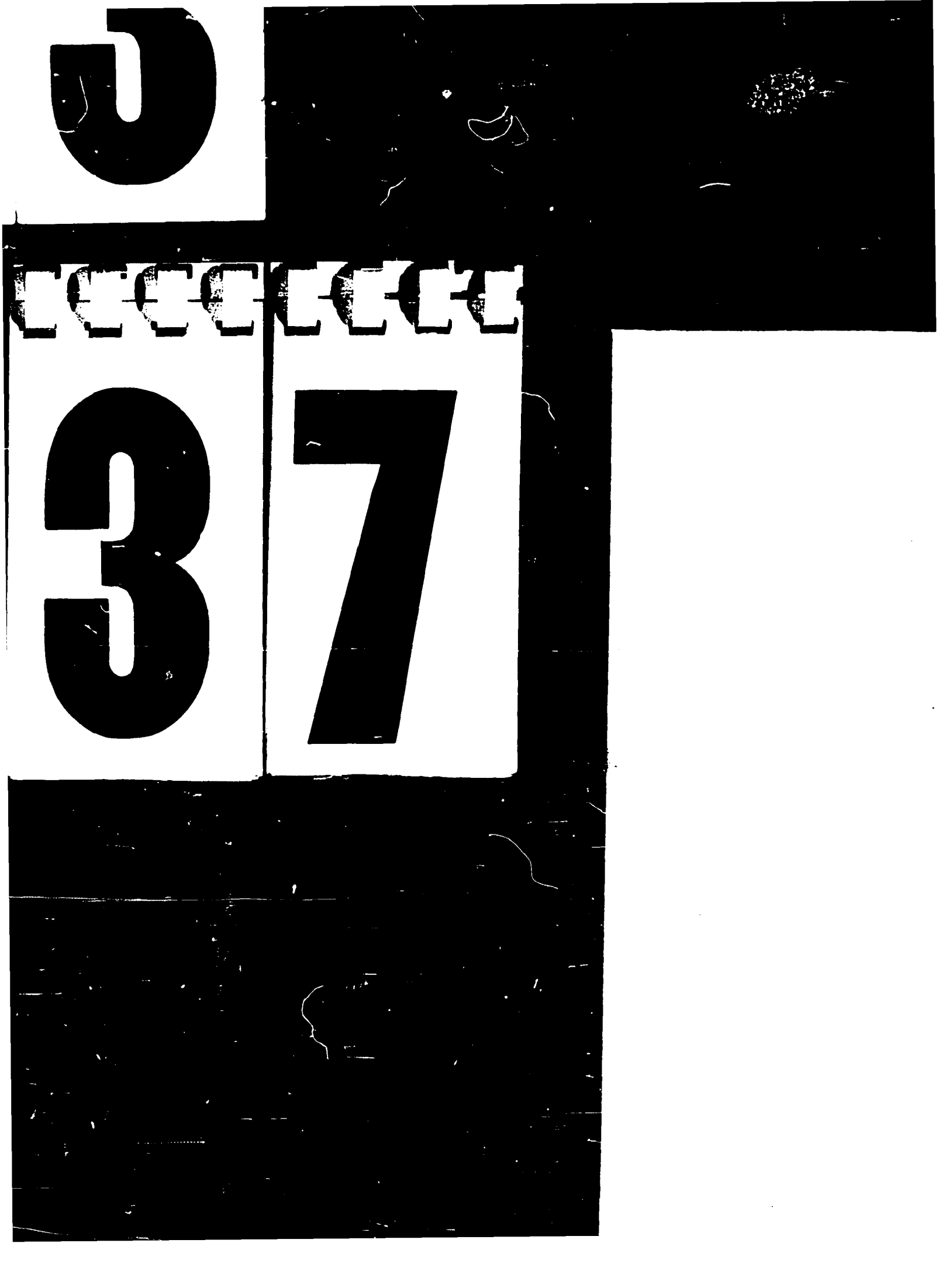
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THE MARSHALL MISSION: ITS IMPACT UPON AMERICAN FOREIGN POLICY TOWARD CHINA, 1945-1949

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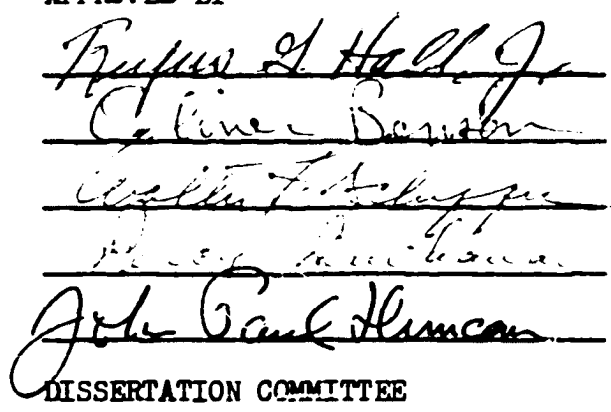

DISSERTATION COMMITTEE

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CHAPTER I

INTRODUCTION

Traditional Policy of the United States

The traditional policy of the United States toward China was based on two principles--the equality of commercial opportunity in China and the preservation of the territorial and administrative integrity of China. These basic essentials of the American course of action were developed between the years 1844-1900. As events of the twentieth century frequently required a clarification of these two principles, the policy of the United States toward China must first be considered in the light of circumstances confronting these two nations at the time of the policy's origin. This introductory section, therefore, will be partially devoted to brief examinations of: (1) two problems confronting China during the nineteenth century, and (2) the creation of American policy toward China during the same century in the light of actions of American citizens in China and the relations of foreign powers with China. The remaining prefatory pages will trace the development of United States policy toward China from 1900 to 1941.

One of China's old and deep-rooted problems was its internal political weakness. The Chinese Empire was neither strong nor unified nationally.

China's national political weakness was indicated by the citizens' rejection of loyalty to the state while accepting individual loyalty to the Manchu Emperor. The growth of national political unity was further retarded by the Emperor's pursuit of his functions on a universal rather than on a national level. In addition, strong and ambitious warlords promoted regional unity. The development of nationalism was also impeded by the low standards of living, lingual difficulties, and the emphasis on filial obedience.

Another problem confronting China during the nineteenth century was the international rivalries for influence in China. Chinese disunity made it impossible to prevent the granting of concessions demanded by the foreign powers. These demands took the form of spheres of influence, leaseholds, foreign settlements, equality of commercial opportunity, and extraterritorial rights. Nevertheless, the Chinese resisted by trying to absorb the invaders, accepting some of the aggressors' methods and rejecting their values, xenophobia, occasional rebellions, and war.

The initial interests of Americans in China were confined to the activities of American merchants and missionaries. American commercial interests sought the equality of trading rights in China with their non-Chinese competitors. Toward the end of the nineteenth century, however, American traders realized that their claims for equality of trading rights were jeopardized by foreign demands of China for spheres of influence, demands that might lead to war. The consequences of war among the Great Powers and between the Great Powers and China might be a loss of trading rights. Therefore, the Americans strongly opposed the division of China into spheres of interest. The missionary element supported the American entrepreneurs on the basis that peaceful conditions were best suited to

their Christian and humanitarian objectives.

The formation of traditional American policy toward China was influenced by the interests of American merchants and missionaries. Policy-making officials also took cognizance of China's internal political weakness and of the demands made of China by foreign powers. Creation of United States policy was influenced to a great extent by actions of the British and the French. The United States had a weak navy and had no naval bases in Asiatic waters until 1898. It was, therefore, to the advantage of the American Republic to let Great Britain and France pressure China to open Chinese ports to British and French nationals. Although the American Government did not use armed force against China, the United States did take advantage of coercive measures against China by Great Britain in the Opium War and by Great Britain and France in 1858 to form the foundations of its (American) policy toward the Chinese Empire.

One of the historic principles of that policy--the equality of commercial opportunity--was provided for by the most-favored-nation clauses in the Treaty of Wanghia on July 3, 1844, and the Treaty of Tientsin on June 18, 1858.[1] The United States laid down a second essential of its policy in 1899 to forestall the division of China into spheres of interest by the Great Powers. Secretary of State John Hay sent a note to the British Government, and other states, which stipulated that his government would "in no way commit itself to a recognition of exclusive rights of any power within or control over any portion of the Chinese Empire." He further urged

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[1]Taken from extracts of these treaties found in U. S., Department of State, United States Relations with China: with Special Reference to the Period 1944-1949, Department of State Publication 3573, Far Eastern Series 30 (Washington: U. S. Government Printing Office, 1949), Annexes 1 and 2, p. 413. Cited hereafter as State Department, U. S. Relations with China.

the British not to interfere "with any treaty port or any vested interest within any so-called 'sphere of interest' or leased territory," and to permit the Chinese Government to collect tariff duties in Britain's sphere. The Secretary pressed Britain to seek no preferential tariffs, harbor dues, or railroad freight rates for its citizens in the British sphere of interest.[2]

The opportunity to add to the Open Door policy was provided by the Boxer Rebellion in 1900. This anti-foreign, anti-Christian uprising in China had resulted in a joint expeditionary force of twelve nations to relieve the legations in Peking. The United States Government, a participant in the expedition, feared that the other nations might make additional demands upon China, and Secretary Hay sent identical notes to the intervening powers on July 3, 1900. Though protection for American economic rights was again supported, the preservation of "Chinese territorial and administrative entity" was advanced for the first time as a part of United States policy.[3]

Subsequent actions of the United States have rested on these two principles of the equality of commercial opportunity in China and the preservation of Chinese territorial and administrative entity. Later clarifications came in the form of diplomatic notes, ministerial agreements, and treaties. For example, Russia sought "exclusive mining or railway privileges and commercial monopolies" in Manchuria. The State Department reminded the Russian Government and the other Powers on February 1, 1902,

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[2]Ibid., Annex 4, pp. 414-16. Similar notes were sent to the governments of France, Germany, Italy, Russia and Japan.

[3]Ibid., Annex 5, pp. 416-17. Notes were sent to Germany, France, Great Britain, Italy, Russia, Austria, Belgium, Spain, Japan, The Netherlands and Portugal.

that the granting of such privileges and monopolies would violate the Open Door doctrine.[4] An interpretation of 1914 was that World War I should not be used as a pretext for spreading the hostilities to Chinese territory.

It was, however, in relation to Japan's hegemony in the Far East that the need for continuous clarification of American policy became evident. Events indicated that the United States would have to make adjustments in its policy or openly resist aggressive Japanese measures in Korea, Manchuria, and China proper. The Korean issue was resolved by the Taft-Katsura Memorandum of July, 1905.[5] By the terms of this agreement Japan stated that it had no aggressive intentions toward the Philippine Islands, and the United States assented to Japan's claim for "suzerainty" over Korea.

