

ORE 29-50

Consequences to the US of Communist
Domination of Mainland Southeast Asia

13 October 1950

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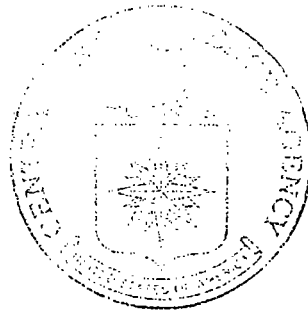
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CONSEQUENCES TO THE US OF COMMUNIST DOMINATION OF MAINLAND SOUTHEAST ASIA

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CONSEQUENCES TO THE US OF COMMUNIST DOMINATION OF MAINLAND SOUTHEAST ASIA¹

SUMMARY AND CONCLUSIONS

Communist domination of mainland Southeast Asia would not be critical² to US security interests but would have serious immediate and direct consequences. The gravest of such consequences would be a spreading of doubt and fear among other threatened non-Communist countries as to the ability of the US to back up its proclaimed intention to halt Communist expansion everywhere. Unless offset by positive additions to the security of non-Communist countries in other sensitive areas of the world, the psychological effect of the loss of mainland Southeast Asia would not only strengthen Communist propaganda that the advance of Communism is inexorable but would encourage countries vulnerable to Soviet pressure to adopt "neutral" attitudes in the cold war, or possibly even lead them to an accommodation with Communism.

Domination of the Southeast Asian mainland would increase the threat to such Western outposts in the Pacific as the island chain extending from Japan to Australia and New Zealand. The extension of Communist control, via Burma, to the borders of India and Pakistan would augment the slowly developing Communist threat to the Indian subcontinent. The fall of the Southeast Asian mainland would increase the feeling of insecurity already present in Japan as a result

¹ Assumption: (a) that major US policies in the Far East will be implemented substantially as now conceived; and (b) that Communist control of Southeast Asia will result in denial of the area to US and pro-Western nations.

² By "would not be critical to US security interests" is meant that the loss of the area to Communist domination would not have a decisively adverse effect on the capabilities of the US to win a global war.

Note: The Office of Naval Intelligence has concurred in this estimate; for dissents of the intelligence organizations of the Departments of State, Army, and the Air Force, see Enclosures A, B, and C, respectively. The estimate contains information available to CIA as of 15 September 1950.

of Communist successes in China and would further underline the apparent economic advantages to the Japanese of association with a Communist-dominated Asian sphere.

The countries of mainland Southeast Asia produce such materials on the US strategic list as rubber, tin, shellac, kapok, and teak in substantial volume. Although access to these countries is not considered to be "absolutely essential in an emergency" by the National Security Resources Board, US access to this area is considered "desirable." Unlimited Soviet access to the strategic materials of mainland Southeast Asia would probably be "desirable" for the USSR but would not be "absolutely essential in an emergency" and therefore denial of the resources of the area to the Soviet Union would not be essential to the US strategic position. Communist control over the rice surpluses of the Southeast Asian mainland would, however, provide the USSR with considerable bargaining power in its relations with other countries of the Far East.

Loss of the area would indirectly affect US security interests through its important economic consequences for countries aligned with the US. Loss of Malaya would deprive the UK of its greatest net dollar earner. An immediate consequence of the loss of Indochina might be a strengthening of the defense of Western Europe since French expenditures for men and materiel in Indochina would be available to fulfill other commitments. Exclusion of Japan from trade with Southeast Asia would seriously frustrate Japanese prospects for economic recovery.

Communist domination of mainland Southeast Asia would place unfriendly forces astride the most direct and best-developed sea and air

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routes between the Western Pacific and India and the Near East. The denial to the US of intermediate routes in mainland Southeast Asia would be significant because communications between the US and India and the Near East would be essential in a global war. In the event of such a war, the development of Soviet submarine and air bases in mainland Southeast Asia probably would compel the detour of US and allied shipping and air transportation in the Southeast Asia region via considerably longer alternate routes to the south. This extension of friendly lines of communication would hamper US strategic movements in this region and tend to isolate the major non-Communist bases in the Far East — the offshore island chain and Australia — from existing bases in East Africa and the Near and Middle East, as well as from potential bases on the Indian sub-continent.

