who will win? Who will win militarily, in terms of power? Who will win in terms of the success and persuasiveness of their ideology?

Whatever the impact may have been of the Indo-China crisis upon India in terms of the disengagement of a Colonial power, in terms of a diplomatically-achieved settlement rather than a war, one cannot underestimate the extent to which the Indo-China crisis was also a demonstration which tended to make people believe that the West was not winning in Asia — that the West was not “the wave of the future”. I believe that this “wave of the future” notion has a straight military component, but it also has an ideological component. It is a factor hard to establish. I can only say that I myself, from this recent immersion in the Asian problem, sensed it wherever I turned; and I have talked to many more-authentic Asian experts who, almost without exception, confirm the notion that strong in the mind of the Asian is this question: Who will win?

The second psychological problem is the problem — which I have noted in quotation marks — of “peace”. Nehru, in many ways of course, is an enigma to us, annoying and baffling. After you go through this exercise which I am about to present in trying to give you a rational base for his policy, there are still a great many things he says and does which do not fit the rational explanation which I am about to give. But I think that in order to understand what, from our point of view, are the grave risks that the Asian neutralists, and especially India, are willing to take with Communism, we must understand how the position looks from their own national point of view.

India wants to modernize its whole society. To do this, it must modernize its economy. It is committed ideologically and culturally to a method of modernization in which India’s rulers deny themselves the techniques of force that are available to Communists. They must work by persuasion. As I have indicated, this

means that they must share increases in output between investment and public welfare. It means that they must try to save all they can for investment and public welfare from the military sector. And they desperately want time.

I have brought along here the chart which belongs in the Indian First Five-Year Plan. It is a set of curves that the economists have made, which are very simple curves, running from 1950-51 down to 1985, showing how the Indian national income and level of consumption might evolve if all went well. It is based on some very simple arithmetic, but it nevertheless has in their minds certain reality, and it is not an impossible set of plans. What emerges from it is an extraordinary period of strain in which they are building up their rate of investment between 1950-51 down to about 1963, after which, due to the nature of the arithmetic involved, the curves really begin to take off, and India will have found its way into sustained growth. What a rational India might want, given this commitment, is a period in which it could minimize its outlays on military purposes down to about 1963-65. There is no doubt that this desire to conserve resources, to avoid military outlays and the costs that go with having war around it, *in part* accounts for what we have come to think of as the "Nehru frame of mind."

There is a third element here, which is a tremendous desire, enhanced by the recent Colonial past of India, to be treated with dignity and authority, and with equality in the Free World. We, in the United States, tend — having so long supported it — to take India's independence as a matter of course. Our attitude is: "Yes, this is fine. At last you are free. But now, for goodness sake, begin to assume the responsibilities that go with independence."

There are, however, levels of sensitivities and slights in the Indian mentality which find their way even into Indian diplomacy, and which present a special problem of bringing India into the

Free World alliance. If you like, these relate to the fourth point, which I have headed "The Anti-Western Residues"; that is, the residues of the colonial past. Deep in the Indian there is, notably in his dealings with the United States and also in some dealings with other countries, the believed "color line" which he finds in the West. Although an Indian will rarely talk about it, and he can easily be embarrassed by asking him about the Indian caste system — which is also based on color, primarily — nevertheless there is a level of sensitivity here which presents human and diplomatic problems.

The other issue is the question of Colonialism, to which Indians are sensitive, not only in Asia, but Africa as well.

Having listed these four psychological difficulties, I would simply assert a conclusion to which I have come in the past year or so. That is that, despite these difficulties and cross-purposes between India and the Free World — and in some sense particularly India and the United States — fundamentally I believe that a basis for a mutually beneficial alliance exists, and I believe that is so in the last analysis for a most simple reason. The underlying aspirations of India, as they are likely to be reflected in Indian policy, are in the end consistent with the American interest. This fact may be concealed and frustrated from time to time, but in the end I believe that it will and should out.

I would like to turn to a fourth type of problem in Asia — the "pre-take-off" or the pre-transitional Asian area. It lies somewhere between the rather purposeful efforts of India to make itself into a modern economy and society, and the problem of the 'soft' areas. Indonesia is a case; Burma, to some extent is also a case, although it stands, to our surprise, in a position of greater stability at the moment than does Indonesia.

In Burma, we have a situation, on the economic side, of food surplus. The Burmese are not hungry. This may explain

why, as a whole, the Burmese government is proceeding rather slowly and cautiously with its economic development plans. It is not as ambitious at this stage as India. However, it is making a number of at least not unpromising moves. It is developing a planning staff, and it is showing a certain degree of sophistication in its economic planning, because it is trying to shape its economic plans in such a way as not to uproot or disturb too deeply the underlying Buddhist culture of the country, to which as a nation Burma is greatly attached. There, the problem is not one of a great burst of investment or of a searching transition to self-sustaining growth. Burma must probably go through another five or ten years of building up the preconditions for economic growth — not least in the form of trained administrators — before it can make the race which is dramatized by the Indian and Chinese Communist Five-Year Plans.

In many ways, Indonesia is one of the most promising areas of Asia in terms of natural resources. It is also in a pre-transitional stage. There, technical assistance, the building up of a corps of trained men capable of handling industrial problems, the building of roads, the development of ports, and the development of electric power — all of these pre-conditions must be gone through for at least another five or ten years before Indonesia might attempt the great transition.