The Japanese demand for, and attainment of, dominion over Korea was a violation of the Open Door concept as extended to areas other than China. However, Japan accepted the Open Door policy, as applied to China, as late as November 30, 1908, when the United States and Japan negotiated the Root-Takahira Agreement. In this instance, the Japanese Government agreed to support the principles "of equal opportunity for commerce and industry in China" and "the independence and integrity of China."[6] This concord was jeopardized in 1915 when Japan made demands of China which, if accepted, would have endangered the sovereignty of China. Secretary of State William Jennings Bryan reminded the Japanese Government on March 13,

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[4] Ibid., p. 3.

[5] The text of the Taft-Katsura Memorandum is published in Tyler Dennett, Roosevelt and the Russo-Japanese War: A Critical Study of American Policy in Eastern Asia in 1902-05, Based Primarily upon the Private Papers of Theodore Roosevelt (New York: Doubleday, Page and Co., 1925), pp. 112-14.

[6] Text of Agreement. Ibid., Annex 9, pp. 427-28.

1915, that the Twenty-One Demands by Japan would imperil the independence, integrity, and commercial freedom of China. Secretary Bryan stated in another note on May 11, 1915, that the United States could not recognize any agreement between Japan and China which was not in accord with his earlier correspondence. Bryan modified the policy of the United States, however, when he admitted that "territorial contiguity" created "special relations" between Japan and Shantung, South Manchuria, and East Mongolia.[7] Secretary of State Robert Lansing acknowledged his predecessor's view in the Lansing-Ishii Agreement with Japan on November 2, 1917. This document provided that "territorial propinquity creates special relations between countries, and, . . . the Government of the United States recognizes that Japan has special interests in China, particularly in the part to which her possessions are contiguous."[8] Although it may be held that the United States had made its position clear, it should be remembered that neither Secretary Bryan nor Secretary Lansing expressly defined the "special relations" which "territorial contiguity" and "territorial propinquity" created between countries. The uncertainty created by these phrases was dispelled in 1922. For in this year, for the first time, the two principles of the policy of the United States were incorporated in treaty form [The Nine-Power Treaty] and signed by the representatives of eight national states, including Japan.[9]

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[7]Secretary Bryan's communications are found in Ibid., Annexes 11 and 12, pp. 430-37.

[8]Text of Agreement. Ibid., Annex 13, pp. 437-38.

[9]Text of Treaty is found in Ibid., Annex 14, pp. 438-42. The signatories of the Nine-Power Treaty, in addition to the United States and Japan, were Belgium, the British Empire, China, France, Italy, The Netherlands, and Portugal.

Beginning in 1931 and continuing at an increased pace after 1937, the policy of the United States toward China became primarily a reaction to Japanese measures. The State Department asserted that the Japanese invasion of Manchuria on September 19, 1931, was a violation of Japan's treaty obligations under the Nine-Power Treaty and the Kellogg-Briand Pact.[10] When it became evident that Japan did not intend to withdraw her troops from Manchuria, Secretary of State Stimson proclaimed the doctrine of non-recognition in notes to Japan and China on January 7, 1932. The Secretary held that the American Government:

> . . . cannot admit the legality of any situation de facto nor does it intend to recognize any treaty or agreements entered into between those Governments, . . . which may impair the treaty rights of the

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[10]Secretary of State Stimson indicated to the Secretariat of the League of Nations as early as Sept. 21 that the United States was studying the military action in Manchuria to determine whether Japan had violated provisions of the Nine-Power Treaty and the Kellogg-Briand Pact. On Nov. 19 he told the Japanese Ambassador to the United States that the Japanese army was violating the terms of these two treaties. The view of the State Department was that the Japanese military had acted without the support of civil government authorities, and that the United States should encourage the Japanese government "to solve the problem of controlling the Japanese army." Henry L. Stimson, The Far Eastern Crisis: Recollections and Observations (3rd ed.; New York: Harper and Bros. Publishers, 1936), pp. 31-84. The United States did not rely altogether upon unilateral action, but there has been substantial controversy over whether the United States supported the League of Nations to the extent that it should have. For example, G. Bernard Noble [Chief of the Division of Historical Policy Research, Office of Public Affairs, Department of State] contended that the advance of Japanese forces could have been stopped only by the "drastic and rapid action" of the League "in cooperation with the United States." The United States, he noted, was unwilling to use the "threat of force . . . . to defend a system of rights in China which we had come to regard as a vital aspect of American policy." Further, the American Government originally objected to the sending of an "on-the-spot fact-finding commission" to Manchuria by the League. The American Republic, although not a member of the League of Nations, did appoint a representative to the League's Lytton Commission, but Noble dismissed the mission as an investigation of a situation "some months after the conquest had become a fait accompli." U. S., Department of State, "American Policy in the Far East," Bulletin, XV, No. 387 (Washington: U. S. Government Printing Office, Dec. 1, 1946), 979-80.

> United States or its citizens in China, including those which relate to the sovereignty, the independence, or the territorial and administrative integrity of the Republic of China, . . . or . . . the open door policy . . . .[11]

The pattern, however, remained relatively unchanged: Japanese agression, covert and open, and American protests. The Secretary of State, Cordell Hull, urged that "governments and peoples must keep faith in principles and pledges . . . [that] there must be agreements and respect for agreements in order that there may be the confidence and stability and sense of security which are essential to orderly life and progress."[12] This plea for the support of world public opinion of the American course and for rejection of that of Japan did not deter the Japanese. Moral disapproval, even though based on international law, was no more respected by Japan when voiced by the United States than it had been when supported by the League of Nations in 1931. Secretary Hull on July 16, 1937, reemphasized the seriousness of Japanese actions in China after the clash at Marco Polo Bridge on July 7, 1937, signalled the beginning of an undeclared war between the two Oriental countries. President Franklin D. Roosevelt spoke out forcefully on October 5, 1937, in his famous "quarantine" speech. Noting the "threatening breakdown of international order and law," the President left no doubt that "the epidemic of world lawlessness" would spread just as an "epidemic of physical disease," unless those "who want to live in peace under law . . . find a way to make their will prevail."[13]

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[11]State Department, U. S. Relations with China, Annex 17, pp. 440-41.

[12]Statement to the Press on Dec. 5, 1935. The Memoirs of Cordell Hull (New York: The Macmillan Co., 1948), I, 446.

[13]Ibid., p. 545. On the day following the President's speech, Secretary Hull released a statement to the press declaring that Japanese actions in China violated the Nine-Power Treaty of 1922 and the Kellogg-Briand Pact of Aug. 27, 1928. A copy of this press release is found in State Department, U. S. Relations with China, Annex 20, p. 452.

It was at this instance, however, when the United States Government encountered opposition on another front. The isolationist element at home voiced strong opposition to the idea of international cooperation as the method to be used in quarantining aggressors. This reaction, Secretary Hull recalled, "had the effect of setting back for at least six months our constant educational campaign intended to create and strengthen public opinion toward international cooperation." This appearance of a divided nation also had its impact on the world scene. Japanese actions became bolder, and the European democracies wondered "if we could ever be with them in more than words."[14]

Nevertheless, the United States continued to protest Japanese transgressions of the Open Door policy and of China's administrative and territorial integrity. Japan publicly refuted the premise on which the record was written, however, when its Foreign Minister informed the American Ambassador, Joseph C. Grew, that earlier concepts and principles were not applicable to the current conditions in East Asia. The only basis for a lasting peace in that area, the Foreign Minister contended, was the "establishment of a new order" by Japan.[15] Ambassador Grew sternly denied Japanese objectives in a note to that government's Foreign Minister on December 30, 1938. Japanese authorities, the memorandum stated, could not unilaterally abrogate treaty rights of the United States and its citizens in China. Nor, it continued, was there any "need or warrant for any one Power to take upon itself to prescribe what shall be the terms and

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[14]Hull, pp. 545-46.

[15]For the text of this Japanese note of November 18, 1938, see State Department, U. S. Relations with China, Annex 22, pp. 456-59.

conditions of a 'new order'" in China.[16] Less than two years later the Japanese established a puppet government in Nanking under Wang Ching-wei, and the United States refused to recognize it.[17] Japan had thus acted on its concept of the "new order," and the United States honored its policy of long standing by rejecting the legitimacy of the Japanese action.

It is wise to remember at this point, however, that United States policy did not altogether consist of diplomatic protests to Japan. Nor was the approach to Japanese policy toward China as indirect as the foregoing might imply. Financial and military support were extended to China, beginning in 1936.

Financially, the United States entered into several agreements with China in order to improve the monetary and financial cooperation of the two governments and to stabilize the rate of exchange. In arrangements of July 14, 1937, and April 1, 1941, the United States "agreed to purchase Chinese yuan up to an amount equivalent to fifty million dollars," although the 1941 agreement did not require such purchases to be completely collateralized by gold. The President also placed the assets of China and Japan in the United States under the supervision of the Treasury Department.[18] In addition, credits totaling $18,900,000 were authorized by the Export-Import Bank in 1936 and 1937,[19] and four additional credits

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[16]Text of Grew's note. Ibid., Annex 23, pp. 460-62.

[17]The United States had recognized the Chinese Republic on May 2, 1913, following the revolt against the Manchu dynasty, and was now supporting the National Government of the Republic of China under Generalissimo Chiang Kai-shek which it (United States) had recognized on July 25, 1928. Ibid., pp. 11-12.

[18]Ibid., p. 31. The action of the President with reference to China was taken upon the request of Generalissimo Chiang Kai-shek on the assumption that the foreign trade and exchange position of the Chinese Government would be strengthened.

[19]Ibid., p. 32.

aggregating $120,000,000 were granted by the Bank in 1938 and 1940 to purchase industrial and agricultural products and services of the United States.[20]

Militarily, permission was granted to American pilots to fight for China, and in October, 1941, Chinese began arriving in the United States to be trained as pilots and mechanics on the basis of a recommendation by the American Air Mission sent to China in May, 1941.[21] The "moral embargo" on the shipment of airplanes and airplane parts that had been in effect since the middle of 1938 was extended to such items as oil, scrap iron, machinery and machinery tools after January 26, 1940.[22] Material support was authorized when China was made eligible for lend-lease aid on May 6, 1941. The first year's shipments and services were allocated primarily to improving the Burma Road as an artery for getting goods into China and to provide the means of conveyance.[23]

But neither financial and military aid nor diplomatic support or protests stopped the Japanese at this time. Under the cloak of feigned cooperation the Japanese Ambassador Kichisaburo Nomura, later joined by

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[20] Ibid., Annex 185, p. 1044. The Credits were advanced on Dec. 13, 1938 [$25,000,000], Mar. 7, 1940 [$20,000,000], Oct. 17, 1940 [$25,000,000], and Nov. 30, 1940 [$50,000,000]. Of the grand total, approximately $3,000,000 went unspent.

