POLITICAL AND MILITARY SITUATION IN CHINA

I. ANTI-AMERICAN DEMONSTRATIONS; COMMUNIST REJECTION OF GOVERNMENT PROPOSALS FOR RESUMPTION OF NEGOTIATIONS; COMMUNIST MILITARY OFFENSIVES IN MANCHURIA (JANUARY-FEBRUARY)

811.22/12-2946: Telegram

The Consul General at Peking (Myers) to the Secretary of State

PEIPING, December 29, 1946.

[Received December 29—11:15 a.m.]

330. On December 26 five local vernacular papers gave prominence to alleged rape on Christmas eve of Chinese girl student by two American marines on open parade ground adjacent to diplomatic quarter. Story as carried stated two marines grabbed girl as she was walking home unaccompanied from late movie showing, dragged her to parade ground and violated her several times before her screams were overheard by passers-by who summoned police. Sino-American police liaison office reportedly sent staff to investigate and joint medical examination of girl was conducted. One marine reportedly escaped.

Following day additional stories of incident carried by 8 Chinese newspapers, one paper devoting editorial space to castigating activities of American armed forces in China. Pei Fang Jih Pao stated students of Peita University 2 enraged over outrageous conduct of marines and had filed following 4 demands with American authorities: (1) American authorities should be responsible for “near-animal” conduct of marines; (2) guilty parties should be punished and guarantee given against recurrence similar incidents; (3) formal apology and cash compensation should be made to victim; and (4) American forces should be immediately withdrawn to prevent similar happenings in future.

Peiping Chronicle December 29 stated municipal government had sent memorandum of protest to US Marine Headquarters containing demands (1) through (3) above and requesting permission to send observers to court martial of two accused marines. Bureau of Police statement paralleled stories carried in Chinese papers but urged

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1 For previous correspondence, see the Marshall Mission, Foreign Relations, 1946, vols. IX and X.
2 Peking National University.
public to be patient until full facts, now under investigation, made public.

Official marine statement, also published today, stated marine authorities continuing investigation in close cooperation with Peiping police and that all efforts being exerted to bring together sufficient information necessary for immediate action. Statement added that two marines allegedly involved being held, but pointed out time required to complete collection of sufficient evidence to insure justice. Additional details follow. Repeated Nanking as 267.

MYERS

811.22/12-3046: Telegram

The Consul General at Peiping (Myers) to the Secretary of State

Peiping, December 30, 1946—4 p.m.
[Received December 30—12:55 p.m.]

331. Although joint investigation of alleged rape of Chinese girl student (reference Consulate's telegram No. 330, December 29) not yet concluded and no statement has been released by marines other than that reported in reference telegram, Chinese papers have already tried case ([with] verdict of guilty) and public feeling, particularly among students, is running high. Results of medical examination conducted by Chinese and American doctors, however, inconclusive with no positive evidence of rape.

In a letter of protest to Commanding Officer of Marine Headquarters, Mayor stated that incident constituted joint plotting by two marines “to commit criminal act of rape on adolescent virgin girl.” Article 240 of Chinese criminal code, however, defines statutory rape as carnal knowledge of female under 17 years, while girl involved in present case is 19. Moreover, it should be pointed out that it is not common for Chinese girl of good breeding to go to late evening moving pictures unaccompanied by friends or family.

Mayor Ho called on me yesterday afternoon to express regret over growing public reaction to press account of incident and I accompanied him to call on General Gillem 3 and Colonel Frisbie, Commanding Officer [U. S.] Marines. Executive Headquarters has issued instructions ordering civilian personnel to bring lunches and remain in office until 5:30 p.m. and has restricted dependents of Executive Headquarters personnel to compounds or quarters for day. All marine liberties have been cancelled. Two marines who were sent to

3Lt. Gen. Alvan C. Gillem, Jr., was American Commissioner of Executive Headquarters at Peiping. The latter was set up during General of the Army George C. Marshall's efforts in 1946 to mediate the Chinese civil war; see Foreign Relations, 1946, vols. ix and x.
Peita University this morning for further investigation into case were met by students at gate who stated they would not be responsible for consequences if marines entered compound. Marines showed good discrimination by returning.

Last night [student meeting at] Peita to decide whether to hold protest demonstration reportedly attended by about 700 students. Meeting broke up in fist fight brawl and no definite plans made to hold demonstration. According to reliable Chinese observer (professor at Peita), students violently divided over issue. Approximately 40% adopted passive disinterested attitude, while 60% split almost evenly between those desiring active demonstrations and those opposed to such action. Latter conservative group apparently as rabid in viewpoint as those advocating action, and disagreement between these two factions reportedly responsible for converting meeting into brawl.

This morning reports received that approximately 2,000 students from Tsing Hua and Yenching gathering at latter university in preparation for march to Peiping; also smaller group at Peita waiting to join Tsing Hua-Yenching students but planning no individual action. Mayor Ho sent representative to Yenching in attempt to dissuade students from carrying out demonstration, with apparently no results. Reports now received that total group numbers about 6500, all but 800 to 865 of whom are students, and has been marching through city in orderly demonstration. English slogans carried on banners and being shouted are: “Drive all American armed forces out of China” and “Let’s establish a real democratic China”. Slogans in Chinese merely request people to protest actions American troops. Some students believed to be carrying firearms, but no disturbances yet reported. Demonstrators apparently exhausted from long march and believe chief concern at present is long return trip to universities.

Repeated to Nanking as No. 268.

MYERS

811.23/12-3046: Telegram

The Consul General at Peiping (Myers) to the Secretary of State

PEIPING, December 30, 1946—6 p.m. [Received December 30—1:20 p.m.]

332. It is obvious that present demonstration and heightened public feeling not caused solely by recent alleged rape incident which merely touched off latent smouldering anti-American feeling prevalent particularly among students. (This is continuation of my 331, December 30.) Mayor Ho expressed opinion demonstration largely inspired by Communists who were seizing opportunity to inflame public
opinion. Other sources stated participants mostly Democratic League members or sympathizers.

While student parade was on whole orderly, language and attitude became violent while passing Executive Headquarters. Fists were shaken, Americans referred to as dogs, beasts, et cetera, and filthy unprintable slogans shouted and written with chalk on buildings, sidewalks—all urging Americans evacuate China. It was strange that vituperation aimed at Army and Executive Headquarters and that parade did not pass through diplomatic quarter where Marine Headquarters and barracks located.

Consulate strongly believes affairs should not be minimized as purely student expression but should be regarded seriously as manifestation of discontent on part of a local and informed portion of public opinion both with American policy and with National Government.

Sent Department 332, repeat Nanking 269.

MYERS

893.00/1-247 : Telegram

_The Ambassador in China (Stuart) to the Secretary of State_

NANKING, January 2, 1947—8 p. m.

[Received January 2—7 p. m.]

14. Nanking University students staged demonstration parade this afternoon including a march to Embassy where letter in Chinese to me was presented to Minister-Counselor in my absence at 5:30 p. m.

Students began assembling about 2 o’clock in accordance with announced plans for demonstration and protest over alleged rape of Chinese student by two marines in Peiping. Parade numbered only 200 when it started out but included close to 1,500 when marchers called at National Govt. building to demand withdrawal of all United States forces from China.

Students then numbering 1,000 to 1,500 paraded to Embassy. Parade was orderly with students marching, singing and shouting slogans demanding all American forces withdraw from China and protesting rape of student. Marchers shook fists and shouted “get out” at few American servicemen they met on streets but no violence of any kind reported.

Arriving at Embassy marchers stood in street outside Embassy singing and shouting their slogans while student committee of five called on Ambassador. Butterworth explained Ambassador had

^W. Walton Butterworth.
awaited their coming all afternoon but had finally departed to attend most important conference. He accepted letter and then leader made oral statement demanding immediate withdrawal all American forces from China, complete investigation by Chinese civil authorities of all charges and incidents such as Peiping rape case and cessation of American aid to Govt such as munitions and other war matériel.

Butterworth then read following statement previously prepared with General Marshall:

"A full investigation of the incident at Peiping is being made by the Marine authorities there. If the investigation indicates guilt, a court martial trial will be held as quickly as possible in accordance with normal American military practice. We are proceeding with this case just as fast as the demands of justice and a fair democratic trial will permit. We have had no further reports from Peiping and we are awaiting the full report of the investigation."

The student leader then read the answer to the assembled students from the Embassy wall and they decided to postpone their call on General Marshall and the Chinese Foreign Office until the 3rd. Further parade is expected then but no disorders need be anticipated.

Letter to Ambassador contained following three demands:

1. Punish marine culprits.
2. Indemnity for damage to girl’s reputation and for her spiritual loss.
3. Withdrawal of all American military forces from China."

Student leader demanded public reply by Ambassador.

STUART

885.00/1-447: Telegram

The Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, January 4, 1947—2 p.m.

20. Dept concerned over widespread student demonstrations resulting from recent incident Peiping, particularly over their general anti-American character and indications they may be in some measure inspired by Chinese leftist groups. We appreciate your reporting and are gratified by manner in which you are handling. We suggest for your consideration an informal approach to Chinese Govt pointing out seriousness of situation and requesting Chinese Govt take all practical steps bring matters under control. Such steps might include specific statement by the Govt and also effective measures for protec-

*Gen. George C. Marshall was Special Representative of President Truman in China.

†In addition to reports here printed, reports of student demonstrations were received not only from Peiping and Nanking but from a number of other cities.
tion Americans. You might also wish to consider utilizing USIS personnel and possibly American correspondents to bring about better dissemination of factual reports both here and in China.

BYRNES

711.00/1–647

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 6, 1947.
[Received January 29.]

Sir: I have the honor to refer to the Secretary’s secret letter of June 6, 1946 to the Chargé d’Affaires, a.i., which transmitted the policy and information statement of May 15, 1946 on the Soviet Union. I believe that it might be useful to set forth a few suggestions on the role and policy of the Soviet Union in China at this particular time when the development of events in China is making it necessary to re-assess the American position.

One of the remarkable features of Soviet policy in China, in distinction to its activities elsewhere in the world, has been its relatively quiescent character. It should not be deduced, however, that this stems from a lack of interest. On the contrary, the population and resources of Asia and the situation of Russia are such that it goes without saying that the Far East is an area of primary importance to the Soviet Union. That Russia has been as inactive as it has must be charged to three factors: 1—preoccupation with more urgent matters elsewhere; 2—the appraisal of the situation in terms which lead to the conclusion that time and events will for a while work for the Soviet Union without its active intervention; and 3—presence of a very large indigenous Communist group which can be counted on to follow a course which at worst will not be inimical to Soviet interests and at best would be completely subservient.

One of the most debated questions has been the extent of Soviet influence and control over the Chinese Communists. The indications suggest that actual control exerted may have been slight; but that the influence at work has most assuredly been great. Apologists for the Chinese Communists periodically attempt to prove that they are not Communists, but, rather, native agrarian reformists. The Communists themselves are the first to disavow any such notion and to assert that they are Marxists. There is no reason to doubt that they are. As such it is inevitable that they should think in the same terms as Marxists elsewhere, that they should draw their main inspiration from

7 United States Information Service.
8 Neither printed.
Russian sources and that on most questions they should react in accordance with a Marxist line. When General Chou En-lai, \(^9\) in pleading his case in Nanking, states that since American policy must be interpreted as favoring the Central Government, thereby damaging Communist interests, the United States is forcing the Communists into Russian arms and alienating their very considerable sympathy for the United States, he may be stating the truth or he may be engaging in a fancy usage of words, or both. But in any case the Chinese Communists would be inclined to friendliness toward the United States only so long as it would prove useful to them, and not conflict with their sense of ideological kinship with Communist groups elsewhere in the world. The extent of physical assistance given them by Russia is problematic. There has never been any reliable evidence of direct Soviet assistance to the Communists, nor for that matter has the Communist position since the termination of the war against Japan been such that the party has been faced with that threat of immediate extinction which would presumably force the Russians to reconsider their position. It should not, however, be overlooked that the Chinese Communists in Manchuria did come into possession of very considerable Japanese military stores when the Soviets evacuated the area—a fact which can hardly be considered as pure coincidence and which fits customary Soviet predilection for indirect activity wherever possible. Furthermore, the manner and timing of the Soviet withdrawal resulted in remarkable territorial gains for the Chinese Communists.

In line with its usual policy, Soviet policy in China is no doubt directed to the eventual establishment of a government friendly to it, reliable from a Soviet standpoint, and preferring Soviet advice to that of any other country. It would seem that the immediate means for accomplishing this is the encouragement of confusion and chaos—to precipitate a collapse which can be fully exploited. The most logical instrument for the accomplishment of this objective is the Chinese Communist party. The Soviets might, at one time, have been expected to give a larger amount of material support to the Communists than has been the case, or to have supported a coalition government which would give the Communists a legal locus standi to operate freely throughout the country. The attempt at coalition has failed—if, indeed, it was ever really intended by the Communists to succeed. Military support sufficient to ensure victory has been withheld presumably for the same reasons which at this time counsel inactivity and make it undesirable to risk conflict with the United States.

There is no evidence to suggest that the Chinese Communists, and

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\(^9\) Head of the Chinese Communist Party delegation during the negotiations of 1946 with General Marshall and the Chinese Government.
by implication, the Soviet Union, now favor any internal Chinese agreement except on their own terms which are now such that no reasonable person could expect a sovereign state to consider them. The Communists have indicated that they conceive of the Kuomintang as a dying body—that its collapse is only a matter of time and that in the resulting confusion an opportunity will come for them to seize power. To become a collaborator with such a government could at best, they estimate, only prolong its existence for a short period and would inevitably tarnish all associated with it. The long-range Communist interest is, therefore, best served by delay, obstruction and the encouragement of political and economic chaos. Since hunger and confusion are the breeders of Communism, time works for them. The above is a Marxist analysis in the grand tradition. Communist words and actions now suggest their belief that this time may not be far off. What they have most to fear is a genuine reform of the Kuomintang Government which would give the Chinese people enough to eat, relief from exorbitant taxation, and bearable administration—these being the objectives of a peasantry which is basically apolitical, whose experience suggests that no government is good, and which takes on uncritically the ideology of any group that will feed them and limit its oppression to what is endurable. Believing in the rightness of their own rigid dogma, the Chinese Communists, therefore, can hardly be expected to deviate from their policy of waiting for events which would enable them to step in and exploit a given situation, meanwhile developing and disciplining an effective and ruthless leadership. Supporting this thesis is the knowledge that whatever efforts the Government may put into a campaign of military extermination of the Communists, it cannot succeed without effective political persuasion. The National Government may seize the main centers and the lines of communication, but it will always be under harassment from guerilla units in the countryside which by their incessant needling and raids can paralyze large areas.

This struggle will undoubtedly subject the Chinese Communist party to very severe strains but it seems unlikely, despite wishful thinking within the National Government, that it will produce any serious split in the party. Government sources have attempted to read such a split into the return of Li Li-san.\textsuperscript{10} The Communists, of course, violently deny this, alleging that Li has repented the error of his ways and returned to the fold—whatever that may mean. It would actually seem to indicate a strengthening of Soviet control, since it

\textsuperscript{10} Also known as Li Ming; he returned to Manchuria with Soviet troops in August 1945, after a stay in the Soviet Union of over 14 years. He had previously headed the Chinese Communist Party. He became political adviser to General Lin Piao, Chinese Communist commander in Manchuria.
is fatuous to believe that Li was permitted to return by the Russians for sentimental reasons or unless he enjoys the confidence of the Kremlin. Li’s reappearance on the China scene may also reflect Soviet concern over developments in Manchuria and the resulting effect on Soviet prestige.

Unless one assumes that the industrial looting of Manchuria and the outrageous behavior of the Soviet army in the Northeast (Malinovsky’s Hungarian odyssey was good training) was done because the Soviets were prepared to abandon their interests in Manchuria and simply wished to make it uninhabitable for anyone else, then these actions must be regarded as a colossal blunder. For fifteen years Manchuria had lived under the Japanese rule which, though ruthless and designed to service Japan, at least brought order and economic progress. The previous record of the Chinese National Government gave much indication that China’s recovery of the area would only produce the same kind of mismanagement and abuse through exploitation that has subsequently proven to be the case in other areas. Furthermore, there was no reason to believe that China was qualified in any sense to take over and operate efficiently the Manchurian industrial plant by itself. Proper administration of the areas by the Soviets could have increased their influence in China and the Far East enormously. Instead of that they tore it down and left, not even permitting the Chinese Communists to come in until they had themselves evacuated. The result has been that the Manchurian people have a hatred for the Russians which is so great it almost has to be experienced personally to be believed. If Russian troops should ever come back they would have to do so as conquerors in the usual Central Asiatic tradition rather than as allies and liberators. It is impossible to estimate accurately how great has been the damage to Soviet prestige in Asia because of Manchuria, but the facts are widely known and must be a factor of major importance in any of their calculations. Officers of the Soviet Embassy in Nanking have been known to suggest that this complication in their situation makes all Soviet officials concerned with the Far East uncomfortable today. It was the sort of bludgeon action which only a politically primitive people would have taken.

This situation must have had some influence in producing the unusually negative character of Soviet activities in Manchuria since their evacuation—a position taken despite their legal rights. It is unquestionably true that the Chinese have not lived up to their part of

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21 Marshal Rodion Yakovlevich Malinovsky, Soviet commander in Manchuria, had been Soviet commander in Hungary in 1945.
the Sino-Soviet agreements of August 1945\(^{12}\) which referred to Manchuria. In areas under Central Government control, the Russians have been kept from exercising their treaty rights on the railroads. The lives and properties of Soviet nationals have been under constant threat and a number have died under none too pleasant circumstances. Through these developments, the Soviets have taken no action until they finally withdrew their Mukden railway employees—a kind of restraint, despite the earlier provocation, which the Russians exercise only under the most compelling necessity. It must be assumed, of course, that sooner or later a day of reckoning will come but the fact that it is still in the future must be attributed in part, at least, to Soviet realization that they blundered seriously. The reckoning will have to be based on the fact that their de jure position in Manchuria is unimpeachable by virtue of the Yalta agreement\(^ {13}\) and the Sino-Soviet Treaty of August 15 \(^ {14}\), 1945, which, with proper manipulation and case-building, can be interpreted as legal justification for fulsome action. They must realize now that conciliation might have won them support and sympathy for their Manchurian objectives which they can now obtain only through the hard route of patience, questionable manipulation of legal rights and, if necessary, violence. Probably they are hoping that patience and the encouragement of confusion will bear the kind of fruit which will cause forgetfulness of the past in Manchuria or create a situation where they can get away with force if necessary. It is impossible that they have written off the Northeast. The railway action, at least, is for the record. The obvious Soviet intention that northern Korea will not slip from its grasp is further indication of intentions in the Far East. At the same time its occupation by Soviet forces greatly extends the Manchurian borders contiguous with the Soviet Union, thereby facilitating the execution of any positive action which may be decided upon in the future.

Outer Mongolia, as an extension of Communist aims, must be considered as differing in degree only from the Soviet Union itself. Outer Mongolian utility can be greatest with other Mongol groups since, through catering to the desire for a Greater Mongolia, it can, and doubtless will, persuade. Chinese ineptitude in dealing with minorities will also be a useful complement. The recent National Assembly has given a demonstration of Mongol disaffection which the Chi-


\(^{13}\) Signed at Yalta, February 11, 1945; for text, see Foreign Relations, 1945, The Conferences at Malta and Yalta, p. 984.
inese have handled so brusquely that reports of Mongol preparations for revolt may yet materialize, doubtless prepared by the Soviet trained lamas who are apparently filtering in.

The final special area is Sinkiang. Here, too, Chinese minority treatment will certainly lose the province for the Chinese unless they have a drastic change of heart and attitude. The racial kinship of tribes across the border, Chinese exploitation and indifference and the training of bright young Turki leaders in Soviet Central Asia seem calculated in the end to create a combination which will prove irresistible. Observers from Sinkiang frequently claim that the rebel Turki groups are not Communists and, in fact, prefer the Soviet Union only as the lesser of probable evils. From an American standpoint the distinction seems academic, since the result will be the same, namely, the extension of Soviet control over an additional area.

The problem in China, so far as the Soviet Union is concerned, differs from our relations with the Soviet Union in other parts of the world. It is only in the Far East that we face the Soviet Union directly and without the presence of a third power: whereas in Europe and the Middle East the problem is made more flexible by the presence of other effective interests which have primary commitments, thus permitting the United States to be less directly involved and to assume the role of a balancing factor. The simplicity of the position in China reduces the limits of maneuverability and heightens the gravity of the consequences arising from any given action.

The Chinese Communists appear to be irreconcilable and in that position may now receive such Soviet support as may be necessary to bind them in their attitude until the arrival of the expected debacle. (It is assumed that the primary desideratum of any Soviet action will be self-interest, despite any verbal rationalizations). Chinese Communist unwillingness to compromise in the national interest and willingness to provoke economic and political collapse for their own partisan interests, in disregard of attendant popular suffering, suggests an impersonal cynicism, a recklessness, and a social irresponsibility which cannot be condoned in a group that claims it has sufficient political maturity to warrant its assumption of or participation in nationwide political power. Communist ascendancy, it would seem, can best be prevented if the National Government can take such steps as to convince the masses of China and specifically demonstrate that it can give them a life at least as good, if not better, than the Communists hold out. The record reveals no evidence which suggest that the right wing groups which now control the Kuomintang have either the vision to see this or the will to take that action which would abdi-
cate their ancient and feudal controls and provide the opportunity for reform. These groups, if left in unmolested control, will assuredly dig their own graves and prepare confirmation of the Communist thesis. There are liberal and modern groups both in and out of the Kuomintang who are quite aware of what is happening and realize that unless there is reform Communism will win ground. These groups, though numerous, are presently weak, badly organized and without armed support. Unless somehow they come to power, they will in the end go down to destruction just as surely as will the right-wing groups, and they know it. The adoption by the National Assembly of a constitution which is reasonable now provides the Generalissimo *4 and the moderate elements in the country with an opportunity to demonstrate whether they are capable of leading China out of extremism and toward democracy. Since neither the Communists nor the right-wing of the Kuomintang is in consonance with American ideals, attitudes, interests or purposes, the pressing problem for the United States is how to help the middle groups to power without provoking a self-defeating chaos. The answer, of course, will have to be found in deeds, not in words.

Respectfully yours,

W. Walton Butterworth
Minister-Counselor of Embassy

For the Ambassador:

893.00/1-747
Memorandum by the Chief of the Division of Chinese Affairs (Ringwall) of a Telephone Conversation With the Counselor of the Chinese Embassy (Tsui)

[WASHINGTON,] January 7, 1947.

Mr. Tsui telephoned to state that he had received instructions from his Government to inform the Department that the Chinese authorities deeply regretted the occurrences of the student demonstrations calling for the withdrawal of American Marines from China. He stated that the press had entirely misrepresented these incidents, that many students were violently opposed to the demonstrations and that those who participated were obviously instigated by irresponsible persons who were deliberately acting against the best interests of the two governments.

According to Mr. Tsui, the Ministry of Education has issued a directive to Chinese schools that the students be reminded of the generous

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4 President Chiang Kai-shek.
support given Chinese by the United States, and that they not be confused by isolated incidents participated in by individuals not typical of members of American armed forces in China. He said that the Chinese Government was much concerned lest the American public should interpret these incidents as representative of Chinese public opinion.


893.06/1-847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, January 8, 1947—1 p.m.
[Received January 8—10:50 a.m.]

43. Embassy appreciated Department’s concern relative to situation here. It has been following developments closely and has been in constant touch with various Chinese officials, who are thoroughly aware of potentialities of situation. (Deptel 20, January 4).

Upon hearing from Marine authorities North China that they were experiencing difficulty in obtaining information from Chinese authorities in connection with investigation of alleged Peiping rape case, I brought this personally to attention of Generalissimo, who immediately ordered local authorities Peiping to expedite investigation and make all information available to Marines immediately. Following student demonstrations at Embassy residence, Chiang Mon-lin, Secretary [General of] Executive Yuan, called to express his deep concern that these demonstrations should be assuming a broadly anti-American coloration, and stated that instructions had been issued to prevent intrusion into American official or private establishments. On night of January 3, Wei Hsueh-chih, principal secretary of the Foreign Minister,\(^1\) called at home of Minister-Counselor to express same sentiments. Also, afternoon of January 6, when Butterworth called at Fonoff in connection with another matter the Foreign Minister himself raised question of student demonstrations and expressed his regret and displeasure at their occurrence, and pointed out that to his personal knowledge there were large numbers of students who had refused to participate in demonstrations which were so markedly anti-American.

On January 4 Executive Yuan instructed Ministry of Education and provincial and municipal authorities to prevent all activities

\(^1\) Wang Shih-chieh.
likely to affect Sino-American relations or activities that were insulting to Americans in China. Throughout [period] agitation in connection with this unfortunate incident, Government-controlled press has adopted attitude that this isolated incident should not be the cause for demonstrations of a broad political nature, pointing out that the affair was being investigated and that final settlement would be made in accordance with evidence obtained.

From foregoing Dept will realize that Chinese Government is aware of potential seriousness of this matter, and Embassy considers that throughout it has been handled very well by authorities. On the whole, demonstrations have been orderly and while not wishing to minimize danger latent in such demonstrations, Embassy does not believe that our approach to Chinese Government such as suggested in reference telegram should be made at this stage. Furthermore, there is a very weak danger that on another occasion the Chinese Government may employ too harsh methods since those who incline to such tactics now argue that the authority of the Government is under challenge.

Some of the demonstrators at Embassy on January 2 were affiliated with Democratic League, but there is no doubt as [that] there was Communist influence at work, as has also been indicated by reports reaching Embassy from Consuls General at Shanghai, Tientsin, Peiping and Chungking. Embassy considers that, on the whole, demonstrations may best be interpreted as a manifestation of general discontent and unrest caused by overall political-economic situation existing in China. Widespread resentment against Government which cannot be openly expressed is being turned almost entirely against the US. However, it is significant that student bodies involved have nearly all had previous contacts with American troops.

Department, of course, will not fail to realize that there exists in China potentially explosive political situation, and without being alarmist, it is possible to foresee serious disturbances within the next few months. Such disturbances may well occur in Shanghai during the current winter, assuming more serious and significant proportions than was case in street hawker riots of November 30 and December 1. In such a situation the position of US is particularly vulnerable so long as presence American troops in China offers as immediately available target for propagandists of any coloration and for normally latent Chinese xenophobia.

With regard to last sentence of telegram under reference, Embassy has endeavored to make factual release as occasion offered. At Em-
bassy's request, General Howard at press conference at Shanghai on January 5 outlined Marine procedure of investigation and court martial and explained possible penalties in event guilt established. Howard further promised that details of investigation and findings would be released as soon as investigation is completed and these findings will be given as wide dissemination as possible by USIS.

**STUART**

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**893.00/1-1047 : Telegram**

_The Ambassador in China (Stuart) to the Secretary of State_

**NANKING, January 10, 1947.**

[Received January 10—3:55 p. m.]


"Now that constitution making has been successfully concluded, national reconstruction may start in earnest according to the program decided upon at the National Assembly, and the Government may fulfill its long cherished desire of returning sovereign rights to the people.

Therefore, the Government is willing to discuss with the Communists a complete plan for cessation of hostilities and government reorganization so that peace and unity can be achieved at an early date."

**STUART**

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**893.00/1-1347 : Telegram**

_The Secretary of State to the Ambassador in China (Stuart)_

**WASHINGTON, January 15, 1947—4 p. m.**

59. Summary FBIS account broadcast cited (Moscow's 68, Jan 13) follows: According Sian report Communist leaders Yenan reported disagreeing. Mao Tse-tung, Chu Teh, Ho Lung, Lin Piao, Chen Yi, Liu Po-chen favor using military means settle political matters, while leaders Chen Chao-yi, Fang Wen-ping, Wang Chia-chuan, Lu Ting-yi, Liu Chao-chi, Li Fu-tsun favor political means seek administrative power. Mao Tse-tung said to be campaigning for second time to liquidate "undesirable and deteriorating elements" within party and asking followers watch action others.

**BYRNES**

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17 Foreign Broadcast Intelligence Service.

19 Not printed.

18 Chairman of the Central Committee of the Chinese Communist Party.
The Ambassador in China (Stuart) to the Secretary of State

Nanking, January 16, 1947—3 p. m.
[Received January 17—4 a. m.]

78. There is quoted below the pertinent part of a telegram sent today to General Marshall: 20

"Dr. Stuart saw the Generalissimo last night, 15 January. The Generalissimo stated that he had been meeting for several days with Government leaders to determine means of reopening negotiations. He gave Dr. Stuart a paper listing four agreements reached as a result of these consultations. The points listed were as follows:

1. Government desires to send a delegation to Yenan or invite the Communist Party to send one to Nanking to continue discussions, or it proposes a round-table conference of all parties.
2. Government and Communist Party should both issue at once a cease-fire order and confer together as to its effective implementation.
3. Government desires to resume discussion of practical plans for the reorganization of the army and the restoration of communications based on the principles of the former three-man committee.
4. In regard to the political control of disputed areas Government desires to come at once to an agreement with the Communist Party for a just and reasonable solution.

Generalissimo asked Dr. Stuart to contact Mr. Wang Ping-nan 21 to determine (on behalf of the Generalissimo) if the Communists would invite a Government peace delegation to Yenan to discuss matters leading to peace and unity. He specifically asked Dr. Stuart not to disclose the four points listed above. He instructed Dr. Stuart that if Mr. Wang asked who would represent the Government he should reply that General Chang Chih-chung, governor of Sinkiang, was the tentative selection. Also, if Mr. Wang asked what terms the Government attached to peace discussions, the Generalissimo wished Dr. Stuart to state that the Government demanded no conditions. Government delegate would be completely free to discuss all aspects of outstanding issues. Generalissimo hoped that through a general discussion, unfettered by terms or conditions, settlement of issues could be reached in the spirit of the PCC agreement. 22

Dr. Stuart saw Mr. Wang Ping-nan today, January 16, and transmitted the Generalissimo’s query. Mr. Wang asked all the questions anticipated by the Generalissimo and Dr. Stuart made replies in ac-

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20 Telegram No. 1947. General Marshall was en route from China to assume office as Secretary of State.
21 Spokesman for the Chinese Communist delegation at Nanking.
22 Agreements of the Political Consultative Conference on January 31, 1946; for texts, see United States Relations With China, pp. 610–621.
cordance with Generalissimo's wishes. Dr. Stuart took pains to point out that he was merely acting as a transmitting medium and not as a direct participant.”

STUART

711.93/2-747

Memorandum of Conversation, by the Consul General at Harbin (Clubb) 28

[CHANGCHUN,] January 16, 1947.

Present: General Li Ch'u-li (Senior Communist representative, Advance Section Executive Headquarters), Colonel Jacobs-Larkcom (British Consul designate for Harbin), Mr. Clubb.

General Li, after remarking that the Communists were desirous of maintaining good relations with foreigners, said with particular reference to Sino-American relations that, although the Communists had found reason to criticise American supply of arms to the National Government, the return of General Marshall to the United States was a development which very probably was significant in this regard, and it was to be hoped that a change in American policy would follow.

I observed that, generally speaking, the matter of maintenance of good relations was of importance for any people or group of people, that good relations were of course important for the Communists also, that matters such as the Communist refusal to permit me to proceed to Harbin to take up my post for instance were given publicity in the United States and had their reaction and caused people to think why such a thing should be. I said that, as far as General Marshall's mission went, there was universal praise of his efforts on behalf of peace in China, and that if there was failure of his efforts it was a Chinese failure to reach a solution and perhaps the mission was beyond the capacity of any man to perform: if the Chinese could select a better man to put forward as mediator, they were of course quite entitled to do so, and we would gladly give way. The Great Powers, including the United States, Great Britain, the Soviet Union, France and China, were at the present time engaged in endeavoring to eliminate war and bring about the establishment and the construction of political machinery which would eliminate warfare from the world and substitute peaceful cooperation in its stead. History would show, I said, that the United States had been consistently friendly toward

28 Copy transmitted to the Department by the Ambassador in China in his despatch No. 480, February 7; received February 17.
China, and what we hoped for China was peace—which was what we and other nations were working for elsewhere. General Li said that there were particular things which had occurred of late which tended to injure good Sino-American relations, and he mentioned as example the Peiping rape case. I said that it was truly regrettable, but that it should not be viewed too seriously: in general American military discipline was good, but in every army—as for instance with the Soviet troops in Manchuria—there were occasionally indisciplined acts, but that with us such acts would be duly punished. General Li did not pursue the subject.

O. EDMUND CLUDB

893.00/1-1747: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 17, 1947—6 a.m.
[Received January 17—6 a.m.]

84. Possibility of split in CCP 24 cannot be ignored but available information tends to show that at present time such a split is most improbable. Within recent months reports of cleavages within CCP ranks have been handed a number of American correspondents for their “confidential” information by officials of Central Government. (ReDeptel unnumbered, January 13, 9 p. m. [a. m.] relaying message from Moscow.25) Similar reports have been published in one form or another in pro-Kmt 26 vernacular newspapers in north China. It is suggested that Department forward Moscow copy of Embassy despatch 231, October 31, 27 on subject of reported schism in CCP.

In China perhaps no other group is more keenly aware of need for unity of action than Communists, particularly at present time when failure to maintain a solid front would inevitably insure their destruction. It may be anticipated that Central Government will foster for foreign consumption the belief that CCP is disintegrating into numerous factions without unity as a political party since the systematic elimination by force of disassociated and heterogeneous factions would be expected to be more palatable abroad than an all-out offensive to eliminate an organized party in opposition to government.

STUART

24 Chinese Communist Party.
25 Not printed; see telegram No. 59, January 15, 4 p. m., to the Ambassador in China, p. 15.
26 Kuomintang.
893.00/1–1747 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 17, 1947.
[Received January 17—11 p. m.]

99. Summary remarks by Information Minister Peng Hsueh-pei at weekly press conference 16th:

Government is going to resume negotiations with Chinese Communists. Chang Chih-chung, governor of Sinkiang Province and former member of Committee of Three, has been picked to visit Yanan to present proposals for resumption of peace talks. Communists have not yet reacted to our suggestions, but Government is determined to resume negotiations. Ambassador Stuart will inform Communist Headquarters in Nanking of selection of Chang Chih-chung.

Government has some ideas regarding peace negotiations, but it deems it not advisable to disclose details of its proposals now for fear of deterrent effect that might have on progress of negotiations. Premature publicity also might limit latitude of discussions and arouse harmful open argument. All political parties will be welcomed to take part. Some representatives of minority parties already returning to Nanking because of developments.

STUART

893.00/1–1847 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 18, 1947.
[Received January 18—1:10 a. m.]

104. Communist delegation leader Wang Ping-nan called on me this morning to state that reply had been received from Yanan that if Government accepts Communists' two demands (abolition of National Assembly and Constitution and return to military position of January 13, 1946) Communist Party would immediately send delegation to Nanking to resume negotiations and that there was no need to send Government emissaries to Yanan.

STUART

893.00/1–2147 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 21, 1947.
[Received January 21—5:20 a. m.]

119. Following is full text of statement issued 20th by Ministry of Information “on behalf of National Government”:

...
"With a view to establishing constitutional rule and completing national reconstruction, Government has been consistently seeking for peace and unification.

[Here follows account of peace negotiations. For text of complete statement, see United States Relations With China, pages 697-699.]

After the adjournment of the National Assembly, the Government, with the date set for the enforcement of the constitution, made further efforts for the resumption of the peace talks. Through Doctor J. Leighton Stuart, US Ambassador, the Government informed the Communist Party of its willingness to send a representative to Yenan to resume the peace negotiations. But the Communists still insisted on the restoration of the troops' dispositions extant on January 13 last year, and on the annulment of the constitution adopted by the National Assembly as the sine qua non conditions. But the fact is that great changes have occurred in the troops' dispositions during the past year since January 13. It is practically impossible to revert to the original positions. Moreover withdrawal of Government troops from recovered areas would surely endanger the people's lives and property in those areas—a thing most incompatible with the Government's obligation to restore order and protect the people and to prevent the recurrence of Communist terrorism.

If the Communists are really sincere to achieve peace, they should implement the army reorganization plan 28 and other programs reached in the Committee of Three. If so, there should be no need for any dispute over the temporary dispositions of the troops.

As regards the annulment of the Constitution, the National Assembly consisted of district, occupational and racial representatives and delegates from various political parties, in accordance with the PCC resolution. The Assembly, therefore, was by no means a Kmt-dominated Assembly. Moreover the Constitution adopted by the Assembly embodies the very principles laid down by the Communist Party and the other parties represented in the Political Consultative Conference, and in the draft constitution reviewing committee. Therefore, there should not be any reason for the Communists to object to the Constitution.

The above stated fact clearly indicated that in order to achieve peace and unity, the Government has made the greatest possible concessions to appeal to the reasonable consideration of the Communists. Since political democratization and nationalization of troops were common objectives of PCC there seems to be no reason why the Communists should cling to their prejudices and suspicions.

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Now the war has been over for more than a year, peace and unity must be achieved without delay. It is fervently hoped that the Communists will appreciate the Government’s earnest efforts to seek a political settlement and agree to resume negotiations. The Government is still ready to meet the Communists with tolerance and sincerity.

The Government thereby proposes the following four points for the resumption of the peace talks and government reorganization. The four points are:

(1) The Government is willing to send a representative to Yenan, or to invite Communist delegates to come to Nanking to resume the peace talks, or to call a round-table conference to be attended by representatives of the various parties and independents.

(2) The Government and the Communists will immediately order their troops to cease hostilities and remain at their present positions and negotiate effective measures to ensure cessation of hostilities.

(3) The Government is prepared to resume negotiations with the Communists for the enforcement of the army reorganization plan and then restoration of communication agreement in accordance with the principles laid down by the Committee of Three.

(4) Before the full operation of the constitution, the Government is willing to work out a just and equitable plan for solving the much controverted problem of regional administration."

STUART

883.00/1-2147: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 21, 1947—7 p. m.
[Received January 22—7:40 a. m.]

121. Yenan English news broadcast for 2 weeks ending January 12. (Due to moving of receiving station several days’ broadcasts were not received.)

Emancipation Daily editorial on New Year’s indicated complete abandonment of any last vestiges of caution in anti-American attacks. Editorial violently censured American imperialism and its “running dogs” and charged “American imperialist groups have replaced Fascists of Germany, Italy and Japan, becoming world aggressors. American imperialists have become public enemy of all humanity.” On other hand it lauded “peaceful” foreign policy of USSR. Editorial set forth seven demands, including withdrawal of American troops from China and abrogation of Sino-American commercial treaty.

For latter, see directive passed on June 24, 1946, Foreign Relations, 1946, vol. IX, p. 1186.

Signed November 4, 1946; for text, see Department of State Treaties and Other International Acts Series No. 1871, or 63 Stat. (pt. 2) 1289.
Big item was point by point analysis of new constitution by Li Wei-han, Communist delegate and member of PCC draft constitution examining committee.

[Here follow comments on new Chinese constitution.]

Analysis entitled "explanation of several basic questions concerning post-war international situation" (summary by separate telegram \(^n1\)) written by Lu Ting-yi, Department of Information, CCP, was given lead attention, but after first day's broadcast, which spelled out development of post-war international situation in accordance with Mao Tse-tung's prediction to Seventh National Convention, CCP, the broadcast was jammed by local stations.

Fair amount of attention given to Peiping rape case but with no new twist. There was considerable material on Yellow River Dam controversy which will be treated separately.

Sent Dept 121. Dept please repeat Moscow.

STUART

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811.22/1–2247: Telegram
The Consul General at Peiping (Myers) to the Secretary of State
Peiping, January 22, 1947.
[Received January 22—5:50 a.m.]

23. General court-martial in the case of United States vs William G. Pierson found the accused guilty of rape (reference my 331, December 30). Sentence was not announced as it must await approval of convening authority.

Sent Department as 23; repeated Nanking as 15.

MYERS

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893.60/1–2347: Telegram
The Ambassador in China (Stuart) to the Secretary of State
Nanking, January 23, 1947—9 a.m.
[Received January 23—5:12 a.m.]

126. Some salient manifestations with third party groups.

Lo Lung-chi, spokesman for Democratic League, at press conference 21st in Shanghai remarked that Democratic League strongly opposes the proposed reorganization of Government without participation of Chinese Communist Party. This is attempt to prolong civil war and to perpetuate the national split on part of Kuomintang Party. Democratic League favors resumption of peace negotiations between major

\(^n1\) Apparently a reference to the subject discussed in telegram No. 162, January 30, 8 a.m., from the Ambassador in China, p. 29.
parties but these negotiations must not be utilized as means to launch "peace offensive" against the other side. Democratic League has no objection to which form of negotiations is followed, either the roundtable conference proposed by Sun Fo \(^{32}\) or the all-party conference proposed by Communists. Chief thing is that both parties abide by the spirit and tradition of the successful Political Consultative Conference held a year ago. PCC resolutions must be respected and upheld by all political parties. Democratic League does not oppose amendments of some parts of the PCC resolutions in view of changed situation. That would be the exact function of the proposed renewal of negotiations, but already signed PCC resolutions cannot be scrapped. Democratic League urges establishment of an all-party coalition government but this can not be interpreted as an invitation to some parties or groups to come into the Government with exclusion of other parties and groups.

Chang Tung-sun, who has been named to succeed Chang Lan as secretary general of the Democratic League, gave me his impressions of Communist attitudes as follows:

Communists are counting on military losses to Government being so serious that within the next few months Government will be forced to seek a renewal of peace talks when Communist Party can make its own conditions. The information the Communist Party is receiving is that the surplus property being delivered from Pacific islands is proving of very little value to Government, that Government is reopening its arsenals and thus revealing its lack of military supplies. This is further evidenced by fact that some Government troops are now using Japanese arms. Communists are further counting on economic distress as weakening Government's moral support by the people. They are also hoping that Moscow Foreign Ministers conference will be to their advantage.

Carson Chang and Wu Hsien-tze, leaders of the Social Democrats, and Tseng Chi and Tsao Hsun-sheng, leaders of Youth Party, conferred with Generalissimo concerning participation by their parties in the reorganization of the Government. Both parties publicly have indicated their reluctance to take part in coalition government but privately they seem to be going along with the Government and waiting for more opportune time to announce their decisions publicly.

Carson Chang during a talk with me indicated that he did not wish to enter the Government in any specific position since he would then have to follow Government policies but preferred to become member of Legislative Yuan where he could serve country by helping to formulate measures for enforcement of the constitution. He also

\(^{32}\) President of the Chinese Legislative Yuan.
said he wished to make a lecture tour of country, explaining the benefits of the new constitution to people.

If the Communists reject the latest offer contained in the Government's public statement of January 20th (Embassy's telegram 119, January 21), it is expected reorganization of Government will be pushed though there is also expressed indications that next move awaits Washington meeting between President and Secretary of State which it is assumed will result in further developments in implementation of American policy toward China.

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893.00/1-2347

The Ambassador in China (Stuart) to the Secretary of State

No. 442 Nanking, January 23, 1947.

[Received February 4.]

Sir: I have the honor to comment for your information upon the present outlook for any possible resumption of negotiations between the Chinese Government and the Communist Party. The former has at last made its formal proposal that a delegation be sent to Yenan. There seems to have been nothing in the way in which this was done nor any recent utterances or actions by Government leaders to prejudice the Communist Party reaction to this proposal. But the reply was prompt and categorical to the effect that if the Government would agree to the two previously made conditions the negotiations could be resumed in Nanking; if not, nothing would be gained by sending a delegation to Yenan. The local Communist Party representatives insist, however, that they do not intend by this to break off such negotiations, but rather to clear the ground for them in the future. Strange as it may seem, I believe that they really mean this.

They are becoming increasingly confident that in the next few months the Government will be forced to reopen the discussions and that they can then dictate their own terms. It is therefore to their advantage to wait. This is not only because of the more obvious aggravation of fiscal and economic problems and the consequent popular discontent. They are counting on a more negative American policy and on developments at Moscow in March that will serve their purpose. I also have the impression that they have more reason to be encouraged over the military situation than during those months when they were obviously eager to end the fighting. This is probably not so much because of any improvement on their side as the defection of Government troops due to corrupt or incompetent officers and the waning morale of the men. One need not accept the Communist
Party figures to suspect that the Government is not announcing its real losses. Another explanation for the uncompromising Communist Party attitude is—if my surmise is correct—that they came to feel that they had yielded too much in the original PCC agreements in the matter of military reorganization and determined not to be caught unawares again. If this is true, the Government leaders blundered all the more seriously in not having scrupulously observed those agreements and thus held the Communist Party faithful to them also.

The controversy over the Yellow River project and the agreement which has now apparently been concluded are an epitome at once of the complex and baffling factors in all these negotiations and of their elusive potentialities. The Communist Party has been insisting on a period of five months during which they might evacuate the settlers from the old river bed before its restoration, and has been making bitter charges against the Government—more or less true. They have undoubtedly been influenced by their ineradicable suspicions and by partisan military considerations. The Government in turn has been remiss in making the promised payments and has had its full share of military rather than humanitarian motives. Its engineers, primarily concerned with their own professional reputation and livelihood, have insisted on a prompt closure of the dam which from a purely technical viewpoint would be wise. General Edgerton and his American associates have argued for a two months' delay as justifiable in view of the political issues despite the engineering risks. President Chiang finally drew the deadline at February 15. General Edgerton felt that his patience had been exhausted and was about ready to carry out his threat of withdrawing all UNRRA aid when on January 20, after hours of earnest discussion, Mr. Tung Pi-wu agreed to a postponement of three months. True, he points out that this must be approved by the local farmers, and the Government must be persuaded to go against the advice of its engineers, but at this writing the outlook is fairly hopeful.

As I have urged in a previous despatch, as long as President Chiang remains in office with his present mental and physical vigor he will continue to be the determinative force in Government policy. He is doubtless correct in his assertion that he can deal with his reactionary associates. There is in this sense a modicum of truth in General Chou En-lai's recent declaration that Chiang Kai-shek is himself the chief reactionary. With all of his stubborn will and the habits formed by training and temperament, he is by no means inflexible in policy—

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34 Senior member of the Chinese Communist delegation remaining at Nanking.
rather the opposite. It is perhaps more true of him than of most men that he is very largely controlled by fears and hopes. In his desire to fulfill his duty to the nation he has been recently tending toward the aim of establishing democracy in China and of becoming the leader of the liberal and public-spirited element. His intransigence stems chiefly from fear. His hopes are centered in the response he might receive from the element among his countrymen just referred to and from American aid. This latter is, of course, mainly—but by no means wholly—material, and is in his thought a means to an end beneficial to both countries. To furnish him with sound advice and assist him to accept and act upon it, to encourage his aspirations without endangering the true interests of this nation or even more important international issues, to temper sympathetic friendliness with wise refusals while maintaining a generally affirmative attitude, is the delicate but splendidly creative opportunity for American statesmanship.

Respectfully yours,

J. LEIGHTON STUART

898.00/1-2947: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 29, 1947—8 a. m.

[Received January 28—11:45 p. m.]

151. Central Government has reinforced Changchun area from Mukden and fighting north and east of Changchun apparently continues with considerable Communist forces involved. Available information would indicate that Central Government forces are handicapped by inadequate winterization of automotive equipment and the ammunition supply, particularly of American equipped divisions, is critically low.

Clubb reports from Changchun that present military movement in Chiu-tai sector northeast of Changchun appears to be a Communist withdrawal with forces intact. Sun Li-jen, commander New First Army, admitted to Clubb on January 21 that Communists avoided pitched battles and few prisoners were taken. Sun stated that Communists now back in original positions on opposite shore Sungari River. Sun also stated that approximately 100,000 Communist troops were engaged. This statement conflicts with estimate of Assistant Military Attaché, Changchun, that about 20,000 troops were engaged in front line fighting on each side.

Although, according to General Sun, Communists are now back in original positions, they reputedly looted large quantities of goods in

*5 Maj. Robert B. Rigg.
course of operations and distracted Government forces from launching any offensive. Clubb reports that news accounts indicate no substantial victory achieved by Government forces and that Communist forces took initiative in the first instance and apparently maintained it throughout fighting.

It is not unlikely that movement of troops from Mukden to reinforce Changchun will result in increased Communist activity South Manchuria. General pattern which is developing indicates that hit-and-run tactics of Communists will continue and there has been recent increase in these movements in Shantung and Hopei. Informed observers do not believe Central Government forces capable yet mounting full-scale effective offensive against Communists in any area although Central Government military officials Nanking continue confident that if so ordered they could successfully liquidate Communist problem.

STUART

893.00/1-2947: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 29, 1947—noon.
[Received January 29—3:50 a.m.]

158. The Generalissimo asked me to call last night, no doubt with a view to ascertaining in advance the purpose of my requested appointment with him this afternoon. I had a general conversation with him, however, from which the following may be of interest:

I questioned him about the military situation and the plans for Government reorganization.

On the former he said that North Kiangsu, south of the Lunghai River [Railway?], was already completely recovered and that they hoped to have all of North Kiangsu within a week. I asked if there were further plans for clearing the railway zone as it runs through Shantung Province, and he replied that that would take time. He gave the impression that there were no important military developments elsewhere.

As to the governmental reorganization, he blamed the Communists for ganging up on the majority [minority?] parties to keep them from coming into the Government and the latter for showing indifference to participate. I told him that I knew you would be keenly interested

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386-748-72—3
in any developments in this situation and expressed the hope that he would inform me as soon as there was any further progress.

Stuart

893.00/1-2947: Telegram

The Ambassador in China (Stuart) to the Secretary of State

[Extracts]

Nanking, January 29, 1947.
[Received January 29—9:40 a.m.]

161. RefEmbtel 119, January 21. Following statement " by Lu Ting-yi, Chief Department of Information, Central Executive Committee, Chinese Communist Party, in reply to statement by Kmt Ministry of Information:

"Entire content of statement Kmt Ministry of Information is rejection of two conditions raised by Chinese Communist Party for restoring peace negotiations—it is rejection of nullification of Chiang Kai-shek's false constitution and of restoration of military positions of January 13, 1946. Moreover, it raises four points of so-called peace proposal.

These four points have already been transmitted by Chiang Kai-shek to Chinese Communist Party. It is clear that so-called peace negotiations are complete fraud and so-called four points are employed to reject prerequisites for real peace negotiations. Inasmuch as these prerequisites are rejected, what kind of sincerity or peace negotiations remain to be spoken of?

... If we speak according to law, all bellicose elements of Kmt should be punished as war criminals, all Kmt reactionaries and secret police agents who broke PCC decisions should be punished as Fascists, Kmt Government officials who signed Sino-American commercial treaty should be punished as traitors. Furthermore, they should have to compensate to people of liberated areas and of all China for colossal damages suffered from Chiang Kai-shek's launching of civil war. We have not raised all these just and equitable demands, however, but have only demanded nullification of false constitution and restoration of military positions of January 13 last year. What is this if not the most extreme clemency toward Chiang Kai-shek?

To what degree of lawlessness has Chiang Kai-shek reached within past year? If we do not ask him to carry out our two minimum points, if we 'cease fire at present positions', forget all his past crimes

"For full statement, see United States Relations With China, p. 699."
and give him time to rest and regroup his troops, consolidate invaded areas, replenish his armies, ‘reorganize government’ to get $500,000,000 or more loans and military aid from the United States Government, then when he has strength to launch large-scale offensive again, Chiang Kai-shek will certainly be more lawless. What happened last year is good example.

Therefore, if we still want independence, peace and democracy, we must ask Chiang Kai-shek to nullify his fake constitution and restore positions of January 13 last year. We will never rest till this goal is attained. All deceptions will be in vain. Now that Chiang Kai-shek has rejected these two points and has brought forward his deceptive ‘peace proposals’ in conflict, he will have to bear responsibility for all consequences. [”] 45

STUART

893.00/1-3047: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, January 30, 1947—8 a.m.
[Received January 30—5:45 a.m.]

162. Embassy is forwarding by despatch full text 46 of lengthy statement by Lu Ting-yi, head of Department of Information, Chinese Communist Party and member Party’s Central Executive Committee, published Emancipation Daily, Yenan, January 4 and 5.

Lu sees world situation today as struggle between democratic and anti-democratic, or Fascist, forces; the defeat of Germany and Japan did not finally destroy Fascism and the struggle against it must now continue until the inevitable victory of democratic forces throughout the world. Democracy, in Lu’s definition, is synonymous with the Soviet Union and with those masses of people to be found in every country who find themselves in sympathy with the selfless desire of a Socialist Soviet Union to free all men from oppression and imperialism. It is simply because these democratic forces include the overwhelming majority of men that their victory is inevitable and what appears to be the impressive present strength of reactionary forces is merely a superficial delusion.

Lu then proceeds to state that American imperialists have taken the place of Germany and Japan in the world. Their objective is to enslave the American people and by “peaceful means” to ensure American domination of the other capitalist countries and all colonial

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45 For the reply of the Chinese Ministry of Information on January 29 to this Communist statement, see United States Relations With China, p. 708.
46 Ibid., p. 710; despatch No. 824, June 20, not printed.
areas. American imperialism, therefore, has become the great enemy of mankind.

Embassy considers statement to be the strongest and most orthodox yet issued by the Chinese Communists and the most important manifesto since Mao Tse-tung’s report “on coalition govt” to the Seventh Party Congress in April 1945. The statement follows so closely traditional Marxist analysis of social development and the inevitable course and fate of monopoly capitalism that it might well have been written in the Kremlin and it is of particular interest in view of current Communist policy of avoiding any semblance of compromise or of taking any position vis-à-vis the internal Chinese situation other than one of intransigence and willingness to fight for their own terms.

It is difficult, if not impossible, to estimate whether this revised line was reached from independent theoretical studies or was suggested by outside sources; or whether it is part of a long preconceived strategy which is now merely announced at what seems a propitious moment. Certainly it changes the emphasis of “on coalition govt” that socialism and communism for China are merely an eventual ideal. Lu’s statement, in terms stronger than any ever used before, closely identifies the Chinese Communist Party with the Kremlin’s self-appointed propaganda line of championship of oppressed peoples throughout the world.

There is another thing. The Chinese Communist Party is the only Communist group in the world which can compare in size and influence with the CPSU (B). The Kremlin must be well aware that it is the only important Communist Party in the world of which no one has yet been able to prove that it has direct ties with the Soviet Party and that it is not primarily an indigenous movement arising from Chinese conditions whose principal and perhaps only direct link with the Soviets is ideological affinity. This factor makes it, therefore, a useful vehicle for spreading the Communist line.

Sent Dept 162. Repeat to Moscow.

STUART

893.00/2-1447

Memorandum of Conversation, by the First Secretary of Embassy in China (Perkins)

[NANKING,] February 6, 1947.

Today I called upon Dr. Chiang Mon-lin, Secretary-General of the Executive Yuan, to pay a courtesy call as we were old friends from

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48 Communist Party of the Soviet Union (Bolshevik).
49 Copy transmitted to the Department by the Ambassador in China in his covering despatch No. 498, February 14; received February 21.
Kunming days. 

I had naturally hoped to obtain a few splinters of fact and opinion during a brief call, but Dr. Chiang proceeded during an hour to develop what appears to be a good portion of the present Kuomintang thesis. There are detailed below a few of his observations:

1. Military. The Generallísimo returned from his recent visit to Hsuchow front with a very hopeful view of the military situation, and the military people now expect the “defeat” of the Communists will be accomplished in a shorter time than had been estimated. The battle is one for annihilation of four Communist armies and the clearance of Reds from Shantung to enable resumption of rail traffic on the Tientsin-Pukow line. The National Government means business. In remarking on the superiority of performance of Stilwell-trained troops in Manchuria, Dr. Chiang mentioned that two or three Chinese regiments had through incompetent direction been badly cut up in the Shantung fighting. However, he raised no cry of woe about Nationalist lack of matériel.

2. Political. Dr. Chiang was reticent about the reorganization of the Government, but he indicated a fairly low regard for third parties and their potentialities. He thought the Democratic League was opportunistic and was waiting for the breaks; the effect of their stand was of aid to the Communists and he felt that some League members were little different from Communists. One League member told him that his group, however, desired peace above all, since full-scale war would result in a clamp-down on League activities as being subversively critical during a war. He thought the whole crowd of third party people were doctrinaire and incapable of the responsibilities of power. The Youth Party and the Democratic Socialists received their chief financial support from the Szechwanese. The purport of Dr. Chiang’s comments on the political question was that the Kuomintang is the only ponderable force in governmental matters or vis-à-vis the Communists.

He went on to explain that land reform was on the way; concentration camps had been done away with; censorship lightened; airfield inspection by secret police abolished (for the reason apparently that plugging up only one avenue of travel for subversive agents did little or no good); etc., etc.

3. Economic. The situation was bad and the next six months was the critical period. He recognized the menace of Communist eco-
onomic attrition. He then spoke mournfully of the possibilities of the Chinese being driven back to the age of barter. This led to his mention of the loan question: $500,000,000 was a useful sum, yes, but it would actually be only a sprinkling of the ground. What was needed was a sum running into the billions, with construction of railways, highways, industries, a Yangtze TVA, all over a period of years perhaps, but grandiose and sweeping. American advisers and technical people should be brought in by the thousands.

4. Student Demonstrations. I wanted particularly to get Dr. Chiang’s view on the political effect of student movements today, as compared with former days (when students at one time thrashed a Foreign Minister and brought about the Minister’s as well as Chiang Kai-shek’s resignation). He was not explicit; the impression gained, however, was that students in most instances might well be allowed to blow off steam and that if this were done without violent repression, the total effect of their activity would be considerably reduced. . . .

In connection with the Wen-Li assassinations in Kunming, he said, he took special pains to track down responsibility for the shooting and eventually it was pinned on the military people, some of whom received at least a nominal punishment.

Comment: Dr. Chiang, by reason of his high political position, has apparently been influential in the comparatively sage handling of student movements recently (he has agitated in his own day and at one time carried the torch against missionaries, consequently he knows his students). However, such a staying influence has limited power and reach. On the whole, I have tentatively formed two conclusions: student movements under a regime as strong as the present one, and with such apathy and immobility of public opinion as exists today, have much less immediate striking power than formerly; and, as the students possibly do not realize this, there may be some violent scenes in the future if the counsels of people like Dr. Chiang should not prevail.

TROY L. PERKINS

893.00/2-747: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, February 7, 1947.

[Received February 7—4:16 a.m.]

220. Following is February 1st statement of Central Committee of Communist Party:

56 Professors Li Kung-po and Wen I-to were assassinated in July, 1946; see telegram No. 1155, July 17, 1946, 5 p. m., from the appointed Ambassador in China, Foreign Relations, 1946, vol. ix, p. 1380.
"The Political Consultative Conference comprising all major political parties, groups and prominent social figures, convened on January 10, 1946 in accordance with stipulations of the summary of Kuomintang-Communist talks in Chungking on October 10, 1945, is universally recognized by the people of the entire country and world powers as the highest political body in China. Until China has a really democratic national parliament, all important internal and diplomatic affairs which would be passed by a parliament in democratic countries should pass through this Conference or obtain agreement of major political parties and groups before they can be regarded as effective.

Since January 10, 1946, however, Chinese Kuomintang Government has not only enacted many arbitrary domestic measures but has also many times singly conducted diplomatic negotiations of a serious nature with certain foreign governments, in the course of understandings both oral and written, secret and open, without these agreements and understandings having been passed by the Political Consultative Conference or consulting opinion of this party and other parties and groups participating in Political Consultative Conference. These diplomatic negotiations included loans from foreign governments, continuation of Lend-Lease, buying and accepting of munitions and surplus war materials, forming of treaties regarding special rights in commerce, navigation, aviation and other economic and legal special rights.

These negotiations and agreements request or permit foreign land, sea and naval forces to be stationed in or operate on the seas, waterways, territories, and in the air of the country, and to enter or occupy and jointly construct or make use of military bases and points strategic to the national defense. They furthermore request or permit foreign military and other personnel to participate in organization, training, transportation and military operations of land, air and naval forces of the country, and to become conversant with military and other state secrets of the country. They also permit such serious matters as foreign intervention in internal affairs.

Those measures of the Chinese Kuomintang Government are completely contrary to the will of the Chinese people and they have plunged and will continue to plunge China into civil war, reaction, national disgrace, loss of national rights, colonization and crises of chaos and collapse. In order to rescue the motherland from this calamity, to protect national rights and interests and the dignity of the Political Consultative Conference, the Chinese Communist Party solemnly states: This party will not now nor in the future

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66 See United States Relations With China, p. 577.
recognize any foreign loans, any treaties which disgrace the country and strip away its rights, and any of the above-mentioned agreements and understandings established by the Kuomintang Government after January 10, 1946, nor will it recognize any future diplomatic negotiation of the same character which have not been passed by Political Consultative Conference or which have not obtained agreement of this party and other parties and groups participating in the Political Consultative Conference. This party furthermore will absolutely not bear any obligations for the above-mentioned."

STUART

893.00/2-847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, February 8, 1947—6 p. m.
[Received February 9—5:10 a. m.]

229. Conference with President Chiang Kai-shek on February 7. President Chiang described himself as actively exploring details of government reorganization. He explained at some length the problem of including minority parties as arising partly from their lack of really competent personnel, partly from their hesitation to join Government because they object to merely minor participation as leaving Kmt still dominant or because of fear that economic situation may lead to Government collapse. Three possible procedures are being considered:

1. General addition of non-Kmt people in existing structure not including Executive Yuan;
2. Emphasis on changes in Executive Yuan;
3. Concentration on State Council with real authority for interim period. Gimo 57 tended to favor last with changes elsewhere except Executive Yuan where considerations of practical administration are more acute. Carson Chang for head of Judicial Yuan favorably considered.

Gimo thought military situation in removing threat from south Shantung well in hand. Other danger point Taiyuan also probably safe by cooperation of Yen Hsi-shan who could be relied on to protect his capital. North Kiangsu now entirely recovered. Gimo indicated that the plans for improving local administration north Kiangsu were in process with active assistance James Yen.58 Similar plans for Hopei with special reference coastal stretch were being made.

Previously Gimo had shown no concern over economic or financial situation while T. V. Soong has been so exigent as to telephone me

57 Generalissimo Chiang Kai-shek.
58 James Y. C. Yen, Chairman of the Chinese National Association for Rural Reconstruction.
three times during previous day. Following discussion between Butterworth, Blandford, Adler and myself during which the first named indicated the inappropriateness of such pressure while the head of the state remained unconcerned and apparently unaffected by the situation, Gimo brought up financial position and described it as acute and expressed strongly the hope that a loan could be promptly approved.

STUART

893.00/2-1147 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, February 11, 1947—7 p.m.

[Received—9:20 p.m.]

250. The Government this afternoon notified Communist delegation in Nanking that its presence is no longer desired here.  

STUART

893.00/2-1147

The First Secretary of Embassy in the United Kingdom (Drumright)

to the Secretary of State

No. 3718  

LONDON, February 11, 1947.  

[Received February 19.]

Subject: Desire of British Foreign Secretary Bevin to Discuss China with Secretary Marshall

Sir: 1. I have the honor to enclose a self-explanatory memorandum of a conversation which I had with Mr. G. V. Kitson, Head of the China Department of the Foreign Office, on the above-cited subject on February 7, 1947.

2. In raising the foregoing subject, Mr. Kitson in no way indicated that the Foreign Secretary was proposing to request that Secretary Marshall stop in London en route to Moscow.  

Mr. Kitson seemed rather to indicate that if Secretary Marshall happened to come through London then the Foreign Secretary would wish to discuss the situation in China with him.

Respectfully yours,

For the Chargé d’Affaires ad interim:

EVERETT F. DRUMRIGHT

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60 Solomon Adler, U.S. Treasury representative in China.
61 For documentation on withdrawal of Chinese Communist representatives, see Foreign Relations, 1946, vol. x, p. 705 ff.
62 For correspondence concerning the Moscow Conference, see pp. 609 ff.
[Enclosure]

Memorandum of Conversation, by the First Secretary of Embassy in the United Kingdom (Drumright)

[LONDON,] February 7, 1947.

In the course of an informal and general conversation with Mr. Kitson at the Foreign Office this afternoon, he said he understood that Mr. Bevin is anxious to have a talk with Secretary Marshall on the situation in China prior to the Moscow Conference if possible. Mr. Kitson then inquired whether the Embassy was informed whether Secretary Marshall had set up his itinerary and, if so, whether he contemplated passing through London en route to Moscow. I replied that, so far as I was informed, the Embassy had no information on the subject from the State Department, adding, however, that I had seen press reports to the effect that Secretary Marshall planned to visit Germany and Austria before going to Moscow.

I went on to express the personal view that while Secretary Marshall would doubtless be glad to exchange views with Mr. Bevin on the question of China, I doubted whether Secretary Marshall would come to London for that purpose, pointing out that a trip to London by the Secretary at this juncture would afford the Soviets a further opportunity to level the accusation that the United States and Great Britain were “ganging up” on the Soviet Union. I then suggested that if Mr. Bevin wished to discuss China with Secretary Marshall—assuming that London is not included in the Secretary’s itinerary—he might find it most convenient to seek an opportunity to do so at Moscow.

E. F. DRUMRIGHT

893.00/2-1247 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANNING, February 12, 1947—noon.
[Received February 12—3:25 a.m.]

255. Clubb reports from Changchun that recent visits General Sun Li-jen and other senior National Govt commanders to point on Sungari front, coupled with press reports suggesting new Communist military movements, reflect apprehension regarding impending new Communist drive. Clubb believes that such new Communist move is indicated as possibility in near future and also believes that such a drive would probably be stronger than that of Jan. It is still not clear, however, whether or not either first or main thrust would be across Sungari or come unannounced from westerly direction.
Clubb states that aide of General Sun reliably quoted as stating Communists gave Nationalists beating during Jan. (ReEmbtel 70, Jan. 14, 3 p. m. ¹³) and that National Govt morale has declined accordingly. Clubb suggests that aim new Communist drive would be to pinch Changchun–Mukden flanks but it would incidentally lend strategic support Communist campaigning China proper.

Military Attaché ⁴⁴ is of opinion that national morale Manchuria has improved rather than declined as result of active operations against Communists in Jan. despite considerable losses suffered by Communist ambushes.

STUART

893.00/2-1347: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, February 13, 1947.
[Received February 13—5:17 a. m.]

271. Summary political remarks of Minister of Information Peng Hsueh-pei at weekly press conference 12th:

"The minority parties will be invited to take part in the State Council, Legislative Yuan, Executive Yuan, Control Yuan and Interim People's Political Council and the standing committee of the association for the Promotion of Enforcement of the Constitution. We cannot tell yet how soon the reorganization can be completed. Number of seats for third parties in State Council not yet decided.

It is hardly possible to talk peace while the Communists are launching attacks on Government troops everywhere, although some of the attacks are merely for international propaganda or for enhancing the morale of their rank and file after successive defeats. In addition to this they are doing everything in their power to incite the workers to strike and the students to flout discipline. They are organizing a so-called 'boycott American goods' movement and a 'destroy the constitution' movement. Their aim is to create international complications and to shake public confidence. But as the saying goes, 'fire destroys wood but strengthens iron'. The Chinese nation will emerge stronger than ever from this ordeal as it did from the Japanese aggression.

Verbal agreement reached for closure of Yellow River gap and UNRRA–CNRRA ⁶⁶ work on dykes will proceed aimed at completing closure by mid-March.

¹³ Not printed.
⁶⁶ United Nations and China National Relief and Rehabilitation Administrations, respectively.
No book bans in China. Both versions of Generalissimo’s China’s Destiny will be permitted in China.”

STUART

[For statement by Generalissimo Chiang Kai-shek, issued at Chungking on February 16, 1947, see United States Relations With China, page 704.]

693.0031/2-1847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, February 18, 1947.
[Received February 17—11:46 p.m.]

305. Nanking Communist delegation spokesman, Wang Ping-nan, February 15 declared trade agreements with foreign countries would be welcome to Chinese Communists although he [added?] no treaties could be signed by the Communists as they have not set up any Central Government for their various border regions. He denied Communist authorities ever intended to request financial loans from foreign powers “as Communist areas are trying to be self-sufficient”.

Wang said no country has any consular officials or liaison mission in Communist held areas but he “did not know” if the Soviet Consul was in Harbin. He added the Soviets, however, have no liaison office in that city. Foreign consulates are still closed “on account of the state of war”, Wang said, but will be reopened as soon as peace is restored.

STUART

Marshall Mission Files, Lot 54-D270: Telegram

Colonel George V. Underwood 65 to Colonel Marshall S. Carter 67

NANKING, 18 February 1947.

2089. Information herein, which is based on discussions with General Gillem, may be of interest to General Marshall.

General Yeh, 66 in a spirit of unusual frankness inspired by the dismantling of Executive Headquarters, recently stated to General Gillem that inactivation of Executive Headquarters was logical, since there no longer was any hope of success through mediation. He held that the problem in China was not simply one of composing internal

65 In charge of the Embassy Liaison Office at Nanking.
67 Special Assistant to the Secretary of State.
66 General Yeh Chien-ying, Chinese Communist Commissioner of Executive Headquarters at Peiping.
differences, but that settlement of China’s internal difficulties was keyed to the larger problem of improvement in relations between the United States and Russia. Yeh regarded the situation in China as hopelessly stalemate until there were clear indications of rapprochement between the US and Russia. He speculated that the Moscow Conference might possibly provide new opportunities for resolving the China situation. In this connection, Wang Ping-nan, in an apparently unguarded moment at lunch at the Ambassador’s, stated that Stalin could be expected to discuss China at the Moscow Conference. He appeared to have made a slip and hastened to weasel on his statement.

At any rate there are strong indications that the Communists, buoyed by withdrawal of American Forces, withholding of American loans, and accelerated economic decay are in no mood to negotiate and intend to pursue a campaign of harassment.

It is interesting to note that Yeh’s views above are strikingly similar to those advanced on earlier occasions by National Government people here and in Washington.

711.93/2-2047: Telegram
The Ambassador in China (Stuart) to the Secretary of State
NANKING, February 20, 1947.
[Received February 19—11:55 p.m.]
319. Following statement issued by Minister of Information Peng Hsueh-pei on 18th:
“I am informed by cable from the United States of an Associated Press dispatch from Nanking dated February 15, which apparently was not printed in China. This dispatch contains several misstatements and distortions. Part of the dispatch appears to be based on an off-the-record interview granted by President Chiang Kai-shek to a group of American editors and publishers, without identification as such, but reports it in garbled form.

“The AP story quoted ‘sources close to’ President Chiang as stating that ‘US decisions to withhold further armament credit from the Chinese Government were blamed by the Generalissimo for prolonging the civil war’. I was present at President Chiang’s interview, and I feel compelled to make the necessary correction. He did not question America’s right to refuse arms and credits, but gave as his off-the-record opinion that public announcement of insistence on a coalition government including the Communists as a condition for granting

*Josif Vissarionovich Stalin, Chairman of the Council of Ministers of the Soviet Union.
of loans and selling of arms only emboldened the Communists to adopt an adamant attitude and to refuse to negotiate with the Government. To present this statement as indication that the Gmo was blaming the US for prolonging the civil war is clearly a distortion.

"The same off-the-record statement of the President apparently is the basis of the assertion in the AP story that 'confidantes of Chiang said the Gmo reasoned the Communist problem could have been settled quicker if the US had continued supplying guns, ammunition and credit so his armies could destroy the Communists. The distorted nature of this inference also is obvious.

"The AP story quoted a 'high source' as stating that the Gmo was 'bitter that his argument failed to move Truman and Marshall' but the Gmo said nothing of the kind.

"The story mentioned that the government had 'sternly declined to accept delivery' of a communication from the Communists. This referred to the return by the government of a message seeking to repudiate treaties entered into by the government. The National Government's message section considered it grotesque that a political party could presume to take such action, and sent the message back." End full text.

STUART

893.00/2-2147: Telegram
The Ambassador in China (Stuart) to the Secretary of State

NANKING, February 21, 1947—6 p. m.
[Received February 21—12: 47 p. m.]

336. Chinese contact of the Embassy states that a proposal has been made to the Generalissimo by the C-C clique to send a delegation to Moscow to consist of Chen Li-fu [apparent garble], Chiang Ching-kuo, and Sun Fo. It is proposed that the delegation arrive prior to the impending meeting of Foreign Ministers and endeavor to reach some arrangement which would forestall the possibility of multilateral discussions or agreement involving Chinese interest without the participation and consent of China.

The Embassy is unable to place any estimate on the reliability of this report. The possibility that it is substantially correct should not be completely eliminated but the Embassy inclines to the belief that story is planted on it and designed to increase American apprehension prior to the conference concerning the position the Soviet Union may

\(^{10}\) A right-wing group in the Kuomintang, deriving its name from the leadership of the two Chen brothers, Li-fu and Kuo-fu.

\(^{11}\) Eldest son of President Chiang Kai-shek.
take and to strengthen the Chinese argument in favor of immediate and extensive American assistance to the National Government. If this is the case it is believed quite likely that some similar suggestion may be made in Washington.

Should the opportunity present itself, the Embassy will endeavor to make further discreet investigation.

Stuart

893.00/2-2247 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, February 22, 1947—10 a.m.
[Received February 22—5:40 a.m.]

339. Generalissimo informed me yesterday that reorganization of Govt would be undertaken in closing days of this month.

Stuart

893.00/2-2347 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, February 23, 1947—2 p.m.
[Received February 23—4:55 a.m.]

348. Rumor has it, as is reported in the press, that Foreign Minister’s trip to North China will include Manchuria where he will allegedly undertake discussions with Russian authorities. For obvious reasons (Embtel 386, February 21) Embassy has not attempted to check on this rumor. Embassy has, however, reliable info that while in Peiping Wang Shih-chieh will discuss on Gimo’s behalf participation in a reorganized government of Hu Shih\(^2\) and certain other individuals resident in that area.

Stuart

893.00/2-2447 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, February 24, 1947—8 p.m.
[Received February 25—3:50 a.m.]

359. General Chou En-lai, in an exclusive interview in Yanan with United Press, on Feb. 22, stated the Chinese Communists will henceforth work out their own problems without mediation by the Soviet Union, Great Britain, the U. S. or any other foreign country. Chou

\(^2\) Former Chinese Ambassador in the United States and at this time president of Pelta University at Peiping.
blamed General Marshall for the failure of peace negotiations since his mediation failed because he “was partial to Chiang Kai-shek and the Kuomintang except in the first 2 months of his stay in China”. He also accused American Army, Navy and Air Forces of assisting Central Govt.

He added, “However, we still will welcome an American liaison officer or Military Attaché, whom we understand the American Embassy in Nanking has an idea of sending here shortly”. (This refers to the recent proposal by General Yeh Chien-ying in Peiping that Major Young, Chinese American Army officer, be sent to Yunnan as Assistant Military Attaché.) Chou added American businessmen and foreign missionaries could be welcome provided they conform to local laws. Regarding missionaries, he said, “We don’t place restrictions on religion. The problem of Christian churches and missionaries is one of land reform, not beliefs. The trouble is some of these missions have taken illegally land from the peasants and today the peasants want to take back that land.

“If the land was taken back by the missionaries for feudalistic exploitation then the local Communist Govts will take it back and return it to the rightful tenants—the peasants. Also it must be remembered that some Polish and German missionaries worked hand in glove with the Japanese and puppets, actually resulting in harm and death befalling our people who were opposing the Japanese.

“Generally speaking, we don’t place any restrictions on missionary work, and more detailed regulations in this matter will be issued shortly by the local govt.”

STUART

893.00/2-2447: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, February 24, 1947.
[Received February 24—7:15 a.m.]

363. Associated Press Peiping February 21 dispatch reports that General Yeh Chien-ying, Communist Commissioner at Executive Headquarters, on his departure from Peiping stated:

“I sincerely believe that the efforts of General Marshall and America during the past year in helping China to win the peace have not been in vain. Peace will prevail. It is only a matter of time. Long live Chinese-American cooperation.”

Press dispatch Nanking February 21 reports Communist Nanking spokesman, Wang Ping-nan, as stating that Government is using “all conceivable means” to force Communist liaison offices in Nanking,
Shanghai and Chungking to close down but that they would remain open unless they receive formal notification. Wang added:

“If President Chiang Kai-shek resorts to underhand methods—detention or arrest—he will have to bear the responsibility. The use of secret intrigue and the arrest of Communist officials are being taken into consideration should these methods not succeed and that proves clearly that the Kuomintang has decided to close the door to further negotiations.”

STUART

893.00/2–2547 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, February 25, 1947—5 p.m.
[Received February 25—10:08 a.m.]

372. Following is substance of information transmitted by Ludden as result Ambassador’s and his talks with third party leaders, principally Chang Lan, Lo Lung-chi and Carson Chang, February 21 and 22 at Shanghai:

Democratic League representatives stated China’s situation is deteriorating with great rapidity, pointed out that this is disadvantageous to US because the people to whom General Marshall’s statement was directed will inevitably be driven as end result of situation into the Communist camp. All persons interviewed pointed out that there can be no real solution present problems until there is cessation of civil war.

Chang Lan desired that three points be brought to attention of US Government: (1) desirability American-Soviet-British mediation to replace American mediatory efforts; (2) that a reorganization of the Government without taking into consideration basic PCC agreements was doomed to failure; (3) that Communist Party at present time is considering calling a “national assembly” in its own “liberated areas”.

Impression was received that Democratic Leaguers and Carson Chang would be resentful foreign pressure put on them to join Government and that they believed no solution of present problem possible except by Chinese among Chinese. Chang Lan in particular took the line that American assistance to Government was responsible more than any single matter for continuation of civil war and Carson Chang left same impression.

56 Raymond P. Ludden, First Secretary of Embassy in China.
57 January 7 at Nanking; for text, see telegram No. 1910, January 5, Foreign Relations, 1946, vol. x, p. 682.
Carson Chang indicated he would not join Government under present conditions, that any third party participation in circumstances would make no difference in overall picture, and he maintained that he could be more effective in influencing change in China by remaining outside of Government than being a member thereof. At same time Chang said flatly that basic problem was the attitude of the Generalissimo and that stumbling block to genuine reorganization of Government was Chiang himself, whose entire background is such that he cannot conceive any success resulting from democratic processes. Chang maintained that solution to immediate problems was stabilization of monetary situation and reduction in military expenditures. He appeared to feel that any reorganization of Government at this time would be for sole purpose of influencing American opinion.

Lo Lung-chi's views: Some sort of all-party conference should be convened, committed in first place to national unity. Question of local administrations would be discussed and agreed upon; plans for a "revision" of present constitution would be laid down (this to be face-saving device for both Nationalist and Communist and to allow a later national assembly to confirm such changes); an implementation of the February military reorganization plan would be agreed upon (which would dispose of second Communist demand for return to January 13 troop dispositions, since all troops would then be under a single Government). Lo's basic point is that there can be no solution of situation unless agreement reached with Communists. He sees no possibility of Nanking defeating Communists, without US support, and his greatest fear is that American policy will drift toward material support of Government if a façade of reorganization is achieved. As to reorganization, Lo believes Youth Party unwilling to joint Government unless there is immediate revamping of State Council of [or?] Executive Yuan. On the other hand, some Social Democrats favor entering Legislative Yuan, Control Yuan, People's Political Council, and Association of Promotion of Constitutional Government, thus cooperating in state affairs without being compromised by participation in policy decisions or actual administration. However, both groups apparently [apparent omission] off to await developments in economic crisis, with which they do not want to be identified. Youth Party is probably trying to drive a hard bargain with the Government in its extremity, while Government meanwhile unwilling to meet YP demand until agreement both parties assured since reorganization along party lines involving single third party would have no significance.

STUART
The Ambassador in China (Stuart) to the Secretary of State

NANKING, February 28, 1947—2 p.m.

[Received March 1—8:40 a.m.]

390. For General Marshall from Butterworth. Ambassador McNutt arrived here from Shanghai this morning, had pleasant but inconsequential talk with T. V. Soong—a rather long talk with the Generalissimo, lunched with the Foreign Minister, and then took off for Peiping.

In the course of conversation, Generalissimo asked me to inform you that there will be announced in a day or two the reorganization of the Legislative and Control Yuans, that he regards this as a significant step inasmuch as by the inclusion of non-Kuomintang groups and independents the single party system will be abrogated. Since I have had a sense recently of the Govt’s preoccupation with military matters—which do not seem to be going any too well—I took the liberty and precaution of calling on yesterday both Blanchard [Blandford] and General Pei [Pee] and reading to them pertinent excerpts from the report of your conversation with Ambassador Wellington Koo. I was not at all sure that Koo would report his conversation with you as accurately as might be desirable and an opportunity was thus also afforded to keep up the pressure for Govt reorganization. Accordingly, I asked Generalissimo what plans he had for the reorganization of the State Council and Executive Council [Yuan;], after some discussion of a friendly nature, he asked me to inform you, in confidence, that the reorganization of these bodies would take place not before 2 weeks and not later than 4 weeks. Incidentally, I delivered the President’s letter of acknowledgment to him. This afternoon’s pouch has brought 2 letters for Madame Chiang which I shall send to her when she returns from Shanghai in a day or two.

Ambassador McNutt took the occasion both with T. V. Soong and the Generalissimo to urge patience on their part with the Philippine Govt in its present adolescent and difficult period of adjustment. He told the Generalissimo that President Roxas had the instincts of a statesman, that though he had to play a very political game at times, in the end he would adhere to a cooperative and enlightened course of action vis-à-vis Sino-Philippine problems. Generalissimo who before had been talking vaguely and generally perked up at this description of Roxas and asked McNutt about the extent of Communism in the Philippines, the amount of arms and guerrilla bands, et cetera, et cetera.

* Paul V. McNutt, Ambassador to the Republic of the Philippines.
* President of the Chinese Executive Yuan; brother-in-law of Chiang Kai-shek.
* Gen. Peter T. K. Pee, aide-de-camp to Generalissimo Chiang Kai-shek.
* See memorandum of February 17, p. 1066.
Mr. and Mrs. McNutt made a most favorable impression on the Chinese officials with whom they came in contact and were very cordially received by them. [Butterworth.]

STUART

893.00/2-2847: Telegram

The Consul General at Tsingtao (Spiker) to the Secretary of State

Tsingtao, February 28, 1947—3 p.m.
[Received February 28—9:40 a.m.]

18. Reliably reported Govt suffered complete loss one American trained division and almost complete loss of another in recent fighting near Poshan coal center. Military Headquarters admits such forces encircled. Military situation at Tsinan believed grave. Press reports, under apparent censorship, now more optimistic in tone. According to reliable local information, press reports are correct that Govt will attempt to defend only Tsingtao, Weihsieh and Tsinan in event Communists continue offensive. Tsingtao defense line being prepared at Chengyang, 21 miles north. Exclusive of US Navy dependents in Tsingtao, list of citizens in consular district remains substantially the same as shown in February list submitted. Developments will be reported.

Sent Nanking as 14.

SPIKER

893.00/2-2847: Telegram

The Secretary of State to the Ambassador in China (Stuart)

Washington, February 28, 1947—5 p.m.

245. Prof. Peffer 80 Feb. 13 in speech before IPR 81 at Washington made statements summarized below.

China’s internal situation is hopeless and future appears to hold only dissolution present Government and probable reversion to warlord or other regional regimes. Gmo probably well-intentioned but limited by his feudal background. Evil men surround Gmo leaving Govt’s modern-minded administrators powerless frustrated.

CCP unlike Kmt for time wanted peace but now also believes it has more to gain from continued hostilities. Its military power and numbers trained administrators insufficient however to control country in foreseeable future.

Chief hope for future is for US exert all possible pressure on Govt to force it reform. (End of Summary)

Former member Dem League now in US 82 similarly asserts CCP incapable govern all China and its leaders too intelligent attempt do-

80 Nathaniel Peffer, of Columbia University, New York, N.Y.
81 Institute of Pacific Relations.
82 Chen Han-seng, an economist, who on February 19 gave his views to the Deputy Director of the Office of Far Eastern Affairs (Penfield).
ing so even should present Govt collapse. He inclines to think such collapse would result in establishment coalition Govt including CCP but dominated by Political Science group.

Dept would appreciate your comments particularly on predictions of reversion to regionalism together with résumé of any available info from Canton Chengtu Kunming and other provincial centers indicating whether disintegrative tendencies ordinarily present there are now gaining strength from current difficulties of Central Government.

MARSHALL

893.00/2-2847 : Telegram

The Minister-Counselor of Embassy in China (Butterworth) to the Secretary of State

NANKING, February 28, 1947—10 p.m.
[Received March 1—5:48 a.m.]

401. Following from Changchun.

“71, February 26, 3 p.m. Nationalists have lost important points of Nungan, Wanpaoshan, Taolaichao, Chengtsukai and Chiu-tai, presumably with commensurate loss military strength. Nationalist front northwest of Changchun now weak. Tehui, with about two Government regiments, is cut off by interposition strong Communist forces at Puhai. On east Communists believe to have arrived in vicinity Yinmaho.

Nationalist reinforcements in unknown number have arrived Changchun from south in past 2 days. Clubb.”

BUTTERWORTH

II. RESIGNATION OF T. V. SOONG; EXPULSION OF COMMUNIST LIAISON DELEGATIONS FROM GOVERNMENT-HELD AREAS; MEETINGS OF THE CENTRAL EXECUTIVE COMMITTEE OF THE KUOMINTANG (MARCH 1-APRIL 17)

893.00/3-147 : Telegram

The Minister-Counselor of Embassy in China (Butterworth) to the Secretary of State

NANKING, March 1, 1947—9 a.m.
[Received February 28—9:45 p.m.]

403. I am confidentially and reliably informed that T. V. Soong 82 offered his resignation to the Generalissimo 84 last evening and the latter accepted.

BUTTERWORTH

82 President of the Chinese Executive Yuan.
84 Chiang Kai-shek, President of the National Government of the Republic of China.
NANKING, March 1, 1947—11 p. m.
[Received March 1-12:50 p. m.]

415. I paid a courtesy call on Dr. Soong this afternoon. He was in good spirits and received me most cordially. He said that he felt that his position had been growing untenable as his unpopularity increased in the face of mounting inflation and his attempts to hold it back through budgetary control, and that he had determined last night to submit again his resignation and get out. He gave me the impression that his meeting with the Generalissimo was not unamiable. He went on to say that whereas he did not feel he could usefully serve as President of the Executive Yuan or Chairman of the Supreme Economic Council, which office in the present situation is concurrent with the Presidency of the Ex-Yuan, "I am Chinese and a patriot", and in the crisis facing China his services were available to the Generalissimo whenever he called. He vouchedsafe the fact that the Generalissimo would temporarily take over the presidency of the Ex-Yuan, and he indicated that he would stay on for awhile to assist him in the change-over.

Although Soong has no doubt found it desirable to suggest resigning from time to time during past months and has been concerned by the growing open hostility toward him during the past critical month, it seems clear that T. V. Soong decided to force the issue last evening. In this connection reference is made to the Generalissimo’s statements contained in Embtel 390 Feb. 28, 8 [2] p. m., that Ex-Yuan would be reorganized "not before 2 weeks and not later than 4 weeks."

The reason why Soong decided to force his resignation was the growing intensity of the attacks on him at the PPC, Legislative Yuan and in the press which were gathering momentum and which he must have known meant that the Generalissimo sooner or later would have to let him go.

The Supreme National Defense Council met late this afternoon and appointed the Generalissimo as temporary President of the Ex-Yuan with T. V. Soong acting largely for him, pending the organization of the State Council that will appoint the new Ex-Yuan of which Chang Chun will probably be the president. Chang Kia-ngau, Carson Chang’s brother and at present Chairman of the Ec Commission

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97 For correspondence on the financial crisis, see pp. 1080 ff.
98 People’s Political Council.
99 General Chang Chun was recently governor of Szechwan and Chinese Government representative on General Marshall’s Committee of Three early in 1946.
100 Chairman of the Democratic Socialist Party.
for the northeast, was appointed Governor of Central Bank, but his appointment should not be evaluated in terms of his relationship with Carson Chang but in the light of his banking background and of his affiliation with Political Science [faction].

**Butterworth**

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**893.00/3-447 : Telegram**

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 4 [27], 1947—noon.
[Received March 4—1:56 a.m.]

419. Government on March 1, midnight, announced the appointment of 50 new members to the Legislative Yuan of whom 17 are Kuomintang, 13 Youth Party, 12 Social Democrats and 8 non-partisan; 25 new members to Control Yuan of whom 9 are Kuomintang, 6 Youth Party, 7 Social Democrats, and 3 non-partisan; and 44 new members to the People’s Political Council of whom 11 are Kuomintang, 11 Youth Party, 11 Social Democrats and 11 non-partisan. (Ref: Embtel 390, February 28, 2 p.m.)

Analysis will be made and submitted in due course.

**Stuart**

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**893.00/3-347 : Telegram**

*The Minister-Counselor of Embassy in China (Butterworth) to the Secretary of State*

NANKING, March 3, 1947—3 p.m.
[Received March 3—6:30 a.m.]

425. Following Changchun’s 76, March 1, 9 a.m.

“First phase of present Communist drive is apparently over. Changchun evidently safe from attack immediately. This was early indicated probably by failure Reds to try to cut Mukden rail line over which reinforcements are arriving here from south. With threat of danger to Changchun thus at present seemingly receded, Nationalists, with customary precipitation, have become confident of victory still unattained.

Communist logistical problems are considerable and how sustained offensive they can support is problematical. I believe in present drive, pattern of which has thus far followed fairly closely that of January, there may be introduction new strategic elements into second phase. An important factor indicated in Consulate’s telegram 74, 28th, is

**Note** Not printed; it reported a press review of the military situation in Manchuria (893.00/3-147).
that Nationalists seem to have lost sight of bulk of Communists' attacking force. Nationalists plan drive along railways north to Tehui and east to Kirin. There is northwest of Changchung admitted Communist concentration and east of Kirin another. I suggest possibility Communists instead of withdrawing again across Sungari may move on flank or in rear after Nationalist drive gets under way. Clubb."  

Butterworth

893.00/3-347: Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, March 3, 1947—7 p.m.
[Received March 5—1:14 p.m.]

432. Following message supplements my 390, February 28, 2 p.m., No. 403, March 1, 9 a.m., and No. 415, March 1, 11 p.m.

T. V. Soong had long talk with Generalissimo on afternoon of evening that he handed in his resignation. At any rate the latter interview was not unamicable and the Generalissimo, although urging him to maintain his position as chairman of the Supreme Economic Council, readily accepted his resignation as President of Ex-Yuan and then without much ado the chairman of the Supreme Economic Council as well. My surmise from available information is that Generalissimo propounded to T. V. Soong in the first conversation his military plans for intensification of the civil war which, inter alia, will require in view of recent price increases a rise in pay and supply allotments for the Army in the near future. Hemmed in on the one side by relentless demands of civil war and on the other by increasingly painful limitations which his growing unpopularity was imposing on his freedom of action, he decided to save his reputation—if not his face—by checking in his hand before it was called and he was well smeared.

Until very recently T. V. Soong, although he dealt cautiously with the Generalissimo, was confident of his position because he conceived that the Generalissimo needed him more than he needed the Generalissimo—and he said so. Perhaps, sensing or knowing of his assumption, the Generalissimo refrained from bearing any part of Soong's public responsibility for the growing economic and financial difficulty, and he let him go without even a published letter of thanks. I therefore found it ironic of Madame Chiang to say, “They made my brother the scapegoat”. Incidentally, she added that she regarded this crisis as the most serious one that China in her experience had faced.

My belief is that the Generalissimo has determined to embark on an all-out military campaign to free as much of China Proper from Com-

O. Edmund Clubb, Consul General at Changchun.
munist control as possible to the end that after about 3 months, the Communists would be chastened (where they are now blatantly bumptious) and concentrated in a much smaller area (reEmbtel 357, February 24, 7 p. m.\(^2\)). My guess is that feeling as he does about Communists, Generalissimo, although nervous about Moscow Conference,\(^3\) does not envisage any improvement promising permanency in Soviet-American relations and therefore is not without hope that the US will in due course come in some fashion and to some degree to Government’s assistance. There is no doubt that he is now increasingly concerned about the rate of financial deterioration and the ability of Communists to prolong struggle and create havoc. However, he has made a point of telling Chinese who call upon him that China must stand on its own feet and face the future without American assistance. I have the sense that the CC-clique\(^6\) work on him in this wise and, concomitantly, to the effect that he will be getting the worst of both worlds if he weakens himself domestically and fails to achieve compensatory aid from the US. That his mood is exigent and bitter is evident as indicated in today’s speech. As I see it, these next few days are important for the reorganization plans—important in that this fight-it-all-alone-mood should not find reflection in the appointments and powers of the State Council and the Ex-Yuan.

Stuart

893.00/3–347: Telegram

_The Ambassador in China (Stuart) to the Secretary of State_

Nanking, March 3, 1947—7 p. m.
[Received March 6—6: 50 a.m.]

433. During the latter part of February there were brief scattered items in the vernacular press stating that police officials in Shanghai, Chungking and Peiping had been rounding up and arresting large numbers of individuals considered as undesirable.

Investigation reveals that the widest scale activity took place in Peiping. Beginning the night of February 17 and continuing for several nights, the police did in fact round up between 2,000 and 3,000 persons, most of whom are still detained. The authorities later announced that the purpose was to pick up vagrants, opium smokers, those in possession of arms and those lacking residence permits. The arrests, however, also included the publisher of the Sino-American

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\(^2\) Not printed.

\(^3\) For correspondence on this subject, see pp. 609 ff.

\(^6\) Powerful right-wing group in the Kuomintang, headed by the two brothers, Chen Li-fu and Chen Kuo-fu.
press, head of CNRRA and a well-known PUMC physician, all of whom have disappeared. They also included some students and professors of known liberal or left wing sympathies and other individuals hostile to the Central Government for one reason or another, as well as numerous known Communists. The result has been [apparent omission] liberal groups in Peiping, particularly among university students who fear that these current incidents presage, upon the withdrawal of American forces from north China (sic), a concerted drive to suppress elements of whom the Government disapproves. Some 600 students are reported to have resigned from Peita to seek cover elsewhere.

A petition has recently been issued by 13 prominent Peiping professors strongly protesting the arrests and demanding adequate Government guarantees of civil liberties. Hu Shih, President of Peita, is reliably reported to the Embassy to have seemed to acquiesce in Government action in the sense that he has taken no known action, and students no longer give much credence to his assurances that student rights will be vigorously protected. Academic circles are increasingly critical of him, as on the other hand Wang Shih-chieng seems to have been unable to persuade him to join in reorganized government.

The reports of arrests in Shanghai appear to be completely false. There have apparently been a few arrests in Chungking, though on a relatively limited scale and so far not involving intellectual groups, except for leaders of the recent mass student demonstrations which have been keeping the city in a perennial uproar, but liberal groups anticipate trouble.

It was to be expected that action would be taken against Communists in north China and Chungking. Since the organization of Executive Headquarters the Communists have been relatively free to operate under what in effect was a safe conduct from the Government. They used this time and opportunity to filter into various strategic positions which can now be very helpful in the prosecution of the Communist cause in China. With the termination of Executive Headquarters and the American mediation, it is only to be expected that the Government which now finds itself waging an all-out civil war will vigorously pursue a campaign of eliminating or demobilizing those whom it believes will fight against it from within. The unfortunate part is that any roundup of this sort lends itself to gross abuses and will in the end include not only Communists but also any opposition elements, as well as many individuals who have had personal differ-

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* China National Relief and Rehabilitation Administration.
* Peking Union Medical College.
* Peking National University.
* Chinese Minister for Foreign Affairs.
ences or difficulties with the local authorities. It is not unlikely that liberal elements will suffer even more than the Communists since the latter are an organized group in a better position to protect themselves and as a last resort can always make their way to Communist controlled areas. The liberals, who are opposed to authoritarianism and as well as incapacity of the present Government but who also cannot see their way clear to joining the Communists, are in a far less fortunate position for obvious reasons.

In these circumstances I made occasion to have a frank talk with Shen Chang-huan, Gimo's private secretary, and was able informally but forcefully to suggest how unfortunate as well as unjust would be the casting of a political dragnet for Communists which would intimidate or catch those liberal elements to whom the reorganized State Council and Executive Yuan should look for support.

STUART

893.00/3-447: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 4, 1947—2 p. m.
[Received March 4—3:30 a. m.]

440. Following from Shanghai:

"361, March 1, 11 a. m. Following comments on local reaction to national political developments are submitted as of possible interest. There has recently been a further deterioration of public confidence in the National Government. Local independent Chinese businessmen, bankers and other private individuals have become much more frank and bold in their criticism of the National Government. The same is true of the labor and salaried worker groups who have been further alienated by recent wage freeze without simultaneous price control. Chairman of general labor union (Kmt sponsored) has publicly expressed fear that labor may voice its dissatisfaction "in a drastic manner". Present temper of public opinion is such that any active opposition to governmental measures to control economic or political activities of the people would receive considerable popular support.

"It is reported that the local authorities plan to suppress by force, if necessary, any demonstration or illegal strike, but reliability of police in putting down disturbances is questioned. Although possibility exists that disturbance may occur at any time, it is Consulate General's view that some weeks will elapse before situation develops fully. Modification of present measures and realistic reorganization

1 Kuomintang.
of National Government if it comes in time may substantially alter situation.

"There is a noticeable lessening of anti-American element in situation."

STUART

123 Stuart, J. Leighton

The Ambassador in China (Stuart) to the Secretary of State

No. 538

NANCHING, March 4, 1947.

[Received March 17.]

Sir: I have the honor to report that I returned yesterday from a trip to Canton and Hong Kong occupying about a week. This had been preceded by a stay of two or three days in Shanghai primarily to deliver an address on Washington's Birthday. As the large majority of those present were Chinese I took the opportunity to emphasize not only the traditional friendship between our two countries but also those elements in Washington's character and career which had a special relevance for Chinese patriots at this critical period in their national life.

Messrs. Ludden and Connors 2 accompanied me to the South and were very helpful throughout. In Canton I had two lengthy and largely attended press interviews, met with the American community, had several discussions with Marshal Chang Fa-kuei 3 and other Chinese officials, made a number of speeches and attended a series of social functions. I addressed over 8,000 students in the Sun Yat-sen Memorial Hall. It was encouraging to note that one can now use Mandarin on such occasions and be quite well understood. In Hong Kong we were the guests of the Governor, Sir Mark Young. The days spent there were not quite as strenuous but followed much the same pattern. We had intended to make a brief trip to Hainan, primarily to visit the fifteen Americans resident there, but bad weather yesterday and the important political developments here combined to cause us to abandon that plan.

The control of South China under Marshal Chang Fa-kuei is apparently efficient and with the intention of severely suppressing all subversive activity. Intellectuals complain of the lack of any real freedom of speech or publication. The higher officials seem reasonably honest but there is wide-spread graft. Smuggling has been rampant but is becoming somewhat checked. Economic conditions are bad in the cities but are improving in the country. There are almost

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2 Raymond P. Ludden, First Secretary of Embassy in China, and W. Bradley Connors, Public Affairs Officer in the Shanghai Consulate General, on detail to the Embassy.

3 Director of Generalissimo Chang Kai-shek's military headquarters at Canton.
300,000 people (and their dependents) unemployed out of a population of roughly one and a quarter million. Industrial recovery is hampered chiefly by exchange rates and import restrictions. There is urgent need of machinery and raw materials. We visited a textile plant seriously damaged by bombing but were impressed with the efforts to utilize what equipment there was. In this and other factories visited there was no lack of technically qualified executives and much patient determination despite the handicaps. Agriculture in Kwangtung is capable of great improvement under scientific direction. There were persistent rumors of an independence movement in South China, but I should give them no credence unless indeed there should be a collapse of the Central Government.

The rendition of Hong Kong and the Leased Territory is evidently an acute issue. Two important British officials in the Colony questioned me on the matter. I ventured the suggestion that Great Britain might, when conditions in China become more stable, take the initiative by graciously and generously announcing her intention to return the whole region to China by a given date and proposing a procedure meanwhile for gradual rendition. The Governor would like to develop two model municipal governments as a contribution to Chinese progress in which England has been peculiarly successful. He thought this would require at least thirty years.