Besides disrupting established lines of communication in the area, the denial of actual military facilities in mainland Southeast Asia — in particular, the loss of the major naval operating bases at Singapore — would

compel the utilization of less desirable peripheral bases. Soviet exploitation of the naval and air bases in mainland Southeast Asia probably would be limited by the difficulties of logistic support but would, nevertheless, increase the threat to existing lines of communication.

The loss of any portion of mainland Southeast Asia would increase possibilities for the extension of Communist control over the remainder. The fall of Indochina would provide the Communists with a staging area in addition to China for military operations against the rest of mainland Southeast Asia, and this threat might well inspire accommodation in both Thailand and Burma. Assuming Thailand's loss, the already considerable difficulty faced by the British in maintaining security in Malaya would be greatly aggravated. Assuming Burma's internal collapse, unfavorable trends in India would be accelerated. If Burma were overcome by external aggression, however, a stiffening of the attitude of the Government of India toward International Communism could be anticipated.

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CONSEQUENCES TO THE US OF COMMUNIST DOMINATION OF MAINLAND SOUTHEAST ASIA

1. Consequences of the Loss of the Entire Mainland.

Psychological Effects.

The most serious immediate and direct consequence resulting from the loss of the Southeast Asia mainland to Soviet-dominated Communism would be psychological and would derive from the proclaimed US intention to halt Communist expansion everywhere. Indochina, of all the countries in mainland Southeast Asia, has become a publicly declared symbol of this US determination. In consequence, the loss of Southeast Asia would spread doubt and fear among other threatened non-Communist countries throughout the world. This unfavorable reaction would be lessened to some extent, however, if events in other "sensitive" areas of the world—Korea, for example—clearly demonstrated that the advance of Communism was not inevitable. To the extent that the loss of the area was not counterbalanced by significant reversals for the forces of Soviet Communism elsewhere, "neutral" attitudes would be encouraged, and some countries on the perimeter of Soviet power might well accommodate themselves to Communism.

The loss of mainland Southeast Asia would add to Communist prestige internationally, the more so because the area is remote from the USSR and has long been exposed to strong Western influence. The loss would lend credence throughout the world to Communist propaganda regarding the inevitability of victory and the International Communist movement would be encouraged to strike bolder and harder blows at other areas of the non-Communist world.

Strategic and Political Effects.

If the fall of the Southeast Asia mainland should precede or accompany an outbreak of general East-West hostilities, Soviet forces deployed in the area would be in a position to threaten US lines of communication in the

Far East. Unfriendly control either under conditions of "cold war" or following the outbreak of hostilities would directly threaten Indonesia and India and increase the pressures, primarily psychological, already being exerted from China on the Philippines. Both Indonesia and the Philippines are important elements in the island chain which represents the outer perimeter of US defenses in the Pacific and controls access from mainland Asia to the Australia-New Zealand area.

The fall of mainland Southeast Asia would increase the susceptibility of both the Republics of Indonesia and the Philippines to Communist pressures. Both subversive action directed from the mainland and economic pressures would have increased effect following the loss of faith in the West and the anxiety inspired by the proximity of aggressive Communist military power. Although the two Republics might not succumb to Communist pressures immediately, the stage would be set for their eventual voluntary or involuntary inclusion in the Communist orbit. The outcome of this eventuality, in turn, would be to place both Australia and New Zealand within closer range of Communist military and psychological pressures. This increased threat would not, however, alter the domestic or international orientation of either of these two Commonwealth countries.

The extension of Communist control westward to the borders of India and Pakistan would augment the slowly developing Communist threat to the Indian sub-continent. Covert Communist activities would be facilitated, indigenous Communists would be encouraged, and the two major nations of the sub-continent would be exposed to direct Communist military and economic pressures. The attitude of the Government of India toward International Communism would probably be stiffened, however, if any of the Southeast Asia countries, particularly neighboring Burma, were overtly attacked by Com-

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munist China. On the other hand, the trend toward Communism on the Indian sub-continent could be accelerated if it should appear that the fall of Southeast Asia was brought about by indigenous forces in fulfillment of their nationalist aspirations.