In Indonesia, there is a particularly awkward problem, as many of you may know, which takes this form: the Indonesians themselves have not developed an important business class. Business is conducted by the Chinese in Indonesia. Now, as economic development takes on increasing importance, they face a dilemma. Should they build their entrepreneurial class on the Chinese; or should they contain the Chinese, who have a great natural advantage in this field, until the moment when they can build up an indigenous commercial and industrial class? This is a searching and very difficult political and social problem, as well as an economic problem.



On the political and psychological side, one finds in Indonesia and in Burma symptoms that are equivalent to their pre-transitional economic status. By and large, the governments are weak governments, although Burma, given its extremely rocky beginning, has put on a good show. There is something which perhaps goes deeper, and is one of the explanations for the weak governments. There is no clear consensus of objectives among the political elite of the country. One of the foundations for a stable society is that those from whom politicians are drawn, or the group from whom all responsible men in a society are drawn, must share — even if they disagree on important matters — a large area of ideas and objectives before the society can work. I believe that this is one of the presuppositions of any stable, democratic society, and one which in many ways is as important as the techniques of free elections. We in this country, and those in the other countries of the Free World which are stable, rely upon that consensus. If it is violated by lack of mutual trust and clarity of vision, the whole society feels the effects. The lack of consensus is notable in Indonesia and in certain other areas of the Far East.

Of course there is in Burma, which is proximate to Communist China, an unsolved border problem and a chronic Communist guerrilla problem which is now muted. If I were to make a guess, I should say in looking ahead two or three years that Burma is quite a promising recruit for SEATO. It is obviously becoming increasingly sensitive to its borders and to Communist intentions on them.

Indonesia has its problems, mainly in the form of an active Communist Party and other forms of infiltration through the overseas Chinese.

These "pre-take-off" areas are areas where there is some motion towards economic and political solution, where there is much to be done in American policy bilaterally, but where probably the most important things that we can do are to create

an Asian environment as a whole which would permit them to find their feet. It is bound to be a slow and rocky performance, marked by continuing pressure on the governments and occasional crises and setbacks. We must try to set up a framework in Asia which will protect those countries from external aggression, which will help them cope with other forms of subversion, which will assist them on the slow road — and we must acknowledge that it will be slow — toward economic growth and political stability. We must let them have an environment in which growth can be reasonably natural.

Now I turn briefly to the 'soft' areas — the area in which south Vietnam is most on our minds, but in which the fate of Laos, Cambodia, Thailand, and, in a different sense Malaya, are bound up. These are areas which would have fallen into the category of pre-take-off regions, should there not have been the Viet-minh victory. I will simply list what I believe to be the headings under which the problem exists and the headings under which policy action must take place.

It is clear that in good military style the enemy is making South Vietnam the initial primary focus of his attention, hoping that a break-through there will have secondary repercussions in the other areas. I assume the preparations are underway, from such accounts as are available to me, to exploit in Laos, Cambodia, Thailand, and so on, the break-through for which they are working in South Vietnam.

From our point of view the problem is first one of local political leadership, capable of dramatizing an alternative to Communism sufficiently strong and sufficiently attractive to permit the two operational functions required to take place; that is, the development of vigorous political and counter-subversive counter-measures, and the creation of an army capable of contributing to border defense and to effective counter-guerrilla measures. All

three — that is, political leadership, political and counter-subversive countermeasures, and counter-guerrilla measures — appear to be necessary. But I do not think the latter two are possible without the first.

Here, I would say that the economic problem is in one sense much less acute than it is in other parts of Asia. This is not on the whole a hungry area, although northern Vietnam may become hungry soon. But the peasants' aspirations have been stirred — notably with respect to land reform — and in a curious sense we may need to include in the programs of these areas land reform and economic development not because of a desperate urgency in the economic position, but because these areas have been caught up in the general revolution in Asian expectations.

Now, quickly, the subheadings of the Formosa case, to which we will give more attention in the next lecture.

The economic problem is potentially serious, but not yet acute there. Formosa, like Japan, has exploited quite fully the potentialities of chemical fertilizers to develop a high productivity in Asian agriculture. The population is growing. The death rate has been brought down to the extraordinary level — not very far from our own — of nine per thousand. In the long pull Formosa will face a population problem. It has some industrial base, and I believe that its future will have to depend upon the further building up of its industry. In this, it must attract capital, including the capital of Chinese now in Hong Kong and elsewhere in Southeast Asia. But the economic problem is not at this time acute.

The great problem is, of course, the political problem. There are a number of subheadings. The first one is exceedingly simple. I have had the pleasure and privilege in the course of my work on China of talking with a number of men from Formosa, or very close to it. It is clear that, above all, those Chinese on Formosa who are politically responsible want the United States to clarify

what it is that the United States wants of Formosa. Of course they would be delighted to see a war in which the United States defeated Communist China and reinstall them in Peking or Nanking. They read the newspapers and they know that this may not be a possible course of action for the United States. One of the most moving experiences which I have had in talking with men from that country has been the question: "What is it that you want of us? Do you want us to simply be a defensive island base in your chain of islands? Where do we fit?"

They will be very frank indeed, in talking with you, in acknowledging that they are dependent upon us. I think that the first component in the proper solution of the problem of Formosa is to clarify in our own minds and in the minds of our Allies there, what it is that we want them to do.