On my arrival here yesterday afternoon I was asked to call on Dr. T. V. Soong, to stay on for dinner, and to see President Chiang Kai-shek later that evening. Dr. Soong talked freely of the reasons for his resignation. The "C-C" and the "Political Science" cliques had united in the effort to get rid of him and he felt that he could accomplish little under these conditions. He has steadily opposed the former of these and attributes the motives of the latter to the desire for power. He seemed singularly cheerful, feels no resentment and will continue to help President Chiang unofficially as wanted. There is no basis whatever for the rumors of estrangement between these two men. In fact, I have never known them to be on better terms than these past few months. President Chiang is acting temporarily as Premier but it is expected that the State Council will elect Governor Chang Ch'ün to this position.

President Chiang is carrying a terrific burden of responsibility. Although he was as calm and confident as usual yet he seemed more tired than I remember to have seen him before. He questioned me anxiously about news from yourself and about the outcome of the UNRRA \(^a\) cotton and wheat proposition. I explained that at most this would represent a value of about fifty million dollars and that no final decision had been reported. He thinks that within a week it

\(^a\) United Nations Relief and Rehabilitation Administration.
will be possible to announce the complete plans for government reorganization. He feels that the military situation alike around Chang Chun and in Shantung is well in hand and that the Tientsin–Pukow Railway zone will be cleared of Communist troops before the end of next month. He allows four to six months for the reconditioning of the line.

Both President Chiang and Dr. Soong made it abundantly clear how hopefully they are awaiting American financial aid. The former wanted me to telegraph the essence of the preceding paragraph so as to reach you before your departure for Moscow. I question, however, the advantage of this in view of the inability as yet to report the details of reorganization or other features not previously transmitted to you.

Today I had four of the local Communist Party delegation for lunch with Messrs. Butterworth and Connors present. They were quite explicit in expressing their desire for a reopening of the peace talks and for American mediation. I assured them once more of my readiness to do anything in my power and within my instructions whenever the suitable opportunity presented itself, as well as of the hope which I had never abandoned that these talks would some day be resumed fruitfully. I sent greetings to Messrs. Mao Tse-tung, Chou En-lai and others known to me at Yanan. The Nanking and Shanghai Communists are acquiescing—but with obvious reluctance—in the plans for their removal to Yanan.

Respectfully yours,

J. LEIGHTON STUART

893.00/3–647: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 6, 1947—2 p. m.
[Received March 6—4:15 a. m.]

461. In the course of Minister-Counselor's conversation with the Foreign Minister, the Minister-Counselor took occasion to review with him the question of the recent arrests in Peiping, which formed subject matter of Embtel 483, March 3, 7 p. m., and expressed hope that he would use his benevolent influence to prevent the intimidation or repression of liberal elements and to uphold the orderly and legal processes. He agreed to interest himself actively in the matter.

STUART

* Chairman of the Central Committee of the Chinese Communist Party.
* Head of the Chinese Communist delegation during the negotiations of 1946 with General Marshall and the Chinese Government.
* W. Walton Butterworth.
* Wang Shih-chieh.
893.00/3-647: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 6, 1947—2 p.m.
[Received March 6—4:02 a.m.]

462. In the course of Minister-Counselor’s conversation with Foreign Minister, the latter expressed himself as reasonably hopeful about the prospects of appropriate reorganization of an Executive Yuan and of the organization of St[ate] Council. He said that Carson Chang and his group of Social Democrats had now received the Govt’s proposals and were returning to Shanghai to meet and consider their party’s position. In this connection reference is made to Embltel 372, Feb. 25. The Youth Party would participate, but the Democratic League had, he said, moved further leftward in its attitude of cooperation with the Communists.

STUART

893.00/3-747: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 7, 1947—4 p.m.
[Received March 8—12:35 a.m.]

481. Fairly reliable information available to Embassy is to effect that within near future wholesale arrests of Communists and their sympathizers will be conducted at Shanghai probably following much same pattern as recent roundup at Peiping (reEmbltel 483, March 8, 7 p.m.). It is stated that Shanghai authorities have list of 3000 Communists to be rounded up and sent to concentration camps in Shantung.

I have been informed by T. V. Soong that Generalissimo granted him special powers to assure that excesses are not perpetrated.

Repeated Shanghai as 238.

STUART

893.00/3-1047: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 10, 1947.
[Received March 10—8:25 a.m.]


“Nonrecognition by the Communists of any Govt international agreements concluded since June of last year was the chief factor precipitating the imminent withdrawal of the Communist representatives as ordered by the Govt, said Dr. Carson Chang, Chairman of the
Democratic Socialist Party, when asked to comment on the forthcoming Communist withdrawal from Nanking, Chungking, and Shanghai.

This step taken by the Communists is tantamount to nonrecognition by the party of the legality of the National Govt, indicating that the Communists signified no sincerity to resume the peace talks, Dr. Chang said. Under these circumstances, the withdrawal is undoubtedly the most spontaneous outcome, he added.

As the National Govt is China’s only legal govt recognized internationally, it certainly has the power to conclude any treaties or agreements with any other nation, Dr. Chang said.

As regards his party’s attitude towards the forthcoming blanket reorganization of the Govt, Dr. Chang said that his party still stands firm on its policies, while it has signified willingness to participate first in the four Govt organs. Decisions to participate in the blanket Govt reorganization will not be made until after his trip to Nanking because he wanted to know more about the Govt’s opinions in this respect, he added.

Dr. Chang, accompanied by Lei Chen, left here for Nanking last night. Following their arrival in the capital, important talks between the Govt authorities and minority parties are expected to be held to discuss Govt reorganization.”

STUART

893.00/2–1247: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 12, 1947—10 a.m.

[Received March 12—5:55 a.m.]

581. Events have moved so rapidly in China during the past 10 days and have included so many complicating factors that it might be useful at this time to present a brief overall summary, drawing together and correlating previous telegrams. The two main aspects are, of course, the military and the political-economic, with the former giving a kind of desperate urgency to the need for political adjustment because the continuance of civil war is an increasing drain on the national economy making a mockery of attempts to move in the direction of normal economic development.

The current military campaigns have surpassed in scope anything seen in many months. The Government obviously wanted, and badly needed, a major military victory in Shantung. This it has failed to obtain. Communists took the initiative in Manchuria, managing to force their way to the very gates of Changchun. They have now

* Secretary General of the People’s Political Council.
been turned back by Nationalist reinforcements and in this sense have suffered a defeat if, as has been suggested, their objective was a territorial victory to strengthen the hand that they hope the Soviets will play for them at the Moscow meeting. If, on the other hand, the principal objective was further to sap Nationalist strength, then they have achieved a victory. The Military Attaché’s intelligent guess on casualties is 10,000 for the Government and 20,000 for the Communists in Manchuria and 40,000 for the Government and 20,000 for the Communists in other areas, mainly Shantung.

The establishment of general headquarters at Suchow seems to be a desirable and long-needed development from Government standpoint in that it puts it in a better position to direct and control operations. The Military Attaché also states he sees signs on both sides of a decreasing desire to fight and more particularly by Government force. Even high-ranking officers have said to him that whereas there seemed to be some point in endless fighting when the enemy was Japan, there is not much stomach for fighting when it is against Chinese. This lack of morale appears to be reflected among the troops who do not understand what the civil war is all about and who, in some instances, have been susceptible to Communist appeals to lay down their arms. The Gmo’s insistence on increased pay to improve troop morale played a part in Soong’s resignation.

Against this grim background have been the political changes of the last 10 days, which, so far, are inconclusive. The reorganization of the State Council and the Executive Yuan is still in the negotiation stage. The stumbling block is whether and on what terms the Social Democrats will participate. The reaction to the appointment of Chang Chia-nga as governor of the Central Bank has not been received with disfavor though the attitude generally is that no radical improvement can be expected from it and the Political Science group, of which Chang is a member, hoped to consolidate its hold on the Finance Ministry and the Central Trust as well as the Central Bank. This appears to have failed with the reported appointment of a CC clique man as head of the Central Trust. This came simultaneously with the announcement that S. Y. Liu (a Political Science man) was transferred from the Central Trust to the post of deputy governor of the Central Bank. This evidence of CC clique expansion into the financial field will not increase banking and business confidence in the Government—it is also additional evidence of the Gmo’s tactics of not allowing any one group to gain exclusive control over the finances of the country.

On instructions from the Gmo, Control Yuan investigated causes

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of the gold manipulation in Shanghai. Its published report directly implicates several of T. V. Soong's subordinates in highly questionable if not unsavory activities and at best suggests a sloppiness of operation and control for which Soong must, of course, bear the ultimate responsibility as well as for a general monetary policy which permits these activities. It is elsewhere reported that Tang En-po, Ku Chu-tung and Yen Hsi-shan made substantial gold purchases in Shanghai.

In the excitement of other events, the announcement by the Government of additional government, third party and non-partisan members to the Legislative and Control Yuan, the PPC, and the standing committee for the enforcement of the constitution caused only a minor ripple. Government stand that this development constitutes a significant step in the direction of relinquishing one-party control, has received little attention and is not likely to do so pending reorganization of the State Council and the Executive Yuan.

The heightened tempo of repressive police activities all over the country, and particularly in areas where the Communists have been most active, has been widely reported and variously interpreted, depending on the political views of the commentator. This development has been strongly condemned in independent and left-wing circles. At the same time the attitude has been general that however reprehensible these activities may be, the Government can hardly be expected to loosen its controls as long as it is engaged in a life and death struggle. Concomitantly, there is a general belief that with the return of all Communist delegations to their own territory the possibility of peace negotiations and political settlement has been indefinitely postponed, making all the more improbable any prospect of halting economic deterioration.

STUART

893.00/3-1247: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 12, 1947—4 p. m.
[Received March 12—7:14 a. m.]

535. During evacuation of Communist mediation personnel, 11 American correspondents took the opportunity to fly into Yenan for observations and interviews. Some remained 5 to 6 days while others

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8 Summarized in telegram No. 516, March 11, from the Ambassador in China, not printed.

9 Garrison commander of Nanking area from 1946.

10 Commander in chief of the Chinese Army from 1946.

11 General army officer and governor of Shansi.
only stopped overnight. Consensus of opinion of most reliable observers indicates following: Communists definitely not planning to hold their own national assembly, quite understandably since they are bidding for power on national scale and not on sectional basis. Chou En-lai and other leaders took the line that Communists had no time to bother with a Communist assembly since they were engaged in widespread military activities that required their full attention.

Communists firmly confident of their military power and their ability to wage guerrilla warfare that will disrupt Government lines of communications and continue to undermine Government economy with devastating effect. Communists regard this as means by which Government will be forced to its knees and to seek settlement with Communists on Communist terms.

Full scale evacuation of Yenan well advanced. Women and children almost nonexistent in Yenan and Communists state that all non-essential personnel evacuated. Correspondents estimated approximately 5,000 persons left in Yenan but Communists claim 15,000 still there of city's former 50,000 population.

Communists insist their two conditions—return to January 13, 1946 military positions and abolition of National Assembly and constitution—are minimum conditions for reopening peace negotiations with Government. However, some correspondents came away feeling that Communists would probably interpret first condition to mean that they retained control of approximately same area of territory, not necessarily exact territory, held at the time of the truce agreement. Others, though, held opinion Communists were determined to hold to their two conditions and would not budge—except upward—from that stand under any circumstances.

Correspondents reported marked increase in bitterness of Communists apparent during week of visits. Leaders castigated Government US and General Marshall. Chou En-lai declared he had private reliable information from United States that $175,000,000 cotton loan, $50,000,000 railroad loan and others all approved and only technicalities holding up actual delivery of cash. Also United States, he stated, was making available arms and ammunition from surplus stocks to Philippine Islands for resale to National Government here. He also declared US Embassy had planned send Military Attaché to Yenan with Communist approval but National Government rejected plan.

Chou En-lai also stated that US airlifted Communists from Government areas back to CCP 11a areas to assist Government to get rid of Communists and complete total national split.

Sent Department 535, please repeat to Moscow March 12, 4 p. m.

STUART

11a Chinese Communist Party.
The Consul General at Tsingtao (Spiker) to the Secretary of State

Tsingtao, March 12, 1947—4 p.m.  
[Received March 12—8:55 a.m.]

18. Communists have occupied Kiaohsien on railway 40 miles northwest of Tsingtao. Tsimo, 30 miles north of here, reportedly has suffered several heavy night attacks but situation there not yet deemed critical.

Government troops available for defense this area estimated 70 to 100 thousand. Population relatively calm. Authorities placing movable barricades at various places throughout city.

Missionary reports indicate Communist forces strongly indoctrinated against Americans. Several days ago native pastor of American Presbyterian Mission at Kaomi was shot as an American spy. Contrary to former practice, Catholic priests and nuns evacuating from interior points threatened by Communists.

I attended two 3-hour conferences called by Admiral Cooke and Rear Admiral Dennebrink on Sunday and Tuesday respectively to revise plans for possible concentration of American citizens and probably other foreign residents. It is assumed Department being kept advised by Navy Department concerning Navy plans here as they relate to policy.

Sent to Embassy as 18.

Spiker

The Ambassador in China (Stuart) to the Secretary of State

Nanking, March 13, 1947—1 p.m.  
[Received March 13—6:40 a.m.]

545. Colonel Sells who has just returned to Nanking after spending almost 5 months in Yenan as Chief of Executive Headquarters liaison group there, confirms in general the observations of American correspondents reported in Embtel 585, March 12, 4 p.m. He particularly emphasizes the extent of the confidence of the Communist leaders in all three spheres of action against the Govt: (1) on the military front, (2) in their ability ultimately to bring about economic chaos, (3) in the irresistible attraction of their economic and social program particularly to the peasantry. Sells' considered opinion is that Communists in their present mood are "completely

Adm. Charles M. Cooke, Jr., Commander, United States Naval Forces, Western Pacific.
Rear Adm. Francis C. Dennebrink, Commander, Cruiser Division 5, Western Pacific.
irreconcilable” and, though they are still talking the PCC line,¹⁵ he has the impression that they will eventually increase their demands if, as they anticipate, the Govt progressively weakens. Sells does not believe that a threat of fulsome American assistance to Govt would deter Communists under present circumstances, and that their present state of confidence can only be shaken by substantial military defeats.

Sells has the impression that Communists' tactics will be to encourage Govt to extend its forces to the utmost, to harass them and to concentrate their own forces to hit at selected vulnerable points. Communists are well aware of Govt's concern over ammunition situation and will attempt to force Govt troops to expend material as much as possible. As with other observers, Sells confirmed no possible sign of Russian personnel or equipment. He did obtain apparently reliable info from Swiss missionaries to the effect that considerable rail traffic was evident in Manchuria between Tsitsihar and Soviet territory, westward in agricultural products and eastward in “sizable wooden boxes”.

Sent to Department 545, repeat to Moscow.

STUART

[Telegram]
The Consul General at Tsingtao (Spiker) to the Secretary of State

TSINGTAO, March 14, 1947—11 a.m.
[Received March 14—11 a.m.]

19. Destruction of railway including bridge demolition, removal of rails and burning of ties shown by US Marine aerial reconnaissance to be virtually complete between Chengyang (20 miles from Tsingtao) and Fangtze (10 miles east of Weihsien) with heavy damage to line between Weihsien and Tsinan including destruction of most bridges.

Govt forces now occupy line east bank Takuho to Lantsun to Tsimo eastwards to sea which is outermost of 4 defense lines to be utilized in protection Tsingtao.

Sent to Embassy No. 19; repeated Dept 19; Shanghai 12.

SPIKER

[Telegram]
The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 16, 1947.
[Received March 16—6:55 a.m.]

576. Official Government Central News Agency issued following release 15th on Gimo’s address to opening session of Kuomintang

Central Executive Committee (full text of 20-minute address has not been released to press):

"Our most urgent duty toward the country today is to consolidate our national unity and remove all the obstacles standing in the way of national reconstruction. At the same time we are firmly determined not to alter our fixed policy of instituting democratic government and carrying out national reconstruction. Nor will we slacken in our efforts to realize constitutional rule and economic rehabilitation. Our nation-wide demands today are national unification and political democratization.

"Since victory, our most important mission has been the implementation of the principle of people’s rights and the principle of people’s livelihood. If we only strive hard and with sincerity and are unremitting in our efforts, I can positively say that there will be no force, however strong, that can thwart the successful consummation of our task of national reconstruction."

This is the gist of President Chiang Kai-shek’s speech delivered this morning at the opening ceremony of the third plenary session of the sixth Kmt Central Executive Committee. The speech was made at Dr. Sun Yat-sen’s mausoleum.

Meeting on the eve of the inauguration of constitutional government, President Chiang pointed out, the present session of the CEC is the most momentous one of the party in the past 20 years. In fact, the session is one which terminates the political tutelage of the country under the Kuomintang. Therefore, President Chiang said, it is important that the session should discuss and examine fully the status and duties of our party in the interim period pending the inauguration of constitutional government, and adopt explicit resolutions regarding them.

During the present session, President Chiang further said, we must re-define the relations between our party and the Government and revise the ideas and attitudes of our party members formed during the period of political tutelage. In the past, he said, the policies of our party were transmitted through the party to the Government for execution. Hereafter whatever resolutions our party may pass on military, political and economic affairs of the country can only be presented to the Government in the form of recommendations and we should assist the Government in their execution. While we cannot entirely relieve ourselves of our responsibility to the country before the convocation of the next National Assembly, we must, however, start preparations to relegate our party to the status of an ordinary party just as any other party and we should do our duties and enjoy the rights in the same manner as do the other parties. We should cooperate with other parties and pool our efforts together in order
to hasten the successful completion of our task of national reconstruction.

President Chiang deeply deplored the outbreak of armed rebellion of the Chinese Communists which, he said, is blocking national unification and causing widespread suffering to the people. Because the Communists have stubbornly placed their implicit faith in armed force and have been deliberately breaking faith, the hopes for a political settlement of the national situation are shattered by them. In order to safeguard national unity and the security of the people, President Chiang said, the Government cannot but take measures to quell the rebellion.

Prefacing his speech with a brief review of the work of the second plenary session of the CEC in Chungking in March last year, President Chiang said:

"It is indeed heartrending to speak of the progress of peaceful national reconstruction. The manifesto of the second plenary session pointed out that nationalization of the armed forces is the basis of peace and unity. Unless and until we have national unity in name and in fact, we cannot realize democracy and proceed with the work of economic reconstruction. Therefore it is emphasized that there should not be a recurrence of armed rebellion in the country nor should there be chaos and disorders in various localities.

"The manifesto further pointed out that peace and order and alleviation of the suffering of the people are urgently needed, but the restoration of communications is all the more pressing for the revival of national economy. Therefore, the manifesto of the second plenary session insists on demanding the Communist forces to cease attacks and all other activities blocking national unification.

"In dealing with the internal political complications the National Government has consistently been observing the principles laid down in the manifesto quoted above. The Government, deeply concerned over the suffering of the people caused by the war, has exercised great tolerance and patience toward the armed activities of the Chinese Communists in blocking national unification and harming the people, in order to seek a settlement by political means and through mediation.

"During the past year the Government has issued three cease-fire orders and has through the mediation of our friendly nation, the United States, carried on numerous negotiations. But the Communists have always placed their reliance in armed force and have been deliberately breaking faith. While the Government in observance of the agreement for military reorganization was carrying out reduction of the army, the Communists have been incessantly expanding their forces. Every time when the Government issued a cease-fire order the Communists took advantage of it and expanded their occupied area. Finally the Communists refused to participate in the National Assembly and refused to recognize the constitution adopted by the Assembly.

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26 See United States Relations With China, pp. 635-639.
They have also resolutely rejected the proposal of the Government to appoint representatives to continue peace negotiations.

“What has happened during the last 3 months clearly proves that the hopes for a settlement by political means have been shattered. Meantime the armed activities of the Communists in their all-out rebellion to frustrate national unification are spreading wider and wider every day. While the people of the entire country are demanding stability, the Chinese Communists deliberately refuse to give them a minute of peace. While the people are appealing for peace, the Chinese Communists are deliberately widening their sphere of disturbance. The Government in order to safeguard the unity of the nation and the security of the people naturally cannot sit tight and watch the spread of the disturbance without taking measures to suppress it. It is indeed a great misfortune of the country that the disturbance will further impair the process of national recovery and thwart the progress of the work of rehabilitation and economic reconstruction.”

After reaffirming the party’s determination to overcome all obstacles standing in the way of national unification and to consummate successfully the task of national reconstruction, President Chiang dwelt at length on the mission of the present session of the CEC. He said:

“There are many problems that will come up before the session for discussion. But personally I consider that the session should especially study fully the status and duties of our party in the interim period of preparation for the inauguration of constitutional government and adopt clear-cut resolutions in regard to them. We are now on the eve of the introduction of constitutional rule and it will be only 9 months from now when the constitution will come into force. Actually the present session is the one that will terminate political tutelage.

“Since the completion of our northern punitive expedition, due to recurrent national crises, our party has during the past 20 years shouldered alone the onerous responsibility for the affairs of the country. But we have never for a day neglected our preparations for the introduction and institution of constitutional government. During the period of our war of resistance we had invited the various parties and civic leaders to join in the dual task of war of resistance and national reconstruction. The formation of the People’s Political Council has laid the foundation for political democracy. Now that the constitution has been promulgated, we in the course of our national reconstruction shall soon enter into the period of constitutional government. Politically, we shall advance from the period of one party responsible for the government of the country into the period of joint responsibility of various parties and the entire people of the country. From now on the responsibility for the state will devolve on the shoulders of the various parties and the people of the entire country. Therefore this session is the most important one unprecedented in the past 20 years.

17 1928-28.
"As from the present session we shall have to re-define our relations between our party and the Government and to revise the ideas and attitudes of our party members formed in the period of political tutelage. In the past the policies of our party had been transmitted through the party to the Government for execution. Hereafter whatever resolutions we may pass on the military, political and economic affairs of the country, we can only present to the Government in the form of recommendations and we should assist the Government in their being carried out. Pending the convocation of the next National Assembly we cannot relieve ourselves entirely of our responsibility to the country; we however must immediately make preparations to delegate our party to the status of an ordinary party and stand in the equality with other parties. We shall do the duties and enjoy the rights in the same manner as will the other parties."

"Further we should cooperate with and help one another to hasten the consummation of the task of national reconstruction. This is the point which was not present in all the previous session. I must especially call your attention to it and hope that you all will carefully study it and crystallize it into a resolution for the observance of all the party members."

Finally President Chiang urged the session to devote time and attention to examine the party itself, to improve the quality of its membership, to reform its administration, to reorient the relations between the party and the people and to reinvigorate their spirit in serving the people, and to cultivate the spirit of self-criticism in order to effect general improvement.

President Chiang further said that it is undeniable that our party has many shortcomings and we should rectify and overcome them. Especially at a time when our country and our revolution are encountering difficulties, we must study how to strengthen our self-confidence and mutual confidence. On the eve of the inauguration of constitutional government, President Chiang further urged, all of our party members should be broad-minded and sincerely work together with other parties. All these problems the present session of the CEC should carefully and calmly discuss and work out resolutions. We must know that our party has existed for the salvation and reconstruction of the country. Only by reforming our party can we strengthen the party. Only by strengthening our party can we make the party shoulder the heavy responsibility toward the country, President Chiang concluded. End full text official Central News Agency report on Gimo address.

Department please repeat to Moscow.

Stuart

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13 For summary of the manifesto issued by the Kuomintang Central Executive Committee, released March 24, see United States Relations With China, p. 737.
The Ambassador in the Soviet Union (Smith) to the Acting Secretary of State

Moscow, March 16, 1947—3 p.m.
[Received March 16—10:20 a.m.]

844. Personal for Stuart from Marshall. Please cable following report to Moscow for my personal information: (a) summary of situation, political and military, including estimate of National Army state of supply, (b) recommendation for guidance of State Department as to action, if any, to be taken at this time.

I would like the foregoing to be primarily your personal estimate and views, to be followed by any important difference [of] views, including estimates on state of National Army so far as known from Generals Lucas and McConnell. Also, if conveniently and confidentially obtainable, I would like a summary of Durdin’s estimate and recommendation and also Art Steele’s, if he is in Nanking or China.

Label your reply for my personal attention.

Department please pass to Nanking for action as Moscow’s 2.

[Marshall.]

Smith

The Consul General at Shanghai (Davis) to the Secretary of State

Shanghai, March 17, 1947—2 p.m.
[Received 9:58 p.m.]

659. Source close to Generalissimo recently informed officer of Consulate General that Government’s military situation is critical (reference Tsingtao’s 12, March 14 to Embassy and Department as 19). He said Generalissimo extremely worried over military situation in Shantung and recent developments in Formosa are presently very irritable.

This source confirmed report that Government lost 7 American-trained and -equipped divisions in recent battle southeast of Tsinan. He also confirmed reports of loss of two divisions in first battle for

22 Arch T. Steele, New York Herald Tribune correspondent in China.
23 In telegram No. 845, March 16, 7 p.m., Secretary of State Marshall reported from Moscow he had received Ambassador Stuart’s telegram No. 519, March 11, 4 p.m., p. 400, and considered it a partial answer to this request.
24 Repeated to Nanking on March 16, 11 a.m.
25 See also pp. 423 ff.
Linyi. He said these divisions were not disseminated [decimated?] but taken over almost intact by Communists and that these captures have greatly strengthened the Communists in Shantung.

Source stated that he recently met Director of Chiao-Tsi \(^{22}\) Railway in Nanking who informed him that after devoting a year’s effort to opening up railway he had now come to Nanking to obtain funds to dismantle that part of the railway not destroyed by the Communists. Railway equipment thus obtained is to be used to rehabilitate other lines under Government control.

Source stated he did not see any possibility of Government forces liquidating Communist-held areas in northeastern and central and southeastern sections of Shantung. He also mentioned one division of Government troops equipped with Japanese materials in the neighborhood of Lungkow against the Communists.

Shanghai’s 476, March 17, 2 p. m. to Nanking, repeated to Department, to Tsingtao as 40.

\[\text{Daviss}\]

\[\text{893.00/3–1747: Telegram}\]

\[\text{The Acting Secretary of State to the Ambassador in China (Stuart)}\]

\[\text{WASHINGTON, March 18, 1947—7 p. m.}\]

\[321. \text{Before repeating Shanghai’s 659 Mar 17, 2 p. m. to Secretary Marshall Dept would appreciate receiving your comments thereon.} \]

\[\text{Acheson}\]

\[\text{893.00/3–1947}\]

\[\text{The Ambassador in China (Stuart) to the Secretary of State}\]

No. 571 \[\text{NANKING, March 19, 1947.} \]

\[\text{[Received April 1.]} \]

\[\text{Sir: I have the honor to report that the plans for the reorganization of the Government have been progressing slowly through the maze of Chinese political and social relationships. President Chiang has been working assiduously at the task but is encountering obstacles in all directions. It is essential to the scheme that minority party members and independent leaders be assigned posts. The former insist quite properly that to make their participation real their members should have a substantial share in both the national and provincial administration. But this means the dislocation of those now holding such positions and—if the Chinese tradition is retained—at least a large proportion of their subordinates, with all of the economic hardships and personal animosities involved. Nor is it easy to replace}\]

\[\text{Kiaochow—(Tsingtao—) Tsinan.}\]
them by better qualified individuals who are willing to incur the odium of joining a very unpopular Government and the undesirable consequences of its possible collapse. The same considerations obtain more or less among those of no party. Dr. Carson Chang is a case in point. He has led a group of its members to break away from the Democratic League and to organize the Social Democratic Party on a liberal and progressive basis. He was chiefly responsible for the draft of the Constitution adopted last November. He has been offered the headship of the Judicial Yuan, a post for which he would be admirably suited. But he vacillates because of fear of jealousies or estrangements within his own party, the dangers he would face should the Communist Party come into power, and his preference for writing and lecturing rather than for official responsibility.

The structure of the State Council is to be altered so as to consist of twelve Kuomintang members and twelve others—four each for the Youth Party, Social Democratic Party and Independents. But the heads of the five yuan are to be ex officio members, which would in effect give the Kuomintang seventeen. If Carson Chang were made the head of the Judicial Yuan it would be in order to allot another Yuan to the Youth Party, thus permitting the Kuomintang to have a total of fifteen as against fourteen for the others, to whom this arrangement would seem quite equitable.

The Central Executive Committee of the Kuomintang began its annual meeting on March 15 with the expectation of being able to adjourn after one week. This body is to elect the Kuomintang members on the State Council. This session of the Central Executive Committee is supposed to terminate the period of party tutelage. The Kuomintang will, it is maintained, cease to have special privileges, taking its place on an equality with other recognized political parties.

Dr. W. H. Wong,

Vice-President of the Executive Yuan, has confided to me that the redistribution of Cabinet posts among the various cliques within the Kuomintang itself will doubtless cause such discord that it will be more difficult than ever to do business smoothly and efficiently—this even apart from the entrance of "outsiders". The reactionary "C-C" clique has become much more active of late and is growing even more powerful. The much more liberal "Political Science" clique combined with it to accomplish the overthrow of Dr. T. V. Soong, but it can scarcely be expected that these mutually incompatible cliques will continue long in harmony.

President Chiang is in a perplexing dilemma. In view of the refusal of the Communist Party to continue peace negotiations on any practicable terms, the Government has determined—quite understandably—to eradicate their propagandist and subversive activities
in various centers by sending all of their members who can be discovered back to Yenan, following those connected with the peace efforts already conveyed there by us. But in carrying out these instructions, the secret service operatives have been causing another outburst of terrorism especially among liberals and students, large numbers of whom have been arrested or threatened. The excessive measures in Peiping, for instance, were due, as Dr. Hu Shih is convinced, to the recent surprise attack on Tunghsien (Tungchow) after local spies had obtained secret information that the military unit stationed there was to be withdrawn. The Peiping authorities were fearful of similar espionage and its consequences in that city. Should the Government, on the other hand, put into effect the principles of freedom of speech and publication, the right of habeas corpus, etc., as promised in the Constitution and previously on more than one occasion by President Chiang with unquestionable sincerity of intent, these privileges would be utilized by the Communist Party as part of their all-out purpose to defeat their hated enemy. The Government regards itself therefore as fighting for its own existence and for national independence against an utterly unscrupulous armed rebellion. In the process the reactionary elements are gaining power and in their use of it are still further alienating and embittering all who do not go the whole way with them, while the liberals are intimidated from making themselves articulate and organizing effectively.

It will be proposed at the present CEC meeting that a final effort be made to persuade the Communist Party to cooperate for economic recovery by permitting the reopening of the Tientsin-Pukow and Peiping-Hankow Railway lines. If they agree this might even lead to a resumption of peace talks. If not, the prevailing sentiment is to attempt to clear these two railway zones by armed force. An overall scheme for economic reform is being drafted for approval at this meeting of the CEC.

Formosa is a tragic illustration of current trends, highlighted by the surpassing opportunity it afforded to take over from the efficient but imperialistic Japanese rule and demonstrate to these islanders the ability of their ancestral fellow-countrymen from the mainland to give them beneficent administration with a large measure of autonomy. Instead of this there has been misgovernment with all its attendant evils. Misunderstandings and a conflict of interests would no doubt have been inevitable in any case, but these have been aggravated by gross ineptitude and more perhaps than the usual amount of private graft, together with unwise exploitation of natural resources for much-needed public revenue. The “C-C” clique has been opposing Governor Chen Yi, who is supported by the Political

27a President of Peking University at Peiping.
Science clique of which he is a member. In this instance my sympathies are with the former of these two groups now struggling for mastery within the Kuomintang and for dominant influence upon President Chiang.

I have been painfully aware of the discrepancy between more objective reports of what is happening in Formosa and those which reach President Chiang and influence his policy. In this as in other issues I continually find myself tempted to exceed diplomatic propriety by assuming the role of a friendly unofficial adviser.

President Chiang has asked me to express to you his very deep appreciation of your stand at Moscow regarding the proposal that China be put on the agenda for the Foreign Ministers’ Conference. It has been interesting to note the spontaneous and wide-spread reaction in China against this proposal, notably among many of the more “leftist” elements. President Truman’s message to Congress in which he recommended loans to Greece and Turkey has also had a very reassuring influence upon Government leaders and their sympathizers. It is too early yet to ascertain the final effect of this upon Communist Party policy, but I incline to the opinion that both of these declarations will help toward their ultimate willingness to renew the peace talks. This will probably be even more true if the projected Government reorganization encourages the possibility of further American aid to enable it at once to recover economic strength and to succeed in practical reforms.

Respectfully yours,

J. LEIGHTON STUART

893.00/3-2147 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 21, 1947—4 p. m.
[Received March 21—6:17 a. m.]

620. Following is Embassy’s comment on Shanghai’s 476, March 17, 2 p. m., requested in Department’s telegram 321, of March 18.

Although Government forces have suffered serious losses in Shantung campaign, their position there at present time cannot be regarded as “critical”. Best available information indicates that two divisions were lost west of Hsuchow in early phases of campaign and that three divisions were lost in later operation south of Poshan following fall of Linyi. It is not believed that at any time during Shantung operation there were more than three Alpha divisions involved. One of

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30 March 12; for text, see Department of State Bulletin, March 23, 1947, p. 534.
31 Sent to the Department as No. 659, p. 68.
32 American-trained.
these divisions was badly mauled south of Poshan but good proportion of its personnel succeeded in escaping to Tsinan. There is little question but that Communists acquired considerable equipment as result of these Central Government defeats but there is no reason to believe that any large units went over to Communists intact.

At present time it seems clear that Central Government forces advancing south from Tsinan have made contact at Taian with other Government units advancing north from Hsuchow and it appears likely that Government has capability of clearing Tsin-Pu railway line in Shantung. It also seems probable that Communists are holding an escape corridor between Tehchow and Tsanghsien for withdrawal of their forces from Shantung to Hopei. Once this escape corridor is closed, Central Government forces should be able to control Tsin-Pu throughout its entire length.

With regard dismantling of Chiao-Tsi railway, Embassy is reliably informed by an American adviser in Ministry of Communications that Central Government controls less than 100 kilometers of the line. Orders have been issued to dismantle a 60-kilometer section extending from Tsingtao in order to deny any possible use to the Communists. It seems probable that the rehabilitation of the Chiao-Tsi railway will be abandoned in favor of the Tsin-Pu railway where the Government's military position is more favorable and it is possible that any equipment salvaged from the former line may be utilized on the latter.

STUART

893.00/3–2147 : Telegram

The Ambassador in China (Stuart) to the Acting Secretary of State 32

NANKING, March 21, 1947—9 p. m.
[Received March 21—2:43 p. m.]

626. Please repeat immediately to Moscow following message for personal attention General Marshall as requested in Moscow’s 2, March 16, 3 p. m. 33

Section I. Greatly appreciate your telegram. The following statement is based on best information available here and represents my considered views.

General Lucas did not possess any significant information on the state of the Chinese Army; military appraisal represents the best estimates of General Soule and other informed observers. Steele is in Japan; Durdin’s statement is contained in Section II of this

32 Repeated by the Department to the Embassy in the Soviet Union.
33 See telegram No. 844, March 16, 3 p. m., from the Ambassador in the Soviet Union, p. 68.
message and was prepared independently by him without consultative discussion with Embassy or any Embassy staff member. General McConnell's analysis of the state of Chinese Air Force is in Section III.

"At this time the Gimo, who as President of the Executive Yuan is exercising close control of situation, is pointing the Government to organization of the State Council and reorganization of the Executive Yuan. Formal tutelage by the Kmt is expected to be terminated at the end of the present meeting of Knt Central Executive Committee. Administrative participation in the Government by both the Youth Party and Democratic Socialist [Party] is not yet firmly assured, but the character of the State Council and ministries will be importantly affected by the personalities, as distinguished from parties or cliques, participating in these organs. More important will be the extent of power, stemming from the Gimo, which these personalities will be given to wield though with intensification of civil war. CC clique as well as military groups are increasingly active. A significant feature of events leading to T. V. Soong's resignation was the relatively large amount of independent, outspoken opinion expressed; although much opinion came from the Kmt cliques, yet for once there was wide public discussion. There is possibility that in the reorganized government public opinion can become more vocal and that any new administrative heads will have a measure of power commensurate with their responsibilities.

While liberalization and reform are restricted within certain limits by exigencies of civil war, administrative efficiency and responsibility for the public welfare can be enhanced. In fact, corruption, favoritism and administrative blundering are luxuries which National Government will be unable to afford in face of tightening military situation. An example of what can be done, given sufficient determination, was the vigorous moves of the Central authorities during the recent panicly Shanghai financial situation.

It is now apparent that the Government, while holding present positions in Manchuria, has committed itself to an all-out effort to reduce Communist strength and holdings in north China. If successful in this effort, the Government will have breathing space to attempt restoration lines of communication which continues to be basic prerequisite to any economic rehabilitation.

Government forces have superiority of arms and equipment and it may be anticipated that in initial phases Government offensive will meet with substantial success. Ultimate outcome will be affected by a variety of factors which mitigate [militate] against Government successes beyond a period of from 3 to 4 months.

Of these factors the most important are: (1) ammunition supplies are reaching a critical level. Best available information indicates
that for American trained and equipped units at present rates of expenditure ammunition stocks may be exhausted in about 3 months. There is no worthwhile data available with regard to ammunition stocks taken from Japs for use in China. (2) Arms, motors and equipment are beginning to need maintenance and repair beyond the capability of the Government's facilities. (3) Government forces are widely dispersed and dangerously over-extended, particularly in Manchuria. A serious handicap to the Government is the necessity to disperse units to protect railway lines, power plants, coal mines and to maintain peace and order. Disturbed conditions and threats of revolt in Sinkiang, Sikong, and Formosa tend to result in further dispersion of forces. (4) Although morale in the air force is still considered good, the rate of attrition to both personnel and equipment has reached serious proportions and replacements are not available. (5) Poor pay and ration standards coupled with rapidly deteriorating economic conditions affecting the families of troops make for lowering morale. Furthermore, the civil war is generally unpopular and Government troops are susceptible to the Communist propaganda approach of 'Chinese should not fight Chinese'.

It seems probable that within 3 to 4 months, the Government will be successful in compressing Communists into areas they held during Jap occupation of north China but without having pinned down and destroyed any major Communist force. Thus it is unlikely that Government efforts to restore and maintain rail lines of communication in the face of constant Communist harassment will be successful once the initial impetus of the Government offensive has been lost. As the process of attrition weakens Government forces, it is probable that a period of military stalemate will develop. It is also probable that during this period Communist organizers will foment unrest in Government rear areas, especially south China which has been largely denuded of best troops to meet requirement of north China and Manchuria.

Despite certain hopeful signs that an effort is being made by the Gimo to effect reorganization of Government along more representative lines, the overall situation is dark and, without more determination and sacrifice than has been shown, it will become darker. Outlook is not for a crash, but a slow ebbing of vitality in Nationalist areas. In intramural China, Nationalist strength and cohesive power believed sufficient to prevent sectional cleavages within near future, although rebellions in dependent areas would constitute military drain.

There has been no vital change in underlying economic and financial situation as reported in Embtels 264 and 265 of February 12, 284 of February 14, and 300 of February 17. 

35 Post, pp. 1069, 1061, 1063, and 1074, respectively.
hold economic position since February 16 through its emergency program and general fear of extensive police action. However, economic situation is inherently unstable and precarious, and there is little to prevent repetition of such financial crises as shown Shanghai early in February. The rising tempo of the civil war will accelerate inflation and increase economic instability, and if, as appears by no means improbable, one outcome of the current CEC meeting and pending reorganization of the Government is a division of control over financial and economic policies between Political Science group and CC-clique,\textsuperscript{55a} Government program in these spheres will lose relatively unified direction which at least it had under T. V. Soong.

Although the Gimo rightly likes to emphasize agrarian character of Chinese economy and its consequent inertia and relative stability, nevertheless there must be reasonable order and essential economic activity in the large cities, if the Government is to perform minimum functions of modern state. In view of inability of Government to enforce price control, rationing, etc., effectively by normal methods in these cities, there is an increasing tendency to rely on repressive measures, which, while both inevitable and useful in short run, has dangerous aspects in long.

Therefore, apart from overriding overall political considerations which are likely to become pressing within next 6 months, there would appear to be no immediate need for large loan on economic and financial grounds, though should a panic recur in Shanghai a moderate-sized loan might well be required for its salutary political and psychological effects as much as for its economic impact.

Within recent months the Government has been steadily losing prestige in the eyes of the people and popular support for it has never been at a lower point. Consequently, any changes in the Governmental structure and policies must be sufficiently drastic, not merely to affect foreign opinion, but to raise the level of domestic confidence in the Government. At the present time, for example, the situation in Formosa typifies trends in China with which our association could well become a matter of serious national embarrassment. There is little question but that in Formosa there was understandable popular reaction against official maladministration and corruption. It is unfortunate that rather than attack the evils which brought about this reaction, the Government shows every indication of attempting to quell it by force. The handling of the problem in Formosa, which is now in an acute stage, may offer us an indication of what we may expect elsewhere.

In view of foregoing circumstances, including the existence of a state of civil war, it would seem premature for the US to commit

\textsuperscript{55a} Kuomintang group led by the two brothers, Chen Li-fu and Chen Kuo-fu.
itself to a course of fulsome support of the Government which has thus far given insufficient indication that it will move in directions satisfactory to American concepts or that it has the capacity to revitalize itself. Politically, therefore, it is recommended that we await Government reorganization and then (1) assess the character of the new personnel and (2) observe for a time practical changes which may result in the operation of the Government.

In advocating such a 'wait-and-see' attitude, it is recognized that the Government is now engaging a powerful and determined enemy whose relative military potential may well increase as a process of attrition weakens Central Government forces and diminishes its authority. For example, the occupation of Yenan has brought some psychological gain to the Government but has further extended its forces and increased an already serious supply problem.

Our most recent information with regard to the attitude of the Communists was contained in Embtel 535, March 12, and 545, March 13. Regardless of what their real attitude may have been a year ago, it has become increasingly clear since the convocation of the National Assembly that the Communists are not now prepared to join any coalition except on terms dictated by them. We are now inevitably faced with a period of intensive military conflict but I am convinced that we must be prepared to adopt at a certain stage an affirmative policy of such conditional assistance as may be necessary to our national welfare and security in the light of broader world commitments, particularly in connection with American-Russian relations."

Section II. Following from Durdin:

"In recent months the Central Government has effected no fundamental reforms nor brought about any appreciable improvement in conditions within the country.

The Government remains generally unpopular, and severe repressive measures taken recently in connection with the open declaration of all-out war with the Communists have increased resentment against the regime. Widespread arrests have been made throughout the country of individuals suspected of opposition to the war or sympathy with the Communists, and many have not been heard from since they were detained.

The intensification of the campaign against the Communists has served to strengthen the position of the CC clique and the military extremists. The Kmt secret police dominated by Chen Li-fu have been the most active agents in the drive against anti-Kmt elements. The CC clique has further increased its power through cooperation with the Political Science group. These two factions joined forces against T. V. Soong and are now sharing posts vacated by Soong's men. The Chen brothers seem particularly bent on enhancing their
control of financial and economic institutions and policy, and if government reorganization is carried out will probably obtain further key positions for their men if not for themselves.

The Government seems for the time being to have gotten a grip on the runaway economic situation and curbed the panic of 6 weeks ago. However, as long as military expenditures continue at the present rate economic measures so far taken are not likely to prove drastic or fundamental enough, and an intensification of the financial crisis can be expected that will be certain to increase opposition to the Government.

Government reorganization has so far not been achieved. Members of the Social Democratic and the Young China Parties and outstanding independents have been reluctant to join the Kmt in the State Council and the Executive Yuan because of the Government's unpopularity, the uncertainty of its prospects in the war with the Communists and the fear that no way could be found to solve the economic crisis. Lack of strong American support for the Government has doubtless also been a factor in the hesitancy of outsiders to come into the administration.

Carson Chang has now agreed to resume political discussion, and reorganization may soon be carried out. President Truman's speech on Greece and Turkey has convinced many Government and non-Government leaders that the US will soon subsidize the Nanking regime to fight the Communists, and the speech has doubtless encouraged outsiders to come into the administration. Strong anti-Communists generally are beginning to feel that all the Government has to do now to get American aid is to make faces at Russia and continue the campaign against the Communists.

The Central Executive Committee of the Kmt now in session hopes to proclaim the end of sole Kmt responsibility for the Government and the inauguration of a coalition regime, a move designed to create the best possible impression in the US at this time. Chang Chun seems most likely to head the Executive Yuan. It is difficult to see how the prospective new government could effect any real betterment in conditions soon. It is doubtful if outsiders and Kmt liberals would be strong enough to counteract the dominance of the Kmt party machine and military extremists and exercise a decisive influence on national programs and policies. Certainly little change in the prevalence of graft and corruption is likely to be effected in local governments.

On the military side, the Government is undoubtedly experiencing steady and heavy losses in manpower. The supply position is difficult for an outsider to estimate, but Government officers are reported to be complaining to Americans from time to time of shortages, and doubtless lack of spare parts and ammunition is become a serious problem.
It is possible that within 6 months or a year Government forces might be reduced to approximate equality with the Communists in equipment and would be outclassed by an enemy superior in morale and ability to fight with light weapons.

The possibility of the Government completely solving the Communist problem by force alone seems as remote as ever. The Government cannot hope to triumph unless it can improve economic and social conditions in its own territories—so far not a very definite prospect—and thus relieve bitter public dissatisfaction and drain the powerful reservoir of sympathy for the Communists that this dissatisfaction creates.

Global considerations may be an overriding factor, but from the purely China point of vision it seems to me advisable at least for a time to continue a program of withholding further aid to the Government while waiting to see the effectiveness of Government reorganization and the line of action the Government will take following the capture of Yenan. I think the withdrawal of the Marines should be carried out as soon as possible. I believe this would enhance our position with the majority of the Chinese people and make more effective any future steps we might take to promote a settlement of the China civil war.”

Section III. Following from General McConnell:

“The following is a strength report on the Chinese Air Force and its projected operating potential, assuming that outside aid is not forthcoming:

(a) The present strength of the Chinese Air Force is 342 combat air craft and 152 transport air craft, comprising an air force of 494 operational air craft.

(b) There are 450 combat air crews and 186 transport crews.

c) Present combat sorties are 19 per day and transport sorties are 46 per day. An increased number of combat sorties can be expected in the future.

(d) The attrition rate on combat air craft is 3.2 percent per month. This includes combat losses and losses due to obsolescence. The attrition rate for transport air craft is 2.7 percent per month.

(e) It is estimated that as of January 1948 the Chinese Air Force will be reduced to one-half of its present operational strength, and that by August 1948 it will be totally ineffective except for a few transport air craft. This deterioration will be due to nonavailability of air craft spares.

(f) Ammunition on hand is 13,000,061 rounds of 50 caliber ammunition and 4,000 tons of US bombs. In addition, the Chinese Air Force has on hand 2,778 tons of Japanese bombs that are adaptable to Chinese Air Force fighters. Present monthly expenditures are 1,312,788 rounds ammunition and 684 tons of bombs. At this rate of expenditure, there
is ammunition for 10 months of operations and bombs available for 10 months’ operations.

(q) Chinese Air Force effectiveness in present civil strife lies in its ability to disperse any troop concentration with a minimum of effort, its ability to report from aerial reconnaissance any sizable movements, and its capacity to transport comparatively large bodies of troops and supplies by air so as to strengthen strategic points.”

STUART

893.60/3-2247: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 22, 1947.

[Received March 22—2:55 a.m.]

630. Following Central News Agency release March 20:

“Military operations in this country would naturally come to an end if the Chinese Communists should choose to abandon their scheme for armed rebellion and terrorism as well as to alter their policies of destroying the people’s means of livelihood and thereby creating economic panics, General Chen Cheng, Chief of the General Staff, declared at a press conference this afternoon.

“General Chen predicted that after the fall of Yenan, Shantung and Shansi will probably be the main theaters of military operations.

“Asked by how many months or years will the recapture of Yenan shorten the civil war, General Chen replied that it is difficult to make an estimate of the time, but he added, it will certainly shorten the period of military operations with the Communists.

“General Chen asserted that if we really meant business in fighting, 3 months would be enough to crush the main strength of the Communists on all fronts but in the past, the General added, we talked but were forced to fight with the Communists at the same time, thus prolonging the military operations.

“Although we now regard the Communists as our ‘enemies’, General Chen said, we are giving the same treatment as Government forces to Communist troops who have come over to the Government side. During the past few months, more than 120,000 Communist officers and men have voluntarily surrendered to the Government side and most of them are still retaining their original ranks they enjoyed in the Communist army.

“Asked whether the Govt would treat Mao Tse-tung, Chu Teh, Chou En-lai and other Communist leaders as war prisoners if they were captured, the General said smilingly: ‘Now is the time of democracy; this question would be better referred to the people of the country for an answer.’
"The Chief of the General Staff admitted that it was the Government policy to attack and recapture the Communist political and military nerve center of Yenan since the Government has been forced to use armed forces to quell the Communist rebellion after the Communists boycotted all peace efforts and started widespread offensives against Government forces.

"After the Japanese surrender, General Chen recalled, the Government has been always eager to restore unity to the nation and embark on the peaceful reconstruction of the war-stricken country. Hence the convocation of the Political Consultation Conference and the organization of the Committee of Three on military affairs.

"But to the great disappointment of the Government, the Communists took this opportunity to expand their armed forces, occupy more territory, and strive to win political power by force, the General said. The Communists have boycotted peace negotiations, openly denounced the new constitution and all treaties by the National Government, mobilized all their military strength to attack Government troops on all fronts.

"Government troops started the offensive against Yenan on March 14 and recaptured the Communist capital at 10 o'clock yesterday morning. The Communists had employed over 3 divisions and 13 brigades of crack troops for the defense of their nerve center, but they could not withstand the onslaughts of only 5 divisions of Government forces for more than 5 days, clearly indicating that the fighting power of the Communist army was very low. Moreover, the main factor which had brought about the quick collapse of the Yenan defense is the fact that the Communists have lost the support of the people, General Chen pointed out, adding that once the Communists have lost the support of the people, they are not likely to make a stand anywhere in the country."

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893.00/3-2347: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 23, 1947—6 p. m.  
[Received March 24—1:32 a. m.]

636. Capture of Yenan by Government forces is a significant political event and to a substantial extent meets the Government need mentioned in previous Embassy telegrams for a striking victory to bolster its position.

It is noteworthy that Government’s decision to take Yenan was apparently reached during this month. In this connection it should
be recalled that Generalissimo in his statement of February 16,\textsuperscript{26} indicating Government’s intention of consolidating its current positions and concentrating on opening lines of communication, spoke in the following words:

“On its part the Government will confine its military efforts to the protection and restoration of communication systems so necessary for the economic life of the nation and we shall spare no efforts to continue to seek for a political solution of the Communist problem.”

At that time T. V. Soong categorically stated to Embassy that both he and Generalissimo were of same mind that Yenan should not be attacked. Subsequently, MA\textsuperscript{37} was similarly advised by G–2 Section\textsuperscript{38} of Ministry of National Defense. It is, therefore, fair assumption that taking of Yenan was later required by the Government in general and Chen Cheng in particular for prestige purposes. There are also indications that the timing of the Russian démarche regarding Chinese occupation of Dairen and Port Arthur area\textsuperscript{39} and Molotov’s proposal at Moscow conference so increased apprehension that Russia might be planning another move that it was even feared that it might accord some form of recognition to Chinese Communists which capture of Yenan would frustrate.

It is a fact that capture of Yenan does represent a significant psychological and political victory for the Government which it is now attempting to exploit to the full propagandwise. To the Chinese people no less than to the rest of the world, Yenan was the capital of the Chinese Communist government and the effect of its capture will be interpreted by many as the beginning of the end. Actually, Yenan was the headquarters of the CCP and the capital of only one of several regional governments.

Although the Government claims it routed over 100,000 Communist troops, this appears to be a gross exaggeration since American observers during the return of Communist mediation personnel reported the virtual evacuation of Yenan. It has long been apparent that the Communists had prepared well for this eventuality and that they never had any real intention of defending Yenan should such action appear to be costly. Rather it is more in keeping with their long developed tactics to evacuate any given point in the face of enemy pressure, draw him into a pocket, and thereafter gradually sap his strength with guerilla tactics. Furthermore, Government lines are seriously extended into territory which can be counted upon to be hostile in all respects. US officer in charge of Executive Headquarters

\textsuperscript{26} United States Relations With China, p. 704.
\textsuperscript{37} Military Attaché.
\textsuperscript{38} Military intelligence.
\textsuperscript{39} For correspondence on this subject, see pp. 451 ff.
Liaison group, on his return from Yenan, reported that General Chu Teh had told him that holding Yenan and surrounding areas and maintaining order would immobilize 17 Government brigades.

MA reports that G-2 Section of Ministry of National Defense informed him that air reconnaissance indicated Communists had withdrawn in two groups to the hills around Yenan. It remains to be seen now whether they will employ their customary guerrilla tactics or in due course make an all-out attempt to retake Yenan.

Department please repeat to Moscow as 3.

STUART

893.00/3-2547: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 25, 1947.

[Received March 25—9:05 a.m.]

654. Following is release by Ministry of Information March 25 at regular weekly press conference of highlights of 12-article interim measure for the enforcement of constitutional government adopted by the third plenary session of the Sixth Kmt Central Executive Committee on March 23:

"1. From the day of the promulgation of the constitution of the Republic of China to the day of the convocation of the National Assembly in accordance with the provisions of the constitution, the administrative measures of the Kuomintang will center on the broadening of the Government’s basis preparatory to the enforcement of the constitution.

"2. The Kuomintang will cooperate with all the peace-minded and legal political parties within the country in completing the preparatory procedure for the enforcement of the constitution.

"3. All the laws or decrees of the nation that are in contravention of the provisions in the constitution safeguarding the freedoms of the people should be amended or abolished speedily by the Government.

"4. The National Government should speedily formulate and promulgate regulations governing the various forms of elections according to the preparatory procedure for the enforcement of the constitution and put them into execution as scheduled.

"5. In accordance with the provisions of the constitution, preparation for the redemarcation of the powers of the Central Government and local governments should be made and effected step by step. General regulations governing self-government in provinces and hsien should be mapped out. Implementation of local self-government should be accelerated. A number of hsien should be selected to hold popular election of the magistrates. As for current programs for increasing local self-government during the period of political tutelage positive measures should be taken to expedite their completion."
When questioned as to whether or not the Chinese Communist Party could be considered as one of the legal political parties mentioned in paragraph 2, the Minister of Information stated that since the CCP is in open rebellion now they cannot be considered a legal political party but if "they abandon their arms in the future they may again be considered as a legal political party".

STUART

835.00/3-2547: Telegram

The Ambassador in the Soviet Union (Smith) to the Acting Secretary of State

Moscow, March 25, 1947—3 p.m.
[Received March 25—9:45 a.m.]

1004. Kosmos 12. Personal for Acheson from Marshall. Please see that the following messages and reports are bound in folders in the sequence listed and given to the President and Vandenberg: 40

(a) Nanking’s 531 of March 12, repeated here as SecDel 1336; (b) my number 2 from Moscow of March 16, 3 p.m., for Stuart, repeated to Dept as number 844 of March 16, 3 p.m.; (c) Stuart’s unnumbered cable to me of March 21, 9 p.m., sent to Department as Secretary State 625 [626]; (d) a glossary 41 prepared in the Dept explaining abbreviations and identifying individuals or organizations mentioned in the above three cables. [Marshall.] 42

SMITH

711.92/3-2647

The Ambassador in China (Stuart) to the Secretary of State

No. 588

Nanking, March 26, 1947.
[Received April 8.]

Sir: I have the honor to offer a few suggestions as to possible American aid to the present Government of China when or if conditions within this country seem to make this advisable. It is assumed that there must be at least two prerequisites. One is that the Government cease all aggressive military operations against the Communist Party and the other that it be sufficiently reorganized to encourage the hope of drastic reforms and of progress toward the establishment of genuinely democratic institutions.

40 Senator Arthur H. Vandenberg, of Michigan, Chairman of the Senate Foreign Relations Committee.
41 Not printed.
42 Memoranda to President Truman and Senator Vandenberg, transmitting the cited documents, were forwarded by the Acting Secretary of State on March 28.
The Civil War took a new turn when the Communist Party toward the end of last year insisted on their two impracticable conditions and began military and other attacks in the expectation that the Government would within a few months be so weakened that they could then resume the peace talks on terms more favorable to themselves. Up to that time they gave real indications of wanting the fighting to cease, but since then they have repeatedly taken the offensive. This, with the rapidly worsening financial and economic situation, compelled the Government either to succumb or to avert the threatened collapse by strong measures. There can be no economic recovery until trunk-line railway operation can be restored. The Government estimates that this will require about three months. Even if this forecast proves correct, following this will the Communist Party then be willing to reopen negotiations, how long the Government can maintain the struggle in view of exhaustion of military equipment, fiscal problems, increasing popular discontent, etc., are questions that cannot now be answered.

At this writing Government reorganization is still undecided. The C. E. C. adjourned on the evening of March 24. Whatever the final outcome, President Chiang will emerge as more than ever the predominant figure. Through all of the incessant bickering and bargaining, the personal and partisan jealousies or ambitions, he has been himself unassailed while maneuvering to achieve a workable solution. It is, in my opinion, not so much that he is or strives to be a dictator in the accepted sense as that he is the only personality whom the others all respect and around whom they can rally. It still remains true that whatever policy he really wants can be put into effect and that therefore by winning his approval for constructive reforms these can most effectively be carried out. There is no other person or group who could be counted on to maintain the solidarity of the Kuomintang or to integrate this with minority parties. With all of his shortcomings he sincerely seeks the welfare of his country according to democratic principles. In accomplishing this he desires the utmost cooperation with the United States. There may be developments before long which will justify substantial aid to the Chinese Government. It may be worthwhile, therefore, to be considering in advance some of the forms which this might take.

Military Reorganization. Every other problem in China touches sooner or later on this one. Without drastic reduction of military expenditure there can be no balanced budget nor any adequate funds released for constructive improvements. All civilian administrative reforms, railway and other public utilities, parliamentary procedure, etc., are in danger of interference from irresponsible and too often not highly intelligent military officers. More positively, a relatively
small force, well-trained and equipped, with sufficient food, clothing, medical care and pay, with facilities for rapid mobility, should be able to suppress banditry of [or?] other local outbreaks and resist border disturbances. Younger, modern trained officers and the enlisted men could alike be indoctrinated with an entirely new conception of their function and inspired with corresponding patriotic and professional ideals. But to carry out such a reorganization American training personnel would be essential. This would also be the surest protection to the Communist Party whose troops should be absorbed into the National Army. The American Army Advisory Group program is comprehensive and no doubt admirably planned but unless there can be political stability in the near future the fine start already made will be wasted. With this strengthened, however, by American-directed army reorganization, the training of future officers ought to contribute largely to peace within China and elsewhere. Major General John P. Lucas, Chief of the Army Advisory Group, seems to have in mind the integration of the training of military, naval and aviation officers in a single academy located at Peiping.

If within the next few months there is conclusive evidence of progressive reforms in the Government, and of the futility of further Communist armed resistance, it is conceivable that the Chinese Government might with the concurrence of ours make a proposal to the Communist Party leaders that they cease what can be merely disruptive guerilla activities and either join the new coalition government until the inauguration of the Constitution next December or become at once a recognized political party with full rights and protection. Certain areas might be temporarily reserved for their local administration pending the establishment of real popular suffrage. The American control of military reorganization should be an ample guarantee. If they refuse such an offer—whatever the real or declared reasons—their armed forces and all those discovered in acts of sabotage might be treated as disturbers of peace and order and obstructors of economic recovery. Any such undertaking should be accompanied by a standing invitation to all Communist Party members and fighting units to retract their former allegiance together with full publicity explaining the motives and appealing to all public-spirited citizens to give their loyal support.

Railroads. There is enclosed a detailed statement of what amount would be required to rehabilitate the railway lines in Government-controlled territory with certain extensions. This has been furnished at my request by Colonel E. C. Bailey, an American adviser in the Ministry of Communications. The loans ought to be very specific as

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"The Assistant Chief of the Division of Chinese Affairs (Rice) commented on this: "I doubt that the CCP would admit this."

"Not printed."
to the particular line, the expenditures for equipment and other needs, etc., and the agreements should include an adequate number of qualified American advisers and auditors.

Currency Stabilization. This might be best achieved at the appropriate time with the cooperation of the International Bank.

Productive Development. This is of course vital to the national economy. The Export-Import Bank might be encouraged to aid on a specific project basis in financing private or semi-private enterprises, as well as governmental ones, on the guiding principles already worked out. American participation, at any rate in the initial stages, will make for honesty and efficiency and will in general be welcomed.

Educational Loans. For a more far-seeing and fundamental program of assistance to China these will be very beneficial. The destruction of educational plants and equipment during the war years has been tragically extensive and the Government can do but little in the immediate future to restore these. The present Minister for Education has talked to me of the seriousness of this problem and I feel the full force of his appeal. The direct and indirect benefits of such aid as is provided for in the Surplus Property Agreement,\(^4\) which, however, has the disadvantage of not providing needed US dollars, and the potentialities of the impressionable and intelligent Chinese youth both for constructive usefulness and for dangerously radical activities are sufficiently obvious.

Formosa. The maladministration of this island during the eighteen months since the Central Government took it over from Japan can scarcely be exaggerated. The only hopeful signs are the determined resistance of the islanders and the widespread criticisms of the Governor-General and his associates. At this writing the issue has become a sordid struggle between the C-C and the Political Science Cliques to which latter the Governor-General belongs. The danger is that a somewhat better military officer will be appointed and a series of partial reforms be approved without thorough-going improvement. It will be disastrous if through further ineptitude or misrule the disillusioned islanders continue more or less in a state of insurrection and the enormous economic potentialities are dissipated. The annual overseas trade under the Japanese was valued as high as US$225,000,000. One possibility might be to have it treated as a special economic area and employ a group of American or other foreign advisers to aid in developing its natural resources. This could perhaps be worked out either before or as a part of the Peace Treaty with Japan. While ostensibly for economic advantages, the goodwill of the local population and the realization of enlightened democratic

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\(^4\) Signed at Shanghai, August 30, 1946; Department of State Publication 2655: Report to Congress on Foreign Surplus Disposal, October 1946, pp. 40-45.
principles adapted to the historical circumstances could be secured as essential factors. American loans might be guaranteed or liquidated in part at least through this procedure. If tactfully planned so as not to offend the sensibilities either of the National Government leaders and their public or that of the islanders it is not at all unlikely that both groups would welcome some such solution.  

The above suggestions are all intended as tentative and preliminary. If approved in principle you may feel it desirable to have them presented in more detailed form.

Respectfully yours,  

J. Leighton Stuart

893.00/3-2747

The Consul General at Changchun (Chubb) to the Ambassador in China (Stuart)  

No. 42  

Changchun, March 27, 1947.

Sir: I have the honor to refer to my current telegraphic reports of developments in connection with the Chinese Communist drive across the Sungari River in the first half of the present month, and to enclose as of possible interest in this general connection a copy of a memorandum of a brief trip made on March 20, 1947, by myself and Assistant Military Attaché Edward T. Cowen to Nungan and Tehhui, which by press report had been respectively surrounded by "tens of thousands" of Communist troops in the course of that Communist campaign.

The outstanding features of the campaign were that 1) the Communists evidently retained the initiative throughout, excepting at the last moment at Nungan; 2) if some 10,000 Communists were surrounded by Nationalist relief forces east of Nungan as reported by the Kuomintang press the major part of that group apparently succeeded in escaping; 3) Kuomintang reports of both numbers of participating Communist forces and their casualties seem to have been exaggerated; and 4) the outstanding loss to the Nationalist side was a munitions convoy destroyed and considerable damage inflicted by the Communists on rail and telegraph communications, as well as reputedly heavy Communist looting of the peasantry of the affected area. In short, no decisive battles were fought, but attrition was more severe on the Nationalist side, whose area was invaded and ravaged, than on the raiding Communist side. The Communists failed to achieve any major tactical success, but their drive had the following strategic results: 1) with the delay of any projected Nationalist advance across the

46 See memorandum of April 28 by Mr. Melville H. Walker, p. 460.
47 Copy transmitted to the Department without covering despatch; received about April 24.
48 Not printed.
Sungari to the date of withdrawal, which antedated only briefly the break-up of the Sungari, a Nationalist drive against Harbin becomes impracticable for the immediate future; 2) the diversion of Nationalist reinforcements to the Nungan–Tehhui front from the Saup’ing–T’ungliao line and south Manchuria weakened temporarily the garrison points from which these relief troops were drawn; and 3) the further wrecking of communications and removal to Communist territory of grain supplies strengthens the Communist supply position and proportionately weakens the Government position. The absolute importance of these strategic results can be determined only by reference to future events.

Respectfully yours,

O. EDMUND CLUDBB

893.00/3–2847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 28, 1947—8 a. m.
[Received March 28—4:25 a. m.]

672. There are good indications that the Generalissimo has reached a decision to overcome the reluctance which Chang Chun has developed as a result of the struggle between CC-clique and Political Science group to be appointed president of the Executive Yuan. Chiang Mon-lin of his own volition is retiring as secretary-general of Executive Yuan to return to academic life. K. C. Wu, Mayor of Shanghai, is slated to take his place with General Yu Ta-wei 49 assuming mayoriety.

As you are aware, T. V. Soong ran the Executive Yuan almost as a one-man show, and the decision to appoint K. C. Wu, who has made an undeniable success in Shanghai under difficult circumstances, reflects a decision to invigorate that key organ of government.

I feel that these decisions, if implemented, are as favorable as could be expected, but the struggle to keep the Chen brothers from representation on State Council is not yet decisively concluded.

Department please repeat Moscow 4 for General Marshall.

STUART

893.00/3–2947: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 29, 1947—5 p. m.
[Received March 29—5:50 a. m.]

689. In interview with Generalissimo, he began by explaining that reorganization which he had confidently hoped would have been com-

49 Chinese Minister of Communications.
pleted was again delayed by new demands from Youth Party, but that Social Democrats had agreed to join, although Carson Chang personally would not take office. He asked eagerly what Americans were saying both locally and in reports reaching me, especially whether I was receiving any messages from you. I replied that in general Americans were waiting to see names lists in the expected reorganization, that this was true also of myself and that I was ready to inform you as rapidly as decisions were made known. Without explicitly asking as to possible financial aid, he obviously had this in mind. I told him this could not be considered while there was civil war and unless there were clear indications of trend towards democratic reforms, or in other words that problem continued to center here rather than in Washington.

I reminded him of his declared intention that when the vital railway zones had been recovered there would be another opportunity given Communist Party to join the Government, to which he assented. He said that the military operation could be concluded by September at latest, more probably August, and added that he had more than once made same forecast to both of us. He promised to inform me as soon as reorganization was fairly completed. (See immediately following telegram.)

I then referred to Formosan situation. He insisted that this was not so serious as reported, the casualties fewer, et cetera. I asked if he would be interested in reading a summary of our reports which was being prepared especially for him, and he replied with alacrity that he would. In discussing the pressing need for better and cleaner government, I broached the possibility that the great economic resources of the island be exploited with an adequate staff of American technical advisers, adding that this would require willing cooperation of the islanders, and that export profits might somehow be employed for repayment of or guarantee for any future American loans. He was emphatic in his endorsement and asked me to proceed to work out concrete proposals (see my despatch 588, March 26, 1947). He remarked at least twice that it would be impossible for China to achieve this without American help. I suggested that something of the same sort might be worked out for Hainan and he showed himself equally ready to undertake it.

Needless to say, I should be grateful to receive any guidance you may care to give me.

We discussed President Truman’s proposal regarding Greece and Turkey and bearing of this on China, I explaining the official and other American comment. I then took up with him latest strafing of a group of UNRRA workers on Yellow River project and the
interference of a Chinese official in efforts to rescue the American airmen from Lolo's near Tibetan border, to both of which he promised his personal attention.

Sent to Department as 689, also to be repeated to Moscow for Marshall as 5.

STUART

S93.99/3–2947: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, March 29, 1947—6 p. m.  
[Received March 29—5:30 a.m.]

690. Chinese Military High Command now appears optimistic and pleased with military situation. Chief of Staff claims 2 months will defeat and destroy main Communist armies.

Manchuria situation south of Sungari River nearly normal with some Communist harassing action east of Changchun in Huaiien-Hailung-Huinan area. Nationalist Air Force bombed Sungari River bridgehead area hastening breakup ice and increasing defense value. Nationalists moving reinforcements Kalgan to Tatung to cut Communist retreat along Great Wall. Yenan occupied by Government troops who are moving cautiously and slowly to the northeast and mopping up. Nationalist G-2 reports Chu Teh \(^{50}\) headquarters [at] Suitaih.

Nationalist troops converging on Taian, Shantung, with one column moving north along railroad and one column east via Feiching. Nationalists hold Tsinan-Weihsieng and Tsingtao, remainder of Chaotao railroad Communist control, with continuing threats against Nationalist-held cities. Nationalist G-2 claims control of all crossings of Yellow River and estimates Shantung Communist force will be wiped out in 3 weeks.

STUART

711.99/4–447

The Ambassador in China (Stuart) to the Secretary of State

No. 613  
NANKING, April 4, 1947.  
[Received April 8.]

SIR: I have the honor to acknowledge letters from Mr. John Carter Vincent dated February 25 and March 11, 1947,\(^ {51}\) enclosing memoranda on China policy and an exchange of letters on the same subject

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\(^{50}\) Chinese Communist commander in chief, formerly at Yenan.

\(^{51}\) Letters from Mr. Vincent not found in Department files.

386-748—72—7
between the Secretary of War and yourself. These were all extremely informative and we of the Embassy from our more restricted local standpoint find ourselves in hearty agreement with the points as listed.

It is somewhat disappointing not to be able to report more progress in government reorganization. President Chiang K'ai-shek has repeatedly told me that he was almost ready to show me the new name-lists, only to be forced to admit that some new complication had arisen. The latest one is the demand of the Youth Party to have a larger number of both Central and provincial posts. He regards these as quite unreasonable and has left for an absence of a week or more, ostensibly to visit his ancestral graves on the Spring Festival, perhaps also as employing a familiar Chinese device for solving problems of this nature. It means, however, that it may be well on toward the end of the month before a final announcement can be made. Thus far the only definite decision of major importance is the appointment of Governor Chang Ch'ün of Szechuan as President of the Executive Yuan. Although certain other items have come to my knowledge it may be as well not to report these until they can be included in a completed list.

General Tsai Wen-chih, Deputy Commissioner of the Peiping Executive Headquarters until its closure, has recently given me his opinion on the Communist Party issue. He is convinced that this cannot be settled by military conflict; that while the Communists have lost heavily in manpower yet the Government losses both in this and in matériel have also been substantial and perhaps on the whole with more serious consequences, this attrition being of the essence of Communist strategy; that the Communists will probably be driven into the mountains where they will find food as well as ammunition more of a problem than hitherto, but that the Government will also have to maintain a difficult encirclement to prevent frequent sallies by means of which the Communists can replenish food and munitions, disrupt railways, etc.; that, assuming there is no radical change meanwhile in the international relations, the Communist Party will probably be ready to make overtures for peace about the end of this or early in the coming year. He thinks that Russia will aid the Chinese Communist Party only if or when it is gaining in power, not when it is losing. He quoted what he regarded as some very significant com-

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The following memoranda were sent by air pouch on February 28 to the Ambassador in China: Memorandum of February 7 by Mr. Vincent to the Secretary of State, p. 789; memorandum of conversation between the Secretary of State and the Chinese Ambassador (Koo) on February 17, p. 1066; memorandum of conversation between the Secretary of State and Dr. S. C. Wang, Chinese Supply Commission, on February 17, p. 1069; and minutes of conference concerning China between the Secretary of State, the Secretary of Navy (Forrestal), and others on February 20, p. 946. For the exchange of letters cited, see letter of February 26 from the Secretary of War (Patterson) and reply of March 4, from the Secretary of State, pp. 799 and 809, respectively.
ments of his former Communist colleague in Executive Headquarters, General Yeh Chien-yung, just before his departure for Yenan early in March, to the effect that the China issue would certainly be discussed in the Moscow Conference where an agreement would be reached to have it settled jointly by Russia and the United States, perhaps including Great Britain, and that there was no more reason why the Chinese Communist Party should not be aided by Russia than the Kuomintang by the United States, it being already virtually a satellite of that country.

President Chiang, as I have reported previously, thinks that the Government's military objectives will have been obtained by September at the latest, and his Chief of Staff, General Ch'en Ch'eng, is even more optimistic—as he usually tends to be.

One of the uncertainties in any such attempted forecast is the Communist psychology. Judging by recent broadcasts and other published statements, their misconception of American designs is more distorted than ever, so absurdly unrealistic in fact that one wonders whether there is any hope of their being willing to cooperate with a National Government which they are convinced is guided and protected by America for her own ulterior purposes. There has also been more open admission of worldwide Communist connections. For instance, Mr. Wang Ping-nan remarked to me just before he left Nanking that before this Government could crush the Chinese Communist Party they would have to do this to the Communist Party in every other country. On the other hand, Mr. Wang also said to me more than once toward the end of his stay here that they did not regard the peace discussions as broken off and that they would doubtless by [be] relying again on American mediation within the next few months. I still incline to the belief that when they are convinced that it is to their interest to temporize by agreeing or appearing to agree to a coalition government they will be ready to resume negotiations.

The difficulties UNRRA continues to encounter from both sides illustrates the baffling complexities and irritations of the conflict. Despite explicit promises that there would be no more strafing by Government airplanes of workers on the Yellow River project and orders from General Ch'en Ch'eng to that effect, a third wholly unwarranted attack has been made on an LST landing supplies on the Shangtung coast, in which the master was very seriously injured and four of the crew wounded. To offset this, UNRRA has just announced the largest relief airdrop ever undertaken in the Far East—nearly one million pounds of clothing and medicine dropped in 80-pound bundles by United States Marine Corps planes in the North China Communist
area, in a series of 94 mercy flights. But I learned from a trust-
worthy nurse who had every opportunity for personal observation
that practically all of this went to Communist troops rather than to
the country people for whom it was intended. These are the two
latest occurrences of this nature which have come to my knowledge.

President Chiang has heartily accepted my personal suggestion that
Dr. T. V. Soong be appointed as the new Governor of Formosa with
a group of American economic advisers. Dr. Soong himself is willing
if he is not to be subject to interference by his successor in the Execu-
tive Yuan. It is largely, therefore, a matter of working out a suitable
formula. With such a man in charge and the emphasis on civil rather
than military administration and on economic restoration, better treat-
ment of the islanders and in general a more honest and enlightened
administration could be hoped for.

The problem of the “reactionaries” in the Kuomintang—in so far
as they are sincere but narrowly bigoted rather than selfishly greedy
or ignorantly militaristic—is how to absorb them into a constructive
program. This applies especially to the notorious Chen brothers.
Dr. Soong had intended to try to get rid of them but they turned the
tables on him. It is interesting to watch President Chiang’s handling
of them. He apparently is convinced that it would create more dif-
ficulties than it would remove by trying to eliminate them. He has
also strong personal attachments for them and has for many years
somewhat shared in certain respects their viewpoint. He knows that
he can count absolutely on their loyalty to him and to the Party and
that they are energetic and efficient. Yet he restricts their activities
to relatively minor public affairs. They are themselves free from
the evils of graft and hate it. They are quite leftist socially. I have
therefore been trying again, with somewhat more hope of success than
when you were here, to stimulate their interest in agrarian reforms
and in attacking corruption especially in local hsien. They are be-
coming convinced that the only really hopeful method of combatting
Communism is by demonstrating that the Government can do more
for the welfare of the rural population. If they can be induced to
concentrate on this they have a valuable contribution to make. At
the worst their obstructionist influence can be partially neutralized.4

In general I must confess to a measure of restive impatience while
waiting passively for the conditions to develop which might make
possible more positive American assistance to China. But I remind
myself of the surpassing importance of this country in the overall
world situation if it can be started toward a progressive form of Gov-

4 For a further report on the C-C clique and other factions in the Chinese Gov-
ernment, see telegram No. 744, April 5, 1 p. m., from the Ambassador in China,
printed in United States Relations With China, p. 732.
ernment that provides at once for political freedom and for the economic betterment of a peacefully contented citizenry.

Respectfully yours,

J. LEIGHTON STUART

711.85/4–47: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, April 10, 1947.
[Received April 10—1 p. m.]

782. Statement issued by spokesman of Ministry of Information night of 9th refuting Tass despatch quoting Pravda concerning U. S. military assistance to China:

"On April 7th [6] Pravda, a Moscow publication, printed a Tass agency dispatch purporting to review U. S. military assistance to the Chinese Government which contained nothing but fabrications.

The article is so far from the truth that without undertaking to answer all of its misstatements, I deem it sufficient to point out some of the most glaring untruths.

The article charged that since the surrender of Japan, Americans have trained and equipped 40 'Kuomintang divisions' and 50,000 'Kuomintang police troops'; that U. S. military advisors have established 27 military training schools; that Americans have 'separated the port of Tsingtao from China' and established 'strong U. S. air bases' near almost all the large cities.

In the first place there are no such things as Kuomintang divisions or Kuomintang police troops. The only political party with an army in China is the Chinese Communist Party.

During the war the U. S. trained 36 divisions of Chinese troops, numbering less than 400,000 men. Of this total 6 which were trained in India were totally equipped by the U. S. The remaining 30 divisions, trained in China, were partially equipped by the U. S. and largely by Chinese manufactured arms. These troops were all organized for the counteroffensive against Japan. Some of them took part in the fighting in Burma and elsewhere, and the American equipment was all delivered before the surrender of Japan. At present, there are less than 36 divisions of these troops, due to the demobilization and reorganization of the Chinese Army.

Since the surrender there has been no training of Chinese troops by the U. S. Nor have any new military schools been established. Furthermore, there has been no training of police by the U. S. in China.

Chinese Government personnel work without external obstruction in [apparent omission].

No U. S. airbases have been established in China during the war. There was joint U. S.-Chinese use of several bases for air operations against Japan. After the war the Americans rapidly evacuated these airports, starting with those in western China. Some of them continued to be temporarily used by U. S. planes to help implement the repatriation of the Japanese and the reoccupation of Chinese territory. They were even used in connection with the transportation of
Chinese Communist personnel during and after General Marshall’s mediation.

Everything the U. S. did in China during the war was in accordance with the joint strategy of the Allies, and American actions then and since at no time infringed Chinese sovereignty. The Pravda article makes a total distortion of facts which are openly spread on the record before all nations.”

Please repeat Moscow as 9.

Stuart

893.00/4-1047: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, April 10, 1947.
[Received April 10—8:27 a.m.]

784. Comments on Government reorganization by Minister [of] Information Peng Hsueh-pai at regular weekly press conference 9th:
“Reorganization of the Chinese Government is all set to be put into effect since both the Young China Party and the Democratic Socialist Party have decided to participate in the State Council and the Executive Yuan. Both parties have made up the name lists of candidates for the State Council and the lists will be presented to Generalissimo shortly. Both parties also have decided to participate in the Executive Yuan which will be reorganized following formation of new State Council. The Democratic Socialists are willing to fill two posts as Ministers of State without portfolio while the Young China Party will fill posts as Ministers of State both with and without portfolio.

A new bureau of information will be formed to take over all governmental information functions now exercised by present Ministry of Information in accordance with a resolution adopted by the Supreme National Defense Council. The new bureau’s organic law is being prepared. The Kmt’s information service will be handled by a party board of information.”

Stuart

893.00/4-1247

The Ambassador in China (Stuart) to the Secretary of State

No. 682 NANKING, April 12, 1947.
[Received April 25.]

Sir: I have the honor to report a recent conversation with Dr. T. V. Soong in Shanghai. President Chiang K’aishek had in passing through Shanghai proposed to him the Formosa plan as outlined in my despatch no. 613 of April 4, 1947. Dr. Soong told me, however,
that he could not bring himself to feel any interest in it. He spoke repeatedly of how happy he was, how he was enjoying his new leisure, how much better was his health, etc. He certainly looked less tired and more like his old self. After I had urged the need of drastic reforms in Formosa and the benefits this would bring to China, he went on to say that his unwillingness to return to government service went much deeper than his temporary mood of realizing how tired he had been and how he needed rest. He would not take any position unless there were "fundamental changes". Formosa was, after all, only one detail and no improvements there would mean very much unless the whole structure and spirit of the Government were transformed. What was needed was another revolution. I told him that I had been preaching that to President Chiang ever since my return from America last May, and though he saw the point he was so controlled by his own habits of thought and action and by his closest associates that it was hard for him to take the plunge.

Dr. Soong then remarked that the place to begin would be Kwangtung whence revolutions usually started and then let it spread by natural processes as neighboring provinces became aware of what advantages followed from really good, constructive administration. He added that he would be willing to undertake this and felt sure that President Chiang would gladly have him do so. He would have no objection to my informing you of this but wished me to mention it to no one else.

Respectfully yours,

J. Leighton Stuart

893.00/4-2147

Memorandum of Conversation, by the Second Secretary of Embassy in China (Melby) 65

[Nanking,] April 14, 1947.

During the course of a conversation last night on the situation in China, Mr. Lo Lung-chi, Secretary-General of the Democratic League expressed the following opinions:

He prefaced his remarks by saying that the Democratic League stands for a liberal, middle-of-the-road policy and that it is, therefore, opposed both to the Kuomintang and to the Communists, though political exigencies of the moment require it to follow a course of action largely in the support of the Communist position. The League believes that the PCC agreements are the Magna Carta of Chinese liberty, that the Kuomintang deliberately violated them, (if indeed it ever had any intention of complying with them) and that, therefore,

65 Copy transmitted to the Department by the Ambassador in China in his despatch No. 654, April 21; received May 5.
the Communists are legally correct when they demand abrogation of the Constitution unilaterally promulgated by the National Assembly in December 1946. Though the Kuomintang does indeed have a legal position of political tutelage which even the Communists admit, still it did voluntarily restrict its position by signing the PCC agreements and therefore must be bound by them and since the Democratic League is a liberal group pledged to a policy of developing a Chinese equivalent of Anglo-Saxon constitutionalism, it must therefore support the Communist position in this respect. He added that the impending reorganization of the government will have very little meaning except as window dressing for foreign consumption since the third parties which will join are little more than Kmt stooges and by entry into the government associate themselves with the illegal actions of the Kuomintang.

Mr. Lo added that the military position of the Kuomintang will, in ten months, be such that it will be forced to accept Communist demands and that by that time all Manchuria and the Shansi area will be in Communist hands. He believes it likely the Communists will then enter the government and that there is a good chance they will, in the end, be the dominant party. He did not believe that it will, however, be a full and complete control. When asked whether he thought the Communists had ever sincerely intended to enter a coalition, he said he thought they did until July 1946 at which time they gave up all hope of such a solution. In answer to another question he expressed some doubt as to whether any coalition government involving elements as divergent as the Kuomintang and the Communists could really be expected to work except under extreme threat from abroad and that this threat does not exist against China at the present.

Concerning American foreign policy, Mr. Lo said the prerequisite for solution in China is cessation of the civil war which can best be achieved by the stoppage of American support to the Kuomintang. Even if such a change in American policy would mean that the Communists would come to power, he does not believe this would involve any genuine threat to Chinese sovereignty since he does not believe that the Soviet Union can control the country because the Chinese people will unalterably oppose Soviet domination just as they now oppose American domination. He added that as between a "fascist Kuomintang" supported by the United States and the Chinese Communist Party supported by the Soviet Union, the Democratic League will support the Communists because they are fighting the greatest menace of all, namely, fascism. Furthermore, even though Communism in China would allow no more scope for the activities of the liberals than does the Kuomintang, still Communism means greater good for the mass of the people and therefore should be supported.
The League, would, of course, prefer to see liberals in power and believes the United States should support the liberals. He did not, however, have any suggestions as to how this might be done effectively. He added that should the Communists come to power and prove to be dominated by the Soviet Union, the League would oppose this Soviet influence even as it now opposes American interference on behalf of the Kuomintang. He said he does not believe the Soviet Union is giving material assistance to the Communists though when asked how he would interpret the calculated departure of Soviet forces from Manchuria leaving behind them large stockpiles of Japanese equipment handy for Communist seizure, he had nothing to say. He stated his belief that the Chinese Communists are Chinese first and Communists second and that therefore they too resent Russian interference, and when asked why the Communists, therefore, did not protest the Soviet looting of Manchuria said the Communists could not afford to do so because they needed at least one friend.

893.00/4-1747: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, April 17, 1947—3 p.m.
[Received April 17—6:07 a.m.]

828. Following is Mukden’s 63, April 11:

“Rumors of Soviet assistance to Chinese Communists have been fairly persistent during past 2 months. Most common theory is that Soviets have been sending Communists military supplies from north Korea. Today’s local papers go so far as publish report from Tunghua (125 miles east Mukden) that newly established Communist base at Linkiang (east of Tunghua) is constantly receiving ammunition by rail from Korea and that recent military conference there was attended by several advisers of “certain nationality”. It appears likely that Communists have in fact been importing gold bars to pay for purchases from north Korea. While not precluding possibility Communists have received and are receiving military aid, am inclined believe that more likely Communists have been getting supplies in return for gold and agricultural products and that such commerce has been more in nature ordinary trade than of military aid in strict sense.”

Embassy has likewise thus far received no dependable evidence of physical Soviet assistance of a military character to CCP. Communists are undoubtedly seeking every possible avenue of trade including Nationalist regions. Embassy suggests that most likely source any gold obtained by Communists would be transactions with Nationalist areas.

STUART
III. REORGANIZATION OF THE GOVERNMENT (APRIL 18–MAY 16)

893.00/4-1847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, April 18, 1947.
[Received April 18—4:05 a.m.]

838. Official Central News Agency made following announcement April 17 on reorganization of Government tentatively to become effective April 21:


One more member will be nominated later from the Democratic Socialist Party.

The whole list will be published officially by the National Government.

President Chiang has nominated the following persons as presidents of the five Yuan: Chang Chun, President of the Executive Yuan; Sun Fo, President of the Legislative Yuan; Chu Cheng, President of the Judicial Yuan; Yu Yu-jen, President of the Control Yuan; Tai Chuan-hsien, President of the Examination Yuan.

This afternoon the standing committee of the CEC at the suggestion of President Chiang elected Dr. Sun Fo as the Vice President of the National Government. It also approved the Kuomintang members of the State Council.

Stuart

893.00/4-1847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, April 18, 1947.
[Received April 18—6 a.m.]

840. Following is official Central News Agency release Nanking April 17:

a) Generalissimo Chiang Kai-shek, President of the National Government of the Republic of China.
b) Tai Chi-tao.
c) Burkhan or Pao Erh-han, representative of Turki of Sinkiang.
d) Central Executive Committee.
e) For statement by President Chiang announcing the reorganization of the State Council and for text of the political program of the National Government of China, see Department of State, United States Relations With China (Washington, Government Printing Office, 1949), pp. 739 and 740, respectively.
“The standing committee of the Kuomintang CEC at the suggestion of President Chiang, approved the following list of members of the Political Council of the Kuomintang: Chang Jen-chieh, Yen Hsi-shan, Ho Ying-chin, Chen Chi-tang, Kan Nai-kwang, Tseng Yang-fu, Ku Cheng-ting, Lu Chung-lin, Li Yu-ying, Po Wen-wei, Cheng Chien, Hsu Yung-chang, Li Ching-chai, Yu Ching-tang, Fang Chih, Yuan Shou-chien, Feng Yu-hsiang, Hsiung Ke-wu, Li Tsung-jen, Chu Shao-liang, Hsu Kan, Peng Hsueh-pei, Chi Shih-ying, Cheng Yen-feng. Secretary General Chen Li-fu.”

STUART

693.0023/4-1947: Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, April 19, 1947—4 p.m.
[Received April 19—5:21 a.m.]

848. Yesterday afternoon I called on President Chiang and congratulated him on establishment of State Council after overcoming all harassing difficulties which had delayed this so long. I expressed my approval especially over Kmt names and independents. He remarked that minority parties were also represented by scholarly men of good character though not so well known.

President Chiang spoke of Dairen issue with strong feeling and of Government’s intention to stand firmly for its rights in locating troops, etc., but to rely on diplomatic procedure and publicity and to avoid provocative action. Two battalions would first be sent partly overland and partly by sea.

I had proposed before his departure early this month to supply him with the substance of certain Consular reports from Formosa and, when he asked for this, I gave him a memorandum translated into Chinese which had been prepared in the Embassy.

Before leaving, I remarked that recent events were all tending toward struggle between Communists and democratic ways of life in which the test would be which could do more for welfare of common people and with them as judges that we, who believed in democracy, should stress the differences—freedom, publicity, civic rights, etc. and bring out contrasts by our own positive improvements. I expressed the hope that China would for her own sake as well as larger interests involved make her full contribution. He nodded assent though he needs constant reminders of this nature in his progress toward more democratic concepts.

STUART

* Kuomintang.

* For further correspondence on this subject, see pp. 481 ff.

* Not printed; see despatch No. 659, April 21, from the Ambassador in China, p. 450.
The Ambassador in China (Stuart) to the Secretary of State

Nanking, April 19, 1947—7 p.m.
[Received April 20—7:40 a.m.]

851. It is too early to assess with any accuracy the eventual effect of State Council reorganization announced April 17 (Emb. tel. 888, April 18) and any such assessment must be approached with caution in the light of a series of past Chinese Govt reorganizations which have been largely for external effect and have brought little effective change to the Chinese domestic scene.

Embassy’s initial impression, however, is that caliber and standing of Kmt appointees indicates real effort to place in positions of power and responsibility the most capable and modern figures of the party. It is indeed promising that in the case of Kmt appointees there is a notable exclusion of persons closely affiliated with CC clique. A possible description [exception] to this is the appointment of Wu Chung-hsien, sometime governor of Sinkiang Province.

It is also encouraging that the Political Science group is well represented by its most prominent and ablest members, including Chang Chun, Wong Wen-hao, Wang Chung-hui, and Wang Shih-chieh. Chen Pu-lei and Chiang Mon-lin, although not generally considered as members of the Political Science group, may be expected to support Political Science group policies.

The appointment of Sun Fo as Vice President of the National Govt is no doubt intended to strengthen the progressive or liberal elements and to set [the pattern?] to the Govt. The inclusion of Shao Li-tze and T. V. Soong indicates at least a drift away from the traditional aspects of Chinese political conservatism.

Chu Cheng, Yu Yu-jen, Tai Chi-tao, Chang Chi, and Tsou Lu can be best classified as party elders, faithful to the Generalissimo and essentially conservative in political outlook, but generally accepted as being in support of high standards of public morality.

A disappointing aspect of the announcement was the failure to change any of the Presidents of the five Yuan, with the exception of Chang Chun who replaces T. V. Soong as President of the Executive Yuan and relieves the Generalissimo of his temporary assumption of the office. It had been originally planned that Chang Chun-mai (Carson Chang), leader of the Social Democratic Party, would be appointed President of the Judicial Yuan and that Tseng Chi, leader of the Youth Party, would be given the presidency of one of the other four Yuan. The final refusal of Carson Chang to accept office in the Govt, even though sanctioning the participation of his party made it

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*Powerful right-wing group in the Kuomintang, headed by the two brothers, Chen Li-fu and Chen Kuo-fu.*
impossible to carry out this plan and for the time being at least all Yuan Presidencies remain in Kmt control.

In the case of the Social Democratic Party, even in the final stages of reorganization of the State Council, there was continued reluctance on the part of members of the party to join the Govt and on the evening of April 17 it was only possible for the Social Democrats to name three members of their allotted four. It has been announced that they will appoint the fourth member as soon as possible.

Youth Party and Social Democratic Party appointees are largely unknown quantities. They represent in the case of the Youth Party a group of Szechuan scholar-landlords who have tended in the past to be affiliated with the right wing of the Kmt. The Social Democratic Party appointees are a group of elderly scholars without important political following in the country.

On the other hand, the independent appointees offer considerable promise, particularly in the case of Chen Kwan-pu (K. P. Chen), the most able private banker in China with a high reputation for his statesmanlike judgment and probity in New York and Washington as well as China. Wang Yun-wu, present Minister of Economic Affairs, seems also a satisfactory appointment as an independent. Both K. P. Chen and Wang Yun-wu are sympathetic to the Political Science group and will tend to strengthen its position in the State Council. Mo Teh-hui has obviously been appointed because of his long affiliation with events in Manchuria. Pao Erh-han (Burkhan), a Turki and present Vice-Chairman of the Sinkiang Provincial Govt, is no doubt intended as a placatory gesture toward the minorities of the northwest. In this same general connection it will be noted that among the Kmt appointees there is included Chang Chia Hutuku, a Tibetan.

In summary, the composition of the State Council is as regards the Kmt and independents as good as could be expected in the circumstances. Whether or not the State Council, which will constitute itself on April 23, if its members can reach Nanking by that date, will assert itself in such a manner as to bring about substantial social and economic reform in China remains, of course, a question depending upon many factors, not the least one being the attitude of the Generalissimo toward it and his ability to control the Kmt as the still dominant political party in China.

It is interesting to note that at the same time as the appointment of Kmt State Councillors, a separate political committee of the Kmt was established. The Secretary General of this committee is Chen Li-fu and it is a safe assumption that this committee will have an important role in controlling the Kmt political machine and establishing party policies.

Eleven seats in the State Council have been left vacant for the Democratic League and the Communist Party in the event that they
wish to join the interim govt. On the night of April 17 Lo Lung-chi made known to the Embassy that Democratic League participation was at this time "impossible". Furthermore, it seems extremely unlikely that there will be any Communist participation in the Govt between now and the end of the year when the new constitution comes into force.

The reorganization of the Executive Yuan which will be carried out by the State Council will offer some indication of how assertive and energetic the Council will be and in what direction the Govt may be expected to move. Concessions to the CC clique, however, because of its control of Kmt machinery may be expected to ensue in this reorganization.

In face of the magnitude of Chinese internal problems, aside from the existence of a state of civil war, to expect too rapid change would be unrealistic, but the calibre of Kmt and independent appointees to the State Council offer reasonable ground for hope that there will be an effort made to achieve healthy and substantial change. Such change will come slowly, however, and in the process it must be borne in mind that the CC clique while at the moment not in the forefront, is still substantially in the control of the Kmt party machinery. The inclusion of non-Kmt groups at least offers promise for the stimulation of political activity and the development of non-Communist opposition, but in final analysis the major imponderable is whether or not the Generalissimo will be capable of seeking and being guided by the advice of liberal-progressiv public servants rather than acceding to the reactionary henchmen personally loyal to him.

Please repeat to Moscow for Marshall as 15.

STUART

898.00/4-2247 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, April 22, 1947—7 p.m.
[Received April 23—4:15 a.m.]

874. RefEmbtel 861, April 21, 4 p.m. Official Central News Agency has announced that on April 21 the Central Executive Committee of the Kuomintang decided to abrogate that provision in article 15 of the organic law of the National Govt providing for presidential responsibility to the Kuomintang.

STUART

* Leader of the Democratic League.
* Secretary of State Marshall was in Moscow attending a meeting of the Council of Foreign Ministers (March 10–April 24).
* Not printed.
The Ambassador in China (Stuart) to the Secretary of State

Nanking, April 22, 1947.

[Received May 1.]

Sir: I have the honor to comment further upon some of the causes and possible consequences of the augmenting anti-American feeling in this country. The matter was referred to in my despatch no. 206 of October 17, 1946 in connection with Dr. Nathaniel Peffer's memorandum. As I remarked then, this feeling seemed to me on the whole latent though widespread and easily capable of becoming more pronounced. The trend is now somewhat more obviously in that direction.

In view of our long record of both governmental and private contributions for Chinese welfare, especially our abundant assistance in the winning of the war, we may well feel a pained surprise at this apparent ingratitude. My observation is, however, that Chinese are fully conscious of all this and extremely appreciative. The explanation must be looked for elsewhere, except in so far as all that we have done for China in the past and our repeated assertions of practical goodwill have tended to raise false hopes in their present distress. Disillusionment naturally stimulates embittered complaint. Chinese also have the instinct for relying on others and even for claiming this as their right. This lack of self-reliance may be partially accounted for by the family system and other age-long social patterns. At any rate, we are the people to whom they have learned to look for help and when we fail to meet their sense of need the reaction is unfavorable to us.

Apart from this the most palpable factor is the insistent Communist propaganda to the effect that we have been perpetuating the civil war by aiding a corrupt and reactionary one-party government. Their assertions, and doubtless their own beliefs, greatly exaggerate the extent of this aid and completely misconstrue its motives. This amounts to the deliberate forging of a weapon with which to weaken their hated enemy by compelling our withdrawal. The constant reiteration and the popular lack of knowledge as to the real facts impress many, more especially those who are already critical of their Government.

A variant of this mood is the discontent over the lengthened civil war and the questionings as to our attempted mediation. The Communists and their radical sympathizers blame us, of course, for enabling the Government to carry on. Conversely, the Kuomintang extremists argue that if we had only given them free rein they could have long since forced a military settlement. Between these two

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*Professor of international relations at Columbia University, New York, N.Y.
extremes are those who in differing degrees resent our interference or wonder why we could not finish what we had attempted, or suspect our exploitation of their country as an integral part of our designs against Russia, or more vaguely still in despair over their mounting economic and other ills cannot understand why we with all our wealth and power and profession of friendship have watched their suffering and done nothing about it. Such an attitude is perhaps accentuated by the Chinese trait of denouncing some other person for one's own mishaps. This is not confined to Chinese but it is perhaps more highly developed among them as part of the "face" complex. It undoubtedly enters into their sentiments about American policy toward their country.

The misbehavior of individual Americans toward Chinese has at times provoked indignation or angry amazement. But this in itself would have been tolerantly regarded as a matter of personal bad manners or morals were there not a basis of general dissatisfaction. The nationwide demonstrations over the Peiping rape case 69a were symptomatic, for instance, of festering grievances seeking an outlet. Such sporadic occurrences, regrettable as they are, could never have aroused so extensively a volume of anti-American feeling. This is due primarily to the causes mentioned in the previous paragraphs.

The growth of anti-American sentiment assumes practical importance in the shaping of future American policy. If or when internal conditions in China may seem to justify substantial assistance to a reorganized Government or to private enterprise would this be a serious deterrent? It is to be expected that the Communist Party will indulge in profuse vituperation, charging us with economic imperialism, etc. This will be taken up at the outset by leftist groups and perhaps by students under organized instigation. Any blunders on our part or misdeeds of individuals may lead to violent demonstrations. But I am confirmed in my opinion that the responsible leaders will welcome not only the material benefits but the most thoroughgoing supervision of these as well, and that they will have the support of public-spirited citizens generally. This may not at first be vocal but as such a program begins to show results the social timidity so characteristic of Chinese will in my opinion dissolve. Much will depend upon our procedure. In China what is done is rarely as important as the way in which it is done. A full and frank preliminary statement of our intentions and the limits of our participation would be very helpful. It would seem preferable that all advisers be selected and maintained by us and that they be chosen not merely for their professional competence but also with a view to their personal characteristics, attitude to China, etc.

69a See pp. 1 ff.
With an adventurous faith in the purity of our purpose and in the capacity of the Chinese people to master modern techniques and to acquire truly democratic standards of public morality, I feel confident that we shall have the heartiest cooperation of the leaders in the Government and of the liberals, with an increasing endorsement from the general public including students, and that this will tend to neutralize anti-American feeling except among those whose political aims or selfish interests are injured by our efforts to serve their nation.

