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**THESIS**

**THE UTILITY OF FREEDOM: A PRINCIPAL-AGENT  
MODEL FOR UNCONVENTIONAL WARFARE**

by

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June 2011

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**THE UTILITY OF FREEDOM: A PRINCIPAL-AGENT MODEL FOR  
UNCONVENTIONAL WARFARE**

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Submitted in partial fulfillment of the  
requirements for the degree of

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## **ABSTRACT**

The conduct of warfare through proxies, also known as unconventional warfare, is a difficult feat for a nation to accomplish. The successful employment of surrogate forces depends to a significant degree on the relationships cultivated between the sponsor and the insurgent, and the various actors between the two. This thesis will examine the conduct of an Unconventional Warfare (UW) insurgency campaign from the perspective of Principal-Agent Theory. The case study examined will be Operation ST CIRCUS, the Central Intelligence Agency's (CIA) support for Tibetan insurgents from 1956 to 1974. The research will model the principal-agent dynamics of a UW campaign at the global, regional, and local levels, and will demonstrate the options available for the counter-insurgent to indirectly topple the insurgency by destabilizing the relationships between the principal and its agents. By applying Principal-Agent Theory concepts to UW, this research will provide a new model for the examination of potential UW campaigns, and potential methods for countering UW campaigns conducted by global adversaries against U.S. interests.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

CCP	Chinese Communist Party
CIA	Central Intelligence Agency
NIE	National Intelligence Estimate
OCB	Operations Coordinating Board
PCART	Preparatory Committee for the Autonomous Region of Tibet
PLA	Peoples' Liberation Army
PRC	Peoples' Republic of China
SFF	Special Frontier Force
UW	Unconventional Warfare

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## I. INTRODUCTION

Allen Dulles, Director of Central Intelligence since 1953, laid a blood-stained leather satchel on President John F. Kennedy's desk. The young president had given hesitant approval to continue support for Tibetan guerillas in February 1961,<sup>1</sup> but this was October, and it had not been a great summer for the president, or the Central Intelligence Agency (CIA). The CIA agents involved in Operation ST CIRCUS ("ST" being the two-letter designation for Tibet) roundly agreed that they were "grateful to be working with the Tibetans instead of the group involved down in the Central America problem with the Bay of Pigs."<sup>2</sup> The president found refreshing news in Dulles's satchel. Tibetan guerillas captured the satchel when ambushing a regimental commander in the Red Chinese People's Liberation Army (PLA), and it was a gold mine of information. It detailed internal struggles with Mao Tse-Tung's Great Leap Forward and difficulties in Sino-Soviet relationships. It also contained lists of classified communication codes. For several years it would be the only inside information that the CIA and State Department would have on Mao's China.

However, unconventional warfare operations are not simply defined by the results of local raids and ambushes. There are many layers between Pennsylvania Avenue and surrogate warriors, and coincident interests only last so long between global, regional, and local actors. Shortly after the satchel capture, the U.S. Ambassador to India, John Kenneth Galbraith, demanded all proposed support for the Tibetan nation come across his desk for approval. His ostensible reason for this directive was to improve U.S. relations with India and other regional actors. Others, however, have noted that Ambassador Galbraith had significant disdain for the Tibetans. In his own words, he was skeptical of the effect of dropping "weapons, ammunition, and other supplies for dissident and deeply unhygienic tribesmen who had once roamed over the neighboring Tibetan countryside and who now relieved boredom with raids back into the territory from which they had

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<sup>1</sup> Mikel Dunham, *Buddha's Warriors: The Story of the CIA-Backed Tibetan Freedom Fighters, the Chinese Communist Invasion, and the Ultimate Fall of Tibet* (New York: Penguin, 2004), 353.

<sup>2</sup> Ritu Sarin and Tenzing Sonam, *The Shadow Circus: The CIA in Tibet* (BBC Television, 1998).

been extruded.”<sup>3</sup> However, CIA agents involved in the operation argued that the impact of Operations ST CIRCUS was much more significant than Galbraith maintained. They have even stated that the abandonment of the operation was one of the two main conditions set forth for the United States to establish normal relations with communist China at the global level.<sup>4</sup> This disparity between global, regional, and local goals and actions presents a problem for examination.

Unconventional warfare operations, as currently defined in United States military doctrine, involve a comparatively contractual relationship between a sponsor, and his surrogate, with the surrogate conducting operations on behalf of the sponsor.<sup>5</sup> Relationships of this type risk the problem of a moral hazard, where one actor in the relationship may “undertake certain actions that (a) affect the other party's valuation of the transaction but that (b) the second party cannot monitor/enforce perfectly.”<sup>6</sup> Principal-agent theory addresses the moral hazard by identifying three key factors in the relationship between the principal, or sponsor, in unconventional warfare, and the agent, or surrogate. The theory identifies interest alignment, information asymmetry, and risk preference as integral pieces that define the relationship between principal and agent.<sup>7</sup> These factors are certainly present in the relationship between a sponsor and surrogate in unconventional warfare. In the application of agency theory to unconventional warfare, two questions arise: To what degree can a model of UW using a Principal-agent Theory framework explain the actions of sponsors, surrogates, and adversaries in an unconventional warfare campaign? Furthermore, how can the components of principal-

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<sup>3</sup> John Kenneth Galbraith, *A Life in Our Times* (New York: Ballantine Books, 1982), 395.

<sup>4</sup> Dunham, *Buddha's Warriors*, 382–383.

<sup>5</sup> *Department of Defense Dictionary of Military and Associated Terms*, Joint Publication (JP) 1-02 (Department of Defense, September 30, 2010), 486, <http://handle.dtic.mil/100.2/ADA469271>. According to JP 1-02, the definition of UW is: “A broad spectrum of military and paramilitary operations, normally of long duration, predominantly conducted through, with, or by indigenous or surrogate forces who are organized, trained, equipped, supported, and directed in varying degrees by an external source. It includes, but is not limited to, guerrilla warfare, subversion, sabotage, intelligence activities, and unconventional assisted recovery.” This is the definition that I will use throughout this thesis.

<sup>6</sup> David Marc Kreps, *A Course in Microeconomic Theory* (Princeton, NJ: Princeton University Press, 1990), 577.

<sup>7</sup> Kathleen M. Eisenhardt, “Agency Theory: An Assessment and Review,” *The Academy of Management Review* 14, no. 1 (January 1989): 58.

agent theory be identified in an unconventional warfare campaign? The application of principal-agent theory provides for a novel approach to the conduct of unconventional warfare, and the case of the Tibetan insurgency provides an excellent case for the application of this model.

#### **A. THESIS PURPOSE AND SCOPE**

The conduct of warfare through proxies, also known as unconventional warfare, is a difficult feat for a nation to accomplish. The successful employment of surrogate forces depends to a significant degree on the relationships cultivated between the sponsor and the insurgent, and the various actors between the two. The purpose of this thesis is to examine unconventional warfare (UW) operations by applying principal-agent theory to the global, regional, and local relationships in a UW operation. The thesis relies on Operation ST CIRCUS, the CIA's support for Tibetan insurgents resisting the invading forces of the People's Republic of China (PRC) from 1956 to 1974, to evaluate the strength and applicability of the model. The research models the principal-agent dynamics of a UW campaign at the global, regional, and local levels, and demonstrates the options available for the counter-insurgent to indirectly topple the insurgency by destabilizing the relationships between the principal and its agents. By applying principal-agent theory concepts to UW, this research provides a new model for the examination of potential UW campaigns, and potential methods for countering UW campaigns conducted by global adversaries against the interests of the United States.

#### **B. LITERATURE REVIEW**

I have divided the literature on this subject into theoretical and historical works. The theoretical literature comments on the dynamics of principal-agent relationships, and the basic concepts, definitions, and models of agency theory. The historical literature provides empirical data by examining accounts of Operation ST CIRCUS and the Tibetan rebellion in general. This thesis examines the Tibetan resistance from multiple perspectives at the local level, and then from the broader regional and global context of the insurgency as well.

## 1. Theoretical Literature: Principal-Agent Theory

Principal-agent theory, also known as agency theory, offers theoretical insight into the motivations of various players in a contractual relationship, and helps answer the question of how one nation persuades another people to fight wars on its behalf. In the past, other research focused on the application of economic models and game theory in the analysis of UW and insurgencies.<sup>8</sup> However, economic models and game theory, on their own, fail to account for the moral hazard that is implicit in every contractual relationship or coalition in the case of UW. The moral hazard, identified in principal-agent theory and pervasive in UW, is when the local surrogate can take actions that affect the coalition's value to the global principal and the actions of the coalition parties cannot be efficiently monitored.<sup>9</sup> The principal-agent model that I develop accounts for the moral hazard of a UW campaign by analyzing interest alignment, information symmetry, and risk acceptance among the global, regional, and local actors.

In order to translate the economic and business principles of agency theory into UW, this study relies on sources that approach the topic from several perspectives. Works that cover the basic definitions and concepts of principal-agent theory establish the foundation of this research. From this foundation, I examine literature that develops modeling applications of principal-agent theory. I then build on this framework with relevant literature that applies agency theory to problems outside of business models, such as in international relations and foreign policy. These applications of agency theory demonstrate the flexibility of the theory in general and demonstrate successful translations in other fields. The application of risk is particularly important in this model. Risk is fundamentally empirical in economic and business models; it becomes less exact in other applications. However, it is a singularly important concept in agency theory and it must be successfully translated to UW for the model to stand. The ultimate

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<sup>8</sup> S. J. Deitchman, "A Lanchester Model of Guerrilla Warfare," *Operations Research* 10, no. 6 (December 1962): 818–827; William A. Niskanen, "Review: The Economics of Insurgency," *Public Choice* 9 (Fall 1970): 85–92; Richard Shultz, "Breaking the Will of the Enemy during the Vietnam War: The Operationalization of the Cost-Benefit Model of Counterinsurgency Warfare," *Journal of Peace Research* 15, no. 2 (1978): 109–129.

<sup>9</sup> Bengt Holmstrom, "Moral Hazard and Observability," *The Bell Journal of Economics* 10, no. 1 (Spring 1979): 74.

goal is not to develop an all-encompassing, yet artificially precise model, but rather demonstrate the applicability of conceptual relationships from agency theory into UW. Table 1 outlines the conceptual sources that I use and their relevance to this study.

Table 1. Theoretical Literature

<u>Author</u>	<u>Relevance</u>
<b>Basic Principal-Agent Theory</b>	
Dowrick <sup>10</sup>	A review of agency relationships in English law; significant discussion of extra-contractual agency relationships and the dynamics between principal and agent when no clear contract exists
Eisenhardt <sup>11</sup>	Definitions and foundational principles of agency theory from a business perspective
Holmstrom <sup>12</sup>	Discussion of how to improve a contractual relationship based on imperfect information
Kreps <sup>13</sup>	Textbook on microeconomics with two chapters devoted to agency theory
Strausz <sup>14</sup>	Discussion of the dynamics involved in a principal-supervisor-agent relationship and the ability of the principal to detect collusion between the supervisor and agent
<b>Principal-Agent Models</b>	
Zhang and Zenios <sup>15</sup>	A model for designing reward structure based on maximizing both the principal's expected utility and principal's information on the agent's actions
Zhou <sup>16</sup>	A graphical model for analyzing a principal-agent problem and finding equilibrium points in the relationship
<b>Applied Principal-Agent Theory</b>	
Braun <sup>17</sup>	Examination of principal-intermediary-agent relationships in international politics
Kaen et al. <sup>18</sup>	Discussion of historical American values as they relate to agency theory; concludes that agency theory can be applied outside of solely economic efficiencies
Kiser <sup>19</sup>	An analysis of variations, strengths, and weaknesses of agency theory applied across

<sup>10</sup> F. E. Dowrick, "The Relationship of Principal and Agent," *The Modern Law Review* 17, no. 1 (January 1954): 24–40.

<sup>11</sup> Eisenhardt, "Agency Theory."

<sup>12</sup> Holmstrom, "Moral Hazard and Observability."

<sup>13</sup> Kreps, *A Course in Microeconomic Theory*.

<sup>14</sup> Roland Strausz, "Collusion and Renegotiation in a Principal-Supervisor-Agent Relationship," *The Scandinavian Journal of Economics* 99, no. 4 (December 1997): 497–518.

<sup>15</sup> Hao Zhang and Stefanos Zenios, "A Dynamic Principal-agent Model with Hidden Information: Sequential Optimality through Truthful State Revelation," *Operations Research* 56, no. 3 (June 2008): 681–696.

<sup>16</sup> Xianming Zhou, "A Graphical Approach to the Standard Principal-agent Model," *The Journal of Economic Education* 33, no. 3 (Summer 2002): 265–276.

<sup>17</sup> Dietmar Braun, "Who Governs Intermediary Agencies? Principal-agent Relations in Research Policy-Making," *Journal of Public Policy* 13, no. 2 (June 1993): 135–162.

<sup>18</sup> Fred R. Kaen, Allen Kaufman, and Larry Zacharias, "American Political Values and Agency Theory: A Perspective," *Journal of Business Ethics* 7, no. 11 (November 1988): 805–820.

<sup>19</sup> Edgar Kiser, "Comparing Varieties of Agency Theory in Economics, Political Science, and Sociology: An Illustration from State Policy Implementation," *Sociological Theory* 17, no. 2 (July 1999): 146–170.

<u>Author</u>	<u>Relevance</u>
	economics, political science, and sociology
Waterman and Meier <sup>20</sup>	Examination of the validity of the information asymmetry and goal alignment assumptions in Principal-Agent Theory applied to political and bureaucratic situations
<b>Risk</b>	
Alexander <sup>21</sup>	A translation of classic works and ideas in security portfolio management into risk management theories
Burton <sup>22</sup>	Application of game theory and probability forecasting as guidelines for risk assessment in business
Cather <sup>23</sup>	A simple introduction to the models that demonstrate risk aversion and decision making in uncertain conditions
Cox <sup>24</sup>	Modeling examples of attacker-defender games with an emphasis on the mutually enforcing aspects of game theory and risk analysis
Hausken <sup>25</sup>	An analysis of the conditions under which actors in a situation incur costs in order to increase system reliability
Insua, et al. <sup>26</sup>	Examination of adversarial risk analysis and framework proposal for risk analysis in business and national defense
Wade <sup>27</sup>	An introduction to game theory concepts for corporate risk management
Zhao <sup>28</sup>	An optimization model for risk control measures when multiple risks are present

## 2. Empirical Literature: The History of ST CIRCUS

I evaluate the principal-agent model for UW by applying it to the case study of Operation ST CIRCUS. As stated, the overall goal of this thesis is to provide a general framework for analyzing a UW campaign at the global, regional, and local levels. Operation ST CIRCUS meets this goal by providing a fresh case study that has been

<sup>20</sup> Richard W. Waterman and Kenneth J. Meier, "Principal-agent Models: An Expansion?" *Journal of Public Administration Research and Theory* 8, no. 2 (April 1998): 173–202.

<sup>21</sup> Gordon J. Alexander, "From Markowitz to Modern Risk Management," *European Journal of Finance* 15, no. 5/6 (July 2009): 451–461.

<sup>22</sup> Richard M. Burton, "System Instability, System Risk," *Physician Executive* 29, no. 2 (March 2003): 34.

<sup>23</sup> David A. Cather, "A Gentle Introduction to Risk Aversion and Utility Theory," *Risk Management & Insurance Review* 13, no. 1 (Spring 2010): 127–145.