To the north, Japan's feeling of insecurity — a result of that occupied nation's weak and dependent position — has already been aggravated by the Communist victory in China. Although this feeling has not prevented apparently willing Japanese support of the US-UN position in Korea, Communist acquisition of mainland Southeast Asia would undoubtedly strengthen grave concern in Japan over its future at a time when efforts are being made by early peace negotiations to assure that country's future on the side of the West. The apparent economic advantage of association with a Communist-dominated Asian sphere would impel an unoccupied Japan toward a course of accommodation with International Communism.

Economic Effects.

Rubber, tin, shellac, kapok, and teak, which are produced in substantial volume in the countries of mainland Southeast Asia, are on the US strategic list. In the case of each of these commodities, however, one or a combination of the following factors apply: substitute or synthetic materials are available, alternative sources of supply exist, or present US stockpiles are at levels which are reasonably adequate to permit the US to wage war in the near future. As a result, the National Security Resources Board and other US agencies concerned with the acquisition of strategic materials do not consider access to mainland Southeast Asia as "absolutely essential in an emergency." Thailand, Malaya, and Burma are designated by these agencies as areas to which US access is "desirable" but not "essential." Because of the paucity of strategic materials available for export from Indochina, that country is not regarded as one to which access is necessarily "desirable."¹

¹ *Areas to which Access by the US in War is Essential or Desirable as a Result of US Deficiencies in Resources of Vital Materials.* NSRB, Materials Office, April 24, 1950. ~~Confidential.~~

Unlimited access to the strategic materials of mainland Southeast Asia would probably (using the terminology of the NSRB study cited above) be "desirable" for the USSR but not "absolutely essential in an emergency." Consequently, solely from the viewpoint of strategic materials, denial of Soviet access to the area would not be essential to the over-all strategic position of the US and its allies.

In addition to rubber and tin,¹ the most important commodity that the Communists would obtain by control of mainland Southeast Asia would be rice. Thailand and Burma are the largest rice exporters in the world; Indochina produced a large rice surplus in the prewar period and could do so again under conditions of relative stability. These countries consequently play a most important role in the economies of the food-deficit areas of Malaya, India, Ceylon, Japan and a lesser role in the economies of China, Indonesia, and the Philippines. Communist control over the rice surpluses of mainland Southeast Asia would give the USSR a powerful political and economic weapon in its relations with other countries of the Far East.

An indirect but nevertheless extremely important consequence of the loss of mainland Southeast Asia would be its effect on British plans for achieving the full economic recovery of the sterling area. As a result of huge US purchases of tin and rubber, Malaya is the UK's greatest net dollar earner. The loss of Singapore's profitable entrepôt trade would

¹ It is believed that the present flow of natural rubber to the USSR and its Satellites, together with the output of synthetic rubber, is sufficient to meet current requirements and provide additions to stockpiles. Hence, unlimited access to and control over the rubber producing areas of Malaya and Thailand would not appear to be of great urgency to the USSR at this time.

The Soviet orbit requires imports of approximately 10,000 metric tons of tin annually to meet its peacetime requirements on a restricted basis and to permit some stockpiling. The USSR may be getting as much as 6,000 tons of tin annually from China at present and probably can acquire all of its minimum import needs from this source within the next few years. Unrestricted access to the output of tin from Malaya (55,000 tons in 1949) or even from Thailand (7,800 tons in 1949) would provide the USSR with a large surplus of this strategic metal for possible re-export to Satellites and the West.

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also have serious implications for the UK's still tenuous economic position.

An immediate consequence of the loss of Indochina might be a strengthening of the defense of Western Europe since French expenditures for men and materiel in Indochina would be available to fulfill other commitments.

Japan, too, would be adversely affected. Exclusion of Japan from trade with mainland Southeast Asia would seriously if not completely frustrate Japanese prospects of economic recovery which would permit Japan to achieve economic independence and an acceptable standard of living. Furthermore, unless Japan were able to trade with the Communist bloc, the additional dollar expenditures for requisite imports would increase Japan's dependence on US aid.

Military Effects.