The Chancery here, however, cautions against optimism, the feeling being that we should not expect too much in the way of dissipation of anti-American feeling in China as a result of substantial American assistance to China. While our assistance would serve to bolster up and alleviate the unfavorable economic situation, it could not by itself remove the causes for this situation. And as long as this unfavorable situation continues, the United States will remain the most convenient universal scapegoat; we will be accused simultaneously of having given too much and too little, of interfering too much and too little, of strengthening the moderates and the reactionaries, and of not letting the Chinese settle matters in their own way. The Communists will, of course, attack us whatever we do. An influential and vocal section of the Kuomintang, which is basically anti-foreign, feels that our assistance—and substantial assistance at that—will in any case be forthcoming, and it is this section which tends to be most anti-foreign and to utilize foreigners as scapegoats for China’s innumerable ills. There is little reason to believe that their ideology will undergo any basic transformations as a result of American aid.

Respectfully yours,

J. Leighton Stuart

[For statement by the Chinese Minister of Information regarding reorganization of the Executive Yuan and for inaugural radio address by General Chang Chun as President of the Executive Yuan on April 23, see United States Relations With China, pages 741 and 742, respectively.]

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893.01/4-2547

The Ambassador in China (Stuart) to the Secretary of State

No. 670

Nanking, April 25, 1947.

[Received May 2.]

SIR: I have the honor to submit a few somewhat personal comments on the nature of the newly announced State Council. A radiogram already sent will have served to supplement your own knowledge of these individuals.

70 Telegram No. 851, April 19, 7 p.m., p. 102.

386-748—72—8
It happens that the list was finally completed on April 17, the anniversary of the day twenty years ago when the present Government first took office. But this reveals also the patience needed for even moderate reforms in the unwieldy mass which constitutes present-day China. I can testify that President Chiang K'ai-shek has been working ceaselessly at this task since the passing of the Constitution. He has had every inducement to complete it earlier. The result registers his effort to broaden the basis of representation in preparation for the inauguration of constitutional government. He has on the whole succeeded admirably in assembling the more progressive elements in his own party, in securing the support of two of the minority parties, and in the selection of especially good non-party personnel, as well as in avoiding any open cleavage among the conflicting interests involved.

The most notable feature in the Kuomintang list is perhaps the absence of members of the reactionary C-C Clique and of the dominant military group. It is unfortunate that the presidents of all five Yuan remain unchanged and thus serve to swell the Kuomintang total, but for this the unwillingness of Carson Chang to accept office is chiefly responsible. Had he been willing to become President of the Judicial Yuan, a Youth Party man might have been given the presidency of another Yuan. As it is, however, the continuity of government business is doubtless facilitated. Three elderly members well-known for their consistently independent attitude within the party have been recalled from virtual retirement: Chang Chi (North China), Niu Yung-chien (Shanghai), and Tsou Lu (Kwangtung). Drs. Chiang Mon-lin, Wang Chung-hui, Wang Shih-chieh, and Wong Wen-hao represent the best type of patriotic, western educated types. T. V. Soong's readiness to continue serving a Government which had so recently forced his resignation is very much to his credit and this is accentuated by the fine spirit with which he has done so. Shao Li-tze is generally respected as a broadly tolerant and conscientious official of the old scholar class. Chen Pu-lei has been President Chiang's confidential secretary for many years and is probably included because of his technical usefulness. Wu Chung-hsin would seem to be the least desirable member from the western standpoint but has a long record of party loyalty.

The inclusion of the two minority parties is of symbolic value rather than because of the persons listed. These are in the main elderly scholars with but slight administrative experience. As it is, one vacancy among the Social Democratic Party is the result of split among them, and the Youth Party delayed the formation of the State Council by an undignified demand that their members be given a disproportionate number of posts all through the provinces.
Of the non-party members, K. P. Chen is an American-educated banker of fine character and ability and his acceptance of the invitation is an auspicious omen. Mo Te-hui has had varied administrative experience, chiefly in Manchuria, and is generally respected for his balanced judgment and integrity. Wang Yun-wu helped to build up the Commercial Press and has the general background of "big business". Bolhan and the Kuomintang Tibetan bring in the non-Chinese elements in the Republic.

The list is composed chiefly of elderly men. But for a brief transition period, bristling with delicate and difficult issues, this is perhaps advisable. It ought not, however, to delay the absorption of younger men for training and promotion.

When President Chiang asked me rather eagerly what I thought of the list I felt able to congratulate him quite sincerely. I have since then told him that American opinion seemed in general commendatory but was inclined to reserve judgment until there was evidence as to how much power this new organ of government would have and what it would do with such power. I took the occasion to suggest that this would be a good time to begin with himself to prepare for the transfer from the age-long Chinese "government by men" to "government by law", to limit martial law to actual military personnel and to stop all secret arrests and punishments. He nodded his assent as usual but will need constant reminders in his somewhat lonely struggle to fit himself and his people for practicing democratic principles.

When I called on the new Premier, Chang Ch'un, at his request, he reminded me of my comment when first hearing of his probable appointment to the effect that I pitied rather than congratulated him, and said that he really was undertaking this at a sacrifice and from a sense of duty. He expressed the hope that our mutual relations would continue on the old basis of personal friendship rather than a strictly official one. He then reviewed the state of the country, the civil war, and the Communist problem in a realistic way. He spoke of his chief deficiency as in economic and financial matters and of his predecessor's absorption with these as well as of the necessity for either maintaining or abandoning Dr. Soong's policies. He described his task of fitting the nation for Constitutional Government in the brief period of only eight months as repairing a dilapidated old automobile for travelling on a road which was itself in need of improvement. He also used the figure of pumping new life into an anaemic patient and the need for blood transfusion, which was his first explicit reference to the hope of American financial assistance. He went on to speak of the problems he had inherited, the brevity of

\textsuperscript{72} Chang Chia Hutuktu.
the time and the complexity of the whole situation. He thought in terms of three factors: the weather, their own efforts, and external aid. His reference to the first of these reveals how predominantly agricultural this country is and how important are the harvests in the national economy.

I took advantage of the implied invitation given me to comment on the possibility of American aid, repeating essentially what I had been saying to President Chiang and others: that I had no instructions nor any reason to believe that a decision had been reached; that my Government was primarily concerned that any financial assistance which might be undertaken should be a real benefit to all the people of China rather than to any faction or group and would neither prolong nor give partisan advantage in the civil war; that in short the earliest possible termination of aggressive military action by the Government while keeping the door wide open to the Communists, and further progress toward reforms made possible by the present reorganization, were the results desired alike by friends of China in Washington and by all public-spirited Chinese.

Respectfully yours,

J. Leighton Stuart

893.00/4-2747: Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, April 27, 1947—10 a.m.
[Received April 27—12: 45 a.m.]

908. As in the case of the reorganized State Council (Emtbel 851, April 19, 7 p.m.) it is still too early to determine what if any effect the reorganization of the Executive Yuan will have internally in China. It is clear, however, that there has been no real change in the actual administration of government which remains firmly in the control of the Kmt. It will be noted that in the Ministries of Foreign Affairs, National Defense, Interior, Finance, Education, Communications, Social Affairs, Food, and Justice there have been no changes and the Kmt incumbents remain in office, though, of course, they are of varying political complexion.

Tso Shun-sheng of the Youth Party has assumed office as Minister of Agriculture and Forestry and Li Huang of the same party has become Minister of Economic Affairs. Both are unknown quantities, and there is no info available indicating their qualifications for the posts they have assumed. Well-informed Chinese point out that in the case of the Ministry of Economic Affairs, it is being denuded of its most important functions which are being redistributed among Kmt-controlled ministries. The Social Democratic Party is repre-
sented only among the ministers without portfolio and it may be noted in this general connection that the leader of the party, Carson Chang, still refuses to take office in the Government.

Miao Yun-tai, well-known independent Yunnan industrialist wartime tin controller, has accepted office as minister without portfolio and in the Executive Yuan this may be accepted as a sign almost as hopeful as the appearance of K. P. Chen as State Councillor.

Out of 17 ministries and commissions, 14 are controlled by the Kmt, 2 by the Youth Party as noted above, and one by an Independent. It is to be noted, however, that the Independent is the Minister of Communications, General Yu Ta-wei, who is closely associated with the Whampoa clique.

Of the ministers without portfolio two are Kmt, 2 Social Democrats, 1 Independent, and 1 Youth Party. Fortunately there is a strong leavening of Political Science group adherents throughout the present Executive Yuan and notwithstanding the absence of any real change in the administrative posts, there remains a possibility that the appointment of Chang Chun as Premier may bring about more coordination and firmer direction than the Executive Yuan has hitherto had. Even with more effective functioning of the Executive Yuan, the political authority of the Premier will still depend upon the extent to which the Generalissimo is prepared to support him as against less progressive elements in the Kmt.  

**Stuart**

893.00/5-147: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

**Nanking, May 1, 1947—7 p. m.**

[Received May 2—12:35 a. m.]

941. Following is Tsingtao's 22, April 28, 2 p. m. to Nanking:

"Government sources admit loss of Taian to Communists, who reportedly are launching strong attacks on Tawenkou, Feicheng and Tunga, strategically important points captured by Government forces last month. General Wang Yao-wu 
24 yesterday returned to Tsinan cutting short his inspection visit to Tsingtao. Spiker."  

**Stuart**

3 In a summary of "Chinese Government Reorganization" prepared for the Secretary of State, the Assistant Chief of the Division of Chinese Affairs (Rice) on April 28 concluded that "one is inclined, on the basis of past experience and of the limited character of the personnel and organizational changes effected, to doubt" that "the direction and character of the Government as it exists at present will prove substantially better than before the reorganization".

24 Commanding Chinese Government forces in Shantung.

75 Clarence J. Spiker, Consul General at Tsingtao.
The Ambassador in China (Stuart) to the Secretary of State

Nanking, May 7, 1947—2 p.m.
[Received May 7—3:40 a.m.]

983. Li Huang, who had been nominated by the Young China Party for the position of Minister of Economic Affairs in the coalition government, has now publicly and formally announced his refusal to accept the position. In sympathy with him, his colleague, Tso Shun-sheng, has likewise declined the Ministry of Agriculture and Forestry. Li's decision is attributable to his recognition that the Ministry of Economic Affairs, the most heterogeneous of all Ministries, is now without decisive power which is vested in the National Economic Council and yet is in a position to be made the recipient of criticism for continuing economic deterioration. There is also the important factor that no agreement has been reached, or is as yet foreseeable, on the demand of the Youth Party for large, even disproportionate representation in local governments.

To this situation must be added the apparent serious split in the Social Democratic Party following Carson Chang's decision that members of the Party, though not himself, would participate in the reorganized interim government. At the same time a series of attacks are being made by high Kuomintang leaders against the Democratic League as being merely the tail of the Communist kite to which Lo Lung-chi, secretary general of the League, has publicly rejoined that he regards these as a prelude to drastically repressive measures.

STUART

The Ambassador in China (Stuart) to the Secretary of State

Nanking, May 8, 1947—10 a.m.
[Received May 8—2:05 a.m.]

990. As previously reported, Central Government military situation has shown steady deterioration within recent weeks. In North Shensi, Central Government forces have become over-extended since capture of Yenan and considerable difficulty was encountered in capture of Suiteng. Micheh has not yet fallen to Nationalists although its fall has been repeatedly reported as "imminent" for some weeks.

On May 1 in report on military affairs to Legislative Yuan, Pai Chung-hsi stated that forces had been withdrawn from South Shansi for Yenan and North Shensi campaign. As result, Communist forces

* Chinese Minister of National Defense.
in South Shansi have been increasingly active recently and appear to be enjoying considerable success. The critical state of situation in Shansi is indicated by General Yen Hsi-shan’s appeals for Central Government military assistance.

Shantung, however, is for the time being the most critical area. In that province Central Government suffered another serious reverse with loss of Taian on April 24 (reference Embassy’s telegram 941, May 1, 7 p.m.). It is not known exactly how much material was lost by Central Government at Taian but there have been reliable reports that Central Government had been using city as a staging and supply area. Other reports indicate that situation in Shantung has also been affected by explosions in ammunition dumps at Hsuchow.

On May 3 Generalissimo flew to Hsuchow, Lini and Tsinan, assumably for purpose of rallying Central Government forces in Kiangsu-Shantung area. He returned to Nanking on May 5. It now seems likely that as result of his visit counterattacks from Tsinan have been launched. Vernacular press on May 7 carried reports that Taian and Feicheng had been recaptured by Central Government units. There are no indications, however, that important Communist strength has been pinned down and destroyed.

Situation in Manchuria is for time being quiescent but as indicated in Embassy’s telegram 965 of May 4, 4 p.m., there is little room for optimism with regard to overall military situation. Recent reports indicate Communist concentration of forces north of Kirin in Yushu area.

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893.00/5-847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, May 8, 1947—2 p.m.
[Received May 8—1:37 a.m.]

995. Following is Chungking’s 60 of May 7, 1947 to Nanking:
“My telegram 42, March 22 (repeated to Department as Embassy’s telegram 653, March 25, 4 p.m.).”

“General Li Hsien-nien’s troops numbering about 1,000 now reported along Yangtze between Ichang and Shasi attempting disrupt river traffic that area. Troops being rushed from Chungking to deal with situation. Streepen.”

STUART

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79 Not printed.
80 Chinese Communist general who had operated in the Hankow area in 1946.
81 Robert B. Streepen, Consul General at Chungking.
SIR: I have the honor to submit for your consideration a few impressions of recent trends in China. It may be fitting to take as a text for these the request of President Chiang K'ai-shek that there be a cotton and wheat credit, that ammunition be supplied, that the 8½ group aviation agreement be promptly and fully effected, and that a highly qualified military adviser be assigned. The text of this request has been transmitted in the Embassy’s telegram no. 916 dated April 28, midnight. 82

Mr. Butterworth 82 and I called on the Generalissimo on the evening of April 28 and in agreement with me he pointed out questions or objections that might be raised in Washington as to one or another of these items and suggested further consideration on his part, to which he finally agreed. This had as its objects both to postpone such widespread requests being formally made and to suggest to the Generalissimo that available resources were not being properly employed. The morning after that interview I left for Tsingtao and Tientsin and have not as yet seen the Generalissimo since my return.

1. Although President Chiang holds firmly to his confident expectation that his military objectives will have been attained by September at the latest, yet this is regarded as entirely too optimistic by many Chinese whose sympathies are all with him. This seems also to be the judgment of our own experts. One factor is the inadequate pay for the officers and men and the hardships in general from traditional treatment of Chinese soldiers, aggravated by war-weariness, Communist propaganda, the lack of an inspiring motive, etc., all of which weaken morale. There seem to be desellungen to the Communists and at times even the disintegration of entire units. Another explanation for the lack of progress is that there is a difference of opinion among the High Command as to overall strategy. The Chief-of-Staff (General Ch’en Ch’eng) is supposed to advocate wide encirclement, forcing the Communists to retire to the mountains and waiting for them to break through into the plain in search for food and supplies at which time they can be destroyed or scattered. The Minister for National Defense (General Pai Ch’ung-hsi) and the two National Commissioners for the former Executive Headquarters argue on the other hand for segregating the Communist armies into smaller bands confined in different regions and dealing with them piece-meal. In any

82 Post, p. 824.
W. Walton Butterworth, Minister-Counselor of Embassy in China.
case, the news from the various fronts has of late not been reassuring. The situation in Manchuria seems especially critical and the popular discontent even more widespread than within the Wall. General Tu Li-ming is dangerously incompetent, all the more so perhaps because of his arrogant conceit.

2. The Communist leaders appear confident that—whatever their reverses and deficiencies—the situation will work out increasingly to their advantage. In so far as they base this upon purely internal conditions they probably have good reason for assuming that economic and fiscal difficulties will reinforce the deepening opposition to the Government to the point of forcing it to renew the negotiations for peace. They are counting on preventing American aid to the Government while the civil war continues and are intensifying their vituperative propaganda to this end. They have succeeded in this at least to the extent of instilling into their own people a belief that we are allied with the Kuomintang against them, so that anti-American sentiment is more than ever a reality wherever the Communist Party influence has spread. Chinese Communists share the Russian dialectic theory that a capitalistic economy must have the cycle of recurrent depressions and that this will soon happen again in the United States with the consequent necessity of curtailing our activities in foreign countries. Evidence from widely-separated regions and through unrelated sources all seems to confirm the cruelly authoritarian nature of Communist domination and the revulsion of the populace in many localities against their leadership. “Military necessity” seems to be driving them to oppressive measures not unlike those which have always been prevalent in typical Chinese local administration. By and large perhaps the sufferings of the common people do not vary greatly under either system, and are of course made more acute by the war, especially where the control is constantly shifting. On the whole it would seem that the earlier disillusionment as to the Kuomintang is now becoming no less true of the Communist Party, alike among the intellectuals and the rural masses.

There is another aspect of the Communist Party problem which has an important bearing on any further efforts to effect a reconciliation. They have always, in my opinion, been quite sincere in desiring a Coalition Government—provided that terms satisfactory to them could be agreed upon. But they have thought of this as a somewhat permanent arrangement rather than as an interim device pending the establishment of a constitutional system by which one party or another would be in power as decided by popular vote. In the earlier discussions it would have been a needless complication to introduce this issue. Once the fighting had been stopped and a working government had been or-
ganized this might have been left to a happier future. Perhaps this still holds true. But with the present impasse in peace negotiations and the determination to put the Constitution into effect on December 25, 1947, the period for a temporary coalition would at best be very brief. In my view the Communist Party will have the intention if it should enter into a Coalition Government after the inauguration of the Constitution of maintaining that coalition for a considerable period while it worked from within.

3. We are now witnessing some of the practical difficulties of a Coalition Government without Communist Party representation. The Ministry of Economics and the Ministry of Agriculture and Forestry were allotted to Youth Party members. The former is one of the most thankless tasks in the list and it is not surprising that Mr. Li Huang has steadily refused to accept it. There is a vacancy among the Social Democrat membership on the State Council. One of the three who have taken office (Hu Hai-men) has now been expelled from the Party which creates a perplexing dilemma. From the Government standpoint the minority party members are inexperienced and are in no way superior to the seasoned workers they must displace, thus tending to reduce efficiency. The Youth Party especially is anxious for as many jobs as can be secured for its members, and those of both parties are disgruntled at not having a more responsible share in administration. The new Premier has tact and strength of purpose and should be able to weld together these disparate elements. Part of the difficulty is inherent in the numerical superiority of the party in power.

4. During the past week or two there have been frequent news items in the local press concerned in one way or another with prospective American loans. These have served to dramatize both the desperate predicament which the Government feels itself to be facing and the extent to which our country has become enmeshed in this confused situation. The consciousness that some such assistance is essential in order to avert disaster exists throughout Government circles though a note of bitterness that this is the case and a desire not to be interfered with in the use of it are almost as prevalent. These can be detected in intimate conversations even with one as friendly to us as Premier Chang. President Chiang almost alone among the leaders has recognized with cold realism the inherent weaknesses of his country both human and material and has disciplined himself to paying the price for American monetary aid in having it accompanied by a large measure of American control. This may not be quite fair to him, for I have the impression that—even more than before your departure—he is deeply aware of this need. It might almost be said of him that he
is forced by fiscal and economic exigencies to seek for relief through credits or loans, but that in the field of his own primary interest he is increasingly aware of the practical value of American specialists as advisers. In any case, we can count on a measure of support from him in the matter of control in the event of our decision to give financial assistance for specific projects.

5. The essence of the problem seems to be as to whether the financial structure of the country can endure until the military operations will have opened the way for a negotiated peace. If President Chiang is correct in his confidence that this will be achieved by September, our experts think that there will be no financial collapse before then. General Cheng Kai-min (formerly of Executive Headquarters) modifies President Chiang’s forecast to the effect that, if needed ammunition can be obtained, the Tientsin–Pukow Railway zone and all of Shantung Province could be recovered by September, but that it would be toward the end of the year before this could be done for the Peking–Hankow Railway and Shansi.

Whenever the leaders of the Communist Party can be persuaded that it would be to their interest to renew the efforts for a peaceful settlement, all that was originally contemplated for the welfare of this country could be undertaken with the confidence that it will be welcomed more than ever by the inarticulate masses and by all whose sensitive pride or selfish interests are not injured in the process. We will ourselves have probably gained experience for supervising such aid more wisely. Meanwhile, the situation is fluid. How long this will continue cannot be predicted but our policy may have a determinative influence. Mob violence may break out at any time and spread rapidly in the worsening economic conditions and with the attempts to arouse this which are undoubtedly being made. Apart from this there is not apt to be collapse so much as disintegration.

Respectfully yours,

J. Leighton Stuart

893.00/5–1147: Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, May 11, 1947—4 p. m.
[Received May 11—6:25 a. m.]

1023. Following the discussion reported in the fourth paragraph Embassy’s telegram 916, April 28, midnight, Generalissimo requested that Major Rigg and Captain Collins call upon him, thus follow-

84 Post, p. 824.
ing up the discussion re Manchuria as he had the 8–1/3 group program as reported in Embassy’s telegram 963, May 4, noon.\textsuperscript{56}

Aside from answering questions regarding their personal experiences and in response to specific questions from Generalissimo, Rigg and Collins gave him the information summarized below:

Morale of Communist troops they had seen or marched with was high and retreat across Sungari River had been conducted in an orderly and unhurried fashion. Nationalist reinforcements had not arrived in time to make any effective contact with them. The other Nationalist troops were immobilized in garrison towns and field commanders were hamstrung by Tu Yu-ming’s instructions which required prior permission from his headquarters before any movement could be ordered. Communist troops could now out-march Nationalists since latter had been so long garrisoned. Communists freely stated that First Army under General Sun Li-jen (see Embassy’s telegram 965, May 4, 4 p.m.\textsuperscript{65a}) was by far the most effective force they had met with.

\textbf{Stuart}

893.00/5–1547 : Telegram

\textit{The Ambassador in China (Stuart) to the Secretary of State}

\textbf{Nanking, May 15, 1947.}

[Received May 15–4:05 a.m.]

1056. At weekly press conference held at the Ministry of Information on May 14 the director of the Chinese Government Information Office, Dr. Hollington Tong, replied as follows to questions presented:

1. \textbf{Query} : What is the Government’s official attitude to the Democratic League?

   Answer: Together with the Chinese Communist Party, the Democratic League has openly repudiated the constitution and rejected the validity of the National Assembly. In spite of its close association with the Chinese Communist Party, which is now in open rebellion against the Government, the League still claims to be a peaceful political party. The Government’s attitude toward the Democratic League will be determined by the policies and activities it pursues.

2. \textbf{Query} : Will the League be allowed to run in the coming elections?

   Answer: All citizens of the Republic of China may run in the coming elections according to law. The League, however, does not have the right to run as a party.

3. \textbf{Query} : How many political parties are there in China beside those in the PCC?\textsuperscript{87}

\textsuperscript{56} Post, p. 826.

\textsuperscript{56a} Not printed.

\textsuperscript{87} People’s Consultative Council.
Answer: With the exception of political parties which have been active, the number of political groups is difficult to estimate.

4. Query: What is the Government's attitude toward the peace movement which, according to press reports, might be launched by members of the PCC at next session of the People's Political Council on May 22?

Answer: The Government has never shown reluctance to consider reasonable proposals by which unity may be peacefully achieved, but the Government has been much disillusioned by past experiences. It does not intend to be diverted from its course of unification and democratization by programs which have no substance behind them.

Dr. Tong then referred to a letter received on May 6 by the secretariat of the PPC which was sent by three PPC members, Hsu Teh-hying, Chow Ping-lia and Chien Tuen-sheng, in which they requested the Government to provide facilities for Communist members to attend the coming session scheduled to open May 20. The Secretary General of the PPC replied as follows:

"Regarding the notice for Chinese Communist members of the People's Political Council to attend the forthcoming meeting, we have by wire requested Mr. Wu Yun-fu, Chinese Communist staff member of CNRRA, to forward it. When a reply is received arrangements can readily be made, as you have kindly suggested, for you to go over and bring the Communist PPC members here by plane.

"However, judging from the attitude of the Chinese Communists towards the PPC during the past year and their turning down in January of this year General Chang Chih-chung's proposed visit to Yanan, it is feared that their reaction this time may be none too favorable. It is also my apprehension that they may even ridicule the current proposition as another peace offensive missile.

"Personally, I am deeply impressed by your zest and farsightedness in making this offer to the Communists, and, as requested, I shall discuss the matter in detail with the Government. In the meantime, it is my hope that you will come to Nanking at an earlier date to avail us of your personal counsel."

Dr. Tong then added that the secretariat has not received any peace proposals.

STUART

893.00/5-1547 : Telegram

The Ambassador in China (Stuart) to the Secretary of State


[Received May 15—9:50 a.m.]

1062. In answer to the question "Is the Government satisfied with recent developments of the Shantung offensive?", the director of the

**Chinese National Relief and Rehabilitation Administration.

**Then Governor of Sinkiang.
Chinese Government Information Office gave the following reply at the weekly press conference held at the Ministry of Information on May 14:

"The Government is satisfied with military operations in Shantung. After the capture of Laiwa, Tushihkou and other towns, the Government forces have further advanced toward the North. Fighting is now largely in Poshan and is synchronized with our advances from the south. Garrison troops of Tsinan have meanwhile made gains along the railway leading to Hsuchow. Other units which have taken Mengying have advanced deeper into the mountainous regions of central Shantung which has been the Communist base of operations for years. About 10,000 Communists will be trapped east of the Tientsin-Pukow railway. All together there are 150,000 Communist officers and men in Shantung. Government forces have contacted and broken Communist main forces and we believe large-scale fighting will be ended in that province soon.

"Between April 21 and May 6 Communist casualties were 22,987. According to information received by the Ministry of Defense, there has not been much change in the fighting in Shansi in the last week. The capital of Shansi, Taiyuan, is not threatened.

"In regard to the war situation in Manchuria, the Communists have massed 200,000 men for a new offensive, of which about 90,000 are attacking Nungan from Fuyu. The decisive battle in that area has now begun."

STUART

893.00/5-1647

The Ambassador in China (Stuart) to the Secretary of State

No. 728

NANKING, MAY 16, 1947.
[Received May 23.]

Sir: I have the honor to enclose for the information of the Department a copy of a report prepared by Colonel David D. Barrett, USA, Assistant Military Attaché at Peiping, giving his impressions with regard to conditions in China as they appeared to him upon his return from four months' leave in the United States.

Colonel Barrett needs no introduction to officers of the Department and the Foreign Service who have served in China during the past ten years, and the Embassy has read his report with great interest and finds itself in substantial agreement therewith. Colonel Barrett offers little that is new to observers of the China scene, but his report is an honest recapitulation of the views of an American official who has served many years in China. It will be noted that Colonel Bar-
rett’s comments again bring to the fore the points which have had an effect upon the situation in China for many decades and have shown little, if any, change within recent years. Colonel Barrett points out the long suffering nature of the Chinese people but also finds growing discontent because their sufferings have not been ameliorated by the termination of the war of resistance, but have actually been increased. The increasing burden of taxation adds to this discontent and to the general disillusionment of the Chinese people with their rulers.

The Embassy does not agree completely with Colonel Barrett in his paragraphs 15 and 16 wherein he finds that there is little, if any, anti-American feeling in China. As the Embassy has already reported to the Department, the anti-American student demonstrations of last year in Shanghai, Nanking and Peiping were predominantly anti-Government and were only anti-American in character in so far as certain incidents, such as the Peiping rape case, offered an unassailable excuse for calling demonstrations. Since that time, however, the Embassy considers that anti-American feeling has been increasing. Of course, the most outspoken anti-Americanism emanates from the Chinese Communists, but even in certain Government quarters it is believed that anti-American feeling is present but veiled in many cases merely because there is still the hope that the United States will come to the support of the present regime as it is now constituted. The tendency to blame current ills upon American interference rather than on administrative ineptitude is becoming increasingly apparent in official quarters. Xenophobia in China is difficult to estimate or to assess, but it is always latent and, as has occurred on many occasions in the past, can be turned into a political weapon to serve the purposes of any group. At the present time the United States is in a favored position in China, but this situation may not always prevail and we should not allow ourselves to become wedded to the conviction that merely because the present regime is anti-Communist it is therefore pro-American.

In general the Embassy agrees with Colonel Barrett’s final paragraph to the effect that developments in the situation in China will probably continue to be slow. Facile predictions of economic or political collapse have too often in the past tended to give substance to the trite remark that things are never so bad in China but that they can not get worse. Events may well continue to end with whispers rather than bangs, but during the past few months the process of deterioration has shown signs of marked acceleration and, as Colonel Barrett points out, the present Government has thus far

90 With Japan, 1937–1945.
shown itself "totally incapable of arresting the course of this steady deterioration". Events in China are now governed largely by the civil war situation and accelerated economic and political deterioration resulting therefrom has already developed beyond the stage indicated by Colonel Barrett.

Respectfully yours,

W. WALTON BUTTERWORTH
Minister-Counselor of Embassy

[Enclosure]

Report by the Assistant Military Attaché in China (Barrett)

No. R-263-47

[NANKING,] 7 May 1947.

1. Before departing from China for temporary duty and leave in the United States in December of last year, I had been serving continuously in China for over ten years. Consequently, I had become so thoroughly accustomed to conditions in this country that some of my impressions of the general situation were probably not as clear or accurate as those of a person who had not been here so long. In other words, I had been in China so long that I could not see the woods for the trees.

2. Since my return to China last month, with at least a part of the cobwebs swept from my brain by duty, travel, and leave in the United States, I feel that my impressions concerning the situation are clearer than they would have had I not been for a time away from this distressful country. I hope, accordingly, that I am able to see things not only with a fresh and open mind, but that with a background of almost nineteen years’ service in the Orient, I can see the general picture with some degree of accuracy and understanding.

3. One of the first things I noticed on arriving in Shanghai was the people on the street look worried. Always before it seemed to me that the Chinese, no matter with what trials and tribulations they may be beset, in general appear carefree and happy. Even refugees fleeing before an advancing Japanese Army always appeared to me much less wretched than one would expect under such circumstances. During the bombings of Chungking in the summers of 1939, 1940, and 1941, I was constantly astonished at the equanimity, not to say apparent unconcern, with which large numbers of the population faced the loss of their families and destruction of their property. Now, however, the ordinary people on the streets of Shanghai and Nanking look definitely worried to me. After talking to a number of Chinese in various walks of life, I am convinced that they are not only worried but discouraged to the point of apathy. During
all the years I have served in China, I have been hearing the Chinese people cry “Mei yu pan fa,” over the political, military and economic situation. They are still crying “Mei yu pan fa,” but with a depth of despair that I have never heard before.

4. As is to be expected, the condition which most alarms the average Chinese is the skyrocketing of commodity prices. During the war, commodities were terrifically expensive, and this of course caused an untold amount of hardship and suffering. Bad as was the situation at that time, however, the people could take some comfort in the thought that their troubles were the inevitable result of war, and there was always the hope that after the dwarf slaves had been defeated, things would get back again to normal. Now China has won the war, but prices are rising to heights never dreamed of during the darkest hours of the conflict. This situation has the Chinese people terribly worried, because there is apparently no relief in sight.

5. The people with whom I have talked since my return to China (and I have tried to obtain the views of as representative a group as possible, excluding Communists and those with extreme leftist tendencies) are open and bitter in their condemnation of the Government. No one with whom I talked has criticized the Generalissimo, except to say that he is completely out of touch with the real situation in China, and that among the people closest to him are bad characters by whom he is considerably influenced. One conservative and open-minded Chinese said to me, “It has probably been at least twenty-five years since anyone has dared to talk to the Generalissimo frankly and openly, without an axe to grind or without fear of the consequences if he should incur the easily aroused anger of the Generalissimo. It has probably been even longer since the Generalissimo has walked on the streets and mingled with the people like an ordinary man. How can he be expected to understand the real situation in China?”

6. No one with whom I have talked since my return to China has had the slightest hope that the Generalissimo will ever effect a real reorganization of the government. “Huan t’ang, pu huan yao” (“Change the solution in which the ingredients are suspended without changing the ingredients.”) is the comment I have invariably heard on this subject. A Chinese general who holds an important military post and is absolutely loyal to the Government told me that it made no difference whom the Generalissimo placed in the position of Chairman of the Executive Yuan, as the Generalissimo himself completely dominated this office and would brook no real interference in administering it.

7. Those with whom I have discussed the present situation agree that the Generalissimo undoubtedly sincerely desires to do right by China, but because of his stubbornness, desire to continue in power, isolation from the people, and influence of certain bad men around him,
he has no conception of what steps should be taken to bring about an improvement in the distressing conditions which now prevail.

8. Observers of the Chinese people have long agreed that ability to eat bitterness is one of their strongest points, but also one of their weakest in that they are too much inclined to resign themselves to conditions as they are without putting up a struggle to improve them. Consequently, they have been accustomed for centuries to enduring the miseries of corrupt and incompetent government without doing anything about it. Never before, however, have I seen the Chinese people so thoroughly fed up with the present all-pervading rottenness of the government as they are now. Those with whom I have discussed this subject admit that since no Chinese official is paid enough to live on, he must either be corrupt or starve. They complain bitterly, however, about the unlimited rapacity of many persons in high places who have already made their pile, and therefore might reasonably be expected to keep their hands somewhat cleaner than the run-of-the-mill official whose opportunities for attaining any degree of economic independence are limited.

9. I find the ordinary people of China tremendously embittered by the multitude of burdensome taxes which they must pay without seeing the slightest evidence that the money goes anywhere except into the pockets of officials. Examples of these exactions are the “feast tax” in Peking on all restaurant meals costing over three hundred dollars, when three hundred dollars will not buy a single ball of steamed bread; the heavy “sanitation tax” which is supposed to raise money to buy trucks in which to cart away garbage, while in fact garbage is collected in the carts of farmers impressed for forced labor; and the “education tax” on hotel bills and other items, while school teachers starve and school buildings, in the last stages of dilapidation, are frequently occupied by the military. Over these and a myriad of other taxes, the Chinese people are furious. Taxes, they say, they have always had and always will have, but never before have taxes been so burdensome or produced such little results.

10. The owner of a watch and clock shop told me that if his business paid all the taxes levied on it by the government, he could not keep it going. The only recourse, he said, was to grease the palms of the tax collectors, who for due consideration would forego the collection of the levies which it was their duty to gather.

11. Chinese who know the truth about Formosa have been outspoken to me in their condemnation of the manner in which the Generalissimo has allowed the affairs of that once prosperous island to be woefully mismanaged. They say they cannot understand why the Generalissimo would give to Chen Yi, a man whom he would not allow to be
a provincial chairman during the war, the biggest plum which could possibly fall to an official since the Japanese surrendered and then not check up to see how this man was carrying out his trust. A young, well informed, and by no means leftist-inclined Chinese who has, or did have before the island was virtually ruined by Chen Yi's beneficent administration, financial interests in Formosa, told me he feared it would never recover from the blows which it has recently been dealt. All he could see for the future was a slow but certain process of deterioration, with the Soviet Union and Chinese Communists taking every advantage of the opportunities presented for fishing in troubled waters.

12. Not one Chinese with whom I have talked since my return (it must be admitted that I have not discussed the subject with any high civil official) has expressed any criticism of the United States for not granting China a loan. All have frankly stated that the United States cannot reasonably be expected to lend money to China while she is carrying on a civil war; and that the past record of China in spending loans has not been one to inspire the United States with a desire to grant another one. When I have asked if China would accept a loan with strings attached concerning the manner in which the money is to be spent, the answer has been in the affirmative. The opinion has been generally expressed, however, that both the government and certain groups in the United States would undoubtedly raise the cry that the attaching of strings constituted an unwarranted interference in the affairs of a friendly sovereign nation.

13. The Chinese general to whom I have referred above, whom I consider one of the best informed and most fairminded Chinese I have ever met, expressed the belief that the only thing which keeps the Kuomintang in power is the bayonets of the Chinese Army, which still has but one loyalty, the Generalissimo. He stated that the power of the secret police had decreased considerably since the death of Tai Li, but the people were very definitely held in line by the Army. When I asked the General how long he thought the Kuomintang could stay in power without the Army behind it, he did not reply, but only laughed.

14. The general opined, and others with whom I have talked agree with him, that the Kuomintang will never relax its grip on China unless it is driven out by force of arms. The general was not unduly pessimistic about the new Constitution, but he was doubtful if through it the people will ever be allowed to exercise real suffrage until the power of the Kuomintang is broken. Asked when he thought this would be brought about, he said it was very difficult to make a pre-

**Footnote:** Former head of the secret police system.
diction. He thought it unlikely that it would come in the near future, and it might not happen for many years.

15. Both before leaving China last year and while I was in the United States, I heard a great deal about anti-American feeling in this country, particularly among the students. It was my good fortune to miss the anti-American demonstrations last year in Shanghai, Nanking and Peiping, and my opinions on this subject must be judged accordingly, but as far as I am concerned, I have never at any time personally seen any evidence of anti-Americanism in China. In my opinion, the anti-American demonstrations were engineered by a hard core of Communists and professional agitators working under a group which in every country is volatile and easily aroused to mass action. I doubt if a fraction of the individuals who took part in the demonstrations really had any hard feelings toward America. This opinion is supported to some extent by the statements of Americans who witnessed the demonstrations who have told me that while the attitude of the participants in general was decidedly hostile, and many inscriptions on banners and shouted slogans were insulting, whenever one talked to an individual demonstrator or a small group, the attitude of the persons addressed was reasonable and their language polite.

16. Both before leaving China and since my return, I have asked many Chinese about the feeling of the Chinese people toward America and the consensus of their statements was always that the United States is the best friend China ever had or ever will have. Allowing for Chinese politeness, I think this is the real feeling of all thinking Chinese, except the Communists and a percentage of those under the control or influence of Communists. In other words, I do not believe our reservoir of goodwill in China has been drained or will be in the near future.

17. In view of what I have written above, it is unnecessary for me to say that the present situation in China appears to me extremely bad. The most alarming feature is undoubtedly the sky-rocketing of commodity prices caused by the steady depreciation of the Chinese currency in terms of the U. S. dollar. The recent dismal failure of the attempt to hold the Chinese dollar to a pegged rate of 11900 demonstrates clearly the inability of the government to control the black market in United States dollars. Here in Peking, U. S. dollars are being bought today more or less openly at about 22,000. Since the most recent break in the Chinese dollar, prices of commodities have been revised upward, sometimes as often as twice a day, almost exactly paralleling the rise of the U. S. dollar, or if one prefers to put it the other way around, the fall in Chinese currency. To cite an
example, for a brief period in which the currency was being held fairly steady at the present official rate, a bag of flour in Peking costs about CNC 120,000 (I remember well the time when the local populace cried to heaven when the price rose to CNC $3.00). Now that the black market rate for the U. S. dollar is around 22,000, the price of flour has risen about one hundred percent.

18. Rise in the price of flour works the same hardship in North China that soaring rice prices do in Shanghai. In North China another important factor, the price of coal, is injected into the situation, as it is almost impossible to get along in the North during the winter without some heat other than that needed for cooking. In my opinion, the Chinese people can stand almost any degree of rotten government provided they can keep from starving and freezing. From the present look of things, the time when a large percentage of the population will no longer be able to get enough to eat, and come winter may freeze to death, is not far off.

19. In the face of the conditions in which I have commented above, what is likely to happen? From the experience of seventeen years' service in China, I would say probably nothing, at least not for a long time. Since 1924, when I first began to study the situation in this country, China has frequently appeared on the brink of complete economic collapse and sometimes even a peasant revolution. These disasters have not yet come, and even though China appears at the moment to be facing the worst crisis in many years, they may not come now or, at the worst, for a long long time. What I expect to see is a steady deterioration in the over-all situation until some day even the Chinese cannot stand it any longer and the lid will blow off. Long before that time, however, some outside power may have taken a hand in the China situation. In my opinion, the present government of China, without help from the outside, is totally incapable of arresting the course of this steady deterioration.

DAVID D. BARRETT

893.00/5-1647

The Ambassador in China (Stuart) to the Secretary of State

No. 730 NANKING, May 16, 1947.
[Received May 23.]

Subject: Probable Course of Central Government Policy Toward Non-Kuomintang Political Groups

Sir: I have the honor to bring to the attention of the Department two recent developments which are considered significant in assessing the probable future course of Central Government policy vis-à-vis the Chinese Communists and other non-Kuomintang elements.
On May 1, 1947 General Pai Chung-hsi, Minister of National Defense, attended a meeting of the Legislative Yuan for the purpose of reporting on military affairs. There is enclosed a summary report of his remarks as published in the Nanking Jen Pao of May 2. This is the most detailed published report of General Pai's remarks which has come to the attention of the Embassy. Usually well-informed sources, however, have stated that General Pai, in addressing the Legislative Yuan, used far stronger language than is indicated by the enclosed newspaper account. Even from this alleged watered-down version, it seems clear that it was General Pai's intention categorically to inform the Legislative Yuan that economic and political considerations were at this time in China to be considered subordinate to military questions and that the military would not countenance any change in the present policy of pressing for expanded conscription and grain requisitions for military use.

On May 2 the Central News Agency, English Service, released at Nanking a story to the effect that a Communist document entitled "Outline of Underground Struggle" had been captured by Government forces in northern Shensi. A copy of the Central News Agency report is enclosed.

Since the adoption of the new Constitution by the National Assembly on December 25, 1946, and particularly since the recently announced reorganization of the State Council and the Executive Yuan, there have been numerous Government statements implying that the door would be left open to participation in the Government by the Communists, the Democratic League or any other non-Kuomintang groups. The overall implication has been that current military operations were aimed solely at re-establishing lines of communication and that while pursuing this objective the Government would welcome the reopening of peace talks with dissident elements.

From General Pai's remarks it is difficult to avoid the conclusion that the Central Government military hierarchy is determined upon attempting forcible unification of the country before the initiation of any talk of peace, and the obvious inference flows from his remarks that unification to the Chinese military mind presupposes the prior elimination of the Chinese Communists, in which case there would automatically ensue a state of peace by reason of the elimination of the only armed opposition. The parallel with similar Chinese military thinking during the period of previous campaigns before 1936 aimed at the elimination of the Chinese Communists by force of arms is only too obvious.

General Pai's remarks acquire added significance when considered in conjunction with the almost simultaneous appearance of an alleged
Chinese Communist document in the nature of a directive on underground and terrorist activities. Regardless of whether the document is genuine, it is difficult to understand the excitement, which in certain press organs took on an hysterical tone, of the Government concerning it inasmuch as it would seem to have been a logical Government assumption for planning purposes that the Communists would adopt the tactics which are outlined therein.

It will be noted from the alleged captured document that direct reference is made to the Democratic League and other non-Kuomintang groups, even those at present participating in the Government, as channels for subversive Communist activity. The release of the document at this time has given rise to considerable concern among non-Kuomintang political groups. Dr. Lo Lung-chi, Secretary General of the Democratic League, on May 3, 1947 issued a public denial that the League was a creature of the Chinese Communist Party and declared that the publication of the alleged Communist document at this time was but a forerunner of repressive measures aimed at any or all groups in opposition to the policies of the Government. Other political groups referred to in the document have issued similar but less vociferous statements. The concern of non-Kuomintang political groups with regard to their future position was given substance on May 14 when the Director of the Chinese Government Information Office, in reply to a question at his regular weekly press conference, linked the Democratic League with the Chinese Communist Party as having openly repudiated the Constitution and rejected the validity of the National Assembly, and added that the Government's attitude toward the Democratic League would be determined by the policies and activities it pursues. In reply to a second question, the Director stated that the Democratic League did not have the right to join in the forthcoming elections as a political party.

The remarks of General Pai Chung-hsi before the Legislative Yuan and the almost simultaneous appearance of an alleged Communist document which impugns all important non-Kuomintang political groups, adds weight to the widely held belief that the Government is irrevocably wedded to a policy of extermination of the Chinese Communists in spite of constant lip-service to the principles of settlement of internal problems by political means and multi-party participation in government. It is possible that the anti-Communist bias of the Government may well develop to a point where political opposition will be suppressed in the name of national security and behind a façade of reorganized government if the civil war drags on and the Government feels its force weakening.

It is not without significance that General Pai's remarks were addressed to the Legislative Yuan. Within this organ are to be found
many of the most intelligent and progressive Chinese officials from whom there has emanated much sound and constructive criticism of Government policies and who have fostered many liberal laws aimed at the roots of Chinese problems. In this latter connection a notable example is the new Land Law promulgated in April 1946, but thus far unenforced.

In spite of repeated warnings from enlightened Chinese and unbiased foreigners that social and economic problems can not be permanently resolved by force, the military hierarchy gives every indication of having embarked once again, in the name of "bandit suppression", upon a final campaign to eliminate political opposition by military means. In this general connection it is significant to note that on May 12, 1947 an official Government announcement revealed that General Ho Ying-ch'in*⁴ was about to emerge from temporary obscurity and assume the chairmanship of the Military Advisory Council of the Ministry of National Defense.

Respectfully yours,

For the Ambassador:

W. WALTON BUTTERWORTH
Minister-Counselor of Embassy

IV. ANTI-GOVERNMENT STUDENT DEMONSTRATIONS; MEETINGS OF THE PEOPLE'S POLITICAL COUNCIL; CRITICAL POSITION OF GOVERNMENT FORCES IN MANCHURIA (MAY 19-JULY 3)

893.00/3-1947: Telegram

*The Ambassador in China (Stuart) to the Secretary of State

NANKING, May 19, 1947—7 p.m.
[Received May 20—11:22 a.m.]

1090. Following is Mukden's 107 of May 16 to Nanking.

"Information available here indicates NECC headquarters*⁵ regards present Communist offensive as most serious yet faced. Communist forces pushing westward from areas some 100 miles northeast Mukden have taken Shangchengtze and are threatening Meihokow and Tsingyuan on Mukden-Hailing railway. Observers believe these forces aim reach main Harbin-Mukden line in region Seupingkai with view there meeting southward pushing Communist forces now near Hwaite thus completing isolation Changchun. Communist attacks to cut Mukden-Tientsin line near Shanghaikwan also believed likely.


*⁵ Headquarters of the Commander in Chief of the Chinese forces, Northeast China Command.
(See Tientsin’s 103 of May 19 to Department ⁹⁶ and Changchun’s 74 of May 19, 9 a. m. to Department.⁹⁷) Nationalists reported moving much needed troops from Tungliao area to reinforce other areas. Ward¹¹.⁹⁸

STUART

893.00/5–1947 : Telegram
The Consul General at Tientsin (Smyth) to the Secretary of State

TIENTSIN, May 19, 1947.
[Received May 19—4:35 a.m.]

103. Changli, 20 miles west of Peitaiao, captured by Communists yesterday afternoon who also damaged railway and bridges for some distance both sides of city. No information received as yet re following 8 Americans in Methodist Mission, Changli: Mr. and Mrs. E. J. Winans, Miss Dora Fearon, Horace Dewey, Miss Pansy Griffin, Miss Clara Nutting, Lora Batten, Edward Dixon. We are endeavoring through Marine Detachment, Chinwangtao, to obtain report from Consul Rutherford ⁹⁹ who proceeded Peitaiao May 17 for weekend. Further information expected this afternoon will be promptly reported.

Sent to Nanking as 87, repeated to Department as 103 and to Peiping.

Smyth

893.00/5–2047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, May 20, 1947.
[Received May 20—1:20 p.m.]

1100. In move to bring under some semblance of control the 2-week-old series of rice and student demonstrations and disorders, Government on May 18 promulgated a series of decrees forbidding public mass demonstrations and setting up channels for the presentation of grievances. Coincidentally, the Gimo ⁹⁹⁹ issued a statement calling for discipline and the application of the processes of law (see Embtels

⁹⁶ Infra.
⁹⁷ Repeated as No. 195 to Nanking, not printed; it concerned questions regarding disposition of the Consulate code machine and materials in the event of Chinese Communist capture of Changchun (119.25 Strip Cipher/5–1947).
⁹⁸ Angus Ward, Consul General at Mukden.
⁹⁹ M. Robert Rutherford, from Tientsin.
⁹⁹⁹ Generalissimo Chiang Kai-shek, President of the National Government of the Republic of China.
1089 and 1086 of May 191). Background and development of this mounting crisis appear to be as follows:

As already reported in previous telegrams, the first outbreaks were looting of rice shops in areas as widespread as Shanghai and Chengtu but predominantly in lower Yangtze Valley. These outbreaks closely followed a spectacular increase in the price of rice with the merchants refusing to sell accumulated stocks. In self-defense the rice dealers then began to organize themselves. Effective action by the police has reduced the number of rice riots and held them under control.

In the meantime, unrest in the university has increased to such a point that practically every academic center in the country is on strike. The demands in the original university demonstrations were somewhat fanciful in that they comprised such things as protests against the elimination of a course on navigation in the curriculum of the Hangchow Christian College, protests against examinations which are now scheduled, and demands for removal of certain colleges from one city to another. As the demonstrations spread, demands become more basic; now they are principally for an increase of Government subsidies to students and immediate termination of the civil war.

Giving added weight to the current seriousness of student demands is that majority of sympathy among faculty members is with the students. The highlight in protests by professors came in the form of a manifesto issued by the faculty of the Government's National Central University in Nanking which strongly condemns Government neglect of education, small appropriations, and attempts to control academic freedom of thought. The manifesto demands higher pay for teachers, larger appropriations for education and purchase of books and scientific instruments. It further warns that unless there is a drastic revision of basic policy, placing education on a more important level, the educational system of China is rapidly heading for disaster.

Demonstrations are estimated at between 3 and 10 thousand students each.

Leadership and motivation of the demonstrations have shown definite signs of changing. Most competent observers believe the original impetus was given by the CC clique which was desirous of inciting a series of disorders which would in time publicly discredit a Political Science group-dominated government by proving it incapable of maintaining order, and in the long run provide the justification for a strong-arm, right wing government coming into power either through a coup d'état or through sweeping the elections to be held this fall. All this has coincided with growing public agitation for a new

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1 Neither printed.
2 Kuomintang group led by the two brothers, Chen Li-fu and Chen Kuo-fu.
peace movement. Aside from repeated demands for peace in the liberal and independent press, two outstanding examples are the request by three members of the People's Political Council that Communist representatives be invited to attend the session which convenes on May 20, and a petition signed by 13 members of the Legislative Yuan that the Government forthwith offer new peace terms. With this kind of public backing it is now apparent that leadership in the disturbances organized by the CC clique is passing into the hands of the Democratic League and the Communists. This development can hardly be displeasing to the CC clique, which can now claim that lack of public order is attributable to their enemies. Just how much of the agitation is now under Communist leadership is debatable, but it must be assumed that the Communists are present and, if not already active, are prepared to exploit the situation should it become necessary or desirable.

Chang Chun's government is facing an important test. Having banned demonstrations on May 18, several thousand Shanghai students on May 19 proceeded to disregard the order and demonstrate for peace. No measures were taken against them. On May 20, students in Nanking organized a demonstration to demand peace at the opening session of the PPC. The Government stationed troops around Nanking University to prevent movement in or out. Other university students, under the leadership of the National Central University, organized a movement to "liberate" their fellow students. They marched into the Nanking University, joined forces with students there and marched out. Again no action was taken by either police or soldiers beyond some blank rifle fire. As the students marched on the national assembly hall, where the PPC was meeting, they were confronted by barricades, fire hoses, and blackjacks which resulted in some disorder and a few injuries to students, as the PPC hastily adjourned for the morning.

Large bodies of students are still assembled in the vicinity of the national assembly hall confronting barricades manned by police and gendarmes. It remains to be seen what action the Government will take in face of this public flouting of its authority, but it is apparent that there is in train a student movement of considerable proportions which if not halted soon will tend to expand and contribute to further deterioration of the already parlous politico-economic situation.
The Consul General at Changchun (Clubb) to the Secretary of State

CHANGCHUN, May 20, 1947—6 p.m.
[Received May 21—3 a.m.]

77. Am having American consular women and children prepare for possible evacuation if major Communist attack on Changchun develops. Direction next Communist move will presumably become clear in next 48 hours.

West field lost to Communists, north field is immediately outside inner defense perimeter but fit for landing C-47 and still safe. Landing such plane on parkway stated by American flier to be feasible if certain wires removed. In any event ESD\(^*\) holding three L-5's at Mukden and Singlaub states he will effect evacuation if desired.

Request any American C-47 now in Peiping or Tientsin be held there temporarily against request for evacuation nine women and children including British Consul’s family of 3, tomorrow or 22nd. Would report on condition field and clearance at time of making request.

Sent Nanking; repeated Peiping, Tientsin and Department as 77.

Clubb

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The Ambassador in China (Stuart) to the Secretary of State

NANKING, May 21, 1947—10 a.m.
[Received May 21—7 a.m.]

1103. Available information indicates Communist forces Manchuria have assumed initiative and mounted sizable offensive from east and west against Changchun area. Although Changchun airfield under attack from Communist militia units night May 17 and Communist cavalry patrols operating within 7 kilometers of city, it seems unlikely at this juncture that Communists have intention or capability of occupying Changchun. It seems probable that Communists will endeavor harass Government line communication and supply south of Changchun with intent cause further attrition Government strength which may eventually force Government withdrawal southward.

Well coordinated plan is indicated by large scale raid Changli area May 18 (reference Embassy telegram 1088, May 19 \(^*\)). Possibility also exists that interdiction rail line Changli is forerunner to attack on major Government supply base for Manchuria at Hulutao.

Stuart

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\(^*\) External Survey Detachment 44, an American civilian intelligence unit attached to the Western Pacific Naval Command.

\(^*\) Not printed.
893.00/5-2147 : Telegram

The Consul General at Tientsin (Smyth) to the Secretary of State

TIENTSIN, May 21, 1947—5 p.m.
[Received 11:45 p.m.]

105. Reference my 88 (104 to Department), May 20, noon. Changli recaptured by Government troops yesterday afternoon. Chinese military headquarters here have not yet been able to obtain information from their forces at Changli regarding 8 Americans there. They will advise as soon as word received.

According to unconfirmed rumor from Chinwangtao brought back by Rutherford, Americans at Changli were taken away by Communists when they left Changli yesterday. I am sending Consul Warner by Marine plane to T'ang-shan early tomorrow morning to contact Chinese Army Headquarters in control of Changli. If no definite information available, Warner will proceed to Changli. Chinese authorities have been notified. Report from Marine planes indicate that practically every bridge between Luan River and Liushouying (stretch 28 miles) has been destroyed by demolition or fire; 150-meter steel bridge near Changli badly damaged. Estimated at least 3 weeks for repairs. Communist attacks undoubtedly in response to Manchurian offensive to block communications.

Sent Nanking as 93; repeated Department 105 and Mukden, Peiping.

Smyth

893.00/5-2147 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, May 21, 1947—6 p.m.
[Received May 21—8:19 a.m.]

1110. Following is Changchun's 196, May 19, 3 p.m.

"Communist forces yesterday evening were about 8 miles west and 5 miles north of Changchun. There was light skirmish at West airfield night of 17th, planes having been removed and preparations indicate Government forces anticipate they may be forced to abandon it. Population and hospital between airfield and inner western perimeter of town have been evacuated. Government forces are concentrating within inner perimeter with construction additional pillboxes and trenches and placing of artillery inside city. ReContel 195, May 19." Sent Nanking, repeated Mukden.

* Not printed.
* Gerald Warner.
* Telegram No. 74 to the Department, not printed.
Present Communist drive still lacks clearly defined ultimate objective. Note, however, that drive is on larger scale than any previous movement in Manchuria. It seems probable that this time Communists have intention of carrying through farther in distance and longer in time than they did in three previous drives this year with objectives (1) supporting Communist campaigns in North China and (2) ultimately gaining control Manchuria.

Because of concentration troops Changchun it seems improbable major Communist attack will be launched on town at this juncture. Obviously, however, if Communists felt they were now in position to take Changchun they would choose to do so and thus (1) shatter whole Government defense position in central Manchuria and (2) strengthen their own position directly by capture important stocks war material. This latter alternative must be viewed as theoretical possibility.

It nevertheless appears more probable, if estimates of relative troop strength and information re deployments are reasonably approximate, that movement toward Changchun is in present stage primarily diversional to pin troops down and cover blow at weaker point. If assumption made in paragraph 2 is valid one possible logical Communist move would be to make long sweep eastwards south of Changchun to join up with Communist groups scattered between Hsian and Hailung, with aim of interposing substantial blocks to rail communications of Changchun (rail line to south is still open) and Kirin with Mukden and gradually effecting reduction of first two cities.

Two Govt divisions have reputedly arrived Manchuria from Jehol having been replaced by units from inside Wall. There is however also reported some increase Communist movement in Jehol regions. Clubb.”

Stuart

893.00/5-2147: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, May 21, 1947—7 p.m.
[Received May 22—8:55 a.m.]

69. Following is military situation Changchun based on observation ESD on reconnaissance flight May 20. Withdrawal been effected. (ReContel 112, May 20.) Changchun being defended by thin defensive circle which at places is within city limits and excludes both north and west airfields. One airfield still ostensibly in National hands but Communists so close use of airfield dangerous.

*The Great Wall of China.
* Sent to the Department as No. 67, May 20, 8 p.m., not printed.
Evacuation US personnel by heavy planes possible by removing power lines on boulevard near city zoo. Apparently impossible for Nationals reinforce Changchun immediately because Communists have cut and hold rail line from point 43–48 north 125–9 to point 43–26 north 124. Communists aware critical railway cross ties shortage and have removed and are burning ties between points mentioned.

Bridges at Fanchiatun and Kungchuling were burning afternoon May 20. These bridges were formerly destroyed by Communists but Nationals jacked steel girders up on crosstie cribs and cribs now being destroyed. Railroad station at Fanchiatun burning afternoon May 20. All above railway points seemed held by small Communist units probably platoons except Kungchuling where Communists observed in greater strength.

NECC has advised ESD sources they estimate present Changchun garrison can hold city without reinforcements another 2 weeks.

Sent to Nanking as 114; repeated Department as 69, Changchun as 27.

WARD

893.00/5–2147

The Ambassador in China (Stuart) to the Secretary of State

No. 742

NANKING, May 21, 1947.

[Received about June 9.]

Sir: I have the honor to report the latest developments in China in their bearing on possible renewal of peace discussions.

The recent student and labor strikes have various explanations. The Government believes that it has discovered a Communist Party organization with headquarters in Shanghai known as the “Activities Committee”, the function of which is to foment such disturbances. Rumors circulate that Dr. Chen Li-fu has been inciting the student agitations in order to embarrass the present Minister of Education,11 or possibly the new Premier and Cabinet. President Chiang K’ai-shek cites this rumor as part of Communist Party machinations to discredit and divide the Kuomintang. The student demonstrations are largely due to unsatisfactory living conditions and to deepening discouragement, all exploited by trained agents among them. But the food riots and labor strikes could easily be spontaneous outbreaks. In any case, they are all symptomatic of economic distress and of political grievances. It is significant that all of these are directed against the Government which gives ground for the suspicion that they are at least being utilized for subversive ends. The authorities for the first time are begin-

11 Chu Chia-hua.
ning to admit that the situation may get out of their control. There
is throughout an undertone of anti-American feeling, the radicals
blaming us for enabling the Government to continue the civil war, the
loyalists for our apparent indifference to the national danger.

Meanwhile, groups are forming in Shanghai, in Peiping, and quite
possibly elsewhere, organized for making an appeal to both sides to
stop the fighting and renew the efforts for peace by negotiation. The
time seems ripe for some such assertion of the popular will and any
such movements will probably gain wide-spread support. These are
to be distinguished from the more or less violent and self-centered or
instigated protests referred to in the preceding paragraph.

The People's Political Council meets here on May 20. The Demo-
cratic League delegates have promised to attend. Almost certainly
there will be a motion passed looking toward ending hostilities and
securing a negotiated peace.

President Chiang and the Premier are both extremely worried and
with ample reason. The former always begins an interview with me
by asking eagerly if there is any word from you. I am leaving to-
morrow for Hankow to be gone only three days, but each has asked
me to hurry back and even raised the question as to whether the trip
could be postponed. This suggests the tension.

Dr. S. C. Wang has been called back from Washington for con-
sultation as to an overall request for loans and credits. He will return
as soon as details are completed. He seems to me to have a sane and
balanced understanding of the China problem as well as of American
perplexities in our effort to be really helpful.

Respectfully yours, J. LEIGHTON STUART

393.1115/5-2247: Telegram

The Consul General at Tientsin (Smyth) to the Secretary of State


[Received May 22—5:50 a.m.]

108. Chinese military here informed me last night message from
Changli reported all Americans safe. Warner flew Tangshan this
morning to phone mission Changli and arrange their transportation
Tientsin. Peitaiho reported quiet but about 20 persons including few
Americans availing themselves Marine offer transportation here from
Chinwangtiao. Two Americans already arrived here.

Sent Nanking as 94; repeated Department as 108 and Mukden,
Peiping.

Smyth

NANKING, May 23, 1947.
[Received May 23—8:34 a.m.]

1121. Following is a translation of the full text of President Chiang Kai-shek’s speech at the opening meeting of the third plenary session of the fourth People’s Political Council held in Nanking on May 20, 1947:

[Here follows survey of developments since 1945.]

“...The reorganized government still adheres to the policy of resolving the Communist problem by political means. But whether peace and unity can materialize depends entirely on the attitude of the Communist Party. What we ask of the Communists is merely to abandon their attempt to seize power by armed force, to halt their military operations and to abide by the agreement for the restoration of nationwide communications. If the Communists will show their sincerity by deeds, the Government, desirous of peace, is ready to seek a solution of the situation politically in order to relieve the people of suffering. I believe this policy is in conformity with the wish of the entire nation and has the support of this Council. I wish to make this clear first of all.

“The absence of peace and unity denies the necessary conditions for peaceful national reconstruction. Rehabilitation and relief have therefore run into formidable obstacles everywhere. The people have been exposed to the pressure resultant from a disturbed social order. Consequently, national economy and living conditions in the country have failed to attain stability and social order and public morality have been gravely affected. These factors have thus far retarded China’s return to normalcy.

“It is the duty and determination of the Government to overcome all obstacles and effect all necessary reforms.”

[Here follows discussion of program for action.]

STUART

SHANGHAI, May 23, 1947—11 a.m.
[Received May 23—12:30 a.m.]

1251. Local Kuomintang, independent and liberal press giving very extensive coverage to student strike news throughout China. Student counter-strike movement urging return to classes, started last weekend, appears to be losing ground. There is no sign that strikes will
be terminated in near future. (Reference my telegram 900, May 21, 8 p.m., repeated Department as 1258.)

Ex-Youth troops were repulsed on 21st by Chunan University students when former attempted to hold meeting on campus. Arrival of garrison officials prevented open conflict.

Police watching situation very closely and have stationed plain-clothesmen at close hand to universities involved. Police attended two student meetings held on 21st. Press reports student fight at Shanghai law college in which several were injured and six arrested by police.

Shanghai Federation of National University Students met at Tung-chi University 21st to consider publicity measures for protesting Nanking incident.

For third consecutive day press carried official notice of prohibition of parades and demonstrations and threat of severe punishment for violators. Possible imposition of martial law hinted.

Source stated 22d that student agitators from Nanking at work on St. John’s University campus. Anti-civil war posters plastered over buildings and speeches being given by noted leftist leader Mao Yinchu and others. He stated that he believes strike will be called 23d. If this eventuates, school plans to suspend classes for several days. Shanghai University has suspended all classes and is attempting to close school temporarily.

Sent to Nanking 915, repeated to Department 1251.

Davis

893.00/5-2347 : Telegram

The Consul General at Tientsin (Smyth) to the Secretary of State

TIENTSIN, May 23, 1947—11 a.m.

[Received May 24—4:10 a.m.]

110. Reference my 94, May 22 to Nanking. Marines intended to send motorcars yesterday from Chinwangtao to Peitaiho to take away any Americans who wished to leave, but were prevented by sporadic fighting. At 5 a.m. Marine detachment Chinwangtao reported fairly heavy action going on between Chinwangtao and Peitaiho junction. Peitaiho beach reported quiet. A Marine LCI has been sent from Chinwangtao to stand off Peitaiho beach to take away the four Americans, about four British, eight or nine French, a few others who might wish to leave. I have sent message through Marines strongly advising

\[13\] Not printed.

\[14\] Possibly San Min Chu I (Kuomintang) Youth Corps.

\[15\] Clash between demonstrating students and unarmed police and gendarmes.

\[16\] Repeated to the Department as No. 108, p. 138.
Americans to take advantage of this opportunity to leave. British Consul General has sent similar information to his nationals.

Information from Marine G-2, local and other sources indicates that it would be highly inadvisable for Americans to remain in Peitaiho in foreseeable future. Consulate General had accordingly sent notice to Americans here strongly advising, in view of this situation in general vicinity of Peitaiho, that American citizens should not proceed to Peitaiho pending further notice. It is recommended that Consular offices at Shanghai and Peiping should similarly advise Americans who plan to go to Peitaiho, and that this office should be consulted in the future regarding the situation current there.

Sent to Nanking as Tientsin serial 96; repeated Department as 110, Shanghai as 98 and Mukden, Peiping.

Smyth

893.00/M-2347 : Telegram

The Consul General at Tientsin (Smyth) to the Secretary of State

TIENTSIN, May 23, 1947 [—8 p.m.]
[Received May 23—4:47 p.m.]

113. Reference my 96, May 23, 11 a.m. LCI evacuated 66 persons, including 2 Americans (Mrs. George Simme and Clinton Sharp) from Peitaiho this afternoon, due arrive Tientsin tomorrow morning.

Edward Dixon, one of Americans at Changli (my 94, May 22), arrived here this afternoon, coming by push car and train. Reports all Americans safe, well. Three Americans taken away with several hundred mission students when Communists captured Changli May 18 and held in nearby hills for 2 days: not molested by Communists and escorted back to Changli, May 22. Mission and city thoroughly looted.

Sent to Nanking as Tientsin Serial No. 99, May 23, repeated Shanghai as No. 103, to SecState as No. 113, to Mukden and Peiping.

Smyth

893.00 Manchuria/M-2347

The Consul General at Mukden (Ward) to the Ambassador in China (Stuart)

No. 4

MUKDEN, May 23, 1947.

Sir: I have the honor to report on matters centering on the return to Manchuria of General Ma Chan-shan, veteran cavalry leader and

16a Military intelligence.

17 Repeated to the Department as No. 110, supra.

18 Repeated to the Department as No. 108, p. 198.

19 Copy transmitted to Department by the Consul General at Mukden without covering despatch; received about June 24.
prominent figure in the former, native and semi-autonomous Man-
churian regimes of Chang Tso-lin and Chang Hsueh-liang.20

Summary: After protracted negotiations, General Ma Chan-shan
has finally returned to Manchuria at the insistence of the Central
Government and assumed the position of Deputy Commander of the
Northeast China Command (NECC). The growing offensive power
of the Communist armies and their constantly mounting numerical
superiority resulting from their greater utilization of native recruits
and from aid given them by underground native forces has made
the Nationalist leaders see the urgent need of attracting popular
support to the Government. In bringing Ma to the Northeast in an
apparently important military capacity, the Government was moti-
vated by a desire to utilize Ma’s potential strength inherent in his
wide popularity here and in the presence of many thousands of his
former followers scattered throughout Manchuria, including large
numbers in Communist areas. At the same time the Nationalist
leaders fear Ma (whose background is more anti-Kuomintang and
pro-autonomy than anti-Communist) and seek to keep his activities
circumscribed and under close surveillance.

While Ma and other sources deny the possibility of the Govern-
ment’s allowing Marshal Chang Hsueh-liang to return to Manchuria,
there are persistent rumors that he may come, and the rapid deteriora-
tion of the Government’s military position may conceivably cause the
Government to bring him here as an additional step toward winning
defections from the Communists of native guerrilla forces.

It is believed that the Government cannot hope appreciably to
strengthen its weak position by the mere appointment of popular
native sons to figurehead posts and that far more substantial conces-
sions to native aspirations and needs would be required to gain popu-
lar support for the Government. It is thought that Ma will either
find his activities so circumscribed by the Government as to render
him useless, or—if managing to gain a free hand—will prove an im-
portant factor in helping the Communists, possibly directly and de-
liberately, but more likely indirectly, by stimulating a native move-
ment which would be utilized by the Communists and made subject
to strong Communist and Russian influence. The same would apply
with respect to Chang Hsueh-liang if he should return here. End of
Summary.

[Here follows detailed account.]

A[ngus] WARD

20 The “old” and “young” Marshals who dominated Manchuria until September
1931; the son succeeded his father on the death of the latter in June 1928.
The Consul General at Tientsin (Smyth) to the Secretary of State

TIENTSIN, May 24, 1947—4 p. m.

[Received May 24—7:45 a.m.]

115. Reference to my 99, May 23, 8 p. m.21 Dixon reported Communists arrived Changli early morning Sunday May 18 and captured railway station, few hundred yards from Mission (which is just outside city wall) after fighting in which half of 300 Government troops engaged became casualties. Communist casualties not known as all taken away. City gates burned and city captured with little fighting. Communists departed borders without much fighting. Total Communists Changli unknown, possibly 100,000 or more. Dixon said most Communists were young boys 15 or 16. Communists came from Tsunhua and Chienan, possibly Jehol.

Citrus market very thoroughly looted during which “quite a few” civilians killed. Communists chiefly interested cloth and flour. Government buildings burned.

Shortly after arrival, Communists entered Mission residential, school and hospital compound and thoroughly looted all. Dixon estimates residences 95% looted, school 90%, from 80-bed hospital all equipment including all beds, X-ray, surgical instruments, medicines, et cetera taken, about 100% looted. Communists brought carts and commandeered others to carry loot. One mission residence, which housed CNRRA 21a personnel, burned.

Dixon said Communists did not physically molest them, but expressed bitter anti-American sentiments over alleged “pro-Chiang” American policy. At 6 a.m., May 18, Communists rounded up 200 or 300 boys from Mission middle school and 50 girls from Mission girls’ school, also Chinese school principals, and marched them 7 miles in hills “to educate them, as they were too American”.

Along with this group, they took 3 American ladies, Dr. Clara Nutting, Miss Lois Battin and Miss Pansy Griffin, aged 50 and above. For 2 days group was lectured. During same time Chinese school principals had continuous discussion with Communist leaders and finally convinced them Americans and students should be released because (1) purpose school was not pro-Chiang Kai-shek but educate Chinese youth life work; (2) American missionaries were not representatives of the Government of United States but were there spread Christianity and help Chinese youth education; (3) if Americans and Chinese students were taken away prisoners, Communists’ cause would receive very bad publicity in China and the United States.

21 Repeated to the Department as No. 118, p. 141.
21a Chinese National Relief and Rehabilitation Administration.
Dixon said third argument apparently most effective. On May 20, Communists escorted the 3 Americans and all Chinese students back to Chang Li. No one was harmed.

Communists endeavored to take away Dixon, Winans and Dewey but [they] refused on the ground that they must remain with the other ladies (Mrs. Dewey, Mrs. Winans and Miss Dora Fearon) who were sick; sickness mostly due to fright and they are not now well.

Sent Nanking, Tientsin 102, Shanghai 105, Dept 115, and Mukden, Peiping.

Smyth

893.00/3-2447

The Consul General at Mukden (Ward) to the Ambassador in China (Stuart)\(^{22}\)

No. 5

Mukden, May 24, 1947.

The Consul General has the honor to refer to his despatch No. 4 of May 23, 1947 on matters centering on the return of General Ma Chan-shan to Manchuria and especially to sections of that despatch concerning evidence that the morale of the Nationalist troops in Manchuria has been rapidly deteriorating and that the Nationalist military leaders are greatly concerned over the growing offensive power of the Chinese Communist forces and their constantly mounting numerical superiority resulting from their greater utilization of native recruits and from aid given them by underground native forces.

In this connection, there is quoted the following translation (by this office) of a very recent local press item, which, it is believed, speaks for itself sufficiently to require no comment:

"Lot-Drawing for Conscription Called Off Owing to Insufficient Attendance"

"The Second-Term lot drawing by young men of conscription age was to take place yesterday at the auditorium of the Municipal Government, with Mayor Chin presiding. Out of 4,000 men called, only 82 reported, of whom 39 passed the final physical examination.

"The lot-drawing was called off and the 39 men were enlisted without drawing lots, in accordance with the Conscription Enforcement Law." (Local Central News Agency despatch in Sino Soviet Daily, May 22, 1947).

This sad commentary on the public attitude toward participation in the war against the Communists is paralleled by fast accumulating testimony concerning the deterioration of morale in the ranks of the Nationalist armies. Such testimony comes from many sources, in-

\(^{22}\) Copy transmitted to the Department by the Consul General at Mukden without covering despatch; received June 19.
cluding Chinese of various types and callings and foreign observers; and information picked up casually by American and Chinese members of the staff of this office indicates that the low spirit of the Nationalist soldiers is a matter of wide public knowledge and discussion. General Ma's testimony has already been reported in the Consulate General's above cited despatch. Another noteworthy example of evidence of the state of affairs is the following:

Mr. S. Thistleton, Administrative Officer of the Northeast Regional Office of UNRRA,\textsuperscript{22a} while traveling on the train from Changchun to Mukden a few days ago (just before the Communist attack on Changchun cut communications between the two cities), in the company of a correspondent of the London Times and other foreigners, noticed that several uniformed train attendants were unburdening themselves in loud voices and in no uncertain terms before a high ranking officer of the Chinese National Army. One of the members of Mr. Thistleton's group, who understands Chinese well, listened to the conversation and discovered that the train attendants were freely and vehemently denouncing the National Government Army for the manner in which it treats its troops and declaring that the Communists treat their soldiers much more considerately.

It is only fair to state that there have been frequent reports from sources which include Catholic Missionaries living in the interior that desertions from the Communist forces are of common occurrence. However, the Consulate General has strong reason to believe that the general state of morale in the Communist ranks is nevertheless definitely superior to that of the Nationalist troops. Quarters in close contact with NECC agree that such is the case, and the very fact that the Communist Armies are constantly being increased by native recruits constitutes the best possible supporting evidence. Important factors contributing to the better morale of the Communist forces are: (1) the fact that the Communist Armies, being largely composed of native Northeasterners, are in the position of fighting for their native soil, whereas, the Nationalists, being mainly from intramural China, are in the demoralizing position of "foreigners" fighting far from home among populations alien and hostile to them; and (2) the greater comradeship, solidarity and spirit of common purpose which, as a general rule, appears to unite the Communist fighters of all ranks.

\textsuperscript{22a} United Nations Relief and Rehabilitation Administration.
TIENTSIN, May 25, 1947—11 a.m.
[Received May 25—3 a.m.]

118. Reference my 101, May 24, 11 p.m.23 Arrival at Chinwangtso early morning yesterday of a Nationalist division from Manchuria [caused] change in the situation. Communists dispersed into hills.

Railway administration here reports that temporary repairs have been made on damaged sections of railway and that trains may be run very slowly from Chinwangtso to Luanhsien today; from Luanhsien to Tientsin railway is fairly normal. Large labor forces are being used to repair railway, restore communications with Manchuria and to ship coal to Shanghai. At the Consulate General marines are evacuating their small force (less than 200) from Chinwangtso; evacuation will be completed today.

Sent to Nanking as Tientsin serial number 104; repeated to Shanghai as my 108; to Dept as my 118 and Mukden, Peiping.

Smyth

TIENTSIN, May 25, 1947—5 p.m.
[Received May 24—3:46 a.m.]

112. Warner23a returned Tientsin yesterday afternoon from Tangshan (remytel 94, May 2224) where he saw Commanding General Hou, 92nd Army, who said all 9 Americans Changli safe, well and Changli firmly held by Govt forces but advised Americans proceed Tientsin when rail restored 2 or 3 days in view likelihood further fighting general area. Warner sent message by Chinese army radio to Changli Mission advising proceed here soon as rail restored. No other present feasible means departure. General Hou promised to extend all protection.

General Hou said fighting going on some sections railway to Chinwangtso but confident railway restored within week. He said Communist troops now engaged total 10,000, chiefly from Jehol, purpose cut communications Manchuria.

General Hou felt Peitaiho definitely dangerous, felt Americans should be advised not stay there. This connection marine G–2 officer informed May 21 by Chinese Commander General Chinwangtso that

23 Not printed.
23a Gerald Warner, consul at Tientsin.
24 Repeated to the Department as telegram No. 108, p. 188.
Chinese Army will not defend Peitaikho beach but confine efforts hold Peitaikho railway in action. As troops urgently needed in action, Chinese cannot be expected protect summer resort. In view above, and probability further fighting general area for some time, Consulate and Marine Hdqts feel Americans should stay away from Peitaikho (see my 96, May 23.\textsuperscript{25})

Unless Govt reinforcements received, seems probable Communists can, if they desire, keep railway almost constantly broken. Separate telegram reports effect on coal supply here and Shanghai.

Sent Nanking as 98, repeated Shanghai as 102, Peiping, Mukden May 23.

\textbf{Smyth}

\textit{893.00/5-2747: Telegram}

\textit{The Ambassador in China (Stuart) to the Secretary of State}

\textbf{Nanking, May 27, 1947—8 p.m.}

[Received 11:38 p.m.]

1156. Following is Shanghai’s 917 to Embassy, May 23, 6 p. m.:

“Officer of Consulate General met Wang Hsin-heng, head of local secret police and was informed by him substantially as follows:

Present student agitation stems from time of so-called Peiping rape case\textsuperscript{26} at which time a nation-wide student organization was set up called Anti-American Atrocity Association in the formation of which the Communists were instrumental. This organization continued in existence and was later utilized by CC clique in an endeavor to cause embarrassment to newly reorganized Govt (Emtbl 1065, May 16\textsuperscript{27}). However, CC clique soon learned that they were unable to control it and that Communists were also using it to better advantage than were they; so they withdrew. The Communists soon learned that they also were unable to control it and they consequently have now also withdrawn. At present students appear to be without the control of any recognized dissident factions. They do not know what they want; after their demands are met they still are not satisfied.

Wang stated that at that moment the students were visiting shops and factories in Shanghai trying to induce workers to join them, realizing that without their support the students would be ineffectual. He stated that in this they would not succeed because of the relatively superior economic position of the workers. He said he had been able to convince the mayor and the commander of the garrison headquarters of the inadvisability of using force against students. He did not hazard an opinion as to solution of present student problem but appeared to think that moderation at present time was called for lest a more serious situation be created. Davis.”

\textsuperscript{25} Repeated to the Department as No. 110, p. 140.

\textsuperscript{26} See pp. 1 ff.

\textsuperscript{27} Not printed.
Embassy's own info indicates that both CC clique and Communists had hand in various, though different, demonstrations. It is possible that CC group has now completely withdrawn since it is plain that their efforts [give] advantage Communists more than themselves. However, we doubt withdrawal Communists' activity and certainly not their influence. Most important outside instigating factor is probably Democratic League, which has strong influence not only with students but with many faculty members. Democratic Leaguers here told Arch Steele on May 23 they considered themselves prime moving force. However, student movement is believed based on general sentiment of dissatisfaction and while probably sparked and coordinated by Leftists has not been wholly captured by any one faction, although it may later become so.

STUART

893.00/5-2847: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MURDEN, May 28, 1947—8 p.m.
[Received May 28—4:55 a.m.]

77. Increasing number reports received Korean troops actively engaged present Communist offensive. NECC states Korean unit being used for attack on Changchun (reContel 127 to Nanking). May 16 YNA [ONAF] despatch states two mixed Chinese-Korean Communist divisions [are] on Changchun front totalling 12,000 men. Leader these troops Korean named Chin Tsieh. Same despatch reports two Korean divisions, 10,000 men, active in Communist Kirin drive, two mixed Chinese-Korean battalions numbering 8,000 in east Liaoning Province and 50,000 Korean Communists in Yenchig area 42-56 north 29-3. While sizes Korean detachments exaggerated appears probable some Korean troops being used by Communists. Catholic priest Quirk from Fushun states Chinese in his parish informed him majority Communists attacking Neihokou are Koreans from Linchiang area 41-north 127.

Sent Nanking as 128, repeated Dept as 77, Changchun 36.

WARD

28 Correspondent of New York Herald Tribune.
29 Not printed; it was a report of External Survey Detachment 44 (not transmitted to the Department) dealing with the military situation in Manchuria.
30 Central News Agency.
Nanking, May 29, 1947—8 p.m.

[Received May 30—3:50 a.m.]

1180. Over-all political scene, which continues to be dominated largely by economic and military situation, is deteriorating at an accelerated pace. Within recent weeks existing bad rice situation, brought about in the main by military requirements and hoarding, has added to spreading unrest. On May 18 the Government issued an edict prohibiting student demonstrations which was immediately disobeyed in major urban centers and has resulted in further loss of prestige by Government. At present time students are actively agitating for nation-wide general strike to commence June 2, but student movement thus far characterized by considerable indecision and has not fallen under control of any single group or party. There are strong indications, however, that student movement will assume larger proportions and eventually come under leadership of anti-Government groups, particularly of Democratic League if not Communists.

The reorganized Executive Yuan under Chang Chun is more strongly based than the previous T. V. Soong regime, but the political maneuvers of the CC clique and the pace of economic and military developments have tied its hands to date. Furthermore, in the race of existing problems, non-Kmt participants in the reorganized Government have thus far shown no capacity for initiative. However, outlook for next few months is not, in Emb’s opinion, for any spectacular collapse but in the direction of increasing deterioration in Government authority and control. In the meantime, general Government sentiment will continue to look to American aid as a means of staving off further economic and military deterioration.

As general unrest and disillusionment increases, Communist prestige is enhanced, largely through recent military successes in North China and Manchuria. Although completely reliable information is not yet available, it is reasonably clear that in Manchuria Central Govt has suffered reverses along China Changchun railway and at least a partial Government withdrawal in the northeast may become necessary. Recent Communist military activities in Manchuria have been well coordinated with large-scale raids on north China and Jehol rail lines assisted in large degree by the military blunderings of General Tu Li-ming in Manchuria. An important aspect of the north China situation is the evident Communist capability of disrupting communications between the Kailen mines and the sea which will have continuing effect upon the coal supply situation, especially for Shanghai.

30a Kuomintang.
Although anti-civil war sentiment is increasing, largely among student academic and business groups, it has thus far not reached a point where it will be decisive in influencing the Government as evidenced by the character of the two statements issued by Generalissimo this week (Embtel 1176, May 29\(^{21}\)). The fact that he felt called upon to issue any statement speaks for itself. One indication that there is growing sentiment among liberal Kuomintang members of the Government for peace negotiations was a resolution presented to the Legislative Yuan recently by some 20 of its members calling for resumption of peace talks and reportedly having the tacit approval of Dr. Sun Fo. On May 27, the PPC\(^{21}\) adopted a resolution to invite Communists to resume peace talks which can be interpreted as largely a Kmt maneuver stemming from recent military reverses and growing anti-civil war sentiment, and designed to pin sole responsibility for continuation of civil war on Communists. In the face of Communist military successes, it seems unlikely that the Communists would be prepared to join in peace talks except on terms much more favorable than the Government is apparently now willing to accept.

Nor is there any basis for believing that Communists do not regard time and the tide as working for them or that they would be willing at this time to accept equitable and feasible proposals.

For the immediate future, gravest danger to Government would result in this atmosphere if disaffection commences among National troops with Government unable to supply adequate rations. There has been fairly steady deterioration morale Government forces, especially in northeast, but for the time being it is believed that Government can hold loyalty of best trained and equipped troops. It may be anticipated that Government efforts will be bent towards supplying these troops adequately and in expectation that civilian unrest can be held in check or quelled by show of force.

The emergency economic regulations promulgated on February 16 gained a temporary respite of about 6 weeks to 2 months, as was generally anticipated. By April their effects had worn off and the signs of economic crisis are again clearly in evidence. Prices which remained stable until 1st of April then sharply resumed their upward spiral. Price of rice, best single index, is now over 6 times above December 31 in Shanghai and over 3 times above February 15 and is continuing to rise. There is considerable nervousness with respect to supply of rice, rice riots having occurred in a number of towns. Government is groping both towards relaxation of controls over movement and price of rice and towards experimental rationing scheme for Shanghai, which has fundamentally sound objectives though there is some uncertainty as to how to achieve them.

\(^{21}\) Not printed.

\(^{21}\) People's Political Council.
The next 3 months which are even normally marked by a seasonal increase in price of foodstuffs will necessarily be difficult from point of view of food supply, as winter crop only beginning to be harvested and major crops are not harvested until August-September, while land tax and military requisitions in various forms further complicate situation. Winter crop prospects around average, according to Agricultural Attaché. Minister of Finance claims Szechwan prospects exceptionally favorable with fair reports from other provinces, but other sources pessimistic about North China plain, South Hunan, etc. Harvest is always dominant feature of China economy and will not be favorable this year. The industrial situation shows no improvement.

On financial side, note issue by mid-May dollars 7.6 trillion, or more than double note issue at beginning of year; this rate of increase in note issue noticeably sharper than for same period in 1946. General budgetary situation remains in imbalance with receipts covering about 40 percent of expenditures in first 4 months of 1947; Minister of Finance has already revised estimated expenditures for 1947 upwards by 100 percent and no doubt further revision will become necessary before end of year. Combined sales of State and Treasury notes issued on April 1 have reached only about US dollars 25 million or its equivalent at official rate with sales tapering off sharply of late. Rising prices have inevitably brought about recrudescence of black market for US currency, though in a restrained and more subterranean form. Official rate of exchange has again been rendered quite unrealistic with consequent falling off in exports and inward remittances.

Embassy proposes to prepare an analysis of course of action open to the US with their several advantages and disadvantages in the light of probable developments.  

STUART

993.06/5-3047: Telegram
The Consul General at Mukden (Ward) to the Secretary of State
MUKDEN, May 30, 1947—10 a.m.
[Received May 31—5:35 a.m.]

78. Following summarizes situation reported in despatches awaiting air mail to Embassy as supplemented by more recent info:

In past 2 months morale Nationalist forces has deteriorated at rapid accelerating pace. Present serious state of their demoralization has been confirmed to us by many sources (including General Ma Chan-shan, various other Chinese contacts, UNRRA officials, Ameri-
can just arrived from Kirin, and indirectly NECC quarters) and has become matter of wide public knowledge and talk. It is reflected in jumpy nerves of military garrison, reported evacuation [word garbled], efforts to evade conscription, and reliable info from all sectors Nationalist territory (including points distant from current fighting) indicating that Nationalists in panicky state are feverishly building trench systems everywhere with only “Maginot” defense strategy in mind. There is good evidence that apathy, resentment and defeatism are spreading fast in Nationalist ranks causing surrenders and desertions. Main factors contributing to this are Communists’ ever mounting numerical superiority (resulting from greater use native recruits, aid from underground and Korean units), national soldiers’ discouragement over prospects getting reinforcements, better solidarity and fighting spirit of Communists, losses and exhaustion of Nationalists, their growing indignation over disparity between officers’ enrichment and soldiers’ low pay life, and their lack interest in fighting far from home among “alien” unfriendly populace (whereas Communists being largely natives are in position of fighting for native soil).

This does not mean Manchurian collapse is necessarily imminent. It does mean, however, that Nationalist morale has reached point where there is possibility of sudden debacle laying all Manchuria open to Communists whenever they choose to take it. In such event Communists might close in immediately for kill or prefer wait, while preparing ground psychologically and ruining Government’s morale which is not yet fully reflected in military picture.

Most serious factor in Nationalists’ situation here is deterioration political and economic position, till they were better prepared to run large cities and defend them against retaliatory Nationalist air attacks.

While danger would be temporarily lessened by Nationalist reinforcements and increased Nationalist air activity, it could be definitely averted, if at all at this late date, only by drastic measures of spectacular character clearly demonstrating to Nationalist troops and north-east people that Government has their interests generally at heart.

Sent Embassy as 131, repeated Department as 78, Changchun as 38, Tientsin as 36.

WARD

803.00/5-3047: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, May 30, 1947—1 p. m.

[Received May 30—4: 15 a. m.]

1182. People’s Political Council May 26 by a large majority passed a resolution inviting Chinese Communist representatives to come to
Nanking for discussions on ways and means of bringing about the termination of civil war. Resolution reads as follows:

"In view of the fact that peace is the unanimous desire of all the Chinese people, and of the delegates to the People's Political Council who have decided to do their utmost to solve the present national crisis, we have therefore resolved to ask the delegates of the Chinese Communists to attend the PPC meeting to discuss national affairs."

It has been broadcast on all Government radios.

This resolution points up one phase in the growing agitation, particularly among left wing and intellectual circles, for a negotiated peace. First aspect of this movement is that many, perhaps even most, of those involved in the agitation are sincere in their professed belief that the first essential step to solution of any of China's multitudinous problems is peace. It is perhaps unfortunate that none of the groups or leaders involved have so far brought forth any constructive suggestions as to how this commendable objective is to be accomplished, nor has there been any suggestion that the Communists in their present and relatively favorable position may not be amenable to compromise.

The second aspect is that the Government, since the agitation has arisen and presumably having a fairly realistic understanding of what the Communists could or could not be expected to do, may not be altogether displeased that the peace movement has developed as it has. If the words of prominent Government spokesmen can be taken at their face value, they must believe that any overtures of peace negotiations would be either ignored or repulsed. Hence it is not unreasonable to assume the probability that the PPC resolution combined with similar agitation in the Legislative Yuan will in the predictable future be followed by a formal Government offer to the Communists for negotiations.

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893.005-3047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, May 30, 1947—1 p. m.
[Received May 30—5:30 a. m.]

1183. Several staff members of Academia Sinica, the most prominent government-owned research institute in China, expressed the opinion to an officer of the Embassy that the economic situation in China is generally worse than is known because of the food situation. They stated that in the Yangtze valley and in southern China 80 percent of the peasants are now completely out of rice, which is in the hands of wealthy landlords. The peasants are depending upon the spring wheat crop which is below normal due to a dry spring. They
anticipate the situation will deteriorate further in early summer and that even more extensive disorders will take place.

They believe the general university strike called for June 2 will result in violence, particularly if it is accompanied by a general labor strike, and that if it is, students will become hopelessly alienated. They believe the Government blundered seriously when it issued the May 18 decrees forbidding demonstrations and that the violence attending the subsequent Nanking and Peiping demonstrations only served to crystallize sympathy for the demonstrators among those students and teachers who had previously remained aloof or had wavered. They furthermore believe that as the crisis deepens and the Communist and right-wing Kuomintang attitudes harden, additional segment of support from groups nearer the center will be attracted to the Democratic League.

It is interesting to note that the Woosung garrison commander in Shanghai closed three more prominent independent papers on the grounds of their having divulged military information detrimental to army morale. These were the Wen Hui Pao which generally adheres fairly closely to a Communist line; the Lien Ho Wan Pao, somewhat to the right of the Wen Hui Pao; and the Hsin Min Wan Pao, which is liberal and highly critical of the Government. The Ta Kung Pao is now the only influential independent newspaper in Shanghai.

The “next step” promised by Nanking students, should the Government fail to comply satisfactorily with their 3-day ultimatum which expired May 26, consists of an announced determination of all Nanking universities to remain on strike until the general strike of June 2 to reaffirm their determination to participate on June 2 and to send small roving squads around Nanking papering the town with protests and agitating among crowds in the streets wherever they can find listeners.

STUART

893.00/5-3047

The Ambassador in China (Stuart) to the Secretary of State

No. 768


[Received June 9.]

Sir: I have the honor to attempt an interpretation of recent political trends in this country. The two phases of the outcry for peace described in my previous despatch no. 742 of May 21, 1947 are both gaining rapidly in force. This demand is in essence the raw stuff out of which democracy can be given form. The manifestation in Shanghai especially is on the verge of destructive violence with no
sufficient military reserves for coping with it. The People's Political Council is now in session and there is an insistent urge among its members to appeal for peace but this is being resisted by Kuomintang politicians. The students are planning a nation-wide demonstration on June 2 which marks the conclusion of the People's Political Council. This student movement, while attended by the usual evidences of immaturity, is, as always, a fairly reliable register of public opinion. The students are the most highly sensitized element of the population and with fewer inhibitions. They react therefore more quickly and spontaneously than others.

The military situation is, for the present at least, unfavorable to the Government and is complicated, if not controlled, by economic and psychological factors. The Government leaders hesitate to respond to any appeal for peace as appearing to the Communists as an admission of weakness.

Will the Government leaders regard the will of the people, now at last articulate, as a mandate to be carried out in the spirit of the new republican principles? Or will they continue in the old tradition to attempt to suppress even orderly agitations and to control the working of economic laws by coercive measures? All the signs thus far point to the latter though there are stirrings of heart among many of them, including some who are branded as chief among reactionaries.

In a sense the problem is acute not so much because of the venal, selfish and incompetent types of officials, and their counterpart among the people, as because of the more public-spirited leaders of thought and action whose narrow prejudices and conventional procedure have been sharply accentuated by perplexity and fear. Thus the fanatical bigotry and suspicion on the part of the Communists is now paralleled by a sort of desperate stubbornness among their opponents who rationalize their stand as patriotic duty.

President Chiang has a supreme opportunity to declare himself the exponent of the popular will and because of the distress of the masses and the danger to the nation to ask the Communist Party once more to join in a cease-firing order and in a renewed attempt to secure negotiations. In doing so he would demonstrate his intelligent and genuine acceptance of new democratic standards and ought to rally the enlightened, forward-looking elements of the people, as well as the great mass who clamor merely for peace and an opportunity to work undisturbed by conflicting factions or ideologies. If he should make such a proposal heartily and with no provocative assertions, and if public opinion supports him in this, the responsibility for continuing the disastrous and indecisive warfare would seem to rest clearly on the Communist Party.

Respectfully yours,

J. Leighton Stuart
The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, May 31, 1947—5 p.m.
[Received June 2—4:46 a.m.]

79. Military situation based on information received from NECC thru ESD sources is as follows:

Communists have captured Meihekou and Changtu and isolated Nationalist garrison Ssipingkai. Nationalist forces defeated at Meihekou retreating toward Hsian since this only escape route Communists left open. Main body Nationalist forces now at Kaiyuan and Chingyuan. Communist offensive last 2 weeks succeeded splitting Nationalist Manchurian force into 4 groups, 3 of which are isolated. Isolated groups in Changchun, Kirin, Ssipingkai areas. Only live group is in Kaiyuan and Chingyuan area. Communists employed baffling strategy as far as Nationalists concerned by by-passing Nationalist strong points and isolating garrisons. Communist strategy has been exceedingly effective. Nationalists worried over future plans Communists and appear unwilling to commit large numbers forces to relieve isolated units because are unable to guess where Communists will strike next. Nationalists appear completely on defensive. Typical example Nationalist bewilderment was they expected Communists to attempt take Hsian after capturing Meihekou, but Communists have given no indication this is their present plan.

New subject: Well-informed Chinese official states that main Nationalist counter drive is due start May 31 in form of northward push from Kaiyuan. Our estimate is that Nationalists may start offensive for benefit of visiting Gimo but offensive may be for display purposes only.

Sent Nanking as 133, repeated Dept as 79, Changchun as 41.

Ward

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, June 3, 1947—7 p.m.
[Received June 5—3:35 a.m.]

85. Following is military situation based on information from sources indicated: Morale National armed forces Manchuria lowering daily. Smoldering resentment and hatred local population appear greater National threat than recent military reversals. Communists realizing their psychological advantage, playing it to the fullest. National wounded soldiers at Kaiyuan railroad station awaiting evacuation were left because high ranking National officers evacuating...
families. Communists captured station June 3 after National collapse. National eye witness says Communists dressed wounds of National soldiers and removed more seriously wounded, handling them carefully and seemingly with kindness. Made deep impression on witnessing National soldiers.

National officer cadres principally southern Chinese and resentment of northern soldiers toward them no longer concealed. Open criticism of excellent food and living conditions of southern officers being expressed. Communists treating prisoners very well and are fed rice while Communists themselves eat kaoliang. National soldiers no longer fear capture by Communists. Entire artillery battalion of National 71st Army with over 10 field pieces surrendered to Communists at Ssipingkai last week. Over 30 former US Army trucks captured by Communists at Kaiyuan. High ranking Fushun mining officials evacuating families and furniture to Mukden by truck. Mukden north railroad station crowded with evacuees of high ranking National officers and Kmt officials.


Sent Embassy as 141, repeated Changchun as 47.

WARD

893.00/6–447: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 4, 1947—9 a.m.
[Received June 3—11:45 p.m.]

1202. Following is Changchun’s 282, May 29, 4 p.m.:

“Despite attempts Kmt press gloss over Nationalist defeats in current Communist drive, known facts of situation throw into strong relief present impotence and ineffectualness Nationalist military Manchuria. Several factors noteworthy:

1. Communists have held initiative from beginning to present with Government holding up in respective bastions permitting Communists implement their plans without active interference.

2. Certain strategically important Kmt garrison points have consequently been reduced by Communists and main bodies available Nationalist troops central Manchuria immobilized by Government’s strategy apparently dictated more by a surfeit of caution than by sound military judgements.

3. Communists evidently are beginning overall campaign for destruction Nationalist position Manchuria but Nationalists cling even

36a United States Information Service.
when hope is vain to proposition that Communists, having in past three campaigns returned north of Sungari, will do so again without Nationalists having to fight to put them there.

Military situation is distinctly worse than would appear from tendentious Government communiqués. I invite attention to following revealing facts. Nationalists have lost garrison towns Huaitheh, Kungchuling and Kangping on west and Wulakai and Laoyehling on east. Those towns all have strategic importance. Following garrisons are isolated and immobile: Nungan, Tehhui, Kirin, Changchun and now Ssупingkai. Chinese press occasionally seeks comfort by noting that small garrison in forts of Sungari bridgehead still “holds out”, but as strategy based upon refusal of garrisons of one place to help another when whole position threatened mathematically bound to result in defeat. Press reports of “relief columns” have never been followed in this drive by materialization such relief. If example Changchun warrants generalization, the various garrisons are busily engaged in digging themselves in deeper in very centers towns, to which they have withdrawn for safety rather than with idea using strong points as bases for flexible military action designed to strike at enemy’s weak points. Communists threatened nowhere, Nationalist[s] everywhere. In those circumstances, barring developments thus far unindicated, probabilities point to Communists achieving end of present drive.

Developments thus far show certain Communist pattern. There has been no waste of Communist energy in attacking heavily manned strong points, excepting insofar as necessary to reduce possible threats to Communist flanks. Action in east can be viewed as being for present mere holding operation. Main Communist force is in west where space and Nationalist inaction combine to give Communists nearly complete freedom of action. Movement of certain units eastward, however, shows design to widen corridor between garrisons located respectively in central and southern Manchuria. Ssупingkai is of course of primary importance for full achievement that aim. Presence heavy Communist force to south of Ssупingkai seems to show determination to block any move from south to interfere with reduction Ssупingkai and neighboring garrisons. If those garrisons are reduced, Nationalist position Manchuria effectively cut in half without there remaining any reason in logic to hope for subsequent timely relief central Manchuria garrisons. If that comes to pass, latter garrisons can be reduced at leisure, with combination food supply and morale factors rendering matter relatively easy. In fact, if local garrisons see hopeless situation, final turnover might be nearly bloodless due to disaffection of troops, with Changchun and Kirin falling
of their own weight when ripe. Position Mukden of course essentially same. It is hardly open to question that present Communist strategy designed for Manchuria as a whole and that ultimate aim is total conquest. Clubb.”

Sent Department 1202; to Mukden by safe hand.

STUART

893.00/6-447: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 4, 1947—10 p. m.

[Received June 5—5: 20 a. m.]

1210. Widespread and comprehensive action by Government was responsible in largely forestalling the projected development of June 2 general student strike. This action took form of numerous arrests, the imposition of martial law in many localities and concentration of force in areas where trouble was expected. Symptomatic of Government intentions was a meeting between Generalissimo and academic members of PPC, in which latter stated that they were doing all they could do to prevent demonstrations but that if they did take place they begged Government to avoid use of violence. Generalissimo replied that he had personally issued orders against demonstrations; that, therefore, there would be none, but that, if there were, any measures necessary would be taken to put them down. Generalissimo further stated that student movement was obviously Communist-led and inspired and, therefore, must be dealt with on those terms. The unfortunate coincidence, from student standpoint, that June 2d was date proclaimed last year by Communists as anti-civil war day was also responsible for causing many students to question advisability of carrying out their original plans on scheduled date. This argument was effectively used, particularly in Nanking, by faculty members in persuading students at least to delay.