<sup>24</sup> Louis Anthony (Tony) Cox Jr., "Game Theory and Risk Analysis," *Risk Analysis: An International Journal* 29, no. 8 (2009): 1062–1068.

<sup>25</sup> K. Hausken, "Probabilistic Risk Analysis and Game Theory," *Risk Analysis: An International Journal* 22, no. 1 (February 2002): 17–27.

<sup>26</sup> Insua Rios Insua, Jesus Rios, and David Banks, "Adversarial Risk Analysis," *Journal of the American Statistical Association* 104, no. 486 (June 2009): 841–854.

<sup>27</sup> Jared Wade, "How You Play the Game," *Risk Management (00355593)* 51, no. 4 (April 2004): 28–32.

<sup>28</sup> Lindu Zhao and Yiping Jiang, "A Game Theoretic Optimization Model Between Project Risk Set and Measure Set," *International Journal of Information Technology & Decision Making* 8, no. 4 (December 2009): 769–786.



subject to minimal prior analysis. It was a long-running global campaign, and significant new bodies of information are becoming available on the topic. While much has been written, for example, on the involvement of the CIA in support for the mujahedeen in Afghanistan in the 1980s, few are familiar with the intricacies of the Tibetan case. Furthermore, Operation ST CIRCUS lasted longer than the operation in Afghanistan and this longevity provides an appropriate level of variance in the conduct of the operation to allow for analysis. Finally, new information on the operation is becoming available and this research intends to maximize the opportunity to examine newly illuminated primary source information. These factors signal that Operation ST CIRCUS is an excellent case study for an analysis of global UW operations.

A brief review of news reports, Internet information, and metropolitan bumper stickers reveals that the question of Tibetan independence is emotionally charged, with firmly entrenched camps on both sides of the issue. One must anticipate and consider the strong potential for bias in any literature related to the subject. In reading reviews of works, it also becomes apparent that even if an author attempts to take an unbiased approach to the issue, both sides are likely to accuse the author of bias. While bias is not always a hindrance to the development of the knowledge base on the operation, I account for it by ensuring that divergent perspectives are adequately examined to gain a sufficiently developed frame of reference.<sup>29</sup>

This research also examines the history of Tibet from geopolitical, regional, and local contexts to understand the most germane literature available for each of these categories. Table 2 pinpoints key authors in Tibetan historical literature, and identifies their contextual focus and potential bias. These are not the only authors that I use, but they provide the foundation of empirical evidence for this study. These sources include the most informed authors and assist in achieving a well-rounded perspective. For example, the two CIA team leaders in Operation ST CIRCUS, McCarthy and Knaus, have written books on the subject. While one can consider them authoritative sources for

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<sup>29</sup> Dunham's *Buddha's Warriors* is an example of this. While Dunham notes his close connection with Tibetan Buddhism early, it is this association that allows him unprecedented access to numerous key players in the Tibetan resistance.

information from the CIA perspective, other views are beneficial as well. Dunham, a journalist, includes first-person narratives from many of the Tibetan guerillas, as well as the CIA in his work. McGranahan, a university professor, provides a significant academic perspective as an anthropologist. Taken as a whole, these sources prevent the development of bias in this research.

Table 2. Empirical Literature

<u>Author</u>	<u>Context</u>	<u>Bias</u>
Fairbank <sup>30</sup>	Geopolitical; focus on Sino-U.S. Relations	Neutral
Burr and Kissinger <sup>31</sup> Kissinger <sup>32</sup>	Geopolitical; focus on rapprochement between U.S. and China	Neutral
Foreign Relations of the United States <sup>33</sup>	Geopolitical; primary source documents of regional and global diplomatic interaction	Neutral
Declassified Documents Reference System <sup>34</sup>	Geopolitical; primary source documents of U.S. government reporting and analysis	Neutral
Ross, et al. <sup>35</sup>	Geopolitical	Neutral
Galbraith <sup>36</sup>	Regional	China
Xu <sup>37</sup>	Regional; Geopolitical	Tibet
Van Hollen <sup>38</sup>	Regional; Geopolitical	Neutral
Armstrong <sup>39</sup>	Regional	China
Ali <sup>40</sup>	Regional	Neutral

<sup>30</sup> John King Fairbank, *The United States and China*, Fourth Ed. (Cambridge, MA: Harvard University Press, 1983).

<sup>31</sup> William Burr and Henry Kissinger, *The Kissinger Transcripts: The Top-Secret Talks With Beijing and Moscow* (New York: New Press, 2000).

<sup>32</sup> Henry A. Kissinger, *White House Years*, 1st ed. (London: Little, Brown and Company, 1979).

<sup>33</sup> U.S. Department of State, *Foreign Relations of the United States* (Washington, D.C.: U.S. Government Printing Office, 1996).

<sup>34</sup> *Declassified Documents Reference System* (Farmington Hills, MI: Gale, 2011), <http://galenet.galegroup.com/servlet/DDRS>.

<sup>35</sup> Robert S. Ross et al., *Re-examining the Cold War: U.S.-China Diplomacy, 1954-1973* (Cambridge, MA: Harvard University Asia Center, 2002).

<sup>36</sup> Galbraith, *A Life in Our Times*; John Kenneth Galbraith, *Ambassador's Journal: A Personal Account of the Kennedy Years*, 1st ed. (New York: Paragon House Publishers, 1988).

<sup>37</sup> Guangqiu Xu, "The United States and the Tibet Issue," *Asian Survey* 37, no. 11 (November 1997): 1062-1077.

<sup>38</sup> Christopher Van Hollen, "The Tilt Policy Revisited: Nixon-Kissinger Geopolitics and South Asia," *Asian Survey* 20, no. 4 (April 1980): 339-361.

<sup>39</sup> J. D. Armstrong, *Revolutionary Diplomacy: Chinese Foreign Policy and the United Front Doctrine* (University of California Press, 1980).

<sup>40</sup> S. Mahmud Ali, *Cold War in the High Himalayas: The USA, China and South Asia in the 1950s*, 1st ed. (New York: Routledge Press, 1999).

<u>Author</u>	<u>Context</u>	<u>Bias</u>
Goldstein <sup>41</sup>	Local; Regional	China
Smith Jr. <sup>42</sup>	Local; Regional; Leading Tibetologist	Tibet
Conboy and Morrison <sup>43</sup>	Local; Regional	Tibet
Dunham <sup>44</sup>	Local; Regional	Tibet
McCarthy <sup>45</sup>	Local; CIA Team Leader for initial stages	Tibet
Knaus <sup>46</sup>	Local; CIA Team Leader for latter stages	Tibet
McGranahan <sup>47</sup>	Local; focus on cultural factors	Tibet

### C. METHODOLOGY

The duration, scope, and conclusion of Operation ST CIRCUS provide ample material for applying an original model to the examination of UW. To demonstrate the viability of this model, I compare the independent variables of interest alignment, information asymmetry, and risk preference with their impact on the dependent variable of campaign success. I use a process-tracing methodology by comparing how the independent variables change over three discrete and distinct time periods, with how that affects the dependent variable. In these three time periods, the benefits, and drawbacks, of the principal-agent relationship will be evident.

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<sup>41</sup> Melvyn C. Goldstein, *A History of Modern Tibet, 1913–1951: The Demise of the Lamaist State* (Berkeley, CA: University of California Press, 1991); Melvyn C. Goldstein, *A History of Modern Tibet, Volume 2: The Calm Before the Storm: 1951–1955*, 1st ed. (Berkeley, CA: University of California Press, 2009); Melvyn C. Goldstein, *The Snow Lion and the Dragon: China, Tibet, and the Dalai Lama*, 1st ed. (Berkeley, CA: University of California Press, 1999).

<sup>42</sup> Warren W. Smith, Jr., *Tibetan Nation: A History of Tibetan Nationalism and Sino-Tibetan Relations* (Boulder, CO: Westview Press, 2010).

<sup>43</sup> Kenneth Conboy and James Morrison, *The CIA's Secret War in Tibet* (Lawrence, KS: University Press of Kansas, 2002).

<sup>44</sup> Dunham, *Buddha's Warriors*.

<sup>45</sup> Roger E. McCarthy, *Tears of the Lotus: Accounts of Tibetan Resistance to the Chinese Invasion, 1950–1962* (Jefferson, NC: McFarland & Company, 2006).

<sup>46</sup> John Kenneth Knaus, *Orphans of the Cold War: America And The Tibetan Struggle For Survival* (New York: Public Affairs, 2000).

<sup>47</sup> Carole McGranahan, "Truth, Fear, and Lies: Exile Politics and Arrested Histories of the Tibetan Resistance," *Cultural Anthropology* 20, no. 4 (November 2005): 570; Carole McGranahan, "Tibet's Cold War: The CIA and the Chushi Gangdrug Resistance, 1956–1974," *Journal of Cold War Studies* 8, no. 3 (2006): 102–130; Carole McGranahan, *Arrested Histories: Tibet, the CIA, and Memories of a Forgotten War* (Raleigh, NC: Duke University Press, 2010).

The three time periods reflect the development of the relationship between the CIA and the Tibetans, with certain key events marking the distinct end of one phase and the beginning of another. The initial phase begins in the summer of 1956 when the Dalai Lama's<sup>48</sup> older brother, Gyalo Thondup, made contact with CIA officers in India and plans were laid for the initial support of the newly formed Tibetan rebel alliance, the *Chushi Gangdruk*.<sup>49</sup> The phase encompasses the initial training of Tibetan guerillas, and the beginning of airdrops of arms and equipment to the rebel fighters. This phase ends in March of 1959, with the escape of the Dalai Lama to exile in India.<sup>50</sup> The second phase continues from this time and ends in May 1965 with the final airdrop of equipment to the Tibetan guerillas.<sup>51</sup> This period encompasses the largest number of successes for the *Chushi Gangdruk*, as well as significant political developments in the United States. The final phase continues from 1965 and ends in 1974 when the Dalai Lama ordered the remaining resistance members to lay down their arms and take up the “long term approach” to the Tibetan struggle.<sup>52</sup> The summer of 1974 also saw the United States withdraw its final direct support for the Tibetans by ceasing covert payments to the Tibetan government in exile.<sup>53</sup> The changing utility of local, regional, and global actors in each of these time periods provides sufficient variance to demonstrate the applicability of the principal-agent model for UW. Furthermore, for each time period and each actor, I demonstrate the Chinese adversary's approach to manipulating utility in an effort to bring an end to support for the Tibetan resistance.

#### **D. ORGANIZATION OF THESIS/CHAPTER REVIEW**

This thesis is organized into two parts: model development and model application. In Chapter II, I develop the principal-agent model for unconventional warfare. In this

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<sup>48</sup> All references to the Dalai Lama will be to the fourteenth Dalai Lama, Tenzin Gyatso, unless otherwise indicated.

<sup>49</sup> Knaus, *Orphans of the Cold War*, 138–139.

<sup>50</sup> McCarthy, *Tears of the Lotus*, 181–188.

<sup>51</sup> Knaus, *Orphans of the Cold War*, 279.

<sup>52</sup> As quoted in Knaus, *Orphans of the Cold War*, 302.

<sup>53</sup> Knaus, *Orphans of the Cold War*, 310.

chapter, I define the generic actors in an unconventional warfare campaign and examine their expected utility of the campaign in light of interest alignment, risk preference, and information symmetry. I then finalize the model by showing the relationship between the coalition members' expected utilities and how these affect the outcome of an unconventional warfare campaign. Finally, I show critical vulnerabilities in the coalition and how the adversary may exploit these to destabilize or defeat the coalition. In Chapter III, I apply the model to Operation ST CIRCUS. The case study chapter is divided into three sections corresponding to the three phases of the operation. Each section examines the overall expected value and following actions of the three actors, as well as Chinese actions to manipulate each actor's expected utility. In Chapter IV, I offer further case studies that could provide further testing of the model's validity as well as general implications for the future conduct of unconventional warfare.

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## II. PRINCIPAL-AGENT MODEL FOR UW

In this chapter, I give a brief overview of Principal-Agent Theory and then explain the development of a principal-agent model that provides a framework for analysis of unconventional warfare campaigns. The model begins with a two-party system and builds to a more comprehensive model that includes the principal, a local agent, a regional agent, and the adversary. The model depends on a simple alignment of costs and benefits for each actor using many of the same elements found in agency problems in the business world. In analyzing this alignment of costs and benefits, the model also presents opportunities for the adversary to identify potential vulnerabilities in the coalition he faces and to manipulate the utilities to destabilize or defeat the coalition.

### A. PRINCIPAL-AGENT THEORY: AN OVERVIEW

A principal-agent relationship begins when one actor, the principal, commissions work to be done, which for some reason he cannot, or prefers not, to do on his own.<sup>54</sup> The agent is the one asked to do the work.<sup>55</sup> The contract that outlines the work to be done, and subsequent compensation, can be explicit (often in business scenarios) or implicit (as it might be in UW).<sup>56</sup> In this contract, the principal seeks to minimize his costs, while gaining the maximum benefit from the work done in his interest.<sup>57</sup> The agent seeks to minimize his effort in accomplishing the task in order to maximize his gain from the contract.<sup>58</sup> Because the principal is not doing the actual work, he must either place complete faith in the agent to work according to the principal's interest, or incur some cost in incentivizing and monitoring the agent.<sup>59</sup>

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<sup>54</sup> Eisenhardt, "Agency Theory," 58.

<sup>55</sup> Kreps, *A Course in Microeconomic Theory*, 579.

<sup>56</sup> Dowrick, "The Relationship of Principal and Agent," 25.

<sup>57</sup> Kreps, *A Course in Microeconomic Theory*, 580–581.

<sup>58</sup> Kreps, *A Course in Microeconomic Theory*, 580.

<sup>59</sup> John W. Pratt and Richard J. Zeckhauser, "Principals and Agents: An Overview," in *Principals and Agents: The Structure of Business*, ed. John W. Pratt and Richard J. Zeckhauser (Boston: Harvard Business School Press, 1991), 3.

The main costs come to the principal in terms of the incentive he provides the agent to act in the principal's interest. The principal can provide “outcome based” or “behavior based” rewards, or some combination thereof, for the agent's services.<sup>60</sup> An outcome-based reward is seen in an auto mechanic's shop, where the mechanic is paid for a fixed car, regardless of how long it takes, or what he must do to fix it. An outcome-based reward compels the agent very strongly to work in the interests of the principal.<sup>61</sup> It also incurs significant risk on the agent's behalf, because circumstances outside the agent's control may significantly increase the difficulty of achieving the contracted outcome, but he is paid the same regardless.<sup>62</sup> An hourly wage is an example of a behavior-based reward system. If the principal has no means to monitor the work or progress of an agent that is paid by the hour, the agent has less incentive to work in full compliance with the principal's interests.<sup>63</sup> In a behavior-based reward structure, the principal assumes greater risk, because of the costs incurred in monitoring the agent's behavior and the uncertainty of the outcome being in the principal's interest.<sup>64</sup> Agency problems are generally resolved by adjusting compensation and information flow to minimize risk and uncertainty in executing the contract.<sup>65</sup> This ensures interests remain aligned while carrying out the terms of the contract.