[21] Ibid., pp. 28-29. The American pilots in China were known as the American Volunteer Group, or "Flying Tigers," and were commanded by Major General Claire L. Chennault. The Group became a unit of China's armed forces on Aug. 1, 1941, and was disbanded in July, 1942, upon incorporation into the United States Tenth Air Force.

[22] Ibid., p. 24. This action followed U. S. notification of Japan on July 26, 1939, that it wished to terminate the Treaty of Commerce and Navigation which representatives of the two countries had signed on Feb. 21, 1911.

[23] Ibid., pp. 26-27. China's eligibility was based on U. S. Congress, An Act to Promote the Defense of the United States, Public Law 11, 77th Cong., 1st Sess., 1941. Cited hereafter as U. S., Cong., Lend-Lease Act, 1941.

Ambassador Saburo Kurusu, and Secretary of State Cordell Hull held numerous conferences to seek a modus vivendi.[24] The United States continued to press Japan for observance of the policy as referred to above, and specifically called upon Japan to withdraw its forces from China and to support militarily, politically, and economically the National Government of the Republic of China. The Japanese refused and made their last proposals on November 20, 1941. The United States reciprocated on November 26 and held fast to its earlier propositions.[25] Although, as Secretary Hull has stated, the United States had "threatened no one, invaded no one, and surrounded no one," and its "peaceful and friendly processes" indicated no "desire to extend frontiers or assume hegemony," these negotiations were terminated by the Japanese attack on Pearl Harbor on December 7, 1941.[26] United States policy now had to be made in relation to a world-wide war.

Relations between Chinese Nationalists and Chinese Communists, 1921-1944

The events of the years 1911-1949 reveal very clearly the internal weakness of China. From the revolution in 1911 to overthrow the Manchu dynasty until the fall of the Republic of China in 1949, her peoples saw attempts by four different groups to become their master.[27] These four--

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[24]Hull noted that "some forty to fifty" conversations were held between Mar. 8 and Dec. 7, 1941. Hull, II, 988.

[25]The text of the U. S. proposal for an agreement is published in State Department, U. S. Relations with China, Annex 25, pp. 464-66.

[26]Hull, II, 983-84.

[27]F. F. Liu, an officer in the Chinese Nationalist forces during World War II, stated that "From 1911 to 1928 she (China) was in the hands of the militarists. From 1929 to 1938 she went through a period of militant nationalism." A Military History of Modern China, 1924-1949 (Princeton: Princeton University Press, 1956), p. 273.

numerous warlords, the Kuomintang, the Chinese Communists, and the Japanese Empire--had at least one thing in common--forceful methods, supported by armed might whenever necessary.

One of China's native sons saw these years as the culmination of a period of transition which lasted over a century. But he was not happy over what he saw. He felt that in the latter half of the nineteenth century China accepted Western methods, that is, weapons, "from feelings of inferiority and weakness," and "developed a reaction both anti-traditional and militaristic." In seeking weapons China thus invested in war rather than "in peace or culture." China to him began to change, and traditional China had fallen, "not to Westerners, but to Chinese warlords."[28]

Revolt, however, had been long recognized in China as "a correct response to bad rule," an accepted way to acquire and maintain what the Chinese call the Mandate of Heaven.[29] Relying on tradition, and after the militarists under Yuan Shih-kai had lost out, Sun Yat-sen acquired the mantle of leadership. It was a fitting tribute because Sun had founded the movement which led to the overthrow of the Manchu dynasty. This organization, the Tung Meng Hui revolutionary society, was formed in 1905, and later under the title of Kuomintang [National People's Party] served as the governing force in the Republic of China. Sun also formulated the ideological basis for the revolution which the Tung Meng Hui was to work for. Generalissimo Chiang Kai-shek maintains that Sun always held that the Kuomintang was organized to save the nation, and that the interests

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[28]Ibid., pp. 271-73.

[29]W. W. Rostow and Others, The Prospects for Communist China (Cambridge and New York: The Technology Press of Massachusetts Institute of Technology and John Wiley Sons, Inc., 1954), p. 20.

of the nation must be served before those of the Party.[30]

Sun Yat-sen told his followers that the nation could not be saved simply by overthrowing the Manchus and by relying completely on Chinese tradition. The revolutionary process would have to make a new China, mixing the best of Chinese tradition with the best Western thought and mechanics. The transition, he noted, would consist of three stages: (1) military rule leading to unification, (2) political tutelage by the Kuomintang to educate the people in the use of their political rights,[31] and (3) constitutional government.

The program for the realization of Sun's political ideology was set forth in a series of lectures which he delivered in 1924, collectively entitled San Min Chu-I [The Three Principles of the People].[32] The Three Principles included: (1) Min-ch'uan, or "people's democracy," in which the people would be trained in the exercise of the rights of election, recall, initiative, and referendum to control the government when the third stage of the revolution was entered, (2) Min-sheng, or "people's livelihood," Sun's approach to the economic revolution which provided for economic development and economic justice through a system of tax and land reforms

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[30]Chinese Ministry of Information (comp.), The Collected Wartime Messages of Generalissimo Chiang Kai-shek, 1937-1945 (New York: The John Day Co., 1946), II, 805.

[31]Rostow noted that this principle of elitism was also recognized in Confucian tradition. Rostow and Others, p. 10. Ch'ien Tuan-sheng, in commenting upon Sun Yat-sen's intentions stated that Sun "planned to use enough military force to put . . . the Kuomintang in power," but that his main reliance was upon a party dictatorship rather than a military one until the third stage of the revolution was reached. The Government and Politics of China (Cambridge: Harvard University Press, 1950), p. xiv.

[32]Summaries of these lectures are found in Chinese Ministry of Information (comp.), China Handbook, 1937-1943 (New York: The Macmillan Co., 1943), pp. 67-83.

and adequate distribution of food, and (3) Min-tsu, or "people's nationalism," a dual concept advocating racial nationalism and the elimination of foreign concessions.

Complete political control by the Kuomintang was delayed, however, by conditions in China following the revolution begun in 1911. Sun Yat-sen had been unable to unify China because of the resistance of rebellious warlords and had received unfavorable replies to requests for aid from all countries except the Soviet Union. After negotiations between Sun and Adolph Joffe, representing the Soviet Union and the Communist International, a statement was released in January, 1923 in which Joffe committed Russia to the support of Sun's efforts to develop a unified and independent China. Both principals also agreed that conditions suitable for the establishment of communism did not exist.[33] Following these meetings, the Soviet Union sent Michael Borodin to China in September, 1923, and Chiang Kai-shek was sent to Moscow in October to continue the negotiations. Further exchanges brought a small group of Russian military advisers to China under the leadership of General Galens [Vasily K. Bluecher] with the declared purpose of unifying the country by eliminating competing warlords.[34] Borodin became adviser to the Kuomintang and reorganized it to provide control by the central headquarters. An agreement was also reached to permit Chinese Communists[35] to join the Kuomintang if they would submit to its

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[33]Chinese Ministry of Information (comp.), China Handbook, 1937-1945 (rev. and enl. with 1946 Supplement; New York: The Macmillan Co., 1947), p. 66.

[34]Liu, pp. 4-5.

[35]Although Communist groups began to form in China as early as 1919, it was not until May, 1921, that Chen Tu-hsiu organized the party as a branch of the Third International. Carsun Chang, prominent in Chinese political circles, says that Mao Tse-tung was present at the organization

discipline.[36] However, the fact that the Communists joined as individuals and not on a party basis, made it possible to perpetuate the Communist organization in China.[37]

This arrangement of January, 1924, or as Chester Bowles called it, a "marriage of convenience,"[38] made it possible for the Kuomintang and Communists to organize and operate at that time with a minimum of conflicts. From a historical vantage point, however, Carsun Chang observed that Sun Yat-sen made a mistake in permitting the Chinese Communist Party to retain its identity and its freedom of action. Its later role in Chinese politics was, to Chang, directly traceable to the political status granted to it by Sun in 1924.[39]

With the death of Sun Yat-sen in March, 1925, the task of completing the unfinished revolution devolved upon Chiang Kai-shek.[40] At Sun's

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meeting and that Chou En-lai and Li Li-san were among the Chinese students studying in Paris who formed Communist groups there. The Third Force in China (New York: Bookman Associates, 1952), p. 71.

[36]See statement of Li Ta-chao in Chinese Ministry of Information (comp.), China Handbook, 1937-1945, p. 66.

[37]Rostow and others, p. 21. The authors contended that the willingness of the Communists to accept a subordinate position was probably due to the feeling that the young and as yet weak Communist movement could best serve its purposes by preparing itself to seize power at a more appropriate moment. Carsun Chang noted that the Communists bided their time by working "as commissars in the Army and as leaders in the central and local party headquarters," while working "under the protection of the Kuomintang." Carsun Chang, p. 72.

[38]The New Dimensions of Peace (New York: Harpers and Bros., 1955), p. 94.

[39]Carsun Chang, pp. 64-69. The author absolved Sun, however, of subservience to Marxism, stating that he advised Kuomintang members against following Marxist doctrine; criticized the materialist conception of history; and opposed the class struggle concept and the surplus value theory of profit.

[40]Chiang was the director of Whampoa Military Academy which had been established in cooperation with Russian support. He had been

death the political relationship between the Kuomintang and the Communists remained intact. Sun also left a blueprint, the San Min Chu-I, to guide his successor. But Sun also left behind a China that had not been territorially united.

Seeking to unify the country, Generalissimo Chiang Kai-shek undertook the Northern Expedition in 1926 to destroy the still rebellious northern warlords. Opposition by the Soviet advisers to the campaign, though unsuccessful, developed on the ground that it was first necessary to "consolidate the Kuomintang administration in Kwangtung" [Province].[41] The military campaign produced many early victories despite open and subversive undermining of Kuomintang revolutionary purposes by the Soviet advisers and their Chinese collaborators. Obstructions encountered by Chiang were of a political and military nature.[42] Torn by division within its ranks, the Kuomintang lost control of its national capital of Hankow to the left wing of the party which was supported by the Communists. The Communists' success was transitory, however, as Chiang Kai-shek, supported by Li Tsung-jen and Feng Yu-hsiang, established a rival government at

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designated commanding general of the Kuomintang Party's Army by the Central Executive Committee of the Kuomintang on May 13, 1925. Liu, pp. 7, 16.

[41] Ibid., pp. 22, 29. According to Liu, the real reason for the opposition of the Soviet advisers to the Expedition was their need "to repair rifts in their own ranks caused by the Mar. 20, 1926, coup" in which Chiang arrested several Communist commissars, including some Russian advisers at Whampoa Military Academy.