Communist domination of mainland Southeast Asia would place unfriendly forces astride the most direct and best-developed sea and air routes between the western Pacific Ocean area and the Near and Middle East (see accompanying maps). The denial to the US of intermediate routes in mainland Southeast Asia would be significant because communications between the US and India and the Near East would be essential in global war. In the event of such a war, the development of Soviet submarine and air bases in a position to interdict war and air transportation through the East Indies, together with the extension of Soviet naval and air capabilities into the Indian Ocean, probably would compel the detour of US and allied shipping and air transportation in the Southeast Asia region via considerably longer alternate routes to the south.

The loss of Singapore would close the Straits of Malacca, while the proximity of potential Communist bases would necessitate the protection of friendly shipping in the narrow alternate passages of the East Indies. These factors would probably force the use of the long route south of Australia.

Loss of mainland Southeast Asia would produce a gap in the chain of available airfields which rim the Asian continent and provide mobility to Western air power. Mingaladon

near Rangoon and Don Muang near Bangkok, both of which have facilities for handling C-54 transport aircraft, lie on the most direct route between Karachi and Manila. The denial of this route and the loss of Singapore would mean that air traffic between allied bases in the Near East, the Asian offshore island chain, and the US west coast would have to be routed via Australia.

This considerable extension of friendly lines of communication in the Southwest Pacific would tend to isolate the major non-Communist bases in the Far East—the offshore island chain and Australia—from East Africa and the Near East as well as from the Indian sub-continent.

The loss of mainland Southeast Asia would not eliminate communications between the US and the Indian sub-continent since air and sea routes from the US over the Atlantic represent substantially shorter lines of communication. If, as a result of global hostilities, the Mediterranean were also denied to US and Western shipping, the Cape of Good Hope route would probably remain a more desirable alternative to routes south of Australia. An active submarine menace in the Atlantic as in World War II, however, would probably necessitate increased routing of shipping over less vulnerable Pacific Ocean routes. Air transit via North or Central Africa will, in any case, continue to be the shortest and quickest route from the US to the Near East and India.

Communist domination of Southeast Asia would deny actual and potential military facilities to the West. Singapore is the only major naval operating base between Capetown and Sydney or Yokosuka and its loss would compel withdrawal of naval forces in the region of Southeast Asia to less desirable peripheral bases at Subic, Surabaya, and/or Trincomalee. Although there are no airfields in mainland Southeast Asia currently capable of handling medium bombers, there are a number of installations currently able to handle large transport aircraft. A few of these installations are capable of development into medium bomber bases. Their utilization, however, would be against secondary rather than decisive objectives.

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Soviet exploitation of naval and air bases in the area would increase the threat to existing lines of communication. Soviet activities in this area would probably be confined largely to submarine and air activity in contiguous waters. Larger-scale military operations staged from Southeast Asia bases would be unlikely, however, since such operations would have to be supported from industrial bases west of Lake Baikal over long, circuitous and poorly developed lines of communication.

2. Consequences of Partial Loss.

Events in Indochina and Burma will strongly influence the means and timing of the extension of Communist control over the remainder of mainland Southeast Asia.

Indochina.

If it is assumed that Indochina would be the first portion of mainland Southeast Asia to be lost, it would provide International Communism with several important advantages. Indochina has become the symbol of US intent to resist the expansion of Communism in Southeast Asia and the defeat of the French despite widely publicized US aid would furnish the Communists with such valuable propaganda themes as the defeat of "imperialism" by the forces of nationalism and the inability of the West to halt the steady advance of Communism. The forces of International Communism would acquire a staging area from which military operations could be launched against other countries in Southeast Asia, whether on the mainland or across the South China Sea. From a Communist-dominated Indochina, political pressures could be exerted in Thailand, which, unless substantial outside aid were forthcoming, would probably result in the complete accommodation of that country to International Communism in a matter of months. Finally, control over Indochina would make available to Communist China the substantial rice surpluses which Indochina is capable of exporting under conditions of internal stability.

Burma.

Whether it is assumed that Burma would fall before or after Indochina, control over that country would give the Communists ac-

cess to its large rice surpluses. It would also provide them with a base from which political pressures could be exerted against India, Malaya, and Thailand. Although the terrain makes large-scale military operations difficult, infiltration of neighboring countries by armed troublemakers would be a relatively simple operation.