The conduct of unconventional warfare presents a clear opportunity for the emergence of a moral hazard, or the ability of one party to conduct actions that affect the other party's value of the relationship.<sup>66</sup> This possibility is clear as the definition of unconventional warfare according to United States military doctrine clearly identifies the UW as military operations “predominantly conducted through, with, or by indigenous or surrogate forces who are organized, trained, equipped, supported, and directed in varying

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<sup>60</sup> Eisenhardt, “Agency Theory,” 60.

<sup>61</sup> Eisenhardt, “Agency Theory,” 60.

<sup>62</sup> Eisenhardt, “Agency Theory,” 62.

<sup>63</sup> Eisenhardt, “Agency Theory,” 60.

<sup>64</sup> Eisenhardt, “Agency Theory,” 62.

<sup>65</sup> Eisenhardt, “Agency Theory,” 58.

<sup>66</sup> Holmstrom, “Moral Hazard and Observability,” 74.



degrees by an external source.”<sup>67</sup> On a strategic level, the United States may choose to employ surrogate forces in order to avoid directly confronting an adversary with military force. Because the United States is not directly involved in the conduct of operations, the cost of monitoring the surrogate to ensure effective use of resources can be extremely high. Aligning interests, maintaining information symmetry, and sharing risk appropriately can mitigate this inefficiency and maintain a positive valuation of the relationship for all parties involved.

## **B. FROM THEORY TO MODEL: THE FACTORS**

From a microeconomics perspective, the basic factors involved in agency theory modeling rapidly devolve into precise mathematical equations where appropriate monetary incentives usually provide an appropriate means for determining actors' preferred choices.<sup>68</sup> However, modeling incentives in more nebulous subjects, such as unconventional warfare, is not precise, and cannot be made so. Despite this apparent inability to reconcile the two subjects, other research has argued that agency theory “is applicable in a variety of settings”<sup>69</sup> and that it “can and should be broadened to include additional elements.”<sup>70</sup> The underlying concepts of agency theory can create a useful framework for analyzing behavior and outcomes in an unconventional warfare campaign.

The most important component in the principal-agent relationship that applies to UW is interest alignment. I define interest alignment as the expected value that the principal and agent assign to the campaign. It is necessary to examine this expected value, because UW is not a love affair, it is warfare, and the tools for conducting warfare should be evaluated on their utility value, not their sentimental value. When two parties agree to enter into a contract, or coalition, both have an overall expected value of that contract. Each member's overall value is based on costs and benefits that each member expects to receive as party to the contract. As long as each actor's expected value is

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<sup>67</sup> *JP 1-02*, 486.

<sup>68</sup> Jean-Jacques Laffont and David Martimort, *The Theory of Incentives: The Principal-agent Model* (Princeton, NJ: Princeton University Press, 2002); Kreps, *A Course in Microeconomic Theory*.

<sup>69</sup> Eisenhardt, “Agency Theory,” 58.

<sup>70</sup> Kiser, “Comparing Varieties of Agency Theory,” 150.

positive, it is in his interest to remain in the coalition. If one member of the coalition sees his expected value turn negative, he can be expected to break from the coalition. In unconventional warfare, this relationship begins with the global sponsor, or principal, and the insurgent, or local agent. The basic model can be expanded to include a regional agent that has a cost-benefit based expected value as well. The regional agent provides significant benefit to both parties in the conduct of the campaign, but can incur significant cost as well. These three members of the UW coalition sit opposite of their adversary. The overall relationship appears in Figure 1. I further describe their interaction in the next section.

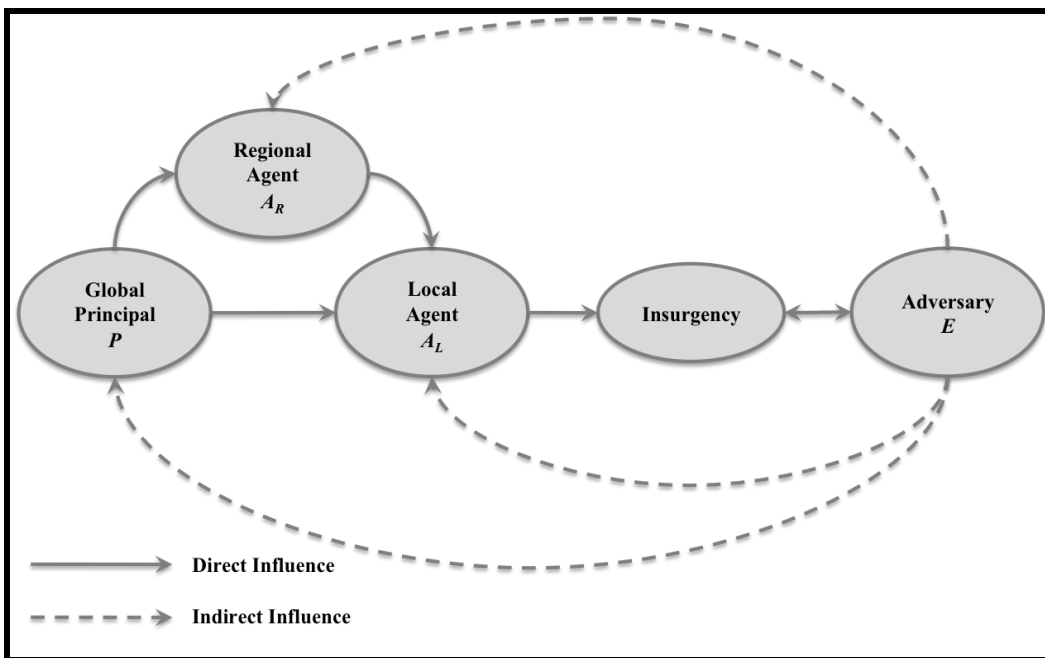


Figure 1. Direct and Indirect Relationships in a UW Campaign<sup>71</sup>

### 1. Developing the Framework: The Coalition's Interests

The initial framework for analysis is a simple cost-benefit calculation. Each party has a value ( $V$ ) that is the difference between the benefits he expects to gain from the coalition ( $B$ ) and the costs he expects to incur ( $C$ ):

$$V = B - C$$

<sup>71</sup> I developed this figure as a visual representation of the relationships involved in a tripartite unconventional warfare coalition fomenting an insurgency against a common adversary.

It is important to note, however, that each party expects different benefits, and incurs different costs. The global principal places value in destabilizing or draining resources from the adversary. He conducts UW as an economical alternative to traditional warfare, and his greatest costs are not necessarily material. The principal's costs are most likely to be political.<sup>72</sup> The agent is primarily concerned about the benefit of gaining his freedom, usually by ousting occupiers, or asserting territorial independence. The agent's basic cost is high: survival. The regional agent's benefits can be increased political influence in the region, and economic incentives from the other actors. The regional agent faces the costs of the severity of the potential repercussions or retaliation from the UW adversary. There is no universal checklist for potential costs and benefits, but the above serve as examples for the basic cost-benefit analysis for each actor.

The model becomes more effective with the incorporation of uncertainty and the future effects of current actions. While each party may have a relatively clear picture of present costs and benefits associated with his actions, the future effects of those actions are not as certain. To account for this uncertainty, the model incorporates the terms of expected future benefits (*EB*) and expected future costs (*EC*) into the overall analysis. This creates an expected value output (*EV*):

$$EV = (B - C) + (EB - EC)$$

The expected benefit and expected cost both include not only the cost and benefit, but also the probability that the cost or benefit will be incurred. Most decisions made in UW will be one-time decisions that cannot be duplicated to determine the odds of their output, as in rolling of a pair of dice. The expectation of future costs and benefits is therefore based on a subjective probability that is determined through an analysis of the situation. The analysis of each actor's behavior will begin with the following basic questions:

- Does the current benefit of this choice outweigh the current cost? If not, is there an expected future benefit that outweighs the current cost?
- What is the probability that the future benefit will be secured?

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<sup>72</sup> An example of this is the failed United States-supported invasion of Cuba by anti-Castroites in 1961, known commonly as the Bay of Pigs Invasion. By most accounts, it resulted in significant political embarrassment for the United States and the Kennedy administration.

- Does the current benefit of this choice outweigh the future cost? If not, is there an expected future benefit that outweighs the future cost?
- What is the probability that the future cost will be incurred?

Each party is expected to make choices that keep his overall expected value positive, and to remain active in the coalition until the time where his expected value is negative.

From a principal-agent framework, factors such as information symmetry and risk sharing impact the current and future cost-benefit calculations. Information symmetry is the degree to which the principal has knowledge of the agent's actual actions. With greater information on the “ground truth” of an insurgent campaign, the principal reduces his risk and uncertainty. However, increased information does not come without its costs. To obtain increased information, the principal must dedicate resources and incur some cost. For a local agent, information symmetry may be a cost or benefit. However, the more information the principal has on the agent's actions, the more compelled the agent will be to act according to the principal's interests.<sup>73</sup> The costs and benefits each actor incurs with relation to information symmetry are a significant factor in each actor's overall valuation of the coalition.

Risk sharing also plays an important role in determining interest alignment. Risk sharing is the degree to which potential costs are divided between the principal and agent. In unconventional warfare, it becomes the degree to which these potential costs are shared among the global principal, regional agent, and local agent. These costs can have an affect on the overall expected value as well, and therefore impact the overall interest alignment. In UW, the principal is interested in maintaining an outcome-based system, for without results, he does not achieve his desired outcomes. This places the agent in a risk-averse position, but any effort from the principal to reduce, or share, the agent's risk, will therefore reduce the potential costs to the agent. The sharing in risk will also increase the cost to the principal, and the principal may be unlikely to share in this risk without improved benefit from the agent's actions. The regional agent may also incur

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<sup>73</sup> Eisenhardt, “Agency Theory,” 60.

significant risk in providing support for the local agent's insurgency; there must be an offsetting benefit from either the principal or local agent for the regional agent to incur risk on behalf of either, or both, actors.

Every action and decision the coalition makes results in different risks for each actor. However, I evaluate each actor's approach to risk in a similar manner. For the principal and the regional agent, the essential question is: Are the risks the actor chooses to share offset by a comparable increase in benefit (either current or future)? An example of this would be if the global principal chose to increase his risk of political exposure by providing the agent high-tech weaponry that undeniably originated from the principal. This could result in the benefit of the local agent being more successful in disrupting the adversary; however, in providing this weaponry, the principal sacrifices plausible deniability of his sponsorship of the agent's insurgency. For the local agent, the question is: how do the global principal and regional agent share in risk by diffusing potential costs to the local agent? With insufficient support from the principal and regional agent due to risk aversion, the local agent faces the greatest potential cost: his survival. Without the benefits from shared risk, the local agent may be disinclined to act in accordance with the wishes of the principal.

In sum, the framework for analysis includes an expected value equation for each actor. The equation includes current and future costs and benefits. From an agency theory perspective, information symmetry and risk sharing impact each actor's overall expected value. So long as the expected values remain positive, interests in the coalition are aligned to a sufficient degree for the actors to pursue the UW campaign. The adversary, however, can attack this framework on multiple levels to influence each actor's expected value and destabilize the coalition.

## **2. Destroying the Framework: The Adversary's Options**

The coalition's adversary, facing an insurgency backed by an external sponsor, has several options available for destabilizing the coalition and defeating the insurgency. If the adversary understands the expected value equation that drives each coalition member's commitment to the campaign, then the adversary can manipulate the coalition

at the global, regional, and local level. In facing the principal, the adversary's first priority is the principal's withdrawal of support for the local agent. If the adversary can show how his internal stability would benefit the principal, the principal's expected value of the UW coalition would decrease, potentially drawing him out of the coalition. In facing the local agent, the adversary can change the insurgent's utility of freedom. If the adversary can demonstrate how inclusion in the adversary's state provides certain benefits that the agent would be unable to have while independent, the utility of freedom significantly diminishes. This reduces the overall expected value by reducing the benefit in the equation. The adversary can manipulate the regional agent's expected value in the same way with diplomatic pressure or the threat of all-out war influencing the regional agent's valuation of the UW coalition. These are all examples of viable options for the adversary when evaluating a UW coalition from a principal-agent framework.

### **C. FROM THEORY TO MODEL: THE ACTORS**

Principal-agent theory requires little translation for applicability in unconventional warfare. An external sponsor, acting as the principal, forms a coalition with local and regional agents to conduct operations against a common adversary that the principal cannot conduct himself. This section describes the actors and their relationships in more detail.

#### **1. The Global Principal**

In unconventional warfare, the external sponsor of the local insurgent plays the role of the principal in the principal-agent relationship. Given that the principal's conflict with the adversary is at the geopolitical level, analysis of his actions are on the global level. According to the doctrinal definition, unconventional warfare is conducted “through, with, or by indigenous or surrogate forces,”<sup>74</sup> making the one responsible for the orchestration of the operation a “principal” in the relationship. For a number of reasons the principal may believe that he should not directly confront his adversary, and instead chooses to find a willing agent to conduct “guerrilla warfare, subversion, [and]

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<sup>74</sup> *JP 1-02*, 486.

sabotage”<sup>75</sup> against the adversary. While this approach provides numerous advantages for the principal, agency theory details several factors that must be considered to maintain successful and efficient disruption of the adversary.

The main problem that a principal faces is a lack of information as to what his agent is actually doing. Almost all increases in information for the principal come at some increased cost or risk. This is also the case in unconventional warfare. The global principal cannot know what his agents are doing on the ground without being there himself, or expending resources dedicated to monitoring the agent. These resources decrease the principal's overall utility in the operation by either increasing his overall risk or increasing the overall cost of the operation. The risk can increase by having to employ monitors or advisors with the insurgents; the discovery of which could cause political embarrassment. The cost could also increase by employing technical or other means to monitor the agent. In the end, there must be some level of trust in the agent; or interests between the principal and agent must be aligned to the degree that the principal is confident that both parties seek to achieve the same goal.

In Operation ST CIRCUS, the United States played the role of the principal. The CIA seized on Tibetan unrest as an opportunity to destabilize the growth of communist China, and from 1956 to 1974 the United States, through the CIA, provided support to the Tibetan insurgents in the form of money, weapons, and training without ever having an American set foot inside Tibet.<sup>76</sup> While it is clear that the United States never sought to fully overpower the PRC in Tibet, the lengthy relationship with the Tibetans and the significant resources employed to support their guerilla army, the *Chushi Gangdruk*, demonstrate that the United States had some interest in hampering Mao's expansion.

## **2. The Local Agent**

The agent is the action arm in the principal-agent relationship. The agent, because of his knowledge, position, or expertise, can conduct some type of work that the

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<sup>75</sup> JP 1-02, 486.

<sup>76</sup> Dunham, *Buddha's Warriors*, 194.

principal is unwilling or unable to accomplish. In unconventional warfare, the agent is the local insurgent group who has a common adversary with a global actor that is willing to sponsor the insurgency. The agent is willing to confront his adversary, but recognizes significant benefit could be gained with external support for his movement. However, if the insurgent perceives that a sponsor would hamper or complicate his struggle (i.e. the benefit gained would not outweigh the costs incurred), then the insurgent is unlikely to enter a principal-agent relationship with a global sponsor.<sup>77</sup> This is not the only complication that can arise in the relationship; agency theory explains other factors that also arise.

While the principal and agent may face the same adversary, their interests may not be the same. The agent is likely most interested in gaining freedom from the adversary's oppression, or asserting territorial independence. Meanwhile, the principal may be only interested in disrupting the adversary's expansion or causing the adversary to squander resources. This discrepancy can lead to exploitation on both sides of the relationship. The agent will be most compelled to act according to the principal's interests when the principal is willing to share risk to a sufficient degree that it improves the agent's future benefits to a point where they outweigh the costs incurred by conducting action on behalf of the principal.