Secondly and I believe this falls within the range of any long-run policy on Formosa which does not envisage an imminent war is the building up of Formosa's relation in Free Asia. There is a constructive task for Formosa in relation to the overseas Chinese; in relation to Chinese students throughout Asia who are being competed for by Peking; and Formosa has a very constructive potential task in helping in technical assistance in Asia because the men on Formosa know about as much as anyone about how to get the maximum output per acre output from Asian agriculture.

Of course, there is the great issue of the long-run international status of Formosa — an issue which takes the form of U. N. membership for Communist China and the question of whether the United States shall ever recognize Communist China.

There is a fourth question in the internal democratic evolution of the Nationalist Regime in Formosa. History has not stopped on Formosa. There have been many developments since 1949 in the direction of an increased degree of democracy. There

are many steps further that some on Formosa would like to take. In any case, this is one of the problems which our responsibilities on Formosa pose for us as well as for the Nationalist Chinese.

Fifth, the problem of the Formosans themselves, as opposed to the Chinese Nationalists. Formosans are of the Chinese race, but have a special history. There is the problem of a long-run base for the Army on Formosa and of easing the relations between the Nationalist Regime and the Formosans.

Finally, there is the political role, as well as the military role, of Formosa in relationship to the mainland. What should be the political posture of the men on Formosa towards the mainland?

These are the headings under which the problem of Formosa appears and, as we shall see in the next lecture, I think those are the headings under which a long-run American policy for Formosa must be worked out.

If this sketch of the problems of Free Asia is roughly correct, that vast region poses a very special difficulty for American policy. A part of U. S. policy must be addressed to the region as a whole, and it must be regionally conceived. I think that this goes for our economic policy in good part, and for the whole image of the U. S. purposes which Asians throughout the area have.

On the other hand, within such a framework of general economic action and well-understood U. S. objectives, we must work bilaterally in each key area; for the task in each area varies, and the possible margins of U. S. influence and effectiveness will vary.

In my third lecture, I shall try to indicate more precisely some of the substance of such a mixed regional and bilateral program of action. If successful, I believe such a program of sustained action might give life and reality to the conception of a

Free Asia. For in the end, despite the complexities which an intelligent policy must recognize, Free Asia is more than a phrase of propaganda, even more than an aspiration of American policy. It reflects a fact — the fact that over a wide area of Asia which still represents the balance of power, Communism has not won out; and that alive in men's minds and in the various cultures to which they are attached is the notion that the State should serve the individual, and that the individual human being reserves to himself rights which no State should invade. From this ultimate foundation of humanistic values in a very great variety of forms it is the challenge of our time to help build Asian societies which can solve the problems of this century and protect their integrity. In short, it is a challenge of our times to make good the evident potentialities, and to build in the future a Free Asia.

The United States cannot do the job itself. We do not fully control history, but we have a major influence. We have an influence on the margin of events which may determine in many individual countries the evolution of history. I believe that margin of influence in Asia could be decisive, and the case for that judgment is the theme of my next lecture.

## LINES OF U. S. ACTION IN THE FAR EAST

by

*Dr. Walt W. Rostow*

There are several considerations which have led us, at M. I. T., at the Center for International Studies, to take the view that we ought to produce, when we do a research project of this kind, not only research, but also recommendations for action.

We think it is very likely indeed that unless one is forced to go through the exercise of discussing and considering problems of action, one may well answer the wrong questions, or not focus sufficient attention on the right questions.

The second view, which is almost a philosophical view, is this: that all research has implicit in it assumptions about action. In discussing Communist China it is impossible not to have in the back of your mind the problems of U. S. action, and we believe it is far better to have the research man's views laid out explicitly for all to examine and to criticize, rather than to leave them implicit in the way he has organized his alleged "facts," or in the way he selects certain facts as relevant and ignores certain others.

It is also our view that the policy views expressed in a finished project should be personal. That is, the Center for International Studies has no views about China; it is the man who takes the responsibility for the project who has the views; and he should be prepared to state these views at the end of his project. What M. I. T. and the Center does is say: "We have picked a man in whom we have a reasonable measure of confidence, not that he will come up with the ultimate answers, but he will be a man of integrity; and we give his views house room."

If there was any influence of our military past (and my own military past as an Air Staff Officer) in this project, it took

the form of knowing enough about what serious military staff work was not to try to get further into it than the information which we had.

Within these limits — the limits of this being a personal and partial view (which excludes the question of whether or not we should initiate major war against Communist China) — I shall now discuss the recommendations I made at the end of the China Project (incorporated in *An American Policy in Asia*.) I shall first read the short text out of the Summary of our own statement, and then I shall discuss each item in turn.

The first recommendation was the following:

“The effective military frustration of Communist China, embracing a determined effort to hold a maximum portion of Indo-China, envisaging not only the mobilization of conventional forces via SEATO, but also the development of local security forces capable of coping with limited insurrection and guerrilla activity.”

