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SINO-INDIAN RELATIONS

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

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Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 17 May 1960. Concurring were the Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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24 May 1960

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SINO-INDIAN RELATIONS

THE PROBLEM

To assess Sino-Indian relations and their international implications.

CONCLUSIONS

1. Sino-Indian border clashes have shattered the appearance of cordiality between the two states. Early agreement on the boundary dispute is unlikely. However, both sides are probably willing to live with the present stalemate for some time, although further border clashes may occur. In the event of a prolonged failure to resolve the dispute, the climate could alter significantly, particularly if Nehru leaves the scene before a settlement. Nevertheless, we are inclined to believe that an eventual settlement could be achieved—probably involving Indian concessions in Ladakh in return for Chinese recognition of India's claims in the North East Frontier Agency (NEFA). However, even if the border issue is settled, it is unlikely that the friendly relations which existed in the past can be fully restored. (Paras. 5-8, 16-25)

2. Peiping's moves have sharply increased anti-Chinese sentiment in India. They have also tended to create in India a more sympathetic view of US policies, though India remains dedicated to the principle of nonalignment, and will also be influenced by interest in continued large-scale Soviet aid and by some hope that the USSR will restrain Communist China. The position of the Indian Communist

Party has been made more difficult, but it has not suffered a critical setback. (Paras. 11, 14-15, 27-28)

3. To date Communist China has outstripped India in economic growth. The present wide gap in growth rates is expected to narrow, but the absolute disparity between the economies will probably continue to widen. As a result China will be able to maintain—and probably increase—its military superiority over India. However, as long as India is making significant economic progress, most Asian countries will probably continue to derive encouragement from India's example. (Paras. 26, 34)

4. Communist China's growing strength and its aggressiveness have caused a more somber assessment of Chinese Communist motivations among Asian leaders. Even if the Sino-Indian border dispute is resolved through negotiations, the more apprehensive Asian view of Communist China that has recently developed probably will not be erased. Nevertheless, it is likely that Communist China's strength and dynamism and its ambitions for political hegemony will figure more prominently in Asia than will India's influence. (Paras. 33, 35)

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DISCUSSION

I. DEVELOPMENT OF SINO-INDIAN RELATIONS

5. The Tibetan revolt and the border clashes which took place during 1959 precipitated a crisis in Sino-Indian relations and forced both countries to re-examine their policies toward each other.

6. Communist China's leaders have long regarded the Indian Government as a bourgeois regime with which there could be no permanent cooperation. However, they considered that India was not ripe for Communist revolution and sought to take advantage of India's policy of nonalignment and of its support for a larger role for Communist China in world affairs. Peiping regarded this policy as profitable since it demanded little of Communist China beyond lip service to peace, Sino-Indian friendship, and Asian solidarity.

7. India's attitude toward Communist China reflected the belief that good relations between the two were essential for the peace of Asia. Most Indian leaders initially regarded the Chinese Communists as more Asian than Communist in outlook, and welcomed their revolution as a major step in Asia's resurgence. Nehru hoped that by befriending China, supporting its admission to the UN, and publicizing assurances of Peiping's peaceful intent—as in the case of the *Panch Shila* (Five Principles of Peaceful Coexistence)—the likelihood of Chinese expansionism could be reduced and its ties to Moscow lessened. India also surrendered the special rights in Tibet which it had inherited from British India, and recognized Tibet as part of China.

8. Nevertheless, India had some suspicions of Chinese intentions, particularly after the occupation of Tibet in 1950-1951. Recognizing its military weakness vis-a-vis Communist China, India sought to protect itself by obtaining assurances of an autonomous status for Tibet and by negotiating new treaties with Nepal, Bhutan, and Sikkim aimed at insuring India's primacy in those areas. India's misgivings increased steadily after 1956 because of the hardening of Peiping's policy, as indi-

cated by its support of the USSR in the crushing of the Hungarian revolution and the execution of Nagy, by Chinese attacks on Yugoslavia, by the abrupt termination of the brief "hundred flowers" period of liberalism, and by the imposition of the communes. Indian leaders were also disturbed by Peiping's continued publication of maps showing as part of China large areas claimed by India.

The Border Conflict

9. A border dispute was inherent in the absence of a jointly recognized boundary and the inability of either side to make a clearcut case for its border claims.¹ However, until 1959 when the seriousness of Communist China's claims first became clear to India, the issue was largely quiescent and both countries attempted to keep it from public view.