[42] Some specific examples, according to F. F. Liu, were attempts of the Communists: (1) to get the Kuomintang military leaders to desert to their side, (2) to weaken Chiang's control by getting more authority placed in committees "which would be weaker than Chiang and from which they could more easily wrest power than they could from Chiang," (3) to maintain supervision of the military by political commissars; and (4) to create unrest through strikes and insurrections. Ibid., pp. 35-44.

Nanking in April, 1927, and purged the Communists in Shanghai, Canton, and Hankow. Borodin, the Soviet adviser, was forced to leave China in 1927, and the collaboration of the Kuomintang, the Soviets, and the Chinese Communists was ended.[43]

The future of the Chinese Communist Party at this time did not look promising. Chen Tu-hsiu, the founder of the Party, had failed in his attempt to collaborate with the Kuomintang while building an independent Communist movement, and he was replaced by Chu Chiu-pai in 1927. The Communists resorted to strikes and insurrectional movements in 1927 and to the development of a solid urban core under the leadership of Li Li-san in 1928 in opposing the National Government. Neither Chu Chiu-pai nor Li Li-san had much success, however.[44] Meanwhile, Mao Tse-tung deviated from the orthodox Communist reliance on the proletariat and urban organization and concentrated on the peasant and rural organization. His plan of 1928 to secure Communist domination of China was: (1) to establish a strong base among the peasant masses through a program of land reform, (2) to organize a strong party along the lines prescribed by Lenin, (3) to develop a strong army, and (4) to get control of a "strategically located territorial base"

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[43]State Department, U. S. Relations with China, pp. 43-44. Paul M. A. Linebarger, in writing of the collaboration attempt, contended that the Communist leaders "unwittingly made a tremendous mistake between 1922 and 1927." By agreeing to permit their military and political staffs to cooperate with the Kuomintang, by teaching Chiang their methods of warfare while he was in Moscow in 1923, including "Communist psychological warfare techniques," and because of their own "Communist sense of certainty," Linebarger argued that the Kuomintang outsmarted the Communists at their own game. Psychological Warfare (2d ed.; Washington: Combat Forces Press, 1954), p. 75.

[44]Rostow and Others, pp. 24-25. Official leaders of the Chinese Communist Party following Chu Chiu-pai and before Mao Tse-tung assumed control in Jan., 1935, a period of less than seven years duration, were Li Li-san, Wang Ming, Po Ku, and Chang Wen-ten.

which was self-sufficient.[45] As history has proved, Mao's alternative proved more successful than those of either Chen Tu-hsiu, Chu Chiu-pai, or Li Li-san.

This program outlined by Mao Tse-Tung was, of course, in direct opposition to that of Chiang Kai-shek and the Kuomintang, and their divergent views were never completely reconciled. The future reactions of the forces under Chiang and Mao varied from protracted civil wars to pledged mutual support of a common effort against a common enemy.[46]

Mao increased his efforts in 1928 to accomplish the plan set forth above by combining his forces in South Kiangsi with those of the Chinese Communist militarist, Chu Teh, in Hunan.[47] The combined Communist force, however, was no match for the Nationalist Army of Chiang Kai-shek which

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[45]Benjamin I. Schwartz, Chinese Communism and the Rise of Mao (Cambridge: Harvard University Press, 1951), n. 10, pp. 189-90. As one work has suggested, " . . . the problem of the Comintern and the CCP [Chinese Communist Party] in the early 1920s was not, How can we start a revolution in China? but rather, How can we capture and control the leadership of the great revolution which is already so plainly under way?" It appears that Mao had correctly assessed this problem. Conrad Brandt, Benjamin I. Schwartz, and John K. Fairbank, A Documentary History of Chinese Communism (Cambridge: Harvard University Press, 1952), p. 471.

[46]The study of relations between the Chinese Communists and the Kuomintang and National Government have been divided into the following phases by one source: (1) the first united front, 1923-27, (2) the first civil war, 1927-37, (3) the second united front, 1937-46, and (4) the second civil war, 1946--. U. S., Congress, House, Subcommittee No. 5 of Committee on Foreign Affairs, The Strategy and Tactics of World Communism, Supplement III, Country Studies: C, Communism in China, 81st Cong., 1st Sess., 1948, House Doc. 154, p. iii. Cited hereafter as House Subcommittee on Foreign Affairs, The Strategy and Tactics of World Communism, House Doc. 154. The State Department divided the periods into the years, 1924-27, 1927-36, 1937-44, and 1945-49. State Department, U. S. Relations with China, passim.

[47]The combined forces numbered approximately 10,000-11,000. Rostow and Others, p. 27. House Subcommittee on Foreign Affairs, The Strategy and Tactics of World Communism, House Doc. 154, p. 12.

initiated a campaign in December, 1930, to destroy all Communist influence. In 1934-35 the Communists were forced to migrate six thousand miles to Shensi Province in North China. Chester Bowles, in describing the "Long March," stated that only twenty thousand of the initial force of 100,000 survived the "famine and epidemics, ambushes and battles without number." More significant for our purposes here, however, Bowles hinted of things to come in these words:

> Between battles, the Communists had called mass meetings in every occupied town (they temporarily occupied sixty-two cities on their retreat) to explain their rural revolution and their anti-Japanese policy. They had staged theatrical performances, freed many prisoners, confiscated the property of 'traitors'--Kuomintang officials, big landlords and tax collectors--and distributed their goods among the poor . . . .[48]

Although the Communists were severely weakened, Chiang had not destroyed them. This fact, plus their sense of certainty and Chiang Kai-shek's diversion by the Japanese aggression since 1931, still made the Communists a worthy adversary.

For the moment, though, several factors pointed toward a truce between the Nationalists and the Communists. In a weakened condition and fearful of future clashes with both the Kuomintang forces and the Japanese, the Communists offered in January, 1936, and again in August of the same year "to form a strong revolutionary united front" with the National Government against the Japanese. Chiang Kai-shek, in resisting such suggestions, made a move which aided the Communist cause when he went to Sian in Shensi Province to organize a new campaign against his adversary. While there he was arrested by come dissident Nationalist militarists who

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[48]Bowles, pp. 104-05. Carsun Chang did not consider the "Long March" to be a rout of the Red Army. In fact, he said, the march "actually gave it possession of more territory in Northern China than it had had in Kiangsi." Carsun Chang, p. 82.

favored a united front against the Japanese. Although some mystery still surrounds this incident, negotiations were begun with the Communists to arrange a coalition shortly after Chiang was released on December 25, 1936.[49]

The basis for the entente was provided by a telegram which the Central Committee of the Chinese Communist Party sent on February 10, 1937, to the Third Plenary Session of the Fifth Central Executive Committee of the Kuomintang and the Kuomintang's reply on February 21, 1937. The Communist telegram recommended a program calling for: (1) suspension of the civil war in favor of an all-out concentration of effort against external aggression, (2) the guarantee of civil rights, (3) a conference composed of the "capable leaders of the country" from all the parties and organizations to work for the "joint salvation of the country," and (4) improvement of living conditions. If the Kuomintang would agree to these points, the Communists indicated they would be willing:

> 1) To stop our program of conducting armed uprisings throughout the country for the overthrow of the National Government in Nanking.
> 2) To change the Soviet Government into the Government of the Special Region of the Republic of China and the Red Army into the National Revolutionary Army under the direct leadership of the Central Government and the Military Affairs Commission in Nanking.
> 3) To enforce the thorough democratic systems of universal suffrage within the special regions under the regime of the Government of the Special Region; and
> 4) To put an end to the policy of expropriating the land of landlords and to execute persistently the common program of the anti-Japanese united front.[50]

The resolution of the Kuomintang Executive Committee noted the earlier "treasonable and rebellious activities" of the Chinese Communists, but stated that the Communists would be given a chance "to reform" if they would accept the following four conditions:

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[49]State Department, U. S. Relations with China, pp. 45-46.

[50]Ibid., Annex 35, p. 522.

1) Abolition of the separate army and its incorporation into the united command of the nation's armed forces.
2) Dissolution of the so-called 'Chinese Soviet Republic' and similar organizations and unification of the government power in the hands of the National Government.
3) Absolute cessation of Communist propaganda and acceptance of the Three People's Principles.
4) Stoppage of the class struggle.[51]

The differences which had made a unified Chinese effort difficult had been narrowed to some extent by these exchanges. This progress, plus renewed aggression by Japan in Manchuria in July, 1937, spurred the two Chinese parties to continue their negotiations for a peaceful settlement of these controversies. Their efforts were rewarded with an agreement to end the civil war. In unilateral promises the Communists agreed to suspend their land confiscation policies, while the Kuomintang promised to release some political prisoners and to call a People's National Congress in November, 1937, to provide for a new constitution.[52]

Public announcements of the two parties made the collaboration agreement official. In the first of these, the Communist Party made the following pledge on September 22, 1937:

1) The San Min Chu-I [Three People's Principles] enunciated by Dr. Sun Yat-sen is the paramount need of China today. This Party is ready to strive for its enforcement.
2) This Party abandons its policy of overthrowing the Kuomintang of China by force and the movement of sovietization and discontinues its policy of forcible confiscation of land from landowners.
3) This Party abolishes the present Soviet Government and will enforce democracy based on the people's rights in order to unify the national political machinery.
4) This Party abolishes the Red Army, reorganizes it into the National Revolutionary Army, places it under the direct control of the Military Affairs Commission of the National Government, and awaits orders for mobilization to share the responsibility of resisting foreign invasion at the front.[53]

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[51] Ibid., p. 49.

[52] Ibid., n. 16, p. 49. "Because of the war and repeated postponements this Congress did not meet until November, 1946."

[53] Ibid., Annex 36, p. 524.

The Generalissimo made a public statement on the following day and accepted the Communist declaration as being in accord with previous exchanges and negotiations between the two Parties. The agreements were, he said, "ample proof that China today has only one objective in its war efforts."[54]

In this spirit the following steps were taken in 1937-38 to implement the compact: (1) reorganization of the Chinese Communist Army under the command of General Chu Teh, (2) designation of this army to garrison the former Communist controlled provinces of Shensi, Kansu, and Winghsia, and (3) monetary subsidization of the Communist armies by the National Government. The Extraordinary National Congress of the Kuomintang made a significant contribution in March, 1938, when it created the People's Political Council and provided it "with powers to discuss and question all important Government measures and to make proposals to the Government."[55] It was an advisory body, but it did serve to stimulate increased democratization and freedom of discussion. In carrying out these and other commitments, the Kuomintang and the Communists agreed to be bound by the "Program of Armed Resistance and National Reconstruction,"[56] and the San Min Chu-I.