Week-end action and developments were in brief as follows: In Shanghai martial law was imposed and student arrests reached the 200 mark. There was a rally on the campus of Chiatotung University but no violence. In Canton there was a fracas between students and unidentified elements resulting in several injuries. Nothing happened June 2. In Nanking there was a large and obvious increase of garrison strength, plans for June 2 were cancelled and a peaceful rally was held at National Central University on June 3. At Hankow, June 1, students clashed with the police, resulting in three deaths and many injuries among students. Following this, Hankow faculties went on strike. In Chungking there were some 1,500 arrests, includ-
ing approximately 20 reporters from independent papers. Tientsin was quiet. In Peiping communications were cut between city and Yenching and Tsinghua universities. Barbed wire barricades were erected around universities within the city confining students to campuses and, as far as is known, one was killed and several were injured trying to break out.

These somewhat anti-climactic developments and superficial success of Government in preventing widespread disorders should not be taken as indicating that impetus of student discontent has been diffused or destroyed. Evidence indicates that, if anything, students are more determined than ever to make their views known and to ensure that their rights and security shall in long run be secured. Educated opinion in Nanking is that Government will continue its repression, mostly through medium of arresting ringleaders, but that this in the end will prove ineffective because too many students are now aroused and in face of repression are becoming increasingly cohesive in drive for obtaining their objectives. This opinion believes that something has now been started which cannot be destroyed by force, especially as economic and military position of Government deteriorates during summer months. There is also evidence that increasingly faculty members sympathize with student aims.

STUART

893.00/6-447: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 4, 1947—11 p.m.
[Received June 5—3:45 a.m.]

1212. Upon query from Embassy, Peiping Consulate confirmed that Dr. Hu Shih 37 in May 19 statement to correspondent of Nanking Hsin Min Pao had branded as “very unfair” President Chiang’s charge that current student demonstrations were engineered by Communists. Hu further stated that given two conditions, namely dissatisfaction with Government and absence of representative organs to express and implement dissatisfaction burden invariably falls on students to interfere and agitate for reforms. Cited example Chin, Han, Sung, Ming and Ching dynasties.

Department has doubtless seen report Dr. Hu interview with AP correspondent John Roderick which appeared a few days ago and which quoted Hu to same general effect.

STUART

37 Chancellor of Peking National University (Peking), former Chinese Ambassador in the United States.
The Ambassador in China (Stuart) to the Secretary of State

No. 779

NANKING, June 4, 1947.
[Received June 11.]

SIR: I have the honor to report further developments in what seems to be an impending political crisis. The most significant feature would seem to be the obscurantist attitude of the Government. President Chiang and his associates explain away the student and other agitations as incited by Communists or by the Democratic League as their willing tool. There doubtless are Communist agents planted in the colleges and elsewhere who have been instigating disturbances and inflaming the grievances of students or other discontented elements of the populace. This is their well-attested policy and they can be counted on not to neglect the opportunity which the Kuomintang is providing for them. But if ever there could be an unmistakable manifestation of the people's will it is in the present widespread and swelling demand for peace. The tragedy of the situation is that President Chiang primarily and the more responsible men around him fail to understand this and are trusting to their own intelligence service, unable to sense the spontaneous note in the popular appeal. They tend, therefore, to rely on suppression by force which, of course, plays into the hands of the Communist Party. This policy stems chiefly from fear, almost from desperation. In crediting the Communist Party with unscrupulous infiltration everywhere, including Government offices, they entirely over-estimate the Communist ability to influence the people generally to accept their doctrines and methods. The vast majority are neither Communist Party nor Kuomintang but are merely Chinese, concerned with their livelihood. They prefer instinctively to support their National Government. Even the students and the intellectuals are radical or revolutionary chiefly because of bodily distress and spiritual disillusionment. To attribute all this to Communist machinations and to try to crush it out by brutal force is to intensify the growing disaffection.

Meanwhile, word is reaching me that the Communist Party is by no means so averse to resuming peace discussions as is generally assumed. While the Government is faring worse than they in the general deterioration, yet they are suffering also in the material as well as moral consequences. They have never seemed to me to want this Government to collapse in order that they might take over a task for which they know themselves to be at present ill-prepared. But

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On June 26 the Director of the Office of Far Eastern Affairs (Vincent) called the attention of the Secretary of State to "important and interesting observations on the situation in China" contained in this despatch.
they will make more stringent terms than in the earlier negotiations. The intimations are that American mediation would again be sought. Incidentally, there seems to have been no trace of anti-American sentiment in the recent student and other demonstrations.

The military situation in itself is at least no better for the Government than when I sent my previous despatch, and with the rapidly worsening economic trend and the psychological or emotional factor becoming more pronounced, these will soon have a more direct bearing on the fighting morale.

President Chiang has thus far been obdurate. He has had the dangers of the present course and the possibilities of another approach pointed out to him by more than one person whose opinion he respects. He knows quite well what my opinion is but seems averse to listening to me urge it on him further. I feel myself pitifully impotent in having failed to help him apply in this concrete issue the idealistic abstractions to which he has given his assent when the emergency was less apparent. I have also been almost too cautious perhaps in expressing myself for fear that he would be influenced by hopes of American aid. I have wanted him to act because it was right and wise in relation to his own people regardless of considerations of that nature.

Whenever he next gives me the chance I want, however, to make one more effort to enable him to perceive the futility and imminent disaster of continued warfare and the needlessness of fearing Communism if only he will identify himself with the people and their desires, take the lead on their behalf in an appeal to the Communist Party, and commit himself publicly and unreservedly to the democratic principles which he has frequently proclaimed but has thus far failed to put into effect. He could so easily rally his people to something of their old enthusiasm and confidence and in so doing neutralize the Communist Party encroachments which he now resents and dreads. This course is, however, becoming rapidly more difficult and he may have to learn the hard way the truth of Abraham Lincoln’s dictum that “no man is good enough to govern another without that other’s consent”.

There is almost universal gloom among all the more or less liberal, non-partisan groups and this is about equally true of Government employees, though less vocal. But I still have hope that Chinese common-sense will somehow assert itself before the crash comes that it is generally felt cannot be long delayed.

As a slight indication of these possibilities I am enclosing a free translation of the action just brought to me by Mr. Hu Lin, Chairman of the committee for formulating the various peace proposals within
the P. P. C. I have just learned that in the closing session of the P. P. C. this resolution was passed with minor changes.

Respectfully yours,

J. Leighton Stuart

[Enclosure—Translation]

COMMITTEE FOR FORMULATING THE VARIOUS PEACE PROPOSALS WITHIN THE P. P. C.

Having listened to President Chiang’s statement at the opening session on May 20 that the Government will use every available method for attaining peace, and Premier Chang’s report to the same effect, we were greatly encouraged. Therefore members of the P. P. C. made about twenty proposals which though differing in form yet were one in their emphasis on the sufferings of the populace and their earnest desire for peace. The P. P. C. being the highest organ for representing the will of the people and therefore obligated to give expression to that will, it has consistently endeavored to fulfill this function, and now appeals alike to the Government and to the Communist Party to find a way to peace. If this is sincerely sought it should not be difficult to break the present deadlock. In view of the universal outcry for peace the P. P. C. should approve a composite summary of the various proposals as follows in the hope that this will lead to an early settlement.

1. That the Government solemnly proclaim once again both to its own people and to the world that it will attempt to find a political solution of the Communist problem.

2. That the Communist Party be requested to appoint representatives to come to the Capital without delay and renew the peace conferences with no preliminary conditions other than the original slogans of “Political Democratization” and “Military Nationalization”.

3. That after the adjournment of the P. P. C., the Presidium and this special committee will continue these efforts in the spirit of the motions looking toward peace which had been passed.

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833.60/6-547: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, June 5, 1947—10 a.m.

[Received June 5—4 a.m.]

86. Following is military situation based on information from source as indicated:

New section Kaiyuan occupied by Communists without fight night June 2. Old section city taken after heavy fighting at 5:00 a.m.,
June 3. High ranking National officers and families evacuated city even before heavy fighting began. Source: Eye witness Ung Chia-lung, former informant of Col. Cully, Executive Headquarters. General Liao Yueh-hsiang, former Commander, National New Sixth Army, now responsible for defense Mukden, and his Chief of Staff evacuated families several days ago. Liao issued order to all officers in his Command advising them to evacuate families. Communists advancing Mukden from east, north and west. Have reached Kai-yuan on north. Tiehling only one National strong point between Communists and Mukden on north. Communists as far as Ching-yuan on east. National Division at Meihoukou (mytel 139, June 3 39) annihilated by Communists. Source: Former confidential secretary of General Liao.

Sent Embassy 142; repeated Department, Changchun as 48.

WARD

893.00/6-547: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 5, 1947—1 p. m.
[Received June 5—3:20 a. m.]

1215. As supplementing Changchun’s 232, May 29 to Embassy, repeated Department as 1202, June 4 and Mukden’s 131, May 30, repeated Department as 78, there is quoted below the latest report from Lt. Col. Cowen, Assistant Military Attaché at Changchun, which was received at Nanking June 4:

“Government 91st Division badly beaten at Kungchuling losing 2 battalions either captured, surrendered or destroyed, but whole division did not capitulate. Division commander was replaced. Government 88th Division suffered even heavier losses in fighting between Hualteh and Kungchuling. Both divisions now reported at Siping-kai. Changchun now secure but Meihoukou almost sure to fall. Fear expressed for safety of Mukden.

Comment: Doubt if Reds will withdraw to original positions unless driven back which Government forces seem incapable of doing. Believe Government position much worse than at any other time and unless substantial help is received from China proper believe Manchuria must be lost through default.”

STUART

39 Transmitted to the Department by the Embassy in telegram No. 1231, June 7, 10 a.m., not printed.

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 5, 1947.
[Received June 5—4:00 a.m.]

1216. At the regular weekly press conference held at the Ministry of Information on June 4, Dr. Hollington Tong, Director of Chinese Government Information Office, replied to questions as follows:

Query: “Why did the Government attach so much importance to the demonstrations and strikes scheduled for June 2?” and “Were the measures taken for their prevention justified?”

Answer: “According to Government Intelligence, a well-laid and dangerous plot was afoot to start nation-wide student demonstrations, labor strikes and riots in the country on June 2 with the object of provoking incidents that would lead to violence and bloodshed. Prompt measures were clearly called for. Three factors were largely responsible for averting the crisis, namely, (1) the timely display of sagacity on the part of students, (2) interference of local authorities, PPC members, and of the legislative and other public bodies, and (3) the prompt action taken by local authorities in rounding up the Communist agents and those who worked with them, either knowingly or unknowingly.”

Query: “What was the reaction to the allegation that Communists were behind the June 2 strike?”

Answer: “Communism thrives best where ideas are confused and where economic discontent is widespread. This has been especially true in countries which have been impoverished and weakened by the long and devastating war. The recent student demonstrations were strictly exploited by the Communists as a means for disturbing public order and undermining authority of the Government. June 2 was the day on which Chinese Communists launched their anti-civil war movement in Yenan last year.”

Query: “Was the local authorities’ policy of rounding up alleged Communist agents approved by the Executive Yuan?” and “Will the arrested students and reporters be given public trial?”

Answer: “Following the breakdown of Government-Communist negotiations, all Communists were ordered to return to Communist headquarters not later than March 5. Local authorities, therefore, do not have to seek the approval of the Executive Yuan for rounding up Communist agents. The 10 students and reporters arrested will be given fair hearings.”

Query: “In what areas have most of the arrests taken place?”

Answer: “There have been arrests in widely separated areas in connection recent student activities. In Shanghai about 80 Com-
mumists and Communist agents, students and reporters were rounded up as of this morning. However, in Hankow, more than 50 students arrested have been released.”

STUART

893.00/6-547

Memorandum by the Director of the Office of Far Eastern Affairs (Vincent) to the Secretary of State

[WASHINGTON,] June 5, 1947.

The attached telegrams, from U. S. Navy and Marine sources in China, confirm other reports from U. S. officials in China of the deterioration of the National Government’s military position, especially in Manchuria.

The Commanding Marine General at Tientsin says that the Communists are now capable of capturing any town in the Tientsin–Peiping area, except for the largest cities, although they could not hold it long. He also states Nationalist forces are in desperate need of ammunition for U. S. weapons, a need also stressed by Navy intelligence, which describes the need as crucial. Navy also reports that inept leadership and poor planning and tactics have resulted in costly Government defeats. The Naval Attaché at Nanking describes treatment and pay of Government troops as poor and their morale as generally below that of the Communists.

In this connection, the Consul General at Changchun reports that the current Communist drive in Manchuria seems aimed at the total conquest of that area and brings out the present impotence and ineffectualness of the National military in Manchuria. He says that the Communists, by taking the initiative and going on the offensive, are isolating or capturing Government garrison points, while the Government holds up in its garrison towns and allows the Communists to implement their plans without active interference. The Consul General at Mukden reports the deterioration of Nationalist morale at an accelerated rate during the past two months, with apathy, resentment and defeatism spreading and causing surrenders and desertions in Nationalist ranks. The Embassy feels that the gravest danger to the Government in the immediate future is from disaffection in the armies but that in spite of fairly steady deterioration in morale the Government can hold the loyalty of its best troops. The Embassy anticipates that Government efforts will be bent on supplying these troops adequately.

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\(^{a}\) Not attached to file copy.

\(^{b}\) Capt. W. T. Kenny.
The recent action toward completing most of the 8½ CAF program, the transfer of ammunition under surplus arrangements and the granting of export licenses for shipment of munitions to China 43 may serve to improve Nationalist morale and bolster its fighting strength, but it cannot alter the effects of poor leadership nor will it improve the treatment of Nationalist troops. There seems to be no action that the U. S. could take in the immediate future to correct these shortcomings except through more or less direct involvement in the civil war.

\[\text{J[ohn] C[arter] V[incent]}\]

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893.00/6-547. Telegram

_The Ambassador in China (Stuart) to the Secretary of State_

NANKING, June 5, 1947—6 p.m.

[Received June 6—2 p.m.]

1221. Following is Mukden’s 132 of May 31, 4 p.m.:

"Central News Agency despatch dated May 29 states Nationalists and Communists fighting inside Meihokou. Communists occupy east half city and have thrown two more brigades into battle. Changchun, Kirin and Ssupingkai sectors quiet. Ho Ping Jih paper states Communist Fifth and Sixth Divisions penetrated Changtu area May 28 and indications are Communists going to launch all-out attack on Changtu. Fighting past [last] week FIC abated [indicated] Communists employing usual tactics of striking and moving thus keeping Nationalist troops constantly off balance (reContel 129 to Embassy repeated Department as 76, May 28 44). Appeared Communists were able to take Changchun if desired to pay cost. Rather than take cities, Communists hit where Nationalists weakest, disrupted communications, captured needed equipment and then when Nationalist reinforcements brought their strength to par with Communists, Communists broke off engagement and struck at another weak point.

While Communists’ military accomplishments do not appear great during past 2 weeks, believed their offensive has seriously bothered Nationalists through loss of equipment, lowering of morale, heavy losses in men, disruption lines communications, which, because replacement material shortage constantly becomes more serious, tiring of Nationalist troops by causing them to be constantly shifted from one front to another and constant wear on American supplied trucks and planes.

43 For correspondence on these subjects, see pp. 785 ff.

44 Not printed.
Well-informed Chinese source states that primary current objective of Communists has been removal Nationalist grain stores and that their success in removing large stores along trunk lines south of Changchun (especially Kungchuling) has been serious loss for Nationalists, making that section deficit instead surplus area. We anticipate Communists will maintain present large scale harassing tactics until they feel they have great preponderance strength, then Communists will attempt take and hold specific localities. Although military sources through press dispatches have been minimizing Communists' accomplishments in the past several weeks, serious loss with which Nationalists view situation Manchuria actually very obvious. Substantiation this was arrival in Mukden Generalissimo May 30. Ward."

Sent Nanking, repeated Shanghai and Changchun.

STUART

893.00/9-647

Memorandum by the Director of the Office of Far Eastern Affairs (Vincent) to Brigadier General Marshall S. Carter, Special Assistant to the Secretary of State

[WASHINGTON,] June 6, 1947.

There is such an abundance of discouragement floating about that I dislike adding to it, but I think the Secretary should read the attached telegram \(^{45}\) in full if he has not done so. And I think also he might have the contents in mind when Ambassador Koo next calls for possible use in telling Koo just how badly the situation is being handled in Manchuria.

J[ohn] C[arter] V[incent]

893.00/9-647

Memorandum by the Director of the Office of Far Eastern Affairs (Vincent) to the Secretary of State

[WASHINGTON,] June 6, 1947.

I believe you will find it worthwhile reading the attached brief \(^{46}\) of Ambassador Stuart's recent report \(^{47}\) on the situation in China. He makes no recommendations and indulges in no predictions other than to state in his final paragraph that "mob violence may break out" but that "apart from this there is not apt to be a collapse so much as disintegration". However, he does say that "our policy may have

\(^{45}\) No. 85, June 3, 7 p. m., from the Consul General at Mukden, p. 156.

\(^{46}\) Not attached to file copy.

\(^{47}\) Despatch No. 706, May 8, p. 114.
a determining influence” by which he means, I gather, our policy with regard to aid. My own thought is that any aid which it would be practicable to give China now can at best have only a moderating influence.

We are moving forward now with a program for the “limited” type of military and financial aid in accordance with your instructions of last week.


893.00/6-647 : Airgram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 6, 1947.
[Received June 12—9:24 a.m.]

A-121. Reference the Embassy’s telegram no. 1180, May 29, 8 p.m.
and despatch no. 779, June 4, 1947. As further evidence of the progressive tightening and deteriorating situation in China, various items in the Chinese press during the last few days have reported complete or partial martial law in Changchun, Mukden, Peiping, Tientsin, Shanghai, Hankow, Chungking, Kaifeng, Foochow and Chengtu. A generally reliable source also reports that the garrison in Nanking has recently been increased to two divisions, constituting about 30,000 men.

STUART

893.00/6-647

The Consul at Peiping (Freeman) to the Ambassador in China
(Stuart) 48

No. 24

PEIPING, June 6, 1947.

SIR: I have the honor to transmit herewith three memoranda of conversation 49 dated May 21, May 23, and May 28, 1947, respectively, covering conversations held on those dates with three recent arrivals from Communist-held territory.

The first of these conversations was held with Mr. John Sun Chu, Jr., an American-Chinese who was forced down in Communist-held northern Hopei while piloting an airplane for the Chinese Air Force in a civilian capacity. The second conversation was with Dr. Daryl Parker (reference Consulate’s telegram no. 158, May 17, 1947 to the

48 Copy transmitted to the Department without covering despatch; received about June 29.
49 None printed.
Department, repeated to the Embassy as no. 148 50), an American citizen who was in Ping Ting, Shansi, when that city was occupied by the Communists on April 26, 1947, and spent three weeks in returning to Nationalist territory. The third memorandum covers a conversation with Mr. Robert N. Tharp, a British missionary who was staying with his wife in Ling Yuan, Jehol, when the Communists made a well-prepared and beautifully executed raid on that city on April 27, 1947, departing 36 hours after they had entered.

It is interesting to note that, although these three reports cover conditions in widely separated Communist areas—Hopei, Shansi, and Jehol—and come from people whom one might expect to be fairly anti-Communist—a Chinese-American who fought with the Nationalist Air Force during the war, an American missionary doctor who has spent eight years in China, and a British missionary who was born in Jehol Province—they nevertheless reflect considerable admiration for certain phases of Communist military and civil activities. Points on which these three independent observers appear to agree are as follows: (1) the excellent discipline, good health, and high caliber of the Communist soldiers; (2) the precision and maneuverability exhibited in the Communist military operations; (3) the comparatively good treatment accorded both prisoners and foreigners (even Americans); (4) the consideration of the welfare of the common people in localities newly occupied by the Communists and the absence of sponging off the people; and (5) the earnestness and sincerity with which both civilians and military personnel in the Communist areas are prosecuting the Chinese Communist cause. Dr. Parker, for example, was convinced after his brief experience with the Communists that it would be almost impossible for the Nationalist Government to bring the Communist forces to their knees.

This conception of the military invincibility of the Communist forces is daily gaining more adherents among informed observers in north China, and together with it there is a growing feeling of futility over the attempts of both the Communists and the National Government to seek a military settlement of the outstanding issues. The recent student demonstrations demanding an end to the civil war, the favorable press comment on the overtures to peace made at the current PPC meetings, and the recent joint statements of university professors urging both sides to give up fighting and seek a peaceful solution to their differences are all examples of this trend. It is my opinion, however, that the increasingly apparent ability of the Communist forces to strike where they will and carry off what they require with a minimum expenditure of men and ammunition, plus the

50 Not printed.
obvious incapability of the Nationalist Government to retrieve the confidence of the people by a thorough housecleaning, are indications that peace in China's civil war was never less [more?] remote.

Respectfully yours,

FULTON FREEMAN

893.00/6-747 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 7, 1947—4 p. m.
[Received June 8—9: 26 p. m.]

1235. Embassy considers that Changchun's 232, May 29, repeated Department as 1202, June 4, together with Mukden's 131, May 30, repeated Department as 78, and 133, May 31, to Department as 79, contain an excellent summation of current deterioration Government military position in Manchuria. Subsequent messages from both posts indicate an acceleration of this deterioration.

Plans for the reinforcement of the northeast by an additional 100,000 troops have been announced following Gimo's visit to Mukden on May 30. Mukden reports that Nationalist 93rd Army, formerly in Tientsin area, is now at Chinchow on way to Mukden. Various unconfirmed press reports from Mukden state that from three to four divisions are being dispatched to Manchuria for the Mukden area and at least one of these divisions is stated to be from Formosa; in addition Nationalist Air Force units are being moved to Mukden area from Shantung.

Reinforcement of the northeast at this time raises difficult problems of transportation and supply for National Government. Government military situation in North China is less critical than that in Manchuria merely because it is less active. Embassy considers it highly unlikely that Government has the capability of reinforcing Manchuria sufficiently to effect any immediate improvements [of] Government military position there. Mukden reported on June 5 that Government military units had been withdrawn from Tiheling indicating that Government expects to employ perimeter defense tactics at Mukden extending not far from city limits.

Any effort to reinforce Manchuria at this time will place Government in position of robbing Peter to pay Paul because it is now apparent that Nationalist campaign in Shantung is completely bogged down and all field commanders in that area are asking for reinforcements and additional air support.

Assistant Military Attaché who returned from Shantung on June 4 reports that National Government suffered 45,000 casualties, including 10,000 killed, when 74th Nationalist Army was defeated in vicinity
of Mengyin in late May. He also reports that casualties are arriving at base hospitals at Hsuchow at rate of 300 per day. This observer also reports Central Government forces at Hsuchow are already outflanked by sizable Communist forces to the east and southeast and he was informed that it is not now planned to defend Hsuchow in the event a Communist attack develops on that city. It is interesting to note that the AMA observed at least one battalion of American 155 mm guns and motor equipment moving south from Hsuchow, declaring that their destination was Shanghai.

In other parts of North China, notably in Shansi and Shensi, the Communists appear to be in position to assume the initiative at will. In Hopei a National Government drive is developing to reduce Foping Headquarters of the Shensi-Chahar-Hopei border region government which could well result in the same type of hollow victory as the capture of Yenan. There is no area in which Government forces are making significant advances at this time but the situation in Manchuria is most critical inasmuch as the northeast troops are the best trained and equipped and large numbers of them are isolated in numerous garrison points such as Shupingkai, Kirin, Changchun, Tehui and Nungan. These forces can not hold out indefinitely without adequate supplies and the Government's capability to supply them by air drop is definitely limited.

It therefore seems likely that Government efforts will in due course be directed toward the relief or withdrawal of at least a portion of the beleaguered troops before they are forced to capitulate. Relief or withdrawal will constitute difficult operations under constant Communist harassment and the resulting attrition added to that which has already occurred will further weaken the Government's military position. It is not believed that troops' morale has thus far deteriorated to a dangerous point, but it is a factor which is assuming greater importance as time passes.

Nationalist commanders and officials are already evacuating their families and possessions from the northeast, making use of urgently needed transport aircraft for the purpose. Mukden reports that southbound freight and passenger traffic is so heavy that railway officials state that they have 6,000 unfilled passenger travel requests.

General Yu Ta-wei, Minister of Communications, intimated to Colonel Barclay of the Executive Office, when latter paid a farewell call on Minister on June 5, that it may be necessary to withdraw in Manchuria to a point from which the port of Hulutao would become the Government's main base for northeast. On June 7 Embassy was informed by an unimpeachable source that Admiral Kwei, Commander in Chief of the Chinese Navy, had proceeded to Hulutao for purpose of making plans for this eventuality.
It is obvious that Government faces in the northeast probability of a military debacle of large proportions. It has already withdrawn from substantial areas previously under Government control. Judging from ineptitude and incompetence thus far demonstrated by General Tu Li-ming, it is probable that Government's defeat may assume even larger proportions. It seems to lie within Communist's powers either to continue to bleed Government strength in Manchuria or to force further Government withdrawal.\(^{51}\)

\[\text{Stuart}\]

893.00/6-247: Telegram

*The Secretary of State to the Ambassador in China (Stuart)*

**WASHINGTON, June 9, 1947—1 p. m.**

682. Indicating he was acting under instructions his Govt member British Embassy staff Washington has orally informed Dept British Govt concerned over situation China, particularly Shanghai, and had authorized its Ambassador Nanking and Consul General Shanghai, with concurrence Admiralty, to appeal to Commander British Pacific Fleet for warships to be sent Chinese ports in event civil disturbances endangered British lives and property. Plans call for “rescue and protective action”, at least at Shanghai. He asked what plan US Govt had under consideration for protection in similar circumstances and whether such plan included mutual assistance to British and US nationals.

Dept informed him our Embassy had given no indication serious concern over welfare US citizens in China and that we, while concerned over unrest, had not felt situation sufficiently alarming to warrant preparation such plan. Dept pointed out US military units now Tientsin, Tsingtao, Shanghai and Nanking, which would doubtless be made basis any program protection, and any plan for protection American lives in China would certainly include measures for cooperation with British.

Embassy's comments on foregoing would be appreciated. **Marshall**

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\(^{51}\) The Director of the Office of Far Eastern Affairs (Vincent) on June 10 called the attention of the Secretary of State to this telegram as indicating an acceleration of the deterioration of the Chinese Government's military situation in Manchuria.
The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 9, 1947—3 p.m.
[Received June 9—8:19 a.m.]

1241. In answer to Embassy's enquiry with regard to presence of Korean units assisting Chinese Communists in Manchuria, Changchun has replied as follows:

"Central News Agency reporting current propaganda blaming 'outside interference' for Nationalists' reverse in Manchuria. It is to be noted that Korean population of Manchuria in 1944 was recorded as being about 1,400,000. There exists logical possibility that there is traffic across North Korean boundary with Chientao region (where most of Manchurian Koreans reside) but I submit that concrete evidence that any Koreans found with Chinese Communist troops in Manchuria actually came from North Korea as suggested in some current publicity would probably be very difficult to obtain. I invite Embassy's attention to possibility that Manchurian Koreans in Chientao region may like Manchurian Mongols have been promised by Communists that they will enjoy certain autonomous rights under Communists' regime."

STUART

The Ambassador in China (Stuart) to the Secretary of State

[Extract]

NANKING, June 10, 1947—5 p.m.
[Received June 10—9:30 a.m.]

1251. From Butterworth.52 Contrary to our practice in other cities visited, in Mukden Penfield and I made formal calls on the appropriate local officials in order to draw attention to US interest in Manchurian situation. The Assistant MA of that area accompanied us on calls on: General Hsiung Shih-hui, Director of President's Northeast Headquarters; Mr. Kuan Chi-yi, Acting Chairman, Northeast Economic Commission; General Cheng Tung-kuo, Vice Commander, Northeast Chinese Command.

The first named offered comment of bland confidence, the second admitted that all considered economic plans were abrogated in the face of the existing military situation, and the third freely described

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52 W. Walton Butterworth, Minister-Counselor of Embassy in China.
53 James K. Penfield, Deputy Director of the Office of Far Eastern Affairs, at this time on a tour of China posts for the Department.
54 Assistant Military Attaché, Col. David D. Barrett.
the withdrawal and concentration of Government forces with the avowed purposes of frustrating Communist tactics in ferreting out weak spots and in order to be in a position to engage a main Communist force.

It was evident to the passing observer that Mukden was in a state of semi-panic with high army officers and officials, rich merchants and bankers evacuating their families and effects. This, together with Generalissimo’s visit—whatever its effects may have been on high command—had augmented nervousness among non-Manchurian Chinese and served to create the leave-the-sinking-ship atmosphere. Well-placed Chinese as well as foreign officials and other residents expressed conviction that Communists would ultimately control Manchuria. The Communists apparently have means and ability to accelerate this development. My own instinct is that they will not change their tactics to force prematurely the issue and will be satisfied to see reinforcements come into Manchuria in the sure belief that these too will in due course be infected by the dry rot which now seems to pervade Nationalist forces under Tu Li-ming’s wavering hand in order to bleed the National Government in the advantageous circumstances which Russia’s hold on Dairen augments. There seems to be no doubt about the ineptitude with which the National Government has run its military affairs in particular and its civil affairs in general, and the provincialism of the Manchurians has been taking on, as a result of their experience of past 2 years, a decided anti-Government character. Allowing for the fact that the farther away army and civil officials are from Nanking the freer they talk, I was surprised at the lengths which General Sun Li-jen, who is on the shelf in the Yamato Hotel, and others did in fact go. This applies to General Li Tsung-jen 55 in Peiping as well. One has the sense that there is by no means a united National Army in Manchuria and that non-Whampoa group is distinctly critical.

Incidentally, I gave General Cheng an opportunity to talk about ammunition needs, and it was quite obvious that that was not one of his main preoccupations.

[Butterworth]
Stuart

55 Director of Generalissimo Chiang Kai-shek’s Headquarters at Peiping.
The Ambassador in China (Stuart) to the Secretary of State

Nanking, June 11, 1947.
[Received June 11—4:50 a.m.]

1258. At a memorial service held at the Central Kuomintang headquarters on June 9 President Chiang Kai-shek made the following statement on the way in which the Government had dealt with the recent student movement:

"At the beginning of the recent student movement, most schools, especially those in Shanghai, were in a state of study. The effect on social order was profound and far-reaching. In spite of the Government's persuasion the movement went on unabated. In order to preserve the vitality of the nation and to enable most young men to continue their studies, the State Council promulgated emergency measures for the maintenance of social order. The Government is bound in duty to ensure social order and the safety of the people, and it has to take proper action wherever social order is disturbed and public safety is threatened. This is true of every modern government in the world. During the movement most students were innocent and unwilling to give up a chance to study.

Evidence has shown that it was only a small number of Communist schemers who exploited the situation. In spite of the promulgation of the emergency measures, the Government still tried to serve the interests of the young students and to refrain from taking police action. The school authorities were asked to enlighten the students and hand over Communist elements. This principle was followed consistently by the Government in dealing with the student movement.

The situation, however, was different in Shanghai, where the Communists tried to instigate not only the student strike but also a general strike of clerks and industrial workers. More than that, they tried even to incite the police and gendarmes to take part in their violence. To prevent such a plot from materializing, the Government empowered the Shanghai authorities to take drastic measures. In places where the situation was not so serious the measures adopted were moderate in nature, with the result that very few accidents happened. Owing to the supervision of the school authorities and the sagacity of the students, the Peiping and Tientsin schools soon resumed classes.

It was only in Wuhan University that casualties happened when the police and gendarmes went there to search for Communists. This was really an unlucky incident. I have had a great admiration for the discipline of the university. The Wuhan authorities exceeded
Government orders in sending armed forces to the university and the students killed were not Communist agitators. On the basis of the report of the Ministry of Education, the Government is of the opinion that the Wuhan garrison command should be held responsible. Among the punishments meted out to those concerned is the dismissal of garrison commander Peng Shan.

Most schools have now reverted to normal conditions. It is a great pity in the educational world that a few schools in Shanghai have not yet resumed classes and that even some teachers insist on continuing their strike. To respect the teacher has been our educational principle. The Government will grant the teachers’ reasonable requests. But it is really shirking their responsibility for national education and the upbringing of young men for the teachers to go on strike. If schools do not resume classes, school discipline will go from bad to worse. What a great loss the nation will suffer! The Ministry of Education should take prompt action.

In a word, the principle followed by the Government in dealing with the student movement was to fulfill its duty and distinguish between right and wrong, so that the Communists might not incite young men and disturb social order in the name of democracy and liberty. The various local authorities, if they have performed their duties faithfully, will be protected, but those who exceed orders will be punished. It must be realized that the recent student movement has exhausted a great part of the nation’s vitality. It is hoped that the educational authorities will immediately restore school order so that the students may continue their studies.”

STUART

883.00/6-1247 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 12, 1947—6 p.m.
[Received June 12—7:15 a.m.]

1283. Peiping reports that joint statement issued by 585 professors, instructors and assistants in North China universities on May 28 opposing civil war and appealing for peace was signed by 150 Yenching personnel comprising almost entire teaching staff. Other [information indicates that] greater proportion of faculties of Peita, Tsinghua, and Nankai Universities joined in this appeal.

Statement read in part:

“We are convinced that the current disorders and disturbances have been fundamentally caused by economic chaos which in turn have been brought about by the protracted civil war. All the students’ and
workers’ strikes are merely natural products of the current circumstances. Politically or militarily, economically or culturally, China is on the very brink of a total bankruptcy. The catastrophe is quickly approaching. Should the Govt still choose to evade facts rather than take effective and thorough-going measures, the whole nation will soon be heading for destruction”.

**STUART**

893.00/6-1247 : Telegram

_The Ambassador in China (Stuart) to the Secretary of State_

**NANKING, June 12, 1947.**

[Received June 12—6: 45 a.m.]

1285. At the regular weekly press conference at the Ministry of Information on June 11, the Director of the Chinese Government Information Office answered the following question in regard to the PPC peace plan:

Query: “What is the attitude of the Chinese Government regarding the peace plan drafted by the PPC?”

Answer: “The Government has never closed the door to peace negotiations and welcomes any practical plan. Unfortunately, the peace plan of the PPC has been rudely rejected by the Communists through their official news agency. On June 5 the Communist North China News Agency broadcast charged the whole body of the PPC as a group of reactionaries wholeheartedly supporting civil war. Among other things it said that all appeals for peace by the PPC were false.”

**STUART**

893.00 Manchuria/6-1247

_The Consul General at Changchun (Clubb) to the Secretary of State_

No. 62

**CHANGCHUN, June 12, 1947.**

[Received June 25.]

Sir: I have the honor to refer to this office’s current reports on military developments in central Manchuria, and to report briefly below on the nature of Nationalist military strategy in this area.

It is to be noted in the beginning that the Nationalist military strategy in face of the present Communist drive has been essentially defensive, with all initiative in the field left to the Communists. The Communists, implementing their strategy with boldness and executing their moves with speed and intelligence work which is evidently superior to that of the Nationalists, have moved over the countryside with-

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On July 11 the Chief of the Division of Chinese Affairs (Ringwalt) invited the attention of the Secretary of State to this despatch.
out any positive attempt on the part of the Nationalists to launch serious attacks against the Communist columns or otherwise exercise substantial pressure against the Communist drive. The Nationalists at every point have either pulled back in belated attempts to consolidate their over-extended forces, or have dug in where they stood in accordance with the dictates of a passive strategy of waiting inside Nationalist strong points for the Communists to attack or, preferably from the Nationalist point of view, to go away.

General Sun Li-jen, a former commander of the New First Army and presently Vice-Commander of the Northeast China Command, stated to me in recent conversations at both Changchun and Mukden that the strategy (which is that of NECC Commander Tu Yu-ming) was wrongly conceived, and has been responsible for the useless sacrifice of good troops left in isolated positions without support, that the proper strategy would have been to use the available forces in counterattacks against the Communists. General Sun advanced a proposition which under present circumstances appeared extremely unsound—that the Nationalists should launch a counter-attack against Harbin and Kiamussu—but it is nevertheless reasonably certain on the basis of past performance that measures which might have been undertaken by the Nationalist side had General Sun, instead of General Tu, been in command would probably have been more effective, if only because less costly, than has actually been the case. According to information obtained on June 8, 1947 by Assistant Military Attaché Cowen from a staff officer of the New First Army, the Nationalist forces in Manchuria have suffered the following losses in the present Communist drives:

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<td>New 6th Army</td>
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<td>71st Army</td>
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*Also known as Tu Li-ming.*
In those circumstances, even allowing for some salvage of broken units, it is fairly obvious that the Nationalist position in Manchuria cannot be restored without the dispatch of large numbers of reinforcements here from China proper. The regular reports of reinforcements arriving have thus far turned out to be fabrications of a propaganda system that is confronted by a drying up of its already scanty resources. Without reinforcements, it is probable that Nationalist morale in Manchuria will continue to deteriorate pari passu with deterioration of the military situation, and improbable that a Nationalist military man like General Sun would be prepared to come forward to take over charge from General Tu, and thus incur the blame which will attach to the nominal leader for any ultimate collapse, even if the command were offered to him.

The information available in Mukden appeared to indicate that the Nationalists were confronted with two fairly categorical alternatives—to reinforce heavily or to withdraw. It may be that, having their eye on the probable unfavorable effect of withdrawal on any possibilities that may remain of the National Government’s obtaining the desired US $500,000,000 loan, the National political leaders will choose a middle-of-the-road course and encourage the local military leaders to hold out as long as possible for political reasons. In that awkward position, they would fall between two stools, losing both Manchuria and the remainder of the good armies stationed there. It is moreover hardly probable that, in those circumstances where they faced heavy odds, the Nationalist forces in Manchuria would put up the utmost determined resistance: it appears more probable that many of them would surrender to the Communists, with resultant profit to the latter. Failure to withdraw if reinforcement is infeasible, in short, would indirectly contribute to the further strengthening of the Communist armies and thus advance the day when North China itself would be threatened with Communist conquest.

As showing graphically the different character of the Nationalist and Communist military actions, there is enclosed a set of pictures* showing the results of the two respective patterns of activity. The Communist activity thus portrayed occurred at various critical points in the countryside. The Nationalist activity here depicted is limited to the town of Changchun, where jerry-built barricades of wrecked cars and branches cut from park trees are added to brittle brick pill-boxes scattered everywhere throughout the modern part of Changchun, all enclosed by an outer moat for the construction of which a large proportion of the town’s male population has been mobilized and is still at work, in an effort to compensate by defensive measures what

*Not reproduced.
the Nationalist commanders and armies lack in offensive spirit. The failure of the Nationalist generals properly to use the American-equipped New First and New Sixty [Sixth] Armies is reaffirmation of the well-known fact that faulty generalship will often count more heavily than fire-power, and political morale more than planes, in respect to the final decision.

Respectfully yours,

O. EDMUND CLUBB

393.1115/6-1547: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 15, 1947—10 a.m.

[Received June 15—1:35 a.m.]

1308. It is Embassy's understanding that Joint Chiefs of Staff have declared civilian evacuation from western Pacific areas in event of emergency to be responsibility of CinCPE. In case of China authority has been delegated from CinCPE to ComNavWesPac. At present time Embassy is preparing for ComNavWesPac latest information with regard to location and number of American citizens in China. Current information shows approximately 5,900 American citizens including women and children in China including Hong Kong. Information not yet received from Hankow Consular district, but numbers there believed small. Excluding Hong Kong total, majority of whom are American citizens of Chinese race, there remains a balance of approximately 4,497 Americans. Of this balance 3,451 are concentrated in major coastal centers such as Shanghai, Canton, Tsingtao and Tientsin or smaller coastal and river ports where accessibility by surface craft is feasible. Thus there are approximately 1,046 Americans at interior points, 461 of whom are at Peiping. The remaining 585 are widely spread throughout the interior of China but with some considerable concentration in the lower Yangtze Valley provinces. These figures, of course, do not include the dependents of American military personnel in China who are concentrated in Nanking, Shanghai and Tsingtao.

From foregoing it can be seen there exists a troublesome but comparatively simple problem of evacuation in the case of majority of American citizens. In spite of current accelerated deterioration of overall situation in China, Embassy does not consider that at present time there is immediate need for suggesting that American citizens prepare for withdrawal. In any event Embassy does not consider that situation will develop in such a manner that at any given moment

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63 Commander in Chief, Far East (MacArthur).
64 Commander, U. S. Naval Forces, Western Pacific (Cooke).
wholesale evacuation will become necessary. It is more likely that the need for evacuation will arise in specific areas from time to time as hostilities develop. For example, it may become necessary within near future to effect evacuation of some or all of American citizens from south Manchuria. Embassy and Consulates, particularly Consulates in North China, have consistently cautioned American citizens against proceeding to interior points for either residence or travel. Dept will, of course, recall past experience in China when it has been most difficult to influence Americans at interior points, particularly missionaries, to withdraw during troubled time. It is very likely that this pattern will repeat itself and that certain American citizens will elect to remain at their places of residence until such time as it may prove too late to effect evacuation.

Embassy is not aware of the number of British subjects residing in China or their locations. It is a reasonably safe assumption, however, that their distribution follows much the same pattern as that of Americans. Embassy perceives no reason for presence of warships of British Pacific Fleet in China waters specifically for “rescue and protective action” inasmuch as for the time being there is no real indication of a serious breakdown of Governmental authority in centers where concentration of foreign nationals is greatest. Embassy assumes that it should be our course at this time to continue to place the burden of responsibility for protection of American life and property on the regularly constituted civil authorities rather than risk undermining that authority by creating false panic among foreign residents by advocating or permitting the indiscriminate stationing of naval vessels along the coast of China until real need therefor arises. In certain circumstances, of course, the rescue of Americans or other nationals would be both necessary and advisable, but for the present sight cannot be lost of the fact that in the same areas where American citizens reside there are also large number of newly created Soviet citizens and “protective action” on part of either British or American fleets could well lead to undesirable Soviet intervention.

Embassy assumes that in event wholesale civilian evacuation from China becomes necessary, thought has been given to destination of evacuees, having in mind fact that Philippine Islands as a haven for evacuees is in different status than in the past. Furthermore, Embassy would appreciate receiving the guidance of Dept with regard to whether responsibility for decision as to when evacuation is advisable rests with CinCFE, ComNavWesPac for [or] this Embassy.

STUART
The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 16, 1947.
[Received June 16—11:22 p.m.]

1312. The following is release published in Chung Yang Jih Pao, Nanking, June 15, 1947:

"President Chiang analyzed the present situation at a dinner party given in honor of 14 high-ranking Government officials at his official residence last night. He spoke about the military and economic situation and the general election as follows:

'Militarily in spite of the Communist policy to ruin the country, the Government is in a position to crush the rebellion and carry out national unification. Economically, the Government is also capable of alleviating the people's sufferings, balancing the budget, and stepping up reconstruction. And as to the forthcoming general election, the Government is busy making preparations so as to bring about without delay the constitutional government which is so coveted by the nation.'"

STUART

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, June 18, 1947—9 a.m.
[Received June 18—6:56 a.m.]

98. Tempo fighting Ssupingkai has subsided. Nationals not only control city but have made small counterdrives outside city, recapturing airport which has changed hands several times past few days. Source NECC to Consulate interpreter. Very noticeable air of optimism among Chinese over military situation in distinct contrast to obvious depressed attitude 10 days ago. Majority Chinese contacted feel outcome engagements Ssupingkai will largely determine course of events this area next 6 months. National reinforcements have arrived in Manchuria. Ninety-second Army, formerly Hopei province, landed at Chinwangtou. Source NECC to Consulate interpreter.

Sent Embassy as 174, repeated Dept as 8 [98], Changchun as 74.

WARD
MUKDEN, June 18, 1947—5 p.m.
[Received June 21—10:50 p.m.]

100. Communist recent offensive appears to have passed its peak as far as active combat concerned. Communists should be gratified by accomplishments. Offensive, while differing slightly in tactics employed, followed usual Communist patterns, namely, occupying large areas but allowing Nationalists to hold cities therein. Noteworthy that with all reports of Communist success affecting Mukden and Changchun, Communists actually only hold one city, Kungchuling, which has [no?] immediate effect on Mukden, although they have quite an effective blockade around Mukden and Changchun. One of most interesting points of Communist offensive was similarity of Communist tactics to those employed by Soviets when driving down rail line against Japs. Communists as in past do not appear either ready or desirous of taking or holding cities. Only places taken were localities which could be occupied without too great loss. After city taken, only skeleton Communist force left therein to enforce acts Communist civil officials. When Nationalists counterattack Communists seem to prefer letting Nationalists into city and then stage own counterattack. One indication Communists not interested taking Mukden is they still give no evidence of desiring to fight defensive warfare which they would have to do if they took Mukden. Notwithstanding persistent rumors of Soviet equipping Communists with artillery and heavy weapons, such rumors have not been substantiated by appearance of such ordnance in field in noticeable quantities. Morale and numbers of Communists seem definitely superior to Nationalists but nevertheless Nationalists are still by far superior force insofar as training and ground and air [equipment concerned.] Communist accomplishments in month of offensive warfare listed in order of importance are:

(1). Economic: Communists control large share of food producing areas and have taken considerable quantities of stored surplus food. Even though Nationalists able retake areas, Communists depreciated value of food stores by effectively destroying lines communication. Will suffer more from this than Manchuria because other surpluses which could have been exported will now have to be used in Manchuria. Offensive also considerably weakened already shaky economy in that prices immediately soared because of possibility of future shortages before any actual shortage existed. Communist successes caused flight from Manchurian currency and frantic buying of gold bars. It will be very difficult to stem this inflation because average Chinese merchant seems more dominated by avarice than by patriotism.
(2). Psychological: Manchurians formerly [skeptical of southern Kuomintang Chinese have become openly hostile. Morale of people and troops lowered greatly by incompetency, greed and lack of public spirit of Kuomintang public officials and military officers. This attitude becoming more apparent each day. Many Chinese, in discussing conditions, make no attempt to conceal their contempt for the Kuomintang controlled government. This attitude, however, has not yet reached rebellion stages[,] and even though Nationalist troop morale has deteriorated considerably and thereby lowered their combat efficiency, they still appear capable of putting down any open rebellion. However, as time passes and discontent increases, movement will grow stronger and although these dissatisfied persons probably will not actively cooperate with the Communists, their passivity will materially aid Communist cause.


(4). Loss of equipment: Communists appear to have captured considerable quantities of Nationalist military equipment, particularly in heavy weapon class. This is type of equipment which Communists need most and which to date has given Nationalists decided advantage.

(5). Loss of men: Appears Nationalist losses in men have been heavy. Although manpower is cheap, trained soldiers are not. Replacements are coming from North China but northern soldiers and southern officers are not compatible.

Recent reports indicate Communist immediate tactics will be to delay Nationalist re-entry into areas captured, although not anticipated Communists will set up strong defense. Communists have achieved important objective in that they have weakened Nationalist strength [to] extent that next offensive should be even easier. Nationalist reinforcements arriving place Nationalists in position to launch counteroffensive, but by time they are actually ready to move, Communists will have time to withdraw sufficiently so that Nationalist military accomplishments, per se, will be negligible.

Sent Embassy 172, repeated Dept 100, Changchun 76.

Ward

803.00/6-1847

The Ambassador in China (Stuart) to the Secretary of State

No. 809

Nanking, June 18, 1947.

[Received June 24.]

Sir: I have the honor to report on developments especially as they concern President Chiang K'ai-shek. The situation in general con-

65 Bracketed insertion made on the basis of another copy of telegram filed under Lot F-79, 800 Kmt-CCP 1947.
tinues to deteriorate alike in its military, economic and psychological aspects. These are, of course, all interrelated. The growing discontent with or even hostility toward the Government has been stimulated among intellectuals by the extremely harsh measures against students and among the unthinking masses by the mounting costs of livelihood. In its simplest terms the complaints center around freedom and food.

President Chiang believes that he had conclusive evidence of a Communist plot to create widespread disorders on June 2 and is no less convinced that the measures taken thwarted this. He unquestionably overestimated the Communist influence in the recent student demonstrations and probably realizes this now himself. There were divergencies in what occurred in the principal cities. The tragic death of three students in Wuhan University and the serious wounding of three others, together with a number of minor casualties were on the initiative of the Hankow garrison commander, who has been summarily dismissed.

The PPC peace resolutions (see my despatch no. 779 of June 4, 1947) have been presented through the Standing Committee of that body to the State Council, which approved them in principle but has asked that they be made more concrete for final action at the next meeting of the State Council. Meanwhile, the Communist Party has contemptuously rejected this approach as another evidence of the Government’s insincerity.

President Chiang has been thinking very earnestly both over the situation as he is compelled to recognize its realities and over advice given him which, so far as I can gather, has all been very much to the same effect. In general, this is that the demand for peace is widespread and insistent, and the Government should be able either to persuade the Communists to stop fighting and resume peace discussions or to place the responsibility for continuing the civil war upon them, and furthermore that the Government should win back popular confidence by at once proving by deeds its capacity for reform and by official statements calculated to keep the people much better informed than they have been hitherto of the problems and intentions of the Government. In my personal conversations with President Chiang I have been as frank as seemed permissible and have been cheered especially during the latest interview by what seemed to be on his part something more than a general assent in principle.

In contrast with almost all the other higher officials President Chiang is maintaining his calm self-control and a somewhat sobered confidence. There is a general feeling of frustration among the others due primarily to the objective facts with which they are all
familiar but intensified by the nervous fear of the Communists. Actually much of the apparent strength of Chinese Communism is due chiefly to the inefficiency and corruption of the Kuomintang, and—with an alarming acceleration—to popular loss of faith in the Government. One can be reasonably certain that with sufficient evidence of competent statesmanship and determined moral reforms the Government could recover its hold alike on the intellectuals and the masses.

It requires a certain temerity to attempt any forecasts, but it would seem that one of three possible consequences will follow without much delay from the present critical conditions:

1. President Chiang will assert himself as the leader of an attempt to settle the Communist issue either by securing their assent to renew negotiations or by demonstrating that they are in effect an armed rebellion and as such opposed to the national welfare. I have been hoping that he would be able to do this in a dramatic, revolutionary way that would catch the imagination of his people. This is probably expecting too much, but he has gone so far in discarding his earlier preconceptions and adopting progressive ideas that I believe he can be influenced to further advance. This will perhaps be slower and much less satisfactory than a more spectacular procedure but it has real possibilities and is perhaps by all odds the most hopeful solution.

2. With the threatening catastrophe drawing closer it is quite possible that a nucleus of enlightened, non-partisan leaders may emerge who will attract the more liberal elements from within the Kuomintang, be supported by the politically conscious public and come to terms with the Communists. President Chiang would presumably disappear from the scene, Premier Chang Chun, T. V. Soong, or some other outstanding figure might assume leadership, and an ad interim coalition government be established. Among the disadvantages would be the inexperience of the new group and the inability, especially conspicuous among Chinese, of a loosely formed body to cooperate effectively.

3. There will be complete disintegration of the present Central Government with the Communists in control of their own territory, which they would use every effort to extend. Sectional governments would be established under the strongest man or group in the area with all the evils of such chaotic and unstable conditions.

Respectfully yours,

J. Leighton Stuart

893.00/6-1847

The Ambassador in China (Stuart) to the Secretary of State

No. 816

Nanking, June 18, 1947.

[Received June 24.]

Sir: I have the honor to report that on the afternoon of June 14 the Minister of Foreign Affairs, Dr. Wang Shih-chieh, asked me to
call. He opened the conversation by describing the events which have recently occurred in Sinkiang, the invasion by Outer Mongolian cavalry, who combined with Uighur troops against anti-Soviet Cossacks, driving them toward Chinese Government troops. The latter have been ordered to avoid all provocation but not to yield. The airplanes assisting in this operation seemed to have Soviet markings but these may have been Outer Mongolian. The latter in any case would not act without approval from Moscow. The Moscow broadcast is reported to have denied Soviet participation in the incident. The Chinese Government feels that, whatever the explanation may finally be, it should meanwhile give full publicity to the reports it receives. Dr. Wang took occasion to add that there was indubitable evidence of Outer Mongolian aid to Chinese Communists operating in Manchuria, although there was no reliable information as to the extent of this.

Dr. Wang then referred to recent conversations I have had with President Chiang K’ai-shek and indicated that suggestions of mine were being given careful consideration but that President Chiang was forced by conditions now prevailing to plan very carefully to avoid further aggravation of the already extremely serious military, economic and other factors. He himself felt that the most urgently needed reforms could be roughly grouped under three headings: (a) military reduction and reorganization; (b) improved provincial and local administration; (c) economic rehabilitation, communications, industry, agriculture. We discussed each of these in some detail.

I then told him how glad I was to repeat to him the substance of my recent conversations with President Chiang, which really contained nothing new except a certain note of urgency. Stress had been laid on the people’s desire for peace as genuine—including the student demonstrations—and on the desirability of either persuading the Communists to renew peace discussions or convincing the leaders of opinion that the Communists were responsible for the failure and for the continuance of the civil war. The Government should recover the support of its own people through its handling of the popular demand for peace, the proclamation and protection of civil liberties and other evidences of democratic and socialized tendencies. All such progressive developments would be heartily welcomed in Washington.

I pointed out again some of the practical difficulties in American financial aid to China, entirely apart from Chinese internal affairs, such as the regulations governing Export-Import Bank loans, the early adjournment of Congress, etc.

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66 For correspondence concerning Sinkiang, see pp. 546 ff.
67 For correspondence on this subject, see pp. 1030 ff.
Dr. Wang described some of the tactical problems President Chiang was thinking of, such as the present troop dispositions, before he could make any statement as to limiting the Government to purely defensive military action. But he assured me that the matter was being thought of in concrete terms, and that these would be presented to the meeting of the State Council on June 20.

Respectfully yours,

J. LEIGHTON STUART

808.00/6-1947 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 19, 1947—9 a.m.
[Received June 19—4:50 a.m.]

1335. Han Li-wu, Vice Minister of Education, who was charged by the Government with attempting to reach some settlement of the Hankow incident that resulted in the death of 3 students of Wuhan University, told an Embassy officer in confidence that he has been attempting to persuade the Generalissimo of 3 points in connection with recent student disturbances:

(1) That reports reaching the Generalissimo of Communist leadership and domination of the student movement are in the main inaccurate, though it is unquestionably true that some students are Communists and have been attempting to exploit the situation for their own ends; and, further, that reports reaching the Gimo of police and military activities vis-à-vis disorders are also inaccurate since the military has been a great deal more brutal and oppressive than the reports would indicate;

(2) That Government policy, as exemplified by the decrees forbidding mass demonstrations, results only in persuading students that the Government is their enemy rather than a sympathetic friend and consequently will fail;

(3) That the military should under no circumstances be allowed to have any participation in the solution of the student problem because this will only further antagonize academic groups.

Dr. Han said he had so far been unsuccessful in his persuasion, except to the extent of having secured replacement of two generals in Hankow. He added that he is now working on a plan whereby the Government would agree that student offenders against proper law and order would be remanded to their parents or guardians who would be responsible for their behavior and activities and that in cases where this failed, students could be prosecuted through usual civil channels. The military would stay out of the picture. In return students would agree to abandon the use of strikes and of disorderly demonstrations and confine their activities to normal political channels and methods
of expression. Dr. Han also said he felt there was too much supervision and control over education in the ministry and that better results might be obtained if greater responsibilities were laid on the individual universities.

With reference to the outbreak of disturbances early in May, Dr. Han said that rivalry between Chu Chia-hua, Minister of Education, and Chen Li-fu, which found expression in a quarrel over the location of various universities in the province of Chekiang, was the spark that set off the disorders, but that the general social and economic situation existed, needing only something to give it a push, and that it almost immediately became something much larger than a quarrel between two factions.

Dr. Han also said that one of the great difficulties in finding the solution to the whole student problem is that the issues are still somewhat confused. He feels that if the Government will make a clear-cut, unequivocal and generous peace offer to the Communists, thereby clearly laying on them the onus for continuing the civil war, it would be much easier to solve the student problem as well as others. He stated that he personally favored this course and that there is a growing body of sentiment which thinks in the same terms. In summary, Dr. Han believes his program offers a possibility for solution of the student question, but that continuation of present Government policy will in time result only in an intensification of student activities and disorders.

STUART

893.00/6-1247 : Telegram

The Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, June 19, 1947—8 p.m.

749. Coverage by Embassy in its recent telegrams over-all situation China, Manchuria, student unrest and Sinkiang has been great assistance to Dept in following developments. Dept wishes commend Embassy for high calibre its reporting, particularly telegrams nos. 1100 May 20, 1134 May 24,69 1180 May 29, 125 June 7 and 1284 June 12.70 Changchun and Mukden also to be commended for reporting Manchurian situation.

In this connection Dept would welcome Embassy’s analysis (proposed in Embassy’s 1180 May 29) course of action open to US in light probable developments.

69 Telegram No. 1134 not printed.
70 Post, p. 559.
The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 19, 1947—11 p.m.
[Received June 19—2:45 p.m.]

1345. President Chiang asked me to call on him late this afternoon. He began by stating that the Manchurian situation was extremely serious. It would be impossible to maintain it much longer. The Communists, aided by Russia, had been growing stronger. The fighting at Ssumingchiew had been especially bloody. The fall of that city which he anticipated would mean the loss of Changchun and Kirin. He said that because of your assistance in transporting troops to Manchuria and in many other matters he felt profoundly grateful and felt that this problem should be reported to you at once. He also sought your advice as to future policy. He had hesitated to distress me by admitting this danger and indeed had hoped that it might be averted. He himself had only fully realized its gravity 3 days earlier. A decision as to all of Manchuria must be made in a very few days. The loss of the cities mentioned would involve that of Mukden, and others. It has been impossible to reach an understanding with Russia over Dairen. Russia has insisted that the municipal officers sent there must cooperate with the puppet regime already established there, and refuses to permit national troops to be landed there—all in violation of the Sino-Soviet treaty.\(^2\)

The only way to gain Chinese rights there would be by armed force. The Communists are constantly gaining in numbers and equipment. Their losses in manpower are quickly replaced. Chinese losses cannot be filled and equipment has been steadily reduced. Their tactics bear a striking resemblance to those used by Russia against Germany. The loss of Manchuria would threaten North China and the danger would spread all over the country. He wished to have all of this reported as promptly as possible to you, and requested that he be informed as soon as a reply is received. At the conclusion of his statement he asked for my opinion. I replied that it might be that the time had come for him to take emergency measures such as organizing a small but carefully selected group to work with himself; men respected by all and able to take responsibility as well as to form a team; to reduce expenditures by at least temporarily discontinuing all measures not needed for the emergency period; to make an announcement to the people that if the Communist Party finally refused the latest peace proposals the people of the country should hold them responsible; if they wished to preserve the democratic way of life as to be effected soon

\(^2\) Signed at Moscow, August 14, 1945; for text, see United Nations Treaty Series, vol. 10, p. 300.
under constitutional government they should all work together to save the nation from the threatened danger; to this end all should work for the common purpose and contribute what they could of service or wealth; the Govt should, respecting civic liberties, carry out the most immediate reforms with the courage and ruthless impartiality required by the crisis and in all such ways win back popular support or ask to be relieved of the task; that I had always believed that such a revolutionary program would attract the thinking people, especially students and other supposed Leftists; that he should allocate responsibility (for instance military affairs) with a minimum of red tape, and himself tour the country making speeches and arousing the populace to rally to the new movement; that with the people behind him he need not fear the Communist military strength nor their other activities, and should continue to keep the door wide open for a resumption of peace negotiations; that hopelessness and defeatism were paralyzing those who wanted to do something for the nation but under some such determined, progressive leadership they could be inspired to new hope and effort; and finally that I felt sure such a program would win abundant sympathy in America and elsewhere over the world. At the end, he said that he had been thinking along very much the same lines.

STUART

893.00 Manchuria/6-2047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 20, 1947—9 p.m.
[Received June 20—10:40 a.m.]

1356. In view of Generalissimo’s statement of his alleged intentions regarding Manchuria (Embtl 1345, June 19, 11 p.m.) Embassy submits following estimate of situation.

Fundamental weakness Govt military position Manchuria stems from (1) over-extended initial deployment and (2) incompetency of High Command, centered in General Tu Li-ming. Previous southward drives by Communist forces were contained by American-trained New First Army commanded by its wartime leader General Sun Lijen. Presence of New First Army along Sungari River and American-trained New Sixth Army to its east offset for a time handicaps of faulty deployment and bungling leadership.

General Sun’s removal from command New First Army by General Tu Li-ming, however, followed by several military defeats, has materially decreased morale and fighting qualities these troops. This, in turn, is now reflected in entire command and is manifested most
strikingly by familiar Chinese defeatist strategy of holding isolated towns behind walls and ditches.

Present dispersion Govt forces, which are now largely defense-minded, plays into hands of Communist strategy of isolating urban from rural areas. Furthermore, continuing interdiction or destruction of communications by Communists accelerates present overall economic deterioration.

In order to arrest, or at least slow down, present trend of affairs Manchuria, a decision for withdrawal of forces in central Manchuria for regrouping in Mukden area seems mandatory. General Tu Li-ming is believed incapable of conducting such a withdrawal and consequently it would seem necessary to replace him simultaneously with the taking of a decision to effect such a withdrawal.

The Generalissimo may be forced eventually to withdraw from all of Manchuria but Embassy believes that such action under present circumstances would be premature and highly undesirable. In the light of our position in southern Korea, the thus far unsuccessful Chinese efforts to reach agreement with the Russians vis-à-vis Dairen, and the manifest undesirability of unopposed Communist control in Manchuria, which will have repercussions throughout Asia, it is a matter of urgency that the Central Govt maintain a strong salient in southern Manchuria including at least the Mukden-Fushun area and the Fushun and Peiping [Pehsay?] collieries with the necessary rail communications thereto, at least from the port of Hulutao.

As indicated above, steps could be taken, under intelligent and aggressive leadership, to alleviate present situation. Hazards of partial withdrawal for regrouping on Mukden are considerable and it may be expected that all Peace Preservation Corps units and possibly half regular units would be lost. This would appear better course of action, however, than eventual total loss if present trend events continues unchecked. There is no guarantee that even south Manchuria salient can be held but immediate consolidation there is desirable even as a preliminary to total abandonment Manchuria.

It seems to Embassy as unlikely that Generalissimo has not considered that withdrawal from Kirin and Changchun is condition precedent to further withdrawal as it is that he only became aware of seriousness of Manchuria situation 3 days ago.

Although for the moment the spotlight is on Manchuria, general Govt military situation in north China is also precarious and stems to the same degree from the same cause, namely ineptitude of High Command.

Stuart
The Ambassador in China (Stuart) to the Secretary of State

No. 823 NANKING, June 20, 1947. [Received June 30.]

Sir: I have the honor to enclose a copy of a memorandum of conversation regarding between an officer of the Embassy and Dr. Lo Lung-chi of the Democratic League on June 13, 1947.

It will be noted that in Dr. Lo's opinion the present Government is completely lacking in prestige or popular support and that there is a large and growing body of opinion in China which is in favor of political settlement even on Communist-dictated terms. It is also interesting to note that Dr. Lo holds that at the present time there is much Army opinion in favor of immediate compromise with the Communists, and that even the Whampoa Clique of the Army is divided with regard to the question of compromise.

It is also pointed out in the memorandum that Dr. Lo, and presumably the Democratic League, now fears Communist victory because of the uncertainty of the position of the League in any Communist-dominated regime.

Dr. Lo believes that, although there is increasing opinion in the Army that the Communist problem can not be settled by military means and that an immediate political solution must be sought, no solution can be found as long as the Generalissimo remains in power. He therefore holds that if the Generalissimo is not prepared to enter voluntary retirement a military coup will oust him from office. In this connection Dr. Lo mentions the possibility that General Ho Ying-ch'īn, upon his return from the United States, might well turn out to be the leader of such a coup.

Dr. Lo makes much of the recent protest of more than five hundred university professors against the methods employed by the Government to suppress student unrest. He points out that this is the first time in Chinese history that such a large group of the leading intellectuals of the country have so vociferously protested against the policies of the Government, and that the group is largely made up of American or British returned students.

The Department will perceive upon close reading of the full memorandum that in this instance, as in the past, the remarks of Lo Lung-

72 Not printed.
chi contain much that reflects a liberal's shrewd analysis and much that savors of a fellow-traveller.

Respectfully yours,

For the Ambassador:

W. WALTON BUTTERWORTH
Minister-Counselor of Embassy

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893.00/6-2147 : Telegram

The Consul General at Changchun (Chubb) to the Secretary of State

CHANGCHUN, June 21, 1947—11 a.m.
[Received June 24—7:05 a.m.]

Unnumbered. Battle for Ssiping obviously reaching final stage with capture by Communists imminent. Relief patently too distant to reach in time defending force of 16,000 of 87th and temporary 20th Divisions. National column advancing from north probably New 38th Division withdrawn from Kirin just before cutting of rail line. If Ssiping falls, 38th Division will not only be unable to be of assistance but will itself be in danger annihilation unless (1) it retreats Changchun or (2) is joined by New First Army units now here.

Re Contel May 29, 4 p.m., sent Nanking, repeated Mukden, Peiping. Significance battle Ssiping aptly indicated by Central News Agency (Contel 113, 19th 25) which, however, fallacious second premise that Nationals would win. Capture Ssiping by Communists will give them following benefits: (1) Consolidation hold on broad corridor separating Nationals in Changchun and Kirin from Mukden area; (2) further shattering morale Government forces who will be shown once more they can expect little or no support when under attack and (3) gain of important stocks, munitions and foodstuffs now at Ssiping.

Effects such hypothetical event can be foreseen with reasonable degree of clarity. Garrison next in size and therefore probably next to be marked for annihilation is at Kirin where there now remains second-rate 182d and temporary 21st Divisions and some PPC troops. Kirin already cut off from Changchun on railway west of Kirin. Fall Ssiping will release ample Communist forces to pin down Changchun garrison and dispatch of relief force from Mukden if considered infeasible for Ssiping would hardly be attempted for Kirin. Changchun outer defenses strengthened considerably recently and town if far from impregnable fortress would nevertheless offer its garrison of about 5 divisions (still counting 38th) good position to meet attack.

24 See telegram No. 1202, June 4, 9 a.m., from the Ambassador in China, p. 157.
25 Not printed; it reported a press review of the military situation (893.00/6-1947).
That attack would be improbable before reduction Kirin and even then Communists might choose weaken town by preliminary economic blockade. New First Army morale relatively good. Fall Ssiping will no doubt be severe shock even to that morale but believe that if Nationals remain inside Changchun defenses, this garrison could probably hold out 1 month under attack in absence of preliminary economic softening up. National attempt defend city without promise prompt arrival relief would in any event be hopeless last-ditch stand. If garrison, however, is evacuated in belated attempt reach Mukden overland after loss Ssiping, I venture opinion that most would be lost.

Significance current events central Manchuria for overall picture obvious: Complete destruction National position Manchuria threatened.

CLUBB

893.00/6-2247 : Telegram

_The Ambassador in China (Stuart) to the Secretary of State_

NANKING, June 22, 1947—3 p.m.
[Received June 22—6:50 a.m.]

1371. Aide to Sun Li-jen states that Sun has returned to Mukden with orders from Generalissimo to effect withdrawal one and one-half divisions from Changchun to Mukden, leaving one and one-half regular divisions plus two divisions Peace Preservation Corps troops Changchun.

Previous reliable information available to Embassy indicated only two divisions less two regiments regular troops at Changchun. Although figures do not coincide it seems apparent that at least partial withdrawal from Changchun is under way or will be undertaken shortly.

STUART

893.48/6-2247 : Telegram

_The Ambassador in China (Stuart) to the Secretary of State_

NANKING, June 22, 1947—5 p.m.
[Received June 22—5:35 a.m.]

1373. Before returning to Shanghai June 22 yesterday, Governor of Central Bank called on Minister-Counselor and discussed in general terms Chinese post-UNRAA relief and silver proposals. (Embtsels 1301 and 1302, June 14, noon and 1 p.m.)

²⁶ Chang Kia-ngau.
²⁷ Post, p. 1134.
²⁷α Not printed.
In the course of conversation he volunteered the fact that in the last few days he had two long and frank talks with the Generalissimo; during such he had indicated that situation called for decisive help [action] and greater delegation of authority by Generalissimo. He said he had proposed that for administrative purposes south of the Yangtze should be regarded as area for reconstruction, that military governors should be withdrawn from there and able civilian administrators appointed, and plans made and put into effect for long range as well as immediate developments. The area north of the Yangtze could be considered as area of hostilities and, therefore, military influence would naturally predominate and temporary expedients be applied to meet situations as they developed. Furthermore, army should be regarded as falling into two categories, namely, combat troops who should be better paid and cared for; and defensive or garrison troops who would receive secondary consideration and the provision for whom would fall largely on the provincial authorities. For this as well as other reasons, a much clearer line should be drawn between the revenue raising rights of the Central Govt and the provinces and the tax system itself should be overhauled to produce larger revenue, particularly from the wealthier classes, and expenses cut as drastically as possible.

Dr. Chang Kia-ngau said that in making his recommendations he had pointed out the necessity of Generalissimo using realistically the probability of a long period of hostilities with the Communists. For the first time in any conversation with an Embassy official he was overtly critical of the Generalissimo, for example, both as regards the ability and character of many of his appointed officials and the manner in which he tied them down administratively and bound them directly in loyalty to him personally. Li Ming was similarly, though reluctantly, critical to an Embassy officer, saying that if the Generalissimo did not change his ways soon he would lose out. This type of comment, which has sprung up in the past few weeks among high officials, officers (see Embtel 1251, June 10, 5 p. m., third paragraph), and others who were customarily predisposed to praise, is a noteworthy development but it has not reached proportions indicative of decided decline in Generalissimo's authority. However, growing dissatisfaction of this nature would be a condition precedent to reformatory change.

STUART

\(^{n}\) Chinese banker.
The Consul General at Tientsin (Smyth) to the Secretary of State

TIENTSIN, June 23, 1947—1 p.m.
[Received June 24—10:30 p.m.]

136. Chinese military here have just informed Marine Headquarters that Communist forces opened general attack yesterday evening 7 p.m. on Tientsin-Pukow Railway between Chinghai (20 miles south of Tientsin in direct line; 30 miles by rail) and Tsanghsien, 76 miles south of Tientsin where railway and Nationalist control end. Simultaneous attacks made on a number of points on railway including Chenkuantun, Tangkuantun, Chinghsien, Machang and Hsingchi; most serious attack at Tsanghsien. Railway inoperative today. Chinese military say they have as yet no information on the subject described below, but Tsanghsien radio is out. Chinese military seem perturbed over situation, and say Communist forces number 50,000; number no doubt exaggerated.

Communists damaged three small bridges on Peiping-Mukden Railway last night near Yangtsun 18 miles from Tientsin. Traffic still out noon today but expect restoration late this afternoon.

Communists cut railway to Chinwangtao last night by mines at three places between Kuyeh and Lanhsien; one locomotive derailed. Also damaged railway between Changli and Peitaiho junction where repair crews reported attacked by Communists. Traffic to Chinwangtao restored before noon today.

Sent to Embassy as 123, repeated to the Department as 136 and to Peiping.

SMYTH

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 25, 1947—9 a.m.
[Received June 25—3:35 a.m.]

1392. The following is Changchun’s 263, June 23 to Embassy:

"Commander New First Army informed ESD on 21st that 53rd Army had arrived Manchuria as reinforcement and that there are 9 divisions in Tiekling area. Other units have been added to 38th Division moving southward and that column is said to total 20,000 troops (reference Consulate’s telegram June 21, 11 a.m.).

Police official informed me last night that relief column from north has already passed Kungchuling, that relief forces from south arrived at outskirts Ssuping and Generalissimo arrived Mukden. Sun Li-jen,
vice commander NECC, by press report, arrived Changchun yesterday. In these circumstances, where it appeared to me 'obvious' on Saturday that fall Ssuping imminent, would now revise estimate to be that town apparently been saved by arrival relief. Trend morning press supports beliefs situation Ssuping eased. Though uncertain whether any large Communist force could be caught, thereby relieving columns, even defensive victory would contribute substantial change to present military situation. Arrival Nationalist reinforcement in Manchuria is, of course, of prime importance. If cited official information correct, it would appear that Central News might in fact prove right about final Nationalist victory at Ssuping. Clubb”.

Stuart

893.00/6-2547 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, June 25, 1947.

[Received June 25—10:55 a.m.]

1400. In response to query regarding situation in Ssupingkai area, Director of Chinese Government information office at Ministry of Information press conference June 25 made following statement:

"Since June 12 more than 60,000 Communist troops have been attacking Ssupingkai under cover of sustained heavy artillery fire. Commanded by General Chen Min-jen, defending Government forces have put up stiff resistance and beaten back the Communists repeatedly with heavy losses. The 2d Division of the First Communist Army and the 5th Division of the Second Communist Army were completely wiped out by General Chen's troops. According to tabulations not yet completed, the total Communist casualties are close to 30,000. In the areas west of the railway, most of the Government positions have been destroyed by Communist gun fire. Fighting is now raging along the railway station. Government reinforcements heading northward from Chungku have by-passed Changtu and are threatening the Communists around Ssupingkai. Other detachments of Government forces sent down from Changchun have reached the vicinity of Kungchuling. The siege of Ssupingkai is expected to be lifted in the near future. In a word, the present Communist attack on Ssupingkai is going to be a costly military failure."

When asked if any Koreans or Japanese have been taken prisoner by Government forces in Manchuria, the director replied in the affirmative and stated that more information on this subject would be supplied at next week's conference.

Stuart
The Ambassador in China (Stuart) to the Secretary of State

No. 833

NANKING, June 25, 1947.
[Received July 3.]

Sir: I have the honor to enclose a memorandum of conversation between the Ambassador and General Pai Chung-hsi, Minister of National Defense, on June 18, 1947. Mr. Philip Fugh, a Chinese friend of the Ambassador's, was also present during the conversation.

It is interesting to note from the conversation General Pai's veiled criticism of the Generalissimo which has become more apparent recently from senior officials of the National Government and prominent private individuals; for example, see the Embassy's telegram no. 1873 of June 22, 1947, 5:00 p.m., with regard to certain remarks of Chang Chia-ngau, Governor of the Central Bank of China, and Li Ming, an influential private banker.

It is also apparent from the conversation that General Pai is still convinced that there can be no political settlement with the Chinese Communist Party and that settlement must continue to be sought by military means. The measures suggested by General Pai to the Generalissimo are in themselves laudable if somewhat unrealistic in light of the current deterioration of China's overall economic position.

Very truly yours,

For the Ambassador:

W. WALTON BUTTERWORTH
Minister-Counselor of Embassy

[Enclosure]

Memorandum of Conversation by the Ambassador in China (Stuart)

NANKING, June 18, 1947.

General Pai Chung-hsi asked me to his home on June 18 for a consultation about national problems which he felt had become extremely serious. The substance of his point of view is set forth below.

General Pai began by speaking of the critical nature of the situation and the necessity for drastic changes. I told him that I had just learned that Chen Li-fu had been dismissed from his position as head of the Party Board of Organization. He showed his surprise and pleasure but said that the dismissal of this one man was not nearly enough. He then described his own discontent in that the Ministry of National Defense had been reorganized by the American Army Advisory Group in what was supposed to be the American structure but that actually any proposals of his had to go to the Executive Yuan before reaching President Chiang, whereas the Chief of Staff had
direct access to the President and full authority over the field commanders. He felt that his position was therefore quite untenable in seeming to have responsibilities but without authority to carry them out. He let drop remarks to the effect that there was much dissatisfaction among the military officers over the single-handed control vested in General Ch'en Ch'eng. General Pai was quite emphatic in the opinion that President Chiang should be retained in his present position. He knew of attempts from various quarters—apart from the Communists—to have him displaced, but felt that there was no one comparable to him in meeting the country's needs.

He went on to report an interview with President Chiang, who asked for his opinion on the current situation but in replying to General Pai's inquiry as to how much time he might have said, "about fifteen minutes". General Pai then asked for at least an hour in which to express his views fully. This was arranged for in an interview about a week ago. At that time General Pai told President Chiang that it seemed to him to be a mistake to be holding out hopes of peace with the Communist Party, that this perplexed the field commanders and weakened the morale of the fighting forces. He said that it ought to be entirely clear by now that the Communist Party had no intention of making peace. It had repudiated the National Assembly and the Constitution; it had officially announced that it would not regard as valid any existing treaties between other countries and the present Chinese Government; it had utilized the long period of American mediatory negotiations to increase its own strength; and it had arrogantly announced that it was not interested in peace talks with the present leaders of the Government. All this seemed to prove that it was determined to overthrow this Government. President Chiang should, therefore, determine on a new and almost revolutionary policy on the assumption that it would take at least two or three years to secure a real and lasting peace. He should cease to rely on foreign aid and to make concessions in the hope of securing American help. If they were able to have this, so much the better, but they should try to resist Communism with the weapons which Communism itself employed so that the Government and the people would be at one in regarding the Communists as a subversive influence detrimental to the national welfare. The Government should, therefore, very much reduce its own organized activities, retaining only those units as were essential in a time of war with a minimum of staff. The best men possible should be selected as provincial governors and then given a large measure of discretionary authority and held responsible for maintaining efficient administration. All imports not needed in a time of war should be ruled out and every effort made to increase
exports such as tung oil, tea, etc. The people should be required to live simply, using native goods wherever possible. He pointed to the suit made of foreign material he himself was wearing at the time as being unpatriotic. He referred to the example of England in its practice of postwar self-denial. Wherever possible local officials should be employed.

He said that he was basing all of these comments upon his own actual experience in the province of Kwangsi. It was further demonstrated by the ability of the Communists to spread and increase their efficiency, relying almost entirely on local resources. In short, the Government should regain the vigor and heroic devotion which it had in the Northern Expedition in 1926 in which the two of them had worked so closely together. He recalled that they had then altogether about 25,000 guns against over a million possessed by the Pai Yang Party and the irregulars more or less associated with them. Such procedure ought to win the support of the people of the country and with this they could hold the respect of other countries. At the conclusion of this statement President Chiang expressed himself as grateful for its frankness and he asked that it be written out so that he could go over this with the consideration which it deserved. Two days later the manuscript was delivered.

General Pai impressed me as being sincerely concerned over the national danger and anxious to cooperate in an unselfish and constructive program.

893.00/6-2747 : Telegram

The Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, June 26, 1947—4 p.m.

781. Dept desires preliminary telegraphic report any info available to Embassy regarding existing and potential factional alignments Communist China.

Fully recognizing party discipline and extent solidarity Communist China under present circumstances, Dept nevertheless desires analysis existing and potential cleavages, however slight, between (1) old line Communist military and military absorbed during and since war, (2) civil and military leaders of CCP, (3) so-called nationalist and "comintern" CCP members, and (4) CCP and fellow travelers as well as report on any other manifestations of factionalism regarding which Embassy may have pertinent information.

Dept would also be interested in names any leaders Communist China, whether Communist or not, who might be inclined either assume uncompromising nationalist position in possible showdown
over Soviet influence and control or "betray the revolution" as Gimo did in 1927.

In addition telegraphic analysis on basis present info, Dept desires Embassy undertake intensive study this subject and submit earliest possible basic despatch setting forth its estimate and conclusions. It is suggested Clubb be asked his views and that apostate Communists and Trotskyites Hong Kong as well as China not be overlooked as sources information.  

MARSHALL

803.00/6-2647: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, June 26, 1947—6 p. m.
[Received June 26—12:30 a. m.]

110. Nationalist northward drive to relieve Ssupingkai progressing. About 20,000 Nationalist combat troops involved. Commonly believed drive will be successful.

Unless Communists change recent tactics it is believed they will permit northbound Nationalists' column to extend itself without much resistance until column approaches Ssupingkai, where resistance will probably be stiffened sufficiently to cause Northeast Chinese Command to send reinforcements from Mukden area. If this materializes it can then be expected Communists will institute feint or actual drive on Fushun.

Absence any damage by Communists to industrial plants during recent occupation Penhsi probably indicates their confidence early permanent reoccupation. No known damage by Communists to plants Antung, which still in their hands. Rail traffic restored Mukden-Yingkow.

WARD

701.93/6-2747: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 27, 1947—2 p. m.
[Received June 27—4:20 a. m.]

1409. Department will have noted series of recent press statements by Dr. Sun Fo 69 with regard to Soviet support of Chinese Communists and China's need for immediate American assistance; contents

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69 The Ambassador in China on July 9 transmitted the substance of this telegram to the Consuls General at Tientsin (Smyth), Mukden (Ward), and Changchun (Clubb), and the Consul at Peping (Freeman).

68 President of the Chinese Legislative Yuan.
of Embtel 1345, June 19, 11 p. m.; Chinese magnification of recent Sinkiang border clash; Chief of Staff’s statements with regard to Soviet-trained Korean military units in Manchuria; Chinese reports to Embassy, not yet confirmed to Embassy’s satisfaction, of removal of Chen Li-fu from office and of declaration of independence of Kwangtung and Kwangsi, also unconfirmed (reEmbtel’s 1364, June 21 and 1406, June 26 81). In same vein, Chen Chi-tien, Minister of Economic Affairs, in interview with Durdin 82 on June 26 stated on record that without outside assistance military and economic collapse is imminent and that Government military units in Shantung and Shansi are already in open revolt.

These and a variety of other minor occurrences, statements and magnifications within recent weeks lead Embassy to belief that key officials of Chinese Government, recognizing that US has adopted in Europe and Middle East a firm stand against Soviet political expansionism, are constrained to take steps amounting to diplomatic offensive in effort to encourage adoption similar American attitude in China vis-à-vis the Chinese Communists and Soviet Russia.

It is regrettable, but it is nevertheless a fact, that this constitutes the only discernible current action being undertaken in the face of prevalent and increasing atmosphere of defeatism.

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893.00/6-2747 ; Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 27, 1947—6 p. m.
[Received June 27—12:33 p. m.]

1412. Following is Shanghai’s 1144 of June 26, 5 p. m. just received:

“Mayor K. C. Wu, during dinner conversation 25th with visiting American publishers of Round World Flight, stated that China now has conclusive proof that Chinese Communists using several divisions of Korean troops trained in North Korea and six divisions of Communist forces trained by Russians in Russia. Mayor stated Chinese had confessions of captured soldiers to prove these facts and that there was no doubt China was fighting third world war on behalf of US. He asked if it would take second Pearl Harbor to arouse Americans to their danger.

All publishers at table—Mrs. Ogden Reid, Mrs. Oveta Hobby, Gardner Cowles, Marshall Field and Roy Howard—disagreed Mayor’s last statement. Cowles asked Mayor why American correspondents knew nothing of the Russian and Korean-trained forces fighting with the Communists. Mayor only reiterated that Chinese had proof and

81 Neither printed.
82 Correspondent of the New York Times.
suggested publishers talk to Colonel Yeaton \(^{32}\) (former Assistant MA, Shanghai, and former Commander, Yenan observer group) who Mayor said, also had proof of Russian connection with Chinese Communists.

Mayor stated only US could bring this to attention of world but Cowles, Field and Mrs. Reid said it was matter for UN to act on. Mayor then said UN should send Investigating Commission immediately to China but declared China, remembering her experience with League of Nations would not take matter to UN unless assured US willing to back Chinese request for Investigating Commission. Mayor suggested to publishers that Secretary Marshall take up this subject with Chinese through diplomatic channels.

Mayor insisted repeatedly that Russia was beginning third world war in China. Mayor said only way for Chinese to bring this fact to attention of world would be by dramatic withdrawal to line along Yellow River, letting iron curtain fall over Peiping, Tientsin and Manchuria, shutting out exports and business as well as all contract [contact] with points north of the line.

Publishers disagreed with Mayor’s proposal and Howard asked why Mayor favored this withdrawal rather than withdrawal to traditional line of the Great Wall. Conversation turned to other points without Mayor answering.

Mayor Wu stated there were 2,000 Chinese Communist agents in Shanghai but all were known and under surveillance, but since China was democratic country, sufficient evidence had to be secured before these agents could be arrested even though state of war existed. Mayor said if he was war lord, he would just issue orders to shoot down 50 of them on the streets—and I know which 50—and then there would be no further trouble in this city.

Turning to the Marshall Mission, Mayor stated that General Marshall came to China after success and when he met defeat in the Kuomintang-Chinese Communist negotiations he left Chinese very bitter toward the Government. Mayor said his statement showed he blamed the Chinese Communists for the defeat but felt the Government also was to blame. “But, as you well know, it is impossible to get Communists and Democrats together. Look at the US and Russia.” Mayor said he knew Marshall could only meet with failure because he represented Generalissimo during Hurley \(^{34}\) attempt to get the two groups together. At this point, Howard chimed in to say that the Marshall Mission was a duplicate of the Hurley Mission and foredoomed to failure from the start, and that the only difference was that Marshall was a more able and balanced negotiator than Hurley. Others disagreed and said Marshall clearly put blame where it belonged in his statement.\(^{35}\)

In discussion of United Nations, Mayor felt UN was merely sound- ing-board and would not be able to do much toward cause of peace.

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\(^{32}\) Ivan D. Yeaton, U. S. A.

\(^{34}\) Maj. Gen. Patrick J. Hurley, Special Representative of President Roosevelt in China in 1944 and subsequently Ambassador in China until November 1945.

Howard agreed with Mayor, but Mrs. Reid and others defended UN and said it was up to members to get behind it and make it work, not just sit back hopefully wishing it would work, for world peace.

On 24th publishers made brief visit to Nanking where Generalissimo and Madame Chiang received them. Generalissimo expressed Chinese faith in United Nations in answer to question. Generalissimo said Manchuria was critical spot in world and world's future peace would be determined by course of events there. Publishers had expected to have long off-record conference with Generalissimo and appeared disappointed over outcome.

Party departed for Tokyo 26th. Embassy repeat to Department in its discretion. Davis."

Following are Embassy’s comments:

(1) Inasmuch as PanAm plane was delayed in reaching Shanghai and editors had to change planes and return for afternoon reception Shanghai, their stay here was limited to short and unnote-worthy call upon Generalissimo and Madame Chiang.

(2) Reference is made to Embtel 1409, June 27, 2 p. m. In this connection, Minister-Counselor informally called Vice-Minister George Yeh’s attention to categoric statements now being made by highly-placed Chinese officials, including Mayor Wu, and asked whether it was Foreign Office’s intention to make public the cited evidence of direct Soviet assistance to Chinese Communists. Yeh indicated that he was now in process of sifting such evidence as had been given Foreign Office by Minister National Defense and he hoped to be able to produce something in a few days. Speaking personally and confidentially, he expressed opinion that such statements should never have been made in the way they were made and indicated that he was having a very difficult time selecting the real from the bogus and that he was concerned lest the Chinese Govt make a public statement which, upon inspection, would prove to be insufficient.

Sent Shanghai, repeated Department.

STUART

393.1115/6-1547 : Telegram

The Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, June 27, 1947—7 p. m.

796. Picture given by Embassy of evacuation problem in China appreciated and Dept agrees with Embassy assumptions in penultimate paragraph regarding desirability continuing place burden responsibility protection American life and property on Chinese civil authorities rather than risk undermining such authority through unnecessary stationing naval vessels along China coast prior to actual need therefor (Embtel 1308 June 15).

War Dept states no facilities exist on US-occupied Pacific islands such as Okinawa and Guam except through use tents, which
would be advisable only on strictly emergency and very temporary basis. Same situation exists in Philippines with respect to US facilities and Dept does not consider desirable evacuation large numbers Americans to Philippines. Only possible destination for civilian evacuees in Pacific is Hawaii, where War Dept says only limited emergency accommodations probably involving segregation sexes could be provided in unconverted mobilization barracks. Housing of type used by army dependents is not available. Dept feels, however, it would be preferable in event wholesale evacuation to return evacuees to US where housing and food problems would cease be responsibility US Govt and any plan for such action should include US as final destination.

Decision for evacuation from specific areas to points of safety in China should rest, as heretofore, with Embassy and Consulates concerned.

If situation deteriorates to point where wholesale evacuation becomes distinct possibility, Embassy should discuss matter with Army and Navy representatives in China. If agreement for wholesale evacuation reached after such discussions, appropriate action should be taken by Embassy and Consulates in conjunction with Army and Navy representatives and Dept informed accordingly. If no agreement on necessity for such evacuation, Embassy should forward its recommendations to Dept, together with Army and Navy views, for final decision here.

Suggest Embassy initiate in Executive Office necessary preliminary planning to ensure coordination with appropriate Army and Navy commands in event local as well as wholesale evacuation.  

MARSHALL

761.33/6-2847; Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, June 28, 1947—11 a.m.
[Received June 30—12:47 a.m.]

111. Sun Fo’s address concerning Soviet activities in China to correspondents receiving considerable press attention Mukden. Only paper not printing full text was Chung Su Jih Pao, which is primarily devoted to strengthening Sino-Soviet relations. For first time papers, in commenting on outside [aid?] to Communists, have openly stated “Soviet” or “Russian” instead of “certain country” or “certain parties”. Prior Sun speech, press did not openly link Soviets with Chinese Communists but statements since indicate local papers assume
such restraint no longer exists. (Mytel 190, June 24 86). Hsiung Shih Pao in commenting on Sun's speech states that Chinese will never permit another puppet regime to appear, and that Chinese will never allow Communists, who are trying to partition the country in collusion with a foreign influence, to exist. Mukden People's Provisional Political Council in public statement issued June 24 charges the Soviet Union is fostering puppet regime in northeast.

Sent Embassy as 197, repeated Department as 111, Changchun as 92. 

Ward

893.00/6-3047 : Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, June 30, 1947.
[Received June 30—5:45 a.m.]

121. Special press release, June 30, states Nationalist troops moving northwards from Mukden reached Ssupingkai at 9 a.m. today and joined forces with besieged garrison in southwestern suburb of city.

Sent Nanking as 207, repeated Department as 121 and Changchun as 101.

Ward

893.00/6-3047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 30, 1947—9 a.m.
[Received 10:50 p.m.]

1431. Following is Changchun's 270 to Embassy June 25:

"Mayor Chao stated in small gathering last night that there was no intention to withdraw from Manchuria, that such withdrawal had been in fact one of several alternative plans put forward by Nanking strategists but had not been adopted (reContel June 24, 9 a.m., repeated Dept as Embltel 1420, June 28, 1 p.m. 87). He stated further that director Gimo's northeast headquarters, Hsiung Shih-hui, had proposed withdrawal from Kirin but proposal was rejected, that similar proposal (by inference by another than Hsiung) to withdraw from Changchun had made Gimo 'very angry'.

Chao opined that relief forces from south would arrive at Ssupingkai in 1 week (see Contel June 23, 9 a.m. to Dept 88). Police chief, (who was not informant quoted Conreftel, June 23) also present, estimated 4 days.

86 Repeated to the Department as No. 106, June 24, 5 p.m.; it was a report of Soviet commercial activities in Mukden (661.8331/6-2447).
87 Not printed.
88 Telegram No. 116, not printed; it reported a press review of the military situation (893.00/6-2347).
Mayor told me few days back that any Nationalist counteroffensive would probably depend on orders from Gimo. He and Sun Li-jen seem now to take position, perhaps unsound, that Communist force in field is actually weak and can be readily overcome with Nationalist forces at hand. Chao last night said he thought Communists were now withdrawing north inferentially beyond Sungari. This remains to be proved. ESD pilot yesterday observed extensive fires in west part Ssopingkai presumably held by Communists. Clubb."

Sent Nanking, repeated Mukden, Peiping.

STUART

893.00/6-3047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, June 30, 1947—8 p. m.  
[Received 11:09 p. m.]

Unnumbered. Following from Shanghai to Nanking, 1141, June 26, 3 p. m.:

From statements made privately to members staff by various Chinese (including important officials and businessmen) and from other indications, it is evident that general spirit of defeatism and hopelessness has developed rapidly here in last 2 weeks. Feeling evidenced is that Manchuria and very likely North China areas good as lost (some quarters even tending to opinion that they should be abandoned without a fight); that Communists cannot be defeated; that present regime cannot cope with economic and political crisis or create conditions needed for American aid. While expressions of this feeling are probably in some cases related to intense efforts to obtain American loan by June 30 deadline which have been reflected in press editorials depicting China as bastion for global anti-Communist front, it is believed that feeling of despair is no less genuine and that current agitation for American help probably reflects general conviction that with situation deteriorating so rapidly American aid may become less likely if it is not obtained now.

STUART

893.00/7-147 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, July 1, 1947—3 p. m.  
[Received July 1—10:20 a. m.]

1435. Following is Mukden's 189 of June 23 to Embassy which due to cryptographic difficulties at Mukden has just been deciphered here:

"Communist military successes, shrinkage railway mileage in Nationalist hands, depreciation and depletion of Nationalist equipment
and supplies, increasing friction between southern military forces and civil administrators on one hand and northern troops and local civil population on other, reports of projected withdrawal Nationalist forces to intramural China and abandonment Manchuria to Communists, rumors of early return Marshal Chang Hsueh-liang to Manchuria and expanding economic stagnation suggest following observations.

Recent Communist drive has met little Nationalist resistance. NECC sources and military observers admit many Nationalist withdrawals premature and without military necessity. Words 'strategic retreat' have lost all significance. Result Communists possess almost complete initiative and able maneuver practically at will. If Ssupingkai with its 17,000 garrison falls, Communists should be able to proceed successfully against by-passed Changchun and Kirin and thereupon gain unimpaired control over 90 percent Manchuria. Fall of Yingkow would leave only ports on west coast Liaotung Gulf in Nationalist hands. Only railway any appreciable mileage in Nationalist hands is Peiping-Liaotung main line. Communist drive eastward through Jehol is threatening even these meager holdings and should this drive be successful and contact between these forces and those now vicinity Yingkow be established Manchuria will be effectively cut off from land and water communication with China and Mukden itself will be virtually in state of siege. Nationalist military intelligence has been outstandingly deficient. NECC seemingly in almost complete ignorance of Communist plans and therefore being constantly outwitted. NECC headquarters officers admit they had no intelligence of recent Communist drive on Changchun and then southwards even though it is now known that such plans therefor had been formulated 3 months prior to opening drive.

Rivalry (if not enmity) between General Hsiung Shih-hui, Generalissimo's representative, and General Tu Li-ming, Commanding NECC, is openly discussed and absence closely integrated military and economic planning Manchuria attributed to it.

By holding initiative Communists able keep Nationalists scurrying over countryside thereby causing depreciation Nationalist motorized mobile equipment and depletion sorely needed supplies. Communist transport on other hand consists almost wholly draft animals. Persons in direct contact with Nationalist troops in rural areas state there are insufficient small arms and ammunition to arm all combatant troops now in field. These reports so consistent some, though not necessarily full, credence must be given them. Communists also underarmed, but by guerrilla tactics and surprise night attacks they are able to cause greater loss weapons and expenditure ammunition by Nationalists than by selves.

Nationalist southern military forces and civil administrators conduct themselves in Manchuria as conquerors, not as fellow countrymen, and have imposed 'carpet-bag' regime of unbridled exploitation on areas under control. If military and civil authorities of local origin were in control, they too would probably exploit populace but experience has shown that Chinese authorities of local origin, in general, never quite strange goose laying golden eggs and, furthermore, it is human trait to be less resentful toward exploitation by one's own
than toward that by outsiders. Result this is that countryside so antagonistic toward outsiders as to affect morale of non-Manchurian troops and at same time arouse vindictiveness in southern military officers and civil administrators.

Nationalist withdrawals toward Mukden have progressively cut off Nationalist-held areas from great food producing regions Manchuria thereby causing potential Nationalist food shortage which already apparent in extensive grain hoarding and speculation. Puerile efforts have been made toward price control and to combat hoarding, but, in general, results these efforts have been largely to enforce requisitioning of grain at bayonet point for controlled prices and enable resale requisitioned grain at black market prices for benefit pockets rapacious military and civil officials. Common man being crushed between rising cost living and depreciating currency (cost living index May, 160 percent compared 100 percent April). Local currency pegged to CNC and has not only fallen with CNC but also because of wholesale exodus families Nationalist officials and resulting flight from local currency incidental to frenzied buying CNC and gold bars. Black market value US dollar at Mukden now TP dollars 3,300 against TP dollars 1,000 March 1.

Little goods move between Mukden and its hinterland. Business rapidly approaching standstill, exports from Manchuria have practically disappeared and imports reduced to trickle of normal. Almost all capital has been expended in long range investment since Nationalists took over Manchuria and no such capital, Government or private, being invested today. All commodity markets purely speculative.

Evidence growing daily that people Manchuria not only prepared for but keenly desirous of change in government. But what change? Most are undecided even though voluble in discontent of present way of living and trend of events. It is safe to state overwhelming majority in nation are as [sic] dissatisfied with, dislike and would welcome freedom from present Nationalist regime. Like majority fear and would therefore not welcome Communist regime. Many talk 'revolution' even aloud in public places, but few are able to define their conception revolution other than as change from present way of living and even fewer envisage revolution involving armed resistance. There seems no likelihood that armed uprising would be more than abortive, at least until national morale and military might has suffered devastating deterioration. One platform on which Manchus seem almost unanimous is 'out with Heilien (outside) Chinese and Manchuria for the Manchus'. The return of Ma Chan-shan (Consulate General despatch No. 4, May 23) lent heart to those who look to restoration of Manchu rule under a 'native son', but his relegation to figurehead status in position of impotence has dampened their hopes. Eyes are today turned toward possibility return Young Marshal 89 to power in Manchuria. His vices, weaknesses and 'playboy' tendencies are known but he is nevertheless associated in minds of people with prosperity and progress which Manchuria enjoyed under Chang Tso-lin 90 regime. He or some other pre-Manchu leader could serve as

89 Chang Hsueh-liang.
90 Marshal Chang Tso-lin, father of Marshal Chang Hsueh-liang.
central figure for rallying Manchu people. Such change would in all likelihood herald return warlordism to Manchuria but even so Manchuria would remain Chinese with nominal allegiance at least to China and not ‘Manchu people’s republic’ as it may become if Communists succeed in sweeping Nationalists back into intramural China.

There is every reason to believe that punitive military action against the Communists unless succeeded by overwhelming military occupation will not save Manchuria to China. It is high time for Nanking be realistic and replace its present impotent disliked regime in Manchuria with one which will be supported by local population and would thereby serve to weaken Communist movement. It may be, and some think that it is, too late to accomplish this purpose. Without some such effective measure there [are] many indications that it will be only a matter of some months, perhaps 6 to 9, before Manchuria will be lost. Ward.”

Embassy is in accord with Mukden’s analysis, although there have been some recent indications that pressure of current Communist offensive is being relaxed due to weather and Communist supply difficulties. It is possible that partial Communist withdrawal may be in train. This, however, does not indicate any major change overall situation and it is very probable that as soon as weather and Communist supply situation permit further Communist offensive will be launched against Government forces which will be in weaker position than at time current offensive was launched during first week in May.

Sent Embassy, repeated Changchun and Tientsin.

STUART

893.00/7–247 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, July 2, 1947—1 p. m.
[Received July 2—11:05 a.m.]

1442. On June 30 Kuomintang’s Central Executive Committee and its standing committee held an extraordinary and previously unannounced session to discuss general party policy. It has been reported to the Embassy that the meeting discussed a wide variety of subjects mostly on general terms but at no time was there any reference to the US.

Having labored for 5 hours, the meeting brought forth 3 resolutions: (1) to continue and expand the “punitive action against the Communists”, (2) draw up and put into effect plans for rapidly turning over leadership of the party to the Youth Corps, and (3) set in motion preparations for holding elections this fall. The most interesting resolution is the second one since the Youth Corps is largely dominated by the CC clique.