Tibetans were the local agent in Operation ST CIRCUS. However, the Tibetans, like many insurgent groups, were not uniform in their approach to the communist Chinese. The People's Liberation Army initially entered Tibet in September 1949, in response to the expulsion of all Chinese personnel from central Tibet after the PLA took Peking from the Chinese Nationalists.<sup>78</sup> The Tibetan's initial reception of the PLA was lukewarm, and the Dalai Lama attempted to reconcile PRC desires for sovereignty with Tibetan desires for independence.<sup>79</sup> The United States also examined legal ramifications for providing diplomatic support for the Tibetans on the basis of United States support for

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<sup>77</sup> An instance of insurgents rejecting sponsorship is reported to have happened earlier this year in Libya, see "'SAS unit' captured in Libya," *The Guardian*, March 6, 2011, <http://www.guardian.co.uk/world/2011/mar/06/liam-fox-sas-unit-libya>.

<sup>78</sup> Smith, Jr., *Tibetan Nation*, 265.

<sup>79</sup> Goldstein, *A History of Modern Tibet, 1913-1951*, 758.



“self-determination of peoples.”<sup>80</sup> However, an acceptable solution failed to emerge. Within a few years an organized militia dedicated to expelling the PLA began to form and it soon found CIA support. In this analysis of Operation ST CIRCUS as a UW campaign, I specifically focus on the actions of the *Chushi Gangdruk* and associated militia groups in demonstrating the appropriateness of agency theory as a framework for unconventional warfare.

### 3. The Regional Agent

While basic principal-agent models do not normally include an intermediary, or regional agent, the role does exist and it is particularly germane to global UW campaigns. Business literature discusses intermediaries in terms of supervisors that are placed between principals and agents, as well as other intermediary roles, such as negotiators and mediation experts.<sup>81</sup> In traditional principal-agent models, these intermediaries diffuse risk for both the principal and the agent by increasing information symmetry. This is accomplished by providing knowledge and expertise for the principal, as well as an avenue for verifying work that the agent has performed.<sup>82</sup> However, problems can arise in the form of collusion between the agent and the intermediary. The agent has incentive to conspire with the intermediary because the principal could use the intermediary's information to penalize the agent.<sup>83</sup> While not a direct translation, this role and its inherent problems are evident in an unconventional warfare campaign.

In unconventional warfare, the intermediary appears as a regional agent that is often used for access to the local agent and assistance in monitoring the local agent. One essential note is that the regional agent is not always required as an intermediary between the principal, or sponsor, and the agent. The principal may contact or conduct business directly with the agent, but a regional agent can provide distinct benefits for both the

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<sup>80</sup> “Department of State to the British Embassy, 30 December 1950,” in *Foreign Relations of the United States*, vol. VI, 1950, 612, <http://digital.library.wisc.edu/1711.dl/FRUS.FRUS1950v06>.

<sup>81</sup> Braun, “Who Governs Intermediary Agencies?”

<sup>82</sup> Braun, “Who Governs Intermediary Agencies?” 140–141.

<sup>83</sup> Strausz, “Collusion and Renegotiation in a Principal–Supervisor–Agent Relationship,” 497.

principal and local agent. All parties may benefit from the shared risk and improved information that an intermediary may provide; however, an intermediary also brings its own interests, which may complicate the relationship.

In the case of Operation ST CIRCUS, India played a critical role as a regional actor in the principal agent relationship. While India had some interest in leveraging power over China, President Nehru also sought to maintain amicable relations through his strategy of nonalignment in the Cold War.<sup>84</sup> India's relationship with Tibet complicated these aims, although India maintained great interest in assisting the Tibetan people, and the international community largely regarded India as being in the best position to do so.<sup>85</sup> Early on, India became the sanctuary of the Tibetan government in exile,<sup>86</sup> and Nepal became the eventual sanctuary of the *Chushi Gangdruk*.<sup>87</sup> While the relative importance of the regional agent's presence varied over the course of the campaign, its presence is significant enough that it merits analysis in terms of how the pursuit of its own interests, as well as risks it shared and information it provided, benefitted and harmed the overall UW campaign.

#### **4. The Adversary**

The adversary does not appear in principal-agent literature, but plays an important role in an unconventional warfare campaign. In UW, the adversary is the target of the local agent and global sponsor, and can also be referred to as the counterinsurgent. The adversary has interest in understanding the dynamics at play among the global sponsor, regional agent, and local agent, because these dynamics can be manipulated to destabilize the coalition and frustrate the goals of all three actors. Against each actor, I evaluate the adversary's attempts to disrupt common interests, or change the

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<sup>84</sup> Rollie Lal, *Understanding China and India: Security Implications for the United States and the World* (Westport, CT: Praeger, 2006), 38.

<sup>85</sup> Loy W. Henderson, "The Ambassador in India to the Secretary of State, 30 December 1950," in *Foreign Relations of the United States, 1950*, vol. VI (Washington, D.C.: U.S. Government Printing Office, 1976), 612.

<sup>86</sup> Smith, Jr., *Tibetan Nation*, 526.

<sup>87</sup> Smith, Jr., *Tibetan Nation*, 508.

interests of particular actors, by increasing current and future costs, decreasing current and future benefits, increasing the probability of future costs, and decreasing the probability of future benefits.

In the case of Operation ST CIRCUS, the People's Republic of China played the role of the adversary. In rising as a communist state after World War II, China became a global adversary of the United States in the “loss of China.”<sup>88</sup> China also clashed with newly independent India in a struggle for regional hegemony.<sup>89</sup> At the local level, there is some evidence that Mao and the People's Liberation Army genuinely sought to improve the lot of the common Tibetan peasant, at least initially.<sup>90</sup> However, with the imposition of certain agrarian reforms and the systematic destruction and degradation of the symbols of Tibetan Buddhism, many Tibetans turned against the Chinese, particularly those from the Kham and Amdo regions in Eastern Tibet.<sup>91</sup> As unrest over China's perceived occupation grew across Tibet, coincident interests against the Chinese adversary rose among the United States, India, and the Tibetan people. Throughout the course of Operation ST CIRCUS, China worked to manipulate each actor's cost-benefit analysis as a solution to its problem in Tibet.

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<sup>88</sup> Fairbank, *The United States and China*, 350.

<sup>89</sup> Fairbank, *The United States and China*, 407.

<sup>90</sup> Smith, Jr., *Tibetan Nation*, 273.

<sup>91</sup> Dunham, *Buddha's Warriors*, 166–168.

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### III. CASE STUDY: OPERATION ST CIRCUS

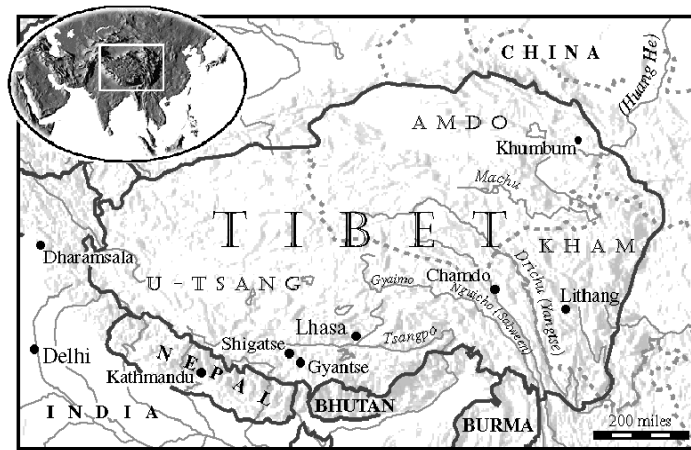


Figure 2. Map of Tibet and Surrounding Areas<sup>92</sup>

The question of Tibetan independence and territorial sovereignty has been complicated for more than 1,200 years. From around 640 A.D. to 822, a collection of tribes in the Himalayan hills consolidated into a force large enough to compel Chinese recognition of the separate Tibetan empire.<sup>93</sup> Through the Mongol period in the thirteenth century, a priest-patronage relationship was established between Tibetan lamas and the Mongol emperors.<sup>94</sup> By the 1570s, Altan Khan, who controlled the Mongol borders to the west of the Ming dynasty, bestowed the honorific title of Dalai Lama on a Tibetan abbot, and demanded that all Mongols reject their shaman-based religions in favor of Tibetan Buddhism.<sup>95</sup> In return for this, the abbot recognized Khan as the reincarnation of Phagspa, the teacher who had originally brought Buddhism to the

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<sup>92</sup> Martin von Wyss, "Tibet Detail" (Richmond, Australia: vW Maps, 2005), <http://www.vwmaps.com/tibetdetail.html>. Map copyright 2005, Martin von Wyss, vW Maps, Inc. It is used with the expressed written permission of vW Maps. This representation of Tibet is not intended to accurately depict current recognized or disputed international boundaries. It is provided solely as a portrayal of relative locations identified in the case study.

<sup>93</sup> Smith, Jr., *Tibetan Nation*, 74.

<sup>94</sup> Smith, Jr., *Tibetan Nation*, 95.

<sup>95</sup> Smith, Jr., *Tibetan Nation*, 106.

Mongols.<sup>96</sup> This bolstered Khan's legitimacy as a ruler among his own people, assured security along his southern border with the Tibetan tribes, and guaranteed the Tibetans independent recognition as autonomous from the Ming dynasty. Over the next 400 years, various diplomatic missions reaffirmed the general internal autonomy of Tibet, while token respect was paid to China as a political benefactor.<sup>97</sup> In 1876, the thirteenth Dalai Lama was born into the rise of Chinese nationalism and the meddling of Europe's Great Game.<sup>98</sup> As the Chinese Republic overthrew the Ch'ing dynasty, Tibet declared its autonomy in October 1913, while entering into an agreement of nominal suzerainty under China (at the behest of the British, who were concerned about independent states making external alliances with Russia).<sup>99</sup> During the next thirty years, through the rise of the Chinese Communist Party (CCP) and World War Two, Tibet maintained its *de facto* independence by travelling on its own passports and conducting its own diplomatic affairs.<sup>100</sup> The CCP finally gained control in 1949 and set to the task of extending the revolution to what it considered all of Chinese territory.<sup>101</sup> The PLA entered Tibet in 1950, and soon set to the task of reinforcing communist influence, through schools and reeducation camps.<sup>102</sup> The CCP also expanded its ability to influence by building and improving roads through Tibet. While the Tibetans cautiously welcomed the new Chinese party, the communists' version of "liberation" soon soured the Tibetan's view of the communists.

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<sup>96</sup> Smith, Jr., *Tibetan Nation*, 88, 108.

<sup>97</sup> Smith, Jr., *Tibetan Nation*, 108–113.

<sup>98</sup> Smith, Jr., *Tibetan Nation*, 151.

<sup>99</sup> Smith, Jr., *Tibetan Nation*, 190; Goldstein, *A History of Modern Tibet, 1913–1951*, 74; Galbraith, *A Life in Our Times*, 425.

<sup>100</sup> Goldstein, *A History of Modern Tibet, 1913–1951*, 605.

<sup>101</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 6–9.

<sup>102</sup> Jamyang Norbu, *Warriors of Tibet: The Story of Aten and the Khampas' Fight for the Freedom of Their Country* (London: Wisdom Publications, 1987), 89–103.

The resistance, and the coalition behind it, began in 1956. At this time, “most Tibetans finally understood that the promises made by the Chinese were not worth even the breath used while talking or listening to them.”<sup>103</sup> Encouraged by signs of opposition to the Chinese, Gyalo Thondup, elder brother of the Dalai Lama, made contact with the CIA in Calcutta. Together they developed plans to organize, train, and arm the burgeoning resistance movement in Tibet.<sup>104</sup> As the relationship developed, it became known under the CIA cryptonym Operation ST CIRCUS, and continued until the final demobilization of the Tibetan guerilla army in 1974.<sup>105</sup>

Significant developments throughout the course of American involvement in Tibet provide appropriate breaks in the timeline to analyze each actor's maneuvers during the conduct of the campaign. The first phase begins with contact in 1956. As Tibetans revolted in mass numbers against the unwelcomed Chinese reforms, the Dalai Lama fled from Lhasa into India in March 1959, as the PLA shelled his palace.<sup>106</sup> The movement out of Tibet is a development that fundamentally changed the nature of the UW coalition. India now played a greater role as host of the Tibetan government in exile, and China significantly increased the scale and intensity of its military action. The movement to exile ended the early years of the coalition and ushered in the second phase. During the second phase, the CIA increased support for the Tibetan movement, to include a guerilla warfare training program in the Colorado Rockies, and dozens of air drops of arms and ammunition. By 1965, however, the arms drops and training efforts ceased. While monetary support still continued, the cessation of active arming and training the *Chushi Gangdruk* marked the start of the third and final phase of the campaign. From this point forward, interests among the coalition members became increasingly at odds with each other, eventually leading the United States to drop its support for both the *Chushi Gangdruk* and the Tibetan government in exile. Table 3 provides a summary of expected

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<sup>103</sup> Gompo Tashi Andrugtsang, commander of the Chushi Gangdruk resistance movement, as quoted in McCarthy, *Tears of the Lotus*, 103–104.

<sup>104</sup> Dunham, *Buddha's Warriors*, 182.

<sup>105</sup> Dunham, *Buddha's Warriors*, 224.

<sup>106</sup> Tsering Shakya, *The Dragon in the Land of Snows: A History of Modern Tibet Since 1947* (New York: Penguin, 2000), 200–203.

value for each actor throughout the operation, and brief notes on the Chinese actions against each coalition member. In the table, the current and expected costs and benefits are described in terms of “high” and “low,” and “growing,” “stable,” and “falling.” “High” and “low” refer to the relative value of the costs and benefits. “Growing,” “stable,” and “falling” refer to the perceived trend in the cost or benefit over the next period. For example, if the actor sees conditions improving in the future, the cost could be falling, or the benefit rising, or both. Empirical evidence and analysis to support the chart follows in the story of Operation ST CIRCUS.