But, as was to be the case until the National Government fell in 1949, the willingness of the Kuomintang and the Communists to make agreements was not matched by their willingness and ability to execute them. This entente, like others preceding and following it, was more apparent

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[54]Ibid., Annex 37, pp. 524-25. Chinese Ministry of Information (comp.), The Collected Wartime Messages . . . , I, 41-42.

[55]State Department, U. S. Relations with China, pp. 51-52.

[56]The text of the "Program of Armed Resistance and National Reconstruction" is printed in Chinese Ministry of Information (comp.), China Handbook, 1937-1945, pp. 79-81. It called for an increased military effort, established the People's Political Council as the highest representative body of the people in wartime, declared San Min Chu-I to be the highest authority governing war activities, and called for greater economic growth.

than real. The crux of the difficulty seemed to be the unwillingness of the Communists to accede to the Government's demand for full control of their armies. Mutual charges that the other had violated the agreement of 1937 and frequent clashes between their forces often resulted in the neglect of either to carry out common resistance against the Japanese.[57]

When unable to resolve the difference on the battlefield, Chiang Kai-shek went before the People's Political Council on March 6, 1941 and delivered a major address in which he urged settlement by political means. He spoke in reference to proposals before that body in which he said the Communists claimed that

> . . . the Government should not suppress disobedient and rebellious troops . . . . that the Government should establish special areas outside the sphere of its authority, recognize the existence of anomalous political organizations and restrict its power to check illegal activities on the part of organizations or individuals.[58]

Chiang added that these demands indicated that the Communist Party was asking for a privileged status and "special rights" that it would not be willing to extend to others. He concluded by urging the Communists to

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[57]See State Department, U. S. Relations with China, p. 53, and Rostow and Others, p. 31. F. F. Liu contended that the Communists were "deliberately conserving their strength, holding back a good part of the force they might have directed against the Japanese in preparation for the eventual clash with Chiang's government." In supporting this view, he referred to a Communist document stipulating that their policy was to be "70 per cent expansion, 20 per cent dealing with the Kuomintang, and 10 per cent resisting Japan." Such action of the Communist, he contended, required that Chiang Kai-shek divert "considerable strength" to oppose the Communists rather than the Japanese. Liu, pp. 205-06, 222-23. Representative Walter H. Judd of Minnesota supported this view in a statement he made before the House Committee on Foreign Affairs on Nov. 14, 1947. U. S. Congress, House Committee on Foreign Affairs, Hearings, Emergency Foreign Aid, 80th Cong., 1st Sess., 1947, pp. 241-43.

[58]For text of speech, see Chinese Ministry of Information (comp.), The Collected Wartime Messages . . . , pp. 565-72.

honor the agreement they voluntarily entered into in 1937 so that the matters raised by them could be settled before the People's Political Council.

While military clashes continued between the Nationalists and the Communists, the spotlight focused on the meetings of the People's Political Council, and specifically on the attempts of minor parties in that body to get the antagonists to direct their efforts toward a unified China.[59] These parties, however, were no more successful in their efforts to resolve the differences between the Kuomintang and the Communists than they had been in furthering their own fortunes.[60] Carsun Chang, a participant in these negotiations and leader of the Democratic-Socialist Party, wrote that the task of the third parties was to stop the military battles between the Nationalists and the Communists and to work for a democratic form of government. They sought to do this, according to Chang, by seeking

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[59]The joint association of these minor parties, which was known as the Democratic League in Sept., 1944, was prior to this time variously known as the Grand League of Democratic Political Groups of China, the Federation of Chinese Democratic Parties, and the United National Construction League. Their membership varied from time to time and included individual members as well as parties and groups, but at the apex of its strength it included three parties and three groups: the Youth Party, the National Socialist Party (Democratic-Socialist), the Third Party, the National Salvation Group, the Vocational Education Group, and the Rural Reconstruction Group. See Ch'ien Tuan-sheng, The Government and Politics of China, p. 359-60; Paul M. A. Linebarger, "The Post-War Politics of China," Journal of Politics, IX (Nov., 1947), 533-34; and State Department, U. S. Relations with China, p. 54.

[60]Linebarger, in writing of the conditions faced by the minor parties, noted that "according to the Organic Law of 1933 . . . the Kuomintang was the sole legal party in the Chinese State," but "in the atmosphere of wartime tolerance a number of minor parties" did appear. He added, however, that none of them ever controlled a single county. Their impotence, he continued, stemmed from a lack of guns, wealth, and practical political power. Journal of Politics, IX, pp. 532-33. Ch'ien Tuan-sheng supported this view with the statement that "the Kuomintang's attitude toward political parties has always been consistent. It has never chosen to tolerate other parties." The Government and Politics of China, p. 381. Chang blamed the plight of the minor parties on the Kuomintang's support of the principle of tutelage. Carsun Chang, pp. 100-01.

nationalization of the army and the abolition of Kuomintang tutelage.[61] But it was precisely at this point that neither of the principals would yield. The Communists were unwilling to place all military forces under a unified Nationalist command until the latter would renounce tutelage, and the Nationalists refused to forego political control unless the Communists relinquished their army.

Negotiations to secure a settlement by political means, which both principals had frequently endorsed since 1937, continued with little interruption. However, the spirit alledgedly prevalent when the collaboration effort was undertaken in 1937 either disappeared or never existed when it came time to execute an agreement. Conferences in and reports to the respective parties and the People's Political Council[62] continued unabated from 1941 to 1945, but two speeches reflected the deterioration in relations between the principal adversaries. Chiang Kai-shek, in an address before the People's Political Council on September 16, 1944, accused the Communists of refusing to support national unity and "national laws and decrees." Specifically, he was angered because the Communist Eighteenth Group Army would not obey orders of the National Government.[63] Mao Tse-tung was equally

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[61]The author put the blame for their failure on the Kuomintang because it was "unsympathetic and unfriendly" to the Democratic League and controlled enough votes in the People's Political Council to vote down League proposals. Carsun Chang, pp. 112-14.

[62]Among the most important of these was a speech of Chiang Kai-shek before the Eleventh Plenary Session of the Fifth Central Executive Committee of the Kuomintang on Sept. 13, 1943, which is found in Chinese Ministry of Information (comp.), The Collected Wartime Messages . . . , II, 576-77; "Report of the Representative of the National Government" to the People's Political Council on Sept. 15, 1944, in State Department, U. S. Relations with China, Annex 40, pp. 531-44; and "Report of the Representative of the Central Committee of the Chinese Communist Party" to the People's Political Council on Sept. 15, 1944, in State Department, U. S. Relations with China, Annex 41, pp. 544-48.

[63]For text of speech see Chinese Ministry of Information (comp.), The Collected Wartime Messages . . . , pp. 798-99.

defiant in his report, "On Coalition Government," to the Seventh National Congress of the Chinese Communist Party on April 24, 1945. Peace and cooperation depended, he asserted, upon: (1) abolition of the dictatorship of the Kuomintang and the establishment of a "democratic coalition government," (2) dissolution of the secret police, (3) giving legal recognition to political parties, and (4) recognition of the areas liberated from the Japanese by the Communists or the withdrawal of Nationalist troops that were harrassing the people and the Communist forces there.[64]

This period of the relations between the Kuomintang and the Chinese Communists, then, was replete with fears and distrust, broken agreements, a maze of proposals and counter-proposals, and divided effort against the Japanese military machine. It was a period in which the two rivals for the Mandate of Heaven could not settle their differences by either political or military measures and would not cooperate with the minor parties toward that end.

United States Relations with China, 1941-1945

United States relations with China prior to World War II, as referred to above, had been primarily directed toward checking the aggressive actions of Japan. American action had been in the form of protests and the negotiations of treaties, and there had been no concerted effort to build up or rely on a power position. Also, the United States had not become openly involved in China's internal political problems.

Japan's attack on Pearl Harbor in December, 1941, altered the situation considerably. The necessity for destroying Japanese hegemony in the Far East, while keeping China in the war as an effective participant,

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[64]Brandt, Schwartz, and Fairbank, pp. 300-01.

was of immediate importance to the United States. Through our efforts we became increasingly involved in the conflicts between the Kuomintang and the Chinese Communists.

China as a Major Power

One of the most controversial American foreign policies was the designation of China as a great power.[65] Secretary of State Cordell Hull wrote that it was the administration's goal to accord to China the status of equal rank with the United States, Great Britain, and Russia, "during and after the war, both for the preparation of a postwar organization and for the establishment of stability and prosperity in the Orient."[66]

In 1943, the United States verified its recognition of China as a primary power by three major actions.[67] One of these was the relinquishment of extraterritorial rights of the United States in China through the treaty signed on January 11, 1943. A second occurred on October 30, 1943, when China, at the insistence of the United States, became one of the signatories of the Declaration of Four Nations on General Security, and therefore

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[65]Prime Minister Winston Churchill of Great Britain disagreed with this "unreal standard of values" that he found in Washington, both as to the contributions China could make in World War II and in the future. The Second World War: The Hinge of Fate (Boston: Houghton Mifflin Co., 1950), p. 133; The Second World War: Closing the Ring (Boston: Houghton Mifflin Co., 1951), pp. 328-29. Sumner Welles stated that "China would never have been so accepted as a Great Power had not Roosevelt overridden the Joint British and Russian objections." "Two Roosevelt Decisions: One Debit, One Credit," Foreign Affairs, XXIX (Jan., 1951), 201.

[66]Hull, II, 1583. Sumner Welles, Under Secretary of State from 1937 to 1943, stated that it was President Roosevelt's position "from the outset" that "recognition of China's status as one of the four major Powers would prevent any charge that the white races were undertaking to dominate the world . . . and would be a barrier to Soviet ambitions in the Far East . . . ." Foreign Affairs, XXIX, 199.

[67]Hull, II, 1583.

was recognized as a joint partner in prosecuting the war and developing post-war machinery to keep the peace. China subsequently became one of the permanent members of the Security Council of the United Nations. A third demonstration by the United States in 1943, of its recognition of China as a great power, and one that Secretary Hull considered especially desirable, was the act passed by Congress on December 17.[68] This statute repealed the Chinese exclusion laws and placed the Chinese on a quota basis. Another step by the United States to indicate its recognition of China's exalted status was taken at the Potsdam Conference in 1945. A difference of opinion had developed over the role China was to assume in working out the peace settlements. The issue was resolved when Churchill and Stalin accepted President Truman's proposal to include China as a member of the proposed Council of Foreign Ministers when that body was studying problems involving the East or the world-at-large.[69]

Economic Status of China

The disruption of order in Chinese society brought on by Japanese aggression and internal political differences also extended to the economic realm. The sources of government revenue were altered in number and in kind by the Japanese advance which deprived China of revenue from commercial, industrial, and financial centers. Custom receipts, which had been the Government's main source of revenue in the early and middle World War II

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[68]U. S. Congress, An Act to Repeal the Chinese Exclusion Acts, to Establish Quotas, and for Other Purposes, Public Law 199, 78th Cong., 1st Sess., 1943, pp. 600-01. Hull said it "seemed anomalous to strive for complete cooperation with our Chinese ally while barring her citizens from our shores."