If the loss of Indochina accompanies or precedes the loss of Burma, political pressures against Thailand and military infiltration of Malaya would probably result in the whole of mainland Southeast Asia falling under Communist domination within two years, unless large-scale outside support were forthcoming.

Communist control of Burma might accelerate unfavorable trends in neighboring India. If Burma were a victim of overt aggression from China, however, a stiffening of the attitude of the Government of India toward International Communism would probably result, although popular reaction might tend toward accommodation.

Thailand.

As indicated above, Thailand, in the absence of substantial outside support, would probably submit to Communism within a year after Communist victories in either Burma or Indochina. If Thailand were under Communist control, the already serious security problem presented by the Thailand-Malayan border would be aggravated and would add to the difficulties of the British Security Forces in Malaya, already heavily occupied.

Although unrestricted access to Thailand's tin and rubber is not essential to the war requirements of the Soviet bloc, it would cushion the USSR's economy against the effects of an extended and costly war. Thailand's large export surpluses of rice (1,200,000 tons in 1949) would meet the import requirements of the food-deficit South China areas (200,000 tons annually) and place the Soviet bloc in a powerful political and economic bargaining position among the rice-importing countries of Asia.

Because of the close political ties that have developed between the US and Thailand, US prestige would suffer severely in the event that Thailand is lost to Communism.

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Malaya.

Although unrestricted Soviet access to the rubber and tin of Malaya is not essential, it would be a desirable contribution to the Soviet economy. If it is assumed that the rubber and tin resources of Thailand would be available to the Soviet bloc prior to the establishment of Communist control over Malaya, it is probable that the Soviet bloc would find only

a fraction of the Malayan resources worth exploitation.

Possession of Singapore, the most important naval base in the Far East, would increase the operational capabilities of the Soviet Navy, particularly its submarine fleet.

Because of its proximity and close relations with Indonesia, increased infiltration of Communists from Malaya to Indonesia would occur.

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ENCLOSURE A
DISSENT OF THE INTELLIGENCE ORGANIZATION, DEPARTMENT OF STATE

We do not necessarily disagree with the major conclusion of this estimate as stated in the opening sentence of the Summary and Conclusions, but we feel that the narrow interpretation given the terms of reference makes it impossible to reach this conclusion with the certainty suggested by the present paper. Determination of the seriousness of the fall of Southeast Asia Mainland to Communism would appear to require much more detailed consideration of the snow-balling effects of such an event, primarily in terms of its impact on other areas and on the world position of the US. It is realized that the results of a chain reaction are difficult to

predict. The estimate does, however, contain sufficient indication of such a reaction to warrant much closer attention to the factors that are involved.

In addition, we would also consider as relevant and indispensable to the estimate:

1. A more thorough evaluation of the significance of the area to the US world position and;
2. A consideration of various alternative circumstances under which the loss of Southeast Asia Mainland might occur, and of how these circumstances might affect the US world position.

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ENCLOSURE B
DISSENT OF THE OFFICE OF THE ASSISTANT CHIEF OF STAFF, G-2,
INTELLIGENCE, DEPARTMENT OF THE ARMY

The Office of the Assistant Chief of Staff, G-2, Intelligence, Department of the Army, dissents from ORE 29-50 (Revised) for the following reasons:

a. The principal conclusion in this study, that Communist domination of the area would not have a decisive effect on the capabilities of the U.S. to win a global war, does not appear to place sufficient emphasis on the seriousness of the long-range consequences to the U.S. of the loss of mainland Southeast Asia.

b. It is felt that while Communist domination of mainland Southeast Asia, considered *in vacuo*, would not have a decisively adverse effect on U.S. military capabilities to win a global war, nevertheless such a Communist gain would immediately, directly, and most seriously affect over-all U.S. strategic interests and might ultimately become "critical" to the U.S. security position when considered in conjunction with possible losses in other areas.