The comments I would like to make on that item are three. The first concerns Southern Vietnam. The Communists, and this goes very much indeed for Mao Tse-tung and the present leadership in Peking, think generally in military terms. Their political concepts are in many ways simply variants of general military concepts. From their point of view, they have driven in Northern Vietnam an important salient into our lines. It would be contrary to the basic doctrines on which they operate for them not to stay with that salient and try to force progressively a widening of it. They are unlikely to dissipate their forces. Put it another way, they are not likely to give up the advantage they have in Northern Vietnam, plus the extreme weakness of Southern Vietnam, cheaply. It is my feeling that we should meet them there with a really full-scale American effort; that we should do this first to try to de-



feat them — that is, to try to rally enough strength in Southern Vietnam, political and military, to shift the whole trend of the mixed politico-military battle that has gone on there for so long. But even if in the end we should lose Southern Vietnam, by one form of action or another, we must try to keep that salient and to keep the energies of the Communists focused there to gain time until a general Asian policy of the kind I am trying to describe is launched. A second Indo-Chinese failure by the Free World will be exceedingly serious. The ground on which we are trying to fight this curious political and military battle with the Communists is, indeed, difficult ground. They wouldn't be there unless the Free World position had been permitted to erode for a long time. Nevertheless, Laos, Cambodia, Thailand, perhaps Malaya, and perhaps even Burma, may ultimately be at stake in this 'soft' area. Whether we can contain this salient and move on to consolidating a firm Free World base, or whether it gives and gives and grows out into all of Asia, depends in part on whether the Free World projects an image of itself as a force with power and policy capable of meeting and defeating the Communist wave of the future. And this must be done in the 'soft' area where the battle is now urgently joined.

The next observation that I would like to make goes back to my lecture the other day, when I tried to list the conditions and tasks that go with trying to hold ground in the 'soft' area. There are these four conditions, generally speaking: (1) you need strong local political leadership, capable of carrying out and giving the political foundation to counter-subversive policies and military policies; (2) When you have such leadership, you need certain specific lines of action to counter the Communists' efforts to weaken the area politically and to meet the subversive threat, both at the village level and the urban level; (3) You need effective minor military formations capable of coping with border difficulties and, especially, with guerrilla troops; (4) You need a general setting in Asia in which these men feel an assurance of support should

real war come — that is, should Chinese Communist troops cross the borders in open warfare.

It is only the last — that is, a formal guarantee that open aggression will be met with U. S. force — that we have yet satisfactorily installed in Asia. I take it to be the intent of General Collins and the American Mission in Vietnam, and elsewhere, to try to establish the other three.

The third comment I'd make is that the kind of job that needs doing in these 'soft' areas is in a good part a bilateral job; that is, it is a job that must be done in terms of intimate conditions on the ground — an attempt on the part of the United States to sort out and back the best men available with the chance of setting in motion an authentic local political movement, and a job in which general multi-lateral diplomatic treaties take you only a very small way. Nevertheless, I think that what the United States and the Free World are doing in Asia generally has an important bearing on the outcome. How the local Asians feel about the kinds of things we would like them to do hinges in part on a very large question — the whole Free World performance in Asia. "Who will win," they ask, "the Free World or the Communists?" "What does the United States stand for — not only here, but throughout Asia?" And the answers they form to these large questions are a living part of the local situation in every area.

Our second recommendation is this:

"A program of additional international investment in Asia, on a scale of about two billion dollars a year, for at least five years; to be accompanied by revised and expanded technical assistance measures. The purpose of this program would be to accelerate economic growth in underdeveloped areas — notably in India, Communist China's inevitable ideological competitor — and to provide an expanding regional economic en-

vironment within which Japan might find and sustain balance of payments equilibrium without substantial resort to trade with Peking, and without resort to substantial dollar grants."

In Asia, we believe that some such effort to expand the market environment for Japan is absolutely essential, and that some such program could marry up the two great weaknesses of Free Asian economy and make them self-reinforcing. By the two weaknesses, I mean the inability of the Japanese to find adequate markets and sources of supply for its imports and, on the other hand, the inadequate rate of growth — especially industrial growth — in India and some of the other areas.

The second observation on this point is the following: I believe that the lack of such a program in Asia is the single biggest missing element in U. S. Asian policy. The lack dramatizes what the Asian thinks to be a good many cross-purposes between the United States and themselves. For them, economic growth is not simply a part of economic policy. They want economic growth and they regard it as virtually their number one objective because they believe that their national independence, and their hopes for elevating the level of dignity of their individual citizen, depend upon economic growth. It is very hard, when one has examined the situation in those countries, not to understand that perspective.

For us, at least in their image of us, the number one economic goal is the military and security containment of Communism. From the American point of view, this is wholly understandable perspective. But it is not a perspective on the world situation which is going to permit us effectively to lead a world alliance that embraces Asia. They are, in Asia, much more likely to listen to our views on the menace of Communism, and much less likely to indulge in myopic and pious hopes about the good intentions of Communists, against the background of some such American economic program

in Asia. Not that we should establish any economic strings which would automatically link participation in economic programs to membership in SEATO. I don't think that would be acceptable; I think that would be rejected. But I would make a small bet, as an individual, that if we launched the kind of economic program that is envisaged here, we would have Burma in SEATO within two years — and this without anyone wringing the arm of the Burmese government. We might even be faced with the embarrassment, perhaps, of having Nehru in SEATO.

Be that as it may, I would make this possibly irresponsible statement merely to dramatize the view that what is involved here, in the lack of a really major American program, is of far greater importance for our security policy and our political policy than we normally concede to economic action.

The third point I'd make is about the competition with Communist China. I would commend to you this reflection on the present position of Communist China: that whether we like it or not, there is a competition in Asia between the Communists' economic performance in China and the Free World performance — notably in India. This competition will have its results over the next decade for history, whether or not we like it, whether or not the Chinese Communists like it, and whether or not the Indians like it. Nothing very dramatic is going to happen if we postpone for a year, or two, or five, in entering into this competition with the Chinese Communists by India. This is not a crisis like that provoked by Pearl Harbor or the invasion of South Korea; and it is, therefore, a bit harder to explain and to get political action in the United States. But, for what it is worth, it is my judgment that this competition is on; that it will have its consequences; that we will win, lose, or have some kind of compromise outcome on it, no matter what we do; and that on this outcome a large hunk of America's future security position in the world depends.