STUART
Nanking, July 3, 1947.
[Received July 3 — 4:12 a.m.]

1453. In reply to question regarding present status of Government and Chinese Communist forces re Yellow River dike project, Director of Chinese Government Information Office at weekly press conference July 2 replied:

"Government is anxious to see this work completed before the fall season and wishes to cooperate with UNRRA in this task. On behalf of the Government, General Ch'en Ch'eng, Chief of Staff, on July 1st replied to that effect to director of UNRRA, China office. General Ch'en Ch'eng reaffirmed that the Government is ready to issue a cease fire order provided the Communists will faithfully undertake to stop military activities within the same designated time and area. General Ch'en further added that the Government is also prepared to offer protection to those engaged purely in dike repair work."  

STUART

WASHINGTON, July 3, 1947—noon.

821. Please tell the Gimo orally that we have been following closely the situation in China and are perturbed over economic deterioration resulting from spread of hostilities (Embtl 1345 June 19). We are keenly aware of China's needs and the Gimo is thoroughly familiar with the general tenor of my ideas. I cannot presume in my position to offer advice as to how he should deal with the specific military situation in Manchuria. In all frankness I must point out that he was forewarned of most of the present serious difficulties and advised regarding preventive measures.

In the final analysis fundamental and lasting solution of China's problems must come from the Chinese themselves. The US cannot initiate and carry out solution of those problems and can only assist as conditions develop which give some assurance that the assistance will have practical beneficial results. Please assure the Gimo of my continued deep personal concern over events in China and of my earnest desire to find ways of being helpful.

MARSHALL

Drafted by the Director of the Office of Far Eastern Affairs (Vincent) and the Assistant Chief of the Division of Chinese Affairs (Sprouse).
Memorandum by the Chief of the Division of Chinese Affairs (Ringwalt) to the Director of the Office of Far Eastern Affairs (Vincent)

[WASHINGTON,] July 3, 1947.

In the light of recent Chinese public charges that the USSR is giving military aid to the Chinese Communists and that large numbers of Korean troops from Soviet-controlled north Korea have fought with the Chinese Communists in Manchuria, CA has made a summary of recent reports on this subject from American official sources as follows:

Changchun’s telegram of January 23: General Sun Li-jen states that practically all arms captured from Chinese Communists are Japanese and that no equipment of Soviet origin had been captured. He further states that in general the Communist forces in Manchuria were supplied from extensive supply dumps left intact by Japanese Kwantung Army, that the arms might have come to the Communists by other than direct delivery from Soviets and that the Communists in Manchuria probably possessed important supplies of Japanese arms and ammunition.

Nanking’s telegram of April 17: The Embassy has thus far received no dependable evidence of physical Soviet assistance of a military character to the Chinese Communists.

Report by Major Rigg based on observation during his detention by the Communists: “No evidence to support the Nationalist claims that Sino-Reds have Soviet arms and equipment. With line units it was impossible for us to even find a Russian-speaking Chinese soldier or officer. Explosives, ammunition and other supply boxes were all labelled in Chinese.”

Changchun’s telegram of June 9: Korean population of Manchuria in 1944 was about 1,400,000. There exists the logical possibility that there is traffic across the north Korean boundary with the area in Manchuria where most Koreans reside, but concrete evidence that Koreans with Chinese Communist troops in Manchuria actually came from north Korea would probably be very difficult to obtain.

Report from the Assistant Military Attaché at Changchun of June 14: Korean units identified are two mixed Chinese-Korean divisions apparently transport troops and another division northeast of Mukden, neither prominent in the fighting.

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52 Not printed.
53 Telegram No. 828, April 17, 3 p.m., p. 99.
54 Not found in Department files.
56 Transmitted to the Department by the Ambassador in China in telegram No. 1241, June 9, 3 p.m., p. 174.
Mukden's telegram of June 18: Notwithstanding persistent rumors of Soviet equipping Communists with artillery and heavy weapons, such rumors have not been substantiated by appearance of such ordnance in field in noticeable quantities. The Communists appear to have captured considerable quantities of Nationalist military equipment, particularly in heavy weapon class. This is type of equipment which Communists need most and which to date has given Nationalists decided advantage.

Message from ComNavWesPac to the Naval Attaché at Nanking on June 30: There are no proven facts available to this command to support allegations of overt Soviet aid to the Chinese Communists. Reports from many individuals other than US observers have continuously stressed Soviet material support to the Chinese Communists. These reports, insofar as available to this command, have not thus far been upheld by incontrovertible evidence.

In summary, there appear to be no reports from American official observers which would prove that the Soviets have furnished military equipment to the Chinese Communists except for the Japanese arms and equipment obtained by the Communists during the Soviet occupation of Manchuria.

Arthur R. Ingwall

MUKDEN, July 3, 1947—4 p.m.

[Received July 5—12:25 a.m.]

127. Vice Consul Fred Hubbard (my telegram 207 June 30) visited Ssupingkai July 1. Following his observations:

Railway tracks between Kaiyuan and Ssuping considerably damaged. Minimum 15 bridges need replacing. Long sections rail and ties removed. Very large bridge at Ssuping completely destroyed. Chinese press reports violent fighting Ssuping airport false. No evidence such fighting. Estimated 85% old and new cities completely destroyed, bulk of destruction being done by Nationalist air force. Nationalist air force also killed large number Nationalist troops and Chinese civilians in city. Canadian Catholic Commission [mission?] church completely destroyed by Nationalist bombing. Priests esti-
mate mission loss US $100,000. All priests and nuns unharmed. No
evidence Communist use gas (Changchun telegram 268, June 26 [24]
to Nanking 2). Soybean stocks destroyed by fire, origin unknown, and
gases from burning beans may have been mistaken for gas. National-
ists defended city with 25,000 men including 87th and 88th Divisions
of 71st Army and 54th Division of 13th Army. Nationalist casualties
high. Eighty-eighth Division Commander advised only two battal-
ions his division remain. Chief Staff 71st Army stated 87th Division
composed mainly new troops who at time of victory had only 1 week’s
training. My estimate based on various comments casualties National-
ists lost 15,000 men. Nationalist sources state attack directed by
Lin Piao 3 contradicting their former reports his death, and by Saito
(my telegram 162, June 13; 169, June 16 and 175, June 18 4). Im-
practical determine morale Nationalist defenders because impossible
retreat even if desired. Nationalists unanimous praising high morale
and bravery Communists. Catholic priests advise Catholic National-
ist soldiers informed them Communists fought as if “devil inspired”.
Nationalists stated Soviets, Koreans and Japs used by Communists.
Evidently have propagated even common soldier that they are now
not only fighting Chinese Communists but Soviet and Korean Com-
munists as well. When queried regarding Soviet assistance in cam-
paign, after stating flatly Soviet assisted, Nationalists hedged by
stating Soviets only used in high echelon positions. When pressed,
Nationalists made no claims of capturing or seeing Soviets. Claim
to have captured from 200 to 400 Japs and Koreans. Finally allowed
me talk to three captives, one Korean and two Japs, who had appar-
tently been carefully chosen and possibly only three captured. Chi-
nese-speaking Korean, 23 years age, had lived in Mukden 21 years.
Taken by Communists several years ago. Fighting with Communists
but had no Soviet training. Japs also residents Manchuria but impos-
sible interrogate them because my inability speak Japanese. National-
ist[s] claimed to have captured three Soviet machine guns but when
pressed failed to produce guns. Indications were Communists had
little desire take city although bent on destruction and annihilation
and then withdrew rather than try to hold positions. Nationalist
reinforcement columns proceeding from south did not bottle Commu-
nists (my telegram 207, June 30 4a). Communists effected withdrawal
entire forces to northeast and northwest. Nationalist forces advanc-
ing southward from Changchun still have not reached Ssuing area.

2 Not printed; it suggested that reports that the Chinese Communists had used
poison gas at Ssuingkai were not true (800 Kmt–China).
3 Chinese Communist general commanding in Manchuria.
4 Telegrams Nos. 162 and 175, not printed; No. 169 not found in Department
files.
4a Same as telegram No. 121, June 30, p. 208.
Dead still unburied. Water system completely disrupted. Flies very bad. Several cases cholera and epidemic expected in city but Nationalists taking steps to prevent.

Sent Nanking as 214, repeated Department as 127, Changchun as 109, Dairen 24.

WARD

V. GOVERNMENT MOBILIZATION TO SUPPRESS COMMUNIST REBELLION; CHANGES IN THE COMMAND OF GOVERNMENT FORCES IN MANCHURIA; APPOINTMENT OF T. V. SOONG AS GOVERNOR OF KWANGTUNG PROVINCE; FOURTH PLENARY SESSION OF THE CENTRAL EXECUTIVE COMMITTEE OF THE KUOMINTANG (JULY 4-OCTOBER 2)

893.00/7-547

The Ambassador in China (Stuart) to the Secretary of State

NANKING, July 6, 1947.

[Received July 14.]

Sir: I have the honor to enclose for the information of the Department the ozalid copy of Peiping’s despatch no. 25 of July 1, 1947 with regard to a movement among non-Whampoa generals in the Chinese Army looking toward the establishment of a third party in China.

The Embassy has been aware for some time, and has so reported to the Department, that there is evidence of growing dissatisfaction within the Chinese Army arising from the current accelerated deterioration of the military and economic situation of the Central Government. The Embassy does not consider, however, that the state of morale of the Chinese Army has yet reached a point where large-scale organized disaffection is an immediate danger. Furthermore, the Embassy does not share the confidence placed by the Consul at Peiping in the second source mentioned in the first paragraph of the despatch. Information available to the Embassy reveals that this source is regarded by certain responsible American officials as an unreliable person of dubious character.

The despatch is nonetheless of considerable interest as indicative of growing deterioration of Chinese Army morale and decline in support for the Generalissimo, which is becoming apparent not only in military, but also in political, economic, and financial circles.

The Consul at Peiping appears to place more faith in the ability of the purported organization of dissatisfied generals to head a democratic movement than the background of these generals would ipso facto justify.

Respectfully yours,

W. W. ALTON BUTTERWORTH
Minister-Counselor of Embassy
No. 25  

PELLING, July 1, 1947.

Sir: I have the honor to refer to recent reports, which have undoubtedly come to the Embassy's attention, of the movement to form a Third Party in China, and to report concerning developments of this movement in Pelling. The two principal sources of these reports are both highly placed Government officials—one a civilian in charge of the Planning Board of the Paoting Pacification Headquarters and the other a Regular Army Colonel who is head of the Foreign Affairs Bureau of the same headquarters—and I firmly believe them to be of the highest integrity. The Embassy is, however, in a far better position to assess these reports and to judge the extent to which this movement has advanced than is the Consulate.

Since the end of the Second World War, and particularly within the last few months, the disaffection of the non-Whampoa generals (the Ts'ai Pai) has increased markedly even to the point that many of them, it is reported, are anxious to be rid of the Generalissimo \(^6\) in order that civil war may be brought to an end and a coalition government in reality established. The practices of the Generalissimo of transferring these generals away from the troops which they have commanded and whose loyalty they hold; of reducing their commands from an army to a division and from a division to a regiment; and of throwing them in as expendable in the most difficult assignments, have apparently alienated them from the Generalissimo beyond any hope of reconciliation. They are now waiting only for his downfall, and some rather impatiently. Principal among these generals are the following: Fu Tso-yi, Sun Lien-chung, Li Tsung-jen, Ma Hung-kuei, Ma Pu-fang, Yen Hsi-shan, Pai Chung-hsi, Chang Fa-kuei, Liu Ju-ming, Feng Chih-an, and Hsia Wei. Some of the above-named will play ball with Chiang Kai-shek until his removal is an accomplished fact; others may be instrumental in bringing about its accomplishment. They all are reported to be sympathetic with the Third Party movement and are lending their moral support to it. Moreover, they all are expected to unite under the leadership of one man, General Feng Yu-hsiang.

Feng is apparently the one person who combines the necessary qualifications to lead a Third Party movement. First and most important for the present, Feng holds the loyalty of sufficient generals and groups to give the proposed party the necessary military backing, it is stated.

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\(^6\) Generalissimo Chiang Kai-shek.
It is claimed, for example, that the following generals with the forces indicated would be prepared to back Feng as the leader of the new party: Yen Hsi-shan, 15 divisions; Fu Tso-yi, 6 divisions; Liu Ju-ming, 3 divisions; Feng Chih-an, 3 divisions; Hsia Wei, 4 divisions; Chang Fa-kuei, 1 division; a total of 32 divisions. (Sun Lien-chung is not included in this list as he has under his command hardly enough loyal troops to matter; his influence, however, is counted on to draw others into the movement.) Secondly, and scarcely of less importance, Feng, although by no means pro-Communist in recent years, would probably not be unacceptable to the Communists as a person in whom they could trust and with whom they would be prepared to negotiate. And thirdly, Feng is quite well and favorably known to the foreign world as "the Christian General", and as such might be expected to mitigate the resentment which would undoubtedly be felt among foreign missionary-influenced groups on the overthrow or resignation of the Generalissimo.

For it is freely and rather openly stated among those who are planning the movement that a third party with any real power would be impossible as long as the Generalissimo and his satraps are in the saddle. They also admit that it would be equally impossible in a Communist-dominated China. Not only would the Generalissimo have to be eliminated but also the Tai Li remnants, the CC Clique, the Soongs, and the Kungs. This thoroughgoing housecleaning of the Kuomintang, they state, will be accomplished on the collapse of the present Government by the young, energetic Whampoa commanders of the rank of Major General and below who are almost equally disgusted with the present regime and will form the nucleus for a new Kuomintang—one that would be willing to negotiate with the Third Party group and the Communists to form a coalition government under the mutually acceptable 3–3–3 representation basis.

Working hand in glove with Feng in leading the new Third Party will be that inveterate insurgent, Li Chi-shen, who is now on the brink of being expelled from the Kuomintang for the second time and is living in "retirement" in Hong Kong. Li, it is planned, will assume the political leadership of the Party while Feng will be the military leader. Li is also considered as a possible successor to the Generalissimo, and it is reported that Feng Yu-hsiang and his followers would accede to such a move. Feng, it should be remembered, was associated with Li in the abortive "People's Government" of Foochow in 1933–34, of which Li was Chairman and in which Feng had his representatives. Between the two of them, they will have considerable influence among

* Powerful right-wing group in the Kuomintang, headed by the two brothers, Chen Li-fu and Chen Kuo-fu.
the Ts'a P'ai generals: Feng will have direct influence over Sun Lien-chung, Liu Ju-ming, and Feng Chih-an, all of whom are his old subordinates; he is expected to have influence over Yen Hsi-shan by virtue of their former association against the Generalissimo and over Fu Tso-yi through Yen; Li Chi-shen can be expected to rally the support of Li Tsung-jen and Chang Fa-ku'i when the time is ripe.

It is understood that tenuous channels of communication between the persons organizing the new Third Party and the Communists have already been established and that a request has already gone forward for the Communists to send a delegate to Peiping for direct parleys. It is the intention of the persons concerned to keep the Communists informed of general plans for the Third Party movement so that they may be forewarned and prepared to cooperate when those plans are realized. These same sources state that they have the assurance of the Communists that the latter are far from prepared to take over the administration of China on the inevitable collapse of Chiang Kai-shek and the Central Government as trained, experienced personnel are in far too short supply. On the contrary, they state that the Communists would much prefer to participate on a 3-3-3 basis with a liberal third party and a re-vitalized Kuomintang.

The Democratic League, it is expected, would become an integral part of the proposed Third Party, membership in which would be open to all liberals and progressives.

When asked exactly what procedure might be expected in effecting the removal of the Generalissimo, one source stated that in his opinion it might be brought about in any one of the following three ways: (1) A declaration of independence from the Central Government by one of the above-named generals with sufficient troops to support his action. This would be the "first bombshell" which would be followed successively by similar action on the part of other generals. Fu Tso-yi might conceivably be the first to take this step. Under these conditions the Generalissimo's resignation and probable withdrawal from China would, it was felt, be inevitable. (2) A second "Double Twelfth". This, of course, alludes to a repetition of the Sian incident in 1936.7 The object this time, however, would not be to convince the Generalissimo to take any particular course of action other than to depart from the country peaceably. Precisely who might be in a position to carry out such a plan was not disclosed. (3) Strong attacks by Communist forces on the Shanghai-Nanking railroad and defense sector which might seriously threaten the capital itself. It was felt that in the face of such an eventuality the Generalissimo would vol-

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7 For forcible detention of Generalissimo Chiang Kai-shek at Sian on December 12, 1936, see Foreign Relations, 1936, vol. iv, pp. 414-455, passim.
untarily withdraw for reasons of safety and thus give the signal for the return to China of General Feng and Li Chi-shen. The source further stated that he personally favored the first of these three procedures and thought that it was the most likely to occur. With regard to the time factor, it was felt that the overthrow of the Generalissimo would take place sometime before the end of the year at the outside, but that such factors as additional Communist victories might considerably shorten that period.

It should be pointed out that the overtures which led to several thorough discussions of this matter were made entirely by the Chinese officials concerned, with the reported concurrence (or at least tacit consent) of their superiors in what would appear to be a bid for approval by the American Government of their plans. Their stated desires of our Government were three in number: first, moral support for their aims, even though such moral support were in the form only of secret, verbal assurances to the concerned parties that the United States Government was in sympathy with their declared objectives; second, the withholding of all military and financial aid to the Central Government, the granting of which might postpone action to form the Third Party as well as serve as a temporary prop to a regime which is destined to fall; and third, forthright and public assurances of support by our Government on the actual emergence of the Third Party.

It is my opinion that the Third Party movement as outlined above offers the first gleam of hope in a perilously dark situation. If it actually has the support (both positive and passive) which its advocates claim, it is believed that it would offer the one course of action which would receive the wholehearted acclamation of the American people and provide the basis for a China which might in reality assume its place as one of the “Big Five” as well as bolster the democratic form of government throughout the world. The realization of such a movement would also provide our Government with a workable and mutually beneficial solution to the present dilemma—that is, by indicating a course to be steered between the extremes of withholding assistance from the Central Government and allowing China to fall prey to the Communists or of supporting a corrupt, intransigent, fascist-type government which makes a practice of suppressing the very liberties for which the Second World War was fought.

As was suggested in the opening paragraph of this despatch, it is almost impossible for the Consulate locally to corroborate the statements made with regard to the extent to which the Third Party movement has progressed. It is strongly recommended, however, if the Embassy finds that the movement has actually advanced to the point
indicated and that there exists a real possibility of fruition, that immediate and serious consideration be given to the question of extending some form of official encouragement to those concerned in the movement. For if, as it would appear, this movement carries with it the promise of the establishment in China of the type of democratic government which we have long been advocating, it would be criminal if it should fail for want of the blessing of the American Government.

Respectfully yours,

Fulton Freeman

893.00/8-147

Memorandum Prepared in the Embassy in China for the Minister-Counselor of Embassy (Butterworth)\(^8\)

Nanking, July 5, 1947.

In face of continuing civil war and the current accelerated deterioration of the political, economic, and military position of the Central Government, it would seem that an examination of possible courses of American action vis-à-vis China is in order.

In any re-assessment of our position in China it would be unwise to ignore past American experience in dealing with the Chinese Government, particularly our experience during the war years. Furthermore, we must be prepared to accept the fact that the dominant political party, the Kuomintang, once an organization representative of the will of forward-looking Chinese to develop a stable and united nation capable of meeting its responsibilities in the modern world, has lost much of its original vitality. In the words of one well-known Chinese professor, the Kuomintang has become “a political mechanism for the preservation of vested interests”. It has now neither a dynamic program nor a wide popular base with which to meet the threat of militant communism, and its mainstay is largely the wasting asset of China’s social inertia.

Within the past twenty years the leadership of the Kuomintang has shown little, if any, fundamental change in personnel. In retrospect it seems clear that the dominant leaders of the Kuomintang have never been dissuaded from the conviction that internal political problems could be settled by military means without consideration of concomitant social and economic problems. Currently there is much to indicate that their actions are still governed by the same conviction and that it is reinforced by their interpretation of the current international situation, in spite of the increasing dissatisfaction with its

\(^8\) Copy transmitted to the Department by the Ambassador in China in his despatch No. 908, August 1; received August 11. Mr. Butterworth was about to return to Washington for duty in the Department.
leadership among groups traditionally supporting it. Perhaps one of the few encouraging features of the Chinese situation is that these groups, realizing that Kuomintang leadership is approaching bankruptcy, are seeking an alternative to both extremes of right and left and are hoping for American encouragement.

It can not be gainsaid that there exists in China an important and growing Communist problem. It is not necessary to establish proof that there is direct connection and liaison between the Chinese Communist Party and the Soviet Union. The ideological affinity between the Chinese Communists and their brethren of the Soviet Union is in itself sufficient to create a probable menace to the internal security of China. Judged by historical background and social structure, Chinese society is less likely than any society to accept Marxist tenets provided that the burden of economic and social depression is alleviated even in minor degree. It is unfortunate that during the past two decades the National Government of China has shown little aptitude for meeting political opposition other than by force of arms and at the present time the Government, in addition to suffering serious military reverses and the sustained attrition of hyperinflation, is losing the confidence of all classes who are reluctantly being pushed to the left. If present trends continue unchecked it seems inevitable that a dynamic Communist program will eventually submerge the static defeatism of the present Government.

If left entirely to its own devices, there would appear to be two broad alternative contingencies facing the Central Government: (1) the Government at some stage of its disintegration will recognize its weakness and decide upon compromise with the Communists; any such “compromise” will be on Communist terms resulting in the immediate emergence of the Communists as the dominant group in China; or (2) the Government will entertain no such settlement, in which case the Communists will become practical masters of Manchuria and important areas of north China while the area of Central Government control in central and south China will gradually contract through the development of autonomous areas under local “strong men” who will each in turn fall victim to the progressive spread of Communist control. In both cases the end result will be the same even though the process and timing by which the Communists emerge as the dominant group will not be identical. This end result is clearly opposed to American short and long-term interests and objectives in the Far East.

Aside from the question of financial cost to the United States, our own state of military preparedness and the state of American public opinion would probably preclude our using actual military force against the Chinese Communists within the foreseeable future. Fur-
thermore, all-out aid to the present Government at this time would present the following major disadvantages: it would (1) critically heighten friction between the United States and Russia in the Far East; (2) gravely compromise our current political objectives in western Europe; (3) completely destroy the confidence of Asiatic peoples in American integrity and political objectives; (4) antagonize large sections of non-Communist Chinese opinion; (5) freeze the manifestly unpopular government in office; (6) set the stage for a situation similar to Spain of 1937, but on a far larger scale. On the other hand, all-out assistance to the present Government at this time would have the advantage of preventing, for a time at any rate, the probable loss to the Communists of Manchuria and important parts of north China.

Complete cessation of aid to the Central Government at this time and withdrawal from China of official American organizations except the regular Foreign Service establishment would have the disadvantages of: (1) insuring the early if not immediate collapse of the present Government and thus enhancing the probability of early Communist victory emerging from the ensuing chaos; (2) bolstering in other areas of Asia, especially in Korea and southeast Asia, the chances of Communist expansion; (3) removing an important obstacle to Soviet political expansionism in Asia. Conversely, our complete withdrawal at this time would have the advantages of cutting our losses, clarifying an admittedly awkward position for the United States, and permitting, if necessary, concentration upon a line of defense against Soviet expansionism removed from the complexities of the China scene.

China for the foreseeable future can not be a positive asset to the United States; the range of American choice is confined to whether it will be a minor or a major liability. The most important question is whether China would be a greater liability to us if we commit ourselves to the reduction of the Communist problem to tractable dimensions, no matter what the implications of such commitment, or whether China would be a greater liability if the Communists within the near future become the dominant group in China. This question can be answered only in terms of the rate of disintegration of the present Government.

Assuming that the process of Central Government disintegration will continue to be a gradual one, we can expect that at worst there will be a long period of disturbance verging on chaos during which period and for a long time thereafter China would be but an insignificant asset to Russia, while at best a middle group might be able to restore

a modicum of stability in China. Even though the latter may appear to be a fairly remote possibility viewed in the light of recent events, it can not be dismissed and offers for the United States a constructive middle course between the extremes of all-out aid to the present Government and cessation of all aid thereto.

Judged in the light of Chinese Government experience in the last two decades and the continued existence of a social and economic system which offers fertile ground for the growth of Communism, it is highly improbable that Communism can be eliminated as a major factor in China even with substantial assistance to the Government in the form of military matériel, economic aid or a combination of the two. By a reasoned and coordinated program of conditional aid, however, an effort could be made to foster the emergence of a regime with an inclination to move along lines satisfactory to American political concepts and which would thus offer a reasonable risk for larger scale public and private financial and economic aid while at the same time engaging in a holding operation against the progressive spread of indigenous communism and its corollary, Soviet political expansionism.

Such a course of conditional assistance would offer the following advantages; (1) immediately bolster the prestige of the Government; (2) maintain our position and influence while encouraging middle groups in and out of the Government to embark on a program of national self-help; (3) demonstrate our willingness and ability to carry forward with specific and feasible reconstruction projects of mutual benefit to the United States and China; (4) preserve the rationale of our present policy in southeast Asia. Conversely, such a course could hardly be expected to be popular with the present Government, wherein there are already tendencies to blame the United States for the ills of China, and the delicacy of the operation offers considerable chance of failure in the event that Government deterioration moves at a faster pace than is now evident.

For the time being real political and economic stability in China is unattainable and the most to be expected is retarding the rate of disintegration of the National Government and propping it up for the time being. This objective can be attained at this juncture by the effective use of relatively limited means perhaps better than by large-scale assistance in view of past experience of the ability of China effectively to absorb American loans and UNRRA \(^{36}\) aid. Undoubtedly the over-all situation is much worse than in February. At the same time, it does not give signs of collapsing of and by itself; further serious military reverses would of course accentuate political and economic

\(^{36}\) United Nations Relief and Rehabilitation Administration.
disintegration, but any American program must be based upon a Chinese willingness to achieve at least relative stabilization of military fronts by changes in command and regrouping of forces. Granting such stabilization, it is premature to expect early collapse on the economic front. The Government's foreign exchange position is still adequate to meet basic requirements for about nine to twelve months and it appears that the 1947 crop will be tolerable.

At this time it would be unrealistic to continue to impose a negative character upon any American program. We are an important force in the internal politics of China and no government can survive in China without American assistance. Substantial Communist victory in China during the next year would have far-reaching effects throughout Asia and constitute a serious blow to American principles among all Asiatic peoples. In the past the United States has brought pressure to bear upon the Central Government in efforts to effect reform, but in all cases the pressure has not been sufficiently maintained until our objectives were obtained.

Currently the overall situation in China is governed predominately by military factors with the Communists enjoying substantial military success in Manchuria, in Shantung and Shansi. Given the ineptitude and incompetence of command which have been characteristic of recent operations, it is doubtful that we can hope to halt this situation merely by military aid. On an economic level we could probably prolong the life of the existing regime by periodic infusions of capital or commodities but unless there is improvement from within American support can not be expected materially to retard its final demise. Therefore any program of conditional American assistance to the existing regime must be predicated upon governmental change from within China and on the assumption that the expansion or eventual withdrawal of the former depends upon the progress of the latter.

In approaching the problem we should realize that the Kuomintang under its present leadership is a stagnant party, but containing within its ranks many capable individuals who would welcome removal of the stultifying leadership now prevailing in China. We should understand that the leaders of the Kuomintang, including the Generalissimo, have practical control over the political situation through the machinery of the CC Clique. Therefore, in view of their previous records and present position, there is no strong reason to suppose that pressure on them will immediately bring about any fundamental change in their basic philosophy, especially as they are firmly convinced that in the present international situation unconditional assistance from the United States will be forthcoming. We must therefore cease to consider them as indispensable to our objectives in China.
The United States possesses no effective means of bringing pressure to bear upon the Chinese Communists except indirectly by fostering the emergence of a regime in China that can rally enough popular support in non-Communist areas to afford a check to further expansion of Communist control. Judging from our past experience in China we can not hope for the emergence of such a regime while the present leaders control the situation and continue to stymie the development of any loyal opposition to their policies.

A limited program of aid to commence immediately could include the following: (1) extension of small or moderate feasible project loans, such as for rehabilitation of the Canton–Hankow Railway or other lines removed from the area of active hostilities; the Shanghai Power Company project; the development of coal resources at points removed from combat areas; (2) extension of a moderate cotton loan to cover at least part, preferably a substantial part, of China's cotton requirements for the second half of 1947; (3) extension of $60 million for post-UNRRA relief almost entirely in the form of rice, wheat and flour. The amount of cereals thus made available would go far to meet the needs of the larger coastal cities and serve the double purpose of preventing unrest in these cities and of relieving the pressure on food-deficient areas of the interior; (4) sympathetic consideration to Chinese proposals such as to utilize export subsidies or a differential exchange rate for exports, which would contribute to the maintenance of a minimal flow of exports and thus relieve partly the pressure on China's foreign exchange assets.

Such a limited program would have similar effects to a larger scale economic program in that it would clearly indicate our continued support of a National Government in China, but at the same time it would indicate that the present National Government must show some initiative in its own handling of the economic situation and that it can not continue to expect blank-check or unlimited assistance from the United States if such assistance is to be to a great extent dissipated as has been the case in the past. Furthermore, aid on a moderate scale would preserve our initiative both in China and the Far East at the same time as it brought help to China at the points at which pressure is greatest and where aid can be effectively utilized immediately.

We should be prepared to face up to the fact, however, that no program of aid to China can be successful in the long run unless it is carried on in conjunction with a program of strong and coordinated pressure upon the existing regime for measures of reform to bring into being a government that can offer an effective bloc to Communist expansion. For example, we should single out a variety
of key individuals in and out of the Government such as Chang Ch’un,11 Wang Shih-chieh,12 Chang Chih-chung,13 Li Tsung-jen,14 Chang Fa-kwei,15 Li Chi-shen,16 Hu Shih 17 and make it clear to them that we can not long continue to support a government whose leadership functions as a stimulus to the progressive development of Communism, a situation which we can no longer regard with equanimity; that the effort to suppress the Communists by force having failed the Government must be prepared to meet the challenge by other means, in which case the continued support of the United States may be expected; that the United States is prepared to support extremism neither of the right nor the left, but believes that the best defense against either is broader participation in government by all classes and an energetic attack against social and economic evils.

Needless to say, in carrying forward such a coordinated program of conditional assistance, the USIS18 program would need to be strengthened and brought to full use in China. In making it clear that we are in active opposition to narrow rightist control as represented by the Kuomintang, and hence the Government, we would be making an appeal to enlightened Chinese of all political colorations and offering them a firm rallying point which has thus far failed to materialize from the United States and has thus made it difficult to realize upon the vast storehouse of good will for the United States which is still largely extant in China.

893.90/7-747 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, July 7, 1947—6 p.m.
[Received July 7—7:58 a.m.]

1471. Late Sunday night, July 6, Ambassador delivered message from Secretary (reDeptel 821, July 3) to Generalissimo. There follows a summary of meeting prepared by Embassy from recounting made by the Ambassador just prior to his departure for Peiping at 9 a.m., July 7:

The Ambassador informed Generalissimo that he had a message for him from the Secretary and pointed out that he had been expecting

11 President of the Chinese Executive Yuan.
12 Chinese Minister for Foreign Affairs.
13 Governor of Sinkiang Province.
14 Director of Generalissimo Chiang Kai-shek’s Headquarters at Peiping.
15 Director of Generalissimo Chiang’s Headquarters at Canton.
16 Residing in Hong Kong.
17 President of Peking National (Pelta) University at Peiping, formerly Chinese Ambassador in the United States.
18 United States Information Service.
such a message for some time. He said delay was accountable to many factors, including the Secretary's concern with critical global as well as regional and local situations. The Ambassador stressed his confidence that the US wishes to assist and strengthen China as a free nation, but that it was most difficult task to decide upon an effective kind of aid and method by which it might be rendered. The Ambassador stressed that military aid alone would not lead toward the type of development in China which the US holds essential for China's own good. With this the message was handed to the Generalissimo; Secretary Shen translated it at once.

The Generalissimo then stated that he thoroughly understood the meaning of the message and that he had heard these points from General Marshall when he was in China. He further asked that his gratitude be conveyed to General Marshall for this renewed expression.

The Generalissimo then inquired of the Ambassador what his interpretation of the message was. The Ambassador responded that he had many times outlined to the Generalissimo the type of adjustments which were considered prerequisites to a more positive policy and assistance on the part of the US. The type of change which the Ambassador said he had in mind centered around basic reform through constitutional institutions within the body of the Govt, including the delegation of more authority, the establishment and visible maintenance and protection of civil liberties, and the actual development of a more intimate working relationship between Govt and people.

The Ambassador indicated that the general mobilization resolution recently put forth (Embtel 1465, July 5) had in some of its parts certain of the ideas for reform which his Govt thought were so necessary, but that there was no assurance that this new order would mean more than many which had come before. The Ambassador again stressed the need for drastic overall reform. The Generalissimo responded that he understood what was meant and that he would undertake to do something along these lines as soon as possible. He asked again that his thanks be conveyed to the Secretary, and the interview ended.

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Stuart

\[19\] Presumably Gen. Shen Chang-huan, private secretary to Generalissimo Chiang.

\[20\] The mobilization resolution was passed by the State Council, July 4; for text as contained in telegram No. 1465 of July 5 from the Ambassador in China, see Department of State, United States Relations With China (Washington, Government Printing Office, 1949), p. 746.
The Ambassador in China (Stuart) to the Secretary of State

Nanking, July 8, 1947.
[Received July 7—11:19 p.m.]

1474. Following was published in Central News Agency Bulletin dated July 6:

"In a 6,000 word address to the nation on the eve of the Double-Seventh, commemorating the Lukouchiao incident, President Chiang Kai-shek summoned the nation to crush the Communist open rebellion in order to achieve national construction and march on the road to unity and democracy.

"Painstakingly, the President in his address, which was broadcast to the people on a national hook-up, explained how patient the Government had been in dealing with the Communist rebels, hoping against hope that they might see the folly of their evil doings.

"The President said the Government does not object to Communism as an ideology. The Government simply hopes, he said, that the Communist Party in China, as the Comunist Party in the United States and Britain, takes its legitimate place as a political party and achieves its political aims through legal or constitutional means.

"But at this juncture, when all hope is abandoned that the Communists might cease their rebellious activities, only two alternatives are left to the people, the President said. The people may either adopt an indifferent attitude toward the rebellion, allowing the entire nation and its 450,000,000 people to sink into the Communist quagmire, or fully realize the dangers confronting the nation and rise like one man to crush the Communist rebellion as a means for self-preservation and for the salvation of the nation.

"To follow the first alternative, the President said, is to permit the Communist rebellion to spread, allowing our own homes and villages to be pillaged and robbed, our own folks humiliated, our children and brothers forced to become tools of traitors and the very life line of our nation extinguished.

"The President said he fully appreciated the profound sufferings the people of the nation are undergoing in this postwar period when we have not yet been able to complete our work of rehabilitation. This is particularly so in the rural areas and among our peasants.

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21 For full text of broadcast, see United States Relations With China, p. 749. For appeal by General Chang Chun, President of the Chinese Executive Yuan, in statement to Central News Agency, July 5, see ibid., p. 748. For outline for the implementation of mobilization, as reported by the Ambassador in China in telegram No. 1555, July 21, see ibid., p. 756.

22 Outbreak of hostilities at Marco Polo Bridge, July 7, 1937, between Japanese and Chinese troops.
"Yet, however bitter the experience of the people in Government-controlled areas may be, compared to the sufferings of the people in the Communist ravaged regions, their sufferings are certainly not of the same intensity.

"In the Communist ravaged regions the people's very movement, whether mentally or physically, suffer the bitterness of complete deprivation. Hence, the President said, to crush the Communist rebellion is tantamount to adopting measures for self-preservation and self-protection.

"Recalling the total mobilization measures adopted and proclaimed by the Government on July 4, the President pointed out to the people on this august occasion of the war anniversary the necessity of carrying out the following two lines of action:

"(1) The people must with all their might and main complete their work of national reconstruction. They must make all-out efforts to crush the Communist rebellion and realize national unity.

"(2) Simultaneously, we must exert all-out efforts in effecting national reforms and improvements. While we are suppressing the Communist brigands with military means, the nation must also at the same time effect internal reforms. The President admitted that the Government in itself is not perfect while in the body of the Chinese society also are found many weak points, made all the weaker by the 8 years of the war followed by the Communist rebellion. But however difficult it may be for the nation to accomplish its goal, reforms and improvements must be effected."

STUART

893.00/7-947 : Telegram

The Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, July 9, 1947—4 p. m.

840. In light reports separatist movement Kwangtung [and] Kwangsi, suggest Emb follow this subject closely, instructing all consular offices quietly investigate possibility similar movements their districts and keep Emb currently informed. Emb requested submit periodic reports developments along these lines.

MARSHALL

893.00/7-147 : Telegram

The Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, July 10, 1947—7 p. m.

850. Following precedent set in your conversation with Generalissimo conditions in Formosa,²³ suggest you communicate orally to

²³ See telegram No. 689, March 29, 5 p. m., from the Ambassador in China, p. 89.
Generalissimo observations made in Mukden’s 189 June 23 (beginning para 5 “Nationalist southern military” and ending para 8 “into intramural China”). Without associating yourself with views expressed, you may say that info comes to you from responsible confidential observers in Manchuria.

MARRIALL

898.00/7-1047

The Consul General at Mukden (Ward) to the Secretary of State

[Extract]

No. 28

MUKDEN, July 10, 1947.

[Received August 1.]

Sir: I have the honor to inform the Department that yesterday the private secretary of General Ma Chan-shan approached me and requested, in behalf of the General, an appointment for the purpose of paying his respects. I have met the General recently at several social functions and on each instance he has stated that he intended to call on me, therefore the above-mentioned request was in conformity with his previous oral statements.

The General called yesterday afternoon. He was accompanied by his private secretary, who acted as interpreter (Chinese-French). Our conversation fell short of being satisfactory, at least insofar as I was concerned, for the reason that the secretary’s knowledge of French is far from adequate, and I was unable to avail myself of the services of one of the Consulate General’s competent interpreters for the reason that the General’s secretary had stated specifically that in the absence of an American interpreter the General desired that he (the secretary) serve as interpreter.

Our conversation turned to affairs in Manchuria. The General forthwith deplored the present state of these affairs, placing the blame therefor on Soviet support of the Chinese communists and the failure of Nationalist officials to carry out the directives and uphold the ideals of the Generalissimo. He was warm (if not perhaps too effusive) in his tributes to the Generalissimo. He was unrestrained in his condemnation of the professional ability of the Nationalist military command in the Northeast Provinces and of the rapacity with which the Nationalist non-Manchurian military and civil officials in Manchuria have been exploiting the Northeast. He prophesied that, unless corrective measures are taken, Manchuria will soon be lost to China and will become a puppet of the Soviet Union. He stated

24 See telegram No. 1435, July 1, 3 p.m., from the Ambassador in China, p. 209.
25 General Ma had returned to Manchuria as Deputy Commander of the Northeast China Command.
that the only effective way to save Manchuria to China is to replace the present Nationalist regime in the Northeastern Provinces with one made up of native Northeasterners (the General being a native son), and to support such new regime with sufficient funds and munitions to enable it to cast out the communists and to establish itself firmly.

The General handed me a cover bearing an address in Chinese, and requested that I send it to The Honorable George C. Marshall, Secretary of State. He expressed his admiration of General Marshall. I gathered from the secretary’s remarks that the General enjoys the acquaintance of General Marshall. The cover and its enclosure, together with an English translation of the latter, are transmitted herewith.

Respectfully yours,

A. Ward

[Enclosure—Translation]

General Ma Chan-shan to the Secretary of State

[MUKDEN,] July 9, 1947.

My Dear General Marshall: The continuous expansion of Communism has brought the world to the brink of a crisis. It now requires that peace-loving countries and possessors of righteousness join together and take careful and effective preventive measures. United States support to the Chinese Government comes, therefore, not only as help in saving the Chinese people from the depths of a whirlpool of red terrorism, but as a step necessary to the maintenance of order in the Far East and peace in the world. It is a great pity that after one year’s civil strife nothing concrete has been achieved militarily by the Chinese Government, while, on the contrary, the influence of the Communist army is daily expanding and is not [now?] taking an active, instead of a passive, role. The process of change is, of course, a complicated one but the main reason is due to a few stubborn elements on the Government side failing to grasp the general situation and coordinate military activities with politics. They can only pin their hopes on the limited army they have and fail to mobilize the great mass of the people, thus leaving the Communists a wonderful opportunity for expansion, which has resulted in the present critical situation.

The National Government is the only legal Government of China and Generalissimo Chiang Kai-shek the only wise leader, without whom China will lose her central leadership, sink into confusion, and
the communists can hope to succeed, which will prove a great misfortune not only to China but to the people of the whole world. We must give him complete support for the completion of the herculean task of national reconstruction. We also need real help from your Government. This need not necessarily be in the form of materials, but may be in the form of an effective measure to rid the Chinese Government of its erroneous, narrowminded policy. To settle her internal strife, the Government of China must place confidence in its people, and the people must be armed to cooperate with the Government forces. Otherwise, your economic help, if not strictly designated, will tend to isolate the Government and will bear no fruit, as has been proved by the events of the past year. (It is suggested that two-thirds of the appropriations for military use should go to equip the Government, while one-third should go to the people’s militia.)

Three months have elapsed since my arrival in the Northeast, and, viewing from different angles, I feel the present situation is extremely dangerous. The number of Government troops here is small. The locally recruited troops are unwilling to fight, due to discriminatory treatment. This explains why the communists have taken many cities with comparative ease. We enjoy peace temporarily with the siege of Shupingkai lifted at great sacrifice, but when the farm crops grow high in August and September it is almost certain that the communists will inaugurate another offensive on a much larger scale. At that time, if our military and political authorities have no better means of meeting the situation, it is feared that they will have to give up the Northeast, as they planned during the early stages of the recent military operations when the situation turned against their favor. However, in view of the geographic importance of the Northeast, we can not afford to see this piece of land lost, for this will endanger not only the whole of China but will affect world security. The Government forces here in the Northeast possess at this stage insufficient strength to cope single-handedly with the situation. It is therefore imperative and urgent that the people be organized and armed to assist the national troops. Two-thirds of the Northeast are now in the hands of the communists, while Government troops hold only one-third. Although the areas held by the Government are comparatively rich and more densely populated, the future is fraught with danger if timely efforts are not made.

The Manchurians were for the Government, but they have gained extremely bad impressions from the actions of the occupying officials during the past year. This, coupled with the people’s traditional regional prejudices, is the root of misunderstanding and the cause for change of psychology. Manchuria is my native country, and I can-
not afford to see the Government continue its policy of procrastination. Furthermore, I am unwilling to hear the severe criticisms and denunciations levelled against the Government, as this will merely create loopholes for the communists.

With my past record and reputation, I hope to rally the people around the Government to improve the situation in the Northeast, but with my present "empty" title and position, how can I exercise the power which I used to have? Therefore, I sincerely hope that you, as a great and faithful friend of China, will command a clear view of the problems of the Northeast, which have great bearing on international relationships, and render us effective help while the opportunity is still present.

If you can designate for the people part of the money and arms supplied to China by your Government, I can organize a powerful people's militia of two or three hundred thousand men and deal a decisive blow to the communists. And if a third world war should be unavoidable, I believe that I could recruit another two million Manchurian youths to form the first line of defense against the communist attack. I am a person of action, not of lip service. For the welfare of the country and of the people, as well as for the protection of world peace, I wish to offer my entire self.

It is high time to make a decision. The United States Government's policy toward China must be pushed vigorously, but is [it] should not follow the old pattern of giving everything to the Chinese Government without even questioning the manner in which such aid was used. The correct method would be to make, under strict limitations, a reasonable distribution between the Government and the people and to enable the Central Government to have confidence in its people so as to form one solid body in the struggle for final victory.

This, and this only, will expedite the unification of China, enhance security in the Far East and lay a firm foundation for world peace.

This will be the highest success of human wisdom, and I am confident that only you, sagacious and superior, can bear this great task of historic significance, and may my humble opinion be accepted.

The entire people in distress of the Northeast are eagerly looking forward to you for help. We hold fast to you.

With all best wishes [etc.] (Seal) Ma Chan-shan

386–748—72—16
The Consul General at Shanghai (Davis) to the Secretary of State

Shanghai, July 11, 1947—7 p.m.
[Received 10:45 p.m.]

1681. Wang Yun-sheng, editor-in-chief Ta Kung Pao, in course of general conversation with Chase 26 yesterday which touched on Manchuria, said that his paper’s Mukden representative recently visited Ssupingkai and made special efforts to check basis for allegation of Russian and Russian-organized-Korean aid to Communist armies in northeast. After careful investigations and interviewing of captured Communists the representative could find no evidence that Russians had participated in Communist operations (in technical capacities) or otherwise assisted them, “though he did find abundant proof that Communists had captured from Nationalists and effectively employed much American equipment”. He found Koreans and Japs among prisoners, but only few and found no grounds for concluding that they were organized, trained or equipped by Russians.

Wang said that paper’s representative did establish one positive fact, namely that firepower used by Communists in attacking Ssupingkai was greater than ever employed by them elsewhere in China. Wang felt, however, that this could not be taken as proof of [overt] Soviet aid and may well merely mean that Communists were using large supplies accumulated from other sources (abandoned by Japs and captured from Nationalists).

Sent Nanking as 1229, repeated Dept as 1681, Mukden as 102, Dairen as 27, Changchun as 53, and Moscow as 7.

Davis

The Ambassador in China (Stuart) to the Secretary of State

No. 874

Nanking, July 11, 1947.
[Received July 17.]

Sir: I have the honor to refer to the Embassy’s telegram no. 1409 of June 27, 1947, 2:00 p.m., with regard to recent occurrences in China and statements by key Chinese officials which have led the Embassy to believe that the Chinese Government is endeavoring to foster the adoption of a more positive American attitude vis-à-vis the Chinese Communists and the Soviet Union in the Far East. In this connection there is set forth below certain information with regard to recent private conversations of Dr. Sun Fo, Vice President

26 Augustus S. Chase, Consul at Shanghai.
of the National Government, and there are enclosed accounts of a series of public statements made by Dr. Sun within recent weeks.

Enclosure no. 1 is a report of an interview between Dr. Sun and Mr. Harold Milks, of the Associated Press, on June 11. The report of this interview was not published in English language dailies in China because at the time of the interview the Associated Press had ceased for a time to service these papers. The Embassy assumes, however, that the story was published in the United States. Mr. Milks called upon Dr. Sun at his residence merely to ask the Vice President's opinion as to whether general elections would be postponed and whether the inauguration of the Constitution would be delayed. Dr. Sun dismissed the subject by stating that there was no formal movement in the Government either to postpone the elections or the date of placing in effect the new Constitution. Mr. Milks then engaged in a general conversation with Dr. Sun, who made no stipulation that any of his remarks were "off the record."

It will be noted from the first enclosure that Sun Fo conceded that there was little difference between the former Government and the present "reorganized" Government in which representatives of the Youth Party and the Social Democratic Party are participating, and that the Government was still dominated by the Kuomintang. Of greater interest, however, is Dr. Sun's assertion that China missed a great opportunity for unity and progress at the time of the end of the Pacific War inasmuch as at that time all factions—whether Kuomintang, Communist or others—were in favor of a strong and united China and people of all classes were prepared to work hard to achieve this end. It is also interesting to note Dr. Sun's statement that an American loan was not in itself a cure for the ills which at present beset China, particularly the inflationary situation now prevailing.

A few days after the interview with Harold Milks, Dr. Sun received Miss Dorothy Borg, a research analyst of the Institute of Pacific Relations. Miss Borg was familiar with the tone of the Milks interview and was somewhat surprised to find that in conversation with her Dr. Sun was adamant in stating that an American loan was immediately necessary in order to stabilize the economy of China and to effect needed reconstruction, but most important of all to combat Communistic influence which, according to Dr. Sun, was being actively fostered by the Soviet Union. To Miss Borg Dr. Sun praised the present Government, stating that it was the best government possible under the circumstances and was worthy of American support.

On June 18, several days after the Borg interview, which was not for publication, Dr. Sun received Dr. Lo Lung-chi, of the Democratic

Enclosures not printed.
League, and in conversation with Dr. Lo stated that no solution of China’s problems could be achieved without a fundamental settlement between the Soviet Union and the United States. Dr. Lo talked with an officer of the Embassy on June 19 and expressed himself as having been shocked by the impression he had received from Dr. Sun to the effect that Dr. Sun felt that “fundamental solution” between the Soviet Union and the United States presupposed war between the two nations. Dr. Lo stated that it was the first time in his long acquaintance with Dr. Sun that he had heard him talk in a manner which Dr. Lo considered to be provocative and irresponsible.

Commencing on June 20 in an interview with Mr. Miles W. Vaughn, Far Eastern Manager of the United Press Association, Dr. Sun launched a series of public statements which have received wide publicity in China, and assumably abroad as well, to the general effect that the Soviet Union is responsible for the civil war in China, that discord between the United States and the Soviet Union was responsible for the breakdown of the American mediatory effort, that there is active Soviet intervention on behalf of the Chinese Communists, and that there has been open Russian violation of the Sino-Soviet Treaty of 1945.28 Enclosure no. 3 contains a summary of these statements published by the Central News Agency English service on June 23, 1947 under the heading “Foreign Aid Needed to Avert World War III”.

It is regrettable that at this time a Chinese official of the prominence of Dr. Sun Fo should make occasion to issue statements which, although in themselves founded in fact, seem obviously aimed at exacerbating uneasy American-Russian relations for Chinese purposes, as exemplified by Dr. Sun’s marked change of tone between early and late June. In this same general connection, the Department will recall that on the occasion of the visit to Shanghai of a party of prominent American editors and publishers, Mayor K. C. Wu went so far as to remark that China was already fighting the opening phases of World War III on behalf of the United States. (See the Embassy’s telegram no. 1412 of June 27, 6:00 p.m.)

It is interesting to note that the Foreign Minister in conversation with the Minister-Counselor on July 4th, indicated that he had not been consulted by Dr. Sun Fo regarding his recent press statements and that the Foreign Minister in fact disapproved of them and felt that the Chinese Government should not make difficulties for the

Secretary of State's policy to reach a working arrangement with Russia. There is little doubt but that statements such as those made by Dr. Sun could not have been issued without the prior knowledge and approval of the Generalissimo.

Respectfully yours,

For the Ambassador:

WILLIAM T. TURNER
First Secretary of Embassy

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893.00/7-1247: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, July 12, 1947—10 a.m.
[Received July 12—9:25 a.m.]

1511. Sun Li-jen, Deputy Commander Northeast China Command, arrived Nanking for consultation in connection with situation Manchuria. General Sun stated in conversation with Embassy officer that for time being Communist pressure has been relaxed in Northeast but that their strength has not been materially affected and next 3 to 4 months will be critical period. According Sun, now is time for energetic regrouping and retraining of forces; unfortunately, however, there have been no replacements for units depleted by combat although some reinforcements have arrived in Northeast. In New First Army some replacements have been obtained by local recruiting.

Transportation remains difficult problem. Sun believes it would require at least 6 months to reestablish rail communications between Mukden and Changchun but at moment question is academic because of almost complete lack of material.

Sun in reply to question stated that he constantly hears reports of Soviet advisors among Communists and Soviet nationals in combat with them but he personally cannot vouch for these reports. The general implication from his remarks was that he was not a believer of Central Govt releases to the effect that there has been large-scale Soviet intervention on a military level in the Northeast.

No mention of future position was made but Sun's aide implied that Sun would return once more to Northeast, and then assume new post in Headquarters Army Ground Forces. Sun himself states that he would not know his future plans until he has been received by Generalissimo within next few days.

STUART
The Ambassador in China (Stuart) to the Secretary of State

NANKING, July 14, 1947—noon.
[Received July 14—6:05 a.m.]

1521. Following is Changchun’s 294 to Embassy, July 9, 11 a.m.:

"Against background of Nationalists’ relief of Ssupingkai and Nanking’s proclamation of all-out war against Communists, offer following brief analysis of present military situation Manchuria.

1. Only 1 year after Communists were ejected from Ssupingkai and Changchun, in defeat which NECC 23a commander Tu Yu-ming said would prevent them from ever rising again, Communist army which Gimo put at 300,000 troops and which probably comprised approximately half that number was able to mount drive which badly shook whole Nationalist position.

2. In that drive Communists wiped out important elements of Nationalist forces, effectly crippled communications between Changchun and Mukden for some time to come, and removed, destroyed, or distributed important stocks of foodstuffs.

3. Communists made serious effort capture Ssupingkai and lost heavily there; thoroughgoing character of destruction of railway lines south of Changchun nevertheless introduces doubt as to whether original plans were based on assumption that they would be able at this stage of campaign to establish effective control over east-west corridor between Changchun, Kirin, Mukden and reduce two first-named towns.

4. Communist advance was checked by arrival Nationalist reinforcements but it is problematical whether those limited reinforcements (5 divisions) constitute absolute strengthening of Nationalist position in view admitted losses; whether there has been relative improvement of Nationalist position vis-à-vis Communists depends on extent Communist losses; although Communist losses at Ssupingkai are still undetermined they are indubitably heaviest at that point; new First Army Chief of Staff informed American Military Attaché 29 and myself that reports Communist losses are exaggerated, that he believed Communist dead and wounded at Ssupingkai were about 20,000 with total for campaign 30,000; Nationalists failed to bag any large Communist force at Ssupingkai.

5. Communists can depend on their control of greater part Manchuria for replacements whereas Nationalist forces must transfer units from intramural China where such units still badly needed.

6. Nationalists are now committed to all-out campaign and their success at Ssupingkai, with consequent stimulus to badly sagging self-confidence, may again lead to over-extension of essentially weak Nationalist forces badly supported by wrecked communications system.

7. Communists instead of returning en masse north of Sungari will probably choose to maintain strong contingent south of that line perhaps deployed in main west of Changchun and east of Kirin-Mukden rail line in effort to develop their hold on corridor which they already

23a Northeast China Command (Manchuria).
have footing and to campaign over more of Manchuria than heretofore. Their ability to implement such strategy would depend on unknown factors of capacity to maintain supply and to regroup after strains of present campaign.

8. National Government has evidently already been spending most of its material substance on anti-Communist campaign, and implication of general mobilization order that present effort will be extended is therefore apparently based on assumption that increased material aid will be forthcoming from abroad, that is from USA. Open charges of Soviet aid to Communists, where before were only references to ‘support from a certain country’ if unaccompanied by evidence and without matters being brought before UNO, would appear to reflect move more in nature political manipulation than legal action and may indicate advance of belief widely held in Kuomintang circles that war between USA and USSR is inevitable, with possible estimate in those circles that Manchuria is now potential point of international friction where embroilment two powers in question would (still in Kuomintang thinking) ‘save situation for National Government’.

In sum National position in Northeast has notably deteriorated in past year and Communist position has considerably strengthened. In those circumstances return to status quo ante May 1 cannot be expected to result from limited Nationalist reinforcement and Nationalist defensive victory at Ssupingkai. Clubb.”

Sent Nanking, repeated Mukden, Peiping.

STUART

893.00/7—1747 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, July 17, 1947—2 p. m.

[Received July 17—8:06 a. m.]

1541. President Chiang asked me to call on afternoon July 15 following my return from Peiping. After discussing General Wedemeyer’s prospective arrival and expressing his pleasure, he asked my impressions of conditions in the north. I took occasion to follow suggestion contained in Deptel 850 of July 10, 7 p. m. and my reply in essence was as follows:

Independent Chinese and American reports from Manchuria agree that conditions are extremely serious not merely from military point of view but because of hostility of people alike toward Communists and Central Govt. Military officers of Central Govt of all ranks are exploiting the populace, enriching themselves and consequently there are stirrings of separatist feelings. I said that it was my strong

* United Nations Organization.

** O. Edmund Clubb, Consul General at Changchun.

*** For correspondence on Lt. Gen. Albert C. Wedemeyer’s mission, see pp. 635 ff.
opinion that reliance on trusted local leaders with a large measure of autonomy would strengthen Govt position and neutralize Communist success in using these same methods.

I said I found the north China people somewhat relieved because temporary Govt gains in Manchuria removed immediate threat, but discontent was almost as intense as in the northeast. This discontent seemed generally true throughout the country and was becoming rapidly intensified.

The Generalissimo remarked that economic conditions accounted largely for this, to which I replied that fiscal and economic deterioration was more a symptom and that it was the general feeling of hopelessness and impending disaster that led to increasing military graft, especially in Manchuria. In short, war weariness and increasing forebodings were paralyzing military efforts. I smilingly charged the Generalissimo with having used in his latest statement my own language about a new revolution but without my emphasis on reform and constitutional liberties, restricting his own statement in effect to one of fighting Communists. The Generalissimo agreed somewhat more heartily than usual with my statements and admitted that others could see developments sometimes more clearly than he and asked that I draft specific suggestions. In this latter connection I am taking no action for the time being.

STUART

893.00/7-1747 : Telegram

The Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, July 21, 1947—5 p.m.

897. I was glad that you had an opportunity to have such a talk as is reported in your 1541 July 17. I share your views that conditions prevailing in China require of the Generalissimo that he take effective measures to revitalize his regime. To this end a first step would seem to be that he divest himself of incompetent military and civil officials. However for the reasons implicit in my 821 July 3 noon I think it inappropriate for us make specific recommendations in writing.

I take it that you will show this correspondence to Gen. Wedemeyer whom I have of course assured that he will be kept currently informed of matters having a bearing on his mission.

MARSHALL
The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, July 24, 1947—10 a.m.
[Received July 27—12:10 a.m.]

167. Nationalists have failed to restore any semblance of order in New Kaiyuan recaptured from Communists 1 month ago (my telegram 172, July [June] 18 33). Source, student and son wealthy landowner Kaiyuan, states Nationalists won military battle in New Kaiyuan but Communists won political battle.

Communists entered city on July 3 and for next 20 days of occupation made no attempt to take away people’s possessions. Communists removed only foodstuffs, medicines and cloth belonging to Nationalist Government. Request made for volunteers to carry stretchers but no attempt to coerce people into service. Only Communist destruction was to water, power plant and railroad station. Never more than 100 Communists in city.

People bitter towards Nationalists whose air force and artillery destroyed 90 per cent of homes occupied by common people even though no Communists in city. Former Nationalist magistrate of city re-entered town first with PPC 24 troops. Systematic looting followed. Hsiung’s 35 headquarters advised of looting and investigating group sent but because magistrate had influential friends in Hsiung’s headquarters nothing done. Units of Nationalists’ New Sixth Army used pretext of searching houses for Communists to loot people of further foodstuffs. Many people killed in city but only by Nationalist bombing and artillery. No foreigners except Koreans seen with Communists. Source states within past year he has become disillusioned by Nationalist policies and activities in Manchuria.

WARD

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, July 25, 1947—10 a.m.
[Received July 28—5:47 a.m.]

178. Cheng Tung-kuo, Acting Commander NECC, informed Colonel Barrett, 36 Assistant Military Attaché, July 25:

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33 See telegram No. 100, June 18, 5 p.m., p. 184.
34 Peace Preservation Corps.
36 David D. Barrett.
(1) Nationals in Manchuria unable effect counteroffensive without reinforcements provided existing acute shortage ammunition and equipment relieved.

(2) No independent Korean units operating with Communists NE. Considerable numbers Korean with Communist armies but are integrated into regular Chinese units.

(3) Only few very old pieces equipment captured from Communists by Nationals. Does not believe Russia supplying Communists Soviet equipment which latter would give away Soviet policy to United States. Are supplying Communists Jap equipment only.

Ward

893.00/7-2747 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

[Received July 27—3:51 a.m.]

1596. Following is Shanghai’s 1299, July 23, 7 p. m. to Embassy.

“High Chinese army officer very close to Generalissimo today told Paul Meyer 28 (who has had long personal friendship with the officer) that military situation in Shantung ‘where Nationalists have been supervised by Generalissimo himself is extremely critical and may well develop in manner so disastrous as to endanger Chiang’s political position. If outcome of present engagement should be unfavorable informant believes Communists could capture Hsuchow without difficulty. He is extremely pessimistic and personally considers military situation in Shantung hopeless. Signed Davis.”

Foregoing message is of interest largely as indicative of continued stifling of initiative of Government field commanders and growing pessimism and defeatism with regard to military situation. Embassy has no information that situation in Shantung is currently “extremely critical”. In southwestern Shantung Communist forces continue possess capability of cutting communications north of Hsuchow but capture Hsuchow itself would presuppose complete success of a major Communist offensive. It is impossible at this time to predict how situation will develop within next few weeks, but Government strength is largely intact and no major military disaster for Government appears imminent. Military Attaché concurs.

Stuart

28 Consul at Shanghai.
The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, August 4, 1947—3 p.m.
[Received August 3—11:30 p.m.]

193. Colonel Barrett, American [Assistant] Military Attaché, interviewed 20 Japs and Koreans taken prisoner battle Ssuping (my telegram 304, July 31, item 4) and was told they had joined Communist troops for economic reasons (unemployment, inadequate food, etc.) only, as did other Japs and Koreans who were captured. Also said Communists did not force them enter military service and that they had seen no evidence Soviet aid to Communists in Manchuria.

Sent Nanking 305, repeated Department 193, Changchun 185 and Dairen 80.

WARD

The First Secretary of Embassy in China (Turner) to the Political Adviser at Seoul, Korea (Langdon)

NANKING, August 6, 1947.

DEAR BILL: When Mr. Hendrick Van Oss passed through Seoul I understand that you expressed to him a desire to have from this Embassy whatever information was available with regard to the use of Korean units by Communist forces in Manchuria.

As you are aware, the Central Government in its propaganda efforts has constantly attempted to establish that Communist military successes in Manchuria were largely due to “outside interference”. Lately Government statements have been more outspoken with regard to open Soviet assistance to the Chinese Communists in Manchuria and most recently the Government has made broad claims that there are large Korean units trained by Soviet occupation forces in north Korea actively engaged with the Chinese Communists. Aside from the large quantities of Japanese military matériel which the Chinese Communist forces in Manchuria received at the time of the Soviet withdrawal from Manchuria, the Embassy has received no credible evidence of active Soviet intervention in the area. With regard to the question of Korean units, the military intelligence division of the Ministry of National Defense has likewise put forth no credible proof that Russian-trained Korean units are active in the northeast.

Not found in Department files.
Copy transmitted to the Department by the Ambassador in China in his despatch No. 921, August 8; received August 19.
Foreign Service Officer, assigned to the Department of State.
Naturally, this is a nebulous subject and information from our own sources does not prove that there has not been an ingress of Korean units from Soviet-occupied north Korea. However, such evidence as is available to the Embassy tends at this time to indicate that if such an ingress has occurred, it has been on a small scale and the weight of the evidence is to the effect that Koreans serving with the Communists are from among those Koreans who have been resident in Manchuria for many years.

In reply to a recent inquiry, the Consul General at Changchun noted that the Korean population of Manchuria in 1944 was reported as being about 1,450,000 and he pointed out that there existed the logical possibility that there is traffic across the north Korean border with the Chien Tao region where most of the Manchurian Koreans have traditionally resided, but the Consul General stated that concrete evidence that Koreans found with Communist troops in Manchuria had come recently from north Korea, as suggested in current Central Government publicity, would probably be very difficult to obtain.

The Consul General invited the Embassy's attention to the possibility that Manchurian Koreans in the Chien Tao region may, like Manchurian Mongols, have been promised by the Communists that they would enjoy certain autonomous rights under a Communist regime. As an example of recent Central Government publicity with regard to the participation of Korean nationals in Chinese Communist activities in Manchuria, there is enclosed for your information a copy of Changchun's despatch no. 61 of June 12, 1947 to the Department.42

It has been suggested by American military observers and Foreign Service officers in Manchuria that there are three possibilities—(1) that there are complete Korean units operating with the Chinese Communist forces; (2) that there are Korean nationals recruited in Manchuria who are members of the Chinese Communist forces; and (3) that Koreans are used as line of supply troops by the Communists, that is, they act as guards for supply convoys and as drivers of supply carts or as labor troops.

According to the evidence currently available to the Embassy it would appear that the latter two possibilities are more nearly in accord with the facts of the situation. In a recent conversation with Colonel David D. Barrett, Assistant Military Attaché, General Cheng Tung-kuo, Acting Commander of the Northeast China Command, stated categorically that there were no independent Korean units operating with the Communists, that there were considerable numbers of Koreans with Communist armies but that they were integrated into Communist

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42 Not printed.
units. There have been very few opportunities to talk with Korean captives in Manchuria, but it has been pointed out in various reports from Manchuria that when such occasions have arisen, it was found that the captives put forth as Korean all spoke the Chinese language. Colonel Barrett recently interviewed 20 Japanese and Korean prisoners taken at the battle of Ssuingkai. He was told by them that they had joined the Communist forces for economic reasons alone, such as unemployment and inadequate food, and they stated that the Communists had not forced them to enter military service. Incidentally, they also stated that they had seen no evidence of Soviet aid to the Communists in the northeast. In this latter connection you may be interested to know that the Central Government, even though asked repeatedly for such evidence, has been unable to show direct Soviet assistance to the Chinese Communists in Manchuria. We feel here that this in itself is not as important as the ideological affinity existing between the Chinese Communists and the Soviet Union, and that the position of the Chinese Communists in Manchuria is such that overt Soviet assistance is not, for the time being, necessary. Central Government field commanders in Manchuria tend to be more realistic on this score than the propaganda handouts at Nanking. For example, General Cheng, the Acting Commander of the Northeast Chinese Command, recently expressed to Colonel Barrett the belief that the Soviets were not supplying the Chinese Communists with any Soviet equipment because the capture of any such equipment would tend to uncover ultimate Soviet intentions in the northeast. General Cheng did maintain, however, that the Soviets are continuing to supply the Chinese Communists with Japanese equipment.

I trust this information will be of interest to you and the Embassy would appreciate receiving any thoughts you may have on this subject. In future, the Embassy will arrange to forward to you any data received with regard to Korean activities in Manchuria.

Sincerely yours,

William T. Turner

893.00/8–747 : Telegram

*The Consul at Shanghai (Meyer) to the Secretary of State*

Shanghai, August 7, 1947.

[Received August 7–3:50 a.m.]

1922. *Ta Kung Pao* August 5 issue gives following summary manifesto passed in closing session by First National Congress of Democratic Socialist Party which met Shanghai July 28 to August 4:

1. Regarding civil war: We members of Democratic Socialist Party dare remind Government and CP that “war is like fire; if not extin-
guished it will burn itself out". Instead of concentrating and wasting energies of the two parties in internal strife why not change picture altogether, lay down all arms, dissolve the armies and combine their efforts for building peaceful unified democratic China?

2. Enforcing system of democratic constitutional government: The basis of a democratic constitutional government is not a mere paper constitution. For its enforcement there are many requirements, such as sincerity of government. Kmt must not rely on its numerical superiority to tamper with or revive constitution at will.

3. Participation in general election: Negotiations have already been completed [completed?] with Kmt whereby the three parties will participate harmoniously in election so to achieve justice and fairness.

4. Great political reforms: Kmt must relinquish its special privileges and return to status of ordinary party. Safety of state must not be jeopardized by political disputes. Emphasis should be laid on quality rather than quantity of troops and well educated civilians should be nominated to take charge of Ministry of National Defense. On the financial side, unnecessary expenditures should be curtailed, graft eliminated and revenues increased so as to check inflation. First revenues and expenditures should be balanced and then currency stabilized so as to restore economic activities to normal paths. Powers of Central Government and those of provincial and hsien governments should be strictly defined.

5. Rationed recreation [National regeneration] by country’s own determined efforts: Prerequisite to regenerate is revival of moral principles, such as the placing of interests of state before those of party and welfare before private aims.

Sent Nanking as 1379, repeated Department.

Meyer

893.00 Manchuria/8–847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, August 8, 1947—1 p.m.
[Received August 8—5:40 a.m.]

1674. Outstanding criticism of Central Government take-over of Manchuria has been duality of control as between Generalissimo’s field headquarters for northeast and Northeast China Command resulting in wasteful duplication. Embassy has been informed by a source believed reliable that General Chen Cheng, present Chief of Staff, will shortly assume overall command Manchuria, thus eliminating present duality of control.

42 Kuomintang.
This move, if carried out, will probably have good effect in Manchuria but will not of itself eliminate other major criticism of Government that Manchurian "native sons" are being ignored in Government administration of northeast, nor will it of itself solve immediate and pressing military problems. It is, however, a hopeful sign that Government is endeavoring to take constructive action Manchuria.

STUART

S93.00/6-847 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, August 8, 1947—1 p. m.
[Received August 8—5:40 a. m.]

1675. Table of comparative strengths of Government and Communist forces in north China and Manchuria dated July 28, 1947 compiled by Ministry of National Defense is briefly as follows:

Manchuria: Communist forces, 390,000, including 100,000 Korean Communists, 35,000 Mongol troops and 15,000 former Jap prisoners. Government forces: 167,000.

North China: Government forces, 1,346,000; Communist forces, 510,000.

Translation of compilation being forwarded by airmail.44

STUART

S93.00/8-947 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, August 9, 1947—8 a. m.
[Received 9:38 a. m.]

1677. There is quoted below Mukden's 312, August 4, 11 p. m.:

"From time to time during past month mention has been made orally and once in press of likelihood early Soviet coup in Manchuria similar 1931 Mukden incident. Inquiry and observation fail reveal sound reasons for such action within immediate foreseeable future.

For some weeks elaborate and effective precautions have been taken against Communist surprises in Nationalist-held area, particularly cities, and not unlikely some persons have misinterpreted precautions as directed against possible Soviet coup.

Ample indications Soviet Union aware almost complete disappearance popularity which it enjoyed in China prior V-J Day and which it almost lost originally through high-handed acts Red Army in Manchuria and later through acts Chinese Communists and refusal return former Kwantung Leased Territory to China, to exclude recent

44 Not printed.
Mongolian aggression in Sinkiang. Any overt act in Manchuria by Soviet Union at this time would create further Chinese resentment against Russians. Fear such resentment per se would probably prove insufficient to deter Soviet Union should any overt act now be under consideration (at least unlikely would deter them any more than such fear deterred Japanese). Soviet Union gives little evidence holding opinion western powers in high esteem today but, should it be considering Manchurian coup, I believe consideration of western opinion would prove stronger deterrent than Chinese resentment. Should Central Government fail purge malodorous corrupt officialdom in northeast, whose carpetbag regime is probably more [most?] potent single factor in causing northeasterners to turn from Nanking to Communists and should it not change from passive (with ‘strategic’ retreats and paper ‘victories’) to active in military field, and should it not make such successful effort toward economic and financial rehabilitation of northeast, it is common belief that Manchuria in toto will soon pass into possession Communist units. Soviet Union probably equally aware this possibility, and, if so, is logical assume its willingness await developments and let time work in favor Communists.

Should active United States aid China follow visit Wedemeyer Mission and should such aid be paralleled in northeast by Nationalist house cleaning coupled with establishment local self-government and active (as against present passive) anti-Communist military activities, such turn events would seize present initiative from Communists and force them into defensive position. Such turn would create likelihood Manchuria slipping from grasp Communists and is not unlikely Soviet Union would then give active consideration to staging coup Manchuria, but until that time likelihood Soviet coup seems remote.”

Embassy is in complete accord with the foregoing message. There have been recent indications at Nanking that the Government at the present time is endeavoring more energetically than in the past to establish that the problem of Manchuria is one caused solely by Soviet interference without relationship to manifest corruption and ineptitude on the part of Central Government administration there.

STUART

893.00/8-947 : Telegram

The Consul at Shanghai (Meyer) to the Secretary of State

SHANGHAI, August 9, 1947.

[Received August 10—1: 33 a.m.]

1939. Reference Consulate’s telegram 1379, August 7 (repeated Department as 1922). Following earlier press accounts of failure of attempts made at Democratic Socialist Congress to negotiate the return to party fold of opposition elements comprising “reform com-

For correspondence on this subject, see pp. 546 ff.
mittee" and overseas group (former Democratic Constitutional Party), local press reports the “final split” occurred August 7th when these two elements issued joint statement.

As reported in press, statement says in brief that Carson Chang has mishandled party affairs and “refused honest advice”: That as result thereof the effort[s] of Wu Hsien-tze (senior overseas representative and leader of opposition elements) to mediate peace and unification of party were frustrated and no voice in deliberations and decisions of recently held party congress was given to reformists and overseas member; that the two groups accordingly cannot be bound by such decisions; and that the two groups “now constitute three-fourths of the party influence and possess 8 out of 15 central committee members, which means that members now directed by Carson Chang are mere minorities”. Statement then continues (abbreviated):

“The majority group of this party cannot let a small gang of ambitious elements manipulate party as their tool. For sake of saving future of party we have decided to ask Wu Hsien-tze to be acting chairman and convene real and legitimate congress in Shanghai August 15th, so as to rally will of all party members, decide political strategy, purge selfish elements from party, and strengthen party organization to meet future difficult situation, domestic and international. Moreover we would like to cooperate with all peace and freedom loving people in wider and sterner struggle for realization of peace, liberty and democracy in China.”

According to CC Shun Pao August 7th issue, “an important member” of reform group in a further statement said: “As regards foreign relations, we advocate that China should take an impartial, neutral stand towards United States and USSR.”

Shun Pao same issue reports that “regional” members of party (Carson Chang’s) representing provinces and municipalities have accused “a minority” in party of selecting regional delegates who attended congress and thus preventing “legitimate” regional representatives from having proper voice in congress. Report intimates that this trouble is likely to result in further split and weakening of party.

Repeated Nanking 1388.

Meyer

893.00/8–1147

The Ambassador in China (Stuart) to the Secretary of State

No. 923 Nanking, August 11, 1947.
[Received August 19.]

Sir: I have the honor to report a visit with President Chiang last evening. This followed upon the most recent interview General Cheng

386-748-72—17
Kai-min had with him. General Cheng and I have of late been frequently in consultation in our efforts to persuade President Chiang to commit himself wholeheartedly and without further delay to the democratic way. General Cheng had recently submitted to him a memorandum with various concrete suggestions of this nature (a translation of which has been given to General Wedemeyer).

After discussing a brief trip to Tsinan from which I had just returned, he opened the way for me to say what I had in mind. My comments could be summarized as follows:

(1) China should join the democratic group of nations in opposition to aggressive Communism.

(2) The United States has been consistently ready to aid China by such means as are proper and possible, provided only that the present Government can give convincing evidence of reforms in this direction and in doing so recover the support of its non-Communist people.

(3) The procedure might well include such measures as these:

(a) The Kuomintang should be completely dissociated from the Government and given the status of any other party in a democracy. (President Chiang had already asked General Cheng to secure an outline of the organization of the two principal American parties for him to study.)

(b) Military affairs. The reorganization of the army along the lines of the P. C. C. proposals and with the help of the American Army Advisory Group might be begun on a basis that had due regard for the realities of the civil war. A small army, well trained and equipped, with adequate physical treatment and a new morale, would be far more effective and less costly than the present one. The problem of deactivating the surplus officers and men could not be neglected.

(c) Administration. The rampant venality and similar evils among civil officials could be improved at the outset by enlarging the powers of the Control Yuan and holding it accountable. The civil rights provided for in the Constitution might be declared as taking effect now, in advance of the date set for its enforcement (December 25). But what was more essential than any of these measures was a new revolutionary spirit, with fresh enthusiasm and a dynamic conviction as to the real meaning and value of democracy. This should be incarnated in him. He was too much the head of a Party when he should be the leader of the whole Nation.

There was little new, of course, in any of this, even in previous conversations of mine with him. He made occasional comments as I went along and when I had finished said that he had come to essentially these conclusions.

*Chinese Vice Minister of National Defense.

*January 31, 1946; see United States Relations With China, pp. 610-621.
He said that he had determined to increase the pay alike of civil and military employees of the Government and that this would bring a measure of relief.

As to the military reorganization, he reminded me of his request to you in my presence that you become Supreme Adviser with all the authority that he himself possessed. He said that he was ready to make the same offer to General Wedemeyer and earnestly hoped that this might be accepted.

He claimed that freedom of the press, for instance, was already in existence and cited the unrestrained publicity allowed in discussing the affairs of the two big companies in which members of the Soong and Kung families were involved. I replied that the newspaper editors were by no means aware that such freedom could be relied upon and that it would be in order to issue an unequivocal proclamation supported by a description of means for redress or protection.

He said in conclusion that he was giving this whole subject very careful thought—as is undoubtedly the case—and I remarked that when he was ready to make the rather radical changes involved it might be desirable to issue a very clear announcement.

He left this morning for Kuling where he plans to spend several days alone in order to think over the momentous decisions he must soon be making and some of the detailed issues involved.

Respectfully yours, 

J. Leighton Stuart

893.00/8-1647

The Consul at Shanghai (Meyer) to the Ambassador in China (Stuart) 48

No. 279

Shanghai, August 16, 1947.

Sir: I have the honor to report that two Chinese close to Marshal Feng Yu-hsiang recently approached the undersigned and another member of the staff of the Consulate General with what was evidently meant for a suggestion that the American Government should favor Marshal Feng Yu-hsiang "as the only man" capable of uniting and saving China and that it should persuade the Generalissimo to give Marshal Feng a free hand to accomplish that task.

The two Chinese in question asserted that a "Union" of 378 nationally organized associations of professional and occupational character is prepared to support Marshal Feng.

There is enclosed a copy of a memorandum 49 reporting the statements made by the two Chinese. They later stated that it was their

48 Copy transmitted to the Department without covering despatch; received August 27.
49 Not printed.
intention to write a letter to General Wedemeyer along the lines of their oral statements.

Comment. The Consulate General is not in a position to estimate to what extent the alleged popular support of Feng actually exists or could be marshaled through the national associations described by the two Chinese who made the allegations. However, the assertions derive additional interest in the light of current reports from various sources to the effect that some sort of a political understanding has been reached between General Li Chi-shen and other Chinese leaders, including Feng Yu-hsiang, Chang Fa-kuei, Li Tsung-jen and Fu Tso-yi. In this connection, it will be noted from the enclosure that the two Chinese informants asserted that Marshal Feng is assured of the support of Li Chi-shen.

Respectfully yours,                                               
P A U L W. M E Y E R

893.00/8-1947

The Ambassador in China (Stuart) to the Secretary of State

No. 945                                                   N A N K I N G, August 19, 1947.
[Received August 27.]

Sir: I have the honor to make a few supplementary comments on the general problem of American aid to China.

As reported in my last despatch (No. 923, August 11, 1947) President Chiang requested that General Wedemeyer become Supreme Military Advisor to himself with the same promise he made to you of bestowing on him all the authority he himself possessed. General Wedemeyer felt unable to consider such an offer but at once mentioned two others either of whom might be a possibility. When I reported this to President Chiang he showed his disappointment and remarked that issues of Chinese national prestige would be embarrassing in such a situation but that in the case of General Wedemeyer (as in your own) he could delegate his own authority without going through any formal procedure, although there were no others whom he knew and trusted sufficiently well to do this. He expressed the wish that you might insist on such an appointment in view of the supreme importance of this matter.

The activities of the Wedemeyer Mission have of course aroused a great deal of Chinese comment ranging from vituperative Communist denunciation and the serious misgivings of the liberals who fear that it will play into the hands of reactionaries to the overconfident hopes of many in the Government. The reliance of these latter upon our country to solve their problems for them irritates or angers or at times is merely amusing. But there is a growing number both within
the Government and outside of it with whose opinions I must confess to a large measure of sympathy. They admit the logic of all that we argue about what Chinese should do to help themselves, get their own house in order first, etc., but feel utterly impotent in view of the conservatism, feudalistic ideas, selfishness, narrow prejudices and similar limitations prevalent among those who have the power to effect reforms, while the Communists are rapidly making gains. The best among these would not have chosen such a course nor do they intend to stand idly by while we attempt to do it all, but things being as they are in this country, they simply do not see any other way out. Nor do I. Where I perhaps differ from many of them is in being somewhat more hopeful of the moral and psychological influence upon the responsible leaders and the public generally once they all begin to see some hope ahead.

The signs of willingness and ability to institute progressive reforms are still sadly lacking but there are some. President Chiang recently summoned the Provincial Governors for a Conference and along with some vehement criticism and pertinent instruction promised certain benefits. From now on provincial revenues should be principally used for provincial needs. Officials from Central Government Ministries and other agencies should be under the provincial authority. He has since then argued with me that, while in theory these Governors should be civilians, yet until the Constitution is actually in force and the army reorganized, it would be very difficult for any civilian to hold out against military domination. He added that under existing conditions the best men could not be induced to accept such posts as he had learned from several such efforts. He is making definite plans to dissociate the Kuomintang from the Government at the coming meeting, September 9th, and compel it to accept a status somewhat analogous to our political parties. He has been studying memoranda on this subject. He is also working on the scheme for enlarging the powers of the local police and having them deal with such matters as civil liberties, rather than the military police (practically accountable to him alone), the secret service men, etc. I pointed out that when he is fully prepared to effect this change there should be civilian trials, prompt and public, and authoritative statements explaining the new policy and procedure. The reduplication in Central and local bureaux, in the ordinary officials and those representing him, in unnecessary employees, should be corrected both to reduce expenditure and for greater efficiency. Slight beginnings are being made. Much of this is due to the age-long suspicions by the Central Authority of those away from the Capital and the system of protective devices employed. President Chiang has practised to the full this method of
personalized control. In his case it is acutely aggravated by his fear of ubiquitous Communism which largely explains, if it does not excuse, the terroristic measures against the student strikes last May and similar repressive violations of civilian rights.

The hindrances President Chiang encounters in attempting to launch out on these progressive movements may be illustrated by some of his recent dealings with Dr. Chen Li-fu. The existence of such hindrances is of course largely due to his own past habits of thought and action in long association with comrades of this type. Some two or three months ago he sent an order to General Wu Tien-cheng, as Secretary-General of the Kuomintang, dismissing Dr. Chen from the headship of the Party Bureau of Organization and instructing him and Premier Chang Ch’un to select a substitute. Since they are both members of a rival clique which often works with the C. C. Clique for a common objective, this put them in an awkward predicament.

They finally suggested that Dr. Chen name his own successor to which he neatly replied that as he did not know in what respect he had himself proven unsatisfactory he could scarcely be expected to find the right successor. There the matter still stands. Some two weeks ago when President Chiang was intending to go to Kuling for a short period, he sent for Dr. Chen and after reprimanding him severely told him that during his own absence he was to stay inactive. He has, however, been extremely active of late and has been entrenching his clique in power by extending its economic control over government banks, industrial plants, etc. In all such machinations he has a sinister influence on Premier Chang, due in part no doubt to the joint political scheming of the two cliques, in part also to the Premier’s tendency to compromise or yield in his extremely difficult position when President Chiang is always the final authority. This applies especially to any pressure from Dr. Chen in view of his well-known relations with President Chiang. Last week at the close of an interview with President Chiang I suggested that Dr. Chen be sent to the United States for the observation of our political parties, pointing out that his previous experience there had been in technical and labor matters. He laughed heartily and said that he had himself been thinking of having him make a trip to Europe but that for the immediate present he could not spare him in view of the approaching elections. It was especially because of these that I had hoped to have him out of the country. Since that occasion, however, General Cheng Chieh-min has told me that it might be possible to arrange for Dr. Chen’s departure earlier.

It is generally agreed among those who are interested in some form of American aid to China that there be advisers closely associated
with each specific project. My personal preference has been that all such be selected and employed by our Government, with, of course, a procedure by which this was at the request of and the individuals approved by the Chinese Government. It goes without saying that such persons should be the very best we can supply. But it is being argued that the schedule of salaries our Government could offer would not be able to attract those most suitable for the purpose, whereas the Chinese Government would have no such limitations. I recognize the cogency of this argument and yet in view of the patriotic and humanitarian values involved am reluctant to admit that first-rate men could not be secured on our terms. Indeed the somewhat idealistic motive in accepting such appointment would be one of the best qualifications.

This is a lengthy and rambling despatch but it will at least be another evidence of my keen interest in the problem and of my desire to help despite the many perplexities in any positive course of action.

Respectfully yours,

J. LEIGHTON STUART

693.00 Manchuria/8-2047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, August 20, 1947—4 p.m.  
[Received August 20—2:20 p.m.]

1760. Consensus of qualified observers, both Chinese and foreign, is that sixth Communist offensive is being mounted in Manchuria and will be launched shortly, possibly before end of August but probably not before early September. There are strong differences of opinion with regard to Communist targets in coming offensive but most likely possibilities appear to be:

(1) Capture of Ssulingkai and establishment east-west Communist corridor between Changchun–Kirin area and Mukden–Fushun area, (2) capture of Yingkow to deny its use to Government as supply port for Mukden area, (3) capture of Fushun which could make Government position at Mukden practically untenable, and (4) wholesale raiding against and destruction of Peiping railway north of Hulutao to eliminate only major Government supply line for troops in Manchuria.

Government-controlled areas in Manchuria have already been so constricted by previous five Communist offensives that they cannot adequately support Government forces or the civilian population. It is therefore likely that Communist offensive will ignore Changchun–Kirin area except for limited containing operations and concentrate force to further compress Government holdings in southern zone.
Combination of possibilities 2, 3 and 4 in preceding paragraph most likely development.

It is generally conceded that on-coming Communist offensive will be more powerful than any preceding offensive, but it is not likely that Communists will be immediately successful in achieving objective of driving Government completely from Manchuria, granting, of course, that there is no serious collapse of major Government forces which does not seem likely at this juncture.

Ch'en Ch'eng and Sun Li-jen returned on August 17th from an inspection trip in Changchun area. It has been well known previously to Embassy that Sun Li-jen favored withdrawal southward from Changchun in order to effect greater concentration of force in southern zone. It is possible that Ch'en Ch'eng is in agreement with Sun in this regard, but it must be borne in mind that Communist strike in immediate future will reap some benefit from confusion which is bound to result from current efforts to reorganize Government command situation in northeast (see Embtel 1674, August 8 and Embtel 1740, August 18 50).

Recent reports from northeast indicate that arrival of Ch'en Ch'eng has had excellent basic effect upon overall civil and military morale because of faith in his integrity as compared with Tu Li-ming and Hsiung Shih-hui but major reorganization remains to be achieved. Some new reinforcements have arrived in Mukden recently, but best information indicates that they are not in excess of 8,000 and only 6,000 of which are of combat quality. Replacement problem for units depleted in previous fighting has not been adequately solved even though there has been limited local recruitment. Furthermore, likely that on-coming Communist offensive Manchuria will be coordinated with Communist military activity North China to preclude the despatch of adequate replacements or reinforcements outside the Wall. A serious and a growing obstacle to adequate reinforcement northeast is reluctance on part of Government commanders such as Fu Tso-yi and Hu Tsung-nan to release troops from their commands in the face of uncertain political conditions North China.

Overall situation Manchuria militarily and economically is most gloomy, with early likelihood that Government position Mukden area will become as untenable as that at Changchun and Kirin. The outlook for winter months is even more gloomy inasmuch as coal supply situation is critical and in Manchurian climate neither civil nor military can exist without minimum heating facilities.

STUART

50 Latter not printed.
893.2222/8-2147 : Telegram

The Consul at Shanghai (Meyer) to the Secretary of State

SHANGHAI, August 21, 1947—10 a.m.
[Received August 29—2:30 a.m.]

2030. Implementation in Shanghai and surrounding provinces of conscription program instituted under mobilization order is being marked by disgraceful incompetency and corruption on part of authorities and manifested dread of military service on part of people which augur ill for Government’s all-out anti-Communist campaign. Conscripts from surrounding provinces are being brought to Shanghai to await despatch by sea to [northern] war areas. While waiting here they are kept in outlying sections: Kiangwan, Yangtszepeoo and Woosung.

Obtainment conscript quotas evidently proving most difficult owing to draft evasion and graft. Thousands of draft dodgers are reported to have fled Shanghai from interior. Private recruiting rings have been organized which make high profit from sale recruits.

Little or no prior provision for handling conscripts here has been made. According to admissions made in press, local organizations formed some 6 weeks ago to handle problem have not even started construction proposed barracks or distribution “comfort funds”, clothes, etc. Press reports recent forcible seizure of local school premises by transient Kweichow and Hupeh contingents and another contingent recently occupied British godown.

Wretched morale, mistreatment of recruits and attempted desertion are commonly reported. When marching through Shanghai recruits have to be roped together. There have been repeated incidents (two well-confirmed) where groups brought here attempted escape and were machinegunned by guards with resultant killings. Successful desertions often deplete quotas. In such cases some contingent commanders have forcibly seized local coolies to replace deserters. This practice has caused furore in Shanghai press and Mayor Wu has personally intervened to stop abuse.

Shanghai quota is 3000 (erroneously given as 30,000 in Consgram 39, July 24 81). This disproportionately low figure was evidently so fixed in order avoid (1) disturbing wealthy classes concentrated at Shanghai and (2) recruiting city “bums” who make poorest soldiers. Despite smallness quota not yet reached and 80% of eligibles have applied for exemption.

Sent Nanking 1459, repeated Department.

MEYER

81 Not found in Department files.
Memorandum by the Chief of the Division of Chinese Affairs (Ringwall) to Brigadier General Marshall S. Carter, Special Assistant to the Secretary of State

[WASHINGTON,] August 21, 1947.

There is transmitted herewith, as of possible interest to the Secretary, a report 39 prepared by the Division of Research for Far East entitled "Major Factors Controlling the Size of the Chinese Communist Armies". The gist of the report is as follows.

Expansion of Communist forces is limited chiefly by: (1) Availability of rifles; (2) Extent of disposable food surpluses; and (3) Ammunition supplies. The doubling of Communist armed forces between mid-1945 and mid-1946 to their present size of about 1,000,000 men was made possible principally by acquisition of Japanese weapons in Manchuria. Limited available food supplies are a factor tending to restrict the size of Communist forces in north China, but this situation would be radically altered were the Communists to gain control of principal transport routes linking Manchuria, a region of agricultural surpluses, with north China, an area of surplus manpower. Ammunition stringencies constitute a handicap which is not readily remedied, as the Communists cannot replace ammo for their predominantly Japanese-style weapons by captures from Nationalist troops—which now use few Japanese rifles with the original bore.

Under predictable circumstances it seems unlikely that Communist armies will expand to more than 1,500,000 men by mid-1948. However, the recent slower increase in their rate of expansion may have no material effect on the course of the civil war. Recent Communist successes have been due to (1) qualitative and quantitative decline in the Nationalist forces; and, (2) Communist superiority in the employment of their forces.

893.77/8-2247: Telegram

The Consul General at Tsingtao (Spiker) to the Secretary of State

TSINGTAO, August 22, 1947—2 p.m.

[Received August 22—1:19 p.m.]

66. Entire Tsingtao-Tsinan railway line, 75% of mileage totally destroyed by Communists during 6 months occupation, now reoccupied by Government forces virtually without bloodshed. Important Poshan coal mines reportedly demolished. As Communists have not suffered any recent major defeat in Shantung, Government "offen-
sive" possibly was cautious occupation of positions abandoned by Communists, probably in accordance with strategic operations of latter. Despite press predictions of early reopening railway, shipment from Tsingtao to Pukow in recent weeks of rolling stock, equipment and personnel point to re-establishment highway rather than railway where destruction of practically all bridges poses a major problem.

No. 83 to Embassy, repeated 66 to Department.

SPIKER

893.2222/8-2347 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, August 23, 1947—10 a.m.
[Received August 23—8:55 a.m.]

1778. Fragmentary reports reaching the Embassy from a variety of points as widely separated as Canton and Chengtu indicate that the situation described in Shanghai’s 2030, August 21 to Department with regard to the administration of the conscription program is essentially the same throughout Government-controlled areas.

The Embassy has received no information that conscription is being carried out other than by the familiar press gang technique which has long been a characteristic of recruitment for the Chinese Army.

STUART

893.00/8-2547 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

[Received August 24—4:15 a.m.]

1791. Government steps to control students and retaliate for disorders last spring have increased in August, with expulsions ordered and agitators labelled as Communists or Democratic League members. Shanghai press August 21 reports 437 students have been dismissed from 8 Shanghai universities and colleges. Reliable local university source states that Government and private universities in Nanking early in August received orders from Executive Yuan through Ministry of Education that under Articles 7 and 15 of mobilization order all civil institutions are to help maintain order, that student strikes last spring amounted to disorder, and that universities were to take advantage of summer vacation and fall enrollment to improve situation. This source states that Nanking University on August 19 received order from Nanking gendarmerie garrison headquarters
transmitted by Ministry of Education to expel for “active strike activity” 7 students described as “Communists or Democratic League party members” and to expel for “less active strike activity” 80 additional students also described as “Communists or Democratic League party members”. Of these students only 1 is known by university to be a Communist or Democratic League member. However, all were known to be active in the strikes.

Vice Minister of Education Han Li-wu stated on August 22 that lists of students and expulsion orders prepared by garrison headquarters are going to most universities and colleges, that few orders are transmitted through Ministry of Education, that students ordered expelled from universities range from very few to more than a hundred per university, and that expulsions are for political activity or poor scholarship. He indicated that although his “personal policy” was to divorce universities from politics, garrison commanders under mobilization decrees could arrest students and faculty for political activity and that Ministry was powerless in situation. However, he stated that he advised president Nanking University to collect evidence that students listed had “repented their activities” and that University ignore expulsion order.

STUART

893.00/8-2347 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, August 25, 1947—6 p.m.
[Received August 26—10: 23 a.m.]

1798. British Military Attaché states he has been informed by source he considers reliable that primary reason for Generalissimo’s visit to Yenan in early August was to persuade Hu Tsung-nan to release a portion of his troops to reenforce Manchuria but Generalissimo’s efforts were not successful.

Embassy considers that Hu Tsung-nan is faithful to Generalissimo and is likely to remain so even though general disaffection among other military leaders was to reach an acute stage which is not now apparent. However, there is good reason to believe that Hu Tsung-nan would be reluctant to become separated from any of his troops during the uncertain political situation currently prevailing in intramural China. The Embassy therefore believes that the information of the British Military Attaché is probably correct and that the same situation may well apply in the case of Fu Tso-yi.

In any event, the report is indicative of the difficulties facing the Government in attempting to save the Manchurian situation and
points up the continuing existence in China of a situation whereby movements of troops of senior commanders are still accomplished largely by negotiations rather than by the issuance of orders.

STUART

711.55/8-2947

The Consul General at Changchun (Clubb) to the Secretary of State
[Extracts]

No. 85

CHANGCHUN, August 28, 1947.
[Received September 15.]

Sin: I have the honor to refer to the Peiping Consulate’s despatch No. 28 of August 4, 1947 53 forwarding copies of certain memoranda regarding the political situation in China as submitted to General Wedemeyer in connection with the briefing of his mission at Peiping on August 3, and in continuation of the surveys given in those memoranda to offer below an analysis of certain factors which appear to bear significance in respect to the matter of the formulation of current American policy in Eastern Asia. The matter in point is of course in many respects controversial as well as complicated, and this analysis pretends to be neither exhaustive nor definitive, but with those qualifications it is offered for what it is worth as representing one point of view.

Summary: The premises of the analysis are that war between the United States and the Soviet Union is a political possibility for which the United States must prepare; that one potential war front is in the Far East; that American preparations should be such as would serve the end in view; and that American actions should also if feasible serve as well traditional American policy, the principles of the Atlantic Charter 54 and of the United Nations, and the welfare of other peoples concerned. The proposition commonly mooted that a large measure of support should be given to the Chinese National Government to enable the latter to overcome the Chinese Communists, and the counter-proposition that China should be permitted to “stew in its own juice”, are to be judged in the light of the peculiar facts of China. American actions in China have been guided by a general policy evolved in good part in the periods of stress of 1858-60, 1896-98 and 1900-01, with particular formulations of especial importance occurring in the form of Secretary Hay’s Open Door Policy 55 and

53 Post, p. 697.
54 Joint declaration by President Roosevelt and British Prime Minister Churchill on August 14, 1941, Foreign Relations, 1941, vol. I, p. 367.
55 For Secretary of State John Hay’s Open-Door notes of 1899, see ibid., 1899, pp. 128-143.
the Washington Conference agreements.\textsuperscript{56} That policy has brought to the United States good relations and a growing trade in China and outstanding political prestige in Asia. The Soviet Union, on its side, is now patently antipathetic to the National Government and sympathetic to the cause of revolution in China, but it remains uncertain whether the Moscow leaders consider that the Chinese Communists now have the power to set up a regime which would represent any considerable advance along the road toward something approximating the Russian type of Communism. As for the National Government, it and the Chinese Communists have fought each other on all fronts since the 1927 split between the Kuomintang and the Chinese Communist Party, except for the uneasy truce of the Sino-Japanese war years, and it is logically to be expected that the contest will continue without either's being prepared to lay down its arms. The corruption and inefficiency of the Nationalist Government have apparently increased, instead of declining, since V-J Day, the while the nation's economic and social debilities have grown. Fundamental political and economic reforms, by the record, are hardly to be expected out of Nanking—even though it is generally recognized that only the institution of such basic reforms would give a chance of stemming the rising tide of revolution. The Nanking leaders still profess publicly and privately to believe that the only remedy for the revolution which confronts them is extirpation by the sword. In respect to international affairs Nanking's policy, by many indications, is based upon the expectation (in which there seems to be even a large element of hope) that war between the United States and the USSR will occur in time to save the situation, by hypothesis, for the National Government. In that war, experience has taught, there would probably be little fighting done by the Nationalist armies against the Soviets. Even if there were the will—which is open to doubt—the Nationalists are far from commanding a united nation. Should there be American military assistance to the National Government, the indications are that American objectives of containing Communism and building up a bulwark against the Soviet Union would not be served; and that, contrariwise, the rendering of such assistance would be attended by various undesirable political results.

There remains to be considered the question of the probable consequences of standing aside while the Communists and National Government fight it out. The problem of interest in the first instance to the United States is whether Chinese Communism, if wholly or partially victorious in China, with or without outside aid, would offer an important threat to the United States whether directly in Asia or

\textsuperscript{56} See Foreign Relations, 1922, vol. i, pp. 1 ff.
indirectly by assistance rendered to the Soviet Union. The Chinese Communists are as pure Communists as any. The field of action, China, nevertheless requires adjustment of the ever-flexible Communist tactics to the problems at hand. The experience of the Chinese Communists heretofore has been limited primarily to the agricultural countryside, and they are now found without adequate training to deal with problems of urban administration, industrial management and engineering techniques. The Soviet Union, even if in an unusually generous mood, could hardly be expected to contribute to China material and technical resources which would make a substantial difference over so long a period as a generation. The Soviet effort would probably be concentrated in Manchuria, where the possible results of any investments of materials and technical skills can be gauged on the basis of historical precedents. That there might be Soviet advance in some sectors is not to be denied, but that advance would hardly affect the issue of a war between the United States and the USSR in this generation. Soviet interference or participation in Chinese affairs, however, would probably call forth even stronger antipathies from the Chinese side than has happened before in cases of "foreign interference", and the Soviets would stand fair to suffer a net loss from any adventure in China after the 1924-27 pattern. In the light of China's political and economic deficiencies, the logical conclusion must be that the Soviet Union, no more than the United States, would receive a commensurate military benefit from investment of national wealth in China with the aim of thus obtaining major assistance in the international arena.