¹The 110-mile Sikkim-Tibet border is the only part of the 2,400-mile Sino-Indian frontier that has been demarcated. In the east, the dispute concerns the North East Frontier Agency (NEFA) in Assam State, an area of about 30,000 square miles inhabited by about 700,000 primitive tribesmen. India claims that the border in this area is the McMahon Line, which generally follows the Himalayan watershed. This line was drawn at the 1914 Simla Conference by representatives of the United Kingdom, Tibet, and China, but the Simla agreement was not ratified by the Chinese Government. China—both Communist and Nationalist—claims that the boundary is at the southern edge of the Himalayan foothills. Although Chinese maps show about 1,300 square miles in eastern Bhutan adjoining NEFA as Chinese, Chou En-lai stated in New Delhi in April 1960 that Peiping had no claims on Bhutan.

In the west the dispute centers on the 10,000 square mile Aksai Chin plateau in the Ladakh region of Kashmir State. This area, which lies between the Karakoram and Kunlun Ranges, is desolate and uninhabited. Both India and Communist China base their claims on the "traditional" border which, however, has never been identified by treaty.

There are also several small disputed areas totaling several hundred square miles along the frontier between Ladakh and Nepal. The 1954 Sino-Indian agreement on Tibet specifies that certain passes will be open to travelers, but China claims this agreement has no bearing on the location of the border.

Neither India nor Communist China had felt much sense of urgency in settling the issue, since the territory was sparsely occupied, difficult of access, and only partially administered. Communist China occupied Sinkiang and Tibet in 1950-1951, and soon established military garrisons near the frontier and built roads to improve its position. India reacted by establishing some new frontier posts and constructing some new roads into the frontier lands, although it did little to strengthen its military forces in the border areas. In 1954, the Indian Government formed the North East Frontier Agency (NEFA) and placed it under direct central government control, in part for reasons of defense. In 1956-1957, the Chinese built a road across northeastern Ladakh. All of these moves brought some officials and troops of each country into regions claimed by the other and made an overt dispute almost inevitable.

10. The outbreak of the Tibetan revolt in early 1959 caused China to take rapid and ruthless action to put it down. Peiping, regarding Tibet as an internal Chinese problem and suspicious that the revolt was being supported by India, gave little thought to Indian sensibilities. Chinese accusations that the Indians had imperialist designs on Tibet increased in scope and intensity, particularly after the Dalai Lama was granted asylum in India. The number of Communist troops in the frontier area was expanded and the Himalayan passes occupied in an effort both to stop the outward flow of refugees and to prevent any inward flow of arms and armed rebels. India, alarmed by increasing numbers of Chinese troops on its frontier, strengthened its units in the border areas, where they met the Chinese patrols. Border clashes were followed by the first formal presentation of Peiping's territorial claims and by an exchange of public accusations.

II. REPERCUSSIONS OF THE DISPUTE IN INDIA

11. Peiping's actions resulted in a sharp upsurge of anti-Chinese sentiment in India. Most educated Indians were sharply disillusioned, and vigorous demands for a strong

Indian stand were made in Parliament and the press. The failure of Nehru's policy of befriending Communist China caused a noticeable decline in his prestige, and public pressure encouraged him to harden his position against the Chinese. While he retains great prestige, he is unlikely again to enjoy the virtually unquestioned power to direct India's foreign policy.

12. The Chinese threat has enhanced the position of the Indian military forces. The entire Sino-Indian frontier has been placed under army control, and a retired Chief of Staff has been named Governor of Assam. Military leaders have been assured that resources will be provided for strengthening border defenses. Despite the increased authority accorded to the military, the government has made it clear that there will be no diminution of civilian control. While there is likely to be some friction between the military and the government as long as Krishna Menon remains as Defense Minister, the military leaders have a basic respect for the principle of civilian control and are unlikely seriously to challenge it.

13. The deterioration of Sino-Indian relations will affect the goals—and possibly the progress—of the Indian economic effort. Indian leaders believe that success in meeting the long-term Chinese threat requires increased emphasis on industrialization—particularly heavy industry and defense production—in India's development program. Additional funds will almost certainly be expended for expansion and modernization of the Indian military forces³ and for development of the border areas. While the amount of these increases probably will be small in relation to India's total expenditures, they will place additional burdens on the Indian economy.

14. The initial failure of the Communist Party of India (CPI) to support India's position in the border dispute not only intensified the antagonism of non-Communists toward the CPI but also sharpened dissensions within the party itself. The moderate faction of the CPI eventually pushed through a compromise "pa-

³ An increase of \$73 million in defense expenditures is planned for the FY 1961 budget.

triotic" resolution, but factionalism will continue to weaken the party. In addition, the Indian Government, although unlikely to outlaw the CPI, will almost certainly keep it under greater surveillance.