I now turn to the third recommendation:

“A program of diplomatic, political, and psychological action designed to bring the literate Asian into closer association with the Free World and its purposes, and to strengthen his will to resist various forms of Communist aggression. This requires an effective assertion of the Free World’s will to cope with Peking’s military pretensions, plus a persuasive demonstration of Free World’s concern and involvement in the great constructive problems of Asia’s modernization. It requires also that a concept of partnership within a responsible coalition suffuse steadily the day-to-day relations between Free Asia and the rest of the Free World.”

The first thing I would say about this recommendation is that it is, as with all forms of political or psychological warfare, difficult to pin down the kinds of actions you want to take other than those you would take in other fields of policy. There has been a wholesome tendency in Washington in the last few years, to which we have tried to contribute up at M. I. T., to debunk psychological warfare as a form of activity independent of normal military, political and social policy. Perhaps this has gone too far. But it is perhaps true that the biggest thing we need to do in psychological warfare in Asia is to launch the kind of economic program we have in mind; and to strike and hold steadily a stance in Asia which would convince the Asians that we were there as part of the Free World to stay, and that the Chinese Communists were not the wave of the future dealing with a ‘paper tiger.’ This kind of psychological reaction cannot be generated by words — it must be generated by actions which you sustain.

Nevertheless, there are a few things I think we might do which we are not doing, and a few things we might stop doing that we have done.

I think we have underestimated the possibilities and the importance of what might be called the 'battle of the books.' Those of you who have been in Asia, know better than I that the Communists have very effectively filled the bookstalls in many parts of Asia with cheap and accessible textbooks, propaganda designed to appeal to the literate Asian whom they know represent the elite who will largely determine the outcome of this political struggle. I think that more attention to making available books and writings which authentically reflect the perspective of the West would be helpful.

I think, too, that the West should realize that its ideas have not fully met the Communist challenge — notably in this field of economic growth, where the Communists have the model of the Soviet Union, and now Communist China, which represents a theory of economic growth in action; whereas the whole question of economic growth is one which has not concerned Western scholars and they have never tried to dramatize what it is the Free World has to contribute in this field. We grew, in the West, in a fit of absent-mindedness in the 19th Century, given our sound resilience, the capital available, and our natural resources. We don't seem to give the Asians the kinds of answers they need in this important field.

Now, the fourth point:

“A program of political and economic development on Formosa, designed to achieve the following results: to make Formosa a more stable element in Free Asia; to make Formosa a constructive center for overseas Chinese citizens of Free Asia; to make Formosa an effective spearhead in a sustained political offensive Communist China; to make Formosa an effective political, as well as military base against the day of internal crisis in Communist China or hot war. We believe that the United States should use its influence

on Formosa strongly to bring about these developments, and should develop methods of long-term working cooperation with the Chinese on Formosa at working level."

Here, our first view is that there is a large unexploited margin of influence that we can bring to bear on Formosa, and as nearly as we can make out — although they will bargain hard with us — the Nationalist leadership on Formosa expects us to exercise our influence. They wish to know, I believe, what our policy is in Asia, and where they fit into it.

If one concludes, as I have arbitrarily, the notion that we will initiate a major war, this means that we are working in such a way as to be prepared for war if the enemy should initiate it, but that our major task must include certain long-run political objectives; and that our Allies, including the Nationalists on Formosa, must look to the future with some other alternative in mind than being landed on the mainland within some short period of time. Therefore, they must face up to the elements in their position which make them something less than an optimum element in Free Asia. Specifically, they have a great task in making themselves a more effective center for the residual Chinese loyalties of the overseas Chinese citizens in Free Asia. Specifically, they should formulate a new program which would embrace all the non-Communist Chinese in Free Asia and in the Free World; and they should project this program for a new China out from their base on this island as a symbol for the future to the mainland.

No one can tell when war might come, or when an internal crisis might arise on the mainland. But one characteristic of that internal crisis, or hot war, is that its resolution will be partly political; and it will partly depend on the alternative visions of the future that the Chinese on the mainland have, including men who are now Chinese Communists. At the moment, Formosa has risen much since its low days of 1949 as a symbol on the mainland.

By and large, it still represents something from the past, however. If it is serious about its role on the mainland in the future, it must strike a posture which looks to the future and it must prove a rallying point for the non-Communist Chinese throughout this area, including Hong Kong.

Now all of this implies a diplomatic position for Formosa which guarantees U. S. support for it in its Free World status, which guarantees to Formosa a place in the U. N. Assembly at least. But I would add a word of caution. I think the United States must draw two lines. One, obviously, is that it must keep enough control on Formosa so that the issue of war or peace does not pass out of our hands into the hands of the Nationalists. But there is a political line we must draw, too. We must take the view that we will guarantee Formosa in Asia. We will do everything in our power to improve the administration on Formosa, and to assist them to gather military strength. We will use our good officers to help make them a rallying point for all the Chinese in Free Asia. We will permit them to use our influence and the symbol of their attachment to us to build up their prestige on the mainland. But the United States must and should draw back from any long-run commitment to install them as the rulers on the mainland in a time of internal crisis or hot war. The reason for that is that we do not know whether the kinds of men we may have to deal with in a crisis or hot war will have been attracted by the kind of program that the Formosans may develop over the future if they follow this line. We can *hope* that they become the great rallying point for the mainlanders as well as those outside the mainland, but we cannot guarantee this. We should keep our hands free to deal with any responsible group who might emerge on the mainland, who are prepared to meet American interests should there be an internal crisis or a hot war, while hoping that it is the Formosan leadership that captures the loyalties of these men.