Certain predictions can be made as to the probable course of events should China be left to its own devices. Barring strong Nationalist reinforcement, the Communists would probably soon win the struggle in Manchuria, whereupon the Nationalist position in North China would shortly afterwards come under threat. This would very possibly lead to changes in the Government at Nanking, for certain Kuomintang militarists reputedly already stand ready to desert the Generalissimo when the hour strikes. If a possible successor to the Generalissimo cannot now be designated any more than in any other dictatorship, one thing is certain, and that is that candidates for the leadership will not be found lacking. At best, some sort of a coalition might be formed at Nanking which could hold non-Communist China together and perhaps, with a reform program and some outside help, make faster progress along economic and political lines than the hypothetical Communist-controlled régime to the North. At worst, with failure to form a democratic coalition, the non-Communist part of the country would probably split up into different areas under the
rule of semi-independent warlords, with Nanking left to wither on the vine in its tangle of international obligations and domestic finances, and the Communist part of China would thus be found occupying the dominant position in the country. They would then be able eventually to occupy all of China, but it would seem inevitable that the farther they progressed the greater would be their difficulties and the more compromises they would have to make with the Chinese people as a whole on points of doctrine; in any event, long before China had been unified and become strong the present issues which dominate relations between the United States and the Soviet Union would in all probability already have been resolved. End of Summary.

... It is the critical nature of the times that makes that attempt to foresee imperative. In general, the basic demands of the present times in respect to the subject under discussion would appear to make it of first importance that 1) American financial, material, political and military resources be accurately assessed; 2) there be a close and continuing study of the probable course of Soviet policy in the Far East, where the Soviet Union is weak; and 3) those American resources which may become available for use in Asia to counteract Soviet influence be disposed against those Soviet points, and used in those non-Soviet places, where they would most likely prove most effective. It is respectfully submitted that, in view of the circumstance that air and naval strength would probably play a dominant role in this military theatre, development of the American position in those Pacific Ocean areas in which the United States possesses an important measure of political authority would appear to offer the promise of more substantial returns than if an important amount of the available American resources were diverted to give support to one part of that house divided against itself—China. China at this time has none of the marks of a good political investment.

Respectfully yours,

O. EDMUND CLARK

893.09/8-2947 : Telegram

The Consul General at Shanghai (Davis) to the Secretary of State

SHANGHAI, August 29, 1947.
[Received August 30—11:08 a.m.]

2077. Following is official Chinese Central News Agency report on Sun Fo statement made at Canton August 27: China is facing a national crisis now more serious in nature with respect to the Soviet
Union than the one created by the "Manchurian incident" in relation to Japan, Dr. Sun Fo, Vice President of China, today told Central News.

Japan's "Manchurian incident", responsible for the destruction of world peace and the outbreak of World War II, was fanned inside China only by a small number of willing collaborationists for Japan, whereas the present crisis is aggravated by the Chinese Communist Party, an organ as international in nature, echoed by the Democratic League, and worked at the beckoning of Moscow, Dr. Sun charged.

The Vice President in his comments today waved away all doubts that General Wedemeyer's farewell statement on China was the prelude to complete withholding of US help to China.

With 2 years already passed since the war, world peace still has not been established, Dr. Sun pointed out with a note of sadness. The world situation is still very tense, he said, and China is in the midst of a civil war. Differences of opinion on how to secure world peace has accentuated the tenselessness.

The Soviet Union, on the one hand, insists on running world affairs, backed by its veto power in the United Nations, while other countries are wing [willing] to compromise, to understand each other's viewpoints and to work harmoniously. These two forces, Dr. Sun stated, cannot yet be reconciled, thus causing uneasiness and doubts on all sides.

He elaborated on the United States' stand, which has no imperialistic nor ulterior motives in China. Unfortunately, an anti-US movement was successfully instigated by the Communists, dovetailed by the Democratic League, and perhaps managed by the Soviet, he opined.

This movement, Dr. Sun pointed out, has erroneously conveyed to the US that the Chinese people wanted the US to get out completely. There is no political reason for the presence of American Armed Forces in China. At present, he declared, there is only a small Marine Force guarding North China railways, plus the Military Mission in Nanking and Tsingtao designated for the training of new Chinese Armed Forces.

Dr. Sun avowed that this cannot be said for the Soviet Union. He traced the history of the signing of the Sino-Soviet amity treaty, and the subsequent Soviet actions which failed to observe this treaty in the cases of the withdrawal from the northeast, the naval base of Port Arthur for the combined use of the Soviet and Chinese Navies.

He cited the case of the free port of Dairen, which administratively should be in Chinese hands. He was particularly vehement about closing of Port Arthur to the Chinese and the virtually complete con-

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See telegram No. 1789, August 24, p. 759.
control of Dairen by the Soviet. Dairen is completely under Soviet occupation, even Chinese and American Merchant Marine is refused entry, he pointed out.

"We can see in the case of Dairen that the Soviets are occupying it. They cannot refute this fact," Dr. Sun emphasized, "but in no way do we see any such move, or other imperialistic action on the part of the United States. Now that the Japanese threat is removed, we are under the Soviet threat."

In Dr. Sun's opinion there are only three solutions to the Communist question: (1) if the Communists give up their military operation policy; (2) complete Communist control of China; (3) complete eradication of the Communist Party.

On the third point, Dr. Sun made a distinction between Communism and the Chinese Communist Party. He supported General Wedemeyer's opinion that Communism cannot be eliminated by military force itself. The Communist Party and its destructive and military activities can be eliminated only if the Government and the people stand together, he declared. Otherwise, China will no longer exist as one nation.

In the past 2 years, China's Vice President recounted, the Communists have given ample evidence that they do not wish to solve political differences by peaceful means despite the many gestures of the National Government, which has asked three times for truce.

"We cannot use peaceful means to solve the civil war. Only the Communists can answer that question."

The responsibility for the civil war rests entirely with the Communists, in Dr. Sun's estimation. He cited their failure to carry out the solutions of the political council conference, their refusal to participate in the reorganized government and their refusal to attend the National Assembly.

The Communist demand for minority over-rule was charged as being undemocratic by Dr. Sun. This means that the opinions and desires of the majority are of no avail. This means that the minority will rule the majority, he said. Although majority rule even may not be a perfect democratic process, Dr. Sun believes it is better than a minority rule, which, he declared, would imply that there is no ground for the existence of democracy's implementation of majority rule.

The minority rules in the Communist territories, he said; there is no freedom in those territories. He pointed out that is why the Democratic League leaders prefer to operate in Nanking and Shanghai instead of in Communist territories.

General Wedemeyer's plea in which the Presidential envoy urged the Communists "to stop voluntarily the employment of force in their
efforts to impose ideologies" and to use "peaceful means in lieu of violence and destruction" was cited by Dr. Sun as an example of the futility of seeking Communist cooperation.

Dr. Sun predicted that Wedemeyer's plea will not be heeded by the Communists. Both Wedemeyer and General Marshall, former special Presidential envoy in China, know only too well they will not find the Communists receptive, he reiterated.

"The effect of these pleas," Dr. Sun commented, "is like playing music before a cow."

DAVIS

893.00/9-147: Airgram

The Consul General at Hankow (Kreutz) to the Secretary of State

HANKOW, September 1, 1947—3 p.m.

[Received September 19—9:03 a.m.]

A-42. The civil war again entered the Hankow district at the close of the month, after several months when there were no important CP forces in the district.

In the closing days of the month roughly 110,000 CP troops under the command of CP General Liu Po-cheng swung rapidly west from Shantung north of Suchow, thence south into Honan as far as the Hupeh border, apparently, in the initial stages, without even coming into contact with National forces.

The First and Seventh CP Army Corps, plus an independent brigade came southeast of and parallelizing the Pinghan railway, capturing Shangtsai and Junan. The Second and Sixth CP Army Corps roughly followed the Honan-Anhwei border, capturing Kusih, Hwangchuan, Kwangshan and Hsihsien, southern Honan.

A group of about 2,000 crossed Pinghan railway between Huchang and Hsincheng destroying bridges and track, said now to be restored. This group moved southwest of the railway and reached Pingchungkwan near Changtaikwan on the railway. The railway garrisons are said to have successfully repulsed numerous attacks on the line. At any event trains were arriving from Hsinyang on the 31st. The railway claims the line is operating all the way to Kaifeng.

Latest reports indicate that National forces under General Hu Tsu-tung have recaptured Junan and are pressing south. One division from the Kaifeng garrison is said to be protecting Hsinyang and one brigade is defending Loshan.

The lines at latest reports ran from Hsinyang through Loshan southeast through Popih to Shangcheng near the Anhwei border.

According to the Chief of Staff of the Generalissimo's Headquarters here, the objective of the CP forces is to get back to their previous
stronghold in the Tapieh mountains of Southern Honan and Anhwei, from where they could harass the railway and this area generally.

The Chief of Staff admits that there are no Government forces in this area except for two pacification corps and the railway police. Although it seems unlikely that an attempt on the Wuhan cities would be made now, there is certainly no military force which could prevent it. If the CP army remains in force in South Honan, it seems likely that eventually at least raids will be made here.

Foreigners have been evacuated from the Chikungshan resort on the Hupeh–Honan border and the Consulate General is recommending no travel by Americans north of the Wuhan cities. No Americans are now believed to be in the places captured by CP forces. Those in Hsinyang and points north are believed to be safer remaining where they are than attempting travel.

The recently critical and chronic staff shortage here was relieved by the arrival of Consul Leonard Lee Bacon on August 20 from Zurich, and it is now hoped that adequate political and economic reporting can be done.

The farewell statement of General Wedemeyer on August 25 had a very good reception in the press of all shades of opinion, i.e., the reaction was that everything said was true, that it was the serious advice of a friend, and that China would do well to heed it.

Reaction in official circles was one of pained surprise in the few officials I have had occasion to see during the week. The Mayor, at a dinner yesterday, spent some 10 minutes explaining to me that of course the criticisms could not apply to Hankow and suggested that probably General Wedemeyer's knowledge of Hankow's virtue accounted for his failure to visit it.

KRENTZ

893.00/9-347

Memorandum by the Chief of the Division of Chinese Affairs (Ringwalt) to Brigadier General Marshall S. Carter, Special Assistant to the Secretary of State 58


Subject: Military Situation in Manchuria

Reports from Manchuria indicate that the CCP is disposing forces for a renewal of offensive operations.

Reinforcements for government units have been inadequate to replace losses suffered during the last CCP offensive. A major obstacle to adequate reinforcement of government units has been a

58 Noted by the Secretary of State.
reluctance on the part of commanders such as Fu Tso-yi and Hu Tsung-nan to release troops now under their command. The reorganization of the high command is still to be achieved though there are indications that the Nationalists have adopted the wise policy of keeping their forces concentrated.

Many observers believe the Communists will mount an offensive in mid-September timed to enable them to harvest the crops in areas now held by government forces. The following are considered the most likely objectives of such a drive: (1) capture of Ssupingch'ieh and establishment of east-west Communist corridor; (2) capture of Yingkow to deny its use to the government as a supply base; (3) capture of Fushun which would render the government's position around Mukden practically untenable; and (4) raiding against the Peiping–Mukden railroad to eliminate the government's major supply line for Manchuria. Government-controlled areas have been so constricted by CCP offensives that they cannot now supply the forces stationed therein. As CCP tactics usually avoid assaults on entrenched forces, it is likely the Communist offensive will ignore Changchun and attempt to compress Nationalist holdings in the south. A combination of the operations listed in 2, 3 and 4 above appears most likely.

It is not anticipated that the Communists will drive the Nationalists from Manchuria in this offensive. They can in all likelihood render the government's position at Mukden untenable, and they can permanently cut the government's lines of communication bringing in coal, of utmost importance in Manchuria during winter, and other supplies. The government's outlook in Manchuria is most gloomy.


The Consul General at Shanghai (Davis) to the Ambassador in China (Stuart)\(^59\)

No. 292

SHANGHAI, September 3, 1947.

Subject: National Congress of Reform Group of Democratic Socialist Party; Publication of Platform and Election of Party Officials; Further Repudiation of Carson Chang's Democratic Socialist Party; Poor Prospects of Both Parties

Sir: I have the honor to refer to the Consulate General's despatch no. 274 of August 12, 1947\(^60\) and earlier telegrams reporting results of the recent National Congress of Carson Chang's Democratic So-

\(^{59}\) Copy transmitted to Department without covering despatch; received September 16.

\(^{60}\) Not printed.
socialist Party. It will be recalled that the Congress failed to obtain the support of the party’s “Reform Group,” which proceeded to repudiate the platform adopted by the Congress and announced that it, the Reform Group, was the only legitimate Democratic Socialist Party and would hold its own Congress.

The Reform Group’s Congress was duly held at Shanghai from August 15 to 18, inclusive. Press reports indicated that the proceedings revealed almost as much internal discord as that which marked the Congress of Carson Chang’s group; but agreement was eventually reached. The work of the Congress was summarized by the Ta Kung Pao in its August 19th issue as follows:

“The National Congress of the Democratic Socialist Party held for four days under the sponsorship of the reform group already closed with satisfactory results yesterday afternoon. At the Congress, it was decided to retain the title ‘Chinese Democratic Socialist Party’ and not to recognize all the activities of the Party led by Carson Chang. 110 members of the Central Executive and Supervisory Committees including Wu Hsien-tze, Chang Tung-sun, Liang Chiu-shui, Wang Shih-ming, Sha Yen-kai, Sun Pao-kang, Sun Pao-yi, Lu Kwang-sheng, Li Ta-ming and Lu Yi-an were elected. The manifesto issued by the Congress advanced the following four points as a platform for the settlement of pending national issues:

1) It is hoped that peace can be restored in this country at an early date.
2) Human rights should be safeguarded.
3) Industry and commerce should be developed and a minimum stability of the livelihood of the people should be ensured in accordance with the principles of democracy and socialism.
4) China should assume a strictly impartial attitude towards the disputes between the two blocs headed by the United States and the Soviet Union, so that she can serve as a bridge between the latter two countries.”

On August 21st the newly elected Central Executive Committee elected a Central Standing Committee composed of fifteen members, a list of whom is attached. The Central Standing Committee on August 23rd in turn elected the Party’s officials (also listed in Enclosure No. 1). The two lists show a much larger proportion of men of some prominence than do the corresponding lists for Carson Chang’s party and include, among others: Wu Hsien-tze (Chairman), Chang Tung-sun,* Liang Chiu-shui, Lu Kwang-sheng, Wang Shih-ming, Li Ta-ming and Yao Yung-li.

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6 Enclosures not printed.
7 This indicates that the Consulate General’s information that Chang Tung-sun could not join the Reform Group (reported in the Consulate General’s despatch no. 274 of August 12, 1947) was incorrect. [Footnote in the original.]
On August 31st the Reform "Democratic Socialist Party" issued in local English language newspapers a long notice in which the Party reviewed the events and factors leading to the Party's secession from Carson Chang's Party, recapitulated its charges against Chang, and asserted its right to the title of "the one and only legitimate Democratic Socialist Party."

In addition to the serious weakening of his position caused by the secession of the Reform Group from his party, Carson Chang has, according to the local press, sustained a further loss of prestige and strength as a result of the action of 56 members of his own Party in publishing, on August 30th, a notice in which they too repudiated his Party's Congress. It would accordingly appear that Chang and his party are now in an extremely poor bargaining position in their current negotiations with the Kuomintang for a quota of seats in the Legislative Yuan to be reserved for his Party to "win" in the forthcoming "elections." Chang returned a few days ago to Shanghai from Lushan, where he is reported to have been engaged in negotiations of that character with Kuomintang leaders; and, according to unconfirmed reports, he is not happy over the way in which those leaders treated his requests.

The Reform Democratic Socialist Party would seem to be in an even worse position with respect to the elections. In the first place, the party presumably has no chance of receiving any election quota whatever; and in the second place it would appear by no means certain, according to the local press, that parties which have refused to participate with the Kuomintang in the present government will be allowed even to take part in the elections. In this connection, a local Chinese contact who is exceptionally well informed on political matters states that a good many members of those minor parties which have refused to participate in the present government are so anxious for jobs that they would be only too glad to forget the high principles which their parties have advanced as reasons for non-participation, if they could only be assured of a post and could find some formula to make it appear that they were not deserting such principles.

Mr. Yao Yang-li, the Reform Democratic Socialist Party's most active publicity agent, told an officer of the Consulate General a few days ago that, following the publication of its notification of August 31st, his party was ceasing to concentrate its energies on attacking Carson Chang and was instead devoting its efforts to building up the party's strength.

Respectfully yours,

MONNETT B. DAVIS
The Ambassador in the United Kingdom (Douglas) to the Secretary of State

No. 2016

LONDON, September 4, 1947.
[Received September 15.]

Sir: 1. I have the honor to enclose, as of possible interest to the Department, copy of a memorandum of a conversation held by an Embassy officer on September 3, 1947, with General Chu Shih-ming, a high-ranking Chinese military officer who has just arrived in London from China.

2. The enclosed memorandum sets forth certain views expressed by General Chu on the situation in China.

3. General Chu is well known to Departmental officers as a Chinese of rare integrity and objectivity of thought. It is clear that General Chu has many reservations with regard to the competence of the Chinese Government under which he serves, but it is equally clear that he considers that Government—with all its admitted weaknesses—to be the only present alternative: i.e., a Chinese Communist Government subservient to the desires of the Soviet Union.

Respectfully yours,

For the Ambassador:

EVERETT F. DRUMRIGHT
First Secretary of Embassy

[Enclosure]

Memorandum of Conversation, by the First Secretary of Embassy in the United Kingdom (Drumright)


Participants: General Chu Shih-ming, former Chinese Military Attaché, Washington, former Chinese Member, Allied Control Council, Japan, et cetera
Dr. Tuan Mao-lan, Chinese Minister, London
Mr. Drumright

1. Dr. Tuan Mao-lan telephoned Mr. Drumright to say that General Chu Shih-ming had arrived in London and wished to discuss the China situation with Mr. Drumright. General Chu, Dr. Tuan and Mr. Drumright accordingly met the evening of September 3, 1947, and had a conversation lasting more than two hours. The highlights of the conversation were as follows:

2. Dr. Chiang Mon-lin, General Chu and other members of the Chinese delegation to the Institute of Pacific Relations Conference at Stratford-on-Avon had left Shanghai by air on August 24, 1947,
flying via Hong Kong and India. General Chu proposed to travel from England to the United States after the conference. He tentatively proposed to remain in the United States about three months. General Chu omitted to reveal the purpose of his mission to the United States.

3. Military Situation in China. General Chu said that, generally speaking, the Government had made little progress in its campaign against the Communists. The Government’s campaign against the Communists had taken a favorable turn in Shantung just before his departure from China. But even in Shantung the Government forces had suffered several reverses and there had been four changes of commanders in recent months. Hsueh Yueh and Tang En-po were among the commanders who had been withdrawn from that front. The Generalissimo was pursuing a strategy of extended operations against the Communists in the hope of speedy victory. This strategy had not proved fruitful. The Generalissimo had not followed the blockading tactics employed in his Kiangsi campaign of 1934 because this method of operations was too slow and costly. General Chu had counseled against the Government’s plan to occupy Manchuria, but had been overruled. He considered the Government position there untenable and he, for his part, would urge withdrawal of Government forces to China Proper. But he thought that this would be a bitter pill for the Generalissimo and the Government to swallow and, moreover, withdrawal might severely impair confidence in the Government. He thought that the Government might compromise on the problem by withdrawing from extended positions at Kirin and Changchun. He said that he doubted whether the Generalissimo would waver in his determination to hold Mukden and the railway corridor to the south. General Chu said that he personally regarded Manchuria as a “shell” and reiterated his belief that the Government would be well advised to withdraw its forces completely therefrom. General Chu said that it was obvious that the Soviets had in various ways aided the Chinese Communists in Manchuria, and that he was astonished to find that there were western observers who went around saying there was “no evidence” of Soviet aid to the Chinese Communists. General Chu said that when he left China the Government was busy formulating a plan for the training of Chinese troops to be carried out at three centers, one of which would probably be in Taiwan. General Chu remarked that the American Military Advisory Group in China had contributed little to the training of Chinese forces, adding that the group was concentrated in Nanking and that General Lucas had virtually no access to the Generalissimo and that he rarely saw General Chen Cheng.
4. Position of Chinese Government. General Chu said that, contrary to reports commonly prevalent among western observers, there was no possibility of an imminent collapse of the Chinese Government. He said that, in his view, the Government could, even without external assistance, remain in power for another year. In expressing this view, General Chu said that he did not wish to minimize the seriousness of China’s plight. The economic situation was extremely critical. Inflation was an ever-growing canker which naturally produced corruption and inefficiency. The Government was still deriving 60 per cent of its revenue from the printing press, and the very great bulk of China’s expenditures went to the military machine. The fact was, General Chu observed, that China was far more exhausted by the war than Britain, France or even Italy, but it seemed that, as during the war, the United States was concentrating on the rehabilitation of Europe and leaving China to shift for herself.

5. The Generalissimo. General Chu said that the Generalissimo was as determined as ever to surmount the crisis enveloping China. He had been struggling with crisis after crisis since his rise to power, and he would not be daunted by the present one. The Generalissimo likened the present situation to the one which obtained in the earlier stages of the Sino-Japanese war, with the Soviets replacing Japan as the chief threat to China’s independence and integrity. The Generalissimo had carried on the struggle against the Japanese alone and at great odds, always counting on the fact that the United States would in the end come to China’s aid in her own interests. While the Generalissimo was now hurt and at a loss to understand the attitude of the United States, he was confident that in due course the United States would see the true significance of his struggle against Soviet aggression and again come to his assistance. Meantime, the Generalissimo would hang on grimly, shoring up the weaknesses of his Government as best he could.

6. The Wedemeyer Mission. General Chu was plainly reserved in his remarks about the Wedemeyer mission. He said that he had seen General Wedemeyer only once and had exchanged only a few remarks with him. He remarked that although General Wedemeyer had made some caustic remarks about China, he felt personally that General Wedemeyer would in the end recommend some sort of support to the National Government. In support of this observation, he said that he did not see, in the present posture of world affairs, just how General Wedemeyer could safely make any other recommendation. For any other course on the part of the United States would be the equivalent of an open invitation to the Soviets to march in (in the guise of their Chinese Communist comrades) and take over China.
And however much the United States abhorred the weakness, inefficiency and corruption of the Chinese Government, he could not see the United States choosing the alternative course which would plainly be disastrous to its own interests and security.

7. *Situation in the Southern Provinces.* General Chu said that he was aware of reports of an imminent breakaway of Kwangtung and perhaps Kwangsi from the National Government. He went on to say that, based on his knowledge of the situation, there was no possibility of Kwangtung and Kwangsi seceding from the National Government. In this connection, General Chu explained that Li Chi-sen and those surrounding him were malcontents of long standing, and that they had no influence or power. As for General Chang Fa-kuei, the most powerful personality in the southern provinces, he was an intimate of General Chen Cheng's and so long as that relationship existed there was no possibility of his abandoning Nanking.

8. *The Chinese Communists.* General Chu said that he felt there were not a few observers of the Chinese situation who would deny the direct relationship existing between the Kremlin and the Chinese Communists. That relationship, he said, had become all too clear in the past two years to warrant any extended comment. General Chu then went on to make the interesting observation that the tie-up between Moscow and the Chinese Communists was the major factor militating against Communist domination of China. Had the Communists been a purely indigenous political grouping, they would by now have toppled the Chinese Government from power. But the bulk of the Chinese people sense the fatal link between the Kremlin and the Chinese Communists. While the Chinese people detest their present Government and long for another, they like even less the prospect of a Soviet-dominated Communist regime and are accordingly unwilling to support it. In discussing the Chinese Communists, General Chu also made the noteworthy observation that, contrary to most Communist fifth-column organizations, the Chinese Communists lack uniformity in the application of their policy to the areas controlled by them. In north Kiangsu, for example, their rule was most despotic and they accordingly alienated the sympathy and support of all classes of the populace. In Shantung, on the contrary, they have pursued a mild and beneficent administration and in consequence receive a good deal of support from the inhabitants. General Chu said he considered that however hard Mao Tse-tung tried to impose uniformity, China was too large and the Chinese (including the Communists) too individualistic to hew to an identical line of conduct.

9. *The Institute of Pacific Relations Conference.* General Chu said that the Chinese delegation recognized that in the discussions on China
at the impending conference there would be many harsh things said about the Chinese Government, particularly by the fellow-travelling American delegation headed by Edward Carter and Owen Lattimore. While the Chinese delegates in discussions among themselves freely criticized the conduct of the Chinese Government, they would rise to a man to defend that Government against the attacks of outsiders. They were prepared for the worst and would in the conference reply item by item to the strictures of China's detractors.

EVERETT F. DRUMRIGHT

892.00/9-047: Telegram
The Consul General at Changchun (Clubb) to the Secretary of State

CHANGCHUN, September 6, 1947—5 p.m.
[Received September 9—1:54 p.m.]

182. There are indications that Communist "sixth offensive" is about to begin. Offer following estimate of situation (see Consulate's telegrams 179, August 29 and 181, 6th *a*).

Communists begin again after 2 months' preparation. Probably all losses have been replaced and strength increased. Communists begin drive roughly 150 miles farther south than in May and possess the initiative.

With change of Nationalist leadership in Manchuria just effected, Nationalist command presumably is now imperfectly coordinated. Nationalist strength has been increased since end June by one identified army (number troops arrived unknown), perhaps by other troops as rumored, and by some local recruiting but considering Nationalist losses in fifth campaign they may only have brought strength to approximately that of beginning May. Nationalists are on defensive with weakened communications system and bad officer and troop morale.

It is evident that Nationalists are uncertain where Communist blow will fall but they purport to believe Communists will attack Ssuing south of which Nationalists have strong concentration. It must be assumed, however, that Communists will avoid main points Nationalist concentration at least in beginning stages of campaign except to create diversions in such areas to pin Nationalists down there. If May fighting is standard, this will take little Communist effort. Tentatively suggest that following would be logical sectors of Communist effort: (1) south of Kunchuling, now lightly held, to cut Changchun-Mukden highway and isolate Changchun garrisons; (2) Kirin,

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*a* Neither printed.
where troops are poor, with cutting of Changchun–Kirin railway by pincer movement and subsequent attempt to capture Kirin; (3) Fushun, fall of which would severely reduce Mukden’s already meager power and fuel supplies; (4) Peiping railway, by attack from Jehol supported by drive from Liaoyuan with latter Communist force striking in vicinity Sinmin, with secondary operation to cut communications between Mukden and Yingkow. It will be appreciated that although ultimate Communist aim of conquest is a constant factor, strategy is developed flexibly in action and equation contains many unknowns. This paragraph, therefore, is highly speculative and is offered only for possible suggestive value.

Sent Dept; repeated Nanking as 352, Peiping, Dairen. Mukden by mail.

CLUBB

893.00/9–847 : Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, September 8, 1947—11 a.m.

[Received September 9—3:09 a.m.]

247. Bulk refugees from Communist areas are poor and middle class people of non-working age. Do not fit into Communist program, find slightly better conditions in Nationalist territory, although large numbers educated classes who previously left Communist territory are returning thereto because consider conditions and program in Communist territory better. Source: Educated Chinese in Kaiyuan who has talked to a large number of Harbin and Hsian refugees.

All railroads in Communist territory north of Sungari repaired and in good condition. Rolling stock ample. Railroads being very efficiently run. Little corruption among officials. Communists building railroad from Chengchiatun to Harbin. Source: Former member south Manchurian railway administration who was caught in Harbin, returned to Kaiyuan, disappeared and returned to Harbin. People have great respect for upper level Communists. This includes city magistrates and above. Lesser officials corrupt and intensely disliked by people. Land reform program in Manchurian Communist-held territory completed before Communist fifth offensive. People very satisfied and consequently willingly and enthusiastically joined offensive. Communists believe successful completion of land reform greatly responsible for high morale and success in fifth offensive. Soviets actively propagandizing Communists. Being very clever in their infiltrating tactics so that Communists will not think they are taking over. Making Soviet movies available to all Communist areas.
Soviet published periodicals and papers readily available Communist area north Sungari. Source: Chinese student who visited Harbin and Tsitihar and Harbin and who has returned to Peiping to continue studies.

Sent Nanking as 378; repeated Department as 247 and Changchun as 244.

WARD

893.09/9-847

The Ambassador in China (Stuart) to the Secretary of State

No. 986 NANKING, September 8, 1947. [Received September 22.]

Sir: I have the honor to report briefly on impressions gathered in Peiping during a visit there primarily for long delayed dental work.

The statement issued by General Wedemeyer upon his departure from China caused the same general reactions as elsewhere: among the officials a sense of disappointment and resentment, while Young China was immensely pleased. Thus the happy anticipations within the Government on receiving the news of his Mission and the anxieties of liberals and anti-Government groups generally were reversed by the severe criticisms of his parting message. This has served to manifest more clearly the wide-spread and deepening dissatisfaction among intellectuals and non-party elements of all classes with the Kmt.

The prevailing attitude of students is, however, quite revealing, especially when they are thought of as a rough register of the trend in public opinion. In both Tsing Hua and Yenching Universities the anti-Communist element is reported as certainly 90% and more probably 95%, and the anti-Kmt-Government proportion as fully 90%. In the University of Peiping, Government sympathizers claim that the percentage opposed to the present administration is much lower. My guess would be that these figures are a fair index of student thinking generally over the country. The obvious conclusion would seem to be that the people—even the more radical and immature—are instinctively against Communism and could easily be won to support a truly reformed National Government. Among the students Chiang Kai-shek, as the symbol of Kmt rule, has lost greatly in esteem. To most of them he is frankly finished.

Another impression is the extent to which Soviet inspired literature is being read by students and the unthinking way with which they accept and quote assertions, about the United States for instance, which are palpably untrue. If we are to undertake a program of
active assistance to China I earnestly hope that it will be accompanied by provision for carefully planned publicity.

Conditions in Communist controlled territory are described to me as follows. The more intelligent country people live not so much in actual discontent or hardship as in fear of what might happen to them at any time. The others accept relative economic security and the regulations imposed on them rather passively. The children are growing up with more or less enthusiasm for the existing regime and are taught to believe all that is evil of the National Government and America. The situation is still somewhat plastic but will become fixed with time. There is general agreement that better local administration with complete assurance that there would be no danger of the certain reprisals if the Communists came back would result in a welcome for the National Government. Economic distress is widely prevalent but there is food for everyone.

There is great satisfaction in North China over the appointment of General Chen Cheng to supreme authority in Manchuria and the dismissal of Hsiung Shih-hui. The purging of army officers and other reforms, as reported in the local press, have made a fine impression.

Marshal Li Tsung-jen is gaining in public confidence. There seems no reason to credit rumors of his disaffection toward the National Government. Governor Sung Lien-chung complains—as usual—of having insufficient troops under his command to cope with the Communists in Hopei. The Mayor is working diligently to arouse interest in the coming elections and has drafted college professors and others to visit the different precincts of the city and give lectures on the subject. But he is discouraged by the small numbers registering for casting ballots. It is not clear how much of this apathy is due to fear and how much to indifference or ignorance.

Respectfully yours,  

J. Leighton Stuart

893.00/9–1047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, September 10, 1947—9 a.m.  
[Received September 10—2:25 a.m.]

1886. Following is Hankow’s telegram 182 of September 9, 10 a.m.:

“Week-end situation: Nationalists have retaken Huang-han and attacking Macheng, Communists pushing southeast taking Lotien and Lingshan. Any attempt cut Yangtze will be met with large Nationalist forces Kiukiang. Original Hankow push believed feint. Hankow garrison returning to barracks.”

Stuart

* Director of Generalissimo Chiang’s Headquarters at Peling.
The Ambassador in China (Stuart) to the Secretary of State

NANNING, September 10, 1947.
[Received September 10—9:24 a.m.]

1891. Following was published in North-China Daily News of September 7, 1947:

“A reliable source said Generalissimo Chiang Kai-shek, in a long message to the plenary session of the San Min Chu I Youth Corps Central Committee yesterday afternoon, levelled the ‘severest criticism’ against corruption and the ‘deteriorating spirit’ of the Government and party.

“This source said Chiang’s message was read to the meeting by Yen Shou-chien, Youth Corps Deputy Secretary-General, and was about 10,000 words—one of the longest the Generalissimo ever made.

“He was unprecedentedly outspoken and frank in his criticisms of shoddy spots in the Kuomintang organization and the Government.

“The source said Chiang listed all ‘what he thought was wrong with the Government’.

“He appealed to Youth Corps members to accept the merger with the Kuomintang so as to achieve unity and strength of spirit and purpose to face the present situation.

“He is reported to have admitted in his message that Communist organization and propaganda are superior to those of the Kuomintang. This source declined to give further details of the speech.

“He said several Youth Corps members speaking at the session attacked the ‘degenerating spirit and corruption in the Kuomintang and suggested the merger question should be cautiously reviewed by the meeting.

“He said most Youth Corps members are reluctant to merge with a party ‘so corrupt as the Kuomintang’.”

Sent Department as 1891, September 10.

STUART

The Ambassador in China (Stuart) to the Secretary of State

NANNING, September 12, 1947.
[Received September 23—8:32 a.m.]

A–180. The Ambassador has been informed by a Chinese with whom he has been acquainted for many years and in whose veracity he has confidence that two regulations affecting the coming elections have come to his knowledge: (1) Any Kmt member who runs independently for election to the Legislative Yuan will be dismissed from the Party; (2) The Provincial Governors, Political Commissioners and Hsien Magistrates are to be held responsible for the election of those names furnished by the party.
On August 15 the Ambassador had suggested to the Generalissimo that Dr. Chen Li-fu be sent abroad for the study of political party methods in democratic countries. The Generalissimo replied that he had been thinking of having him go to Europe but could not spare him now because he needed him for the coming elections. One cannot but speculate as to whether there is a plan to pack the Legislative Yuan with approved Kmt members.

On the other hand it is understandable that since Chinese voters are mostly ignorant and indifferent and all of them without experience, some control from the Kmt would seem desirable to secure continuity in the national government.

STUART

893.00/9–1647: Airgram

The Chargé in the United Kingdom (Hawkins) to the Secretary of State

LONDON, September 16, 1947.
[Received September 23—8:49 a.m.]


2. In course of informal conversation today, Dr. Tuan Mao-lan, Minister-Counselor of the Chinese Embassy, London, told Embassy officer, that General Chu Shih-ming had left London September 15th by air for New York. According to Tuan, Chu is going to New York for the ostensible purpose of serving as one of China’s delegates to the General Assembly meeting of the United Nations. However, his real mission, according to Tuan, is to assist Dr. Wang Shih-chieh, Chinese Foreign Minister, in talks which the latter hopes to have with the Secretary. The purpose of these talks, Tuan said, would be to seek American aid for China.

3. Tuan expressed the personal view that if Wang were successful in obtaining American aid for China, he would remain on as Foreign Minister. If, on the other hand, Wang failed in his quest, Tuan thought that Wang would resign his post as Foreign Minister. In the event that Wang remained on as Foreign Minister after his return to China, Tuan considered that General Chu Shih-ming would be brought into the Foreign Ministry as Vice Minister.

4. It was clear from the conversation that Tuan felt that Chinese hopes for American aid had been dashed by the Wedemeyer statement and that Nanking is now pinning its hopes on the efforts to be made by Wang Shih-chieh in the United States.

HAWKINS
Nanking, September 17, 1947.
[Received September 17—1:33 a.m.]

1940. Following is full text of 6-point measure for unification of organization of Kmt and San Min Chu I Youth Corps, adopted at a plenary meeting of the joint session of the Kmt and Youth Corps on September 12 and published in Central News bulletin datelined September 14:

"In order to consolidate revolutionary strength and to unify revolutionary leadership, thereby meeting the needs of the present circumstances, it has been decided by the Kmt Central Party Headquarters to unify their organization. Besides unifying the organization of the party and corps offices of various grades in the provinces, municipalities and cities, the principles and practical measures for effecting the unification of which have already been passed and announced by the standing committee of the Kmt CEC, the following measures have been decided upon for the unification of the organization of the Central Headquarters of the Kmt and the Central Headquarters of the Youth Corps and for the strengthening of their organization:

1. The secretaries of the San Min Chu I Youth Corps Headquarters for the present term shall all be made members of the Central Executive Committee of the Kmt, the reserve secretaries of the Corps be made reserve members of the CEC of the Kmt.

The supervisors of the San Min Chu I Youth Corps Headquarters for the present term shall all be made members of the Central Supervisory Committee of the Kmt and the reserve supervisors of the corps be made reserve members of the Central Supervisory Committee of the Kmt.

The foregoing provision, after being passed by the present plenary session of the CEC, shall be submitted to the 7th National Congress of the Kmt for ratification.

2. The number of members of the standing committee of the Central Executive Committee of the Kmt shall be increased from 45 to 55; the number of members of the standing committee of the Central Supervisory Committee of the Kmt from 15 to 19. The selection of candidates for the membership of the two committees shall, upon

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*See telegram No. 1839, September 17, from the Ambassador in China, reporting the Kuomintang Central Executive Committee's manifesto of September 13, Department of State, United States Relations With China, p. 826. For the Ambassador's comment on the meeting of the fourth plenary session of the Kuomintang Central Executive Committee, in his telegram No. 1970, September 20, 3 p.m., see ibid., p. 828.*
the nomination of the Tsung Tsai (Director-General 45) of the Kmt, be decided upon by the plenary session.

3. In addition to the existing various ministries and commissions under the CEC, a youth ministry shall be created and established, charged with the duty of leading, directing, organizing and training the youths. Organization of the ministry shall be separately provided for.

4. The various ministries of the CEC shall establish various committees to decide on policies and to examine their work. The ministers of the various ministries shall be ex-officio members of the various committees and shall preside at their meetings. Detailed measures shall be separately provided for.

5. The CEC shall establish a committee for research in revolutionary theories, charged with the duty of studying the theories of party principles, platforms and policies. Organization of the committees shall be separately provided for.

6. After the unification of the organization of the Kmt and the Youth Corps, in order to meet the needs of the period of constitutional government and to effect improvements in the organization of the party, the standing committee of the CEC shall designate a number of persons to form a committee to study and map out concrete measures, to be submitted to the 7th National Congress of the Kmt for consideration.

STUART

893.01/9-1847 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, September 18, 1947—3 p. m.  
[Received September 18—10:24 a.m.]

1955. Govt has announced appointment of T. V. Soong as Governor [of] Kwangtung Province. Nomination for post was by Gimo. Soong aware there was strong and determined CC clique opposition to appointment but that this will not deter him from assuming office.

Lo Cho-yong, present Governor, has been dismissed from office. Chang Fa-kwei will remain in Southeast but it is still not clear whether he will continue as commander Gimo's South China headquarters or assume office as Governor of projected new province Hainan Island. In latter event Soong may also assume charge Gimo's South China Headquarters.

45 Generalissimo Chiang Kai-shek.
Dept will note that this is first appointment civilian Governor Kwangtung Province in modern times.
Repeated Canton 15. Canton please comment.

STUART

Office of Intelligence Research Report No. 4517

[WASHINGTON,] September 18, 1947.

THE STRATEGIC IMPORTANCE OF CHINA PROPER AND MANCHURIA TO THE SECURITY OF THE U. S.

SUMMARY

A full evaluation of China’s actual or potential significance to American strategic interests must necessarily include point-by-point comparisons between China and other areas of the world. As a preliminary to this process, the factors contributing to strategic importance can be evaluated for China considered in semi-isolation. This preliminary analysis permits tentative conclusions but leaves unanswered the question of China’s relative place among the powers.

As a prospective military ally of the US in a war with the USSR, China offers both advantages and liabilities. Given an effective government and the menace of aggression, China might achieve sufficient unity to become a useful asset to the US. China’s influence in Asia is of importance as a factor that might retard the growth of Communism in other Far Eastern areas. As the source of a few industrial raw materials, China can make some contribution to American economic strength. In purely military terms, China could provide bases and perhaps manpower for use against the USSR.

To be weighed against these considerations is the fact that an alliance with China must necessarily place upon the US the responsibility for providing economic and military assistance, first to obtain some measure of stability within China and later to develop China’s economic and military resources for use in modern warfare.

The present unstable situation in China, viewed in the light of US-USSR tensions throughout the world, constitutes a source of international friction and is therefore a potential danger to the security interests of the US. A reasonably unified, non-Communist China,

"Forwarded on October 3 to the Director of the Office of Far Eastern Affairs (Butterworth) by the Chief of the Division of Research for Far East (Stelle), with the comment that it "was prepared as a contribution to a Central Intelligence Agency roundup of materials on the question of China’s strategic significance, viewed in the context of a possible conflict between the US and the USSR."
on the other hand, would probably serve to further American security interests; the emergence of such a state, moreover, would be damaging to the prestige of the USSR throughout the world.

It may be assumed that a Communist China would be closely aligned, politically, economically, and militarily, with the USSR. This situation would give the Soviet Union assured access to the food and raw material resources of North China and Manchuria and to naval and air bases in China; Chinese manpower reserves would probably be of only minor significance to the USSR. The development of a Chinese Communist state would tend to enhance the power of the Communist political movement in Asia and thereby contribute to the extension of Soviet influence in the world. If these prospective gains were to be exploited in full, however, the USSR would find it necessary to allocate from its scarce domestic resources capital equipment and possibly consumers' goods for the rehabilitation and development of the Chinese economy.

The probable cost to the US of securing China proper (excluding Manchuria) for the National Government can be estimated only within wide ranges. On the assumption that a minimum of internal economic stability is needed to maintain the National Government's military-political position, it is estimated that American non-military grants or credits totaling roughly US $2 billion would be required for the three-year period 1948–50. In order to have reasonable assurance of a Nationalist military victory over the Communists in China proper within the three years, it would be necessary for the US to provide military support in the form of equipment and continuing weapon and ammunition supplies for thirty Nationalist divisions. If the problem is viewed as one of restoring to Nationalist control all of China proper plus the Manchurian provinces, these estimates must be increased, perhaps by as much as 100 percent.

[Here follows detailed report.]

893.00/9–2047: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, September 20, 1947—11 a. m.

[Received September 22—8:20 a. m.]

273. Chen Cheng energetically preparing Nationalists for anticipated Communist sixth offensive.

Morale of northeasterners and military definitely strengthened by indications Nationalists no longer considering withdrawal from Manchuria, as was currently rumored last stages Communist fifth offensive. Chen already has established reputation as being unequivocally op-
posed to corruption among army and public officials. Several high ranking military officers have been arrested for corruption and rumors being circulated they will be executed. Rumor prevalent Chen Ming-jen recently promoted rank Lt. General and hailed as hero of Ssuping will be court-martialed by Chen Cheng for corruption. Chen definitely interested in civilian welfare and personally visits markets observing conditions and practices of military personnel dealing merchant. All these acts raising morale. Chen has pushed repair of Changchun–Mukden rail line. Barring unforeseen events or Communist activity, traffic between Mukden and Changchun should be reestablished by October 7. Confidential source within PNEH states four armies totaling approximately 120,000 men being sent to northeast. Bulk of one army has already arrived. Nationalists feel that if not pressed too hard during next month and half, they will be able start own offensive, but this seems unduly optimistic.

Communists concealing future intentions well. Nationalists still uncertain where main attack will center. Communist troop concentrations indicate Nationalists could expect main efforts against Kirin and Ssupingkai and possibly a third main effort in the Hulutao-Chinchow area, should the Communists be able to supply three simultaneous drives. Probable date opening Communist offensive still uncertain. Muddy roads may have been holding up drive to date. Communists also may be waiting until Nationalists have expended equipment in repairing rail lines because they undoubtedly realize that if they effectively destroy rail line this offensive Nationalists will experience great difficulty in again restoring it.

If Communists receiving instructions from Moscow as to strategy, may also be desirous drawing Nationalist troops into Manchuria from intramural China, to relieve Nationalist pressure there. Might do this if think Manchurian Communists capable handling increased number of Nationalists.

Little hope seen for Nationalists before Chen Cheng’s arrival. His arrival coupled with energetic positive action his part plus reinforcements lend Nationalists hope. Northeastern spokesman skeptical Chen’s initial momentum will continue and adopting “wait and see” attitude toward him. Readily admit he is moving in right direction, but think it too early to make definite decision re permanency his reform. Many people think job too big for Chen and that soon he will become bogged down in maze of detail work and major issues which he now personally handles will again fall into hands of subordinates who will abuse power. In any event his holding and possibly expanding of present Nationalist controlled northeast will prove extremely

*Generalissimo Chiang’s Northeast Headquarters.*
difficult task for reason such area consists of vulnerable corridor extending from Great Wall to Sungari River.

Sent Nanking as 405, repeated Department as 273, sent Changchun by mail as 261.

WARD

893.00/9-2047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, September 20, 1947—noon.
[Received September 20—10:30 a. m.]

1967. Political, military and economic position of Central Government has continued to deteriorate within recent months in accordance with previous expectations (reEmbl 1180, May 29). Currently the cumulative effect of the absence of substantial, financial and military assistance expected from the Wedemeyer Mission and renewed Communist military activity are intensifying the Chinese tendency to panic in times of crisis.

Department will have noted renewal of Chinese efforts to obtain favorable action on ammunition supplies (reEmbl 1902, September 11 and Embl 1916, September 12 68) and despite Embassy's statements that ammunition question is one for decision in [Washington], constant inquiries are received with regard to action taken. More recently there has emanated a series of thinly-veiled suggestions from senior officials of the Government obviously intended to convince the Embassy that if aid is not soon forthcoming from the US, it may become necessary for China to seek assistance from the Soviet Union. It has even been suggested to the Ambassador that the Soviet Ambassador to China, whose return is expected shortly, might be asked to mediate in the Civil War and that he would be glad to accept.

Although the Embassy does not overlook the remote possibility of a Sino-Soviet rapprochement and is following the situation closely, it considers that such talk is primarily for effect on the US and secondarily reflects a feeling of desperation among Chinese leaders. Department will realize that under present circumstances, and prior to any action as a result of General Wedemeyer's report and recommendation, a Chinese paper flirtation with the Soviet Union by the Vice-President and President of the Executive Yuan 70 is a maneuver reminiscent of similar Chinese tactics in the past, of Dr. Sun Fo's letter to New York Times in January 1942. An added element in the overall situation, of course, is the increasing Chinese fear that the

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68 Post, pp. 887 and 888, respectively.
70 Wang Yun-wu and Gen. Chang Chun, respectively.
US is tending more and more to shift center of gravity of its Far Eastern policy from China to Japan.

At the moment the most serious concern of the Government is the sweeping large-scale raid of Liu Po-cheng into Anhwei and southern Honan which commenced about August 12 (reEmbtl 1823, August 28 11) and has been increasing in momentum since that time. There is much speculation with regard to Liu’s ultimate objective which is variously interpreted to be the crossing of the Yangtze River at some point between Wuhu and Hankow and advancing southward to establish Communist bases in Fukien or Kwangtung, or even to make connection with the Communist-led forces of Ho Chi-minh in Indochina. It is more likely [that Liu has] no more concrete objective in view than to harass a wide area, further embarrass the Government and cause it to withdraw troops from critical areas in pursuit.

Three divisions have already been withdrawn from southwestern Shantung and despatched in pursuit of Liu. Concurrently Yeh Chien-yiing, alleged by Government to have been contained in Shantung in Yellow River delta area, has moved his troops southeastward and crossed the Yellow River in the vicinity of Tungo, with a force of approximately 40,000 men. The possibility suggested in Embtl 1823 of August 28 appears now to have become fact and recent Government optimism with regard Shantung has been proved largely unwarranted.

In Manchuria the military situation remains quiescent. Arrival of Ch‘en Ch‘eng and military reforms inaugurated by him have had excellent effect upon overall military and civil morale. However, sixth Communist offensive Manchuria is imminent and seems to be waiting only upon further drying of roads which has been delayed this season by unusually heavy rains. It is doubtful that changes made by Ch‘en Ch‘eng will be in sufficient time to counteract serious decay which set in under Hsiung Shih-hui and Tu Li-ming regime. Furthermore, as pointed out in Embtl 1760, August 20, it is likely that on-coming Communist offensive will be coordinated with Communist military activity North China to preclude the despatch of adequate replacements or reinforcements outside the Wall. Current activities of Liu Po-cheng in Central China and Yeh Chien-yiing in Shantung now tend to confirm this belief. Communist radio broadcasts state that offensive to “liberate” China north of the Yangtze has been launched, but it is unlikely that Communists will be successful in attaining this objective within foreseeable future. Their maneuvers, however, will undoubtedly further shake the economic and political structure of the Central Government throughout China but critically so in the north.

11 Not printed.
Most disheartening features of present Chinese situation in economic as in other spheres are overt reliance on deus ex machina of American aid to extricate China from its pressing problems and corresponding lack of self-reliance and self-help in tackling them. While introduction of “official” open market rate of exchange on August 17 marked a welcome departure in this respect,12 toying with premature and ill-considered project for introduction of silver coinage, expectation that China’s balance of payments deficit will be partly covered in some form or other by the US, and continued passivity in face of mounting hyper-inflation clearly reflect dominant trend of dependence on outside assistance. While there is a prima facie case for foreign aid, for instance, to cover part of balance of payments deficit, it would be immeasurably strengthened if there were signs of a concerned and aggressive policy on part of Government.

Too early to judge what impact of establishment of “official” open market rate of exchange on China’s balance of payments will be, as much depends on whether political pressures will counteract influence of foreign advisers who rightly wish to hug black market rate for US currency. Nevertheless, its establishment is a healthy if belated step in right direction. Central Bank had been losing foreign exchange at rate of $30 million a month, $20 million for financing gap between commercial imports and receipts from exports, et cetera, and $10 million for Government imports and expenditures abroad. In its first month of operations Exchange Equalization Committee’s receipts have slightly more than covered outgo on commercial imports, but unless this trend can be maintained, China’s existing foreign exchange assets of $260 million, including 45 million ounces of silver, barely sufficient to last another 9 months.

News of appointment of Wedemeyer Mission and its presence in China rekindled hope of American aid and thus functioned as a temporary curb on rising prices in July and August. But since beginning of September, Shanghai wholesale prices have risen over 20 percent and price of rice by over one-third, in spite of fact that summer crops currently being harvested give indication of being at least tolerably fair. Since Embtel 1180 of May 29, they have increased over 85 percent and 50 percent respectively.

Note circulation at the end of August CN $13.7 trillion or 64 percent more than at end of May and 270 percent more than at beginning of year. Thus higher rate of increase of note issue in first 5 months of 1947 has been maintained. Budgetary deficit and expansion of note issue since beginning of year almost identical. Budgetary receipts continue to remain at below 40 percent of expenditures of $16.5

12 For correspondence on this subject, see pp. 1000 ff.
trillion in January–August and it is to be feared that rising prices and current military situation will lead to a further deterioration in this respect.

Overall outlook continues to be one of steady deterioration of Government position and creeping paralysis of administration. Central Government now in position of an extremely sick man whose will to live begins to show signs of weakening.

STUART

893.00/9-2547 : Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, September 25, 1947—noon.

[Received September 27—10:47 a.m.]

280. Two reasons for Chen Cheng coming northeast. First, to suppress Communists. Second, to suppress mounting momentum of northeastern Mobilization Commission movement calling for “north for northeasterners.” Source thinks second reason most important factor Chen’s assignment Generalissimo worried about reports received growing demand among northeasterners for return Marshal Chang Hsueh-liang. Several generals who displayed sympathy to northeastern people’s movement already sent out of northeast by Chen.

One of the first actions taken by Chen upon arrival in northeast was proscription military units not approved by Nationalist Government, and prohibition recruiting of troops without Nationalist approval. Believe no military force not strictly controlled and of unquestioned loyalty to Generalissimo and his followers will be allowed exist in northeast. Believed General Ma Chan-shan will never be given troops to command. Group of northeasterners who have organized into unit called “Northeast Mobilization Commission”, led by Wang Wa-yi, member People’s Political Council, being closely watched by Chen. Organization too powerful to be overtly opposed by Chen. This group offered mobilize northeasterners into semi-national guard unit to fight Communists. Nationalist Government fearful this organization backed by military forces will become too powerful and force Nationalists accede demands of northeasterners. Therefore offer refused and Chen will make certain they have no military power. Organization also being fought by Nationalists who have appointed key organization members to Government jobs and then insisted appointee resign from organization. Wang offered important job by Chen on direct order of Generalissimo and refused job because knew acceptance would force resignation from commissioner.
Chen’s attitude towards this organization, which obviously reflects Nanking attitude, exceedingly important at present time.

Rumored Chen will be relieved position chief [of] staff, Ministry National Defense, to allow him devote entire attention to northeast. Common feeling once this done he will be on his own and will no longer receive support in way of reinforcements and equipment now getting.

Elements within Whampo military clique also starting covert movement against Chen. Movement led by Tu Yu-ming and Hsiung Shi-hui. Chen also stated disliked by Chang Chun. Consolidation NECC and PNEH engineered by Chen. Reported not to have been ordered by Generalissimo until pressure to do so brought on him by Chen. Chen, not wishing antagonize military clique, who wanted to retain military predominance in northeast government structure, effected consolidation before coming to northeast by insisting Hsiung institute move. Move sought [fought?] by Tu through Cheng Tung-kuo who replaced Tu as acting head of NECC. Whampo clique desire military establishment in northeast independent of political establishment. This clique has found merger not Hsiung’s idea and are beginning put undercover pressure on Chen.

Ability Government defend northeast successfully questionable. Government will need fullest cooperation northeastern people and Nationalists in other areas to hold northeast. Points brought out are first indication this cooperation may not be forthcoming. Believe this last chance Nationalists may have convince those northeasterners who have not already gone over to Communists that Government intention toward northeast beneficial.

If Nationalists continue present tactics they may experience northeastern internal as well as Communist external opposition.

Sources re foregoing: Wang Wa-yi, a military attaché, and editor leading Kmt paper northeast.

Our opinion is that only hope Nationalists have holding northeast is to win northeasterners to their active support or at least not alienate them. This can only be done by cleaning up Nationalist corruption and by showing northeasterners that Nationalists have their interests at heart. Mobilization manpower for military purposes serious problem in northeast. Conscription here has not been successful. Northeasterners not believed willing fight wholeheartedly for southern Nationalists, but believed they would fight willingly for northeast and northeastern leaders. Chen’s actions have already practically precluded immediate military cooperation by northeasterners.

Sent Nanking as 411, repeated Department as 280.
The Ambassador in China (Stuart) to the Secretary of State

NANKING, September 27, 1947—11 a. m.
[Received September 27—10:14 a. m.]

1994. Following is Shanghai’s 1587 of September 21.

“Two separate good sources (Chinese banker and head of Texaco China quoting statements just made to him by ‘top-ranking Chinese business leaders’) told us yesterday that T. V. Soong, finding CC Clique too strong to oppose and Political Science group too weakened to be worth bargaining with, has come to definite terms with CC and joined forces with them against Political Science. Second source named ‘subsources’ as further stating as unquestioned fact that Soong had hoped to handle all ‘negotiations’ with General Wedemeyer and had Gimo’s approval therefor; and that Soong’s move to CC is definitely related to his failure to persuade Wedemeyer to deal with him on such basis. According to both sources, Soong’s recent gift of [shares] to Kmt cause and appointment as governor Kwangtung are part of bargain with CC and one informant said a way would be found to give Soong military strength without which his governorship would be meaningless. Recent editorials in local papers controlled by H. H. Kung lavishly praising Soong’s public spirit and patriotic conduct business affairs (sample summarized in Contel 1578, September 17; repeated Department 2277) seem clear evidence of Kung-Soong rapprochement which presumably involves Kung’s association with Soong and CC.

According to statements made to us by several Chinese, prominent in intellectual anti-Kmt circles, Government’s current anti-American show was decided upon at least 2 weeks ago at insistence of rightist elements, especially CC which finds such move timely and effective for weakening Political Science. . . .

We have impressive evidence here of extent to which CC has been increasing its power, spreading its political and economic tentacles and dominating, with help of other reactionary elements, Kmt’s unscrupulous and ruthless election preparations to ensure that electees comprise only elite party supporters plus such few political beggars as it may seem expedient to accept as window dressing. Will report further on this.”

Embassy comments on foregoing message follow.\textsuperscript{75}

\textsuperscript{73} Former Chinese Minister of Finance, brother-in-law of T. V. Soong.
\textsuperscript{74} Not printed.
\textsuperscript{75} See telegram No. 2020, October 2, 8 p. m., from the Ambassador in China, p. 300.
The Ambassador in China (Stuart) to the Secretary of State

No. 1026

NANKING, September 29, 1947.
[Received October 7.]

Sir: I have the honor to report on various recent developments, more in an attempt to interpret their significance than as items of news.

Kuomintang.

Dr. Chen Li-fu and his associates had been losing influence until the recent meeting of the C. E. C. when, by cleverly capitalizing the mood of indignation caused by General Wedemeyer's statements and the anxieties as to the over-all outlook which these high-lighted, they had an apparently sweeping return to power. But after the adjournment of the formal sessions the internal struggle has continued between the C. C. Clique and its opponents and President Chiang has been actively working out a solution which would avoid either the complete domination of that Clique or any violent disruption. Dr. Chen tried hard to succeed Wu T'ieh Ch'eng as Secretary-General but the settlement now reached is that General Wu will stay in office with two assistants, Wang Ch-i-chiang and Cheng Yen-feng, both of them of the more progressive and democratic type, not allied with any of the inner factions. They were both European trained, the latter having served at one time as a Secretary of the League of Nations.

Another C. C. member, Ku Cheng-kang, Minister of Social Welfare, was to have taken Chen Li-fu's present position, but that has been thwarted and a decision should be reached today. But a sub-division in the Party Board of Organization has been formed (Chen Li-fu not participating) known as the "Youth Bureau", with Professor Ch'en Hsueh-p'ing in charge. He has been for years on the faculty of the University of Peiping, a close associate of President Hu Shih and one of its outstanding liberal leaders of thought. He presented an outline of policy to President Chiang which was approved. This stresses two features in the control of students: (1) they should concentrate on their studies rather than concern themselves with political agitation; (2) the Kmt members among them should try to "serve" their impecunious fellow students.

Reforms.

There is not much evidence yet of success in dealing with graft, which is becoming more prevalent in the worsening economic situation. But President Chiang is at least trying to tackle the problem. The Control Yuan has been given considerably more authority with instructions to exercise it in this matter. One hears constantly of
those who have been brought to trial. An instance, which is a somewhat acid test for any Chinese official, is the son of an old and honored friend of President Chiang, now at the head of the Postal Administration but charged with flagrant peculation, whom President Chiang ordered to be punished according to law regardless of all other considerations.

The powers of the local police are being enlarged as part of the plan for eliminating or at least restricting the activities of military police and secret service men.

**Pro-Russian tendencies.**

The recent statement by Dr. Sun Fo is declared by others in the Government to be a characteristic instance of his expression of personal views. But they also point out that it should not be ignored in view of the group around him, including such well-known liberals as Shao Li-tze. These men are advocating Russian help in persuading the Chinese Communists to cease fighting and to withdraw into Manchuria which would become semi-autonomous. Economic difficulties could be largely relieved by substituting a system of barter for foreign exchange. This group have been working hard to win the C. C. Clique to their point of view and their lack of success has been chiefly due perhaps to the attitude of President Chiang. One of the very few Chinese who dares to talk frankly to him, pointed out that this solution would result in his becoming virtually a puppet, and that he would not fit easily into such a role.

**Message from Gen. Wedemeyer through Gen. Ho Ying-ch’in.**

Madame Chiang sent me word that such a message had been received and that the Gimo was quite incensed over it. It was to the effect that General Wedemeyer hoped the Chinese Government leaders would understand his own reasons for making the criticisms he had, and that if they failed to do so it would be more difficult for him to make recommendations beneficial to China. Having asked that I be told of this, she decided later that it would be better for me not to be told on the ground that this might aggravate the already strained relationships. The Gimo took this message to be a threat or a form of “blackmail”. Were the issues not so extremely grave there would be something ludicrous about the way in which this ugly word is being used by both Americans and Chinese as descriptive of the others’ tactics. Knowing Gen. Wedemeyer as I have now been able to I can understand his intentions in a wholly different light and in keeping with his friendly feeling for China and his constructive purpose. It is also entirely possible that in the use of two linguistic mediums, with telegraphic coding and psychological factors, such misapprehensions could easily result. I have debated whether to narrate this incident
or not but have done so on the principle that the best procedure is full and frank reporting of all that has to do with Chinese-American issues.

This episode would be unimportant—or would never have happened—were it not for the tension under which the responsible leaders of the Government are almost desperately trying to find a solution for their mounting problems. They have been waiting so long for American assistance while their need of it is becoming steadily more acute that those who are regarded as having made concessions to placate us are being taunted with failure and other possible remedies are being advocated. This helps to explain why some of the best among them have been saying petulant things, while others either try to frighten us with the Russian bogey or short-sightedly but seriously toy with the idea. These ill-considered comments cause unfavorable reactions in the United States some of which are published here and arouse further misunderstanding. Meanwhile the suffering people of the country, who will in the end determine its destiny, are utterly helpless.

There are not a few hard-working, public spirited progressives in the Government who share our dissatisfaction with it and who earnestly desire for their country all that we have expressed as our hope for China. But their difficulties are very real. Just to mention one of many, the members of the two minority parties brought in to broaden the basis of the Government are showing themselves to be even more rapacious for office and its perquisites than many of the Kmt, with no improvement in administrative efficiency. These progressives and their many sympathizers outside would be immensely heartened by some indication of our intention to assist them and would, in my opinion, be the nucleus through which we can go a long way toward realizing our aims for China and for a stable peace in this part of the world. But they do not see much hope without such aid from us and any authoritative indication of our policy would be very reassuring.

Respectfully yours,

J. Leighton Stuart

893.31/9-3047 : Telegram

The Consul General at Shanghai (Davis) to the Secretary of State

SHANGHAI, September 30, 1947—1 p. m.
[Received September 29—11:46 p. m.]

2316. USIS [*] Chinese news editor states that Tso Shi-sen, Vice Minister of Information for the Kuomintang, instructed Kuomin-

[*] United States Information Service.
tang-controlled newspapers in Shanghai not to publish any criticism which American officials or the American press levelled against Soviet Union unless absolutely necessary, in which case news should be played down using only short items under inconspicuous headlines. Instruction was sent to all Kuomintang publishers and editors.

Sent Nanking 1624; repeated Department 2316.

Davis

803.00/9–3047 : Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, September 30, 1947—5 p. m.

[Received October 1—12:30 a.m.]

293. Communist attack Chinhisi area appears turning into major offensive. My telegram 418, September 26; 284 to Department. Communist apparently found weak [spot] this area and have been pushing advantage. Early morning September 29, Communists attacked Mukden–Peiping rail lines between Hsingcheng and Suichung (40.30–120.30). Four bridges at Psimisotze and Wanghaitien destroyed. Considerable time required repair bridges but estimate unknown Consulate General. This is first time in over one [apparent omission] Communists have damaged main line Peiping–Liaoning railway north Great Wall, and the first time since V–J Day any major damage has been done thereat. Communists have massed troops in Hsingcheng area and Nationalists expect attack on this city. Capture of Hsingcheng by Communists would mean effective cutting land communications Manchuria and intramural China and would jeopardize position Hulutao and depreciate Chinwangtao to Manchuria. Vulnerability of Yingkow to Communist attack pointed out, my despatch No. 45, August 26, plus statement made to AMilAt by Yingkow military authorities recently that they will not be able hold Yingkow should Communists attack, make possibilities present serious threat Nationalist position Manchuria.

Sent Nanking 419; repeated Department 292 [293] and Changchun as 274.

Ward

77 Not printed; it reported Communist attacks in southwest Manchuria where two divisions of Chinese 49th Army from intramural China were reported destroyed or captured by Communists (893.00/9-2947).

78 Not printed; it surveyed technical improvements needed to make Yingkow capable of receiving American material aid for Manchuria (893.1561/8-2947).
Subject: Dr. Wang Shih-chieh, Chinese Minister for Foreign Affairs

Dr. Wang was educated in England and France, is an authority on comparative law and has been active in academic circles in China, both as university professor and president and as Minister of Education. Pro-western in his outlook, he represents the best type of modern progressive Chinese in the Government and, on some occasions, he has been able to influence the Generalissimo.

If Dr. Wang does not confine his visit to a call of courtesy, he is likely to touch on the subject presently of most concern to the Chinese Government, which is described in the following paragraph.

The Chinese fear that United States preoccupation with western Europe is resulting in neglect of China's urgent need for American aid and they are seriously concerned lest the United States not extend to them substantial financial, economic and military assistance. They feel that the U. S. has a moral obligation to assist them: partly because of the American role at Yalta, which led to the Sino-Soviet Treaty of 1945 granting certain rights in Manchuria to the USSR, and partly because they regard their situation as similar to that of Greece and Turkey. They, of course, minimize their own inability to take sufficiently effective steps to carry out urgently required political, economic and military reforms which would strengthen their hand against the Communists and which are ultimately essential to the continued existence of their Government.

If Dr. Wang should introduce the foregoing subject, it is suggested that he be informed that the United States does have a definite traditional interest in China and that China is not being overlooked by the United States in its consideration of the problems of economic recovery and rehabilitation throughout the world.

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 2, 1947—7 p.m
[Received 10:16 p.m.]

2018. I called on Gimo evening September 28 for informal talk. I mentioned that a variety of rumors were rife with regard to relations

*Drafted on September 30 by Philip D. Sprouse, of the Division of Chinese Affairs, and handed by the Director of the Office of Far Eastern Affairs (Butterworth) to the Under Secretary of State (Lovett) for President Truman.

See Department of State Bulletin, Supplement, Aid to Greece and Turkey, May 4, 1947, p. 827.
our two countries. Gimo voiced emphatic assurance that the friendly relationship between China and the US was too long-standing to be affected by any seeming conflicts of interest. He then remarked that his own policy was inflexibly clear and firm. In view of reports reaching me of strong pressure upon him from Kmt groups to shift from America to a more pro-Russian course his introduction of this comment seemed to me quite significant.

I questioned him as to the real reasons for the Chinese stand regarding the Jap peace treaty and he replied without any apparent hesitation. He explained that in view of all the devastation the Chinese people had suffered from the war they ought to be adequately protected and compensated in the terms of the treaty, and added that the Foreign Minister had been instructed to discuss the problem in all its aspects with you in an effort to find a solution acceptable to both nations.

He continued in a more personal vein to the following effect: He felt the responsibility to his people of averting the dangers to China of a treaty in which the Soviet Union was not a signatory, all the more so because of China's present weakness; it was almost an issue of China's survival, to say nothing of the stability of the Pacific area; if the Soviet Union violated the agreement his own Government would at least have done its best for its people and would have a case to present to the UN. He then referred to India with its huge population and the importance of having both China and India develop according to their natural tendencies and that for reasons such as these it seemed to him America should be no less concerned about Asia than Europe.

STUART

893.00/10-247 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 2, 1947—8 p. m.
[Received October 3—8:32 a. m.]

2020. There have been many reports from diverse but fairly reliable sources that T. V. Soong and the CC clique have entered a temporary rapprochement and that the governorship of Kwangtung, the calling off of the press and other attacks on Soong, and his recent substantial gift to the party were among the items in the bargain. Although T. V. himself denies having entered into an understanding with CC clique, it must be pointed out that as elsewhere the CC clique dominates the party machinery in Kwangtung and without some assurance of its non-opposition both on a national and provincial scale it is doubtful whether T. V. would have accepted the governorship. (Ref-Embtel 1194 [1994], September 27, 11 a. m.).
Embassy considers that it is Government’s objective to stabilize its bases in south China at a time when it is weakening in north China and when separatist tendencies in Kwangtung and Kwangsi might gather impetus. It is very likely T. V.’s objective to stage a comeback on the political scene by acquiring a reputation as a model governor. At the same time he avoids being connected with the Nanking operations of the Central Govt in a situation where any responsible official in Nanking will find it hard to avoid loss of prestige.

Embassy concurs with Shanghai’s statement that CC clique is increasing its power—not only in Nanking but consolidating its overall position through control of the party machinery throughout the country.

STUART

893.00/10-247: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 2, 1947—9 p. m.
[Received October 3—3:28 a. m.]

2021. Following is Shanghai’s 1619 of September 30:

“In conversation with officer of Consulate General September 27, Lai Lien, member of standing committee of Kmt CEC and one of most active CC politicians, stated:

1. T. V. Soong did not want Kwangtung governorship but was persuaded by Generalissimo to accept. (Other sources here state national situation is so serious for Generalissimo that he needs Soong’s prestige and ability to hold and prepare south China as base for possible last stand of Government.) Lai seemed to confirm by implication recent reaching of Soong—CC understanding as he made remarks indicating that Soong had finally gotten over his political snobbishness and shown willingness ‘to play ball with the gang’.

2. Soong now in Shanghai will leave for Canton soon for preliminary 2 weeks’ survey of situation needs, following which he will return north before permanently taking over position. (In this connection T. K. Ho, local Soong man, formerly Deputy Mayor Shanghai, tells us he is proceeding Canton soon in response invitation from Soong.)

3. Principle of substituting civilian for military administrators was also factor in Soong’s appointment. Appointment may soon be expected of new civilian governors for provinces south of Yangtze beginning with Fukien, Kiangsu, Chekiang, Hunan, and also for Hupeh.

4. No agreement with Young China and Democratic Social parties regarding their requests for election quotas has yet been reached.
Evidencing an impatience believed to reflect typical CC contempt for small parties, Lai said the two parties to conceal their weakness were refusing divulge their membership numbers.

5. Rumors that Chu Chia-hua will leave his Education Ministryship are probably true ‘as he has been a failure’. Repeated remarks and questions by Lai revealed clearly smouldering resentment against what he feels is misinformation given American public to make them regard Central Government as hopelessly corrupt and Communists as agrarian reformers rather than real Communists; also against what he pictures as ‘anti-China’ group headed by Gauss and Vincent.**

STUART

VI. RENEWED COMMUNIST OFFENSIVE IN MANCHURIA; GOVERNMENT’S MEASURES AGAINST THE DEMOCRATIC LEAGUE; CRITICAL POSITION OF GOVERNMENT FORCES (OCTOBER 2–DECEMBER 31)

893.00/10–247 ; Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, October 2, 1947—5 p. m. [Received October 3—8: 08 a. m.]

295. Communists starting intense offensive. Have consolidated positions on railroads between Hsingcheng and point 20 kilos Ne Shankaikwan. Control entire rail line except small portion immediate vicinity Suichung (mytel 421, September 30*). Early morning October 1 Communists destroyed 3 spans on each of 2 rail bridges at Hsinmin on Peiping–Liaoning railroad 60 kilos west of Mukden. Nationalists considering withdrawing crack troops from Chinchow area to reinforce garrison Hsinmin.

Mongolian cavalary troops moving east attacked and surrounded Faku (42.30–123.30) October 1. These forces moving east towards Kaiyuan. Other Communist forces in Hsifeng (42.45–124.55) moving west towards Kaiyuan. Bulk Nationalist forces Ssuping being held there because Nationalists believe Communist move towards Kaiyuan merely feint and real attack will be launched at Ssuping. Unconfirmed reports indicate Communists have cut rail line between Ssuping and Kaiyuan. Other unconfirmed reports indicate Communists attacking points on rail line between Changchun and Ssuping. Communists cut Mukden–Yingkow railway at Haicheng October 1.

Sent Nanking 425, repeated Department as 295, Tientsin as 94, Changchun by mail as 282.

WARD

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* Former Ambassador Clarence E. Gauss.
** John Carter Vincent, former Director of the Office of Far Eastern Affairs.
*** Not printed.
Memorandum by Mr. Josiah W. Bennett, Assistant Public Affairs Officer in the Embassy in China

[NANKING,] October 2, 1947.

The following account of the political attitudes of students at Nanking University, Christian college in Nanking, is based on the observations of an American student who has been in attendance at the university during the past year, supplemented by my own conversations and experiences with Chinese students in Nanking.

A majority of the students at Nanking University are of liberal views. But they are not liberals in the American sense, and liberalism does not have the positive content for them that it does in America. For them it means, above all, opposition to the present Chinese Government and all its works. The students lavish so much emotion on the question of removing the present regime from power that they have no clear idea of what sort of government should replace it.

Antipathy to the present regime stems from many causes. Students resent the fact that the government, while slinging the universities financially, is only too ready to interfere with what they consider purely academic affairs. They are inflamed by the disbanding of demonstrations, the dropping of politically active students and professors, and the activities of the Kuomintang Youth Corps in their midst. They compare the small sums which are granted for educational work with the vast amounts diverted to corrupt ends. And their emotions are especially excited by the continued expenditure of money and blood on what they consider a criminal civil war.

These student “liberals” are in reality ardently nationalistic. Much of their dissatisfaction with the government seems to result from a feeling that the Government is not upholding the prestige and dignity of China; and they are especially critical of what they consider to be the Government’s supine policy toward the United States and Russia.

In a real sense the present student movement is a revolt of the younger generation against their fathers. Many of the students at Nanking are from influential and official families. They seem possessed of the belief that they are being cheated of their birthright by the bungling stupidity of their elders.

There is an active Communist “cell” in the student body at the university which assumes leadership of most student political activities. This group surreptitiously studies the works of Marx, Lenin, Stalin, and Mao Tse-tung and are thoroughgoing Communists in

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*Copy transmitted to the Department by the Ambassador in China in his despatch No. 1055, October 17; received October 27.*
their beliefs. Small in members, its influence is great, because it is able to unite with it all those sharing their hatred of the Kuomintang regime. Most of the student liberals are quite uncritical of the Communist regime, of which they have no experience, and frankly admire the Communists for their success in opposing the Government. Thus they have come to identify the Communist cause with their own, although, paradoxically, most of them would deny that they desire a Communist government in China.

There is then an almost complete lack of comprehension of the implications of a Communist victory. Many of the students profess to believe that the Communists are an indigenous Chinese political movement with no outside connections. Many also state that the Communists, even though they should defeat the Government militarily, would be incapable of governing the country and that liberals like themselves would be able to leap into the ensuing vacuum and seize control of the country. The opinion is quite commonly expressed on the campus that the struggle is a good thing because from it will emerge a government, neither Kuomintang nor Communist, which will be preferable to either of the two alternatives.

The students are exceedingly provincial in their political outlook. There is little understanding of the broad international issues involved, of the present world-wide struggle between Communism and democracy. In their eyes, the iniquities of the present regime in China eclipse all other considerations. Whatever tends to prolong the existence of that regime is bad; whatever tends to hasten its collapse, good. Thus American aid is bad; Communism good; and world issues which have no immediate bearing on the situation in China matters of indifference.

The students' attitude toward the United States is conditioned by these emotions. The traditional Chinese friendship for the United States still prevails in the abstract; admiration for American scientific and technological progress is universal. But American policy toward China, which they conceive to be the product of a stupid or wicked government rather than the will of the American people, is heartily condemned by all student liberals. They feel that American support of the present government has prolonged the civil war—by which they mean it has delayed the collapse of the government. By the same logic which convinces them that all who oppose the government are their friends, they believe that all who help the government are their enemies. In denouncing the Americans the Communist shibboleth of "imperialism" is ready to hand and is used uncritically. The presence of American troops in some cities, the flood of American
goods on the market, and the occasional incidents involving American personnel all lend color to the Communist charge.

The deep emotion on which the anti-American feeling is based makes it impossible for the students to view the problem with objectivity. They cannot see that Americans are just as averse as themselves to the inefficiency and corruption in the Chinese Government. They do not believe that America desires a democratic government in China. They do not understand that much of the aid that America has given China has been prompted by humanitarian motives rather than by sinister design. They cannot understand the American aversion to Communists. But fundamentally they cannot forgive the United States for continuing to deal with a government from which they have withdrawn all loyalty.

Feelings toward Russia are mixed. Most students are suspicious of Russian motives and their nationalist sensibilities have been gravely injured by the Russian behavior at Dairen. The Chinese Government has attempted through the Youth Corps to capitalize on the Dairen issue to stimulate anti-Russian sentiment. The result has been the opposite of that intended, as most liberals are inclined to oppose anything sponsored by the Government, whatever its merits. In other ways the students are favorably inclined toward Russia. They are quick to praise small things, such as Russian advances in sociology or Russian literature, but fail to see the grave drawbacks of the Russian system of government and the threat that it poses to the cause of democracy. Their uncritical approval of things Russian is clearly parallel to their unreasoning acceptance of Communist good intentions.

A most disturbing fact about these student liberals is that they appear to have no real understanding of, or even interest in, democracy. It is true that a certain professor has made himself very popular by lecturing on western liberalism and making unflattering comparisons between the Western democratic governments and the Chinese Government. But it is hatred of the government that has provoked admiration, not love of Western liberalism. The hatred of the government is not so much because the government is undemocratic as because it is a corrupt monopoly of power. The liberals themselves want to monopolize power, not give it to the people. Their opposition rests simply on the belief that they would be better governors than those now governing. Kuomintang, Communists, and liberals alike believe in solving national problems through government action rather than through individual initiative. They all advocate state planning of one sort or another in the nation's economic life. Voices are seldom raised in favor of capitalism and free enterprise, for all appear to

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88 For correspondence on this subject, see pp. 481 ff.
believe that capitalism is dead or dying and that socialism of one sort or another is to be the order of the new day.

These attitudes are perhaps inevitable in Chinese students. Traditionally the Chinese scholar studies to fit himself as a government official rather than as a voter. The Chinese Republic has inherited from its dynastic predecessors the traditions of a centralized, autocratic government with distinct tendencies toward monopoly and control in the economic field. The farmers and small business men, who in Western countries have been the bulwark of democracy, have in China never developed an active interest in government. Moreover, the students at Nanking University do not represent these classes. Most of them are from the governing class—government officials, big business men, bankers, landowners. Even those who come from humble origins are anxious to improve their status by graduation to the upper class and are quick to acquire the psychology of their superiors. Democratic ideals, belief in the worth of the individual and in the right of the people to choose their governors, can grow but slowly in such hostile soil.

893.00/10–347: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, October 3, 1947—3 p.m.
[Received October 6—3:10 a.m.] 87

297. While Communists' sixth offensive began September 16 [it] did not gain great moment until October 1.

Initial attack apparently caught Nationalist unprepared indicating once more their intelligence deficient. Nationalists expecting attacks between Mukden-Changchun had bulk forces concentrated there. Communists moved units south and struck in Chinhsí area where little resistance met. After several days fighting Communists succeeded annihilating or capturing 13,000 Nationalists of 49th Army with all heavy equipment thus practically wiping out unit which had just arrived as reinforcements. Communists pushed advantage and seized rail line between Hsingcheng and point 20 kms. north of Shanhaikwan. Thus land communications between Manchuria and intramural China cut. At same time value port of Chinwangtao to Manchuria considerably lessened.

Communists then moved north to Hsinmin where three spans on each of two bridges destroyed. This destruction cut land communication between Mukden and Hulutao port. At same time other Communists cut Mukden-Yingkow rail line between Haicheng and Ta-

87 Notation on the original: "Message delayed in transmission."
shinchiao [Tashihkiao?] thus cutting land communication between Mukden and Yingkow port. Simultaneously Mongolian cavalry troops moved on Faku 50 kms. north of Mukden and after surrounding city moved east towards Kaiyuan. Simultaneously other Communist troops in the Hsifeng area moved west towards Kaiyuan.

Further north Communist forces are reported hitting points on railway between Ssaping and Changtu.

Nationalists are in much worse position than at end of fifth offensive. Manchuria has temporarily lost all land communication with China. Two divisions Nationalists reinforcements have been neutralized and even further appears that they have surrendered to Communists together with all equipment. Two more divisions Nationalist reinforcements have arrived at Shankaikwan but they will have to fight their way through Communist territory to be benefit to Nationalists.

Nationalist bewilderment seems complete. Using same tactics as in fifth offensive, namely building all defenses around highly rated New First and Sixth Armies. Have already started moving these armies from place to place and soon have them completely tired out so that should it become necessary for them engage in actual combat their efficiency will be greatly lessened. Nationalist intelligence again conspicuous by inefficiency or absence. Intelligence consists of knowledge Communist units and where formerly located but apparently without knowledge Communist intentions or capabilities.

Morale rose upon arrival Chen Cheng but his later repressive moves vis-à-vis northeasterners, plus these initial Communist successes, have had depressing effect and present indications Nationalists can receive no more assistance from northeasterners than they did during fifth offensive.

Sent Nanking, repeated Department as 297; Tientsin as 95, Changchun by mail as 283.

Ward

761.93/10-447 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 4, 1947—8 a. m.
[Received October 3—11:23 p. m.]

2026. Reference Shanghai’s telegram 2316, September 30, 1 p.m. to Department. As a correlation to the information reported by Shanghai, Embassy has noted that the Chinese press throughout the country has during recent weeks perceptibly decreased the amount and sharpness of its criticism of the Soviets. Whereas a month ago
issues such as Dairen, Sinkiang and Outer Mongolia provoked criticism of the Russians, which in many instances was even unbridled and irresponsible, such comment has now almost entirely disappeared. There has, in fact, been little criticism since the Peita Shan fiasco. Any comment which does appear now of the Russians is usually couched in the generalized terms of Confucian platitudes expressing the Chinese hope that all men will be tolerant and understanding. Since the basic attitudes of the Russians toward various problems in China have not changed, the shift in tenor of Chinese public expression must be considered as calculated.

With the above change, there has also been an increase in the volume of criticism of the United States. This has not yet taken other than a general form but it is noticeable that almost nowhere is a kind word said in the press any more for Americans or American policy.

STUART

893.00/10-447: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, October 4, 1947—3 p. m.

[Received October 5—11:25 p. m.]

302. Unconfirmed reports received Nationalist forces' garrisons for defense Mukden seriously weakened by Communist attacks. Nationalist Fifty-third Army Kaiyuan area sent Changtou by Chen Cheng to meet expected Communist attack. Chen realized weakening Mukden defense and recalled unit. Unit attempting return to Mukden surrounded by Communists and all but one-half division entire army lost. 207th division now Sixth Army, which army is backbone Mukden defense, also badly defeated by Communists and now only have one regiment remaining. Confirmed two division Nationalist Fifty-ninth Army [lost] Chanshi area. During night October 3 Communists destroyed rail bridge several miles south Liaooyuan on Mukden—Yingkow rail line. Growing local dissatisfaction with Chen Cheng. Now called “every time defeat general”. “Armchair strategists” and military men not in Chen’s clique think he has flubbed seriously, has become excited and has committed troops unwisely and with little military judgment. Will have serious effect morale if continued.

Sent Embassy as 430, repeated as 302, Changchun by mail as 286.

WARD

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58 For correspondence on this subject, see pp. 546 ff.
59 Recently appointed to supreme command in Manchuria.
Memorandum of Conversation, by the First Secretary of Embassy in the United Kingdom (Drumright)

[LONDON,] October 4, 1947.

1. In the course of a conversation last evening Dr. Chiang expressed some views on the Chinese situation which are perhaps worthy of record.

2. Dr. Chiang was pessimistic about the situation in China, though he appeared to feel that the National Government is in no danger of imminent collapse. He observed that financial and economic conditions are in a particularly critical state. Dr. Chiang appeared, however, to derive some satisfaction from the concept that China is better off economically in some respects than France or Italy. (Dr. Chiang has just returned to England from a brief trip to France.)

3. Dr. Chiang was obviously concerned over what he regarded as a marked deterioration of Sino-American relations. He had regarded General Wedemeyer’s public statement as a broad hint that China would receive short shrift from the United States. He said the notion was now prevalent in China that the United States was preparing to abandon China and consolidate in Japan, the Liu Chiu Islands and the Philippines in furtherance of its struggle with the Soviets. All these phenomena disheartened National Government adherents and gave great comfort to the Communists and their followers. Moreover, Dr. Chiang added, it would be a grave mistake to conclude that stability could be achieved in East Asia in the absence of Chinese stability. Nor would American security be achieved by withdrawal to Japan and the Philippines.

4. Dr. Chiang said he thought that most American observers, including Wedemeyer, took a superficial and short-sighted view of the Chinese situation. Americans tended to measure China too much by their own standards. They underestimated China’s war-time sacrifices; they failed to understand that those sacrifices had largely brought China to her present deplorable state; they could not see that China needed outside assistance to eliminate the corruption and inefficiency of which the Americans were constantly complaining.

5. Dr. Chiang said that the Chinese people dislike the National Government because of its corruption and inefficiency, but that they prefer it nonetheless to the Chinese Communists who are commonly

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*Copy transmitted to the Department by the Chargé in the United Kingdom in his despatch No. 2235, October 8; received October 13.

*Chiang Kuo-Ming, former Secretary General, Chinese Executive Yuan.

*Statement of August 24, by Li Gen. Albert C. Wedemeyer, recently President Truman’s personal representative in China on a fact-finding mission; for text, see telegram No. 1789, August 24, from the Ambassador in China, p. 759.
regarded by the Chinese people as the agents of Soviet Russia. In spite of this handicap, there was, of course, a possibility that the Communists might achieve their aim of dominating China, but he was convinced that the Chinese people were too individualistic to accept the Communist strait jacket and Marxian doctrine for any length of time. In this connection, Dr. Chiang observed that if the Communists got control of China they would ruthlessly wipe out all opposition; one of the first aims of the Communists would be the total elimination of American and British influence from China.

6. Dr. Chiang said that he deplored Sun Fo's recent statement in which he suggested that if China could not expect aid from the United States it would have to turn to the Soviet Union. Dr. Chiang explained that Sun Fo was impulsive by nature and probably had made the statement without regard to the consequences. Dr. Chiang considered that National Government leaders would do well to exercise patience and to refrain from giving offense to the United States at this juncture.

7. Dr. Chiang said that at the recent Institute of Pacific Relations conference (at which he headed the Chinese delegation) several of the American delegates (and notably Owen Lattimore) had urged a "hands off" attitude toward China. He, for his part, had drawn a parallel between the situation in Western Europe and in China and had advocated that aid be granted China much in the same way that aid is being considered for Western Europe.

EVERETT F. DRUMRIGHT

893.00/10-647: Airgram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 6, 1947.
[Received October 16—8:37 a.m.]

A-196. At the weekly press conference held October 1, 1947, Dr. Hollington K. Tong, Director of the Chinese Government Information Office, answered the following questions concerning the Democratic League:

Question: Is it true that the members of the Democratic League have assumed important positions in the Communist areas? Do you have details?

Answer: Members of the Democratic League who have taken up responsible positions in the Communist-controlled areas in the North-

President of the Chinese Legislative Yuan.
Johns Hopkins University faculty specialist on Far Eastern Affairs; American adviser to Generalissimo Chiang Kai-shek in 1941.
east include: Yen Pao-hang, Chairman of the so-called Liaotung Provincial Government; Yu Yi-fu, Chairman of the so-called Meng-kiang Provincial Government; Chai Hsiang-chen, Vice-chairman of the so-called Meng-kiang Provincial Government; Kwang Meng-chueh, Commissioner of Education in the so-called Meng-kiang Provincial Government; Han Yu-tung, Minister of Education in the so-called Sung-kiang Provincial Government; Chow Ching-wen and Kao Tsung-min, both members of the so-called Joint Administrative Committee of the Northeastern provinces.

These individuals are only a few well-known examples. A local committee of the Democratic League has long been functioning in Communist territory. Besides the more prominent ones, there are many more League members who are actively cooperating with the rebels. The Central Committee of the Democratic League has taken no action whatsoever against its members such as those just mentioned who have been working with the Communists and are thus actively participating in open rebellion against the Government. It is noteworthy to mention that these persons at the same time are members of the Democratic League’s Local Committee in Communist territory. On the other hand, the Democratic League has taken stern action against its members who have accepted positions in the National Government and those who took part in the National Assembly. Such members were forced by the Democratic League to withdraw from the League. It opposes not only the Government but also the constitution of the republic. In other words, League members, while having no individual freedom to serve the Government or sit in the National Assembly, can still retain their membership even though they have been actively working with the rebels. This sharp contrast illustrates the position taken by the Democratic League.

Another fact is also worthy of our attention. Since the promulgation of the mobilization act, League elements have attempted to rouse nation-wide opposition to the implementing of the articles. For example, the Hong Kong Kowloon Committee of the Democratic League, which has taken refuge in fallen territory, issued a manifesto in July inciting the people to oppose the mobilization act by action. The manifesto, which is an obvious attempt to incite public disorder, was issued in the name of a local committee of the Democratic League. More than two months have since elapsed but the persons responsible for the central direction of League activities are not known to have taken any steps to correct their local representatives or clarify their own attitude. It is a plain fact that activities of any political party generally follow a program laid down by its central committee. Local committees of the Democratic League have either participated in
open rebellion or attempted to inspire public unrest. Those in the Central Committee of the Democratic League cannot escape due responsibility for such acts.

I do not propose to discuss in detail the close association that has existed in the past between the Chinese Communist Party and the Democratic League. The League has acted in close unison with the Communists and follows closely their lines of propaganda. This fact can be verified by any person who has been watching the political situation in China. The fact [is] that some League elements after the promulgation of the mobilization act are still cooperating with the Communists while others have made open attempts to inspire public disorder. This fact convinces us more than ever that the Democratic League is far from being an independent political party but is merely serving as a front of the Communists.

S connector

STUART

593.00/10-1747

The Consul General at Tsingtao (Spiker) to the Ambassador in China (Stuart) **

No. 63

TSINGTAO, October 6, 1947.

Subject: Some Aspects of the Political Situation in Shantung and in China Generally.

Sir: I have the honor, in continuation of my despatch no. 46 of July 25, 1947, on the above subject, to submit, more as a matter of record than as an expression of new ideas, the following résumé of comments made by an intelligent and well-informed foreign observer of many years’ experience in China, who prefers to remain anonymous and who is referred to hereinafter as “the observer”. Since he enjoys close contact with a large number of thinking Chinese, his comments on the results of the Wedemeyer Mission’s visit will, it is believed, make an interesting addition to the record of that visit.

The observer states that General Wedemeyer’s statement, issued on the eve of his departure from China for Korea, has been discussed in his hearing by many thoughtful Chinese, most of them the impoverished victims of international and civil war, all of them basically patriotic, none of them avowed communists. The consensus of opinion among them (which appears to be widely shared by foreigners) is that General Wedemeyer would have performed a great disservice to this country if he had glossed over the well-known failures of the

**Copy transmitted to the Department by the Ambassador in China in his despatch No. 1056, October 17; received October 24.

**Not printed.
Government and the Kuomintang, or if he had implied that unlimited American aid was likely to be forthcoming, for one party in the civil war at an early date and virtually without conditions. If he had so implied, they point out, there would have been no incentive to independent action by the Government, either in the field of arms upon which it has elected to rely for unification of the country or as to the implementation of its announced programs of reform in domestic politics (for example, the establishment of constitutional government by free elections to be held this year), finance, foreign trade, or any other question. In fact, this frank though unpalatable utterance by one who is known to be a friend of China has, according to the observer, at least caused the Government to bestir itself, and although some of its decrees (for instance, those relating to reduction in office servants, dishes at feasts, new buildings, the use of cosmetics, and the giving of presents, as elements in a policy of national thrift) are hardly likely to be taken seriously, there does appear to be some widespread conviction that Heaven (in this instance the American Congress) may help those who first help themselves.

Yet the most important newspaper at Tsingtao contained an editorial which commented in the most bitter terms upon what it called “foreign interference in our national affairs”, and claimed that China ought not to petition America for assistance but to demand this as a right, in exchange for this country’s having fought the first and the longest fight against the common enemy and thereby, perhaps, prevented American soil from being invaded. (Otherwise, it should be added that local press comment contained little of an original nature concerning the Wedemeyer Mission, but generally followed the lead set by the Shanghai and Nanking press). The observer states that the one phrase in General Wedemeyer’s statement that has heartened Government authorities is the expression of his “conviction that if the Communists are truly patriotic and are interested primarily in the well-being of their country, they will stop voluntarily the employment of force in their efforts to impose ideologies”. On the other hand, the observer states that he has heard it sardonically asserted that anyone who imagines that the communists (now in a stronger position than when General Marshall was mediating a year ago) are likely to abandon their struggle after twenty years of effort is by this admission unqualified to pass judgment upon the affairs of China. The observer adds that this, of course, is not far removed from the other idea that frequently comes up in conversation with some Chinese; that no foreigner, however intellectual or long resident in this country, can ever expect to understand the characteristics of its people or the working of their minds, or, above all, their acute sensibilities in regard
to national prestige ("face"). The observer continued that the same speaker, steeped in his classics and reflecting in terms of dynasties and two thousand or more years, will often go on to say that history has shown the Chinese nation to be imperishable, that civil strife from time to time is inevitable, that another hundred years may not be too long on this occasion to bring about peace and order, that foreign intervention on one side may only have the effect of combining the aggressors against the nation concerned, and that the best hope for China lies in an all-out conflict between Russia and the United States (or the United States and one or two allies) during which Russia would be too preoccupied to assist the Chinese communists, and following which the democracies, inevitably victorious, would find it to their commercial and other advantage to rehabilitate this country, including the dispersal of whatever remnant of communists might still be lurking in its northern provinces or on an international battlefield in Manchuria.

The general impression among reasoning Chinese, according to the observer, seems to be that as the result of General Wedemeyer’s mission some measure of aid will be forthcoming for the Central Government, though not much in the form of military supplies; that what is needed, among other things, is a properly controlled project of rural, industrial, and economic relief on the original UNRRA ⁹⁷ pattern but devoid of the corruption and incompetence that have marked too many of the operations of CNRRA. ⁹⁸ The observer adds that currency stabilization is another obvious need. He continues that a standard for “proper control” has been set by the Government of the United States in regard to the disbursement of its grant of US$350 billion [million?] to Greece, where American technicians and supervisors will safeguard the interests of American taxpayers by closely governing all expenditures. He states that this is a replica, adapted to local conditions, of the method which has been successfully followed on a smaller scale in South America. Continuing, he states that it goes without saying that any proposal to introduce such control in China will meet with strong opposition from many sides; yet if the country at large is to be benefited, and foreign funds are not to be dissipated, it will be necessary to circumvent the central and provincial officials who were described by General Wedemeyer as being “notoriously marked by greed, or incompetence, or both”.

In conclusion, the observer suggests that Great Britain could perhaps make a valuable contribution to China’s well being by aiding in the reorganization of its civil services “according to the British pat-

⁹⁷ United Nations Relief and Rehabilitation Administration.
⁹⁸ China National Relief and Rehabilitation Administration.
tern, generally admitted to be the finest in the world”. He says that experience in foreign supervised Chinese Government services has shown not only that good moral and practical leadership can make itself felt at once, and in the place of its immediate operation, but that its influence widens and endures. He is convinced that Chinese civil servants can also be tenacious, industrious, loyal, honorable and mutually helpful, but that, as General Wedemeyer pointed out in a wider aspect, they await “inspirational leadership”.

Respectfully yours,

C. J. SPYKER

893.00/10-747 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 7, 1947—9 a.m.
[Received October 7—6:30 a.m.]

2034. As Department will have gathered from recent messages [from] Changchun and Mukden, it now seems clear that Communists have launched major offensive Manchuria. Reds have struck at variety of places before Ch’en Ch’eng reorganization moves were completed and outcome in northeast will depend largely upon Ch’en’s ability to forestall panic and make adequate counter-dispositions with uncompleted new staffs.

Following is general situation in brief: Second Communist column from Huaite wrecked rail line completely between 8 and 18 miles south Changchun, intermittent damage south to Ssiping. Part Communist first column and 24th Brigade attacking Itung south Changchun. Mukden expects major battle Kaiyuan and Changtu. Estimate over 100,000 Reds Meihokou area immediately available. Seventh Red column already contacted near Kaiyuan and units 1st and 3rd Red column attacking Hsifeng. Yingkou isolated as expected but Reds also blew bridge between Liaoyang and Anshan cutting off Anshan defense anchor. No reports activity near Fushun but Reds active short stretch Nationalist-held Mukden—Antung line and Reds reported landing Antung from Shantung, Mukden isolated from China except by air. On Peiping—Mukden line Nationalists 54th Division 13th Army moving north from Shankaikwan but Red 10th and 11th Brigades held rail line Hsingcheng area.

As previously reported by Mukden and now fairly well confirmed, the newly arrived 49th Army has been nearly two-thirds destroyed in Chinhai area. Likewise Nationalists’ 53rd Army and 207th Division are reported to have been badly mauled. Immediate outlook is that Government will hold major centers but that serious losses of men, equipment, transportation lines, food and fuel will make Govern-
ment position precarious for coming winter. Disruption Ch'en Ch'eng's plans for drastic reorganization weakens his internal political position as well.

Generalissimo's present visit to Peiping is believed partially in connection with northeastern situation but consensus of opinion here among informed American observers, as well as senior Chinese Generals, is that Government's best hope is that Generalissimo will refrain from tactical meddling.

STUART

893.00/10-747 : Telegram

_The Ambassador in China (Stuart) to the Secretary of State._

NANKING, October 7, 1947—10 a.m.
[Received October 7—3:28 a. m.]

2035. Embassy reliably informed that recent Peiping arrests as reported in Peiping's 296, October 3, to Department,¹ were made possible by locating radio station which had been in communication with Communists. Approximately 30 persons were seized when they came to station site for subsidies, instructions, etc.

Most important arrests were:

(1) Major General Hsieh Shih-ping, head of First Department headquarters of General Sun Lien-chung,² and who was largely in control of military operations that headquarters. It is alleged that General Hsieh had been a Government member of Executive Headquarters and was there greatly influenced by his Communist associates, that in March of last year he became a probationary member of the Chinese Communist Party and expected to be admitted to full membership in March of 1948.

(2) General Sun Lien-chung is reported to have been astounded by the news of General Hsieh's arrest and insisted upon posting bond for him until he was confronted with a signed confession by General Hsieh [and?] Yu Shin-ching, chairman of the planning board of Sun Lien-chung's headquarters with the titular rank of Lieutenant General. This man is a graduate of Columbia University and formerly a deputy of Feng Yu-hsiang³ and is reported not a member of the Communist Party but greatly dissatisfied with the National Government.

(3) Tung Chien-ping, director of the Tientsin land bureau who was stated to have held an important position as a transmitting agent of instructions to Communist Party workers in Government areas.

⁹⁹ Chiang Kai-shek, President of the National Government of the Republic of China.
¹Not printed.
²Governor of Hopei Province.
³The "Christian General", at this time traveling in the United States.
Other arrests included teachers and an assistant manager of the Peiping branch of the Central Bank who handled Communist Party finances. Embassy informants also confirm the escape of General Wang Yeh-chiu and another individual stated to be in charge of the shipment of medical supplies to Communist areas. It is also stated that many documents were seized and as a result of preliminary examination of these, arrests have already been made in Mukden, Jehol, Kalgan and Shanghai.

In spite of General Sun Lien-chung's professions of astonishment at implication of one of his senior officers, Embassy cannot but believe that he was not without knowledge of what was occurring within his headquarters. Generalissimo's current visit to Peiping is undoubtedly in connection with this affair inasmuch as the arrest of the daughter of Chen Pu-lei (for many years trusted private secretary of Generalissimo and currently member of State Council) and her husband, would appear to be indicative of how deeply anti-Government if not pro-Communist feeling has penetrated into circles which could normally be expected to remain faithful to the Kuomintang.

STUART

893.00/10-747: Telegram
The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, October 7, 1947—11 a.m.
[Received October 7—5:38 a.m.]

304. Generalissimo instructed Chen Cheng several days ago [that] all localities Manchuria except Kirin (including Hsiao Feng Mandom), Fushun, Anshan and Mukden may be surrendered to Communists but these four named places must be held at all costs.

Chen Cheng's chief of staff realizing incapability making snap decision of the present Communist offensive so advised Chen. Chao Chia-hsiang, former chief of staff NECC,4 "purged and exiled Chinchow" by Chen, recalled Mukden late evening October 3 and asked by Chen Cheng assume chief of staff position. He told Chen Cheng [it] was useless for him take job because Chen had frittered away 2 months vitally needed in preparing for Communist offensive. After further urging he stated would assume command NE only if given absolute military command and his orders would be supreme not to be countermanded by anyone, civil or military, including Chen Cheng. Chen Cheng accepted and Chao Chia-hsiang at present in complete command

4 Headquarters Northeast China Command.
as chief of staff Nationalist military forces NE. Source unusually well-informed Chinese with very close top PNEH connections.

Sent Nanking as 431; repeated Department as 304, sent Changchun by mail as 287.