[69]Herbert Feis, The China Tangle: The American Effort in China from Pearl Harbor to the Marshall Mission (Princeton: Princeton University Press, 1953), p. 331.

period, dropped 85-90 per cent in relation to the period of 1928-1937 and internal tax returns were cut to less than half their prewar levels.[70] There was, concomitantly, an increasing tendency on the part of the Government to rely on direct taxation measures.[71] In addition, Chiang Kai-shek had been forced into the interior and had to rely on the more conservative element, the "armchair conservatives [landlords] of a dead past." These influential landlords were "out of touch with the revolutionary march of events," and the National Government was confronted with increasing animosity which grew out of resentment toward increased taxation, recruitment of military personnel, corruption, and inflation.[72]

As war costs soared, other prices rose because of the dwindling of supplies. The scarcity of supplies was the result of several factors--destruction, reduction of acreage under cultivation, loss and deterioration of the transportation and industrial facilities, and the needs of the Nationalist, Japanese, and Communist armies. As World War II wore on,

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[70]George Woodbridge, UNRRA: The History of the United Nations Relief and Rehabilitation Administration (New York: Columbia University Press, 1950), II, 393. Chang Kia-Ngau stated that the customs duty percentage composition of government tax revenue dropped from 47.8 in 1936-37 to 4.1 in 1945. The Inflationary Spiral: The Experience in China, 1939-1950 (Cambridge and New York: The Technology Press of Massachusetts Institute of Technology and John Wiley Sons, Inc., 1958), p. 160.

[71]Chang Kia-Ngau observed that whereas the commodity tax constituted only 23.0 per cent of the Government tax revenue in 1945 in contrast to 25.8 per cent in 1936-37, the salt tax jumped from 25.8 per cent in 1936-37 to 52.7 in 1945. He also noted that whereas direct taxation constituted only 0.6 per cent of the 1936-37 total of tax revenue, it rose to 20.2 per cent in 1945. However, he cautioned, it must be remembered that total tax revenues provided for only 8.2 per cent of Government expenditures in 1945, with non-tax revenue and sales of bonds accounting for the remainder. Chang Kia-Ngau, p. 158.

[72]Bowles, pp. 106-07.

inflation became increasingly acute.[73] A matter of significant importance to the United States, in relation to its aid program, was the currency exchange rates of the two countries. Whereas a United States dollar would purchase approximately 3.30 Chinese National Currency (CNC) dollars, or yuan, prior to World War II, the official exchange rate jumped to twenty CNC for one United States dollar in January, 1945 and to 512 on the actual market. While the official exchange rate remained at twenty CNC for one United States dollar for the period under immediate study, the black market rate increased to 2,974 in July, 1945, before tapering off to 1,330 and 670 for August and September of that year. The decrease during the last cited months of 1945 were probably attributable to the optimism which came with the victory over Japan.[74]

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[73]Based on indices of wholesale prices of basic commodities in Chungking, as revealed by Central Bank of China statistics, and using the Jan.-June, 1937, average as a base of 1, Woodbridge stated that the general index number of wholesale prices in wartime Chungking rose to 2 in Dec., 1939; 11 in Dec., 1940; 28 in Dec., 1941; 57 in Dec., 1942; 200 in Dec., 1943; 549 in Dec., 1944; and 1,795 in Aug., 1945. Woodbridge, p. 394. Harry B. Price, Assistant Director of the UNRRA China Office, had indicated this inflationary trend in Apr., 1948. However, the figures of Price that are cited below, unlike those quoted by Woodbridge, showed a cumulative increase in prices over several periods of two years in duration rather than a yearly progressive rate increase. Based on indices of wholesale prices of basic commodities in Chungking, 1937-1945, as indicated by Central Bank of China statistics, and beginning with a base of 1, Price stated that prices rose 1.3 times from Sept., 1937, to Aug., 1939; 16.3 times from Sept., 1939 to Aug., 1941; 6.7 times from Sept., 1941, to Aug., 1943; and 11.2 times from Sept., 1943 to Aug., 1945. "UNRRA in China, Prepared by Harry B. Price" (United Nations Relief and Rehabilitation Administration, Washington, D. C., Apr., 1948), Operational Analysis Papers, No. 53, p. 78 (Mimeographed), in the files of Representative Helen Gahagan Douglas, Division of Manuscripts, University of Oklahoma Library, Norman, Oklahoma. Cited hereafter as Price, "UNRRA in China," UNRRA, Operational Analysis Papers, No. 53, Apr., 1948. Converting the figures used by Price for purposes of comparison with those quoted by Woodbridge reveals that according to Price the general index number of wholesale prices rose to 21 in Aug., 1941, 141 in Aug., 1943, and 1,590 in Aug., 1945. These figures compare favorably with the slightly higher ones cited by Woodbridge, i.e., 28 in Dec., 1941, 200 in Dec., 1943, and 1,795 in Aug., 1945.

[74]See Appendix I, p. 272.

United States Objectives and Policy

According to Secretary of State James F. Byrnes, the policy of the United States toward China during and after World War II had two objectives. Testifying in December, 1945, before the Senate Committee on Foreign Relations that was investigating Far Eastern policy, he said:

> During the war the immediate goal of the United States in China was to promote a military union of the several political factions in order to bring their combined power to bear upon our common enemy, Japan. Our longer-range goal, then as now, and a goal of at least equal importance, is the development of a strong, united and democratic China.[75]

The emphasis, it will be noted, was placed upon ending the war with Japan, thus assigning a pre-eminent position to the military factor in the relations between the United States and China. The sheer necessity of winning the war, of course, dictated the priority. It was, however, in trying to promote a "military" union of the "political" factions in China in order to speed up the Chinese military contribution that the military and political problems became practically inextricably interwoven and eventually unsolveable.

In seeking to carry out its policy, the United States continued to support the National Government of the Republic of China and Generalissimo Chiang Kai-shek. American assistance took the form of material, technical and political measures.

Material, Technical and Economic Assistance.[76] Total grants and

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[75]Published in U. S., Congress, Senate, Subcommittee of the Committee on Foreign Relations, Hearings, State Department Employee Loyalty Investigation, 81st Cong., 2d Sess., 1950, Pt. 2, p. 1912. Cited hereafter as Senate Subcommittee of the Committee on Foreign Relations, State Department Employee Hearings, 1950.

[76]The United Nations Relief and Rehabilitation Administration, though created on Nov. 9, 1943, functioned in a minor capacity in the period preceding the end of World War II. For this reason, assistance through this agency is treated fully in Chapter V.

credits authorized by the United States to China from 1937 to March 21, 1949, amounted to approximately $3,523,000,000. Of this total $2,422,000,000 was in grants and $1,101,000,000 in credits. Forty per cent of the total, or approximately $1,515,700,000, was authorized prior to the end of World War II. In addition, military and civilian-type surplus property with a procurement value of $1,078,100,000 was sold to the National Government for a United States return of $368,500,000.[77]

Lend-lease, one of the principal means through which the United States aided China, amounted to $845,748,220.88 from its inception on May 6, 1941, until V-J Day. As Table 1 indicates, lend-lease was primarily of a military nature.[78] All but approximately $20,000,000 of this total was made in the form of grants. The quantity of American aid to China was restricted because of the priority given to the war in Europe, which, according to President Truman, was determined in December, 1941.[79] The assistance provided through lend-lease was further hampered because no land route into China was available after April, 1942, until the opening of the Ledo (Stilwell) Road from India through Burma in January, 1945. During this period the only means of supply was delivery by air cargo plane from

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[77]See Appendix II, p. 255.

[78]Secretary of War Henry L. Stimson stated on Feb. 14, 1945, that the United States furnished "substantially all of the equipment of the Chinese divisions which fought in Burma." U. S., Congress, House Committee on Foreign Affairs, Hearings, on H. R. 2013, A Bill to Extend for one Year the Provisions of an Act (Lend-Lease) to Promote the Defense of the U. S., Approved Mar. 11, 1941, as Amended, 79th Cong., 1st Sess., 1945, p. 77. Cited hereafter as House Committee on Foreign Affairs, Lend-Lease Hearings, 1945.

[79]U. S., President, 1945-53 (Truman), Twenty-First Report to Congress on Lend-Lease Operations, for the Period Ending September 30, 1945 (Washington: U. S. Government Printing Office, 1945), House Doc. 432, p. 29. Cited hereafter as U. S., President, 1945-53 (Truman), Twenty-First Lend-Lease Report, 1945, House Doc. 432.

India over the Himalaya Mountains.[80]

TABLE 1

MAJOR CATEGORIES OF PRE-V-J DAY LEND-LEASE AID[a]

Categories	Total
Ordnance and Ordnance Stores	$153,333,189.94
Aircraft and aeronautical Material	187,339,849.94
Tanks and Other Vehicles	94,177,927.72
Vessels and other Watercraft	35,561,264.12
Miscellaneous Military Equipment	47,058,115.94
Facilities and Equipment	9,928,803.33
Agricultural, Industrial and Other Commodities	46,505,983.26
Testing and Reconditioning of Defense Articles	204,393.63
Services and Expenses	271,611,693.00
Total	$845,748,220.88

[a]State Department, U. S. Relations with China, Annex 185, p. 1046.

Aid of a military nature was extended by the United States in the form of technical advice through the training of air force personnel in operation and maintenance procedures. The United States also cooperated in the development of more effective techniques for supplying Chinese forces. In the training of Chinese ground forces, United States officers

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[80]State Department, U. S. Relations with China, pp. 1045-46. Leo T. Crowley, Foreign Economic Administrator, referred to an alternative method of supply in his testimony of Feb. 7, 1945 before the House Committee on Foreign Affairs. At this time, he said, a 2,000 mile pipeline was being constructed under lend-lease, paralleling Ledo Road, to bring gasoline and oil for the transportation system and for the air force. House Committee on Foreign Affairs, Lend-Lease Hearings, 1945, pp. 7-8. President Truman, in referring to the stepped-up program of lend-lease aid to China, reported on May 22, 1945 that 15,000 trucks and some railway equipment were being sent there to remedy the transportation system, and that Chinese would be trained in the United States and in the Far East to that end. U. S., President, 1945-53 (Truman), Nineteenth Report to Congress on Lend-Lease Operations, for the Period Ending March 31, 1945 (Washington: U. S. Government Printing Office, 1945), House Doc. 189, pp. 22-23.

were assigned to the various units "to give operational advice on all levels and under all conditions, including active combat."[81] In addition, Lieutenant General Joseph W. Stilwell, Commanding General of United States Forces in the China-Burma-India Theater, became Chief of Staff to Chiang Kai-shek at the latter's request, and assumed command of all Chinese troops assigned to him by the Generalissimo.[82] Major General Albert C. Wedemeyer retained the position as Chief of Staff when he was appointed to succeed General Stilwell in October, 1944.[83] It is, of course, impossible to estimate in monetary terms the value of assistance of this type.