Fifth, I shall now read you what we had to say on the question of U. N. membership for Peking:

“On the question of U. N. membership for, and U. S. recognition of, Peking, we arrived at the following view.

“The entrance of Peking into the U. N. is a limited political movement, the importance of which can easily be over-estimated. If it occurred at a moment of Free World weakness, or actual military or diplomatic defeat, it would indeed symbolize Communist China as Asia’s way of the future, and it would constitute an unacceptable as well as fruitless act of appeasement. If it can be brought about under the circumstances envisaged here, its adverse consequences could be minimized and the divisive issue would be removed from Free World politics.

“We therefore recommend in general: (1) The United States should accede neither to U. N. membership nor U. S. recognition until a positive Asian program, along the above lines, be launched. (2) The United States should not recognize Communist China unless and until the position of Formosa is developed along the lines indicated above, and its status so established in the Free World, perhaps under some new constitutional formula, that its continued membership in the U. N. Assembly can be assured. (3) The United States should be prepared to accede under pressure to Chinese Communist membership in the U. N. under the following conditions, none of which would apply before the U. N. Charter revision in 1955: *a.* That this step not be taken until Communist China has demonstrated its intention to qualify for U. N. membership, not only by

desisting from overt aggression in Korea, Indo-China, and elsewhere, but also by respecting scrupulously the truce terms in Korea and Indo-China; *b.* That Formosa retain a position in the U. N. Assembly. *c.* That under no circumstances should Communist China be made a member of the Security Council; *d.* That Japan and other states (and here I had in mind particularly Italy and possibly Western Germany) simultaneously enter the U. N."

Now what lies behind our conclusions in this appreciation?

There has been in the United States, and throughout the Free World, a concentration of attention on the question of China's recognition which has played wholly into the hands of the Communists. It has exactly fitted their purposes to have us belaboring our allies, and our allies feeling churlish about us, on the question of whether or not these jokers came into the U. N. If you talk, as I have recently, to Americans at all levels of sophistication, it is clear that they regard the fundamental issue of our Asian policy as whether or not these fellows come into the U. N. It is our view that this is but a detail in an Asian policy. I don't for a minute think we are going to get a nickel's worth of good out of having these fellows come into the U. N.; I don't think this is going to draw them away from Moscow; I don't despair of breaking the Sino-Soviet tie in time, but it will not be because they are in the U. N.

I consider that those who think that because the Chinese Communists are in the U. N. they will be good chaps are silly. On the other hand, if we continue to accept the concept of the U. N. as a place where the whole Free World meets the rest of the inhabitants of this planet, and if they meet the conditions of the Korean and Indo-China truces, there is in the long run a good case for letting them into the 'club.' They are no worse, and certainly no better, than certain other members of the 'club.'

The other advantage from our point of view is that it would remove from the Free World a highly divisive issue, and would get other people as well as ourselves to focus on the real issues of Asian policy, rather than on this phoney issue.

There is also a final point that I think is important. I think that it is very unlikely, if there are no more Korea-type wars out in Asia, that we *can* keep these fellows out of the U. N. As session after session goes by, our policy of postponing the issue will look less and less sensible. At some stage, they will be voted in. I think we should so behave that if they are voted in this will not appear either a major U. S. defeat or a U. S. act of appeasement. By the time that happens there should be an Asian policy in being, in which we are going about our business; we should have Formosa straightened out and its status in the Free World clarified; we should have met their threat in many particular places. Then we can say: "All right. If we are keeping this kind of a U. N., sure — you can come in. We don't expect anything good to come of it, and we're not out to treat you nicely in the hope that you will split with the Russians — but come on in."

Well, that is my view.

On the larger issue of breaking or diluting the Sino-Soviet tie, we hold the view that, given the outlook and ambitions of Peking's top leadership, nothing is to be gained and much could be lost by piecemeal efforts to wean Peking from Moscow by small kindly concessions. Short of major war, short of a direct attempt by Moscow to take over China, the Sino-Soviet tie is likely to break, in our judgment, only when experience demonstrates convincingly that there are no significant possibilities for Communist expansion in Asia, and that the Stalinist formula for economic growth now being applied to China is inappropriate to China and to Asia's economic problems as compared to the method used by the West. Under these circumstances of external frustration and demonstrated Free World superiority, we believe a crisis or

a significant change in internal policy and in the relationship between Moscow and Peking might develop. It is important, of course, that those who hold power or potential power in China know that they could withdraw from the Sino-Soviet alliance and enter into peaceful relations with the Free World without sacrificing China's national sovereignty; that, as with Tito, terms short of unconditional surrender are available.

It is our conviction, however, that this is well known in Peking. Its leadership is operating from aggressive hope, not fear. A break with Moscow, if it comes, will arise from a push imparted from frustration and failure of present plans, not from the weak pull of Free World appeasement.