WARD

893.00/10-747: Telegram

The Consul General at Canton (Boucher) to the Secretary of State

CANTON, October 7, 1947—6 p.m. [Received October 8—6:40 a.m.]

209. I presented officers Consulate General, Staff and Attachés to Governor Soong Monday. Was impressed by his very serious attitude and strong blunt statement he did not like situation in north or Manchuria; that if Communists crossed Yangtze there was nothing to stop them. He appears consider vital reestablish law, order Kwangtung as bulwark to support, defend China against CCP; states intends bring about unified control direction all local means bandit smuggling suppression and modernize equipment control units without reliance National troops. He feels unsuited, lacking language or local knowledge, says dyke repair conservancy Kwangtung primary urgent problem.

Sent Dept; repeated Embassy 187, October 7th.

BOUCHER

893.00/10-847: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, October 8, 1947—5 p.m. [Received October 11—1:01 a.m.]

310. Communist sixth offensive continues with Communist plans still uncertain. Nationalists have been anticipating major Communist drives vs. Ssuping, Kaiyuan and Yingkow but none developed. Report received captured Communist officer stated Communist directives this offensive are: (1) seize foodstuffs and crops, (2) destroy lines of communication and (3) attack moving Government units but avoid strong points. While this report unconfirmed, Communist tactics lend credence accuracy. Communists have not made major effort take strong point as they did last offensive in attacks on Changchun and Ssuping. This offensive seemingly lacks coordination and pattern fifth in that it appears be series individual efforts each which carefully planned and timed but with little or no apparent coordina-

* Generalissimo Chiang's Northeast Headquarters.

^ Chinese Communist Party.
tion with other actions elsewhere. Unless tactics change, this offensive shaping up as series large-scale raids to cause as much attrition and loss to Government as possible while keeping Communist losses to minimum.

Sent Embassy, repeated Department as 310, Changchun by mail as 300.

WARD

833.00 Manchuria/10–1047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 10, 1947—10 a.m.
[Received October 10—3:35 a.m.]

2056. Embassy suggests Department obtain copy of telegram dated October 8 sent to War Department by Military Attaché Nanking concerning observations of Colonel Dusenbury on his recent trip to Manchuria. Melby accompanied Dusenbury and his observations generally confirm above report. He makes the following additional observations:

Both Changchun and Mukden, particularly as compared with a year ago, are largely deserted cities. Physical appearance of Mukden has improved greatly but there is much less sign of activity and streets seem relatively empty. Changchun gives the appearance of being a dead city. Very few troops are observed in streets of either city. Business is stagnant and prices are rising, particularly at present, with what appears to be the initiation of the sixth Communist offensive. Reports indicate that leading military and civilian figures in Changchun have left.

There was no indication of panic among the general populace in spite of the possibility of attack and the departure of leadership from Changchun. Although the larger cities will probably hold out for some months, the coming winter will undoubtedly be cold and hungry ordeal for urban population.

On the return from Changchun to Mukden, October 6, a towering column of smoke was observed in vicinity Fushun. It was not possible to check, but this may indicate hostilities in the area of the coal mines which would cut off fuel supply of Government-controlled areas.

The most notable reaction in Changchun and Mukden which was confirmed by reliable reports was apathy and weariness of general population. This popular reactionary [reaction to?] Communist strategy of isolating and starving out centers of population at no cost to themselves. It should be remembered that Manchuria is now fac-

*Telegram not found in Department files. Brig. Gen. Robert H. Soule was Military Attaché in China; Col. C. O. Dusenbury was a member of the War Department General Staff.

* John F. Melby, Second Secretary of Embassy in China.
ing its sixth major Communist attack without prospect of offensive action by the Government which could foretell an end to civil war. Contrary to widely publicized Government reports within China proper, original popular enthusiasm at the appointment of General Ch'en Ch'eng to command in Manchuria is waning. It is generally considered that he has done thorough and effective job of eliminating corrupt civil and military officials but in so doing is now faced with serious shortage of experienced personnel. The main criticism of Ch'en Ch'eng is that his activities have been entirely military and he has so far made no effort in the political field, probably through lack of time, to win the allegiance of the public. Thus, while he has not aroused active public opposition, he has also failed to attract active public support. General reaction appears to be one of doubt of the ability of one man to create any basic change, and of the fear that in general it is too late anyway.

A check of USIS activities in Manchuria indicates very considerable effectiveness of the work which is almost entirely attributable to the excellent work of Messrs. Cochran and Frillman. As anticipated, the withdrawal of USIS from Changchun was misinterpreted as indicating American abandonment of that area to the Communists. Extension of activities outside Mukden is limited only by active hostilities, by the time of the director, and by insufficiency of money and materials. Those who come in contact with USIS output believe it is the only impartial source of information available to them.

On the return from Peiping to Nanking, 10 large fires were observed at Pahsien, approximately 50 miles west of Tientsin, which suggested Communist activity in that area.

STUART

Memorandum by the Director of the Office of Special Political Affairs (Rusk) to the Director of the Office of Far Eastern Affairs (Butterworth)

UNITED NATIONS ASPECTS OF GUARDIANSHIP OR TRUSTEESHIP FOR MANCHURIA

1. The General Problem

This memorandum deals with United Nations aspects of a Great Power guardianship or trusteeship for Manchuria, presumably to be established upon the initiative of the Chinese Government.

United States Information Service.

Paul W. Frillman and John K. Cochran, Public Affairs Officer and Assistant Public Affairs Officer, respectively, Consulate General at Mukden.

Forwarded on October 13 by Mr. Rusk to Mr. Butterworth, who noted: “Seen by Gen. M[arshall]”.
2. Possibilities within the United Nations Charter

The United Nations Charter offers various possibilities for bringing within its terms a change in the present political status of Manchuria. Subject to the possibility of attack on grounds of the Charter, almost any proposal regarding Manchuria could be related to the United Nations in some fashion. Hence, the problem appears to be essentially a political one. The following are the principal ways in which the United Nations might be related to the matter:

(a) General Assembly Recommendations. Under Article 14 the General Assembly might make recommendations to China and to other Governments regarding Manchuria. Such a recommendation would require a 2/3 vote of the Assembly, but would have neither binding authority upon Members nor automatic means of enforcement. There might be some difficulty in obtaining a 2/3 vote of the Assembly for a recommendation which would appear to sanction Kuomintang rule in Manchuria contrary to the wishes of the Manchurians. This would be particularly true if the USSR opposed strongly such General Assembly action and attacked vigorously the character of the Kuomintang Government. If the General Assembly were to act under Article 14, a clear expression of Manchurian opinion through elections or plebiscite would probably be called for as part of such Assembly action. If it is desired to obtain United Nations blessing for an arrangement agreed upon by the Great Powers, a General Assembly resolution or recommendation would be the simplest and quickest action.

(b) Security Council action. Subject to the domestic jurisdiction clause of Article 2 (7), which presumably could be expressly waived by China, any government may bring the problem of Manchuria to the attention of the Security Council under Article 35, or possibly on the ground that it constitutes a threat to the peace, breach of the peace or act of aggression (Article 39). What action the Security Council could take would depend upon the existence of unanimity among the permanent members.

(c) Trusteeship. Manchuria might be offered by China for trusteeship under the Charter, either as an ordinary trusteeship requiring General Assembly approval (by 2/3 vote), or as a strategic trusteeship requiring Security Council approval (veto rule applying). China might be reluctant to offer Manchuria for trusteeship since the offer would amount to relinquishment of full sovereignty over Manchuria. It should also be noted that the end result of trusteeship would be self-determination of the people of Manchuria, with a choice either of independence or of return to Chinese sovereignty. It should be noted, therefore, that trusteeship might prove to be a device for permanently separating Manchuria from China. A trusteeship would require one or more governments or the United Nations itself to act as administering authority. Further details on this possibility appear below.

(d) Regional Arrangement. The Great Powers might establish a regional arrangement under Chapter VIII of the Charter. This might take the form of a Great Power guarantee of the Manchurian settle-
ment contained in the Sino-Soviet treaties of August 1945. If other powers were willing to undertake such commitments, there is no reason under the Charter why the USSR would have to participate in such an arrangement, although the nature of the arrangement and the character of the commitments would depend greatly upon the attitude of the USSR. Although this alternative might be considered as a possibility, there is some doubt that Chapter VIII was intended to cover this type of situation.

3. Governmental Responsibility under a Trusteeship

Regardless of the precise character of the arrangement which would be reached, the real issue is which government or governments shall have administrative responsibility for Manchuria. The following indicate the United Nations aspects of the principal alternatives:

(a) China Alone. The National Government of China is not now able to exercise authority throughout Manchuria. Since the effective opposition to the National Government in Manchuria consists at present of Chinese communists and not foreign troops, there is little the United Nations as an organization can do to increase its authority and establish it in effective control.

(b) Five Great Powers. From the Chinese point of view, a five-power administration of Manchuria might appear to be the best means for retaining Manchuria as an eventual part of China, with the assistance of the western powers, as an alternative to the permanent loss of Manchuria to Soviet control. This advantage would appear great enough to overcome Chinese reluctance to admit the present helplessness of the National Government in Manchuria and suggests the probability of prompt Chinese acceptance of the idea. But it is difficult to see how the USSR could accept such a proposal. There is every prospect that Manchuria will fall completely and permanently under Communist, and therefore Russian, domination if the present situation continues. Further, it is most unlikely that the USSR would willingly permit the United States, the United Kingdom and France to establish themselves in this fashion in the heart of northern Asia. Lastly, such an arrangement would mean a heavy commitment by the United States both in manpower and in material resources if five-power administration is to be successful.

(c) Four Great Powers (excluding USSR). An effort to organize a trusteeship for Manchuria including any combination of the great powers excluding Russia as administering authorities would merely increase Russian opposition. With the USSR in opposition it can also be expected that large numbers of Manchurians would actively oppose any such arrangement. Furthermore, the commitments of the participating powers, particularly the United States, would be greatly increased, and the situation thereby created might lead to hostilities with the Soviet Union.

(d) United Nations as Administering Authority. While the United Nations could be designated administering authority, it is not organized to accept direct political responsibility on the scale which would be involved in Manchuria. The United Nations normally acts through its Member Governments. It is yet to be shown whether the United Nations can successfully deal with even such a comparatively minor problem of [as?] Trieste, handed to it by the Council of Foreign Ministers. Any special budgetary arrangement would necessarily involve a heavy commitment by the United States, out of all proportion to the control which the United States could be given through United Nations machinery. It might, therefore, be preferable for the United States to participate directly in the job of administering authority. Moreover, if the United Nations were designated administering authority, the General Assembly and the Trusteeship Council would be faced with the need for, in effect, legislating for the government of Manchuria, thus the United States would be presented with a great burden upon its leadership in securing timely and effective action by those bodies. Any suggestion for placing Manchuria under direct United Nations administration should be rejected as utterly impracticable.

4. Independent Manchuria.

It would be reasonably simple to obtain United Nations blessing for a declaration by China proposing the early independence of Manchuria. Such a measure would probably have to provide for elections and a renunciation of any general or special rights in that country now claimed by China and the USSR. This possibility is mentioned to complete the general picture from the United Nations point of view but without regard to its relation to Chinese, Soviet, or American policy or interest.

5. Great-Power Guardianship.

A further possibility is Great-Power guardianship under which the Five Powers would agree, in negotiations outside the United Nations, to assume responsibility for administering Manchuria. As this would appear to be an obvious way of avoiding the trusteeship system of the Charter, it would be difficult to relate it to the United Nations and the United Nations could not appropriately be used to press agreement upon any of the Five Powers withholding consent.

6. Conclusions.

(a) The decision of the United States upon the general question posed in the problem stated above turns upon the extent to which the United States is prepared to commit United States forces and resources for the purpose of reasserting and maintaining the control of the Chinese National Government over Manchuria.

(b) If China and the USSR are agreed upon a program of international supervision or administration of Manchuria, there would be
little difficulty in relating such arrangements with the United Nations and with the Charter.

(c) On the assumption that the USSR will oppose, the most practicable means for obtaining United Nations approval for the administration of Manchuria by the other powers lies in a trusteeship accepted by the General Assembly. Since heavy opposition could be expected in this case both within Manchuria and from the USSR, such a trusteeship would involve a very heavy commitment of manpower and resources on the part of the other powers, particularly the United States.

(d) On practical grounds, the United Nations itself cannot assume direct responsibility for the administration of Manchuria.

893.00/10-1347

_The Ambassador in China (Stuart) to the Secretary of State_

**Nanking, October 13, 1947.**

[Received October 24.]

Sir: I have the honor to enclose a copy of a memorandum_\textsuperscript{15} of conversation between an officer of the Embassy and Dr. Lo Lung-chi of the Democratic League on October 7, 1947.

It will be noted that in general Dr. Lo expresses no views which are dissimilar to those previously expressed and contained in memoranda of conversations_\textsuperscript{15} forwarded to the Department under cover of Embassy’s Despatch No. 823 of June 20, 1947, and Embassy’s Despatch No. 872 of July 11, 1947._\textsuperscript{16}

It will be noted, however, that Dr. Lo feels that the position of the Government is weakening rapidly and that as social and economic conditions also deteriorate any fear of Communist victory in China felt by the Chinese themselves is largely submerged by considerations of mere survival. Under such conditions Dr. Lo feels that fear of Communist victory in China is something which exists largely in American psychology and is generally non-existent in Chinese psychology. Although the Embassy feels that this view of Dr. Lo constitutes an oversimplification of the situation in China, it is an important factor bearing upon the situation and one which is increasing in importance as the situation further deteriorates. The mere struggle to obtain sufficient food and clothing to maintain life is becoming more important than any political ideology and therefore, the task of the Communists is being made easier.

With regard to the Government’s most recent attack upon the Democratic League, the Department’s attention is directed to the

\textsuperscript{15} Not printed.

\textsuperscript{16} Latter not printed.
Embassy’s Despatch No. 730 of May 16, 1947, “Probable Course of Central Government Policy Toward Non-Kuomintang Political Groups”.

Respectfully yours,

For the Ambassador:

WILLIAM T. TURNER
First Secretary of Embassy

Nanking, October 14, 1947—10 a.m.

[Received October 13—11:50 p.m.]

2068. On October 11 I accompanied members House Military Affairs Committee to call on Gimo.17 After usual amenities representatives questioned Gimo with regard to Chinese Communists: What relation they had to Moscow, whether they were aided by Moscow, etc. Gimo replied Chinese Communists thoroughgoing Communists working in collusion with and taking orders from Moscow, that even apart from Japanese military supplies in Manchuria made available to them by Russia Gimo believed that they constantly receiving supplies and technical advisers from Russia.

Congressmen then put series pointed questions to Gimo as to needs of China and what China looked to US for; what complaints Gimo had as to American policy and whether AAG 18 as now functioning seemed worthwhile, and whether its usefulness and numbers should be increased. Gimo at first demurred but went on to say that since these questions were asked he would answer frankly. That having equipped troops so extensively with American arms, China looked to US to supply ammunition according to original understanding and that this applied especially to eight and one-third group program; that AAG under existing restrictions had virtually no combat value but that he would wholeheartedly welcome its enlargement and advisory assistance in actual field operations.

When asked how urgent China’s needs and how imminent China’s danger, Gimo replied especially in case Manchuria situation was extremely critical; that Manchuria was temporarily stabilized but danger was by no means past; that within the Great Wall situation was fairly well under control and at least presented no serious immediate problem.

17 Generalissimo Chiang Kai-shek.
18 Army Advisory Group; for correspondence on this subject, see pp. 785 ff.
Gimo referred more than once to predicament in Manchuria as an American responsibility due to Yalta Agreement and remarked that if Nationalists finally defeated it would not be because of Russia or the Chinese Communists but because of China’s ally during war and China’s trusted friend who failed to give promised assistance at this time of desperate need. There was no tone of bitterness or resentment in Gimo’s comments and he seemed reluctant to make them, hesitating several times before he answered.

STUART

893.415/10-1547 : Airgram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 15, 1947.

[Received October 22—11:25 a.m.]

A-207. A summary of President Chiang Kai-shek’s October 10th message to the nation (broadcast on the eve of the 36th anniversary of the founding of the Chinese Republic).

The Republic of China is today 36 years old. In commemorating the occasion this year, we most keenly feel its great significance. For, the new Constitution, promulgated on this past New Year’s Day, will go into full effect within this year.

[Here follows brief review of developments since 1912, with emphasis on the struggle with the Chinese Communists.]

With the utmost sincerity I present to my fellow-countrymen the following points to guide us in our common endeavor during the coming year.

Politically, we must lay the foundation of democracy and rule of the law. It is especially imperative that the elections be properly conducted and that the standard of general political actions be improved. In this respect, I wish to make two points:

(1) Various electoral laws and regulations have been promulgated, registrations of electors and candidates are being concluded, and campaigns for the general elections are enthusiastically going on. It should be driven home to the voters that the way the present general elections are conducted will determine the success or failure of constitutional government in China. The sacred vote, therefore, should be cast with the utmost scruple, and the candidates should, in the spirit of self-respect, submit their political views for the free choice of the vast voting public. Only through an impeccable performance at the polls will the general elections yield commendable results.

(2) The basis of constitutional democracy is the rule of the law. With all necessary preparations practically completed, the people should develop law-abiding habits and all officials should pay special regard to the sanctity of the law. This is the way to introduce dignity in the political realm and to insure the rights of the people.

Economically, provisions of the Principle of People's Livelihood must be fully carried out, with special emphasis on assistance to private enterprises. Definite plans must be made for the solution of the land problem. Our economic reconstruction aims at bringing this about through industrialization. In this way agricultural production could be increased and the living conditions of the farmers improved. The increase of purchasing power in the rural areas to provide an extensive market for industrial products should be a prerequisite to prosperity of the urban communities.

In accordance with the said Principle, the Government has adopted an industrial policy to prevent, through a system of state-ownership, the manipulation of the people's livelihood by monopolistic capital, and to safeguard the unhampered development of private enterprises. The Government's taxation system and investment policies of Government banks should all be brought in line. It is my sincere hope that people in the nation's economic circles will cooperate with the Government in enforcing this industrial policy.

Culturally, we must strive for independence in academic research and in thought. Today, two years after the conclusion of World War II, cultural frictions and political crises are both increasing in tempo. The Chinese culture has already felt the impact of the Chinese Communists' struggle for power. Our national spirit, typified by courage and perseverance that was nurtured during the war, is sinking as the result of the damage inflicted by the Communists. What it is particularly heartrending is to see our young intellectuals unable to develop the ability to think for themselves. Some of them have even gone so far as to put themselves under the beck and call of others. Forsaking their early devotion to the acquisition of knowledge, they have become tools in political struggle. We must remember that a nation, though in great danger, can still recover, but if its culture is ruined it will not have a chance to stage a comeback. It is, therefore, a basic principle in cultural reconstruction to achieve independence in academic research and in thought. I hope that our intellectuals will take heed and forge ahead.

In our daily life, we must practice diligence, thrift and fortitude. The recovery of a nation from its battle scars is in itself a difficult undertaking. Since the conclusion of the war, there is not a single nation but is concentrating its efforts on increasing production and reducing consumption. Look at the thoroughness with which Britain
is enforcing her austere economic program. Even a nation of the United States' wealth and strength has asked its people to conserve food. In our own case no sooner had we emerged from a protracted war than we began to suffer additional destructions at the hands of the Communist rebels. With our social structure seriously impaired, our production capacities curtailed, our people in distress and our foreign trade greatly unbalanced, recovery will of necessity be many times more difficult than in the case of other countries. Today, I want my fellow-countrymen to discard all bad habits such as laxity, extravagance, superfluousness and opportunism. On the one hand, we should be frugal, and on the other practice fortitude and perseverance. Extravagance is an enemy of national reconstruction. And the only way to effect China's salvation is through self-help.

To meet the needs arising from the Communist-suppression campaign, the Government has promulgated thrift and production-boosting measures. It is incumbent on our people as a whole to observe the regulations wholeheartedly. Particularly I am desirous for our social leaders to set an example for the offers [others?] by practising thrift themselves.

Fellow-countrymen, at this crucial juncture when the Communist-suppression campaign and national reconstruction are being undertaken simultaneously, we must realize that the salvation or ruin of our nation entirely depends upon the extent of our efforts today. Internally, we must lay the foundation for the forthcoming constitutional rule, fully implement the provisions of the Principle of People's Livelihood, strive for independence in academic research and in thought, and practice diligence and fortitude in our daily life. Internationally, to retain our position in this unstable world, we must hold fast to our spirit of independence and initiative, follow a policy of peace and cooperation toward other nations. Only thus can we establish an independent, unified and progressive nation, such as will sanctify the memories of the Father of the Republic and of those who had given their lives to the cause of our National Revolution.

STUART

893.00/10–1947

The Chinese Minister for Foreign Affairs (Wang) to the Secretary of State

NEW YORK, October 19, 1947.

DEAR GENERAL MARSHALL: As I am leaving tomorrow, I must write to you to express my deep appreciation of your cordiality and frank-
ness with which you discussed with me the various complicated issues of our common concern.

It is particularly gratifying to me that on the subject of the Japanese peace conference, you endorse my view as to the extreme difficulties China will be put to in the event of non-participation by Soviet Russia. Therefore I assume that if further action be taken on this matter by either of our two Governments, there will be full prior consultation with each other.

As to the question of Korea, I have made a public statement on the attitude of my Government as I explained to you the other day.

I am hastening to return largely on account of the home situation. I am particularly anxious about the future developments in Manchuria. When I went to Moscow with Dr. T. V. Soong in August 1945, upon the advice of President Truman, to negotiate for the Sino-Soviet Treaty, what I had in mind was to make all concessions in order to save Manchuria. I cooperated with you during the whole of last year with the same objective in view. If the present campaign of the Chinese Government should lead to the recovery of Manchuria, it would save China from a permanent threat of war, and might indeed save the world from another catastrophe. It is hoped that, in the midst of such a struggle, China and her friends will not permit her political, economic and military position to weaken lest this struggle might end in disaster.

As soon as I reach Nanking, I will carefully consult my Government on the questions which you discussed with me on the 14th. After that I will immediately ask Dr. Wellington Koo to take the matters up with the State Department. Your continued special attention will be much appreciated.

In wishing you good health and success, I must regret that I have not called on Mrs. Marshall. Please convey my best wishes and kind regards to her.

Yours very sincerely, 

WANG SHIH-CHIEH

P. S. May I remind you of another matter? When you go to London in November to discuss peace settlement with Germany, I

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21 Subjects discussed were the Japanese peace conference and Korea.
22 The Chinese Ambassador.
23 In a memorandum on November 1 to the Under Secretary of State, the Director of the Office of Far Eastern Affairs wrote: "I do not think this letter requires an acknowledgment, since I saw its author at the Secretary's request after he had dispatched this note, though I did not discuss its contents. . . . the attention of EUR [Office of European Affairs] . . . should be called to the postscript."
hope you will not forget China’s stand—that all the five members of the Foreign Ministers’ Council must be sponsors of the plenary peace conference for Germany—a stand that the United States, France and the United Kingdom have all endorsed.

893.00 Manchuria/10-2247 : Airgram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, October 22, 1947.
[Received October 29—3:30 p.m.]

A—214. There is set forth below the substance of the remarks of a reputable Chinese official of CNRRA, well known to the Ambassador, who has recently returned from an official visit to the northeast and called on the Ambassador on October 17, 1947:

The people of Manchuria of all classes are strongly anti-Government because of mistreatment at the hands of Government representatives sent to the northeast after V—J Day. This feeling is to some extent being rectified by General Ch’en Ch’eng, but it is still very strong. Meanwhile the serious military reverses of the Government have made the overall situation extremely critical. Although General Ch’en Ch’eng has improved the military outlook as well as local sentiment to some extent, the exigencies of the situation make it necessary to continue to rely on troops brought from China proper rather than to build up a defense establishment recruited from the local people.

Northeasterners serving in official positions for the Government who have been captured by the Communists are usually held for several months and subjected to a course of indoctrination before being released. Upon their return these people are usually frank in saying that Communist organization, discipline, treatment of peasants, etc., are all better than in Government controlled areas. On the other hand, there is no general tendency among the local people to favor Communism as an ideology.

A number of Manchurians now associated with the Communists in positions of responsibility are not at heart with the Communists, but have been driven into the Communist camp by the attitude of the Government toward them individually or because of general dissatisfaction with Government policies.

STUART
The Ambassador in China (Stuart) to the Secretary of State

No. 1064

Nanking, October 22, 1947.
[Received October 30.]

Sir: I have the honor to enclose three memoranda with regard to current Government activities vis-à-vis the Democratic League. The memoranda express the growing concern of Democratic League leaders that complete suppression of the League as a political party is imminent. In this general connection the Department’s attention is drawn to the Embassy’s Despatch No. 730 of May 16 entitled, “Probable Course of Central Government Policy Toward Non-Kuomintang Political Groups.”

It will be noted from the enclosures that on October 15 the Ambassador took occasion to raise the question of repressive measures against the Democratic League with the Prime Minister who stated that he alone could not make any decision with regard to the request of the Democratic League that it be given opportunity to answer the charges brought against it by the Government through discussion of the problem with Government-appointed representatives. Chang Ch’un did say, however, that he would give careful consideration to the League’s proposal and consult with other concerned officials of the Government.

It will be noted from the enclosures that the present leaders of the League are concerned that they may not be able to forestall a drift of the younger and more radical members of the League to the left if current repressive measures against the organization continue. It will also be noted that in a conversation with an officer of the Embassy on October 17, Dr. Lo Lung-chi in advertent to the general question of American aid to China expressed the opinion that no program of American aid could succeed merely on the basis of being anti-Communist; that in order to be successful, a program of aid would have to take into consideration social and economic problems not necessarily related to the current civil war and that if these problems were ignored a purely military approach to the Chinese problem would be doomed to failure. In referring to the Democratic League, Dr. Lo expressed the opinion that it was in the long term interest of the United States to see that an essentially loyal political opposition in China was not arbitrarily suppressed merely because the Government accused it of being pro-Communist without being called upon to prove its case publicly.

Respectfully yours,

For the Ambassador:

WILLIAM T. TURNER

First Secretary of Embassy
[Enclosure 1]

Memorandum of Conversation, by the First Secretary of Embassy in China (Ludden)

[ANKING, October 14, 1947.]

Participants: The Ambassador Chang Po-chun
Shen Chun-Ju Lo Lung-chi
Leaders of the Democratic League
R. P. Ludden, First Secretary of Embassy

In accordance with their request the Ambassador received Chang Po-chun, Shen Chun-Ju and Lo Lung-chi, leaders of the Democratic League, on the afternoon of October 14, 1947. At the Ambassador's request I attended this meeting.

The League leaders called to express their misgivings at the current intensification of Government attacks on the Democratic League. The League leaders maintained that they are under condemnation of the Government as agents for the Chinese Communist Party and accused of actively agitating among student and labor groups on behalf of the Communists; they maintain that the Government's attitude stems from falsified reports from the Kuomintang secret police. The League leaders maintain that they are the butt of these accusations and they have no means of defense in as much as they are forbidden the right of publication in China and communications which they have addressed to the Premier and the Generalissimo have been ignored. The Leaguers maintained that they can refute the Government accusation that they are stooges of the Communist Party but they have been given no opportunity to do so. They therefore appealed to the Ambassador to approach the Government on their behalf with a view to having Government appointed representatives meet with the League for the purpose of discussing outstanding issues between the Government and the Democratic League and for the added purpose of carrying out an objective study of the relationship between the Democratic League and the Chinese Communist Party. The Leaguers maintained adamantly that if the Government can establish the fact that there are Communist members of the League actively operating, the League will assume responsibility therefor and expel them publicly from the League. They state furthermore that they are willing, as the responsible leaders of the League, to voluntarily disband as a political party if the Government can show that the League is an agency of the Chinese Communist Party. The
Leaguers suggested that perhaps the Ambassador would care to be a member of any possible Government-League Group appointed to study the question, or that he might at least care to attend its meetings as an observer.

The Ambassador expressed his thanks for the call of the League leaders and said that he was naturally interested in their problems and that he would consider with his staff their request that he appeal to either the Premier or the Generalissimo on their behalf. The Ambassador added, however, that he did not feel that it was within his province to act either as a member or an observer on any group that may be appointed to study the question.

It was obvious from the attitude of all the League leaders that they are gravely concerned about their future position and that they appear to feel that the present attacks on the League are but the forerunner to a decree outlawing it as an organization. They maintained that some of the younger members of the League are considerably more radical than the older members and the League leadership. They also feel that the increased repression which they are now experiencing will inevitably tend to increase this radicalism and the present leadership of the League may be overthrown. They also feel that the outlawing of the League at this time and its being driven underground would merely tend to drive the League membership into the arms of the Chinese Communists. They hold that this would be to the interest neither of the Government nor to themselves as the present leaders of the League. They hold that they are attempting to be a nucleus of public-spirited progressive liberals who would like to attract like-minded people from all elements of the country and who wish only to carry on their activities openly and in a legal manner.

Following their departure, the Ambassador and I discussed their proposal and decided that the League was in fact suffering attacks from the Government which were in large degree unjustified and these attacks appeared to be a definite attempt on the part of the Government to suppress completely the last remaining open political opposition. The Ambassador expressed the view that the Government was on poor tactical ground in acting in a manner which might well drive the League underground and thus swell the ranks of the Chinese Communist Party with many intelligent and politically conscious professors and students. The Ambassador then stated that he would mention the matter to Chang Ch’un on an informal basis because he did not think it was a matter on which to approach the Generalissimo because he felt that the Generalissimo at this time is tending more and more to throw such matters into the hands of the Executive Yuan.
Memorandum by the First Secretary of Embassy in China (Ludden)

[NANKING,] October 16, 1947.

The Ambassador informed me today that on October 15 he took the occasion of a visit to the Prime Minister to raise the question of repressive measures against the Democratic League and to relate to the Prime Minister their presentation of their case as expressed in an interview with the Ambassador on October 14 (see Memorandum of Conversation of October 14).

The Ambassador told Chang Ch'ünn that he was speaking informally and more as an old friend of the Prime Minister than as an American official. The Ambassador made the suggestion that the Democratic League request for a conference between Government appointed representatives and representatives of the League be favorably considered primarily for the sake of the Government itself. The Prime Minister admitted having received a letter from the League leaders some two or three days previously but he said that he alone could not make a decision.

The Prime Minister reviewed the grievances of the Government against the League along the lines generally followed by the Government in recent public statements and expressed his personal belief that while individual members or leaders of the League might be different, the party as a whole was so strongly anti-Government and pro-Communist in sympathies that they constituted a serious hindrance to the Government's present efforts and could scarcely be regarded as a constructive factor in any solution of the present internal problems of the country. He said, however, that he would give careful thought to the League's proposal and consult with other concerned officials of the Government.

Memorandum of Conversation, by the First Secretary of Embassy in China (Ludden)

[Enclosure 3]

[NANKING,] October 17, 1947.

Dr. Lo Lung-chi called on me this morning and I informed him that on October 15 the Ambassador in conversation with the Prime Minister had mentioned the desire of the League to be given an opportunity to answer Government charges that they were a tail of the Chinese Communist Party. I said that the Prime Minister had mentioned to the Ambassador that he had received the League's
recent letter to him and the Ambassador had suggested on a purely
informal basis that the League's proposal be given favorable
consideration.

Dr. Lo expressed his gratitude for this step on the part of the
Ambassador and requested that I convey to the Ambassador the
appreciation of the League.

Dr. Lo then raised the subject of American aid to China and what
had been the recommendations made by General Wedemeyer. I said
that I had no information with regard to the Wedemeyer report or
any recommendations contained therein. Dr. Lo went on to say
that he was convinced personally that aid to the Government would
be recommended by General Wedemeyer and that such aid will be
forthcoming although he did not know in what quantity. In this
connection he expressed the hope that any substantial American aid
would be contingent upon substantial reform in the present Govern-
ment. Dr. Lo averred that if sufficient American aid were forth-
coming to eliminate the Communists in China, it would be of no
advantage to the United States in the long run if in the course of
eliminating the Communists all other political groups in China were
likewise eliminated by the Government. He said that in the long
run such a course would redound to the disadvantage of the United
States by turning the majority of Chinese against the United States
even though temporary stability could possibly be achieved in China
by totalitarian methods.

Dr. Lo sought my advice as to what the attitude of the League
should be in the face of current repressive acts by the Government.
He said that neither he nor other leaders of the League feared arrest
or imprisonment. He said that this might very well come and come
shortly, but they were more concerned that the actions of the Gov-
ernment would tend more and more to drive the League, League
sympathizers, and even non-partisans toward the Chinese Commu-
nists. He went on to say that he and other leaders of the League felt
that no program of American aid to China could succeed merely on
the basis of being anti-Communist; that in order to be successful it
would have to take into consideration social and economic problems
not necessarily related to the current civil war; that if these problems
were ignored a purely military approach to the Chinese problems was
doomed to failure. He went on to say that it was therefore in the long
term interest of the United States to see that an essentially loyal
political opposition in China was not arbitrarily suppressed merely
because the Government accused it of being pro-Communist without
being called upon to prove its case publicly.
The Consul General at Peiping (Clubb) to the Ambassador in China (Stuart) \(^2\)

MUKDEN, October 25, 1947.

Sir: I have the honor to refer to the Embassy’s instruction of July 9, 1947 \(^3\) directing that a report be made on any existing and potential factional alignments in Communist-controlled areas, and to my despatch of October 20, 1947, \(^4\) and to offer below, on a tentative basis, certain observations in regard to the matter in point.

It would be my general observation that, during any such period as the Communists might be successful along the lines of a certain hypothetical policy, the chances of a split in their leadership are comparatively slight; and that, conversely, if they suffer severe setbacks at any particular time, there will be some elements which will possibly endeavor either to mould a different general policy more in line with their particular trend of thought, or will even split off from the main body. The main problems of policy over which a split might occur would probably be 1) the question of the advisability of continuing with armed insurrection in the hypothetical event that there were offered to the Communists a new opportunity of political development through negotiation (if they have no alternatives but to fight or to be exterminated, they will of course fight), and 2) the question of the political profit gained through, and therefore the desirability of, continuing with an overtly pro-USSR and anti-USA policy. The two problems are naturally intimately related one to the other.

There was obtained at Changchun very little concrete evidence to offer in support of any speculations along these lines, but the comments below are submitted for what they are worth.

1. The leadership in Manchuria is definitely subjected at the present time to what might be called a “Soviet influence”, and that influence has real force by reason of the circumstance that the Manchurian Communists are closely tied to the USSR by the character of the mutual trade being carried on between North Manchuria and the USSR. The Communists are in main dependent upon that trade for getting subsistence articles for popular consumption, and perhaps some materials or commodities of use as well for their industrial and even military effort. In practical terms, cut off from non-Soviet sources of supply, they cannot afford, politically, to act other than

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\(^2\) Copy transmitted to the Department without covering despatch; received about November 12.

\(^3\) Not printed; see footnote 79, p. 203.

\(^4\) Not printed.
in ways which tend naturally to strengthen those ties, rather than to weaken them.

2. This intimacy of economic relationships, by various unrelated reports, has not resulted in a like cementing of friendship and collaboration between individual Communist leaders and Soviet representatives. There are indications that there have been actual points of friction upon occasion. Those frictions must be viewed as superficial and not affecting basic general policies. There exists nevertheless the basic Chinese feeling of nationalism which tends to give rise to resentment on the Chinese side against any evidence of “foreign interference” with Chinese affairs. This circumstance, together with the fact that, so far as known, the Soviets have not succeeded in introducing into the Chinese Communist leadership any preponderance of Russian-trained Communist leaders of Chinese nationality who would be prepared to do Moscow bidding without question and without consideration for Chinese interests, has tended to keep the Chinese Communist movement politically less than completely integrated into the international Communist movement. This development has been facilitated, in a negative way, by what seems to be a Soviet policy—presumably based on political considerations deemed by the Soviet leaders to be determinative—of refraining from direct politico-military support of the Communist regime in North Manchuria. This refers, of course, to direct intervention, and not either economic exchange or the action of Comintern agents. It is noted in this general connection that the most prominent Chinese Communist who might be considered to be under Soviet influence would be Li Li-san (Li Minjan).\(^{27}\) Chou Pao-chung, military leader, although subjected previously to Soviet influence, is a former subordinate of the Manchurian “resistance” leader Li Tu, and can probably properly be classified as an autonomist in heart. That category would very probably also include Chang Hsueh-szu (Hsueh-shih);\(^{28}\) who, reputedly, originally sided with the Communists in the fall of 1945 with the idea that he was furthering the cause of Manchurian autonomy. Lin Piao himself, although presumably at the present time in line with the thinking which governs Communist policy in Manchuria, is after all a Yenan man who can hardly have thrown off his essential Chinese nationalism excepting on grounds of expediency. Wan Yi would seem to belong to the same category.

\(^{27}\) Former head of the Chinese Communist Party, he spent 1931–1945 in the Soviet Union and, on going to Manchuria in 1945 with the Soviet Army, became political adviser to Lin Piao, Chinese Communist general commanding in Manchuria in 1946.

\(^{28}\) Brother of the “Young Marshal”, Chang Hsueh-liang, former ruler of Manchuria.
3. Time would ordinarily tend to bring about the development of younger leaders more in line with Comintern thinking, assuming that the Soviets adopted an aggressive, forward policy in respect to Manchuria and Korea. They may adopt such policy. It is nevertheless logically conceivable that, with Soviet interest concentrated primarily in Europe, they would decide to follow a line of “non-intervention” in Asia and thus avoid dangerous dissipation of their energies for a theoretical gain which must inevitably constitute but small direct gain. The available indications thus far have been that the Soviets have steered clear of actual direct involvement in the Chinese civil war. It would appear to be quite within the realm of possibility, especially if they are under American pressure on their main front in the west, that they will choose the prudent course and avoid direct positive commitments in Asia. In those circumstances, there would be less force exercised toward the development of a cadre of Chinese Communists who might be directly subservient to the Moscow command.

4. The Chinese Communists have suffered certain reverses in North China that cannot be other than painful for them to contemplate. The reputed dispatch of Nationalist reinforcements from inside the Wall into Manchuria will inevitably make more difficult for the time being the achievement by them here of their ultimate aim—conquest of Manchuria. The obvious deterioration of the economic and social structure of the country is something which cannot but affect the Communist economy as well as the Nationalist economic structure, for they are integrally related parts of the same whole. The deterioration would be considered by the Communists to have the more significance for them the farther they progress in the political field (in terms of territorial gains as well as political history). In those circumstances they must look to the future—and a future tied to the Soviet Union alone offers them nothing but bleak prospects in terms of obtaining needed industrial and communications materials, and even to a large degree in terms of consumption goods: they cannot subsist entirely on matches, soap, and vodka. The more the Communists develop in China, the more necessary it is for them to look toward the United States for economic goods. Granted that the Chinese Communists are naïve, because inexperienced, in respect to foreign commerce, there are assuredly certain Communists, and particularly such Communists who have attained a certain degree of intellectual maturity, such as Chou En-lai and Yeh Chien-ying.


who realize that, if man does not live by bread alone, the large stock of "inspiration" they get from Moscow will do little toward restoring China's shattered industry and prostrate finances. That they should in those circumstances tend to strain at the Moscow leash, and look with some longing in the direction of American markets, would only be natural.

5. There has to date been no considerable defection, whether political or military, from the Communist ranks. If they had a better direction in which to turn, possibly some elements such as the "Autonomists", or the Mongols, or the Koreans, or sympathetic students and "Fellow-travellers", might desert the Communist ranks. The fact of the matter is, however, that the Nationalist Government has increasingly failed to convince the politically conscious elements in the country that its worn shibboleths offer real hope of political and economic progress for the nation, and that there exists no third Chinese party with the force to make its will felt against the police batons of the Nationalists on the one side and the "liquidation" policies of the Communists on the other. The politically bent must choose between the two armed opponents. It seems unlikely that Communist defeats have yet been sufficient to cause any considerable fraction of the hardened veterans to think of a surrender without a future. The more probable conclusion appears to be that 1) insofar as there is any change, it will be a general change of policy, for reasons of political strategy, on the part of the Chinese Communist Party; 2) that the change will probably be related to overall Comintern policy; and 3) it will, therefore, be designed to embarrass American policies and further Soviet Russian aims in Asia. The particular form such reorientation might take would seem to be along the lines of portraying the Communists to be the true proponents of peace, and the Nationalist Government and any backers to be imperialistic warmongers. That reorientation would have some real political value as distinct from propaganda value, only if it resulted in the Communists' obtaining some concrete advantage thereby. With particular reference to my reference despatch of October 20, it is suggested, purely speculatively, that the following advantages would actually accrue to the Communist side in the event that there were new "peace negotiations", presumably backed up by American mediation, followed by a truce: 1) the immediate pressure would be taken off the Communist positions in North China; 2) the Communists would be enabled to consolidate their gains in Manchuria (very possibly including new gains, still unachieved but planned to be accomplished before a truce really became effective, in the Changchun–Kirin area); and 3) the United States might be embarrassed in the implementation of any project,
such as proposed in some quarters (as has undoubtedly come to the attention of both the USSR and the Chinese Communists) for the rendering of positive aid to the Nationalist Government in the form of military supplies, military instruction, credits for purchase of materials, and the bolstering up of Nationalist finances.

That the National Government might also benefit substantially from a truce that gave its hard-pressed economy a breathing-spell is obvious.

Conclusion.

The United States is undeniably interested in two major things in the Far East: 1) the strengthening of its own position vis-à-vis the Soviet Union, and 2) the making of some contribution to the unification of China and the improvement of the lot of its people. Assuming a Soviet-inspired a [sic] move by the Chinese Communists such as outlined above, the opportunity for the United States to further its aims would reside in the chance offered to put a damper on the anti-American propaganda of the Chinese Communists, and to suggest terms of agreement between the warring parties which would, if mutually beneficial, give neither side an advantage tantamount to victory—and would contribute, more than to the political advantage of either party to the dispute, to the general prosperity of the country and its people. It is believed that, while the matter is still on a hypothetical basis, it would hardly be economical of effort to endeavor to set forth now proposed terms of agreement; it is believed, however, that the problem of finding terms which, with a time-limit attached, would be of such a character as to offer to both sides a fair chance of disposing of their differences while giving neither a foothold for new political jockeying in an effort to get the United States to “take sides”, is a subject entirely susceptible of logical solution. That such an approach would be successful of course could not be guaranteed, for the mutual suspicions, ill-will and bad faith which existed between the two sides in 1946-7 have only been deepened in recent months. But the attempt would cost less in terms of materials and money than positive support of one side against the other in a deteriorating economic situation, and might bring political benefits, particularly if the move were strongly backed by a mobilization of public opinion. It is suggested generally that, in the existing circumstances, and having in the background of memory the American experience of Communist-inspired propaganda and of Chinese nationalistic sensibilities during the period of General Marshall’s mediation, one tactical approach might be to meet any new Communist move by a proposal to handle the matter either by 1) an invitation to the Soviet Union to consider the problem jointly with the United States and Great Britain, or by 2) bringing the matter before the United Nations
for discussion with the aim of enlisting general support for mediation, even if still by the United States, in the Chinese political struggle.

Such an approach as proposed in the first alternative would place the Soviet Union on record; and if the Soviet Union refused to participate the United States and Great Britain and interested Dominions could consult among themselves; while if the Soviet Union accepted there would presumably be felt no need by the other participating Pacific Powers to adhere to the veto rule in the reaching of any final agreement. As a matter of political tactics, in fact, the first alternative might be tried, and then, in the event of failure, the second alternative be next taken up. The second alternative would offer interesting possibilities of enlisting support for American proposals, and that support would give to subsequent American action both the legal and moral force which would enhance the possibilities of success. Here too, however, if there were failure, the United States would still be in a position to say that it had exhausted the possibilities of action along multilateral lines and now proposed, with the agreement of the two Chinese parties to the dispute, to endeavor once more to contribute to the stabilization of China. The chief cost of this indirect approach would be time (which would be needed for any approach decided upon), but the political gains during that time would, it is submitted, probably well warrant that cost.

It is believed that it would be fruitless, however, to base any new American move on the premise that the Communists would voluntarily either lay down their arms or renounce territorial gains: being Communists, they aim at total victory, and will not give up any fraction of success already gained. Any American move should be with full appreciation of Communist motives and should be designed to serve American ends with superior strategy and force.

Respectfully yours,

O. EDMUND CLUDBB

893.00/10–2747 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 27, 1947—7 p. m.
[Received October 28—5:20 a. m.]

2146. Recent intensified Government press attacks against Democratic League have convinced League leaders that complete suppression of League is imminent (Embassy's dispatch 1064 of October 22). Nanking garrison command has announced that all members Chinese Communist Party and "persons having relations therewith" must register with garrison command between October 21 and October 31 or be subject to arrest. Democratic League interprets this as measure
directed at it and anticipates wave of arrests commencing November 1.

In conversation with Ambassador on October 26, Dr. Lo Lung-chi stated that he had direct news from Chinese Communist Party and Lo states that Communists are much weakened militarily and politically, the latter due to a more pro-Russian group rising against Mao Tse-tung and other senior Communist leaders. Lo states Communists are ready to resume peace talks with Demo-League [as?] mediator, but not United States unless Russia also included. As previously reported to the Department, Lo reiterates that Demo-League is becoming more disillusioned as a result of recent ruthless methods of CCP and is questioning earlier Communist attitude of cooperation. Demo-League apparently now recognizes that if Communist party should gain the ascendancy the League would have short shrift.

Information available to Embassy does not indicate that CCP has been weakened materially either militarily or politically. On military level, although certain Communist forces, notably in Shantung, have suffered reverses, no major Communist force has been fixed and destroyed; to a large extent, particularly in Manchuria, Communist forces continue to retain the initiative. Politically, continued general deterioration of economic situation tends to play into Communist hands. Furthermore, Embassy has no reason to believe that so-called pro-Russian group is coming to power within CCP, but believes that intensification of civil war is bringing about pronounced radicalization and acceleration of overall Communist program. One example is intensified program of land confiscation announced by Communists October 10. In addition, qualified foreign observers have recently reported increased terrorist methods against landlords and rich peasants in Shantung and Hopeh.

Intensification of civil war has greatly weakened position of Demo-League and Embassy considers it most unlikely that it could act as mediator between Communists and Government. On the contrary there is more reason to believe that the Communists are not interested in any form of mediation except on terms which Central Government could not accept. Government appears convinced, probably with good reason, middle and lower echelons of Demo-League are deviously infiltrated Communists. In present circumstances, League could be of limited use to Government as a façade of freedom of political expression, but current indications are that Government ineptitude will continue to repeat itself in this connection.

Embassy interprets Lo Lung-chi’s statement that he has “direct news” from CCP to indicate that he is receiving information from Communist-controlled areas rather than evidence that he is in direct communication with leaders of CCP. In their present extremity, League leaders appear to be seeking American support by endeavoring
to establish themselves as a link between Kuomintang and CCP. It is doubtful that their prestige with either side is sufficient to warrant our outright support, but unrestrained Government action against them, however, unsupported by credible evidence that they are directly involved with the Communist, will tend further to alienate liberal and intellectual opinion against the Government and in such a situation we cannot expect to escape unscathed.

Embassy has already expressed to Prime Minister and members of Generalissimo’s household that current repressive measures against the League will tend to obtain bad press for Government abroad and that present strength and authority of League does not warrant such obvious attention from the Government.

Stuart

893.00/10-2847 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, October 28, 1947.
[Received October 28—2:03 a.m.]

2149. By official decree Democratic League has been declared an illegal organization. Local authorities have been directed to suppress League activities and to punish illegal activities of League members in accordance with measures similar to those applied to Communists as stated in Government’s general mobilization order promulgated on July 4, 1947.

Stuart

893.00/10-2847 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, October 28, 1947.
[Received October 28—8:12 a.m.]


Stuart

893.00/10-2947

The Ambassador in China (Stuart) to the Secretary of State

No. 1073

Nanking, October 29, 1947.
[Received November 10.]

Sir: I have the honor to comment on political trends in China perhaps more as a record of my present impressions than because
of any substantial objective changes. Most of this may therefore be mere repetition of what is already familiar.

Communist Party. There is no evidence of any weakening either in fighting power or in morale. Rather the opposite. They seem to be relatively well supplied with ammunition, money and other material necessities, and to be confident of their ability to carry on for the two or three years which they estimate as the time required to get control of the territory north of the Yang-tse River. They are steadily improving their organization and discipline. Officers and men share the same hardships and have the enthusiasm of those who are devotedly fighting for a cause which transcends all thought of selfish ambition or enjoyment. There is little if any evidence of material assistance from Moscow but there is undoubtedly very close and conscious affinity in aims, methods and objectives. This will probably become more apparent as the rift widens between the United States and the Soviet Union. The hatred against America is said to be more vocal now than even against Chiang Kai-shek. Reports indicate that the younger student type is more unreservedly pro-Russian or international in its sympathies than the older leaders with whom the nationalistic loyalties aroused by foreign aggression still linger. The younger people argue that if America can help the Kmt 31 why should not Russia be allowed to help them. On the other hand the official pronouncements have always been at pains to disavow any such aid or connection realizing the unfavorable effects of this upon the general public. There are numerous and well-authenticated reports of the merciless cruelty of the Communists, especially in newly occupied areas, and of the terrorism this inspires. There is no slightest question but that they intend to carry on their destructive tactics until the present Government succumbs. They will then agree to any temporary compromise or coalition that will enable them to extend their control until they achieve their goal of a thoroughly communized China. Nor is there any doubt in my mind but that their control will follow the invariable Communist pattern of a police-state, with no freedom of thought or action and with brutal slaughter or expropriation of all who seem to be in their way.

Kuomintang. The corruption and the reactionary forces pervading the Kuomintang are too familiar to call for further emphasis. It should be kept in mind, however, that single-party control always tends to be corrupt, that the period during which this Party has been in power has been one of incessant conflict, that the mounting costs of living have greatly aggravated an age-long tradition in China, and that the mood of defeatism in an increasingly hopeless outlook has

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31 Kuomintang.
caused a creeping paralysis upon all creative effort. Even so the men at the very top are of high integrity and continue to struggle bravely against terrific difficulties. There are many more like them within and outside of the Government.

Other Parties. The minority parties are rather disappointing. Those now absorbed into the Government are contributing but little and are busily seeking office for their members. The Democratic League continues to arouse suspicion of its communistic proclivities and offers little prospect of serving as a nucleus for liberal action. My chief concern at present is that the Government through ill-advised persecution will discredit itself further for high-handed oppression thus winning sympathy for the League from those who stand for enlightened constitutional procedure, while the League members will be driven further leftist and to underground activities.

Another factor which is becoming more apparent is the infiltration of Communists not only into bodies like the League but also into the Government itself. The seizures in Peiping following the discovery of a Communist headquarters are grim evidence of this. But of the arrests in other cities because of documents found there all but two have been Government employees. With a revitalized program, supported alike by their colleagues and the public, such men could be largely immunized. Otherwise their members and their sinister influence will tend to increase.

The best hope of the country seems to be in her educated youth. This group should be broadened so as to include those who once were ardently patriotic students, have become more or less cynical or discouraged in their depressing environment, but might be expected under better conditions to recover much of their lost enthusiasm. Assuming American aid of the nature which has in general been under consideration, these young people could be enlisted as "shock troops". If we can manage to sublimate our military and monetary aid into a movement to bring peace, freedom from oppression and economic recovery under democratic principles, including the responsibility of the people to take a part in reforming their government, this can win the allegiance of youth and neutralize their suspicions of American imperialism, reliance on force, strengthening an effete regime as an anti-Soviet policy, etc. The student class is intensely nationalistic and now thoroughly alarmed. The genius of the Chinese people is naturally democratic rather than communistic. By making our objectives transparently clear we can help toward a resurgent moral awakening aiming at government reform and a better livelihood for all, with students past and present as the animating heart of it. This is what actually happened in the Revolution of 1911 and in the anti-Japanese
resistance. It can come again. The convictions of democratic youth will thus match those of communist youth and which of those of the present generation wins will largely determine the destiny of China. Nor need we fear this if we really believe in the democratic way of life and in its ability to win over its greatest rival in our time when the contest is out in the open as this would be. If this process cannot conquer Communist ideology and machinations nothing else will. But a challenge on this high plane ought to have far-reaching consequences in other parts of Asia.

When I stopped off in Nanking in May of last year to pay my respects to the Generalissimo on my return from the United States, he asked me what I thought of the situation. I replied that it was worse than I had reason to expect from press reports in America but that I believed it could be changed if he would lead whole-heartedly in a new revolutionary movement with the adventurous and unselfish zeal of the Kuomintang when he first joined it, rallying present-day youth as it had done when he was one of them. The rallying cry might well be that of patriotic loyalty expressed now in reforming, unifying and constructive effort, and of treason as consisting in all that hinders these. It would be less easy for him now but with our help I still think of this somewhat visionary solution as in the end the most practical one.

Respectfully yours, J. Leighton Stuart

893.00/10-3047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, October 30, 1947—5 p. m.
[Received October 30—8:24 a. m.]

2166. Following is Shanghai’s 1714, of October 29, 3 p. m.

“Wang Shih-ming, former deputy Director Foreign Affairs, Bureau of Military Affairs Committee of National Military Council and now chairman Organization Committee of Reform Democratic Social Party, called October 28 on office of Consulate General to voice alarm over Central Government’s orders for action against Democratic League and to express hope that American pressure will be exerted to dissuade Government from terroristic course. Wang said his party fears move against League will be extended successfully to other groups who have dared criticize Government and that this party, though including only few who are concurrently members League, is likely to be next victim. According to Wang, police 2 or 3 days ago ordered League to close its Shanghai headquarters. Wang confirmed other reports that several League leaders including Sa Chien-li and
probably Ma Shu-lan have fled from Shanghai presumably for Hong Kong and he fears most prominent liberals and nonconformists remaining here will be either arrested or forced into silence. Wang mentioned incidentally that his party’s goal is coalition government which would exclude all members of ‘favored families’.

Stuart

893.00/10-3047

The Consul General at Peiping (Clubb) to the Ambassador in China (Stuart) 32

Peiping, October 30, 1947.

Sir: I have the honor to acknowledge the receipt of the Embassy’s instruction of July 9, 1947, directing me to report on the amount of military assistance, if any, being given to the Chinese Communists by the U. S. S. R.

As noted by the Embassy itself in the reference instruction, the available information in regard to the subject in point is extremely limited. It is believed, however, that even negative information is of a certain amount of value in assessing a matter such as that at hand, and I reply in seriatim below to the various points in the Embassy’s instruction.

(a) There has yet been obtained no positive evidence that the U. S. S. R. is supplying the Manchurian Communists with arms, ammunition, or other supplies; excepting, there has been received a report from a Japanese source to the effect that the component chemicals for powder manufacture are received from the Soviet Union and used in Communist arsenals maintained in North Manchuria. There was no indication of the volume of such supplies obtained, but munitions manufacture in North Manchuria cannot be other than in its beginning stages.

In addition, as is generally known, the Communists have in one way or another come into possession of substantial stocks of Japanese small arms supplies, some artillery and mortars, and machine guns, and are using those in the course of their present military campaigns in Manchuria. It is generally suspected, and it seems almost certain, that there was in the beginning (in late 1945 and the beginning of 1946) at least connivance on the part of the occupying Soviet military forces which led to the Chinese Communists’ obtaining possession of such arms and ammunition. The Chinese Communists are reported as well to possess a very limited number of Japanese planes which have been rehabilitated and are being used for training purposes on airfields in North Manchuria.

32 Copy transmitted to the Department without covering despatch; received about November 12.
32 Not printed; see footnote 79, p. 203.
(b) There is no positive information confirming that the U. S. S. R. is producing and stockpiling military equipment and supplies in Siberia for the use of Chinese Communist forces. It would appear, on the basis of logic and past experience, that the more probable Soviet approach to the particular matter of supply of the Chinese Communist forces would be to assist in the development of local sources of munitions supplies. That is, it would appear in logic the more probable procedure, particularly in view of the area now controlled by the Communists in Manchuria, for the Soviets to contribute in one way or another, whether by dispatch of experts or the supply of needed materials, to the erection of arsenals in Manchuria itself. With respect to the use of experts, however, it is to be noted that available Japanese reports indicate that it is Japanese technicians who are being used in munitions manufacturing centers.

It seems possible that the Soviets have stockpiled, either in the Soviet Far East or in Manchuria under their control, certain captured Japanese arms supplies from which current withdrawals are made for delivery to the Chinese Communists in exchange for Manchurian agricultural products.

(c) There is available no information in regard to the use by the Soviets of Japanese tools, dies, and specifications for the manufacture and stockpiling in Siberia of Japanese type weapons and ammunition. Despite the circumstance that this would to all appearances provide a convenient form of Soviet aid to the Chinese Communists, it is unlikely the Soviets to expend much effort in the use of antiquated patterns and forms in so far as such use would not serve a useful purpose for the Soviet State. If the reasoning given in the paragraph above is sound, that is, if the Communists themselves are being caused or are able to manufacture their own munitions, those tools, dies, and specifications might be in use in Manchuria but would hardly be in use in Soviet plants in Siberia. Use in Manchuria would adequately serve what might be called the Comintern purpose.

(d) The Consulate General at Changchun has already submitted to the Department, in report form, that information which became available to it in regard to the volume and character of rail traffic from the Soviet Far East into North Manchuria, in regard to road traffic into Manchuria via Outer Mongolia, and in regard to travel conditions across Nationalist-Communist lines. It is pertinent to observe at this point, however, that there is a consensus of opinion that rail traffic over the sometime Chinese Eastern Railway has increased in recent months, and that the Communists themselves subsequent to their “Fifth Offensive” (May-June) reputedly extended their railway net to some degree into the newly occupied areas. This latter phenomenon would indicate a Communist belief that they would be able to hold those areas, and would indicate as well that they possess adequate supplies of railway construction materials. That the latter factor is present derives from the fact that the Communists control practically all of the timber resources of Manchuria and thus are able to manufacture an unlimited quantity of railway sleepers; and that the constriction in the post-VJ period of the extent of the railway network in North Manchuria as well as in those areas held by the Nationalists, has given the Communists a stockpile of rails and other steel materials adequate for restoration of trackage along those
rail lines that they consider to be of primary strategic importance. The Changchun Consulate General had available no information in regard to the character of air traffic from the Soviet Far East into North Manchuria, but the implication of general reports was that it is probably small. Likewise, judging from the inadequacy of highways and the uninhabited character of the area, it is believed improbable that the Communists have any considerable traffic from Inner Mongolia into northern Manchuria. That from the Mongolian People’s Republic into Manchuria has been briefly reported upon. In respect to Northern Korea, available reports indicate that rail traffic is carried on through T’umen. The volume of that rail traffic is unknown.

Conclusions: The best available positive information indicates that the Soviets have in the past connived in the obtaining by the Chinese Communist forces of certain war materials, particularly arms and other munitions of a type not especially desired by the Soviets themselves, from stocks left behind by the Kwantung Army at V–J Day. Despite the circumstance that Assistant Military Attachés and American consular officers and others have repeatedly requested the local Chinese military authorities for evidence, including serial numbers, of the supply of arms and other munitions to the Chinese Communists by the Soviet Union, as frequently alleged in the Chinese press, no convincing evidence of such supply has yet been forthcoming. There have been a few occasions where American observers have had the opportunity to view an isolated Soviet tommy-gun or two, et cetera, but those instances have been so isolated as to lead to the logical conclusion that such items may have been sold or lost by, or stolen from, the Soviet forces during the term of their occupation in Manchuria. In respect to American Lend-Lease material now in Communist hands, most observers are inclined to agree, until convincing contrary evidence in form of serial numbers is presented, with General Chang Hsueh-min’s conclusion (in conversation with me at Mukden on October 24) that “the Communists took it from us (the Nationalists).” Likewise, there has been obtained to date no convincing evidence, despite continually recurring reports in Chinese propaganda agencies, of the actual participation of Soviet nationals, either as advisers or in the capacity of combat groups, in the civil war in Manchuria. As has been previously pointed out, all logic would lead one to believe that any direct Soviet participation along such lines would be through the participation of Communists, perhaps trained in the Soviet Union and perhaps even possessing Soviet citizenship, of Asiatic nationality. Such Communists of either Chinese, Korean or Mongol nationality would be readily available to the Comintern for such use.

There have been consistent and recurrent reports of the exchange of agricultural commodities on the part of the Chinese Communists
in Manchuria for consumption goods from the Soviet Union. Kuomintang propaganda has frequently suggested that the commodities received from the Soviet Union have included arms and ammunition. No concrete proof of that allegation has yet been adduced by the Chinese National side, but that at least some materials of assistance to the Communists in developing their overall military power are received from the Soviet Union in barter, appears highly probable, if still unsubstantiated by concrete evidence.

In sum, there is good reason to suspect that, because of the sympathy the Soviet Union undoubtedly has for the revolutionary movement in China, they have aided and abetted in indirect ways with the development of Chinese Communist military power in Manchuria. The tentative conclusion to be drawn from available evidence, however, is that, presumably by reason of considerations deemed by the Comintern leaders to be compelling in the international field, the Soviets have stopped short of any direct intervention. This conclusion is drawn from the absence of direct evidence to the contrary. That there may nevertheless be that direct intervention, and that evidence thereof will possibly be forthcoming in due course, is of course a logical possibility. Until that evidence becomes available, however, it is to be concluded that the assistance rendered to the Chinese Communists by the Soviets in Manchuria has thus far been indirect, and limited in absolute amount. The assistance rendered along economic lines naturally bids fair to increase in importance as time goes on—assuming by hypothesis that the Chinese Communists continue to extend territorially and develop their control in Manchuria. Such increase of economic interest between the Chinese Communists and the Soviets would in due course lead naturally to the development of a greater political—and perhaps military—interest as well. This would almost inevitably happen in the event that the domination of Manchuria by the Communists were followed by the establishment in that area of a semi-autonomous “State” operating under some sort of agreement with a Communist regime in North Manchuria and the Soviet dominated Mongolian People’s Republic.

Respectfully yours,

O. EDMUND CLUDE

893.00/10-3147 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, October 31, 1947—11 a.m.
[Received October 31—3:28 a.m.]

2169. Government pressure on Democratic League has noticeably eased during past 2 days probably as a result of Embassy’s expressed
interest in matter (see final paragraph Embtel 2146, October 27). Although no arrests have been made, Democratic League leaders at Nanking continue under police surveillance.

Currently situation is briefly as follows: Announcement by Minister of Interior that Democratic League has been declared an illegal organization has not been followed by Executive Yuan decree ordering dissolution of League. In conversation with Lo Lung-chi and Hwang Yen-pei yesterday, the Prime Minister is stated by Lo to have said that he was reluctant to order dissolution of the League and that a directive from the League to its membership ordering cessation of all activities would be acceptable to the Government. League leaders state they are willing to issue such a directive if League members are not required to register with Garrison Commanders as persons connected with Communists, that their personal safety is guaranteed, and they are released from police surveillance. League leaders state they are also willing to relinquish Communist property, of which they are now custodians, to the Government.

Embassy considers that League leaders in Nanking and Shanghai are in no immediate danger, and that Government will take no further action against them pending clarification of American press reaction to original move. Safety of League members in provinces, however, is dubious and it is doubtful that Government has abandoned its effort finally to eliminate the League as an organization. In the meantime Embassy continues to be importuned by League leaders for protection against the Government. Thus far the Ambassador has pointed out to the Prime Minister, the Minister of the Interior, the Foreign Minister and the Generalissimo’s personal secretary the adverse publicity abroad and further alienation of internal opinion which the Government risks in following its present course, and, in the absence of specific instructions from the Department, will take no further action. In the circumstances however an expression of the Department’s views would be advantageous.

STUART

893.00/10-3147 : Telegram

The Acting Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, October 31, 1947—7 p.m.

1832. Action taken by you (urtel 2169 Oct 31, 11 a.m.) pursuant Chinese Govt action against Democratic League fully approved. You may also in your discretion inform Govt leaders that course upon which Govt embarked discourages China’s many friends in the US particularly coming as it does such short time before elections in
which Chinese people were to have had opportunity freely indicate their choice among candidates Kuomintang and various third parties. Step recently taken also embarrasses efforts those who seek means extend China greater US assistance.

LOVETT

893.00/10-3147

The Ambassador in China (Stuart) to the Secretary of State

No. 1079

NANKING, October 31, 1947.
[Received November 10.]

The Ambassador has the honor to enclose a copy of a memorandum of conversation between two Embassy officers and Dr. Lo Lung-chi of the Democratic League on October 28, 1947. The memorandum expresses Dr. Lo’s concern over the National Government directive outlawing the Democratic League and a reiteration of his over-all plan for a coalition government as the only feasible solution to China’s immediate problems. In this general connection the Department’s attention is directed to the Embassy’s Secret Despatches No. 823 dated July 11 [June 20], 1947 and No. 972 [872] dated July 11, 1947, both entitled “Transmission of Memorandum of Conversation Between Dr. Lo Lung-chi and an Officer of the Embassy”.

It will be noted in the enclosure that Dr. Lo, through the Ambassador, proposed to find out from the Government the exact status of the League and its members; i.e. whether only the League is outlawed or whether the members of the League are also to be considered as Communists. The Embassy has been informed that the present order does not call for the arrest or detention of the League members, but only for the cessation of activities of the Democratic League as a political entity.

[Enclosure]

Memorandum of Conversation, by the Assistant Attaché of the Embassy in China (Anderson)

NANKING, October 28, 1947.

Participants: Dr. Lo Lung-chi, Democratic League
John F. Melby, Second Secretary of Embassy
Robert Anderson, Assistant Attaché

Dr. Lo Lung-chi came to lunch on October 28, 1947, on which date the National Government outlawed the Democratic League. His house was under surveillance, all telephone wires had been cut, and

**Latter not printed.**
he was released from house-arrest shortly after 10:00 A.M. The purpose of his visit to the Embassy was to request the help of the Ambassador in making contact with high government officials to sound out what was to be done with those members of the League who might be arrested. Dr. Lo tried several times, without success, to contact Shao Li-tze and Chang Li-shen, Minister of the Interior, from whose office the order had originated.

Dr. Lo did not wish to return to his residence as he would then lose all contact with the outside. He believed that he would be in danger if he did leave the Embassy, and hence was most anxious for the Ambassador’s intervention. When it was suggested that he would not be harmed because of his wide foreign connections, particularly with Americans, he stated that Chinese politics were so unscrupulous and unlike Western ideas that the military would not hesitate to take drastic action. (For a man who was in such seemingly imminent danger, Dr. Lo appeared most calm and spoke in a rather academic, impersonal manner).

Dr. Lo went on to state that he could not understand why the Government had taken such action in view of the possibility of a United States loan when it was obvious that his organization could have nothing to do with the present civil war as it had no army and was composed entirely of students, professors, merchants, and the like. In this connection he stated: “What could the League do militarily even if it wanted to?”

Dr. Lo repeated several times that he wished to find out from the Government whether only the League was outlawed as a political entity or whether the members of the League were also to be considered as Communists. In addition, he made it quite clear that it was the League’s desire to have any specific accusations made public in the form of open, non-military trials, thereby giving the League an opportunity to defend itself. When asked if the order had most probably come with the Generalissimo’s approval, Dr. Lo replied that any order with such far-reaching effects would have had to come from the Generalissimo and, further, that it was probably not a mere coincidence that the Generalissimo had departed from Nanking two days prior to the order.

Dr. Lo then turned to the question of the much-discussed loan to China, and stated that he did not favor any loan; but if there had to be one, it should by all means have foreign supervision to prevent corruption and graft similar to that seen in the UNRRA–CNARR China program. He then expressed the opinion that in event of a Nationalist victory, China could expect nothing but a fascist state headed by “this Generalissimo”—a situation which in the long run
would be disadvantageous to the United States inasmuch as all other political groups in China, as well as the Communists, would have been eliminated.

Dr. Lo next launched into his rather nebulous idea of a coalition government which would involve the Third Party elements in China reaching an understanding with the Communists and with influential members of the present government. He felt that certain military figures not personally allied to the Generalissimo would join such a coalition thereby giving his group its most essential weapon to assume power, namely, an army. (When asked to give specific names of the prominent military, Lo was rather indefinite.)

**Biographic Notes Derived from Dr. Lo’s Conversation:**

1) Dr. Lo has not been in contact with Harold Laski except for the one exchange of correspondence when he was in Kunming during the war.

2) Dr. Lo’s last trip to the United States was in 1927. During the war, he tried several times to obtain a Chinese passport but was refused by the government.

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**The Consul General at Mukden (Ward) to the Secretary of State**

No. 58

**MUKDEN, October 31, 1947.**

[Received November 13.]

The Consul General has the honor to refer to the enclosed English translation of an extract from the October 26, 1947, issue of *Ho Ping Jih Pao* (Peace Daily), Mukden, the press organ of the President’s Northeast Headquarters, setting forth the regulations promulgated by the Chinese Government on October 21, 1947, governing the organization of the Political Affairs Commission of the President’s Northeast Headquarters.

While not so stated in the enclosure under reference, this Commission is replacing the Economic Commission (commonly called “Northeast Economic Commission”) and the Political Commission (commonly called “Northeast Political Commission”), both of which have been integral parts of the President’s Northeast Headquarters. The Economic Commission was headed until early in 1947 by Chiang Chia-ngau, and since that time by Kwan Chi-yu, the latter having departed from Mukden several days ago enroute to Nanking, where he will assume his new position of Vice Minister of Food Supply.

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55 British Socialist author.
56 Enclosures not printed.
57 Chang Kia-ngao, then governor of the Central Bank of China.
Wang Shu-han has been Chairman of the Political Commission and is now Vice Chairman of the Political Affairs Commission. General Chen Cheng, Director of the President’s Northeast Headquarters, is concurrently Chairman of the Political Affairs Commission.

It will be noted that Article 2 of the enclosed Regulations provides that, in addition to a Chairman and a Vice Chairman, the Commission will be composed of 17 to 23 members, from among which latter 3 to 5 will be selected to serve as standing members. In so far as can be ascertained at this time, the members of the Commission have not been selected in toto (such selection being made nominally by the Executive Yuan, but actually by General Chen Cheng), but those members who will serve as the Standing Committee have been designated—Messrs. Kao Shih-ping, Wang Chia-ching, Feng Yung, Chu Huai-ping and Chow Tso-hua. Biographical notes on these five members of the Standing Committee appeared in the October 29 issue of Ho Ping Jih Pao (Peace Daily) and are appended hereto in English translation.

The establishment of the Political Affairs Commission has been awaited eagerly by the politically-minded people of the Northeast, it being their hope that this Commission would provide an effective instrument toward initiating a return of the administration of the Northeast to Northeasterners. The reaction of the Northeasterners thus far to the Commission has been spotty, many persons feeling that it is a constructive step, but the more politically acute feeling that while it can, if so permitted by the Central Government, develop as an effective instrument, its status is actually that of an advisory group which may go unheeded as do so many of the advisors and other advisory groups.

It may be that the Commission will not be able to act constructively, even in its advisory capacity, for the reason that it will “act under the orders of the President of the Executive Yuan and the instructions of the Director of the President’s Northeast Headquarters” (Article 2 of Regulations).

Pending an opportunity to observe the functioning of the Commission, it must be admitted that the Government has done well to establish such a body and to withhold from manning it (thus far at least) with Nonmantee (“Southern Chinese”, a colloquialism used in Manchuria to designate southerners and particularly those Government officials from the central and southern parts of China given to rapacious practices). Four of the members of the Standing Committee are Northeasterners and one is a Southerner, from Hupei Province. The formation of this body should lend some encouragement to the Northeasterners, at least to the less sceptical portion thereof, of a
promise of greater participation in the affairs of Manchuria by Northeasterners. The provision in the Regulations for the possible establishment of a Mongolian Banner Rehabilitation Committee within the Commission is a good move, if implemented effectively, but the Regulations by the use of the phrase "may establish" in Article 9, instead of "will" or "shall establish", do not indicate that it is intended that the Commission do much toward conciliating the Eastern Mongols in the Northeast.

The recent recall to duty in Manchuria of five native Northeastern officers of general rank, who have been serving with troops in intramural China, together with the establishment of the Political Affairs Commission with a Standing Committee predominantly Northeastern, gives rise to the belief in some quarters that both of these moves, coming as they do on the heels of Bullitt's article on China and perhaps just prior to the release of the Wedemeyer report on China, may be in effect little more than window-dressing with a view toward building up favorable public opinion in the United States.

893.00/11-147: Telegram

The Vice Consul at Changchun (Siebens) to the Secretary of State

CHANGCHUN, November 1, 1947—5 p. m.
[Received November 3—7:43 a.m.]

247. Indications are culmination Communist sixth offensive taking place in present battle for Kirin which has increased in intensity for past 10 days. General Wen Shiao-shang, Commander 30th Division New First Army presently in charge Changchun garrison in absence New First Army commander Pan Yu-kun, told me in interview today that Commies now have 19 divisions of which 9 are up to strength (average full Communist division 7000 to 8000 men) concentrated at Kirin and that reinforcements still coming from troops withdrawing from southern areas. He further stated defenders presently outnumbered 6 to 1.

ReContel 433, 31st to Embassy, press review military situation.

Wen stated, however, that to date defenders had not lost one strong point in outer defense periphery and professed that situation well in hand. Core of Kirin defense force is National 60th Army, a force which Assistant Military Attaché reports as about 10,000 supported

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83 William C. Bullitt, former Ambassador in the Soviet Union and in France, author of article in Life magazine.
40 Notation: "Message delayed in transmission."
41 Not printed.
by 10,000 miscellaneous PPC\(^{42}\) and other militia. 60th Army previously reported by Assistant Military Attaché as possibly poorest in Manchu[ria] and equipped with only moderate amount American equipment.

Decisive factor in battle to date has been National Air Force based at Mukden which has been reported and observed from here to be making comparatively large number sorties to Kirin. Both General Wen and mayor of Changchun, who knows Kirin well and states he has been in communication with mayor Kirin, admit that without air force situation Kirin would be extremely grave. Both also admitted that should 2 consecutive days' bad weather keep air force grounded, outcome of defense might well be disastrous. Chief function air force reputed to be prevention Commies concentrating, hampering of daylight movements and attacks on artillery.

Commies by all reports have been making considerable use artillery against Kirin. General Wen stated they had three regular artillery [units?] there (Military Attaché and I agree this exaggeration and that probably Communists have no more than 20 or 30 guns of 70 mm caliber) but discounted effect this force since major targets few and hard to locate. He further opined chief effect artillery was on civilian morale.

General opinion in military circles here supported by all appearances is that Kirin is sixth offensive equivalent of Ssuping in fifth offensive. Though Kirin is poorer defensive strategy possibly than Ssuping from point view nearness National Air Base, Mukden and sources relief forces, and though situation there subject to possible rapid change for worse, believe city's chances holding out reasonably good in view following factors:

1. Natural defenses city good. Location west bank Sungari River in a bend and with facilities adjacent to Communists can be attacked only in limited section comprising west 180 degrees compass.

2. Air force which was decisive factor at Ssuping continues by all reports to be very effective, and generally good weather this time year makes possibility slim that force will be grounded for any length time.

3. Morale defenders which reputed initially low is rising with successful defense.

4. 38th and 50th Divisions returning Changchun and main strength that force scheduled be in Changchun 2nd when Commanding Officer New First Army scheduled return. As intimated by General Wen in interview, present main disposition Communist forces to east in Manchu would permit elements New First Army proceed to relief Kirin.

\(^{42}\) Peace Preservation Corps.
(5) Communists have been in campaign for past month covering considerable territory and cannot be considered to be as effective as they would be fresh.

(6) Communist tactics in past still of guerilla type as necessitated by nature their forces indicates that if they anticipate cost of continued attack on Kirin to be excessively high they will break off engagement even though sustained offensive might result in capture of city.

Repeated to Embassy, Nanking, Peiping as 12 and Mukden by mail.

SIEBENS

892.00/11-547 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, November 5, 1947—6 p. m.
[Received November 6—7:33 a. m.]

2198. North Shensi news broadcasts for 2-week period ending October 15 were devoted mainly to war propaganda and to depicting American foreign policy as an imperialistic plan for expansion and for colonization of China.

Much emphasis in war news was placed on alleged victories of southern expedition armies of Generals Liu Po-cheng and Chen Keng. Accounts of these successes were said to have spurred people of “liberated areas” on to exerting even greater efforts in production of food and clothing for new counter-offensive. Strike of communications workers in Shanghai was contrasted to alleged enthusiasm of workers in Communist areas. Specific instances were cited in which many peasants were reported to be voluntarily donating most of their wheat crop, which was grown on land they acquired under land reform, to army. So-called autumn offensive of General Lin-Piao’s army in Manchuria was hailed as important development of war. There were several articles dealing with “sagging morale” of Kmt troops and kind treatment Kmt captives were receiving at hands of Communists.

American foreign policy was consistently interpreted as proof of imperialistic plan for colonization of China and eventual world domination. One editorial considered US program of aid to Europe as scheme to force European countries to sacrifice their independence and sovereignty by permitting American interference in their domestic affairs in exchange for US loans. Bullitt’s loan proposal evoked such comment as “American imperialists value Chinese people at $3 apiece as cannon fodder” and “US warmonger Bullitt proposes to purchase China’s 450,000,000 people for 1,350,000,000 American dol-
lars to fight for US under MacArthur’s command.” Bullitt’s proposal was reported to have won immediate applause from Chiang Kai-shek “thus nakedly exposing both butcher face of American imperialism and servile countenances of Chinese traitors.”

The remainder of broadcasts were devoted to violent denunciation of Canadian Govt as reactionary “for its criminal conduct of aiding Chiang in civil war” by selling 150 planes to Central Govt; publication of full text of Agrarian law which will be made subject of separate report; issuance of 67-slogan directive to military and political leaders on anniversary of Double Tenth which followed general line of “strike down Chiang Kai-shek and build a new China”; renewal of attack on UNRRA on occasion of General Rooks’ arrival in China, expressing skepticism as to whether “UNRRA is going to change its erroneous policy of one-sided aid to Chiang Kai-shek’s civil war or whether it is going to continue to play the accomplice to Chiang”.

Dept please repeat to Moscow.

STUART

893.00/11-647 : Telegram

_The Ambassador in China (Stuart) to the Secretary of State_

**NANKING, November 6, 1947.**
[Received November 6—4:23 p. m.]

2201. At weekly press conference held on November 5, 1947, Dr. Hollington K. Tong, director Government Information Office, made following statement regarding Democratic League:

“On account of manifold illegal activities of Democratic League, Government finds that it is no longer possible to continue to recognize it as a lawful party.

“However, policy of Government will be not to make any arrest of members of Democratic League or to require mandatory registration by them.

“Members of Democratic League will continue to enjoy full protection of law so long as they do not commit any further acts against laws of nation.

“Orders to this effect are being issued by Government to all local governments.”

STUART

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43 General of the Army Douglas MacArthur, Supreme Commander, Allied Powers, Japan.

44 Lowell W. Rooks, Director General of UNRRA.
The Ambassador in China (Stuart) to the Secretary of State

NANKING, November 6, 1947—2 p.m.
[Received 10:53 p.m.]

2206. The Foreign Minister has just informed me that he regretted that the action of the Government regarding the Democratic League had reached the state it had before his return.\(^{45}\) (ReEmbltel 2169, October 31). He reported my opinions on the matter when he saw the Generalissimo at Kuling. The Government has now decided that it will take no further action against the Democratic League as such nor will it insist on its dissolution or the closing out of its headquarters. The leaders of the League have assured the Government that they themselves will dissolve the organization. The Government's position is now that the League has placed itself in a position of illegality. All members of the League will be entirely free from interference and there will be no trials except of individuals charged with treasonable activities, regardless of whether they are members of the League or not. Such trials will be as prompt and public as possible and the charges and decisions will be made public.\(^{46}\)

STUART

The Ambassador in China (Stuart) to the Secretary of State

NANKING, November 6, 1947—4 p.m.
[Received 5:14 p.m.]

2208. Meisling,\(^{47}\) Assistant Military Attaché, reports from Shantung as follows:

Government occupation major towns Shantung peninsula remains precarious; garrisons inadequate guarantee prolonged occupation and reinforcements cannot be spared from other areas. For example, Weihaiwei only half occupied with heavy Communist pressure from south. Unconfirmable reports state Communists massacred 3,000 civilians unprotected sections Weihaiwei and that similar reprisals reported from Pingtu and elsewhere. Such reprisals probably indicate new and ruthless Communist policy liquidation civilians for failure to oppose Government occupation, and there is considerable apprehension among populations newly occupied Government areas. Eco-

\(^{45}\) Wang Shih-chieh had been in the United States.

\(^{46}\) For report on outlawry of the Democratic League, see despatch No. 1087, November 5, from the Ambassador in China, United States Relations With China, p. 836.

\(^{47}\) Maj. Vaughn F. Meisling.
nomic situation reoccupied points worsening with widespread panic. Laiyang closest reoccupied point to Tsingtao cut off by intervening Communists. Chefoo reported only stable point under competent Government commander but with growing refugee problem.

STUART

893.00/11-747 : Telegram

The Consul General at Shanghai (Davis) to the Secretary of State

SHANGHAI, November 7, 1947.
[Received November 7—4:39 a.m.]

2589. Following summarizes announcement by Democratic League published November 6 in all local Chinese papers as Central News Agency release and also carried in front page column by Ta Kung Pao.

While we have consistently maintained our stand for democratic peace and unity, intensification of war has made impossible our serving nation effectively.

Forced to discontinue activities as result of outlawing by Government, we sent Huang Yen-pei to Nanking as our negotiator and obtained Government’s offer following terms: League to dissolve voluntarily, Government properties loaned to League and CP properties in League’s custody to be taken over by Government, but League properties and private residences to be left undisturbed. Huang replied League would meet these terms but requested League be permitted to dispose of its own properties; League members be exempted from registering with Government and guaranteed civil liberties to which entitled; those arrested be tried according law and when held for alleged but unproven Communist affiliations they not receive treatment prescribed for Communists. To this Government replied if League formally declares voluntary dissolution and cessation activities, members can be exempted from registering and assured freedom within law. Individuals still engaging in illegal actions will be tried according law. Measures prescribed for treatment Communists will not be applied to Leaguers arrested and found not Communists or working for Communists. Points regarding properties will be carried out. Above is record of negotiations.

We hereby notify all League members to stop political activities as from today. All our General Headquarters personnel will resign in bloc and General Headquarters will dissolve as from today. Signed Chang Lan, Chairman Democratic League.

Full text being mailed.48

Sent Department, repeated Nanking as 1748.

DAVIS

48 See United States Relations With China, p. 834.
The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, November 8, 1947—5 p. m.
[Received November 12—10:17 p. m.]

343. Communists continue disrupting Mukden[-Peiping?] and Mukden-Dairen railroads. Their tactics in general, excepting in Kirin sector, consist harassing activity, destroying communications and powerlines and attacking moving Government troop columns. Government has sent 9 divisions reinforcements Manchuria since beginning sixth offensive mid-September of which 4 divisions have been annihilated or captured. Most recent loss was 1 Government division proceeding Chinehow to Peipiao which was surrounded and surrendered to Communists.

Only major effort against important strong point thus far this offensive being made Kirin where 2 Communist columns engaged. Some observers believe Communists have shifted focus attacks northward while awaiting freezing Hulutao and Yingkow ports next month. Government naval strength in Liao River too devastating to enable Communists take Yingkow at present but situation there will favor Communists when river ice causes withdrawal gunboats. Necessary [Necessity?] capture Hulutao will vanish when port freezes. Communists will undoubtedly continue cutting Mukden–Peiping railway which task will be facilitated upon their capture Yingkow as railway will then be subject attack from both east and west.

Ample evidences sixth offensive proceeding satisfactorily to Communists who have suffered light losses and at same time made successful strides toward disrupting economy and communications north Great Wall. They have killed or captured large number Government troops, seized large stocks recently harvested cereals and food sorely needed by Government forces and captured considerable quantities military supplies and equipment. Some Government units still incapable meeting Communist troops in frontal attack.

Civilian morale, which improved when General Chen Cheng named director PNEH, again deteriorating rapidly. Government troops gouging civil population less than prior arrival Chen but southern officials, after acting with restraint during early days Chen regime, are again exploiting civilians mercilessly. Cost living has risen unprecedented level, food scarce, fuel and clothing practically unobtainable, value local currency tumbling rapidly and everyone aware life will be desperate struggle this winter. Many formerly loyal northeasterners losing their will to resist Communists and others less loyal, but nevertheless formerly anti-Communist, now feel that life under Communists cannot be less attractive than under Kmt regime.
Notwithstanding his glowing early promises Chen has accomplished little, if anything, toward removing basic causes of discontent and Communist propaganda therefore has lost none its magnetism. Nothing has been done toward suppressing unfair and discriminatory practices against foreign business firms.

Hopes American aid, which were high during and immediately after Wedemeyer mission visit, continue to wane. Such waning contributing deterioration civilian morale. If aid forthcoming, early indication thereof would have stimulating effect. Without hope such aid, situation is not promising. At same time, however, without Governmental reform in NE regime and removable basic causes discontent, it can be successfully argued that such aid will prove temporary palliative only.

Sent Nanking, repeated Department as 343 and Changchun.

WARD

893.01/11-1347 : Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, November 13, 1947—3 p.m.
[Received November 13—12:31 p.m.]

346. General Lo Cho-ying, formerly Governor [of] Kwangtung, arrived Mukden November 11 as Vice Director President's NE Headquarters, altho some sources state he has been appointed as Director. Persistent rumors Chen Cheng, who has been ill with stomach ulcers, will be relieved and replaced by Lo. Chen may remain as titular head for time, but many observers believe actual replacement will be made as soon as possible without causing loss face by Chen.

Sent Embassy, repeated Department as 346 and Changchun.

WARD

893.00/11-1447 : Telegram

The Consul General at Tsingtao (Spiker) to the Secretary of State

TSINGTAO, November 14, 1947—10 a.m.
[Received November 14—8:21 a.m.]

119. With Communist capture of Pingtu November 8, refugee problem here has become acute. Mayor reports 200,000 refugees now in Tsingtao and more than 100,000 enroute from interior. Ruthless treatment of civilians by Communists in areas recaptured from Government forces is spreading terror throughout peninsula.

Sent at 146 to Embassy, Nanking, and 119 to Department.

SPIKER
The Ambassador in China (Stuart) to the Secretary of State

NANKING, November 14, 1947—4 p.m.
[Received November 14—8:18 a.m.]

2236. Present indications are that despite rumors to contrary the Government intends to go through with its plans for holding elections to the national and local governments the middle of November. The Kmt in last few days has announced its list of candidates for various offices. No agreement, however, has yet been announced concerning the division of public offices between the Kmt, the Youth Party and Social Democrats. Reports received in the Embassy say that the difficulty involves local administrations rather than positions in National Government in which the minor parties appear to have largely a token interest.

During recent weeks there has been an increasing amount of agitation in vernacular press designed to stimulate interest in the elections and get out the vote. The results of elections already held in such places as Peiping, as well as the tone of confidence of official editorial comment, strongly suggest the growing popular belief that outcome will in all probability be a Kmt landslide. Embassy inclined to believe that this popular feeling is not without foundation.

Stuart

The President of the Chinese Executive Yuan (Chang) to the Secretary of State

[NANKING,] November 17, 1947.
[Received November 28.]

DEAR GENERAL MARSHALL: At this moment when you are shoulder- ing the heavy responsibility of formulating the initial plans for aiding Europe and China, I feel compelled to send you this message for your personal consideration.

For over six months I have been in charge of the Executive Yuan. While I am in no wise in despair of the eventual outcome of the fight which the Generalissimo and my colleagues are putting up, I must frankly admit that both the military and economic situations are today far more critical than at the time when I assumed office. Though the Government forces have re-taken the Shantung Peninsula, thereby depriving the Communists of one of their strongholds and bases of supply, the dislodged and scattering Communist units are now operating in more and wider areas than before. This not only calls
for greater military efforts but also for fresh and urgent economic measures. Furthermore, the Government position in Manchuria, if allowed to remain too long on the defensive, may become out of control, politically as well as militarily. This explains why there is such an outcry on the part of the Chinese public to see China given both emergency assistance and a long-range aid program. I am sure that in whatever form or language this desire may be expressed, you will regard it with understanding and sympathy. In sending these words to you, I am fully conscious of my own responsibility in helping China merit the effort which you have so generously exerted in the past and which you are continuing to exert now.

With warm personal regards,

Yours very sincerely,

CHANG CHUN

893.00/12-1847: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, November 18, 1947—3 p. m.
[Received November 18—8:15 a. m.]

2255. We have been reliably informed that Minister of National Defense 49 reported to State Council [on] November 15 that Central China now most important area of military operations. All reports reaching Embassy tend to confirm that for time being at least critical military foci have shifted from Manchuria to intramural China.

In Shantung Government hold on reoccupied areas is nebulous and although situation there is at present relatively quiescent renewal Communist activity and pressure may be anticipated (Embtl 2208, November 6). Shantung situation has not been improved by necessity to airlift one division from Weishien to reinforce Hsuchow where forces under command of Chen Yi have moved to within approximately 5 miles of city and cut communications along southern section of the Tsin-Pu railway (reEmbtl 2246, November 17 50).

West of Hsuchow Communist forces under command Chen Yi have destroyed major portion Lung-Hai railway between Hsuchow and Kaifeng by removing steel and burning ties and there are reliable reports that through the gap thus created Communist troops and supplies from southwestern Shantung are moving to Honan and Anhwei to reinforce troops of Liu Po-cheng.

Liu Po-cheng, operating from bases in the Tapieh Shan, apparently unlocated by Government, holds complete initiative over wide area

49 Gen. Pai Chung-hsi.
50 Not printed; it reported the withdrawal from Hsuchow of an Army Advisory Group school because of the military situation (893.20 Misslons/11-1747).
of Anhwei and Honan and, with the Lung-Hai line successfully disrupted by Chen Yi, now has capability of intercepting north-south communications on both Tsin-Pu and Ping-Han lines and disrupting river traffic between Hankow and Kiukiang. Chinese G-2 has admitted to Military Attaché that it will be necessary for Government to mount major offensive from Yangtze line in order drive Communists north of Yellow River.

In Hopei Government loss of Shihchiachuang and current critical situation in Paoting area has further sapped Government military power in the north. Vernacular press currently reporting evacuation provincial officials from Paoting.

In Manchuria Government prospects for coming winter are grim and reported appointment of Lo Cho-ying as deputy commander northeast (Mukden’s 346 to Department \(^21\)) cannot be expected to do other than deepen prevailing pessimism.

Communist sixth offensive Manchuria appears to have been checked for time being. Government losses, however, exceeded those of Communists and Communist acquisitions large quantities grain and other stores and disruption coal and power production will add to burden of Government not only with regard military operations but in civil administration as well during coming winter. Ports of Hulutao and Yingkow will be ice-bound after mid-December leaving Government dependent upon tenuous line of communication along Pai-Ning railway which continues vulnerable to Communist disruption. Furthermore general consensus is that Communists have withdrawn no major forces north of Sungari and will probably renew offensive operations during December. Currently the canker of attrition is acting on the military position of the Government in all areas of active hostilities and as this process develops the Government’s overall military control is becoming increasingly tenuous.\(^22\)

STUART

893.00/11–1947: Telegram

*The Consul General at Tientsin (Smyth) to the Secretary of State*

**TIENTSIN, November 18, 1947—7 p. m.**
[Received November 19—5:04 a.m.]

266. Communist capture Shihchiachuang has caused much nervousness among local Chinese military civil officials particularly in view fact several Government divisions sent late September–early October from North China to Manchuria. Possible threat to Tientsin, Pei-

\(^{21}\) November 13, 3 p. m., p. 368.

\(^{22}\) Notation by the Assistant Chief of the Division of Chinese Affairs (Rice): “A bleak situation. ER”
ping creates demand among many Chinese here for recall these divisions which, however, badly needed Manchuria.

Local nervousness increased by transfer now in progress between 62nd Army in general Tientsin area and 92nd Army in Tangshan area. 62nd is well trained, equipped but 92nd not highly regarded. Explanation offered that 92nd is defensive army which can protect Tientsin while offensive 62nd Army needed guard KMA \textsuperscript{55} mines and vital railway Chinwangtiao. Local officials fearing attack during transfer set back curfew midnight to 10:30 November 15. No breaks have occurred so far in November on Tientsin–Chinwangtiao railway and KMA coal shipments have averaged 13,000 tons per day. Troop transfer now cutting shipments. Trains Tientsin–Peiping delayed somewhat past week by Communist action near Wuchingsien. One Government regiment [transferred?] Paoting to Lang[fang?] area to protect railway.

According KMA officials, railway now operating Shanhaikuan to Chinchow.

Many Chinese here more pessimistic Government ability hold North China. This stems comparison present Government military position with only 1 year ago when Government held greater area and was planning to rush [crush?] Communists. Government officials' psychology here mostly defensive. Most high Government officials here, but not all, express belief Tientsin–Peiping and possibly railway to Chinwangtiao can be held unless Manchuria collapses.

Sent Nanking as 300, repeated Department as 22 [266]. Peiping, Mukden November 18.

\textbf{SMYTH}

893.00/11–1947 : Telegram

\textit{The Ambassador in China (Stuart) to the Secretary of State}

\textbf{NANKING, November 19, 1947—9 a.m.}
[Received November 19—4:02 a.m.]

2259. From various sources there come to me increasing evidences of a realization among high Chinese officials of the critical stage of developments in China [and?] of the urgent need for assistance from the United States. I have considered the possibility of calculated action to impress upon me and through me upon the Department the need for prompt action but my considered judgment discards that idea. I do not believe they are merely trying to put pressure upon us; they are really disturbed and despondent.

I have learned in strictest confidence, for example, that immediately following my conversation with the Generalissimo re supreme milli-

\textsuperscript{55} Kailan Mining Administration.
tary adviser (our 2241, November 15\footnote{Post, p. 1219.}) he called together his closest military subordinates and informed them of his request of me, thus anticipating the growing discontent which is arising and the tendency to blame the United States.

Also at luncheon the other day where Sinkiang Governor Chang Chih-chung had invited me to meet Dr. Wang Shih-chieh, Minister Foreign Affairs, Gen. Wu Ting-chang, secretary-general National Govt, Gen. Wu Tieh-cheng, Secretary General Kuomintang, Mr. Shao Li-tse, member State Council, and Dr. Kan Nai-kuang, secretary-general Executive Yuan, discussion after luncheon turned inevitably to the critical internal situation. There was talk of the possibility of still reaching some agreement with the Communists and the suggestion that the elections be postponed, as to hold them now might destroy the possibility of successful peace talks. Shao Li-tse had advocated such action before the State Council, he said, but had been voted down. The Generalissimo remained firm, he said, in his desire to hold the elections as a necessary step toward constitutional govt.

Dr. Kan spoke frankly of the gravity of the military outlook and its bearing on the elections. North of the Yangtze it would be difficult for those elected to attend the national convention and\footnote{as?} they would be in danger of Communist reprisals. Able-bodied men had been drafted for fighting and crops were suffering. Delegates could only come from the large cities which would affect the possibility of securing a quorum. The Communist spearhead had already penetrated south of the Yangtze and would aim to recover their former stronghold in eastern Kiangsi. They were active in Kwangtung and Kwangsi. They were operating chiefly in country districts where lie the sources of production with resulting shortages in the cities. Munitions for China came from America, Japan or Chinese arsenals. Japanese supplies were pretty well exhausted. They had American guns but no bullets and Chinese arsenals had only limited capacity. In Manchuria he said the Govt was losing; Shihchiachuang had been lost and Peiping and Tientsin had been threatened.

There was talk of the unpatriotic behavior of Shanghai merchants whose profits were in conflict with national welfare. It was an unhealthy situation which the Govt appeared powerless to rectify. It was this feeling of powerlessness to a T\footnote{siz} which dominated the discussion which ended with a sobering awareness of impending crisis. To me who knows them all intimately it seemed clear that these gentlemen all spoke with a sincerity and obvious despondency which was arresting.

\textit{Stuart}
893.00/11–1947: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, November 19, 1947—10 a.m.
[Received November 19—8:52 a.m.]

2260. Foreign Office official has informed Embassy officer that under instructions from Generalissimo, Ministry of National Defense has requested Foreign Office to take up with British Government question of suppressing Democratic League in Hongkong. This Foreign Office official professed certain indecision as to what should be done because he said he is quite certain British will refuse to accede to Chinese request.

This is the first reliable confirmation Embassy has received of previous reports that Chinese Government was contemplating requests to various other governments that they follow Chinese lead in outlawing the League.

Sent Department 2260, November 19, 10 a.m., repeated Hongkong 63. Department please repeat to London as Nanking’s No. 3.

STUART

893.00/11–2047

The Minister-Counselor of Embassy in China (Clark) to the Director of the Office of Far Eastern Affairs (Butterworth) 55

NANKING, November 20, 1947.

DEAR WALT: I hope we have not been playing too many variations of the tune that Chinese officialdom is now chastened and appearing willing to clean house. If it were not for the fact that I find others of long residence here agreeing that an opportunity is now offered which should not be missed I would be inclined to think I was nearly Pollyanna and reading into things more than there is there.

Most fortuitously I ran into Arthur Young 56 the day I landed in Shanghai and found him ripe with suggestions for improving the internal situation in China. He had come back temporarily on the understanding that he would not be expected to stay unless China was prepared to take effective action and felt himself in a strong position to make unprejudiced suggestions to the Chinese authorities. He works, of course, through Chang Chia-ngau. As you know by now he finally prepared a memorandum of his thoughts which he handed to the Ambassador in Shanghai and which we transmitted with the first telegram 57 upon my arrival in Nanking. I say that

55 Date of receipt not indicated.
56 American adviser to the Chinese Ministry of Finance.
57 See telegram No. 2223, November 10, 4 p.m., from the Ambassador in China, p. 1205.
the crystallization of Arthur Young’s ideas came fortuitously because I found in Nanking such a growing realization of the acuteness of the crisis that on all sides I have been getting indications that the Gimo may, repeat may, at last be willing to take the requisite action. The Ambassador is convinced of this as he is convinced that the Gimo still has the authority to act if he takes the decision. The Gimo and other high ranking officials seem very reluctantly to have come to the conclusion that they must accept active American guidance and they are doing their best to bring themselves to take the requisite action. I hope by the time you have received this we will have been informed in more detail of the current thought in the Department on this problem. From here the time seems very opportune for a “Marshall” approach to the Far East analogous to that made to Europe. Wellington Koo is being instructed today to approach the Department with a definite request for financial aid coupled with an undertaking to accept American guidance in the various fields where reform is necessary to bring some order out of the existing internal chaos. This decision was taken with the full approval of the Gimo and Arthur Young insists that he impressed upon Chang Chia-ngau the importance of not taking this action unless the Chinese Government intended to carry through with its implementation. It is, I am convinced, a present intention of the high officials to “sail the course now charted” but the Chinese are still Chinese and there is going to be many a pitfall. Our thought at the moment is that if the Department accedes to the Chinese request the American advisers sent should be paid by the United States Government and loaned to China, their expenses in China including housing, transportation, etc., being paid by the Chinese Government. The advisers would thus retain more freedom of action, greater prestige, and give us more control over their activities.

If there are favorable developments to this démarche by the Chinese Government one element would of necessity appear to be a real activation of AAG along lines to meet the practical situation existing in China today and in this event I am wondering whether we should not have a stronger man heading that group. A name that occurs to me is that of an old friend of mine whom I believe you also know, who is now General Timberman.59

I am off to Peiping November 25th and will visit Mukden and Tientsin, at the same time calling Siebens down from Changchun. Immediately upon my return I plan to go to Tsingtao and if possible

58 See memorandum of November 24 from the Chinese Embassy, p. 1223.
60 Allen C. Siebens, Vice Consul at Changchun.
before Christmas will make the circuit: Taipei, Hong Kong, Canton, Hankow. I have been advised to delay my trip west until the arrival of the converted flying fortress which has been promised the Air Attaché. When I have completed my tour I shall be in a better position to speak regarding China. At the moment I don’t dare open my mouth without the advice of counsel.