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ENCLOSURE C

DISSENT OF THE DIRECTOR OF INTELLIGENCE, UNITED STATES AIR FORCE

1. The Director of Intelligence, U.S.A.F., has reviewed ORE 29-50 (Revised), "Consequences to the US of Communist Domination of Mainland Southeast Asia," and dissents from subject estimate for the following reason:

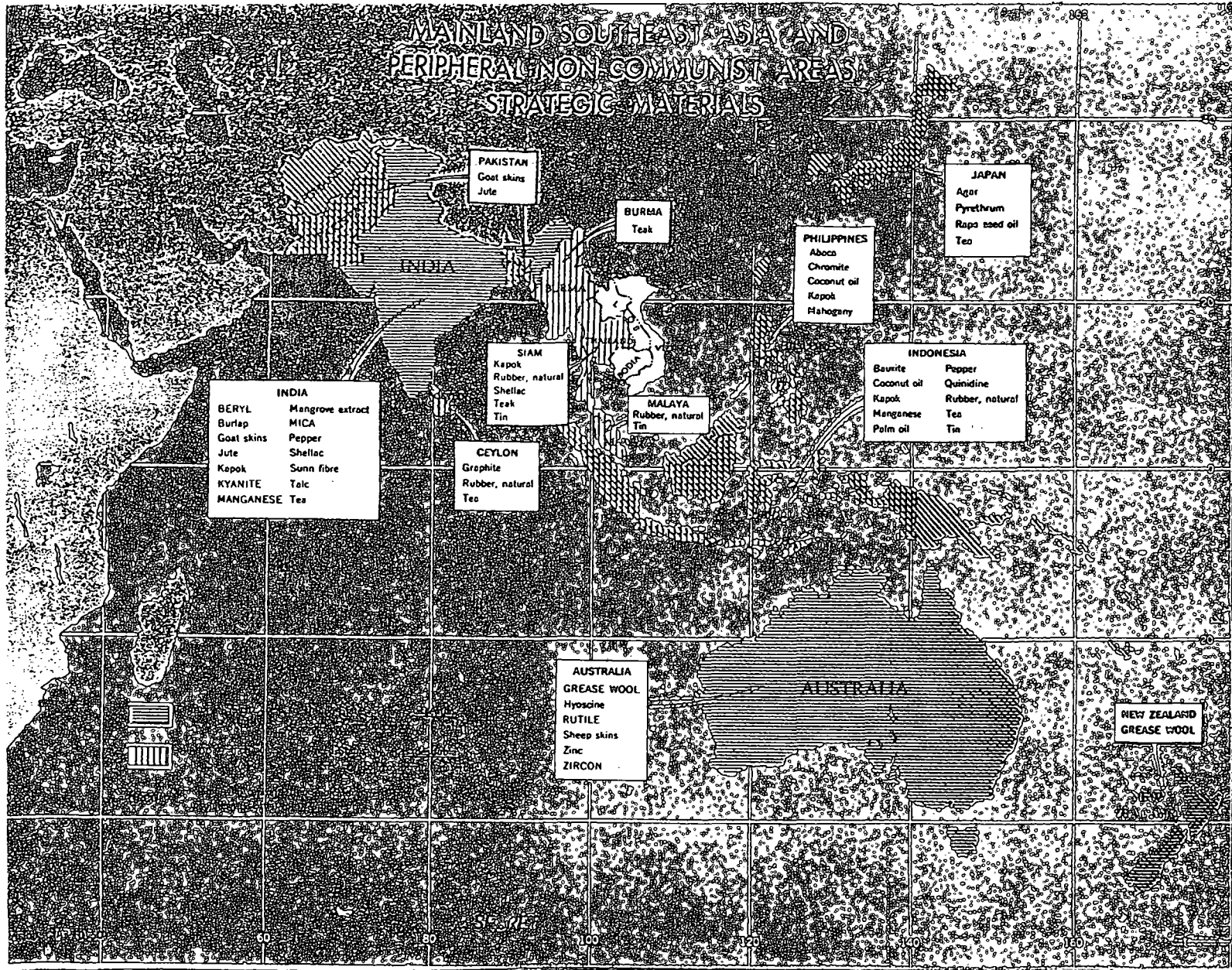
a. The estimate is seriously misleading, primarily because it fails to give a balanced presentation of the consequences to the United States—medium and long-range as well as short-range—of Communist domination of mainland Southeast Asia. While certain medium and long-range factors are discussed individually in the text, these are not adequately reflected in the Summary and Conclusions. It is believed that, from the medium and long-range points of view, the strategic, political, military, and sociological effects of the loss of mainland Southeast Asia may well be more serious than the immediate and direct psychological effects and could

have a critical effect on the capabilities of the United States to win a global war. The loss of a specifically designated area of the world cannot be assessed adequately without considering its effect on the entire global situation. It is the view of the Director of Intelligence, U.S.A.F., that the loss of mainland Southeast Asia, when taken in conjunction with the resultant weakening effect on adjacent areas and adverse developments in other parts of the world, could be critical to United States security interests.