The suggested lines of action, taken as a whole, are designed to maximize the possibility of this result. In the meanwhile, our task is to ease Peking's domestic problems and the frictions of the Sino-Soviet alliance to the minimum compatible with the unity of the Free World alliance. The greatest source of disunity is likely to center on Western trade with Communist China. It is our conclusion that Peking wishes to develop an extra margin of East-West trade, and that it is in our interest to frustrate this effort; that the possible margin of extra trade with Communist China is not likely to be on a scale nor of a composition which will significantly ease Japan's economic problems, or the Free World's economic problems in general. But it will be difficult — if not impossible — to prevent our allies from seeking a margin of East-West trade in the post-Geneva phase of policy.

Therefore, we urge that measures be explored for seeking within the Free World that acceleration in economic growth which would solve the trade problems of the industrialized countries without additional recourse to East-West trade and permit the development of an agreed program of minimum Western trading with Peking.

Here are, then, the answers that emerged in my mind after some fifteen months of intensive research and thought. I have had the benefit of discussion with a great many people in and out of the government, representing the whole spectrum of opinion, and I have tried to listen to all views with the humility appropriate to my own initial ignorance and the importance of the questions involved. In the end, I shaded my conclusions in no way to meet the believed views of others, and, in so far as I could, I called them as I saw them. I commend these views to you not as answers to the questions of what U. S. policy in Asia should be but, rather, as the key questions which we must answer if we are to have an Asian policy worthy of the name.

What are we to do about the techniques of 'soft' aggression? What are we to do about the Japanese economy, and the growth rate race between Communist China and the rest of Asia? How shall we seek to create a meaningful Free World, embracing the ex-colonial areas with their special problems, psychological heritage and their sensitivities? What shall we develop out of our base on Formosa, for it is a base absolutely dependent on us? How shall we deal, finally, with the pressure of our Allies to admit Communist China to the U. N. — an issue we have managed to postpone but in no way to settle? Finally, by what means and concepts should we act to reduce and ultimately eliminate the threat posed to our security by the Sino-Soviet alliance (if we eliminate U. S.-initiated war as an alternative)?

These are, I believe, the relevant questions, and it is with these questions, rather than with any dogmatic answers, that I leave this subject.

But I would add a final word, if I may. I emerged from these three years of work on Communism with a simple conviction, which, right or wrong, I am prepared to defend without reservation. It is this: it lies within the capabilities of the Free World —

its spiritual, political, material, and military capabilities — to defeat decisively the threat posed by the Communist conspiracy and to do so within this century, if not within a decade or so. There is no reason why the Free World, with its roots laid in principles going back thousands of years — principles tested from protracted human experience under all manner of circumstances — there is no reason why the Free World cannot make Communism a tragic aberration of this century, an aberration that has thrived on phases of weakness and self-doubt in the Free World in the face of the great problems of this century as they emerged. I do not underestimate the tactical capabilities of Communism nor its leadership. They can control great societies intimately, and mobilize their resources flexibly with a vigor which appears denied to the Free World. But this is largely an optical illusion, for the lesson of our experience with totalitarianism is that when the Free World faces the facts, clarifies its purposes, and generates the leadership, it is vastly more efficient and effective than totalitarianism. Totalitarianism looks good only in the face of weakness and confused Free World purposes. Our task, then, is to organize our resources — spiritual, material, political, and military — and to do so in good heart. For the simple truth is that the Free World appeals to the best and strongest in human beings, while Communism in practice — when it gains power — looks to the worst and weakest of human qualities. If we remain loyal to the best principles on which our society has been erected, we should have no fear of the outcome.

## BIOGRAPHIC SKETCH

### Professor Walt W. Rostow

Professor Rostow received his B. A. degree in 1936 and his Ph. D. degree in 1940, both from Yale University. He attended Oxford University from 1936-38, and received an honorary M. A. degree from that institution in 1946. He also received an honorary degree from Cambridge University in 1949.

In 1941, Professor Rostow joined the faculty of Columbia University for one year as an instructor. He was Harmsworth Professor of American History at Oxford University in 1946-47, and Pitt Professor at Cambridge University in 1949-50. Since 1950, he has been Associate Professor of Economic History at Massachusetts Institute of Technology, where he is a member of the Center for International Studies.

Professor Rostow's principal fields of interest have been modern economic and general history, the American diplomatic revolution, and the British economy of the Nineteenth Century.

Dr. Rostow's most recent publications include: *The Dynamics of Soviet Policy* (in collaboration with Alfred Levin), 1953, and *The Prospects for Communist China* (with R. W. Hatch, F. A. Kierman, Jr., and Alexander Eckstein), 1954.

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Point Credits

Recommended for all officers.

*SCOPE:* Logistic functions of the Navy; historical background and evolution of logistics; basic phases, aspects and elements of logistics; basic principles of organization for national defense; the three services and the military staff; logistics planning and the area of operations; national economic mobilization; supply systems of the Navy, Marine Corps, Army, and Air Force, mobile logistic support; supply in the theater of operations; international aspects of supply; Department of Defense supply system; maintenance, repair, and salvage; medical, hospitalization and evacuation procedures; personnel, transportation; base development and construction.

## RECOMMENDED READING

The evaluation of books listed below include those recommended to resident students of the Naval War College. Officers in the fleet and elsewhere may find these of interest.

The listings herein should not be construed as an endorsement by the Naval War College; they are indicated only on the basis of interesting reading matter.

Many of these publications may be found in ship and station libraries. Some of the publications not available from these sources may be obtained from the Bureau of Naval Personnel Auxiliary Library Service, where a collection of books is available for loan to individual officers. Requests for the loan of these books should be made by the individual to the nearest branch of the Chief of Naval Personnel. (See Article C-9604, Bureau of Personnel Manual, 1948).