I find even greater need for a plane for the Ambassador than I had envisaged from Washington and we will be sending a telegram on the subject immediately upon my return from my northern trip.

With the very best regards [etc.]

LEWIS CLARK

893.00/11-2447

The Ambassador in China (Stuart) to the Secretary of State

No. 1119

NANKING, November 24, 1947.

[Received December 3.]

Sir: I have the honor to comment further on some of the spiritual or human factors in the Civil War as they are revealing themselves more clearly in the midst of rapidly deteriorating military and fiscal trends. The Communist organizers have a fanatical faith in their cause and are able to inspire their workers and to a large extent their troops and the local population with belief in its rightness, practical benefits and ultimate triumph. As against this the Government employees are becoming ever more dispirited, defeatist and consequently listless or unscrupulously self-seeking. This of course still further alienates the liberal elements who ought to be the Government’s chief reliance. Even the higher officials are beginning to lose hope. The effect on military morale is disastrous. In this drift toward catastrophe they clutch at American aid as at least postponing the inevitable. This is all that such monetary aid can do unless there is also among the Kmt leaders a new sense of dominating purpose, of sacred mission, of national salvation, expressing itself in challenging slogans, arousing them to fresh enthusiasms, leading them to forget their personal fears, ambitions and jealousies in the larger, more absorbingly worthwhile cause. It seems to me that this idea can be urged upon them under two emphases.

(1) Freedom. There can be absolutely no freedom of thought or action under Communist rule. The contentment that comes from a measure of economic security is conditioned on mute acceptance of party dictation. The zeal is generated by what is in large measure false and malicious indoctrination. If the Kmt could appreciate the propagandist value of exposing this and go to the opposite extreme in guaranteeing freedom of speech, publication and assembly, at what-
ever seeming risk of subversive activities, it would win the loyalty of the intellectuals as nothing else could. The really harmful agitation of Communist agents in newspaper offices, schools or even in Government bureaus, could be safely left to the constructive elements in each unit concerned. An aggressive ideological warfare over this issue by the Kmt might be made tremendously effective. But the Government would have to take an adventurous leap and cease to rely upon its secret service and other suppressive agencies.

(2) The People’s Livelihood. The third of the famous Three Principles is being constantly honored in speeches and published articles. The Communists have gone a long way toward its realization but the Government shows up lamentably in comparison. True, it has had incessant foreign and domestic conflicts, but making all allowance for its difficulties the record to date has been extremely discreditable. If, however, all who do not want China to be communized could be enlisted in a movement to support the Government in effecting better local administration, there might well be a resurgent revolutionary movement that would attack at once graft and inefficiency among Government officials and the wantonly destructive policy of the Communists. Both could alike be described as the present form of treasonable or unpatriotic activity, to be resisted and eliminated as they would a foreign foe by all who love their country.

American aid could be based on the desire to help the populace in Government territory to have the twin benefits of the freedom essential to democracy and the economic welfare which is the only protection against Communist penetration. If conditioned upon hearty Government determination to achieve these two objectives for its people, it would first of all supply the new hope without which the leaders could scarcely recover from their depression of spirit and would give us the strongest leverage in furnishing the desperately needed aid as at each stage there is evidence of progress or in stopping it whenever the forces of reaction or of corruption assert themselves.

As I have been observing President Chiang the impression grows upon me that his controlling fear is of Russia and that this goes a long way toward explaining his behavior. Conversely if he could feel assured that American assistance in its various forms would protect him against this threat I am convinced that he would gratefully agree to almost any conditions we might impose. The two emphases mentioned above he has accepted in principle and, as I believe, sincerely. This is of course the crucial issue for us also. I sympathize intensely with you as you are struggling with the baffling complexities of this as a global problem and I have unswerving confidence that whatever decisions you make will be wise and right. But it may be of some help to you to have this restatement of the Chinese aspect of the total problem in the light of our earlier conversations and my previous despatches.

Respectfully yours,

J. LEIGHTON STUART
The Consul General at Mukden (Ward) to the Ambassador in China (Stuart) ①

No. 47

MUKDEN, November 24, 1947.

The Consul General has the honor to transmit herewith a memorandum entitled "Objectives and Success of Communist Sixth Offensive" which was prepared today by Vice Consul Fred E. Hubbard.②

As Vice Consul Hubbard states, the objectives of the Chinese Communists in their sixth offensive have been achieved; but at the same time the Chinese Government can state with truth and conviction that its objectives in this offensive have been achieved—the difference between the objectives of the two antagonists being that those of the Communists were positive (i.e., destruction of lines of communication, seizing of food supplies, and attacking the moving columns and isolated bodies of troops), whereas those of the Government were negative (i.e., to avoid loss of any large city or any strongpoint of sufficient importance to endanger the immediate security of the Government tenure in the Northeast). Notwithstanding that the Chinese Government has lost no large city or important strongpoint thus far in the sixth offensive, the Government has suffered smarting and demoralizing defeats in that it has suffered serious losses in men, area, communications, industry (coal mines and electricity supply), economy (food supply and continued demoralization of currency) and prestige.

The failure of the Communists to follow through some of their military successes (for instance, Mukden was wide open to attack and possible capture during the early days of the offensive, particularly the first days of October) may have been the result of poor leadership, insufficient striking force, or inadequate supply, but there were indications that such reticence was planned and not the result of unpreparedness. Time, supplemented by "hit and run" tactics and the constant attrition of Government troops and morale in the Northeast, is favoring the Communists vastly more than the Government.

If time itself is not the reason for such reticence it is interesting to seek further reasons therefor. One of these reasons (and in this the Consul General differs from Vice Consul Hubbard) may be that the Chinese Communists are practicing restraint until it is made known whether the United States will grant large scale military aid to China—in which case the Communists will then hope to receive direct and open aid from the Soviet Union, if they have not already received assurance of such aid in case the United States gives large scale aid

① Copy transmitted to the Department by the Consul General at Mukden without covering despatch; received December 4.
② Not printed.
to China. Another of these reasons (and in this the Consul General and Vice Consul Hubbard are in agreement) may be that the Communists are withholding large scale military action against the Government troops until it is learned whether or not large scale American aid will be forthcoming to China, and in the event such aid will not be forthcoming on a scale generous enough to appease the Chinese Government the Communists will then attempt to capitalize on the probable pique of the Chinese and offer to enter into negotiations with the Chinese Government looking toward the acquisition of Manchuria by the Communists in return for concessions to the Government in Intramural China.

893.00/11-2547 : Telegram
The Vice Consul at Changchun (Siebens) to the Secretary of State

CHANGCHUN, November 25, 1947—3 p. m.
[Received December 2—10:06 p. m.]

252. With gradual withdrawal past 10 days [of] main Communist force, estimated by New First Army G–2 as 12 divisions surrounding Changchun on 10 to 15 miles periphery and reputed return to “normally [normalcy?]” at Kirin, believe Communist sixth Manchurian offensive at least in Changchun–Kirin area terminated. General observations re offensive in area follow:

1. Changchun was never attacked in force, and even forementioned encirclement appears to have been in nature economic tactics over military, completion grain seizures and coup de grâce to Kirin railroad rather than preparation for attack on city.

2. Sixth offensive (which began in late September) did not gain momentum in area until relatively late, when part of Communist forces in south moved to attack on Kirin, which lasted from approximately October 20 to November 4. (ReContel 434, November 1, 5 p. m., repeated Department,38 Mukden, Peiping.) 38th and 50th Divisions New First Army were able to leave Changchun between September 27 and 29 for Ssupon in swift move to reinforce to south when Communist main drive began crystallize that direction with initial actions in Chinhsi sector. These divisions, backbone of Changchun defense, returned only November 1 as attack on Kirin reaching climax and continued northward movement Communist forces rumored. Possible interpretation Communists’ lifting siege Kirin and encircling Changchun shortly after return main force to permit completion forementioned economic depredations and lack desire engage forces which General Pan Yu-kun, C. O. New First, informed

38 Telegram No. 247, p. 356.
me were prepared proceed to relief Kirin in event siege there continued.

3. Chief accomplishments Communists during offensive were:

(a) Restruction Changchun–Mukden railway which reported in press and confirmed by me in course low level flight in observation aircraft over entire length line 2 days before, restruction to have been within approximately 10 days reopening. Nationalists had expended tremendous sum in repairing line since May offensive and exhausted all remaining available railway construction supplies in area.

(b) Large scale destruction to Kirin-Changchun Railroad, this line particularly vital to Changchun and Kirin fuel economy (re-Condès 97 and 98, November 11 to Department,\textsuperscript{64} copies to Embassy, Mukden, Peiping.)

(c) Widespread and reputedly complete seizure 1947 crops.

(d) Infliction of severe losses on already deficient Kirin garrison (extent of losses not yet known this office) and, according to statement New First Army Chief of Staff, of overall losses of Nationalists in Manchuria larger than overall losses incurred until reputed "annihilation" of Communist seventh column in Hsinmin area about November 3 balance[d] losses in Nationalists' favor.

(e) Tightening of noose around Changchun by establishment firmer hold on positions in towns near Changchun such as grain centers Nungan and Tehhui.

(f) Serious damage to electric line ex [out of] Hsiao Feng Man to Changchun, leaving Changchun without current (re refCondèsps).

As evidence, position Changchun and Kirin substantially weakened as result offensive. Both centers still completely isolated except by air. Changchun in critical economic plight, especially as regards food and fuel, and Kirin reputedly little better off. Changchun food stores for civilian and military needs estimated by Mayor at 6 months and by garrison commander at 3 months with no visible source future accessions except by air from south. Changchun garrison substantially weakened when crack New First 30th Division flown there between November 15 and 18, according to New First C. O. to serve there as nucleus for formation new Nationalist army. This division to be replaced by recruits from China proper flown into Changchun to train with New First.

Re future, believe Changchun secure at least for winter, when extreme cold deterrent to ambitious campaigns, and barring unforeseen outside aid to Communists, for spring, when large scale Communist campaign probable, and when Nationalists themselves may be forced launch an offensive. Despite weakening of garrison city still defended by force estimated by Assistant Military Attaché at 40,000 with some good New First Army troops as nucleus, is strongly fortified, and is

\textsuperscript{64} Despatch No. 97 not found in Department files; despatch No. 98 not printed.
within easy range Nationalist air force based at Mukden. During winter at least Communists would presumably see little advantage in attacking strong point in force after experience at Ssuling in May and Kirin in October–November, especially when that point already economically strangled. Heckling raids now being carried out and can expected continue. To date Nationalists give no indication weaken Changchun further or abandon city (Mukden’s Conftele 445, October 14, to Embassy, repeated Department as 31465), a tactic which, apart from political considerations and being a hazardous undertaking would seem uneconomic logistically in view apparent improbability successful all-out attack on city and stores and housing held by army in situation where both in acute shortage in Nationalist-held Manchuria. (However, note for information that New First Chief of Staff informed me in “strict confidence” that present munition stocks Changchun sufficient for only 2 weeks in event all-out attack, and that additional munitions would have to be flown in.) While economic situation hazardous, feel that army will fly food in if necessary and that population under martial law will struggle through winter without revolt but with extreme hardship, including some deaths from cold and starvation.

This forecast based in part on assumption Nationalists will maintain present tactics.

Re Nationalist tactics directed by Chen Cheng as observed from Changchun, opine that on whole they were reasonably well carried out, especially in comparison those under Tu Yu-ming and Hsiung Hsih-hui66 during fifth offensive.

Thirty-eighth and fiftieth Divisions New First were moved promptly and without loss to Ssuling when majority Nationalist forces that point sent Chinhai area, and returned Changchun in 2 days’ march (82 miles) when services were no longer needed at Ssuling and reinforcement to north became desirable. Well corroborated fact that these forces completely surprised 1,500 Communist troops at Kungchuling and that substantial Communist forces closed Ssuling-Changchun corridor close behind Nationalist columns would indicate that time of expected move [was] well-guarded secret (in comparison to many Nationalist moves which in past have been rumored and demonstrated to be known to Communist intelligence before they occur) and that swiftness of move foiled possible Communist intentions use favorite tactic attack forces in transit. Kirin defense, concerning which most observers justifiably pessimistic, was successful in face determined siege and attack. Few Nationalist groups were isolated and destroyed

65 Not printed.
66 Former Chinese Government general commanding in Manchuria and director of Generalissimo Chiang's Headquarters in the Northeast, respectively.
piecemeal as in past. Nationalists lost no strongholds. Conversation yesterday with Japanese hospital corps[men] impressed in Communist service and escaped November 7 after 18 months’ service with troops in Manchuria would indicate losses inflicted on Communists substantial (despatch re information given by these men being prepared). 67 In summary Communists considering badly deteriorated condition Nationalist position Manchuria, opine that in spite losses sustained and signal success Communist campaign economic attrition, from purely military viewpoint at least defense Kirin–Changchun indicate Nationalists have learned some lessons from past, and that Communists still essentially guerrillas.

Sent Nanking 445; repeated Department as 252, Mukden as 23, Peiping as 27.

SIEBENS

893.00/11–2647 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, November 26, 1947—2 p. m.
[Received November 26—7:45 a. m.]

2297. Military Attaché 68 has returned from Manchuria and his verbal report to Embassy depicts grimmer picture Govt prospects Manchuria during coming winter than reported in final paragraphs Embtel 2255, November 18, 3 p. m.

Critical situation south of Peiping in Paoting area has required recall to North China of units recently sent to reinforce Manchuria. American trained and equipped units from Changchun have been withdrawn to Mukden area. These units have been replaced at Changchun by Fukienese recruits who are moving up without equipment. Military Attaché doubts that there is sufficient equipment in Changchun to supply these replacements. In any event Communist forces Changchun–Kirin area are believed in sufficient strength, possibly 16 divisions, to take either city at will.

At both Changchun and Mukden situation with regard to fuel, light and water is critical. Govt commanders assert there are sufficient food supplies for garrison forces for from 3 to 6 months. Govt officials at Mukden assert there are food supplies for civil population sufficient for 30 days under siege conditions. Ward, 69 however, doubts

67 Possibly despatch No. 101, December 21, not printed; it was based on the observations of Japanese hospital corpsmen and reported on the status of Japanese hold-out troops in Manchuria and the efforts both of Chinese Communists and Nationalists to win the support of these troops (883.00 Manchuria/12–2147).


69 Angus Ward, Consul General at Mukden.
that there is more than 8-day supply. At Mukden there are already
evidences of starvation among civil population. In addition there are
large numbers of refugees from Communist areas estimated in excess
of 100,000 who are inadequately clothed and constitute an added drain
upon limited food supply. Similar conditions prevail at Changchun.
The Peiping-Mukden railway is operating on as far as Chinchow and
continues vulnerable to Communist attack. Govt military authorities
Mukden state it will be necessary to launch campaign to widen area
of control throughout entire length railway line in order supply
troops in Mukden area during winter; this will be particularly im-
portant after port of Hulutao freezes about mid-December.

Govt commanders freely admit that sixth Communist offensive was
completely successful from Communist point of view. Communists
achieved two major objectives—to disrupt and destroy surface com-
munications between Mukden and Changchun and Changchun and
Kirin and to obtain grain supplies for their own use and at same time
deny such supplies to the Govt and urban populations.

Central Govt commanders agree that sixth Communist offensive at
least for time being has been halted but there now appears to be no
question but that Communists have permanently established them-
selves in important areas south of the Sungari River.

STUART

893.00B/11-2647: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, November 26, 1947—5 p. m.
[Received December 1—8:09 a. m.]

367. Summary conditions Northeast following Communist sixth
offensive:

Part 1. Military: Informed foreign observers and Chinese mili-
tary officers believe main effort Communist sixth offensive has been
spent. Difficult determine whether present lull with its small-scale
activities [is] preparatory period for regrouping, etc., incidental to
seventh offensive. No responsible Government official doubts ability
Communists wage seventh offensive. Observers' opinions vary as to
when large scale operations will be resumed, one expecting heavy
attacks December while others feel cold weather will preclude heavy
attacks until immediately before spring thaws. In any event Gov-
ernment intelligence of Communist plans again ineffective and with-
out information when or where next heavy blow will fall. Government
has been weakened militarily by sixth offensive. Government openly
admits 28,000 casualties but this figure believed very low. Can be assumed Government has only few more troops in Northeast now than at beginning sixth offensive even tho 9 divisions reinforcements sent Northeast during past 2 months. Changchun sector being weakened by removal 2 divisions crack New First Army to Mukden area and replacement by green, poorly-equipped Fukienese troops.

Altho Government alleges sufficient food and clothing for all troops Northeast, neutral observers have noted acute shortage adequate winter foot and hand gear necessary this area. American Military Attaché informed ammunition shortage exists Mukden area.

If Communists start heavy offensive within next several months, Government will be hard pressed to withstand.

Conditions intramural China preclude reinforcement northeast [at] present. Only reinforcement possible now is movement within northeast from one area to another where possibly greater need exists. No reserves available. Situation northeast will be still further weakened by reported forthcoming removal troops to Paoting area in Hopei. All prospects Government counter-offensive this year (mytel 405, September 20, to Embassy 79) now appear gone as Government admits 15 additional divisions required make such offensive.

Renewed efforts being made recruit local troops. Such efforts not successful past and no reason believe will be successful now. At best these troops will not be effective until next summer.

Strategically Communists better located now than at opening sixth offensive. Have not had withdraw from Mukden-Changchun, Changchun-Kirin or Mukden-Dairen rail lines. Their present positions constitute potential threat to Changchun, Kirin, Szepingkai, Anshan and Yingkow. Perhaps even more important is that Communists hold sufficient portion Mukden-Dairen line to enable them supply by rail at will large scale attack on either Anshan or Yingkow.

Communist losses recent campaign impossible assess but, notwithstanding Government alleges Communist casualties 90,000, likely casualties among Communists were less than among Government troops. Communist attacks consisted hit-and-run tactics which conserve manpower. Is known Communists had large units which were not in action during offensive.

Part 2. Economic: Most devastating effect Communist sixth offensive has been on northeast economy. Communists seized or destroyed large percentage crops. Now control 95% area northeast. Population this area greatly exceeds food supply therefrom. Rise in prices partly attributable unscrupulous officials and speculators but believed supply and demand more responsible.

79 Repeated to the Department as No. 273, September 29, 11 a. m., p. 287.
Effective Communist destruction rail lines has precluded entry civilian supplies to northeast. Only high profit commodities such as tobacco being imported in quantity. Industry has been paralyzed by Communist disruption electric power lines from Fushun, Chihhsin and Hsingcheng, Manchuria. Destruction coal mines and lines communication has curtailed use thermal electric units Chihhsin and Changchun.

Poor planning and corruption has resulted acute coal shortage area where coal normally plentiful with resulting extreme discontent among common people.

Part 3. Political: Much of Government weakness in northeast issues from corrupt political system. Chen Cheng’s early promises political and economic reform and cleanup corruption northeast thus far empty. Lo Tso-ying, former Kwangtung Governor, known for unbridled corruption, has arrived Mukden assume duties as Vice Director PNEH. Troops at Fushun, only coal mine now accessible Mukden, exacting so much squeeze impossible small business men profitably move coal Mukden. Black market, particularly coal and foodstuffs, continues under aegis Government officials. Indifference and defeatism among people becoming more apparent. Believed majority people this area indifferent whether Communists or Government in control, but if Government’s maladministration continues during coming cold and hungry months passive attitude may well change into active desire for and assistance to Communist regime.

Sent Embassy, repeated Department as 367, Changchun 346, Peiping 79.

WARD

803.00/12-147 : Airgram

The Consul at Hankow (Bacon) to the Secretary of State

HANKOW, December 1, 1947—noon.

[Received December 11—10:33 a.m.]

A-54. Communists successes north of the Yellow River were accompanied by increased activity in Honan and Hupeh. While the Government was successful in clearing the north bank of the Yangtze of Communist elements, so that early in the month the convoying of shipping could be discontinued, Communist troops in western Honan captured Linju and Paofeng on November 4; and by the end of the month Nanyeng, Sinyeh, and Laohokow were seriously threatened. Rumors of their fall were denied by the Wuhan Headquarters.
Guerrilla operations and banditry in northern Honan has reached such proportions that members of an UNRRA agricultural mission at Yencheng, which commands an important bridge on the Pinghan Railway, were notified late in the month by the local authorities that their safety could not be guaranteed after November 30; and one missionary society is preparing to remove valuable equipment from its hospital at that point. The constant movement of large bodies of Government troops in southern Honan with attendant disorganization of local police administration has resulted in frequent appeals for protection from missionary stations, the members of which are in some cases returning to the coast.

In spite of increased Government troop concentrations in Hankow, on November 22 the 2nd, 5th and 7th CP 71 Brigades attacked Huangpei, 20 miles to the north, in a surprise attempt to destroy an entire Government division occupying the town, and in conjunction with other CP troops to cut the Yangtze immediately below Hankow, in the vicinity of the Anglo-American petroleum installations. The attempt was unsuccessful, and many hundreds of Communist prisoners taken, some of whom were marched through the streets of Hankow; but the gravity of the situation was signalized by re-instituting curfew, the arrival of Defense Minister Pai Chung-hsi on November 26 for consultations of interprovincial defense measures, and the commencement of new fortifications about the city, including a moat along its northern boundary. As in Changsha and other cities, a “Bandit Suppression” militia is being organized at Hankow, to be equipped by the National Army and fed and paid by citizens’ contributions; and for this purpose three British and American firms have been requested to make immediate “loans” of sums ranging up to CN$500,000,000, which they have declined on the advice of their respective consulates.

Elections to the National Assembly were held November 21–23 without public incident or interest. The Kmt candidates for the 8 places allotted to the Hankow municipal District received a total of 299,000 votes, of which 51,000 were women’s; an additional 25,000 were cast for an unsuccessful Young China candidate, and 2100 for 3 unaffiliated independents. No Social-Democratic ticket was offered. One woman independent is known to have been warned to withdraw her candidacy on election eve, on threat of kidnapping. The list of candidates “approved” by the Election Commission was published only 5 days before the balloting, resulting in 1) total absence of campaigning; 2) surprise shared almost equally between the public and the aspirants themselves.

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71 Chinese Communist.
The Ambassador in China (Stuart) to the Secretary of State

No. 1136

Nanking, December 2, 1947.

[Received December 10.]

Sir: I have the honor to forward the enclosed communication from Dr. Lin Tung-hai as requested. It is a touching description of the plight in which liberals find themselves. Another Chinese friend has called on me (December 1) to report a trip to Manchuria and North China from which he has just returned. His description of the physical suffering of the population and of their dejection, accentuates the gravity of the situation. He told me that certain non-partisans in the north are attempting again to effect a resumption of peace talks with some hope of success. I feel, however, very dubious. The Communists would certainly make stiffer demands than hitherto and the Government would regard any consideration of these as in effect appeasement or surrender to which any other fate would seem to them to be preferable.

Within the Government the CC Clique has been steadily gaining in power since last September and now controls most of the Government economic and financial agencies. Although President Chiang had indicated to me in early September his readiness to have Dr. Chen Li-fu go abroad yet he has apparently succumbed to the strong pressure constantly on him which fits in too well with his own earlier predilections. Premier Chang was too much involved with other members of the Political Science Clique in joining with the CC Clique against T. V. Soong and in other deals to be able to oppose them openly. In fact he is largely responsible for allowing them to have their men in the leading Government financial institutions. In a certain sense there is no CC Clique, but rather a permeation of the whole Party machinery by the Chen brothers whose control of patronage and of the secret police gives them immense power. They are fanatical in their conviction that the Communist Party must be crushed and that its agents, often disguised as Kmt members or as liberals, are everywhere carrying on subversive activities. There is enough evidence of this to justify their fears if not their methods. The liberals themselves, while anxious to be of use, are thwarted or intimidated, and are only feebly organized, if at all. In the prevalent

Not printed; it was a lengthy exposition of the political situation from the point of view of one of the splinter-group “liberal” parties, the National Liberal Party, of which Dr. Lin was one of the chief spokesmen.
dispirited mood and the more rapid drift toward catastrophe the reactionaries are even hostile to the liberals as such. This is perhaps due in part to the reckless folly that is bred by a sense of impending disaster—"whom the Gods destroy they first make mad"—in part also to the illusion that, with American aid to be counted on because of our fear of Soviet aggression, they can use this to their own advantage without being hampered by what they regard as the visionary ideas of the liberals. This large and potentially very influential class are likely therefore to suffer almost equally whether the extreme reactionaries or the extreme radicals win.

As you are considering the possibilities of aid to China I venture to comment once more on the place of advisers in this program. Civilian advisers for the specialized functions Mr. Blandford might help to determine, appointed by us at the request of the Chinese Government, would be able to recommend to you such concrete assistance as would from time to time seem wise as well as to ensure that this was being used as intended. President Chiang has already renewed his request for such a group so that from that standpoint there need be no delay. The same holds true of the Civil Aeronautics Adviser recommended in the memorandum prepared by General McConnell last winter. In this connection would it be desirable to broaden the directive for his successor, General Thomas, so as to include some of those functions? It seems to me quite worth-while also to arrange for three or four agricultural experts to advise that Ministry as to how to put into effect the more immediately needed items in the Report of the Sino-American Commission of a year ago. This might well include a modest amount in any future loans. This should be of value in helping distracted Government leaders to fight Communism at the grass-roots. I hope to forward more specific suggestions on this matter but am now raising the question in principle.

I hope that these thoughts of mine may be of some slight help as you are pondering a problem the perplexities of which I can to some extent imagine. My heartiest sympathy as you pass from other baffling issues to this one.

Respectfully yours,

J. Leighton Stuart

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73 John B. Blandford, American financial adviser to the Chinese Government.
74 Brig. Gen. John P. McConnell, then Commanding General, Air Division, Nanking Headquarters Command.
The Consul General at Tsingtao (Spiker) to the Secretary of State

Tsingtao, December 3, 1947—4 p. m.
[Received December 3—12: 36 p. m.]

126. Reliable source reports loss of Kaomi, 40 miles northwest of Tsingtao, to Communists about November 27, with capture or casualties of entire garrison and all civil officials. Same source predicts imminent loss of Laiyang and Haiyang, both now under strong Communist attack. If lost, only cities in Government hands will be Lungkow, Huanghsien, Penglai, Chefoo and Weihaiwei. No overland communication exists between these points and Tsingtao, or between Chefoo and other cities.

Repeated Nanking as No. 149.

Spiker

The Ambassador in China (Stuart) to the Secretary of State

Nanking, December 4, 1947—11 a. m.
[Received December 4—5: 28 a. m.]

2333. Generalissimo’s personal secretary, Shen Chang-huan, has informed me that attempt to assassinate Generalissimo was made on November 29 outside west gate Peiping while Generalissimo was en route to airfield. Apparently only one shot was fired which passed thru Generalissimo’s vehicle just above heads of occupants. Gen. Sun Lien-chung is stated to have jumped from car and captured the would-be assassin.

Shen offers as explanation that Generalissimo had ordered court martial of Gen. Mou Ting-fang, formerly Commander Nine [New?] Fourth Army, on charges of grafting. This is said to have angered Gen. Mou’s followers, some of whom planned the ambush.

The official Government story is that a Chinese Air Force Lieutenant discharged a fire-arm at a wild fowl approximately 8 minutes before Generalissimo’s car arrived at scene. The lieutenant was arrested, an investigation held and lieutenant released.

I talked with Generalissimo on evening of December 2 and it was my impression that he was in a more depressed state of mind than I have ever known him. Generalissimo made no mention to me of attempt on his life.

Chairman of the Hopei provincial government.
Sent Dept 2333, repeated Peiping 280, Tientsin 177, December 4, 11 a.m.  

STUART

893.00/12-547 : Telegram

The Acting Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, December 5, 1947—7 p.m.

1478. Please make following reply on Secy's behalf to President of Executive Yuan:

"Personal and Confidential. Dear General Chang: Thank you for your letter of November 17, in which you give me your views on the present situation in China. As Dr. Wang Shih-chieh doubtless told you, we are taking steps to complete the 8-½ Group Program insofar as the equipment is still available and are making arrangements for China to be able to purchase ammunition from supplies in the Pacific Islands as well as from manufacturers in the United States.

A program to provide economic and financial assistance to China is being prepared for presentation to the Congress.

I am confident that despite the special difficulties which you face and the enormity of China's needs, you will appreciate that we are endeavoring to be of all possible help within the limits imposed by existing conditions in China, the United States and elsewhere.

I send you my warm personal greetings with assurance that I will do within my power all that I can to be of assistance. Faithfully yours."

LOVETT

Nanking Embassy Files, Lot F-79, 800 China : Airgram

The Consul at Shanghai (Pilcher) to the Ambassador in China (Stuart)  

SHANGHAI, December 5, 1947.

A-52. Carsun Chang's Attitude Towards Elections. In a conversation with the American secretary of Carsun Chang, a member of this

79 In his telegram Telmar 37, December 4, to the Secretary of State at London, the Acting Secretary of State repeated Ambassador Stuart's No. 2333, commenting, "In view of official explanation and fact that Gimo felt he would lose face even to mention occurrence to Dr. Stuart it is not recommended that you send a message expressing gratification at his escape."

80 For correspondence on this subject, see pp. 785 ff.

81 In a memorandum of December 12 the Chief of the Division of Chinese Affairs (Ringwalt) invited the attention of the Secretary of State to this airgram. A subsequent notation, undated but probably about January 7, 1948, by the Assistant Chief of the Division (Sprouse) read: "Dr. Chang has seen the Secretary." (893.00/12-1247).
Consulate General’s staff gained the following impressions in regard to Chang’s attitude towards the elections.

Carsun Chang is now convinced that the Democratic Socialist Party will have only a voiceless, ineffectual and token representation in the new Government, which is destined to be “coalition” in name only because of the Kuomintang’s determination to relinquish none of its control.

Some months ago Chang stated privately that the Kuomintang had placed agents in his party who worked to aggravate internal dissension and were to a considerable extent responsible for the party split which followed the convocation of the party’s national congress in August. Chang holds little hope that his party will fare better in the Legislative and Control Yuans’ elections than it did in the National Assembly elections in which it failed by an estimated 25 to 40 seats to obtain its “allocated quota”. He feels keenly his party’s weakened position and its loss of prestige. The local Kuomintang “mosquito” papers, especially those controlled by the C.C. Clique, have taken considerable delight in playing up the failure of the Democratic Socialist Party to make a showing even with the support it extorted from the senior party. Chang has indicated privately that he will make no public protest in regard to the outcome of the elections. The last two issues of the party’s weekly publication Rebirth (Tsai Sheng) carried no comment on the NPA election returns.

In his negotiations with the Kuomintang over what he considered a fair geographic distribution of seats, Chang held out for an allocation of election districts in which the Kuomintang had long been firmly entrenched and refused to consider the proposal that he direct his efforts toward winning support for his party in the Northwest where the Kuomintang’s influence has not been strong. The outcome of the elections clearly shows that Kuomintang district leaders have no intention of permitting minority party men to replace them, instructions from the Central Kuomintang notwithstanding.

Ambitious Democratic Socialists who sought election have complained that Chang showed them little personal consideration in the recent elections; that he made no effort to rally support for them, directing no publicity campaign in their behalf. (Chang admitted that he had neglected to cast a ballot in the recent elections.) The Democratic Socialist candidate defeated in the Shanghai district elections reportedly told the press that his defeat was partially due to lack of enthusiasm on the part of his party, which should have given him stronger support.

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81 National Assembly.
In spite of the pressure being put upon him, Chang is determined not to enter the present Government, apparently having little confidence in its ability to survive and fearing that his participation in it would jeopardize his future political career. His colleagues feel that he is exhibiting unseemly haste in his insistence upon leaving the country by December 17, as the winter term at the University of Washington, where he has a teaching engagement, does not commence until January 10. However, Chang apparently feels his presence in China during the coming elections will serve no purpose, and there appears to be a strong possibility that it is his intention to proceed directly to Washington for the purpose of presenting his views and recommendations to the American Government.

Pilcher

893.00/12-347

The Ambassador in China (Stuart) to the Secretary of State 62

No. 1144

Nanking, December 6, 1947.
[Received December 17.]


Sir: I have the honor to observe that for some time we have considered the possibility that our periodic messages concerning certain isolated phases of the military position of the Government may not convey to officers of the Department a complete impression of the over-all military situation in China. Even though the Department will have noted that few, if any, messages from the Embassy or Consulates bearing upon the military position of the Government have been optimistic in tone, it has remained a fact, until the fall of Shih-chia-chuang in late November, that the major urban centers have remained in Government hands and the Government from time to time has given wide publicity to the recapture of such points as Kalgan, Yenan, and Chefoo as triumphs of Government arms.

It has long been our feeling, however, that the mere retention of urban centers in a nation such as China has not reflected accurately the military strength of the Government. In a predominately agrarian society such as China's, the occupation of an urban center is of continuing military value to the occupying force in proportion to the degree of full and free economic and political intercourse obtaining between that city and its adjacent countryside after the occupation

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62 Drafted by the First Secretary of Embassy (Ludden) and the Attaché (Schultheis).
has taken place. If this condition does not obtain, the mere military occupation of a city, in the sense that the occupation denies it to the enemy forces controlling contiguous rural areas, becomes a source of weakness to the occupying force.

In the prevailing situation in China the inter-relation between military, political and economic developments is more marked perhaps than in any other area of the world. Assuming, as we do, that the Department is currently studying methods whereby there may be created in Eastern Asia conditions of greater stability than now prevail, we believe it desirable at this time, and largely in non-technical terms, to assess the military position of the Central Government of China with a view to determining whether or not its position has deteriorated to a critical point, to express our opinion with regard to certain of the causal factors involved in this deterioration, and to suggest action which may serve to improve the situation.

The Department will recall that some months ago the Central Government established at Hsuchow an advanced military headquarters under the command of General Ku Chu-tung, Commander-in-Chief of Chinese Army Ground Forces, assumingly for the purpose of coordinating all military activity in connection with the Government effort to clear North Kiangsu and Shantung of Communist forces. More recently the Department will have noted the centralization of Government military activity in the central Yangtze Valley area in a similar headquarters at Kiukiang under the command of General Pai Chung-shi, Minister of National Defense, to halt the incursion of the Communist General Liu Po-cheng into Central China.

More significantly, however, the Central Government on December 1 announced the formation in Peiping of a North China General Bandit Suppression Headquarters under the command of General Fu Tso-yi. This headquarters, according to preliminary accounts, is charged with the direction of all Government military activities in Suiyuan, Chahar, Hopei, Jehol and the area through which the trace [track?] of the Peiping-Liaoning Railway passes. The establishment of all of these headquarters indicates to us the growing concern of the Government with the deterioration of its military position. In the case of the establishment of the headquarters at Peiping, we consider it to be an indication of the Government's real, if belated, appreciation of the realities of the military situation, particularly because of the appointment of General Fu Tso-yi to a position of great command responsibility. Without attempting to discuss at length General Fu's competence it is our opinion that he is an able and aggressive commander whose technical reputation among American commanders familiar with China is of a high order. Laudable
as this appointment may be, it seems more significant to us that there has been appointed an officer who has not been noted for his close associations with the dominant military cliques close to the Generalissimo and in making the appointment, granting command responsibility over such a large and critical area, the Generalissimo appears to have proceeded contrary to his previous custom of dividing and diffusing, rather than concentrating and delegating, military power and responsibility.

The current military position of the Government cannot be appreciated without a review of developments immediately following the surrender of Japan. On V-J Day the Central Government was presented with the primary objective of the reestablishment of its authority in North China and Manchuria. The Government attempted to do this by the military occupation of the larger cities in these areas and the interconnecting land-lines of communication within the areas themselves and between these areas and the Yangtze Valley. At higher Chinese staff levels, in theory at least, there was an appreciation of the necessity to establish governments in reoccupied cities sufficiently effective to attract wide popular support from contiguous rural areas. At that time it was the opinion of the then American China Theatre Headquarters that, failing the establishment of popular and effective civil administrations, the military resources of the Central Government were inadequate for the purposes of the operation. In particular, it was held that any attempt to occupy Manchuria would so deplete the strategic troop reserves of the Government that a Government-Communist military stalemate would result both north and south of the Great Wall and that this stalemate would slowly resolve in favor of the Communists.

This estimate of the situation then prevailing has been borne out by subsequent developments. American advice to the contrary, the Government committed itself to a purely military reoccupation of Manchuria without consideration for long established regional sentiment in the Northeast. It is undeniable, as the sum of American reporting of developments in this period shows, that the Central Government administrations in all reoccupied areas was immediately welcomed. However, the development of malfeasance and misfeasance in office usually alienated rather than gained popular support for the Government. Stemming from this initial blunder, or ineptitude, the Government military position during the past 24 months has steadily deteriorated.

In the first 6 to 12 months after V-J Day Government armies possessed the capability for offensive operations against the Communists in so far as they were able to move large bodies of troops—of divisional
strength or greater—through Communist-dominated territory, and assault and occupy Communist-held cities. In North China and Manchuria this capability diminished rapidly in direct proportion to the distance large formations maneuvered from their bases. The Government forces involved soon became irrevocably committed to the garrisoning of occupied cities and the guarding of lines of communication. In so doing, they lost the capability of offensive sweeps through the countryside contiguous to these garrisons with the aim of preventing the consolidation of Communist military strength in rural areas. They failed as well to create governments in their zones of occupation which could attract popular support either in the cities or in the surrounding countryside. Following Government victories at such places as Kalgan, Shan Hai-kuan, Changchun and Shuping-kai, the Communists recognized the extent and character of the Government capability and abandoned large scale positional warfare except where Government formations at the end of long supply lines became vulnerable to attack. In other words, by mid-1946 Government armies were committed to a strategic plan which involved the sacrifice of mobility and the Communists fitted their strategy and tactics to meet this situation.

In retrospect it now appears that Communist planning involved the following: (a) the isolation of the North China and Manchurian battlefields from the lower Yangtze Valley through the interdiction and seizure of land communications; (b) the development of their own military resources through the distribution of stocks of former Japanese military equipment and captured supplies in areas under their control and through the recruiting and training of new units; (c) the isolation of the various sectors of Government military operations north of the Yellow River; (d) the development of military operations between the Lung-Hai railroad and the Yangtze, in order to prevent the reenforcement of the North from the Yangtze Valley; (e) the progressive isolation and reduction of Government garrisons north of the Yellow River, beginning with those points furthest removed from major bases; (f) the development of a program of psychological warfare and clandestine activity in Government garrisoned centers in order to weaken Government control.

In recent weeks the effectiveness of Communist planning has become increasingly apparent. Government forces north of the Lung-Hai railroad are virtually immobilized at garrison or line of communication guard duty. In most areas Communist strength is sufficient to prevent the Government from weakening the garrison at any given point in order to launch offensive forays or to move to the assistance of an adjacent garrison which may be under Communist attack. The loss of Shih Chia-chuang and the impending loss of Yuan Shih, and
the imminent threat to Paoting are examples of the efficacy of the Communist strategy of compartmentalizing the area of battle along the northern sector of the Peiping–Hankow railroad. In effect the Communists have gained the capability to mobilize large formations and utilize them offensively against the Government. Furthermore they possess the capability to concentrate these formations against the Government without serious hindrance, while the Government lacks the capability to move in opposition. In short, in most areas north of the Lung-Hai railroad the offensive initiative has passed to the Communists.

The position of the Government might be alleviated in some degree were it possible for it to reinforce any of the northern sectors from the south. The recent incursion of Liu Po-ch’eng, however, south of the Lung-Hai, through the Ta Pih-shan, and on to the northern bank of the Yangtze River constitutes a sufficient potential threat to the security of Government control of the Yangtze Valley to prevent any diminution of its present Government garrison. Furthermore the threat of civil unrest in Southern and Southwestern China forbids any large reduction in the already meager forces garrisoning those areas. In view of these circumstances there is no likelihood that the Government will be able to find any significant number of reinforcements for North China or Manchuria except in the form of impressed and untrained replacements for a portion of its battle losses.

As suggested above the Government has attempted to meet the situation by the formation of new command organizations in certain large area—Ch’en Ch’eng, the Chief of Staff, for Manchuria; Fu Tso-yi, for North China and the line of communication to the Northeast; Ku Chu-tung, Commander in Chief, Ground Forces, for the Eastern Lung-hai area and Shantung; Pai Chung-hsi, Minister of National Defense, for Central China. There is no evidence to suggest that this reshuffle of command responsibility will have any pervasively beneficial effect. On the contrary all reports received by the Embassy indicate that there exists in all Government headquarters, at all echelons, both at Nanking and in the field, the deepest pessimism with regard to the possibility of any improvement in the Government’s military position. Of late this pessimism is tending more and more to become abject defeatism. This state of mind is in large degree the result of the Government’s strategy of static defense of fixed positions. Physical stagnation has brought about mental paralysis in command echelons and on troop level any desire to join with the enemy is rapidly disappearing. It will be recalled that at the outset of the second Burma campaign in 1943 it was with considerable difficulty that American officers instilled the offensive technique into selected
Chinese divisions, but once those units became confident of their own ability and that of their leaders they performed credibly against an enemy before whom they had been retreating for six years. At the present time American-trained and equipped units of the Chinese army have been permitted to abandon their previous rudimentary but effective training in the American concept of finding, fixing, and destroying the enemy and are subject to the dry rot of immobility. As has been pointed out above, the Communists' capabilities have developed to the point where Government forces can take effective offensive action only with great difficulty, if at all.

In the light of the foregoing it is our considered opinion that the Government military position, particularly in North China and Manchuria, has reached a critical stage. Evidence of the deterioration is plentiful and need not be dwelt on at length in this despatch in as much as it has been the subject of previous reporting from the Embassy and from the Office of the Military Attaché.

It remains, then, to assess the precise degree to which the deterioration has progressed. As has been pointed out above, the initiative has now passed to the Communists, who now have the capability of further reducing the Government’s military strength by attrition and by direct assault. The Government high command is aware of this situation. It is also aware that it is totally incapable of restoring the military situation to its own advantage. Since this is the case, the deterioration of the Government military position at an increasingly rapid rate may be expected. A collapse of any significantly large sector in North China or Manchuria will inevitably result in the rapid development of a military crisis which cannot be isolated. The factors which will make for this crisis are already in operation, and the initiative is in the hands of the Communists. In a very real sense the complete collapse of the Government military position in North China and Manchuria depends on the timetable of the Communist high command.

The military crisis now besetting the Chinese Government has the closest possible interdependent causal relationship with the political and economic crises in present day Chinese society. This is a fact so generally recognized as to require no further elaboration here. It will suffice to state that a general, profound, and long-term improvement in the military situation can only come through economic and political reforms, and that no profound improvement in the economic and political crises can come without a corresponding improvement in the military situation. However, there is much evidence to support the view that, of these three crises, none is immediately more grave than that in the military sphere, and none is more likely to develop suddenly into a situation beyond repair. The certain effect
of any large Government military catastrophe on the political and economic positions of the Chinese Government need only be suggested. For these reasons, we incline strongly to the view that, for the moment, the stabilization and improvement of the Government military position holds priority over the solution of the economic and political crises.

While it is our conviction that any measures taken to guard against a Government military collapse must be adopted promptly, we further believe that they must stem from a consideration of two demonstrable facts; the first, that the Government is completely incapable of restoring the military situation to its own advantage without outside assistance; and, the second, that despite the admittedly severe matériel shortage of the Government, its adverse military position stems far less from this factor, in which it is certainly no worse off than the Communists, than from its commission of a series of politico-military blunders of the first magnitude. If the first of these facts calls for a comprehensive program of military aid in the interest of restoring stability in China, the second demands that such aid as is given be so contrived and directed as to retrieve the politico-military blunders already committed and to guard against and prevent similar blunders as the aid is deployed.

As indicated above, we are in accord with views expressed elsewhere to the effect that military aid to the Chinese Government should include the furnishing of stocks of military supplies and equipment. We further believe that the current program of the AAG is properly a part of such a program. However, we are of the firm opinion that assistance of this character, no matter to what degree it may be augmented, cannot be in any sense efficacious unless some means can be found to insure its application in accord with sound military and political principles.

From consideration of the factors involved, it is our belief that the key to the effective application of military aid to the existing Chinese Government lies in the creation of an American Planning Group to work with the Chinese General Staff but having direct access to the Generalissimo. This Group could nominally be a part of the existing Army Advisory Group but in effect operating independently thereof. Such a Group would have the primary function, in accordance with the prevailing politico-military situation in any given area, of developing the necessary strategic plans essential for Government reoccupation and of making tentative allocations of the matériel necessary for the execution of the plan. Any plans developed would necessarily have to receive the concurrence of the Chinese High Command. The personnel of this Planning Group should be small, including officers with War Department planning experience, officers
with field experience with Chinese troops and civilian personnel, qualified in terms of knowledge of Chinese society, to plan and advise on military government techniques for application in reoccupied areas. The Group should have available to it intelligence facilities to keep it apprised of the capabilities and military situations of both the Government and Communist forces at all times. The Group should also have available to it field parties with Sino-American personnel having the responsibility of explaining the developed plans to the higher echelons of the Government’s field commands and reporting to the parent group whether any given plan was being energetically implemented. If we were able to demonstrate that we were prepared to carry forward operations which would eventually redound to the advantage of the civilian population, it is probable that the field parties could be attracted numbers of highly intelligent and progressive Chinese civilians with a knowledge of local administrative problems superior to that of any Chinese military leaders or alien experts.

We believe that a program developed along the lines suggested in this despatch offers a feasible means of assisting the Chinese Government in its present military extremity. This statement is made with the qualification that such a program, if it is to be effective, will depend on the good faith with which the Chinese Government provides cooperation. In making the foregoing suggestions we do not ignore the past inconclusive results of American advisory efforts in all government spheres, but if this or some similar plan were made the price of material military assistance it would serve to convince the Chinese Government that no program of overall American assistance can be expected unless the Chinese themselves are willing to provide concrete assurances that aid is being deployed in useful and productive channels.

Respectfully yours,

For the Ambassador:

LEWIS CLARK

Minister-Counselor of Embassy

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893.60/12-847

The Minister-Counselor of Embassy in China (Clark) to the Secretary of State

No. 1147

NANKING, December 8, 1947.

[Received December 17.]

Sir: I have the honor to enclose as of interest a copy of a memorandum of conversation between the Ambassador and Premier Chang
Chun regarding the influence of the CC Clique from which it will be noted that Premier Chang Chun claims great credit for the Chen brothers for their early recognition of the Soviet menace.

It will be noted that Premier Chang is sanguine that when the new constitution is put into effect measures can and will be undertaken which ought to result in improvement of the situation.

Respectfully yours,

LEWIS CLARK

[Enclosure]

Memorandum by the Ambassador in China (Stuart) of a Conversation With the President of the Chinese Executive Yuan (Chang)

NANKING, December 6, 1947.

I called on Premier Chang Chun with the thought of bringing to his attention some of the obstacles to American aid within the Chinese Government. I singled out two of these for which the CC Clique were generally regarded as responsible: (1) the increasing power of the CC Clique as seen in their control of most of the Government economic and financial institutions; (2) the intimidation of liberals through the irresponsible activities of the Party secret police giving the widespread impression both within China and abroad that there are no human rights as promised in the Constitution and as essential to real democracy, such as freedom of speech and publication.

He replied at length in an interesting historical and philosophical comment on the Kmt since its origin, its heritage and difficulties, with special reference to the place of the CC Clique as an almost inevitable feature of the process. After the break in 1927 between Chiang Kai-shek and the group which remained loyal to the Soviet advisers Russia tried in various ways to hinder the progress toward national amity. It was then that the Chen brothers came into prominence as the skillful and determined opponents of Russian machinations. Chen Li-fu has remarked, quoting a phrase from Mencius, that those who are now denounced as reactionaries were the true prophets, the so-called liberals have only recently awakened to the Soviet menace, and the Democratic League has not yet made the discovery. These brothers are narrow and bigoted but their realization of the Communist danger and their courage in meeting it have not been without value to the national cause. As to the evils mentioned by me he and his colleagues are quite aware of these but the situation is now so critical that any attempt to correct them would precipitate internal disturbances which a tottering edifice could not stand. When the Constitution is put into effect measures can—and he is convinced will—be undertaken which ought to result in fairly rapid improvement. If the date fixed for
this (December 25) cannot be kept he thinks that the delay will not be for long and that the subsequent procedure can be expedited so as to be concluded by about the middle of March. Meanwhile he would keep the matter in mind and try at least to avoid any further aggravations.

The conversation lasted for over an hour and a half and was perhaps worth-while.

J. L[EIGHTON] S[TUART]

893.00/12-947 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

Moscow, December 9, 1947—4 p.m.
[Received December 9—12: 17 p.m.]

3337. Most direct attack Kmt Government and fulsome praise Chinese Communists to appear Soviet press during recent months contained significant Pravda article December 6 “Upsurge of People’s Liberation Struggle in China” by K. Evgeniev, well-known commentator Chinese affairs. As pointed out Embassy A—1240, November 19,63 Soviet Press caution in treatment Chinese Central Government was broken by New Times November 12; present article continues attack but gives unusual emphasis to strength virtues Chinese Communists.

Evgeniev views optimistically “People’s Liberation Army” offensive and quotes President Executive Yuan as having informed National Political Council October 18 that Central Government now controls only 9 percent territory Manchuria, 91 percent held by “democratic” authorities. Authority describes Chinese economic crisis, labor troubles, peasant revolts, student strikes, demonstrations, police terror, defections within Kmt party and November 23 “elections” “boycotted by overwhelming majority Chinese workers”.

On contrary conditions Chinese “liberated areas” said to be quite otherwise. Anna Louise Strong64 quoted on CP numbers, area and land reform. Regime being elected “from people and for people”. Workers actively support local democratic governments and initiator democratic regimes: Chinese CP.

Concluding on usual note that Kmt policy transforms China into colony American imperialism and weapon US aggressive aspirations, article affirms Chinese CP calls all Chinese to unite single national

63 Not printed.
64 American journalist and former editor in Moscow.
front and organize "democratic coalition government". "In spite US aid and unrestrained police terror Kmt government powerless suppress movement for democratic revival China, which is evidence that Chinese reaction and American imperialists have no future in China."

Embassy believes Pravda article one more indication constant and increasing Soviet interest Chinese developments perhaps presaging more open intensified encouragement in all forms to Chinese Communists in struggle for Manchuria and North China.

Sent Department 3337; Department pass Nanking 25.

Durbrow

893.00/12-1947

The Minister-Counselor of Embassy in China (Clark) to the Director of the Office of Far Eastern Affairs (Butterworth)

Nanking, December 10, 1947.

Dear Walt: For what they are worth, I outline below my reactions to the situation in North China and Manchuria following my recent visit to those regions.

If it were not for the fact that miracles happen in China, I should say Manchuria is gone. General Ch'en Ch'eng is a sick man. The best diagnosis I can get is perforated ulcers which require an operation (at least he is bleeding internally) and there is no surgeon available. Ch'en says he will be up and about in a few weeks but he tired very quickly during my conversation with him and the environment in which he is living doesn't seem to me one conducive to curing perforated ulcers. He has gathered around him a bunch of thieves who can be expected to take full advantage of the fact that he is confined to his bed. I gathered that the appointment of Lo Cho-ying as deputy was at Ch'en's specific request. Ch'en is said to have great faith in Lo's administrative ability and an unwarranted belief that he can control Lo's graft. Certainly the evidence is against him.

I don't believe the Manchurians want communism, but the Government doesn't seem to offer an alternative. It is venal to the core and the communists have seized and kept the initiative. If Manchuria is to be reconquered it is essential that new spirit be instilled into the native population as well as into the armed forces, and there is no evidence that this is being done. The only bright spot I saw in the picture was Wang Hua-yi, who seemed sincere in his belief that he could rally the native Manchurians against the Communists if General Ch'en would give him the green light and adequate equipment.
Ch’en was withholding assistance from Wang, however, because, according to Wang, of his deep-seated fear that Hsiung Shih-hui had left such bitterness behind him that any native Manchurian force if armed might reasonably be expected to turn immediately against the Government. Dave Barrett\textsuperscript{85} thinks a couple of divisions or so of reinforcements from south of the Wall would enable Ch’en to take the initiative and handle the situation, yet basically I can’t believe the area can be pacified for long with other than native Manchurian troops. The southern troops have come as conquerors, they speak a different language, and their presence is bitterly resented. The native Manchurian front men, installed in office by Ch’en, are busily engaged in gleaning what was left by Hsiung Shih-hui and the populace sees nowhere else to turn than to communism.

I am enclosing, in this connection, a copy of Dave Barrett’s report to the Military Attaché on the results of our trip.\textsuperscript{86}

As I said above Ch’en is a sick man confined to his bed who should be in a hospital and who could not conceivably direct a campaign with real efficiency. He seems of high moral character—was freezing in his bedroom because others in Mukden had no coal—but he must be oblivious to the complete carpetbagging graft that is going on around him or would put a stop to it. His henchmen impressed me as “carpet-baggers” of the first order; window dressers or front men to greet the guests and pretend that Manchurians have something to do with the administration of the area.

General Chin Chen, Mayor of Mukden is a typical old war lord assuming a civil office. He entertained me at luncheon in a foreign style residence, garishly furnished, his table laden with food despite the austerity program and with his number 4 concubine by his side. He is obviously a grafter and seemingly proud of it. Wang Shu-han, Deputy Director, Political Affairs Commission, Northeast Headquarters is much of the same ilk. Dr. Chang Chien-fei, Special Commissioner for Foreign Affairs in the Northeast, speaks Russian and seems quite an efficient person although I don’t believe he has any authority.

Black as the situation appeared to me, the casual visitor, every official with whom I talked expressed complete confidence that the Communists had suffered disastrous losses in the fighting last Autumn and would be easy to handle come Spring. Every official of whom I inquired expressed no concern over the ammunition situation, the

\textsuperscript{85} Col. David D. Barrett, Assistant Military Attaché in China.
\textsuperscript{86} Not printed; Colonel Barrett led off with the statement, “My general impression about the situation after this trip is confusing.”
relief situation, or the food situation in general for that matter. They have obtained one large and one small ice breaker from Tientsin to keep the port of Hulutao open; they have agents purchasing grain in the Yangtze Valley and seem to have supreme confidence that Hulutao and the railroad from there to Mukden will be kept open and that everything is going to be hunky-dory.

I am not convinced that the Communists plan to attack Changchun and Kirin this winter but if they do I am inclined to agree with Dave Barrett that there is a 60–40 chance those places will be lost. The key to the situation seems to be the airfields and I gather they will be difficult to defend. I came away convinced that General Ch’en intended to defend Mukden come what may and he may be able to do so. Certainly he evidenced supreme confidence in his ability to do so.

North China

The Generalissimo, it seems, got really frightened when the Communists captured Shihchiachwang without hardly firing a shot. His removal of General Sun and the appointment of Fu Tso-yi tended to increase confidence in North China momentarily. I found in Peiping, but particularly in Tientsin, complete disgust with the present Government, and almost a hopeless prayer for some change other than to communism, although in Tientsin, I was told, certain businessmen were already trying to visualize how they could operate under a Communist government. I found the importers in Tientsin complaining because Government allocation of quotas discriminates against them, the Government statistics having included in Shanghai imports all those which in normal times, although cleared in Shanghai, were destined for Tientsin. The exporters complained because the Government did not permit them to barter with the Communists. The Communists apparently have ample supplies and will gladly barter, but merchants on the Government side of the line are not permitted to do so. Communist action in North China seems to have resulted in almost a complete economic strangulation of that area. Typical, it seems to me, is the fact that the Government is transporting cotton from Paitingtzu to Tientsin by air so as to keep the Government mills in Tientsin occupied and prevent unemployment there. It is an uneconomic transaction which could take place only in the Soviet Union or in present day China.

Peiping seemed shoddy like the down-at-the-heel student awaiting that day when peace in China will make it once again a great cultural and tourist center.

Faithfully yours,

Lewis Clark
The Consul General at Peiping (Clubb) to the Secretary of State

No. 137

PEIPING, December 11, 1947.
[Received December 18.]

Sir: I have the honor to enclose, as of possible interest, a memorandum of conversation between General Hsiung Shih-hui, who recently came to Peiping in the company of Generalissimo Chiang Kai-shek in relation to current political organization in this area, and myself on December 5, 1947.

It will be noted that the conversation in main turned around the subject of the general political situation in China. General Hsiung dealt with the subject in some detail, with the patent purpose of indicating that the political situation was not really as serious as sometimes viewed by persons not intimately acquainted with the China scene. It will be noted that General Hsiung, even as others, was prepared to contend that all of the Chinese currency in circulation could be purchased for a comparatively small sum of American dollars. In this connection the obvious criticism to be made is that, so far as known, no person excepting a very small number of officials high in the National Government actually knows the total amount of Chinese currency in circulation. General Hsiung himself made another observation that springs to mind at first reflection—that the essence of the problem is actually the National Government’s failure to balance the budget, and not the question of the total amount of currency in circulation.

It will be noted further than General Hsiung indicated his belief that the Chinese military situation was not one basically difficult with which to deal. The factors which would have conditioned General Hsiung’s contention were not expressed by him, but it is to be recalled that the Chief of Staff of the Ministry of National Defense in the spring of the present year predicted categorically that the Communist armies would have been essentially wiped out in the course of six months; but that, in fact, instead of developments having followed the line of his prediction the Communist armies are now active and apparently generally have the initiative in the following areas: Manchuria, North Shensi-Shansi-Ho-pei belt; the Honan-Hupei front from which there seems to be developing a threat to Szechuan; and there is reported to be an increase of unrest in the Kwangtung-Kiangsi-Hunan border region and in South Kwangtung and Hainan Island. It is respectfully submitted that, although General Hsiung did not in the short period of time of our conversation have a real

\(^{87}\) Not printed.
opportunity to set forth his ideas in detail, he seemed on this occasion, as during his tenure in Mukden as Director of the President’s Northeast Headquarters, to give insufficient weight in his thinking to the enormity of the economic problems confronting China at this time.

Respectfully yours,

O. EDMUND CLUBB

893.00 Manchuria/12–1147

The Consul General at Mukden (Ward) to the Secretary of State

No. 49

MUKDEN, December 11, 1947. [Received January 5, 1948.]

The Consul General has the honor to transmit a memorandum dated December 10, 1947,* entitled “Soviet Participation in the Sino-Communist Conflict in the Northeast”, which has been prepared by Vice Consul Fred E. Hubbard.

While the subject of the reference memorandum has been the subject of much controversy, and no little amount of speculation, Vice Consul Hubbard’s statements parallel those which have been made repeatedly by this office to the effect that while indications of intangible Soviet aid to the Chinese communists abound in the Northeast no incontrovertible proof has been advanced by the Chinese Government of concrete military aid. Among the intangibles not mentioned by Mr. Hubbard is that of Soviet instruction and direction. Much of the strategy and some of the tactics used by the Chinese communists in the Northeast are not Chinese and smack strongly of the Russian, which causes the observer to come to the belief that the Soviet Union has aided the Chinese communists materially through military training, perhaps in military academies in the Soviet Union—if not through the medium of military advisers in the Chinese communist headquarters staff. Furthermore, the Chinese communists have developed a powerful propaganda machine sufficiently potent to warp, as Mr. Hubbard brings out, the attitude of the people in the communist-dominated area towards the United States. This too, there is reason to believe, can be attributed to the inspiration and guidance of the Soviet Union, where propaganda, particularly the inimical brand, has been developed with such success—in any event, the intensity and effectiveness of such propaganda causes one to doubt that it springs from Chinese origin.

The Consul General admits the validity of Mr. Hubbard’s statement in the penultimate paragraph of his memorandum, in which he advances the thought that the Russians are not eager for the Chinese communists to assume control of all the Northeast until these com-

*Not printed.
munists have become "sufficiently indoctrinated in the Soviet form of communism", but it is his (the Consul General's) opinion that the Soviet Union would also welcome the early seizure of the Northeast in toto by the Chinese communists if such seizure can be effected without the active and apparent military aid of the Soviet Union prior to the time when the Russians feel that there is no longer need to conceal such military aid as may be given by them to the Chinese communists. If the communist seizure of the Northeast follows the pattern of Soviet-inspired communist regimes elsewhere during the past few years, it is more than likely that once the new regime is "in the saddle" the pro-Moscow elements therein will begin their liquidation of untrusted and anti-Moscow factions and persons.

893.00/12-1247: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, December 12, 1947—5 p. m.
[Received December 12—3:38 a. m.]

2389. I have been discussing military command situation in Government circles and believe following represents the picture in respect to Chen Cheng.

Problem of Chen's illness is complicated by political and military considerations. He wishes to leave Manchuria but if he should return to Nanking as Chief of Staff it would embarrass Pai Chung-hsi who is at last having the opportunity to carry out his own strategy against Communists in Yangtze River provinces. Pai stresses recruitment and use of local populations, whereas Chen places greatest emphasis on professional soldiers.

If impossible come Nanking, Chen would like to be in Peiping but here again there is danger of tension between him and new functions of Fu Tso-yi in that area.

Chen is a man of highest integrity and a strict disciplinarian but is unpopular with field commanders because of what they claim to be his rigid and narrow ideas as to military operations. Lo Cho-ying, a former subordinate of his, was assigned to Manchuria at Chen's specific request, his belief being that he could leave Lo in charge, Chen's organization being adequate to prevent Lo from grafting. He is said to have high regard for Lo's ability as field officer.

The Generalissimo is aware of these issues and is determined to keep Chen in Manchuria. Generalissimo I understand plans early trip to Manchuria in this regard.
Clark when recently visiting Manchuria found Chen in bed a really sick man (perforated ulcers) and gathered distinct impression it would be long time before Chen could assume active field command.

Sent Department as 2389, Mukden 158, Peiping 289, Tientsin 181, December 12.

STUART

893.00/12-1547

Memorandum by the Ambassador in China (Stuart) 89


Governor T. V. Soong told the British Ambassador in confidence that he felt very pessimistic both as to the provincial and the national outlook. The former because of (1) dykes badly needing repair, (2) insufficient rice with consequent popular discontent and perhaps starvation, (3) wide-spread banditry. The latter seemed to be getting rapidly worse. Governor Soong’s own health seemed to have improved.

For some reason the new assignment for Chang Fa-kuei does not seem to be taking effect and he is quite disgruntled, sulking in his tent like Achilles.

J. L[EIGHTON] S[TUART]

893.00/12-1647 : Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, December 16, 1947—noon.

[Received 11:04 p.m.]

387. Communists evidently maneuvering forces begin winter offensive. Brunt early attacks against Peiping-Mukden rail line. Six Communist Divisions reported astride line at points between Hsinmin and Shanhaikwan. Govt initial resistance again unsuccessful. Troops spread too thinly for adequate rail protection. Groups within area considering advisability abandoning Changchun-Kirin, thus relieving troops maintain corridor from intramural China. Continually increasing Communist pressure south of Mukden may force adoption this strategy.

Market panicky with speculation and hoarding governing. Commodity prices rising hourly. Black market selling US dollar now 22,000 tungpei 90 dollars against 14,000 December 8.

89 Received in the Department about December 29.
90 Currency used in the northeast area of Manchuria.
Despondency and demoralization populace increasing. Chen Cheng's presence which initially aroused hope but never enthusiasm of people, now having reverse effect on populace who feel if man important as Chen has failed no other Govt leader can be expected achieve success. As hope and confidence diminish and economy of area deteriorates, people reverting more frequently to their oft-times expressed desire return Chang Hsueh-liang. Feeling growing Government unable stem Communists and only hope is Chang with his ability arouse support of Near [North] East.

Desire separation Near [North] East from China and establishment as independent entity again being expressed openly (mytel 172, paragraph 2 to Nanking, Department as 100, June 18). This attitude certainly not held by majority people and not consolidated, move therefore not serious threat. Furthermore Government secret police sufficiently strong arrest any such organized movement at will.

Sent Embassy, repeated Department as 387, Peiping as 98, Changchun as 373.

Ward

893.00/12-1747: Telegram

The Ambassador in China (Stuart) to the Secretary of State

Nanking, December 17, 1947—noon.
[Received December 17—4:12 a.m.]

2408. Carson Chang left Shanghai Dec. 13 by air for US. Reliable American controlled source close Chang states Chang's only purpose present visit is attempt interview Secretary State and George Kennan and that he is using University Washington lectureship as blind. Source further states Chang asserts to Chinese friends only posts he would accept in Chinese Govt are President or Vice-President.

Stuart

761.93/12-847

The Assistant Chief of the Division of Chinese Affairs (Rice) to the Director of the Office of Far Eastern Affairs (Butterworth)


Subject: Factors Presently and Prospectively Working for and Against a Sino-Soviet Rapprochement

Reference: Mr. Butterworth's Memorandum of December 8, 1947, requesting that a study be made on the above subject.

52 Director of Policy Planning Staff.
53 Initialed by the Chief of the Division (Ringwalt).
54 Not printed.
Summary and Conclusions: On balance, it appears unlikely that a rapprochement between China and the Soviet Union will eventuate while Chiang Kai-shek and like-minded leaders retain substantial control of the Chinese Government. A genuine rapprochement would have to be based upon a substantial common ground of political, economic, or military self-interest. As will be seen from the following discussion of the chief factors involved, the regimes in power in the two countries have few mutual political interests and are not economically interdependent. While the USSR did extend a measure of aid to the Chinese Government when both countries were menaced by Japan, the utter defeat of the latter power has served largely to destroy the military usefulness of the Chinese Government to the Soviet Union. Conceivably, the present Chinese Government might seek a rapprochement with the USSR, despite the considerations referred to above, if under sufficiently strong domestic or foreign pressure to do so. However, a time when the Chinese Government faces so desperate a situation that it must clutch at the straw of Soviet aid is precisely a time when the Chinese Communists might most easily seize power. That consummation probably would please the USSR more than would the concessions to be had in exchange for aid to the Chinese Government. The fact that no lasting rapprochement with the USSR resulted from the Sino-Soviet Treaty of 1945, which was negotiated by China under foreign pressure, is likely at once to make China’s foreign friends unwilling to suggest another attempt and to render the Chinese Government un receptive to such suggestion were it to be made.

While the Government of Chiang Kai-shek appears unlikely to effect a rapprochement with the USSR, it appears that the substance of power is slipping from the grasp of that Government. As the forces to the left of the Government are apparently gaining ground at its expense, the most likely assumption is that it will be succeeded either by a Communist regime or by a coalition in which the Communists will exercise much power. A Communist regime would almost certainly seek to ally China with the USSR; a coalition government which included the Communists probably would seek a rapprochement with the USSR (end of Summary and Conclusions).

1: Factors Tending To Encourage Sino-Soviet Rapprochement

1. Similar Views With Respect to Japan.

It is clear from the numerous Chinese official statements and press comment on the subject that there exists a well-nigh general Chinese fear that Japan may again become an aggressive and powerful nation capable of posing an economic, political, and military challenge to
China. It will be equally evident from a consideration of Russo-Japanese relations over the past half century and from post-war Soviet maneuvers, that the USSR seeks to prevent the renaissance of Japan as a non-Communist military power. Similarly, the USSR and China share a common interest in forcing Japan to pay as heavy reparations as possible in order that Japan may be more nearly neutralized thereby and in order that each claimant may receive a larger total amount of Japanese reparations.

Accordingly, on the question of treatment of Japan, China and the USSR find themselves aligned side-by-side against what they apparently conceive to be the position which the U. S. is in the logic of circumstances bound to assume.

2. Consciousness of Chinese Impotence vis-à-vis the USSR and Chinese War-weariness.

The borders of the USSR encircle China through an arc of 180 degrees; China would be unable to repel any large-scale invasion from across this long frontier. There remains in existence no power other than the U. S. sufficiently strong to serve the Chinese as a substantial counterweight against the Soviets. Accordingly, should it appear to Chinese leaders that the U. S. is not a factor in the situation of sufficient weight to counterbalance the USSR, China might be expected to consider whether (1) to seek additional counterpoise by appealing to the UN, or (2) to seek a rapprochement with the Soviets. Chinese will recall, in this connection, that their appeals to the League of Nations in a somewhat analogous situation in 1932 proved vain.

Therefore, Chinese Government leaders, in the event that their position vis-à-vis the Soviet Union and the Chinese Communists becomes clearly desperate, might conclude that they have no recourse but to seek a rapprochement with the Soviets. The more intelligent Government leaders would fully realize this to be a policy of grasping at straws. However, such action might appeal to some who believe China’s civil strife to consist primarily of an extension of the world struggle between the US and USSR, and to the many

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For invocation by China against Japan of article 11 of the League of Nations Covenant, see telegram No. 118, September 21, 1931, 5 p. m., from the Consul at Geneva, Foreign Relations, 1931, vol. iii, p. 24. For invocation by China of articles 10 and 15, see telegram No. 50, January 29, 1932, 9 a. m., from the Consul at Geneva, ibid., 1932, vol. iii, p. 90. Correspondence regarding the part played by the League of Nations in the hostilities between Japan and China, during 1931 and 1932, is scattered through chapters on the Far Eastern Crisis, ibid., 1931, vol. iii, and 1932, vols. iii and iv.

*Thus Minister for Economic Affairs, Chen Chi-tien, is quoted as having on December 13, 1947, described China’s civil war as “an international struggle preceding a third world war.”—Tsinan, China, A. P. despatch of December 13. [Footnote in the original.]
war-weary Chinese who would hope thereby to be removed from between the upper and nether mill-stones of Government-Communist civil strife.

3. Likelihood that Present Chinese Government Will Be Succeeded by One More Friendly to the USSR.

It is clear that the position of the Chinese Government is deteriorating and that it may either fall or be reduced to the status of a regional regime; it is also manifest that President Chiang is not immortal. The leaders who succeed Chiang Kai-shek may be as anti-Soviet as he is, but they may also be distinctly less so. If the next Chinese Government is Communist, we may expect it to ally China with the Soviet Union. If the Chiang Government is succeeded by one composed principally of leaders of the Democratic League and of such ex-militarists as Feng Yu-hsiang, Li Chi-shen and Tsai Ting-kai, we might expect it to attempt to obtain understandings with the CCP and with the USSR. As already indicated, such attempts might find wide support among the many war-weary Chinese who think that Sino-Soviet rapprochement might end civil war and prevent China’s becoming a battleground in a third world war.

II. Factors Tending To Prevent Sino-Soviet Rapprochement

1. Relationship of CCP to USSR.

Perhaps the most important factor presently creating antagonism between China and the USSR is the Chinese Communist Party, which Chinese Government leaders identify with the Soviet Union. The role of the USSR in encouraging that Party’s growth is, of course, well-known to Chinese Government leaders: it will be recalled that Russian agents directly participated in CCP actively in the 1920’s; that CCP leaders were in touch with the Comintern during the 1930’s;† that during the occupation in 1945 of Manchuria by Soviet forces, entry into that region of CCP forces and their access to arms were facilitated; and that many Chinese Government leaders are convinced that the USSR is presently giving active aid to the CCP and its armed forces. The deadly bitterness which Chinese Government leaders feel toward their Chinese Communist enemies is naturally extended to the USSR in direct ratio to the measure of blame which they apportion to the Soviet Union for the existence and activities of the Chinese Communist Party.

2. The Soviet Attitude Toward Chiang Kai-shek.

So long as Chiang Kai-shek remains in power, the Soviet leaders are bound, in considering possible changes in the Soviet policy toward

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4Snow, Red Star Over China, pp. 414–415; 421–422.  [Footnote in the original.]
China, to give substantial weight to the basically anti-Soviet attitude of Chiang Kai-shek. It will be recalled that Chiang Kai-shek was the leader of the rightest coup of 1927, following which Russian agents were killed or driven from the country, and that during the succeeding decade he pursued a strongly anti-Communist domestic policy. The Soviets are also well aware that Chiang Kai-shek employed a German military mission, during most of that decade, which exercised a substantial anti-Communist influence. They may also know that Chiang sought a Sino-German alliance directed again the USSR, which failed to materialize because Hitler preferred the alliance with Japan.‡ In any case, they know that he is anything but an enthusiastic friend of the Soviet Union.

Soviet aid to the Chinese Government during the Sino-Japanese war was of course based upon Soviet desire to see Japan kept militarily occupied in China in order that it might be less likely to launch an attack on the USSR. The utter defeat of Japan virtually destroyed the usefulness to the USSR of the Chinese Government; that they now would be pleased to see it overthrown is indicated by the numerous propaganda blasts which in recent months have been directed against it from Moscow. This Soviet propaganda, and China counter-propaganda, are primarily the results of other divisive factors in Sino-Soviet relations, but they themselves leave an increment of enmity.


Among the prime factors creating antagonism between China and the USSR are the history of Russian expansion at China’s expense and fears that further expansion of that nature may be anticipated. It will be recalled that: (1) Tanna Tuva, formerly claimed by China, was about two years ago made an oblast of the USSR after having passed from Chinese control and through a period of “independence”; (2) China, at the instance of the USSR, on January 5, 1946, recognized the “independence” of Outer Mongolia, which China formerly claimed;‡‡ (3) the USSR controlled Sinkiang Province during the period 1934–1942 and bears a measure of responsibility for the present situation in that Province; (4) the USSR has since 1945 exercised unilateral control over the Port Arthur naval base area and Dairen, and that protracted Sino-Soviet negotiations for the establishment

‡This is an instance of the favorite Chinese strategy of “Allying with those that are afar to defeat those who are near,” which enabled the first Ch’in Emperor to consolidate China’s feudal kingdoms and found the Chinese Empire. (cf. Berlin’s secret despatch no. 2007, Feb. 18, 1946, on subject, “Transmission of Chinese Document from Marshal Chiang Kai-shek to Adolf Hitler.”) [Footnote in the original; despatch not printed.]
of a Chinese administration there thus far have proved fruitless; and (5) the USSR, by virtue of the Sino-Soviet Treaty of August 14, 1945, has exacted from China economic concessions with respect to Manchuria which might be expected to impede full exercise of Chinese economic control and political sovereignty over that area. § (In fact, a reading of that Treaty conveys the impression that it has made for China more problems than it solved and that attempts to implement it may be expected to create much Sino-Soviet friction and ill-will.)

In view of Korea's past subordination to China and the strategic role which it has at various times played as buffer against or bridge for conquests, China is bound also to regard with concern present Soviet efforts to dominate that country.

4. The Residue of Mutual Ill-will Created By Soviet Behaviour In Manchuria 1945-1946 And By Chinese Reprisals Against Soviet Citizens.

It will be recalled that Manchuria's industrial establishment suffered direct damage, during Soviet occupation of that area in 1945 and 1946, estimated by the Pauley Mission at $558,100,000—much of it as the result of Soviet removal of equipment.] According to numerous reports, the Chinese officials who entered areas of Manchuria occupied by Soviet forces in order to establish an administration there as provided by the Sino-Soviet Treaty and Agreements of August 14, 1945, found themselves mortifyingly impotent in the face of Soviet obstructionism. It will also be recalled that acts of depredation carried out by Soviet troops against the populace of Manchuria during the same period produced a hatred of Russia affecting most classes in large sections of that area. This bitter antipathy in turn resulted in savage reprisals by Chinese troops and civilians against Soviet citizens in Manchuria.] These developments have left in official and non-official quarters a heavy residue of mutual ill-will which may be expected for some time to come to exercise a substantial divisive influence between the two countries.

5. Lack of Substantial Economic Inter-dependence.

There is basis for close and important economic relationships between the Soviet Union and areas of Manchuria and Sinkiang adjacent

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*For correspondence on this subject, see pp. 481 ff.*


† Dept. of State Press Release no. 907, Dec. 13, 1946. [Footnote in the original; see Department of State Bulletin, December 22, 1946, p. 1154.]

‡ Embassy's report 126, Sept. 17, 1946, and despatch 319, Dec. 6, 1946, respectively transmitting Mukden's despatch to Nanking no. 31, Aug. 30, 1946, and Changchun's despatch to Nanking no. 11, Nov. 20, 1946. [Footnote in the original; despatches not printed.]
to the USSR. Such areas, however, are for the most part held by Chinese Communists or by Sinkiang rebel elements. Areas under the control of the Chinese Government are in general not dependent upon the USSR as a market for their produce or as a source of essential commodities. (While the USSR has in recent years taken substantial quantities of Chinese tea, wool, tungsten, and other raw materials, a large proportion of these materials were accepted in payment for war matériel supplied China early in the war.)

While two politically incompatible regimes may find that their economic interdependence makes mutual tolerance desirable, such a motive would appear to be largely lacking in the relations of the Chinese and Soviet Governments.

893.00/12-1947 : Telegram

The Acting Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, December 19, 1947—8 p.m.

1542. Following among statements attributed Dr. Sun Fo by Scripps-Howard correspondent Farnsworth despatch bearing Dec 10 Nanking dateline “Either America must help us in an all-out way and assure the future of China or China will fall into the Soviet orbit. With piecemeal help China cannot withstand pressures that have been developing both inside and outside China, and China will have to ally herself with the Soviet Union against the rest of the world.”

Emb will recall (Urtel 1990 Sept 26) 97 that this is but most recent of several interviews this tenor allegedly given by Sun Fo and that he in Jan 1942 made analogous remarks about doubtful wisdom China’s continuing fight Japan if US and UK determined concentrate their main forces Europe in effort first achieve victory that Theater operations. Nevertheless it would interest Dept to know whether Sun actually made statements attributed him this most recent interview and that cited Reftel whether ChiGovt is quietly pleased with them and extent to which they represent trend opinion substantial group.

Lovett

97 Not printed; it was a lengthy report on the China press for the week ending September 20, with a reference to “the sensational interviews by Doctor Sun Fo which strongly suggested that should agreement between the United States and China acceptable to China fall to materialize, China would have no alternative except to work out some kind of close rapprochement with the Soviet Union.” (893.911RR/3-2647)
The Ambassador in China (Stuart) to the Secretary of State

NANKING, December 19, 1947.
[Received December 31—9:28 a.m.]

A—275. In a conversation this morning on Sino-Soviet negotiations over Dairen, Dr. George Yeh, Vice-Minister of Foreign Affairs, said that the Soviets have recently, in general, shown a tendency to be more conciliatory without making any significant concessions. The principal channel of this “flirtation” has been a group of high ranking officers in the Ministry of National Defense, particularly in G—2, who were trained in the Soviet Union and who all speak Russian. This group, though by no means the predominating clique in the Chinese Army, does have a certain entrée because one of its members is Chiang Ching-kuo, son of the Generalissimo.

Dr. Yeh added that in recent weeks the Soviet Military Attaché has been most active in entertaining these officers and in other ways cultivating them. The Soviet Military Attaché has been using the argument that a military settlement of the Communist problem is impossible but that a political settlement is wholly feasible. He has, on occasion, even suggested that the Soviet Union could possibly be useful in this respect. Dr. Yeh said these Soviet efforts have not been wholly without success and that there is increasing talk in the clique that a political settlement with the Communists is the only solution and that a closer understanding with the Soviet Union is both desirable and necessary.

Stuart

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, December 20, 1947—3 p.m.
[Received December 21—4:17 a.m.]

394. Communists adopting new tactics Mukden area. Infiltrating Government outer defense lines with small groups attacking towns, holding until counter-attacked and then abandoning positions. These tactics have succeeded causing constant shifting Government troops, anxiety Mukden civilian population, continued disruption economy and blockade foodstuff to Mukden. Government tactics are to withdraw into outer defense perimeter circle approximately 30 miles around Mukden and counter-attack Communist infiltrations. Communists captured Hsinlungtien, 20 miles west Mukden. Government counter-attacked and recaptured December 19. Communists attacked

Rail line open Mukden-Chinchow with exception bridge over Taling Ho. Communists captured, destroyed machinery and then abandoned Yentai coal mine. Government alleges Penhsi coal mine still held by them. Communists recaptured Haicheng, south Anshan, and are moving in force southward towards Tashinchiao.

Communists now have 11 columns instead of 9 as at end fifth offensive. Rumors emanating from PNEH indicate Government may abandon NE. Although Cheng Tung-kuo, Chief State [of Staff] PNEH, denies Government will withdraw Changchun and Kirin, information today from men [man?] verified usually reliable source states Communist offered allow Government withdraw forces Changchun and Kirin and Government has accepted offer.

Sent Embassy (please inform Clark), repeated Department as 394, Changchun 380, Peiping 102.

WARD

893.00/12–2247: Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, December 22, 1947—noon.
[Received 2:44 p.m.]

2436. On December 20 General Chang Chih-chung ** told me that Generalissimo had that day sent for him for lunch and the only other person present was Generalissimo's son Chiang Ching-kuo. Chang said he remonstrated with Generalissimo over continuing and ineffectual military struggle in which he was being worsted and during which social, political and economic disaster was threatening the nation. He urged upon Chiang that only solution lay in resumption of PCC agreements, *** and when Generalissimo remonstrated that he could not take the initiative in proposing renewed negotiations Chang stated that he had reason to believe the Communists were ready to respond to such a proposal. Generalissimo had then told him, he said, to go ahead very carefully in an effort to bring this about. For the first time in his experience, he said, Generalissimo listened to him quietly and without disputing the force of his argument gave him permission to go ahead.

** Chairman of President Chiang Kai-shek's Northwest Headquarters.
In talking with me, Chang recalled a remark of Chou En-lai when they went with you to Manchuria. He had proposed to Chou that Russia be brought into the Manchurian settlement, but Chou had replied at once and vehemently that this would never do for it would make the issue much more troublesome.

General Chang also informed me that prior to his conversation with Generalissimo he had approached the Soviet Embassy here in an effort to get help in persuading Chinese Communists to resume peace talks. He had warned the Soviets that Chinese could never be won over to Russia against America and that continued chaos and misery in China would not benefit the Soviets. He insisted, he said, that in aiding China America had no ulterior motives against Russia and that the Soviets were misled by their own suspicions. He said the Soviets seemed impressed and asked what he wished them to do, to which he had replied that they might advise Chinese Communists to cease fighting and consider some better solution.

Chang authorized me to inform you of the above but otherwise he requested I observe strict secrecy. He is still not well, but hopes to report developments within the next month.

The above seems to us a further manifestation of the deterioration of the Government's position. The Communists are winning on all sides and it is inconceivable to us they would accept peace negotiations at this time. It may be, of course, Communists might agree to negotiate in hope of discouraging extensive American aid to China program and of hampering any such program upon which we might embark. The fact that Chang approached Soviet Embassy causes us concern, particularly as we find it difficult to believe that he take such a step without authority.

STUART

893.00/12-2347: Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, December 23, 1947—3 p.m.
[Received December 24—9:31 a.m.]

397. Lull in Communist attacks first 2 weeks December when Communists regrouped and shifted troops. Government used lull move troops Chinchow—Shankaikwan sector to areas south Wall where immediate need more urgent and repair Mukden—Peiping rail line. Middle December Communists deployed troops and renewed attacks. First objective, disruption Mukden—Peiping rail line, accomplished by

1 Head of the Chinese Communist Party and delegation during 1946 negotiations.
effective destruction Alingho bridge near Chinchow. Next objective economic blockade Mukden and Chinchow. Tactics employed differ two cities. Chinchow area Communists attacking in force, taking and holding major strong points surrounding city. Believed Communists realize Government force Mukden area too strong and concentrated for successful direct assault. Consequently Communists small mobile units guerrilla fighters, wearing white outer garments, infiltrated Government positions striking with intention miss heart Mukden. No attempt by Communists hold any position inside Mukden outer defensive lines. Government forced abandon all holdings outside defense perimeter and adopt strict defensive. Communist move has created acute uneasiness Mukden civil population. War has moved to vicinity Mukden for first time since Government occupied NE. Anticipated Communist blockade caused heavy purchase already short supply foods. Result prices rising more rapidly than currency is depreciating and civil population approaching panic because food and fuel shortages. No immediate danger Communist seize Mukden likely since no units sufficient size massed or being massed in vicinity. Continued economic blockade anticipated. If blockade maintained, civil rioting will increase.

Three crack divisions Government troops within city probably will be able handle rioting unarmed mobs. May not however be able handle both rioting and concentrated Communist attacks. Infiltration Communist units probably will be able prevent appreciable amount food entering city from countryside which will necessitate Government procuring food elsewhere. Only logical source supply over Mukden–Peiping rail line where insufficient Government troops now concentrated maintain traffic. Most logical source immediate military manpower isolated garrisons Changchun and Kirin. Continued blockade may force withdrawal these troops maintain supply line Mukden.

Sent Embassy, repeated Department 397, Changchun 383, Peiping 107.

WARD

893.00/12-147 : Telegram

The Acting Secretary of State to the Ambassador in China (Stuart)

WASHINGTON, December 23, 1947—6 p. m.

1564. In view highly fluid state present hostilities and evidences increasing Communist efforts arouse anti-American feeling, Emb requested consider advisability instructing Consular Offices caution
American citizens residing interior points their Consular Districts dangers residence close proximity areas hostilities and probable inability Consulates give last minute warnings and effect evacuations.

Dept aware of probable adverse affect on morale local Chinese and on ChiGovt such warnings accompanied by wholesale evacuation Americans and hesitates urge such action except as necessary precautionary measure. In view situation however believe matter deserves prompt and careful consideration. Inform Dept views Emb and action taken.

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893.00/12-2447 : Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, December 24, 1947—2 p. m.
[Received December 25—8:55 a. m.]

399. Communists have 27 divisions. Triangle formed Mukden, Chinchow and Faku. These divisions in position attack Mukden, Fushun, Chinchow or Chinhshi.

Heavy fighting Chowkuenpu, 30 kilos southwest Mukden.

Communists captured Kaochiao, southwest Chinchow, cuts rail communication Mukden—Hulutao and Fushun now only source coal for Mukden.

Tsu Chi-chun, commander Mukden defense Headquarters, in Kalgan via Peiping discuss with Fu Tso-yi possibility sending reinforcements NE.

Military circles believe Government sufficient hold Mukden, but not sufficient drive Communists out Mukden—Faku—Chinchow triangle.

Considerable significance being placed on visit Cheng Tung-kuo, PNEH Chief Staff, to Peiping. Believe Generalissimo may travel Mukden with Cheng when latter returns.

Food rioting becoming serious question. Problem one of unequal distribution rather than shortage. Businessmen estimate 2-month civil food supply in Mukden if equitably distributed.

Government consolidating Mukden defenses by withdrawing troops Kaiyuan area to Tiehling area where Govt anticipates heavy fighting.

Lo Cho-ying, Vice Director PNEH, informed reporters evacuation Changchun and Kirin may be considered when situation around Mukden becomes really [serious.]

Sent Embassy; repeated Department as 399, Changchun 384, Peiping 108, Tientsin.

WARD
The Ambassador in China (Stuart) to the Secretary of State

NANKING, December 24, 1947—3 p.m.
[Received December 24—2:17 p.m.]

2453. ReDeptel 1542, December 19, 8 p.m. Dr. Sun Fo did, in fact, make the statement attributed to him by Scripps-Howard correspondent on December 10, as well as previous ones in somewhat similar vein. Most of his statements received fairly general dissemination throughout China, though they have not been the subject of editorial comment.

The Embassy's first reaction was that they certainly could not have been made without the prior knowledge and at least tacit consent of Gimo. It was our belief, particularly with reference to earlier statements, that they were part of a more or less organized Chinese Government plan to exert pressure on US to expedite an aid program by waving a Russian herring under the American nose. There has never been any public evidence which would contradict this belief. Several of the more reliable American correspondents, however, with excellent Chinese connections, have finally come to conclusion that Sun Fo made these statements on his own initiative and responsibility and entirely without reference to general Government or Kuomintang policy. These correspondents are convinced Sun Fo has been reprimanded for them and particularly in case of December 10 statement that Gimo was furious and in no uncertain terms warned him that repetition of such actions would have serious consequences for him.

The above should not be taken to mean, however, that Sun Fo does not necessarily have a certain amount of following in the Government. In this connection reference is made to Embassy's top secret telegram 2486, December 22, noon, and Embassy's secret airgram 273 of December 19.

... In this connection, it should be recalled that Percy Chen is currently associated with Sun Fo in financial transactions as well as in political affairs and is known to have contacts with Soviet circles in China. Embassy is convinced, however, that any such views are shared by only minority of the Chinese Government.

Further complicating the problem is movement in CC clique with what appears to be the objective of relieving Sun Fo of his jobs of Vice President of the Republic and President of Legislative Yuan. Unquestionably, the struggle between the two factions has been at least partially responsible for postponement of the convocation of

* Son of the late Eugene Chen, Chinese Minister for Foreign Affairs at Hankow, who left for Moscow in the summer of 1927; he served again later when Sun Fo headed the Government, December, 1931.
National Assembly and of elections to Legislative Yuan and would certainly have some effect on Sun Fo’s course of action since his personnel ambitions are the dominant force in his activities.

STUART

893.00/12-2447 : Telegram

The Consul General at Mukden (Ward) to the Secretary of State

MUKDEN, December 24, 1947—4 p. m.
[Received December 25—7:20 a.m.]

400. Increased criticism being aimed Chen Cheng method handling military situation since arriving Mukden. While praising Chen personally for his honesty and good intentions, question his judgment and leadership. Chen has no effective contact with subordinates, consequently does not have their confidence and does not have an integrated military machine so imperative present time. Chen even being blamed for his corruption suppression activities under which corrupt but capable military men were displaced without being effectively replaced. Some contend Chen should have wielded efficient military machine and then, when Communist situation dealt with, started his anti-corruption campaign. Chen planned win westerners’ confidence by his anti-corruption program but was either incapable or unwilling to go full extent with corrective measures and thus win people’s confidence. He now enjoys confidence of neither people nor his official associates.

Sent Embassy; repeated Department as 400, Changchun 385; Peiping 109.

WARD

893.00/12-2647 : Telegram

The Consul General at Peiping (Clubb) to the Secretary of State

PEIPING, December 26, 1947—5 p. m.
[Received December 28—3:47 a.m.]

401. There are indications that Nanking’s projected political and military reorganization North China, designed to strengthen Nationalist position this area, if going forward is nevertheless falling somewhat short of desired result. Note in this connection following phenomena.

2. Fu Tso-yi in taking over new post has assumed obligations which are perhaps beyond powers of his own politico-military organization to handle.
3. Demands of Manchurian situation, where Government is evidently still endeavoring prop up tottering structure by dispatch reinforcements, will probably make further incursions into military strength on which Wu relied originally and

4. There seems logical grounds for belief that neither Li Tsung-jen nor local troop commanders will extend to Fu same wholehearted cooperation that he could expect from his own troops (reContel 375, December 6\*). One local official told me recently that Shansi chairman Yen Hsi-shan has already informed local authorities that all troop dispositions Shansi will be made by himself (Contel 377, December 6\*). With reference mooted formation of people’s militia for local defense, informed me earlier in response to my question that it was unnecessary give those militia forces arms, that essence of CIA\* plan was to set up good system of intelligence re Communist movements with military action to be undertaken by mobile regular troops drawn from central reserve. Since Nationalist Government from 20 years’ experience has been unable evolve satisfactory tactics for catching up with fast-moving Communist forces which scatter in all directions before advance of superior force, it seems unlikely that Wu has discovered superior new tactics. My impression is that Wu proved powerful enough to control situation in hinterland and is superior tactician in comparatively limited operation, may have been drawn into situation beyond his political and military departments [talents?\*] when he was given charge of operations five provinces. Fact that major proportion of territory those five provinces is in Communist hands and area subject Wu’s authority is therefore more limited than appears from nominal jurisdiction given him, represents aggravation instead of diminution of his difficulties. Wu’s own troops, adequate for Inner Mongolian border lands, will be spread very thin in 5 provinces.

Believe that comparative quiet of Communist forces West Hopei and Shansi–Suiyuan–Shansi border region can hardly be adjudged by Nationalists to be cause for assurance that lull will long continue; it appears likely that Communists are presently making dispositions in anticipation that new opportunities will be offered them by reason of Nationalist troop movements and that they will strike new blows soon. Evident intention of Nanking to reinforce Manchuria by drawing on North China would appear to fit into Communist calculations. Attack of Communists on all fronts on present scale can only be predicted upon their twin belief that Nationalist control is crumbling in important sectors of Manchuria and North China, and that they have sufficient strength to overcome remnants of Nationalist strength there.

Sent Department as 401, repeated Nanking as 533, paraphrase to Tientsin.

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\* Not printed.
\* Possibly Chinese Intelligence Administration.
Peiping, December 29, 1947.

[Received December 30—1:39 p. m.]

408. Resulting from informal meeting Ambassador Stuart had yesterday with certain former students at Yenching alumni association, local Peiping Chronicle today published new[s?] report stating in part: Judging from the present situation in China neither the peace consultation between the Kuomintang and the Communist Parties will be possible, nor will the continuation of the civil war in this country yield any result. To solve the present difficult problems, foreign factors are essential but they will be of no avail unless the people of China are absolutely determined to help themselves. The above are some of the salient points voiced by Dr. J. Leighton Stuart, U. S. Ambassador to China, at a reception held in his honour by the Yenching alumni association yesterday afternoon in the social center, Tung Tan.

The Ambassador expressed that the American people are willing to aid China only under certain conditions. To aid China means to benefit all the people of this country, not a small part of them. Dr. Stuart believed that the aid China plan of General George C. Marshall would be passed by Congress in January. The present problems of aid to China involve no principle but practice. The Ambassador also emphasized that China needs aid not just along the economical line and from only one country.

Dr. Stuart hoped that democratic spirit would be fully realized in China and all the intellectual class of the country would be brave enough to stand up and lead the people. To make proposals to the Government and to engage foreign technical advisors are all considered important. Requested by local foreign correspondents for confirmation or clarification of report, Ambassador Stuart made following statement for their information:

"With reference to the reported interview in the Peiping Chronicle, I was speaking to a group of former journalism students of mine in response to their questions on what seemed to me what hope there was in the present situation in China. Therefore, in what was intended as a suggestion to them as to the possibilities in their profession and as a message to the Chinese people, pointed out that the constitution had now been put into effect but that many people doubted whether it could be anything more than a paper constitution. That seemed to me to depend upon the people of the country. The great mass of these are not interested and are chiefly concerned with their daily livelihood, but the intellectuals, the non-partisan liberals and most of all the journalists should stand for both the rights and duties
of citizenship in a republic. The Government alone could not make
the constitution work nor could it on its own initiative do very much
to effect the reforms which are needed, but with freedom of speech,
press and assembly, with properly carried out elections, the people
can by democratic processes bring about the reforms which many
within the Government itself are anxious to see effected. Under
these conditions American aid could help in this time of emergency
both by inspiring new hopes and by supplying technical advices and
certain forms of material assistance. The American Government
and people want precisely what most Chinese desire for their
country—unity, peace, economic recovery, and a truly democratic
government—and this combination hold out hopes if heartily unter-
taken by all concerned. In response to an inquiry as to when and
how American aid would be given: I replied that the Department of
State was busy now in preparing a program to be presented to Congress
next month, there was a good deal of sympathy for China throughout
the country, and a program that seemed to insure that any money given
would be used for the purposes intended had a good chance of being
approved by Congress but it was too early now to say anything more
definite."

Repeated Nanking as 537.

CLUBB

893.00B/12-3047 : Telegram

The Ambassador in China (Stuart) to the Secretary of State

NANKING, December 30, 1947—3 p. m.
[Received December 30—2:41 p. m.]

Following is substance of Changchun's 454, December 22 to Em-
bassy: Generally serious position Government forces Manchuria have
[has?] increased rumors Government contemplating abandon Chang-
chun and Kirin. To date no concrete evidence to support these rumors
and Commanding General and Chief of Staff New First Army make
categorical denial.

Changchun defense reorganized with formation New Seventh Army
consisting New First Army, 38th Division and two Peace Preservation
Corps divisions. 38th Division up to strength equipped completely
over-age US material. PPC divisions one-third of authorized
strength equipped with miscellaneous Chinese, Japanese, US material.
Total available strength approximately 25,000 men. Government
plans re Kirin not ascertained. Impression is Government plans hold
city as long as possible, if necessary sacrificing poor troops there but
not at price sending aid from Changchun. Believe Kirin will fall
when Communists able make determined attack especially in winter
months. Air support deemed essential to attempt defend city but it is
believed air support no longer available and such force as could be
assembled no longer a reliable factor.
Army morale Changchun low, not paid past 2 months due reorganization confusion, lack of air transport for bank notes, and possible malfeasance high circles delaying funds for speculative use. Usually extreme cold reputed to have swollen casualty lists to 30 percent effectives. Unit commanders Changchun reputed to have refused send troops clear up Changchun–Kirwin railway in spite of light Communist resistance on grounds troops unable withstand cold weather.

Economic crisis Changchun increasing daily but as yet no breaks in civilian discipline. Small amount barter trade with Communist area permitted by both sides. Army competing for food and fuel on market. No electricity except for few grain mills and almost no city water past 6 weeks.

In general situation reduced to one of survival. Communists can offer to reopen communications with countryside thus bringing in food and fuel. There is increasing percentage population hoping for arrival Communists to end that economic crisis be alleviated.

Apparent decision Nationalists hold Kirin–Changchun for present perhaps based three assumptions: (1) Mukden area can be maintained with troops presently being assigned that purpose (remains to be seen whether Communists yet able take Nationalist strongholds or willing make sacrifices necessary do so), (2) while Kirin and Changchun now doubtful assets to Communists, Nationalist hold Kirin hampers Communist north–south movement that area of north–south railway and Changchun–Ssuming east–west movement, (3) in spite serious Nationalist military position North China and Manchuria, hopes of successful spring offensive, if only limited in scale and which alone can gain time for Nationalists in Manchuria, apparently still held some quarters, and Changchun–Kirin being held as future springboards. This would appear unsound under present conditions, especially in view continued psychological inability Nationalists make aggressive use still respectable forces their command and inability inspire enthusiasm and loyalty in native troops. These failings plus geographical nature Nationalist position Manchuria have tended make Communists look stronger than they are.

Present Government strategy seems hold Changchun–Kirin maximum time with minimum forces. Troop withdrawals from Changchun have changed relatively secure position during November to precarious one if Communists attack in force. Entirely possible, however; city will hold out against one attack if at least some air support available. Fall of Mukden, improbable at this time, would of course render position Changchun–Kirin hopeless.

Stuart
The Ambassador in China (Stuart) to the Secretary of State

NANKING, December 30, 1947—5 p. m.
[Received 11:30 p. m.]

2469. Consuls Changchun, Mukden, Tientsin, Peiping, Tsin-tao, Hankow and Shanghai have been instructed discreetly to advise withdrawal Americans from interior points north of Yangtze River and east of Sian (reEmbtel 2443, December 23, Deptel 1564 and 1568 December 24*).

Foreign Office has been informed that this action is being taken as precautionary measure because of existing state communication facilities north China and Manchuria with a view to reducing insofar as possible the complexity of any future evacuation problem if need arise. Dr. Wang informs us that he has definite understanding with Minister National Defense that he will be promptly informed of danger to any large center where foreigners reside. In this connection he said he had positive assurances Mukden would be held.

STUART

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The Ambassador in China (Stuart) to the Secretary of State

NANKING, December 31, 1947—1 p. m.
[Received December 31—8:27 a. m.]

2472. We desire call attention of Department of Peiping Contel 533, December 26* and express full concurrence with its contents. We would further point out that increasing tempo and scale Communist military operations of past week in Yangtze Valley, particularly in Hupeh Province, evidences failure of Government forces to contain large-scale hostilities in area north of Yellow River and ability Communists build up sufficient strength interdict Yangtze shipping east and west Hankow. This development further contributes to Government's lack of capability reinforce its armies in north China from Yangtze garrisons with resultant decimation and attrition its forces north of Yellow River. Also believe strong possibility Communists able permanently interdict Yangtze shipping above Hankow with resultant denial vital Szechwan rice stocks to Government garrisons central China.

STUART

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*Telegrams Nos. 2443 and 1568 not printed.

* Sent to the Department as telegram No. 401, December 26, 5 p. m., p. 417.