Table 3. UW Principal-Agent Analysis: Operation ST CIRCUS

Level/Time	Early (1956-1959)	Middle (1959-1965)	Late (1965-1974)
<b>Local Agent: Tibet</b>	<p><u>Overall EV:</u> (High, Growing)</p> <p><u>Current Costs:</u> (High, Stable)</p> <p><u>Current Benefits:</u> (High, Growing)</p> <p><u>Expected Costs:</u> (Low, Growing)</p> <p><u>Expected Benefits:</u> (High, Growing)</p> <p><u>Results:</u> Significant gains made against PLA; Greatest growth and most effective attacks</p>	<p><u>Overall EV:</u> (High, Growing)</p> <p><u>Current Costs:</u> (High, Growing)</p> <p><u>Current Benefits:</u> (High, Growing)</p> <p><u>Expected Costs:</u> (High, Stable)</p> <p><u>Expected Benefits:</u> (High, Growing)</p> <p><u>Results:</u> Mixed tactical success; relocated to Mustang</p>	<p><u>Overall EV:</u> (High, Falling)</p> <p><u>Current Costs:</u> (High, Growing)</p> <p><u>Current Benefits:</u> (High, Falling)</p> <p><u>Expected Costs:</u> (Low, Growing)</p> <p><u>Expected Benefits:</u> (High, Falling)</p> <p><u>Results:</u> Final small band of fighters surrendered to Nepal at the request of the Dalai Lama</p>
<b>Global Principal: United States</b>	<p><u>Overall EV:</u> (High, Growing)</p> <p><u>Current Costs:</u> (Low, Stable)</p> <p><u>Current Benefits:</u> (High, Growing)</p> <p><u>Expected Costs:</u> (Low, Growing)</p> <p><u>Expected Benefits:</u> (High, Growing)</p> <p><u>Results:</u> CIA began funding, training, and equipping Tibetan insurgents; Mao forced to commit resources to Tibet</p>	<p><u>Overall EV:</u> (High, Stable)</p> <p><u>Current Costs:</u> (Low, Growing)</p> <p><u>Current Benefits:</u> (High, Stable)</p> <p><u>Expected Costs:</u> (Low, Growing)</p> <p><u>Expected Benefits:</u> (High, Stable)</p> <p><u>Results:</u> Increased supply drops; Mao forced to commit even more resources to Tibet</p>	<p><u>Overall EV:</u> (Low, Falling)</p> <p><u>Current Costs:</u> (High, Growing)</p> <p><u>Current Benefits:</u> (High, Falling)</p> <p><u>Expected Costs:</u> (High, Growing)</p> <p><u>Expected Benefits:</u> (Low, Falling)</p> <p><u>Results:</u> US withdrew support for Tibet and pursued normalized relations with China</p>
<b>Regional Agent: India</b>	<p><u>Overall EV:</u> (Low, Growing)</p> <p><u>Current Costs:</u> (Low, Stable)</p> <p><u>Current Benefits:</u> (High, Growing)</p> <p><u>Expected Costs:</u> (Low, Growing)</p> <p><u>Expected Benefits:</u> (High, Growing)</p> <p><u>Results:</u> India provided meeting place for CIA and Tibetans; sanctuary for Dalai Lama</p>	<p><u>Overall EV:</u> (High, Stable)</p> <p><u>Current Costs:</u> (High, Growing)</p> <p><u>Current Benefits:</u> (High, Stable)</p> <p><u>Expected Costs:</u> (High, Growing)</p> <p><u>Expected Benefits:</u> (Low, Falling)</p> <p><u>Results:</u> Tibet allowed to establish gov't in exile in India and guerilla base in Nepal</p>	<p><u>Overall EV:</u> (Low, Falling)</p> <p><u>Current Costs:</u> (High, Growing)</p> <p><u>Current Benefits:</u> (Low, Falling)</p> <p><u>Expected Costs:</u> (High, Growing)</p> <p><u>Expected Benefits:</u> (Low, Falling)</p> <p><u>Results:</u> Gov't in exile allowed to remain; rebel base chased out of Nepal</p>
<b>Adversary: China</b>	<p><u>Vs. Global:</u> Statements against “imperialist meddling”</p> <p><u>Vs. Regional:</u> Statements against “imperialist meddling”</p> <p><u>Vs. Local:</u> Increased PLA presence and activity; Increased political pressure on Tibetan elite</p>	<p><u>Vs. Global:</u> Began support for Vietnam; avoided direct confrontation</p> <p><u>Vs. Regional:</u> War with India '62</p> <p><u>Vs. Local:</u> <i>Thamzing</i> introduced in Lhasa; relocation of Han Chinese into Tibet</p>	<p><u>Vs. Global:</u> Increased activity in Vietnam; invitation to Beijing</p> <p><u>Vs. Regional:</u> Nuclear weapon test; Cultural Revolution</p> <p><u>Vs. Local:</u> Cultural Revolution and Red Guards; re-entry incentives</p>

## A. THE EARLY YEARS: CONTACT TO EXILE, 1956–1959

In the first years of the coalition between the United States, Tibet, and India, it is clear that interests became aligned according to the principal-agent model and all actors expected increasing benefits from disrupting the PRC consolidation of control along its southwestern border. However, the United States had much to learn about the region and the actors it would encounter. The United States at the time was fervently anti-communist and clearly saw the world engaged in a bilateral zero-sum game where any communist gains would result in ground lost to freedom and democracy. Tibet was emerging from a period of appeasement with the Chinese Communists, shaking the naïveté that the PRC would allow for the internal autonomy traditionally enjoyed in the Tibetan highlands. India, newly independent from the British throne, sought to maintain a cordial relationship with both China and the United States, while also expanding influence in the region. It was during this period that the thinnest strands of contact between the United States and Tibet were mutually expanded and strengthened as both sides began to see the mutual benefit in pursuing military action against the Chinese.

### 1. Local Agent: Tibet

Tibet reached 1956 at a crossroads. By numerous accounts, the Dalai Lama's 1955 meetings with Mao in Beijing led him to trust that PRC development, supervised by the Preparatory Committee for the Autonomous Region of Tibet (PCART), would benefit the underdeveloped Tibetan countryside.<sup>107</sup> However, Mao had also indicated the PRC's intentions to eradicate Tibetan Buddhism, which he had described to the Dalai Lama as a poison.<sup>108</sup> In travelling back from Beijing to Lhasa, the Dalai Lama's interactions with his countrymen along the route confirmed these indications. Atheism was taught in

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<sup>107</sup> Smith, Jr., *Tibetan Nation, A History of Tibetan Nationalism and Sino-Tibetan Relations*. 381–386; Dunham, *Buddha's Warriors*, 139–140; Tenzin Gyatso His Holiness the Dalai Lama, *My Land and My People: The Original Autobiography of His Holiness the Dalai Lama of Tibet* (New York: Grand Central Publishing, 1997), 96.

<sup>108</sup> This account is found in multiple secondary sources, even in quotes; however, no primary source could be found. See Conboy and Morrison, *The CIA's Secret War in Tibet*, 25; Knaus, *Orphans of the Cold War*, 126.

Chinese-run schools,<sup>109</sup> and despite Tibetans reciting the mandatory approval of Chinese communism, the Tibetan leader “saw tears in their eyes.”<sup>110</sup> He also heard talk of an independence movement for the first time.<sup>111</sup> The potential costs of inaction were high, and ignoring the Chinese presence was not an option. At the same time, the costs of action against the Chinese were low, although they could be expected to rise as the Chinese retaliated. The present benefits, however, were relatively high, and while the probability of future benefits was low, the utility that the Tibetans tied to their freedom was great and they were willing to fight for it.

A significant strategic benefit that the Tibetans gained during this period also led to an operational-level benefit. On a global scale, by demonstrating that they were capable, to some degree, of organizing and resisting the Chinese militarily, the Tibetans gained the attention of the United States as a global sponsor. This global sponsorship at the strategic level led to the operational benefit of receiving arms and training from the CIA. The project began in February 1957 with six Tibetans from the *Chushi Gangdruk* being exfiltrated from Tibet through East Pakistan and flown to Saipan for training in guerilla warfare techniques.<sup>112</sup> The benefits grew as more Tibetans were trained under Operation ST CIRCUS. The training moved from Saipan to Camp Peary, Virginia, and the CIA eventually selected a former United States Army base, Camp Hale, in the mountains just north of Leadville, Colorado, as a suitable place to train the Tibetans.<sup>113</sup> Complementing the training operations came the first drops of weapons and equipment inside of Tibet. Roger McCarthy, the first CIA team leader for Operation ST CIRCUS, estimated a “minimum of 550,000 to nearly 800,000 pounds of material being parachuted to the Volunteers” by the beginning of 1959.<sup>114</sup> This is a significant benefit, especially

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<sup>109</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 25.

<sup>110</sup> Gyatso, *My Land and My People*, 97.

<sup>111</sup> Dunham, *Buddha's Warriors*, 143.

<sup>112</sup> For detailed first-person accounts (Tibetan and American) of the movement to Saipan and the training that took place there, see Dunham, *Buddha's Warriors*, 197–210, 215–218; Conboy and Morrison, *The CIA's Secret War in Tibet*, 41–63.

<sup>113</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 84–86.

<sup>114</sup> As quoted in Dunham, *Buddha's Warriors*, 263.

considering the logistical challenges in coordinating clandestine airdrops over remote, high-altitude, unmapped terrain.<sup>115</sup> A final benefit emerged during this period as the *Chushi Gangdruk* achieved several notable military victories over a surprised PLA. The garrisons of the PLA were destroyed in many areas of eastern Tibet and the Tibetans exacted serious casualties on the PLA.<sup>116</sup> This period saw the height of *Chushi Gangdruk* activity and successes against the PLA and served hope that the resistance might actually be successful.

The end of the early years was precipitated by the flight of the Dalai Lama into exile in India. This was one of the greatest benefits the Tibetans received out of this era. The Dalai Lama was able to safely escape just as the Chinese began shelling his palace.<sup>117</sup> *Chushi Gangdruk* soldiers, who had been trained in Saipan, were able to escort their spiritual leader while providing clandestine radio updates on his movements to the United States. These radio calls allowed for diplomatic coordination of his reception in India without alerting the Chinese to his whereabouts.<sup>118</sup> One guerilla fighter from Lighthang stated with pride that the fighters' "most important achievement was that [they] were able to provide security to His Holiness the Dalai Lama during his flight from Tibet."<sup>119</sup> This was not only a present benefit for the Tibetans, but a future expected benefit as well. With the Tibetan government in exile safely established in India, the Tibetans were much closer to the international stage they needed to attract support for their cause, and their spiritual and temporal leader was safe from harm.

The costs borne by the Tibetans in the early stages of the campaign are best seen at the tactical and strategic levels of the conflict. From a tactical level, the immediate costs were intensely apparent. Early armed resistance to the Chinese began among nomadic tribesman in eastern Tibet known as the Goloks after the Chinese attempted to

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<sup>115</sup> Michael E. Haas and Dale K. Robinson, *Air Commando! 1950-1975: Twenty-Five Years at the Tip of the Spear* (Hurlburt Field, FL: Air Force Special Operations Command, Office of the Historian, 1994), 28–31.

<sup>116</sup> McCarthy, *Tears of the Lotus*, 104.

<sup>117</sup> Smith, Jr., *Tibetan Nation*, 446–447, 507.

<sup>118</sup> Athar, one of the original CIA trainees, as quoted in Dunham, *Buddha's Warriors*, 300.

<sup>119</sup> Dadhang, as quoted in McGranahan, *Arrested Histories*, 76.

confiscate their arms.<sup>120</sup> The Department of State received a report that a force of about 8,000 Goloks was able to inflict as many as 900 Chinese casualties, although the exact numbers were unclear due to conflicting reports.<sup>121</sup> This attack on a garrison of Chinese soldiers prompted brutal PLA retaliation, burning villages and monasteries in the Golok areas to the ground.<sup>122</sup>

There were many other spontaneous and unrelated uprisings at the same time throughout eastern Tibet, particularly among the Kham and Amdo tribesmen.<sup>123</sup> The PLA did what it could to control the violence, but one particularly costly incident to the Tibetans became the flashpoint for unification of the disparate resistance movements. In 1956, the PLA attempted to arrest a group of high-ranking lamas from the Lithang monastery during a religious ceremony.<sup>124</sup> A showdown ensued where the local Tibetans rushed to support Lithang while the PLA effectively besieged the monastery. Under the guise of surrender, a well-respected monk, Yuri Ponpo, requested audience with the PLA general officer overseeing the siege. Ponpo shot and killed the general in front of the general's entire staff. This prompted not only Ponpo's death, but the PLA then bombed the monastery and all inside of it, resulting in several thousand Tibetans killed, and the largest monastery in eastern Tibet completely destroyed.<sup>125</sup> While the cost was high, Lithang became the unifying point for the various resistance movements and the flashpoint around which the Kham, Amdo, and Golok tribes would coalesce to form the *Chushi Gangdruk* resistance army.<sup>126</sup>

Despite this high cost in human life, the Tibetans had an overall positive expected value in continuing the struggle against the PLA with the help of the United States and

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<sup>120</sup> Knaus, *Orphans of the Cold War*, 129.

<sup>121</sup> Office of Intelligence Research, Division of Research for Far East, "Unrest in Tibet, November 1, 1956," in *DDRS* (Farmington Hills, MI: Gale, 2011), 1, Doc. Number CK3100396067.

<sup>122</sup> Dunham, *Buddha's Warriors*, 155.

<sup>123</sup> Dunham, *Buddha's Warriors*, 166.

<sup>124</sup> Dunham, *Buddha's Warriors*, 160.

<sup>125</sup> For dramatic, first-person accounts of the fighting at Lithang, see McGranahan, *Arrested Histories*, 74-77; Dunham, *Buddha's Warriors*, 160-165; Knaus, *Orphans of the Cold War*, 129-130.

<sup>126</sup> Knaus, *Orphans of the Cold War*, 129.

India during this period. Although the initial reaction of the PLA in Lihang imposed a high price, it also solidified popular support for resistance against the Chinese. Furthermore, the early training the Tibetans received improved the expected future benefits by ensuring their ability to fight the Chinese invasion would advance. Additionally, there is significant documentation of abuses that the Tibetans suffered at the hands of Chinese “democratic reform,” even before the widespread resistance, suggesting that many of the costs would have been incurred, even in the absence of an armed resistance.<sup>127</sup> I assess that during this period, the Tibetans' overall expected value was high and growing, although the costs were growing as well.

## 2. Global Principal: The United States

In the early phase of the campaign, the United States gained little immediate benefit, but also incurred little cost. However, the future benefits the United States expected to gain from the groundwork laid in this period were significant and the probability the benefits would be achieved was also high.

The United States recognized great strategic benefit in the ability of the Tibetans to continue an armed resistance against the communist Chinese. The support for the resistance movement, though minimal, was an opportunity to thwart China's increasing influence around the globe. One American official from the Operations Coordinating Board<sup>128</sup> described the Tibetan actions during this time as a “windfall for the U.S., particularly since it tends to harden Asian neutralist sentiment against the Chicoms.”<sup>129</sup> While fostering the resistance was recognized as beneficial for the United States, the CIA's 1959 National Intelligence Estimate (NIE) on China recognized that “it [was] doubtful that resistance forces will have the leadership, organization, weapons, and food

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<sup>127</sup> Norbu, *Warriors of Tibet*, 104–106; Dunham, *Buddha's Warriors*, 156–158; McGranahan, *Arrested Histories*, 68; McCarthy, *Tears of the Lotus*, 120–124; Smith, Jr., *Tibetan Nation*, 396–399.

<sup>128</sup> The Operations Coordinating Board (OCB) was an interagency group that coordinated covert and clandestine operations and reported to the National Security Council. See John T. Woolley and Gerhard Peters, “Dwight D. Eisenhower: Executive Order 10483 - Establishing the Operations Coordinating Board,” *The American Presidency Project*, April 25, 2011, <http://www.presidency.ucsb.edu/ws/?pid=60573>.

<sup>129</sup> Edwin F. Black, “April 1 OCB Luncheon Discussion: Exploitation of Tibetan Revolt, March 31, 1959,” in *DDRS* (Farmington Hills, MI: Gale, 2011), 1, Doc. Number CK3100092798.

supplies to mount more than scattered guerilla operations.”<sup>130</sup> However, by the end of this period, the CIA also assessed that the Tibetan revolt was partially responsible for “tarnishing the carefully cultivated image of Communist China as a peaceful, reasonable, and tolerant nation.”<sup>131</sup> This is a clear demonstration of the convergence of Tibetan and American interests, as both parties valued armed resistance to the Chinese occupation of Tibet, albeit for different reasons.