Title: *America's Rise to World Power, 1898-1954.* 314 p.

Author: Dulles, Foster R. N. Y., Harper, 1955.

Evaluation: The "great debate" between isolation and alliance throughout the history of American foreign policy is the theme of this book. It is recommended reading for a better understanding of the strategic factors, power and politics.

Title: *Nuremberg: German Views of the War Trials.* 232 p.

Author: Benton, Wilbourne E. and Grimm, Georg, eds.  
Dallas, Southern Methodist University Press, 1955.

Evaluation: It was to be expected that the war crimes trials held after World War II would become the subject of intensive and critical research in Germany as well as in other Axis countries. In this volume, the editors brought together papers by twelve German lawyers on various aspects of the trials which had been translated into English. The papers discuss various issues, such as the retroactivity of the law — substantive and procedural — of

the International Military Tribunal, and, more particularly, the criminality of aggressive war, liability of individuals for this crime, the pleas of superior order and act of state, the composition of the Tribunal, et cetera.

## PERIODICALS

**Title:** *Admiral Carney Tells How Naval Officers Learn of Their Sister Services.*

**Publication:** ARMY-NAVY-AIR FORCE JOURNAL, May 7, 1955, p. 1063.

**Annotation:** In testimony given before a Congressional Committee, Admiral Carney describes procedures for interservice education.

**Title:** *Always the Sea.*

**Author:** Carney, Robert B., Admiral, U.S.N.

**Publication:** UNITED STATES NAVAL PROCEEDINGS, May, 1955, p. 497-503.

**Annotation:** The Chief of Naval Operations reviews the influence of American sea power on history from World War II to the present, notes Russia's bid for naval supremacy, and concludes with a brief consideration of the future role of sea power.

**Title:** *Air Power and National Security.*

**Publication:** THE ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, May, 1955.

**Annotation:** This periodical, with its sixteen articles on Air Power and National Security written by outstanding educators, newspapermen and public officials, is highly interesting and informative. It is recommended reading for all servicemen.

**Title:** *Progress in Sea Power.*

**Author:** Switzer, W. G., Rear Admiral, U.S.N.

**Publication:** ORDNANCE, May-June, 1955, p. 879-882.

**Annotation:** Discusses recent developments in aircraft and aircraft carriers, weapons and detection devices for antisubmarine

warfare and guided missiles which assure the Navy's continuing role as our first line of defense.

**Title:** *Communism and Air Power.*  
**Author:** Posony, Dr. Stefan T.  
**Publication:** AIR UNIVERSITY QUARTERLY REVIEW,  
Winter, 1954-1955, p. 43-54 and 106-119.  
**Annotation:** A survey of Soviet atomic air strategy sets forth the broad patterns of atomic warfare open to Russia.

**Title:** *Naval Aspects of European Integration.*  
**Author:** Sokol, Dr. A. E.  
**Publication:** MILITARY REVIEW, June, 1955, p. 26-36.  
**Annotation:** A noted educator develops the conditions which affect the uses of sea power in Europe today and presents his concept for the most effective employment of integrated naval power by the nations of Western Europe to counter the Soviet threat. An interesting and well-conceived paper.

**Title:** *Guided Missiles and Rockets.*  
**Publication:** INTERAVIA, Vol. X, No. 5, 1955, p. 299-323.  
**Annotation:** The major portion of this issue is devoted to the current situation in regard to missile development. (Chart, p. 306-307, "Major Post-War Guided Missiles," gives details on missiles developed by eight nations).

**Title:** *The Hydrogen-Uranium Bomb.*  
**Author:** Rotblat, J.  
**Publication:** BULLETIN OF THE ATOMIC SCIENTISTS,  
May, 1955, p. 171-172 and 177.  
**Annotation:** A British physicist speculates on the composition and possible radiological effects of the superbomb tested in the Pacific last spring. He concludes that fission accounts for most of the energy released in the hydrogen bomb — not fusion. He sounds a warning concerning the danger of world-wide contamination from such bombs.

- Title:** *A New Plan to Defeat Communism.*
- Author:** Sarnoff, David, Brigadier General, Army of the U. S. Honorary Reserve.
- Publication:** U. S. NEWS & WORLD REPORT, May 27, 1955, p. 134-143.
- Annotation:** The text of a memorandum to the White House on April 5, entitled "Program for a Political Offensive Against World Communism."
- Title:** *U. S. Leads in Air Power But Reds Are Building Fast.*
- Author:** Twining, Nathan N., General, U.S.A.F.
- Publication:** U. S. NEWS & WORLD REPORT, May 27, 1955, p. 118-119.
- Annotation:** The text of an address in Los Angeles on May 20 by the Air Force Chief of Staff.
- Title:** *The United Nations After Ten Years.*
- Publication:** JOURNAL OF INTERNATIONAL AFFAIRS, Vol. 9, No. 2, 1955.
- Annotation:** This issue is devoted to articles comprising a survey of the accomplishments and the shortcomings, the prospects and the limitations of the United Nations.
- Title:** *Why Russian Freedom is Inevitable.*
- Author:** Dulles, Allen W.
- Publication:** THE NEW LEADER, June 13, 1955, p. 5-8.
- Annotation:** The Director of the C.I.A. tells why mass education in the Soviet Union may well become a threat to the communist system of government. (Commencement address, Columbia University, June 13, 1955).