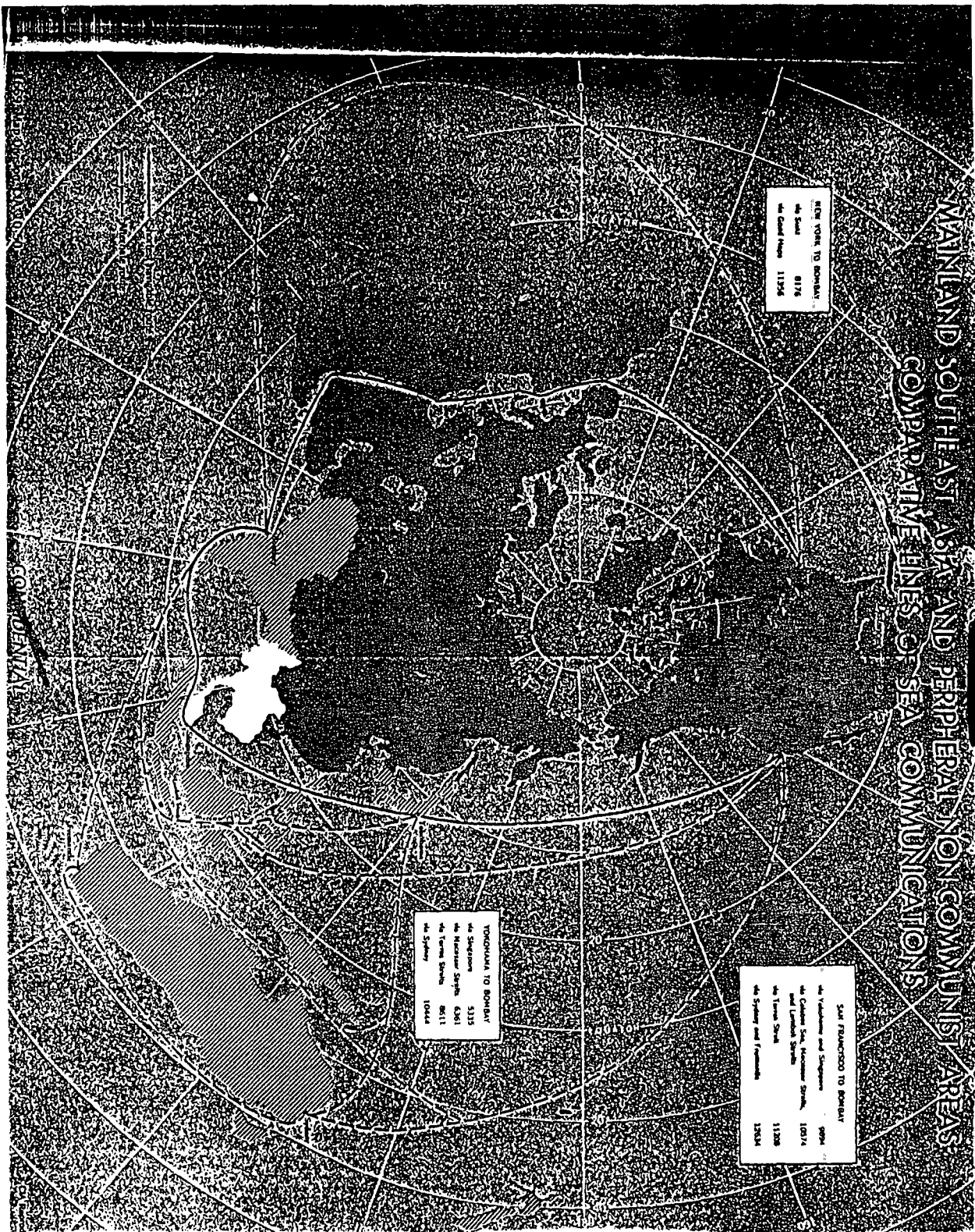
2. It is recommended that footnote 2 of page 1 be deleted, and that the first sentence of the Summary and Conclusions be rewritten as follows: "Communist domination of mainland Southeast Asia could be critical to United States security interests; it would have serious immediate and direct, as well as long-range, consequences."