The United States strategy also gained the operational benefit of drawing more PLA forces into fighting the Tibetan insurgency. Chinese military forces increased in Tibet from a 30,000-member advance guard in 1950, to eight divisions containing over 150,000 PLA soldiers by 1958.<sup>132</sup> Although this was only about five percent of the PLA's overall estimated strength in 1958,<sup>133</sup> it still represented a “serious harassment to the Chinese Communists,” according to the Secretary of State, Christian Herter.<sup>134</sup> The benefits to the United States at this time in the operation were positive, and the overall expected benefits could only be increasing as long as the Tibetans were able to keep up the fight.

Meanwhile, the costs at this time for the United States were very low. At the strategic level, the United States mitigated the risk of exposure and maintained plausible deniability of support by hiring Polish pilots to fly unmarked aircraft in the flights over Tibet.<sup>135</sup> The CIA also supplied the *Chushi Gangdruk* with British Lee-Enfield rifles that were common in the region and would not be able to cause political embarrassment to the

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<sup>130</sup> “NIE 13-59, Communist China, 28 July 1959,” in *Tracking the Dragon: Selected National Intelligence Estimates on China, 1948-1976* (Washington, D.C.: Government Printing Office, 2005), 16, [http://www.dni.gov/nic/NIC\\_foia\\_china.html](http://www.dni.gov/nic/NIC_foia_china.html).

<sup>131</sup> Central Intelligence Agency, “NIE 13-59, Communist China, 28 July 1959,” 21.

<sup>132</sup> Smith, Jr., *Tibetan Nation*, 272; Tenzin Gyatso His Holiness the Dalai Lama, *Freedom in Exile: The Autobiography of The Dalai Lama* (London: HarperOne, 1991), 125; Dunham, *Buddha's Warriors*, 234.

<sup>133</sup> Central Intelligence Agency, “NIE 13-58, Communist China, 13 May 1958,” in *Tracking the Dragon: Selected National Intelligence Estimates on China, 1948-1976* (Washington, D.C.: Government Printing Office, 2005), 11, [http://www.dni.gov/nic/NIC\\_foia\\_china.html](http://www.dni.gov/nic/NIC_foia_china.html).

<sup>134</sup> Gordon Gray, “Discussion with the President on Tibet, 4 February, 1960,” in *DDRS* (Farmington Hills, MI: Gale, 2011), 1, Doc. Number CK3100156386.

<sup>135</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 61.

United States.<sup>136</sup> All meetings between Tibetans and Americans were held secretly in India or the United States, and all public interaction adhered to strict diplomatic protocols.<sup>137</sup> Operational level costs were also minimal, as the training conducted in Saipan and Colorado required minimal personnel and resources. The greatest investment, in terms of cost, were the air operations supporting the infiltration of Tibetan guerillas back into Tibet and their subsequent resupply flights, although this cost was still negligible in relation to the benefit gained.

By 1959, the United States had a clearly positive utility that it could expect by promoting the Tibetan rebellion. It was clear the Tibetans were willing to fight the Chinese, and that the Chinese were willing to expend resources in maintaining authority over Tibet. This was a fundamental expected benefit for the United States, which far outweighed the minimal costs it expected to incur as a sponsor.

### **3. Regional Agent: India**

In the early years, the regional actor played a significant, though not dominant, role in the establishment of the Tibetan rebellion. The interest calculations of India, vis-à-vis China, offer significant insight into its actions during this time. While India did not gain much in the establishment of covert and clandestine support for the budding Tibetan insurgency, it had the expectation of significant future benefit from the action.

The most significant strategic benefit for India was the maintenance of a buffer zone along its northeastern border.<sup>138</sup> In essence, India preferred to watch the Tibetans fight China over disputed territory than to settle disputed borders itself. India also placed a high priority on a friendly relationship with China and maneuvered to maintain that relationship. In short, as long as India could maintain a façade of minimal, support for the Tibetans, and the Tibetans kept up the fight against China, then India's expected benefits would be high. Conversely, the costs remained low. India did run the risk of

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<sup>136</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 77.

<sup>137</sup> For an example of the diplomatic tightrope the United States attempted to walk, see Douglas Dillon, "Message from the Dalai Lama," in *DDRS* (Farmington Hills, MI: Gale, 2011), Doc. Number CK3100054751.

<sup>138</sup> Dunham, *Buddha's Warriors*, 178.



upsetting China and provoking retaliation if it were to be seen as providing excessive support for the Tibetan cause, but mitigated the strategic risk through diplomatic maneuvers and passive, deniable support. For example, the United Nations saw India as the primary candidate for advancing the Tibetan cause, but India refused to do this several times on the grounds that it recognized China's suzerainty over Tibet.<sup>139</sup> On another practical front, India also refused to allow the CIA to train Tibetan guerillas in Indian territory, prompting the CIA to look elsewhere.<sup>140</sup> During this period, India had a positive expected value through gaining a buffer on its border at minimal cost.

#### **4. The Adversary: China**

China was clearly caught off-guard in the early years of the Tibetan rebellion.<sup>141</sup> During the first five years of occupation in Tibet, the PLA experienced minor resistance, and Tibetan leadership appeared willing to explore the concept of internal autonomy under Chinese suzerainty. Early in the occupation, China had secured a seventeen-point agreement detailing this arrangement.<sup>142</sup> The violent uprisings of the Goloks and Kham in eastern Tibet, however, indicated that the incorporation of Tibetan regions into the PRC would not be easily won. During the early years of the uprising, China responded in some manner to all three elements of the coalition lined up against it in an attempt to thwart the cost-benefit analysis of each actor.

Initially, the Chinese arrived to Tibet as a welcome respite from the poorly resourced Koumintang, who had resorted to extortion and bullying the population before losing the Chinese civil war to the communists.<sup>143</sup> At the outset, the PLA had come bearing gifts and paying for everything they took.<sup>144</sup> A popular Tibetan refrain at the time referred to the Chinese as “kind parents,” whose “silver dollars [were] raining

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<sup>139</sup> Shakya, *The Dragon in the Land of Snows*, 52–54.

<sup>140</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 41.

<sup>141</sup> Dunham, *Buddha's Warriors*, 142.

<sup>142</sup> Smith, Jr., *Tibetan Nation*, 298–301; Dunham, *Buddha's Warriors*, 105–106.

<sup>143</sup> Dunham, *Buddha's Warriors*, 56–57.

<sup>144</sup> Dunham, *Buddha's Warriors*, 57–60.

down” on the Tibetans.<sup>145</sup> However, this reward-based method of winning the population was not able to compensate for the Tibetans' perceived losses in the Chinese “democratization” of their traditional power structures, which were largely based on the Tibetan religion.<sup>146</sup> The Tibetans resisted many of these “democratic reforms,” and the carrots soon turned to sticks.

As noted above, there were military reprisals against the Tibetan uprising; however, there were also political costs and coercive methods employed as well. One State Department report noted that the “Chinese Communists apparently [were] having some success in inducing Tibetans remaining in Lhasa to identify themselves with the regime.”<sup>147</sup> By wooing members of Tibet's political elite, China was able to stave off a wholly unified resistance movement during the early years of the revolt.<sup>148</sup> The Dalai Lama's flight to India, however, would draw a line in the sand separating those Tibetans willing to resist Chinese occupation and those willing to comply with the communists.

By the time the Dalai Lama had fled into exile, China had a much better appreciation for the problem it faced. India, though outwardly neutral, provided sanctuary to the insurgency fighting China. China also recognized “imperialist” meddling in the Tibetan army it faced.<sup>149</sup> While China did not yet have smoking gun evidence of the United States' involvement, it would soon begin to apply pressure to the United States in an effort to focus American interests elsewhere.

## **B. THE MIDDLE YEARS: EXILE TO BREAKUP, 1959–1965**

During the middle years of the operation, a divergence in benefits to each actor began to emerge. The United States clearly saw increased value in the operation for a time, but fighting became much more costly for the Tibetans. Shortly after the Dalai

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<sup>145</sup> McGranahan, *Arrested Histories*, 67.

<sup>146</sup> McGranahan, *Arrested Histories*, 68.

<sup>147</sup> “Synopsis of State and Intelligence Material Reported to the President, 26 May, 1959,” in *DDRS* (Farmington Hills, MI: Gale, 2011), Doc. Number CK3100524807.

<sup>148</sup> Knaus, *Orphans of the Cold War*, 136.

<sup>149</sup> John Avedon, *In Exile from the Land of Snows: The Definitive Account of the Dalai Lama and Tibet Since the Chinese Conquest* (New York: Harper Perennial, 1997), 41.

Lama fled, the *Chushi Gangdruk* also moved out of Tibet into the Mustang region of Nepal in order to reconstitute in sanctuary.<sup>150</sup> India and Nepal both had to weigh the cost of confrontation with China over the Tibet issue. Meanwhile, the United States faced a growing concern over the spread of communist influence in South Vietnam. These factors all contributed to the actors' expected values beginning to stray apart from each other, although by 1965, all actors still maintained a positive expected value and remained in the coalition together.

### **1. Local Agent: Tibet**

Beginning in April of 1959, the Tibetans continued to see a positive expected value in continuing their resistance; however, the future prospects were not as bright. The benefits they received from the United States were growing in terms of training and equipment, although it was never quite enough. Similarly, India allowed the exile government to establish itself in Dharamsala, but still refused international support and recognition in deference to China. Their costs were also rising. The *Chushi Gangdruk* no longer enjoyed battlefield dominance over the PLA; and the PLA was able to regenerate much more easily after battlefield losses. The benefits still outweighed the costs, but not nearly as much as they had in the past five years.

The Tibetans continued to receive the benefit of training and material support while establishing their guerilla bases in Mustang, but it would not last long. Support to the Tibetans had reached a lull after the dramatic exile of the Dalai Lama, but soon resumed under President Kennedy's hand in March 1961. The first aerial supply in support of the Mustang bases consisted of over 29,000 pounds of arms and ammunition, as well as seven Khampa leaders who had successfully completed training at Camp Hale.<sup>151</sup> Another large drop soon followed in early April. However, a series of American political maneuvers brought the drops and training to another halt until Tibet found a new friend in India.

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<sup>150</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 145.

<sup>151</sup> Knaus, *Orphans of the Cold War*, 246; Conboy and Morrison, *The CIA's Secret War in Tibet*, 159.

Nehru's strategy of appeasement with China demonstrated its futility in October 1962 when tens of thousands of PLA soldiers moved to secure a contested border area between PRC-occupied Tibet and India.<sup>152</sup> India suddenly needed an anti-Chinese force in its northern border area, and was more than happy to facilitate the re-invigoration of American support for the Tibetan guerillas.<sup>153</sup> Camp Hale reopened with 125 new trainees and airdrops resumed to the Mustang bases.<sup>154</sup> The CIA even arranged for eight Tibetans to attend Cornell and Georgetown universities.<sup>155</sup> This renewed interest maintained a high level of benefit for the Tibetans, and gave them hope to continue the fight.

Despite the rising benefits, the costs, both present and expected, began to rise at this time for the Tibetans. The majority of atrocities committed against the Tibetan population from 1954 to 1959 had been in the eastern parts of the country against the restive Kham, Golok, and Amdo tribes. By 1959, however, brutal repression had spread even to Lhasa, as the Chinese blamed what was left of the Tibetan government for its inability to control the Khampa rebellion. The most noted example of this is the practice of *thamzing*, essentially public confession and humiliation, often accompanied by torture and execution, that had been common in the east, but was first introduced in Lhasa at this time.<sup>156</sup> The Chinese also stepped up their systematic destruction of Tibetan Buddhism as well. Before 1959, over 6,000 monasteries stood in Tibet proper, after 1960, only 370 remained open.<sup>157</sup> Despite these measures, the Tibetans continued to see value in resistance, with the assistance of the United States and passive support from India.

## 2. Global Principal: The United States

Although Tibetan prospects were dimming, the United States saw this time as its greatest period of benefit from the operation. The greatest benefit the United States

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<sup>152</sup> Dunham, *Buddha's Warriors*, 358.

<sup>153</sup> Dunham, *Buddha's Warriors*, 363.

<sup>154</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 175; Dunham, *Buddha's Warriors*, 364.

<sup>155</sup> Dunham, *Buddha's Warriors*, 364.

<sup>156</sup> Dunham, *Buddha's Warriors*, 325.

<sup>157</sup> Dunham, *Buddha's Warriors*, 325.

received during this time came in the form of a strategic intelligence windfall. The CIA had become frustrated with the slow pace of tactical operations coming from Mustang, and the Tibetans were pressured to document the fruits of their labor.<sup>158</sup> Determined to prove his force's capabilities, the Mustang commander, Baba Gen Yeshe, planned an ambush along a road connecting PLA border positions in late October 1961.<sup>159</sup> Although the photographer documenting the ambush forgot to remove his lens cap, and only four Chinese were killed in the ambush, a larger prize was found in the front seat. The Tibetans captured a leather satchel containing over 1,600 pages of top-secret classified documents from the highest levels of the PLA.<sup>160</sup> The documents were flown immediately to Washington, D.C. for analysis. Remarking on the documents, Tibetan Task Force team leader, Roger McCarthy noted, "Especially impressive were the bullet holes through some of the documents as well as blood smeared on them."<sup>161</sup> The benefit was beyond their appearance.

The United States found immense value in these bloodstained documents. Offering an "unparalleled basis for evaluating recent conditions within the People's Liberation Army," the documents provided details and insight on many unseen aspects of the PLA. The United States learned details on the PRC's general military posture, revealing deception campaigns that had led the United States to an inflated estimate of PLA strength. The documents disclosed China's nuclear capabilities and intentions, as well as information on disintegrating relations and support from the Soviet Union.<sup>162</sup> The United States intelligence community also found great value in the revelations of "basic Chinese Communist attitudes" and the "propaganda and indoctrination" that was prepared for PLA field grade officers.<sup>163</sup> One of the greatest benefits, however, was that

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<sup>158</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 161.

<sup>159</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 161.

<sup>160</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 162; Dunham, *Buddha's Warriors*, 354–355; Roger Hilsman, "The Tibetan Documents: A Survey of Chinese Communist Military Policies and Resources as Seen Through Captured Army Materials, August 27, 1962," in *DDRS* (Farmington Hills, MI: Gale, 2011), Doc. Number CK3100495006.

<sup>161</sup> As quoted in Dunham, *Buddha's Warriors*, 355.

<sup>162</sup> Hilsman, "The Tibetan Documents," i–iv.

<sup>163</sup> Hilsman, "The Tibetan Documents," 1.

the PRC was unaware of the United States having the documents until late 1963, when the CIA required translation assistance from Stanford University.<sup>164</sup>

This trove of current, accurate, and untainted intelligence on the heavily shrouded PRC, was by far the greatest benefit that the United States received during the conduct of Operation ST CIRCUS, and clearly demonstrates how interests can be aligned between a principal and agent, even though end state goals may be different. The two actors' divergent recollections of the event demonstrate the wide variance in the value they placed on it. The CIA considered the intelligence coup so invaluable, that in 2009, the agency commissioned a painting memorializing the incident to be hung in its Intelligence Art Gallery.<sup>165</sup> However, subsequent interviews of Tibetan fighters, *who were actually involved in the capture of the documents*, reveal that many placed no value on the documents at all, and many didn't even recall the specific incident where the documents were captured.<sup>166</sup>

Beyond strategic gains, the United States also achieved some operational benefits through this phase of the operation. The Air Force had just unveiled its new theater lift aircraft, the Hercules C-130A, which was functional, but largely untested. Air Force pilots working with the CIA's covert Civil Air Transport, in support of Operation ST CIRCUS, were able to test and improve the design of the C-130. By experimenting with different internal configurations, the Air Force officers were able to double the payload from 12,000 pounds to almost 25,000 pounds, and then confirm that capability by flying the loads over the most formidable terrain in the world.<sup>167</sup> These practical strategic and operational benefits the United States gained continued to outweigh the minimal investment required in the operation.