15. Nevertheless, communism in India probably has not suffered a critical setback. The prestige of the Soviet Union, which has maintained a neutral stand on the border dispute, remains high. The CPI itself cannot be written off. It is still the best organized and most capably led of the opposition groups. Recent local elections indicate that its popular base has probably not been seriously damaged. Finally, India's unsolved social and economic problems will continue to provide many potential supporters for the party.

III. THE FUTURE OF SINO-INDIAN RELATIONS

16. Although New Delhi has been shocked by the extent of Communist China's truculence, it apparently remains convinced of the desirability of maintaining amicable relations with Peiping. Nehru has stressed that India will rely on diplomatic methods to settle the border dispute. Although any further Chinese incursions will probably be forcibly resisted, Nehru will almost certainly continue to reject extremist demands that India use force to eject the Chinese from Indian-claimed territory.

17. Chinese communism is highly nationalistic, and the regime will not sacrifice what it considers important Chinese interests in order to improve relations with India. Nevertheless, Peiping probably believes that continuation of a militant policy toward India would force India toward closer relations with the West and further damage Communist China's prestige in Asia. In addition, China probably hopes that India will continue to press for broader international acceptance of Communist China. Thus China will continue to seek negotiations over the border dispute and a general improvement in Sino-Indian relations.

The Border Negotiations

18. The Chou-Nehru talks of April 1960 apparently made no material progress, although

discussions are to continue at a lower level. Considerations of national prestige on both sides will limit the bargaining freedom of both countries. In addition, there is strong public sentiment in India against any territorial concessions. Nehru's position will be further complicated by the recent decision of the Indian Supreme Court that New Delhi cannot transfer Indian territory to another country without a constitutional amendment. Thus we believe that an early settlement is unlikely.

19. Despite the failure of the recent negotiations we believe that each side wishes to damp down the dispute. Hence we believe that both sides will be willing to live with the present undefined condition of stalemate for some time.

20. In the event of a prolonged failure to resolve the dispute, the climate could alter significantly. Further border clashes may occur, and the firmness of New Delhi's position could become an issue in the 1962 Indian general election. If Nehru leaves the political scene before the dispute is settled, a successor Indian government would probably take a basically harder line. Nor can it be assumed that Peiping will maintain indefinitely a conciliatory posture in the face of a continued adamant stand by India on its claims.

21. Nevertheless, each country has strong reasons to desire a resolution, and we are inclined to believe that an eventual settlement could be achieved. The general outline of such a settlement has already been foreshadowed. Communist China almost certainly will not yield control of the strategically important trans-Ladakh road, which provides the only feasible link from Sinkiang to western Tibet. Northeastern Ladakh lies beyond India's natural defense boundary, a fact admitted by Indian military leaders. Hence India will probably be willing eventually to concede Chinese control of this area.

22. In return, India will insist on the abandonment of Chinese claims on the area of the NEFA, which India regards as vital to its defense. The Chinese have already indicated that they are prepared, as part of a general

settlement recognizing their claims in Ladakh, to accept a border which substantially follows the McMahon Line. Once agreement has been reached on Ladakh and NEFA, agreement on the smaller areas—if not already reached—probably would follow.

23. A border agreement would not solve India's frontier problems. The actual demarcation would take a number of years in view of the rugged terrain involved, and there would be many disputes over details. Moreover, China will probably attempt to subvert the border peoples, most of whom are culturally and ethnically closer to the Tibetans than to the Indians. Yet India probably will be able to limit Chinese subversion and maintain control of its border areas.

Nepal, Bhutan, and Sikkim

24. Chinese interest in Sikkim and Bhutan appears to be peripheral, and Peiping will probably avoid directly challenging India's primacy in them. On the other hand, the Chinese are likely to continue active competition with India for influence in Nepal, and the tendency of Nepal to try to play off one side against the other will probably continue to cause problems in Sino-Indian relations.³

Broader Issues

25. Even if a border agreement is achieved, it is unlikely that the friendly relations which existed in the past can be fully restored. Peiping undoubtedly calculates that it is less able to exploit its relations with India to its own advantage. India recognizes more clearly that the two countries have divergent interests, but will probably continue to support Peiping on various matters, for example the UN seat. However, neither country will forget the disputes over the Tibetan issue and the border. Moreover, as time passes, India will probably become increasingly aware of the long-term problem it faces in Communist China's growing economic and military power and its political ambitions.