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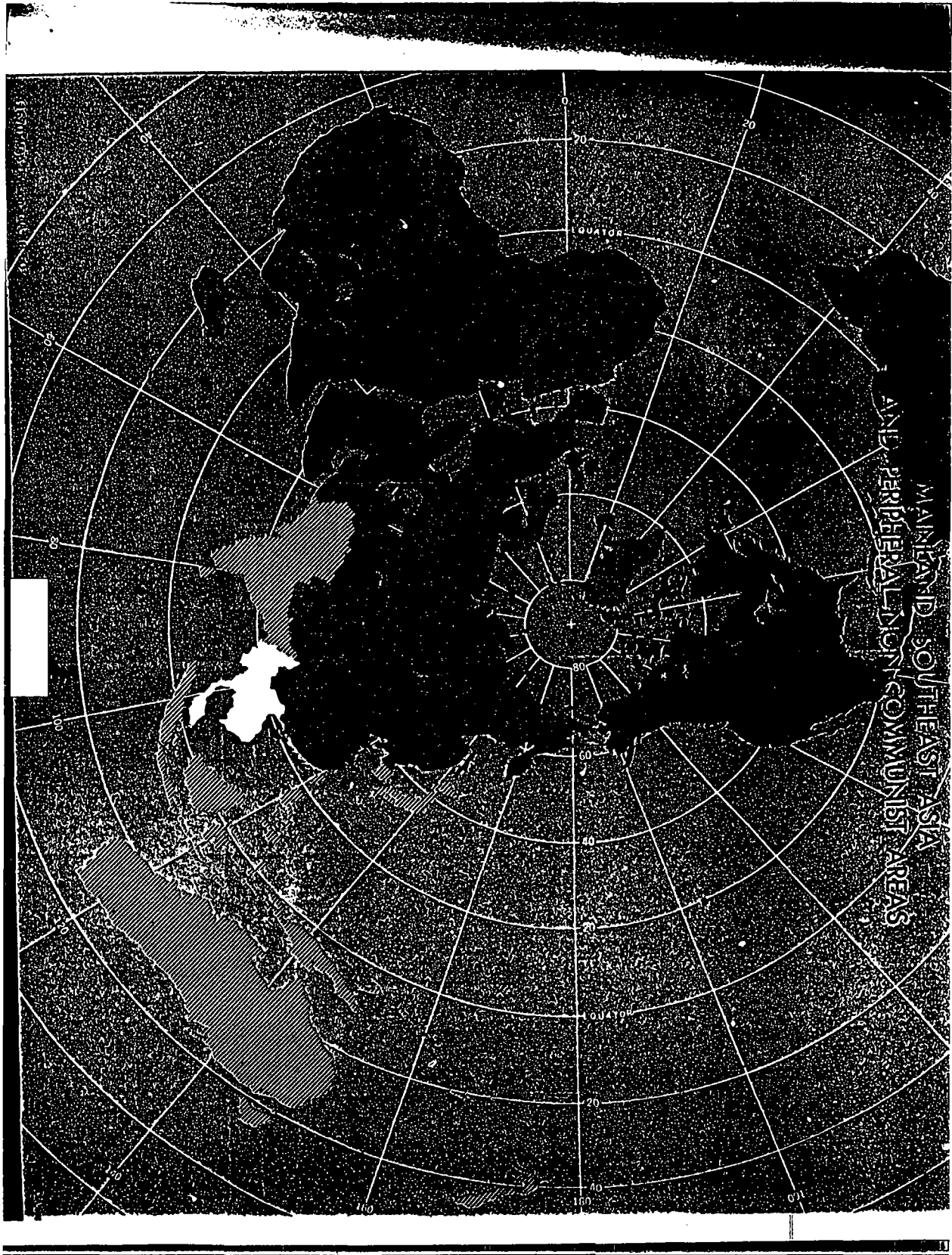
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