Aid to bolster China's internal economy, thus strengthening the National Government in its war against Japan was provided by a $500,000,000 Treasury Credit on February 7, 1942.[84] President Franklin D. Roosevelt had asked Congress in a letter of January 31, 1942, to make such aid available, noting that governmental officials of both the United States and

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[81]State Department, U. S. Relations with China, pp. 342-46. When General Albert C. Wedemeyer told Senator William Knowland of California on June 11, 1951, that there was a military advisory group in China after World War II but none while the war was going on, he was undoubtedly referring to the Military Advisory Group created by a presidential directive on Feb. 25, 1946. U. S., Congress, Senate, Committee on Armed Services and Committee on Foreign Relations, Hearings, Inquiry into Military Situation in the Far East and Facts Surrounding Relief of Douglas MacArthur from his Assignments in that Area, 82d Cong., 1st Sess., 1951, Pt. 3, pp. 2358-59. Cited hereafter as Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951.

[82]State Department, U. S. Relations with China, pp. 29-30, and Annex 27 (a) and (b), pp. 468-69.

[83]General Wedemeyer's testimony of June 12, 1951, found in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, p. 2420.

[84]U. S., Congress, Joint Resolution to Authorize the President of the United States to Render Financial Aid to China, and for Other Purposes, Public Law 442, 77th Cong., 2d Sess., 1942, pp. 82-83.

China had directed his attention to "the existence of urgent need for the immediate extension to China of economic and financial assistance, . . . different in form from such aid as Congress has already authorized."[85] As indicated by Table 2, these funds were used primarily by the Chinese Government to fight inflation and to establish a reserve [$200,000,000] for the redemption of securities denominated in United States dollars. The theory was that inflation could be controlled by selling $220,000,000 of gold in China, thereby reducing the currency in circulation, and by keeping the price of gold low. By V-J Day China had drawn on this credit to the extent of $485,000,000.

Political Relations. Although the creation of a militarily unified China was the immediate objective of American policy, the Department of State did not neglect the long-range objective of establishing a strong and united China friendly to the United States. The realization of both objectives was periodically hindered by the struggle for power between the Kuomintang and the Communists and the resulting weakened condition of China. Secretary of State Dean Acheson supported the thesis that the entry of the United States into World War II may even have stimulated

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[85]State Department, U. S. Relations with China, p. 32. The U. S. Ambassador to China, Clarence Gauss, in a report to Secretary Hull on Dec. 30, 1941, stated that Chiang Kai-shek had requested the aid on that date. Ibid., Annex 28 (a), pp. 471-72. Secretary Hull, though never "faltering in my belief that we should do everything in our power to assist China to become strong and stable," was irritated by the irregular dealings followed by Chiang, H. H. Kung [Minister of Finance], and T. V. Soong [Minister of Foreign Affairs], in contacting the Treasury, Navy, and War Departments and circumventing the Department of State. Hull, II, 1586-87. The Secretary's view about irregular contacts of American officials by Chinese officials would seem to be substantiated by the multiple number of communications included in State Department, U. S. Relations with China, Annex 28 (Pts. a-ii), pp. 471-509.

TABLE 2

TRANSFERS TO CHINESE ACCOUNTS FROM THE FINANCIAL AID AUTHORIZED IN 1942[a]

Date of Transfer	Purpose	Amount (millions)
1. April 15, 1942	Establishment of fund for redemption of U. S. dollar security issues	$200
2. February 1, 1943	Purchase of gold	20
3. March 2, 1943	Purchase of bank notes and supplies	20
4. October 13, 1944	Purchase of gold	20
5. May 22, 1945	Purchase of gold	60
6. June 12, 1945	Purchase of gold	60
7. July 18, 1945	Purchase of textiles	10
8. July 27, 1945	Purchase of gold	60
9. August 3, 1945	Purchase of bank notes	35
10. February 7, 1946	Purchase of textiles	1.5
11. March 13, 1946	Purchase of raw cotton	13.5
	Total	$500.0

[a]Source: State Department, U. S. Relations with China, Annex 28, p. 470.

periodic renewals of the Chinese conflict.[86] In spite of the obstacles, however, the immediate objective was achieved, and progress was made toward a solution of the long-range goal.[87]

[86]In his "Letter of Transmittal," he stated that "Once the United States became a participant in the war, the Kuomintang was apparently convinced of the ultimate defeat of Japan and saw an opportunity to improve its position for a show-down struggle with the Communists. The Communists, . . . seemed to see in the chaos of China an opportunity to attain that which had been denied them before the Japanese war, namely, full power in China." State Department, U. S. Relations with China, p. vi.

[87]As Secretary Acheson said, however, the United States had to adapt its historic concepts of policy to a new situation [the world-wide war], because during this period "two of the fundamental principles of United States policy in regard to China--noninterference in its internal affairs and support of its unity and territorial integrity--came into conflict . . . ." Ibid.

As the primary emphasis was placed on winning the war, much of the early American effort involved General Stilwell and some of his aides. Because of the General's numerous military duties, four career men of the State Department--John P. Davies, John Stewart Service, John Emerson, and Raymond Ludden--were assigned to his staff as political advisers.[88] Their duties, as Service has stated, were to observe the effectiveness of the efforts of the United States in implementing its policy and "to make recommendations from time to time, in the light of changing circumstances, as to the best means of achieving that policy."[89]

The effectiveness of the efforts of the United States in implementing its policy depended to a very great extent upon what China was and was not doing. And the reports from the field were not encouraging.[90] The essence of the dispatches was that there was a steady deterioration in the relations between Stilwell and Chiang, between the Kuomintang and the Communists, and in the war effort against Japan by both of the Chinese factions

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[88]General Wedemeyer stated that this arrangement was made by Secretary of War Henry L. Stimson through Secretary of State Cordell Hull when Hull reluctantly acceded to the request. Albert C. Wedemeyer, Wedemeyer Reports! (New York: Henry Holt and Co., 1958), p. 303. Service stated in his testimony of June 22, 1950, that the four were not "formal representatives of the State Department operating an office of the State Department abroad . . . . We were just turned over to the Army. We did not report directly to the State Department, we did not maintain any State Department office." Senate Subcommittee of the Committee on Foreign Relations, State Department Employee Loyalty Hearings, 1950, Pt. 1, 1300.

[89]He added that it was important to remember, however, that he "was primarily a reporter and never a policy-forming officer . . . ." Senate Subcommittee of the Committee on Foreign Relations, State Department Employee Loyalty Hearings, 1950, Pt. 1, 1264-65.

[90]Service, in his remarks of June 22, 1950, stated that the four Foreign Service Officers referred to above made reports to the Commanding General of Army Headquarters and to the Embassy if the information was of "political importance." Senate Subcommittee of the Committee on Foreign Relations, State Department Employee Loyalty Hearings, 1950, Pt. 1, 1300.

and armies.[91] Much of the blame for these conditions was attributed to the Kuomintang which, it was contended, had lost the support of the masses because of corruption in the governmental and military structure, suppression of political rights, and heavy taxation and inflation. In a strong condemnation of the unrepresentative character of the Kuomintang, Service reported that it was a "congerie of conservative . . . cliques interested primarily in the preservation of their own power . . . and in jockeying for position among themselves." This "congerie," he noted, consisted of "the rural-gentry-landlords and militarists, the higher ranks of the government bureaucracy, and merchant bankers . . . ."[92]

The matter which worried United States officials the most, in view of the information available to them, was whether civil war could be avoided in China.[93] The prevention of such a conflict would aid the war effort against Japan and the accomplishment of the primary objective of America's foreign policy. With this in mind, Vice-President Henry A. Wallace was sent to China in June, 1944, "to get the maximum of military co-ordination" in fighting the Japanese.[94] Wallace told the Generalissimo on June 21 that President Roosevelt was particularly concerned about the

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[91]This analysis is based on a series of extracts from the reports of the Foreign Service Officers attached to General Stilwell for the years 1943-44. State Department, U. S. Relations with China, Annex 47, pp. 564-76.

[92]Extract of a report dated June 20, 1944. Ibid., p. 569.

[93]As early as Jan. 23, 1943, Service had indicated strong doubts along this line when he reported that "It is now no longer wondered whether civil war can be avoided, but rather whether it can be delayed at least until after a victory over Japan." Ibid., p. 570.

[94]Letter of Henry A. Wallace, "Wallace Tells His Story," US News and World Report, XXXIV (Jan., 1953), 16. A similar view is expressed in State Department, U. S. Relations with China, p. 55.

need for a strong democratic China and that he felt that inflation and the continuing internal conflict were retarding progress in that direction.[95] The emissary also told Chiang that the President had told him that if the Kuomintang and the Communists could not settle their differences they might "call in a friend." Further, Roosevelt might consider serving in that capacity. The Generalissimo on the following day dwelled at length on the reasons for China's plight, but remarked to Wallace on the last day of their meetings that:

> The Chinese Communist question is an internal political problem but he would nevertheless welcome the President's assistance. He . . . would not consider the President's participation as meddling in China's internal affairs, . . .[96]

Although Secretary of State Hull believed that "Wallace's trip was without beneficial effect,"[97] the record of these meetings substantiated previous and continuing reports from the field and from the Embassy in Chungking. Reacting to the divided Chinese effort against the Japanese,[98]

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[95]The analysis of these meetings of June 21-24 is based on notes taken by John Carter Vincent, Chief of the Division of Chinese Affairs, Department of State, who was designated by the Department to accompany Mr. Wallace. State Department, U. S. Relations with China, Annex 43, pp. 549-59. The Office of War Information sent Owen Lattimore to handle publicity matters in China. Letter of Wallace to President Harry S. Truman, Sept. 19, 1951, printed in New York Times, Sept. 24, 1951, p. 20.

[96]State Department, U. S. Relations with China, Annex 43, p. 559.

[97]Hull, II, 1585-86. The trip had been suggested to President Roosevelt without Hull's foreknowledge, and the Secretary opposed the trip from the beginning. Hull tried to dissuade Wallace from the undertaking on the basis that "raw materials" from outside the State Department were not equipped to handle such "important phases of our foreign affairs."