³See NIE 55-59, "The Outlook for Nepal, Bhutan, and Sikkim," dated 24 November 1959.

26. Communist China has outstripped India in economic growth to date. China's gross national product increased about twice as rapidly as that of India during their first five-year plans, and the difference in growth rates has been even greater in the past several years. Communist China probably will be unable to maintain its recent very high rate of growth, however, and India's rate of growth is likely to increase somewhat. Thus the wide gap between Chinese and Indian growth rates is expected to narrow. Nevertheless, the absolute disparity between the two economies will probably continue to widen, and Communist China will increasingly overshadow India in terms of industrial output and general economic self-sufficiency. As a result China will be able to maintain—and probably increase—its military superiority over India and probably will also be able to play a more influential role in the economic life of other Asian countries.

IV. REPERCUSSIONS ELSEWHERE

Indian Relations with the West and with the USSR

27. Chinese aggressiveness has tended to create among Indian leaders a more sympathetic view of US opposition to Communist China. There is probably also some greater appreciation of the value of a strong Western—particularly US—position in Asia to counterbalance China. India also remains acutely conscious of its need for Western economic aid. However, Nehru has no intention of altering India's basic policy of nonalignment, and the bulk of Indian opinion apparently still shares his attachment to this policy.

28. India's willingness to cooperate more closely with the West will also be limited by a hope that the USSR will restrain Communist China, although Indian leaders are aware that there are limits on Soviet ability and willingness to influence Peiping. The neutral position adopted by the Soviet Union on the border dispute indicates that the USSR has been perturbed by the crudeness if not the substance of China's actions. The USSR is likely to continue to urge the two countries to seek a

negotiated settlement of the issue. In addition, the extent of India's willingness to cooperate with the West will also be limited by a reluctance to jeopardize continued Soviet economic aid.

Indian Relations with Pakistan

29. The deterioration of Sino-Indian relations has increased Indian interest in improving relations with Pakistan. President Ayub's concern over the growth of Soviet influence in Afghanistan has had a corresponding effect in Pakistan. During recent months, most of the border disputes between India and Pakistan have been resolved, and some progress has been made toward settling longstanding financial disputes. In addition, the problem of dividing the waters of the Indus River system appears to be moving toward a solution. On the other hand, no settlement of the important Kashmir issue is in sight.⁴ The continuation of this dispute, combined with Nehru's continuing adherence to nonalignment, make it likely that Nehru will continue to reject Ayub's call for a joint defense agreement. India has, however, moved one division from the Pakistani to the Communist Chinese border, and there is likely to be further deployment of troops away from the Indian-Pakistani border if outside pressures on the sub-continent grow.

Impact on other Asian Countries

30. Developments in India and China and the relationships between these two giants of Asia are bound to affect their Asian neighbors. This is particularly true in Southeast Asia, which historically has been a meeting place of Chinese and Indian influences.

31. Among the uncommitted nations of Asia, India's prestige has been high as a result of its prominent role in the UN, its strong stand against imperialism and colonialism, its efforts to promote world peace, and Nehru's international stature. However, those Asian

⁴ Indeed the Kashmir quarrel may be complicated by Pakistan's insistence that India has no right to yield to Communist China any territory in Ladakh, which is part of Kashmir.

nations aligned with the West have considered Indian foreign policy dangerously weak.

32. These pro-Western countries view Communist China's growing strength with profound alarm. On the other hand, the uncommitted nations have taken some vicarious pride in China's development as a symbol of Asian importance in world affairs. They have been both attracted and repelled by the Chinese Communist revolution and by the rapid growth of Chinese economic and military power. Following India's lead, they have sought comfort in China's professions of peaceful intent and respect for its neighbors' independence as set down in the *Panch Shila* and reiterated in the Bandung principles.

33. Communist China's ruthless suppression of the revolt in Tibet and its aggressive actions on the Indian border have stimulated more somber assessments of China's underlying motivations. Although there are varying views of the immediacy of the threat, all the Asian countries are aware of China's subversive potential and are sensitive to growing Chinese strength and truculence. Fear of China has led some uncommitted nations to make accommodations in their policies in order to avoid irritating Peiping. This tendency has not been so strong, however, as to cause these nations to yield on matters which they considered to be of vital importance to them. (A recent illustration is Indonesia's firmness in restricting the activities of overseas Chinese merchants despite Peiping's protests.) Even if the Sino-Indian border dispute is resolved through negotiations, the more apprehensive Asian view of Communist China that has developed during the past two years probably will not be erased.