The United States began to assume more risk as well, which caused a rise in probability of incurring future costs. By this time, the Polish pilots and deniable C-118

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<sup>164</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 162.

<sup>165</sup> McGranahan, *Arrested Histories*, 150–151.

<sup>166</sup> McGranahan, *Arrested Histories*, 151–152.

<sup>167</sup> Warren A. Trest, *Air Commando One: Heinie Aderholt And America's Secret Air Wars* (Washington, DC: Smithsonian Books, 2000), 93–95.

aircraft were abandoned in favor of the C-130A and American pilots from an Air Force special missions squadron that was forward staged in Okinawa.<sup>168</sup> When American U2 pilot Gary Powers had been captured in the Soviet Union in 1960, American flights into Tibet and all other communist air space were brought to a temporary halt, but they soon resumed after the Tibetans proved their utility by capturing the satchel of Chinese intelligence.<sup>169</sup>

Both the present and future expected costs went up as the United States assumed more risk in the operation. At the strategic level, President Kennedy had installed John Kenneth Galbraith, noted economist and Harvard professor, as the new ambassador to India in March 1961. Upon assuming his post, Galbraith was “especially disturbed” by Operation ST CIRCUS, and described it as a “particularly insane enterprise.”<sup>170</sup> He assessed that “most of the projects proposed would be useless for their own anti-communist purposes and were capable, when known, of doing [the United States] great damage as well.”<sup>171</sup> Of particular concern to him was a repeat of the Soviet U-2 incident and how it might hamper his diplomatic mission.<sup>172</sup> Ambassador Galbraith then undertook a concerted effort, involving personal correspondence with President Kennedy, to bring “all clandestine operations in India of all kinds to an end.”<sup>173</sup> While he was somewhat successful in his undertaking, President Kennedy still regarded the Tibetans as a viable means to continue needling the communist bloc after the CIA's disaster in the Cuban Bay of Pigs operation.<sup>174</sup> The Tibetan assistance would continue, but hampered, as the cost associated with being discovered was now assessed to be much higher.

Between the immense current strategic benefit and the assessed potential cost involved, the overall expected value to the United States still remained high. However,

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<sup>168</sup> Trest, *Air Commando One*, 91–92.

<sup>169</sup> Trest, *Air Commando One*, 97; Dunham, *Buddha's Warriors*, 351–352.

<sup>170</sup> Galbraith, *A Life in Our Times*, 395.

<sup>171</sup> Galbraith, *A Life in Our Times*, 396.

<sup>172</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 155.

<sup>173</sup> Galbraith, *A Life in Our Times*, 396–398.

<sup>174</sup> Knaus, *Orphans of the Cold War*, 246.

the future prospects were no longer as great as they were in the previous period. To maintain the present benefit, the Tibetans would have to continue to capture useful strategic intelligence for the United States, which was not an easy task to plan or execute.

### **3. Regional Agent: India**

Although the regional actor's overall expected value rose quickly, it also fell very quickly, but during this period there was still benefit to be gained from the Tibetan resistance. India's value of the Tibetans increased immensely in October 1962, as India and China's long-running border disagreement came to a boil. There had been diplomatic disagreements in the past, but China now blamed India for having “not only aided and abetted [the Tibetan] rebellion,” and also giving “refuge to the remnant rebels after the rebellion had been put down, and connived in their anti-Chinese political activities.”<sup>175</sup> In one month, the Chinese dealt a devastating military defeat to India and gained possession of both pieces of disputed area, India's Northeast Frontier Agency (NEFA), and the Aksai Chin region, although China “magnanimously” returned the NEFA to India.<sup>176</sup> During this incident, India reached out to the United States for military assistance.<sup>177</sup> In addition to significant airlifts of military aid, the United States, via Roger McCarthy, also recommended the use of Tibetan guerillas as a disruption force against the PLA across the border.<sup>178</sup> Although there was not time to use them in the border war, India recognized that its days of brotherhood with China were over, and soon set to organizing, training, and equipping Tibetan refugees as India's newest army unit, the Special Frontier Force (SFF).<sup>179</sup>

India's interest in benefiting from the Tibetan's willingness to fight the PLA increased the benefits to the United States and Tibet as well. Although the program was kept very quiet, the United States no longer had to entertain Ambassador Galbraith's

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<sup>175</sup> Chou En-lai, Chinese Premier, as quoted in Smith, Jr., *Tibetan Nation*, 519.

<sup>176</sup> Smith, Jr., *Tibetan Nation*, 520–521.

<sup>177</sup> Smith, Jr., *Tibetan Nation*, 521.

<sup>178</sup> Roger McCarthy, as referenced in Dunham, *Buddha's Warriors*, 360.

<sup>179</sup> Dunham, *Buddha's Warriors*, 359–360.



concerns over diplomatic fallout with India for supporting the Tibetans.<sup>180</sup> As many as 12,000 Tibetans were now able to join the Indian Army and receive a regular paycheck.<sup>181</sup> Separate from the SFF, the CIA continued training and supplying the *Chushi Gangdruk* in Mustang, and integrated them as a deep reconnaissance force inside Chinese-occupied Tibet.<sup>182</sup> The combined military and paramilitary force became a significant asset for India, which was employed several times over the ensuing decades, earning a significant reputation for valor.<sup>183</sup>

Through this period, India paid a significant price in its relationship with China for having provided passive support to the Tibetans. However, in the Special Frontier Force, it also gained a significant capability that would serve it well for several years in several conflicts. Overall, India maintained a positive expected value, but the future costs of strained relationships with China would only continue to grow.

#### **4. The Adversary: China**

During this period, the Chinese continued to increase pressure on the Tibetan people, focusing more on cultural domination than military domination. The Chinese faced a balancing act in the face of changing relations between the United States and Soviet Union.<sup>184</sup> India was dealt with directly during the border conflict in 1962 as a move to establish Chinese dominance in the region.

The Chinese practice of *thamzing* was one particularly effective approach to breaking down the Tibetan societies will to resist. The public confessions often had

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<sup>180</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 181; The Pentagon also attempted to get involved with an Army Special Forces training detachment for the SFF, but it was determined to be too large of a signature of American involvement, see Robert W. Komer, "Memorandum From Robert W. Komer of the National Security Council Staff to President Kennedy, 16 February 1963," in *Foreign Relations of the United States, 1961-1963*, vol. XIX (Washington, D.C.: U.S. Government Printing Office, 1996), 494.

<sup>181</sup> Knaus, *Orphans of the Cold War*, 272.

<sup>182</sup> Knaus, *Orphans of the Cold War*, 274–275.

<sup>183</sup> Dunham, *Buddha's Warriors*, 385–386; Conboy and Morrison, *The CIA's Secret War in Tibet*, 257–258.

<sup>184</sup> Baijia Zhang, "The Changing International Scene and Chinese Policy toward the United States, 1954–1970," in *Re-examining the Cold War: U.S.-China Diplomacy, 1954–1973* (Cambridge, MA: Harvard University Asia Center, 2002), 60.

children turning in their parents and neighbors turning against neighbors. The practice also often required the child or neighbor to carry out the torture and execution punishment as well.<sup>185</sup> There was also a distinct effort on the part of the Chinese to eradicate Tibetan autonomy. Tibetans were forced to exchange their currency at extremely unfavorable rates for the Chinese *yuan*.<sup>186</sup> It was also during this period that the PRC began encouraging ethnic Han Chinese to migrate to Tibet.<sup>187</sup> These actions against the Tibetan people drove tens of thousands into refugee camps in India and Nepal.<sup>188</sup> Although these refugees fled for their own safety, it does reflect the cost-benefit calculation that it had become too costly to live in their home country and that they did not see a positive expected value in continuing to resist. When faced with the massive refugee movements, the Chinese created an incentive program for returning refugees. The program gave incentives for weapons surrendered, as well as promised immunity from prosecution.<sup>189</sup> Although the program failed to bring refugees back in large numbers, it does represent a calculated effort on the part of the Chinese to manipulate the cost-benefit analysis of the Tibetans' expected value of resistance. The Chinese, by the end of this period in 1965, had essentially given Tibetans a choice: devalue your freedom and live as a subject of the PRC, or leave.

Against the United States, China vacillated between openness and isolation, but the growing conflict in Vietnam soon became a significant issue between the two powers.<sup>190</sup> Significant moves to counter the United States were made in aid distribution among underdeveloped countries in South America, Africa, and Asia, which improved China's international standing.<sup>191</sup> China demonstrated it was willing to counter the

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<sup>185</sup> Smith, Jr., *Tibetan Nation*, 402–404.

<sup>186</sup> Dunham, *Buddha's Warriors*, 170.

<sup>187</sup> Dunham, *Buddha's Warriors*, 325.

<sup>188</sup> Smith, Jr., *Tibetan Nation*, 529, 538.

<sup>189</sup> Smith, Jr., *Tibetan Nation*, 538.

<sup>190</sup> Baijia Zhang and Qingguo Jia, "Steering Wheel, Shock Absorber, and Diplomatic Probe in Confrontation: Sino-American Ambassadorial Talks Seen from the Chinese Perspective," in *Re-examining the Cold War: U.S.-China Diplomacy, 1954–1973* (Cambridge, MA: Harvard University Asia Center, 2002), 192.

<sup>191</sup> Zhang, "The Changing International Scene," 62.

United States, but avoided direct confrontation, by massively increasing military aid to Vietnam.<sup>192</sup> Overall, China did little to directly challenge the United States, or manipulate United States assistance to the Tibetans during this period.

Against the regional actor, India, China clearly displayed an aggressive and dominant stance. In response to patrols from the Indian Army along the disputed border region, China moved in full military force, destroying several Indian border outposts and prompting a month-long war, which it dominated.<sup>193</sup> This solidified China's military dominance in the region. In regional diplomatic maneuvers leading up to the war, China also sought to discredit India as overly tied to its colonial heritage, and a slave of the West. Even though China quietly agreed to acknowledge colonial borders with Nepal and Bhutan, it derided India's claim to the British "McMahon Line" as overly reliant on the colonial status quo.<sup>194</sup> This was a clear attempt to manipulate relative standing among Asian countries, and although China was largely viewed as the aggressor in the conflict, it gained some benefit as well.<sup>195</sup>

China entered 1965 in a much stronger position relative to its opponents. By expanding costs to the Tibetan people and displaying military and diplomatic dominance over India, China improved its situation, but the United States was still in the game as a sponsor and the resistance would still continue.

### **C. THE LATER YEARS: BREAKUP TO ENDGAME, 1965–1974**

By 1965, the relationship among the coalition's actors rapidly began to fall apart. India and China had settled their border dispute, and India was clearly not interested in pursuing Tibet's independence. The United States became more and more distracted by events in Vietnam. Many Tibetans eventually concluded that the benefit of their security

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<sup>192</sup> Zhang, "The Changing International Scene," 63.

<sup>193</sup> Smith, Jr., *Tibetan Nation*, 521.

<sup>194</sup> Steven A. Hoffmann, "Rethinking the Linkage between Tibet and the China-India Border Conflict: A Realist Approach," *Journal of Cold War Studies* 8, no. 3 (2006): 183–184; Smith, Jr., *Tibetan Nation*, 491, 520.

<sup>195</sup> Smith, Jr., *Tibetan Nation*, 521.

and safety in exile outweighed the utility of pursuing their freedom at home. Meanwhile, the Chinese began stepping up the costs of the resistance significantly for the Tibetans, and changed the value of the Tibetan resistance for the Americans.

### 1. Local Agent: Tibet

By this time, the Tibetans had little benefit left to gain by continuing the armed resistance. Recognizing that a guerilla campaign was best carried out with popular support, the CIA was resistant to providing equipment to the Mustang bases of the *Chushi Gangdruk* in Nepal.<sup>196</sup> The final rounds of training at Camp Hale had even focused more on clandestine intelligence gathering than the guerilla warfare tactics the students had learned in the past.<sup>197</sup> Funding continued for the Mustang rebels, but it was placed on a drawdown schedule, reducing the Tibetans' current and future expected benefits. The costs incurred rose sharply during this time as well, in the form of Mao's Cultural Revolution. Although the final conclusion was long in coming, the *Chushi Gangdruk* gave up its armed resistance to live in exile after the United States finally abandoned its support and the Dalai Lama appealed to the fighters for surrender.

For the Tibetans, this phase began with two very inauspicious events. The original commander of the *Chushi Gangdruk*, Gompo Tashi, finally succumbed to wounds sustained in 1958, and passed away on September 27, 1964.<sup>198</sup> Shortly after this, training at Camp Hale was shut down and the Mustang rebels received their last airdrop from the CIA in May 1965.<sup>199</sup> This drop was relatively large, including “250 rifles, 1,000 grenades, 6 mortars, 36 Bren guns, 42 Sten guns, 6 57mm recoilless rifles, 75 handguns, and 72,000 rounds of ammunition” for the 1,865 remaining fighters.<sup>200</sup> However, the contents did not meet the expectations of the commander of the Mustang force, Baba Gen Yeshe, and he began stalling in response to radio requests for action

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<sup>196</sup> Knaus, *Orphans of the Cold War*, 274.

<sup>197</sup> Knaus, *Orphans of the Cold War*, 274–275.

<sup>198</sup> Knaus, *Orphans of the Cold War*, 279; Dunham, *Buddha's Warriors*, 367.

<sup>199</sup> Dunham, *Buddha's Warriors*, 374.

<sup>200</sup> Lhamo Tsering, one of the key resistance leaders, as referenced in Knaus, *Orphans of the Cold War*, 279.

from his CIA sponsors.<sup>201</sup> This would not be the only issue the CIA would have with Baba Gen Yeshe, a direct example of agency theory's moral hazard soon appeared in the Mustang camps.

Up until this point, the CIA had correctly assumed that all funds and equipment would be dispersed fairly to the fighters. However, this changed as reports in 1966 accused Baba Gen Yeshe of “gross mismanagement of the payroll, of selling ammunition and other supplies to his own troops instead of giving it to them, [and] of taking advantage of refugees as they came across the border.”<sup>202</sup> The Tibetan government in exile and the CIA were equally surprised and appalled by Gen Yeshe's betrayal and appointed Wangdu Gyatotsang, the fiercely patriotic nephew of the deceased commander Gompo Tashi, as Gen Yeshe's deputy to assist in overseeing the accounts in Mustang.<sup>203</sup> Wangdu had been one of the first six CIA trainees on Saipan, and he soon overtook day-to-day operations and would eventually lead the *Chushi Gangdruk* to their last stand.