34. As long as India makes significant economic progress, most Asian countries are likely to derive encouragement from Indian ability to maintain economic growth without sacrificing traditional values. Nevertheless, many younger Asians are impatient for rapid national progress and are searching for economic panaceas. Lags in domestic economic

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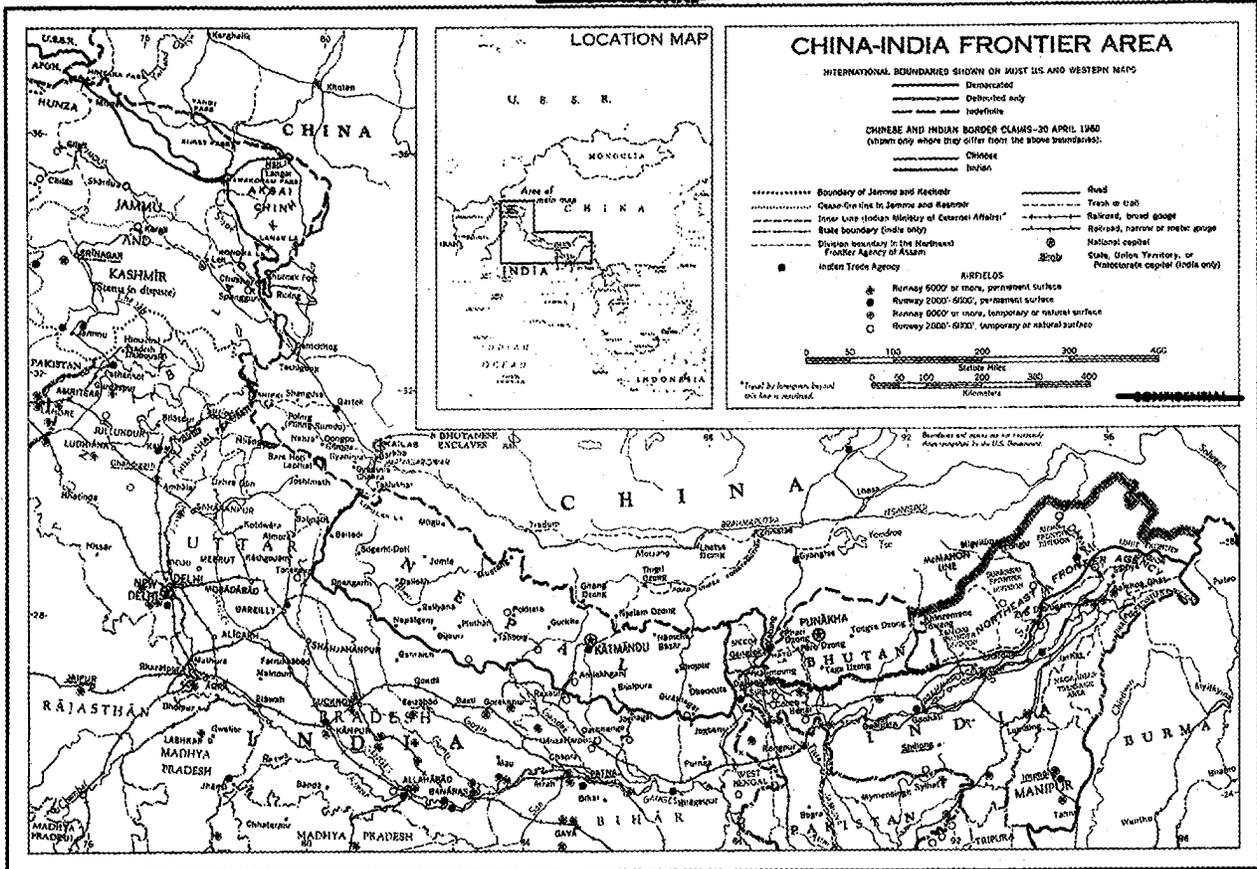
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growth, if coupled with an image of rapid Chinese advances, might greatly aid Communist subversive efforts. The Asian countries will, however, be more influenced by their ability to move forward under economic organizations of their own devising than by impressions concerning the relative progress of Communist China as compared to India.

35. Many factors other than the nature of Sino-Indian relations and the relative strength of the two countries will affect Asian trends in the coming years. Nevertheless, it is likely that Communist China's strength and dynamism and its ambitions for political hegemony will figure more prominently in Asia than will India's influence.

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