Despite the difficulties in its implementation, some funding benefit did remain for the Tibetans from the United States. In 1964, the CIA had approved \$1,735,000 to “keep the political concept of an autonomous Tibet alive within Tibet and among foreign nations, principally India, and to build a capability for resistance against possible political developments inside Communist China.”<sup>204</sup> The money included \$500,000 for the fighters in Nepal, as well \$225,000 for equipment and training, and concluded with a recommendation for long-term continuation of the program.<sup>205</sup> The continuation, however, was not long-term. By 1967, the portion of the funding (\$180,000 annually) that supported the Dalai Lama came to an end and the rest would soon follow.<sup>206</sup> In 1971, as the United States was fully involved in *rapprochement* with China, the CIA established a three-year drawdown plan, where the Mustang fighters would continue to

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<sup>201</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 218.

<sup>202</sup> Roger McCarthy, as quoted in Dunham, *Buddha's Warriors*, 376.

<sup>203</sup> Dunham, *Buddha's Warriors*, 376.

<sup>204</sup> “Memorandum for the Special Group, 9 January 1964,” in *Foreign Relations of the United States, 1964–1968*, vol. XXX (Washington, D.C.: U.S. Government Printing Office, 1998), 732.

<sup>205</sup> “Memorandum for the Special Group, 9 January 1964.”

<sup>206</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 230.

be paid while a rehabilitation program was developed, which provided support for textile factories that could employ the fighters and their families as they demobilized in Nepal and India.<sup>207</sup> The final termination of all official and covert funding from the United States to Tibet came in 1974.<sup>208</sup> The resistance would not last much longer.

The cost of resistance, or even identification as a Tibetan rose dramatically in 1966, with Mao's implementation of the Great Proletarian Cultural Revolution.<sup>209</sup> The Cultural Revolution was an attempt by Mao to achieve a renaissance of the CCP by destroying the "Four Olds" (old ideas, old culture, old customs, and old habits), and replacing them with the "Four News."<sup>210</sup> For the Tibetans, this meant that all cultural identity was to be forsaken, to include the Tibetan language and Buddhist religion, which were declared impediments to the full implementation of socialism.<sup>211</sup> The Red Guards, a new organization of zealous Han Chinese and Tibetan students, set to implementing the Cultural Revolution in Tibet by destroying every possible remnant of Tibetan Buddhism.<sup>212</sup> Of the 370 monasteries that had survived in Tibet to 1965, only fifteen would remain by the end of the Cultural Revolution; of the estimated 114,000 monks, only 18,100 survived.<sup>213</sup> These costs served to reinforce in the Tibetan mind that resistance to the CCP was of no benefit.

These costs led a recalibration in the Tibetans' utility of freedom. It was no longer worth fighting for. While the resistance movement had always had difficulty operating as a true guerilla movement among the Chinese-controlled population, many Tibetans, after the harsh measures emplaced during the Cultural Revolution, now turned on the fighters.<sup>214</sup> For fear of Chinese retribution, the population began to turn in the clandestine reconnaissance teams, even when the teams were not engaged in actual

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<sup>207</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 240; Dunham, *Buddha's Warriors*, 383.

<sup>208</sup> Knaus, *Orphans of the Cold War*, 310.

<sup>209</sup> Smith, Jr., *Tibetan Nation*, 541.

<sup>210</sup> Shakya, *The Dragon in the Land of Snows*, 317; Smith, Jr., *Tibetan Nation*, 541.

<sup>211</sup> Smith, Jr., *Tibetan Nation*, 545.

<sup>212</sup> Smith, Jr., *Tibetan Nation*, 544.

<sup>213</sup> Dunham, *Buddha's Warriors*, 372; Smith, Jr., *Tibetan Nation*, 544.

<sup>214</sup> Knaus, *Orphans of the Cold War*, 282.

fighting.<sup>215</sup> This hostile environment is a clear indicator that many Tibetans remaining in Tibet proper no longer saw positive value in active resistance against the Chinese.<sup>216</sup> The ultimate withdrawal of support came in 1974 as the Dalai Lama sent a personally recorded message to the fighters in Mustang asking them to surrender their arms and relocate to Dharamsala to join their countrymen in exile. The 1,500 remaining fighters largely complied, although several chose suicide when faced with the choices of surrender or going against the wishes of the Dalai Lama.<sup>217</sup> The final holdout was Wangdu, who on hearing the plea, fled with thirty armed men. The Nepali army intercepted his group, however, and killed half of them, including Wangdu, before these last fighters could reach the Indian border.<sup>218</sup> This was the final end of any armed resistance from the Tibetans against the Chinese.

## **2. Global Principal: The United States**

The benefit the Tibetans brought to the United States at this time became one of relatively little value as military operations in Vietnam began to consume the interest of the national command.<sup>219</sup> As the war in Vietnam wore on, the United States began to view China in a different light, and no longer valued disrupting China as much as it did placating China. This would lead to the ultimate end of the Tibetan insurgency.

Despite the corruption and inactivity of the Mustang commander, Baba Gen Yeshi, the United States still gained some benefit from the rebel force in the early years of this phase. A Department of State memorandum from the Director of Intelligence Research outlined significant movements of Chinese troops along the Indo-Chinese border in response to the flare-up between India and Pakistan over Kashmir. Although the source of the intelligence remains redacted in the document, the unclassified context

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<sup>215</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 220.

<sup>216</sup> Knaus, *Orphans of the Cold War*, 281.

<sup>217</sup> Dunham, *Buddha's Warriors*, 389.

<sup>218</sup> Dunham, *Buddha's Warriors*, 390–393.

<sup>219</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 208.

clearly indicates that it came from the Mustang reconnaissance teams.<sup>220</sup> However, direct attacks on the PLA were now extremely rare. The last recorded ambush came at the behest of Scottish missionary George Patterson, who had arrived in Mustang with a camera crew to document Tibetan resistance to the Chinese for his independent propaganda purposes. While the ambush did successfully destroy a PLA patrol, including four trucks demolished and eight Chinese soldiers killed, it incensed the CIA that the Tibetans displayed such little thought to their operational security to allow themselves to be filmed for an outsider.<sup>221</sup> The degradation of trust here, exacerbated by the lack of oversight the CIA was able to achieve on Mustang, led to a significant devaluation of the overall operation on the part of the United States.<sup>222</sup> The CIA Tibet Task Force team leader at the time concluded that by 1967, “it had become evident that the risks were not worth the scattered and peripheral intelligence to which these teams had access or their limited ability to organize resistance.”<sup>223</sup>

By the late 1960s, the United States' approach to China changed as well. The move was from isolation to hesitant embrace, in recognition of the “present and potential danger from Communist China.”<sup>224</sup> The year before he was elected president, Richard Nixon wrote in *Foreign Affairs* that, “taking the long view, we simply cannot afford to leave China forever outside the family of nations, there to nurture its fantasies, cherish its hates and threaten its neighbors.”<sup>225</sup> In practical terms, this meant that after he was elected, Nixon's assistant for national security affairs, Henry Kissinger, would travel to China for direct talks with the PRC, which indirectly would “generate pressures on Hanoi which would move the North Vietnamese toward a reasonable settlement of the

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<sup>220</sup> Thomas L. Hughes, “Summary of Chinese Communist Activities Related to India-Pakistan, 16 September 1965,” in *DDRS* (Farmington Hills, MI: Gale, 2011), Doc. Number CK3100124495.

<sup>221</sup> Knaus, *Orphans of the Cold War*, 277–278.

<sup>222</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 214.

<sup>223</sup> Knaus, *Orphans of the Cold War*, 281.

<sup>224</sup> Richard M Nixon, “Asia After Viet Nam,” *Foreign Affairs* 46, no. 1 (October 1967): 121.

<sup>225</sup> Nixon, “Asia After Viet Nam,” 121.



Indochina conflicts.”<sup>226</sup> This laid the groundwork for Nixon's “dramatic visit to Beijing” in 1972 and the eventual normalization of diplomatic relations.<sup>227</sup>

There is argument over whether Tibet was ever an issue to be solved in achieving *rapprochement* with China, and Kissinger denies that it ever was.<sup>228</sup> However, Kissinger is suspected to have ultimately withdrawn the final support for Tibet,<sup>229</sup> and regardless of whether Tibet was an explicit part of the discussion in normalizing relations with China, the United States no longer saw benefit in “doing anything [it] could to get in the way of the Chinese Communists.”<sup>230</sup> Due to Secretary Kissinger's recalculation of the benefit of engaging with the Chinese, the Tibetans were no longer seen as beneficial to the United States and support was removed, causing their movement to collapse.

### **3. Regional Agent: India**

This period would also see a drop in the value the Indians placed on armed conflict with China, causing significant decay in its relationship with the United States and support for the Tibetan cause. The lack of central Chinese control over the Red Guards of the Cultural Revolution was a serious concern to India, as well as the successful test of a medium-range nuclear missile in October 1966.<sup>231</sup> As a counter to growing Chinese influence in the region, India began to align itself with the Soviet Union.<sup>232</sup> This move may have been internally popular, but it sunk Indo-American relations and increased the difficulty for the CIA to conduct operations with both the Mustang guerillas, and in assistance of the Tibetan government in exile.<sup>233</sup> During this time, present costs did not rise greatly for the Indians, but potential future costs did with the advent of the Chinese nuclear weapon. Although the probability of its use was very

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<sup>226</sup> Henry Kissinger, as quoted in Burr and Kissinger, *The Kissinger Transcripts*, 12.

<sup>227</sup> Burr and Kissinger, *The Kissinger Transcripts*, 15.

<sup>228</sup> Dunham, *Buddha's Warriors*, 383; Knaus, *Orphans of the Cold War*, 308.

<sup>229</sup> Knaus, *Orphans of the Cold War*, 310, 374.

<sup>230</sup> Secretary of State, Dean Rusk, as quoted in Knaus, *Orphans of the Cold War*, 309.

<sup>231</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 228.

<sup>232</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 236.

<sup>233</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 229.

low, until India could acquire a symmetric capability, it was at a disadvantage. The benefits, both present and future expected, fell for the Indians. With the overall costs rising, even modestly, but the benefits falling, India no longer had much interest in promoting or maintaining the Tibetan insurgents.

#### **4. The Adversary: China**

During this period, the PRC expanded its diplomatic relationship with the United States and secured one of its ultimate strategic goals of moving out of isolation on the world stage.<sup>234</sup> After reading Nixon's article in *Foreign Affairs*, Mao distributed it as required reading among the CCP leadership, and shortly after Nixon's election, invited the United States to ambassador-level meetings in early 1969.<sup>235</sup> Normalization of the relationship would take some time, but for the Chinese, it would mean an end to external support for the Tibetan insurgency. Although the Chinese had dealt significant blows to the Tibetans at the tactical level, and removed significant popular support at the operational level, the Tibetan insurgency was not fully terminated until the insurgents lost their global sponsor. By inducing the principal to remove support for his agent, the Chinese were rid of the problems the agent was causing for them.

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<sup>234</sup> Smith, Jr., *Tibetan Nation*, 554.

<sup>235</sup> Zhang, "The Changing International Scene," 68.

## IV. CONCLUSION

The principal-agent theory for unconventional warfare states that if each party in an unconventional warfare coalition (made up of a global principal, regional agent, and local agent) has a positive expected value in the conduct of the campaign, then the campaign is likely to continue. At the point where one or more of the actors no longer sees a positive expected value, the coalition will disintegrate, bringing the campaign to an end. The expected value for each actor consists of a present cost and benefit, a future cost and benefit, and the probability that the future cost and benefit will be incurred. The significance here is the recognition that the interests are not the same; however, the interests become aligned when the parties recognize an overall positive expected value in pursuing the unconventional warfare campaign.

This model is clearly demonstrated in the case of Operation ST CIRCUS. Even though the United States did not share the Tibetans' ultimate goal of territorial independence, their interests in pursuing an insurgency were aligned with the United States as a sponsor, and the Tibetans as the combatants, because both saw something to gain from the operation. The Dalai Lama summed it up well: "The CIA was pursuing a global policy against Communist China, while we were opposing Communist aggression in our country; our basic aims did not clash, so we accepted it [assistance from the CIA]."<sup>236</sup> As the Chinese manipulated the cost-benefit analysis of each player involved, the coalition gradually crumbled. Even though the PLA was militarily dominant over the Tibetan guerrillas, it was not until the United States' interests changed as a global sponsor and withdrew support that the armed Tibetan movement came to a close.

The principal-agent model for unconventional warfare is a useful framework for analyzing the alignment of interests among the various actors in a coalition that foments an insurgency against their adversary. However, it does not answer all questions or explain all actions in a case study. Problems in the application of agency theory to unconventional warfare stem, ironically, from one of the main ingredients in agency

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<sup>236</sup> His Holiness the Dalai Lama, as quoted in Knaus, *Orphans of the Cold War*, 313.

theory. Due to the covert and clandestine nature of UW and its related activities, information is not always available to determine actions that each party conducts while a campaign is ongoing. Furthermore, information on the motives and interests of each actor are equally unclear. In the absence of clear empirical evidence for analysis, one must rely much more on assumption and inference, which will weaken the final conclusions. However, if care is applied in attempting to determine present costs and benefits, future costs and benefits, and the probability of achieving those future costs and benefits for each actor, this framework will be extremely useful in understanding why the actors behave the way they do.

The context of the insurgency matters as well. Agency theory, to be applicable, requires a coalition scenario, where the insurgent movement has a sponsor. However, insurgencies don't always require a sponsor to start or continue. While this may be the case, studies show that insurgencies with no foreign sponsorship or aid are significantly less likely to succeed.<sup>237</sup> In the case of Operation ST CIRCUS, the final stand of the fighters that refused to surrender is an example of this.<sup>238</sup> Once international opinion turns against the insurgency, it becomes increasingly difficult to operate. Due to the great value of a global sponsor to the local insurgents, it becomes worthwhile to apply agency theory principals in an analytical framework in the study of an unconventional warfare case.

Finally, the model does not necessarily examine all relationships comprehensively. In the vast amounts of literature describing the Sino-American relationship between 1956 and 1974, Tibet is rarely mentioned, and much of the literature focuses almost exclusively on the status of Taiwan and the various stances the United States, the Soviet Union, and China took towards each other.<sup>239</sup> The final Tibet Task Force team leader, John Kenneth Knaus describes the Tibetans as the “orphans of the

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<sup>237</sup> Jeffrey Record, “External Assistance Enabler of Insurgent Success,” *Parameters* 36, no. 3 (October 2006): 36–49.

<sup>238</sup> Conboy and Morrison, *The CIA's Secret War in Tibet*, 238.

<sup>239</sup> Ross et al., *Re-examining the Cold War*; Kissinger, *White House Years*; Fairbank, *The United States and China*.

Cold War.”<sup>240</sup> Although Tibet was a marginally significant aspect of Sino-American relations, the resources expended on both sides suggest that it did have some value. Despite these limitations to the model, proper analysis of the cost-benefit factors involved in aligning variant interests will provide great insight into an unconventional warfare campaign.

Agency theory clearly applies in an unconventional warfare campaign. It is easily applied to the case of Tibet in Operation ST CIRCUS. Aid that the United States provided, through Pakistan, to Afghan insurgents fighting their Soviet-backed government is another campaign that could further validate the principal-agent model for UW. Other potential cases could include Chinese support for the Viet Cong, French support for the American Revolution, and American support for the Northern Alliance against the Taliban. By expanding the application of the model to many different cases, its validity will be further confirmed, or caveats to its effectiveness may be developed.

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<sup>240</sup> Knaus, *Orphans of the Cold War*.

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