[98]Several authorities have held that the Communists contributed little or nothing to the effort after 1941. For example, see testimony of General Claire Chennault on May 29, 1952, in U. S., Congress, Senate, Subcommittee of the Committee of the Judiciary, Hearings to Investigate the Administration of the Internal Security Act and other Internal Security Laws, 82d Cong., 1st Sess., 1952, Pt. 13, 4767. Cited hereafter as Senate Subcommittee of the Committee of the Judiciary, Institute of Pacific Relations Hearings. Also see statement of General Wedemeyer in Sept., 1951,

and cognizant of mutual charges that the other was responsible for the situation, United States Ambassador Clarence Gauss observed that Chiang Kai-shek was "overlooking a very important point" in trying to solve the internal problem. The Ambassador was referring to reports that the Communists were improving the conditions of the masses while the Kuomintang was neglecting the needs of the people. Gauss suggested that some of the difficulties might be resolved by permitting influential political elements to assume some of the responsibilities of the Government through the creation of a coalition council.[99]

The ideas expressed above--military co-ordination, calling in a friend, and creation of a coalition council--began to take on significant importance. President Roosevelt in a series of messages to Chiang Kai-shek in July-August, 1944, urged an increased war effort on the part of the Chinese and recommended that General Stilwell be recalled from Burma and placed directly under the Generalissimo in command of all American and Chinese military forces. Chiang repeatedly countered with the suggestion that the President first send a prominent American to Chungking who was well prepared on both political and military matters so that the problem

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in ibid., 1951, Pt. 3, 790. The opinion that the Nationalists cooperated in the war effort was voiced by General Wedemeyer in his testimony of June 11, 1951, as found in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, pt. 3, 2298-2304. John Service contended that neither Chinese army fought the Japanese unless it was to the advantage of one Chinese army against the other Chinese army. See testimony of June 22, 1950, in Senate Subcommittee of the Committee on Foreign Relations, State Department Employee Loyalty Hearings, 1950, Pt. 1, 1262-63.

[99]Report of the Ambassador to Secretary Hull, Aug. 31, 1944, found in State Department, U. S. Relations with China, Annex 45, pp. 561-63. Hull's reply, Sept. 9, 1944, stated that he and the President considered the proposal "worthy of careful consideration" if carried out "under the leadership of Chiang Kai-shek." Ibid., Annex 46, pp. 563-64.

could be studied further. As a result of this exchange of messages Major General Patrick J. Hurley arrived in China on September 6, 1944, as the Personal Representative of the President to China.[100] Hurley was soon convinced that the Chinese war effort was being obstructed not only by the conflict of the Kuomintang vis-a-vis the Communists but also because of the strained relations between General Stilwell and the Generalissimo. Chiang in early October still had not agreed to the President's recommendation that Stilwell be given command of American and Chinese military forces, and Hurley concluded that he never would appoint Stilwell.[101] Bringing the impasse to an end, the President's Personal Representative sent him a telegram on October 13 recommending that Stilwell be relieved of his command and an American general acceptable to the Generalissimo be appointed.[102] Stilwell was recalled on October 24, 1944, and General Albert C. Wedemeyer was appointed to replace him. Wedemeyer's directive,

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[100]The communications between Roosevelt and Chiang Kai-shek and Hurley's appointment are fully treated in ibid., pp. 66-68.

[101]Hurley in testimony of June 21, 1951, said that Chiang told him in Sept. and in Oct., 1944, that he had no confidence in Stilwell's military judgment and that he refused to "unreservedly obey my orders." Hurley's personal opinion was that "the two men are fundamentally incompatible and . . . mutually suspicious of each other." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, 2870-80. Stilwell apparently had little respect for the Generalissimo, as the following descriptive terms of him would imply: "Peanut"; "Most High One"; "Little Squirt"; "Wonder Man"; "Pigheaded"; "illogical"; and others. Theodore H. White (ed.), The Stilwell Papers (New York: William Sloane Associates, Inc., 1948), passim.

[102]Copy of the telegram is inserted with the testimony of Hurley on June 21, 1951, before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, 2879-81. Hurley stated here that the breaking point came when Stilwell delivered, in a "peremptory manner," a cable from Roosevelt calling for Stilwell's appointment to the position under question and which cable Stilwell and Chiang considered to be an ultimatum.

which remained in effect until World War II ended, stipulated:

> 1) That in regard to the United States combat forces under his command his primary mission was to carry out air operations from China.
> 2) He was also to continue to assist the Chinese air and ground forces in operations, training, and logistical support.
> 3) He was to control the allocation of Lend-Lease supplies delivered into China, within priorities set by the Joint Chiefs of Staff.
> 4) In regard to the Chinese forces he was authorized to advise and to assist the Generalissimo in the conduct of military operations against Japan.
> 5) He was not to use United States resources to suppress civil strife except insofar as necessary to protect United States lives and property.[103]

Whatever the reasons for the controversy between Stilwell and Chiang Kai-shek, attention was now directed toward securing rapprochement between the National Government and the Chinese Communists.[104] Hurley, the highest ranking American diplomatic official in China,[105] urged a renewal of negotiations and made his services available to both sides. After consultation with Chiang Kai-shek, and agreement on a plan to resolve the

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[103]Quoted in Feis, p. 202.

[104]The United States efforts to assist the participants in securing an agreement were aided by the temporary easing of Japanese aggressive actions and Wedemeyer's decision to leave political matters to Hurley while he attended to military affairs. State Department, U. S. Relations with China, p. 69; Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 2420.

[105]Ambassador Clarence E. Gauss resigned on Nov. 1, 1944, Hurley became Ambassador-designate on Nov. 30, and presented his credentials on Jan. 8, 1945. State Department, U. S. Relations with China, p. 59. Hurley's duties as Ambassador were: "(1) to prevent the collapse of the National Government, (2) to sustain Chiang Kai-shek as President of the Republic and Generalissimo of the Armies, (3) to harmonize relations between the Generalissimo and the American Commander, (4) to promote production of war supplies in China and prevent economic collapse, and (5) to unify all the military forces in China for the purpose of defeating Japan." Quoted in Hurley's testimony of June 21, 1951, Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, 2907.

Chinese situation, the American Ambassador took the proposal to a conference with Mao Tse-tung in Yenan.[106] Mao, Chairman of the Central Executive Committee of the Chinese Communist Party, revised the proposal and issued his own on November 10, 1944. The draft, entitled "Agreement between the National Government of China, the Kuomintang of China and the Communist Party of China," demanded that "all anti-Japanese parties" be legalized and that the parties be represented in a coalition government possessed of real power. Mao's proposal further demanded that the National Military Council be reorganized into the United National Military Council through the inclusion of representatives of "all anti-Japanese armies." All armies would then be subject to the orders of the coalition government and the new military organization and would receive an equitable distribution of all supplies secured from foreign sources.[107]

Hurley believed that the possibilities for a settlement were improved by the plan embodied in the Five Point Draft Agreement and presented it to the National Government. The Chinese Government rejected Mao Tse-tung's offer, however, and submitted its own Three-Point Plan. The National Government's sine qua non for an adjustment of differences was the incorporation of the Communist Army into the National Army before government reorganization. Once this had been accomplished, the Communist forces

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[106]Hurley said in a telegram of Jan. 31, 1945, to Secretary of State Edward R. Stettinius that he "evolved" the proposal after consulting with T. V. Soong [Minister for Foreign Affairs], Wang Shih-chieh [Minister of Information], and General Chang Tze-chung [Director of Political Training of the National Military Council]. Copy of telegram in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 5, Appendix VV, 3670-71.

[107]Copy of text of proposal is published in State Department, U. S. Relations with China, pp. 74-75. The draft is cited hereafter as Five-Point Draft Agreement.

would be treated like other components of the National Army and the Communist Party would be legally recognized. The National Government further demanded that the Communist Party fully support the Government in the war against Japan and in the post-war reconstruction period.[108]

At this particular stage of the negotiations, the crux of the differences seemed to be that the Communists demanded a strengthened political position before they would integrate their army on a national basis, and the Government demanded that the Communist troops become part of the National Army before political reorganization would be carried out. Each considered acceptance of the others proposal to be a weakening of its own position.

A temporary impasse ensued from the date of the Three-Point Plan until January 23, 1945.[109] Chou En-lai, the Communist representative in Chungking, considered the Nationalists' reply to be a rejection of the Communists' earlier proposal and returned to the Communist capital at Yenan. Amid threats to end the negotiations, Hurley wrote numerous letters to Chou and Mao Tse-tung urging a reopening of the conferences. Replies were either negative in character or suggested amendments to the proposals. Hurley told Chou that the suggested amendments were a departure from "our original agreed procedure" to concur on "general principles before discussing specific details."[110] Nevertheless, the letter writing continued,

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[108]Copy of text of the Three-Point Plan is published in ibid., p. 75.

[109]Hurley believed that the negotiations were being obstructed by forces other than the two Chinese groups. In a telegram to the Secretary of State on Jan. 31, 1945, he stated that, in addition to the "stand pat element" in the Kuomintang and the Communist Party, opposition was also coming from representatives of "all the imperialist governments," and some American diplomats and military personnel. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 5, Appendix VV, 3672.

[110]Telegram from Hurley to Secretary of State Stettinius, Feb. 7, 1945, published in ibid., pp. 3673-74.

and on January 23, 1945, Mao Tse-tung informed Hurley that Chou En-lai was returning to Chungking to reopen negotiations.

Apparently impatient with the stalemate that had continued after Chou's arrival, Hurley informed Chiang Kai-shek on February 3 that "he could afford to make political concessions and shorten the period of transition in order to obtain control of the Communist forces."[111] On that same day a new agreement was worked out between the Government and the Communist representative and presented to the American Ambassador.[112] It provided for the creation of a Political Consultative Conference composed of the various political and non-partisan elements. The number of delegates, by group and in total, and their method of selection were not stipulated.. Their function was to consider measures for: (1) ending the period of political tutelage through the establishment of "constitutional government," (2) integrating the military forces, and (3) determining the role of members of parties other than the Kuomintang in the National Government.

It would appear, in view of previous results, that accomplishments of the Conference would be negligible. For, as the draft stated, the National Government would not be obligated to carry out the recommendations of the conferees unless they had received unanimous approval. Further, no

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[111]Hurley, Telegram to the Secretary of State, Feb. 18, 1945. Ibid., pp. 3676-77. Hurley added in the same telegram that in late Jan. he told Wang Shih-chieh, Minister of Information of the National Government and one of its representatives in the negotiations, that "the fundamental issues involved had been debated by every one so many times that we were now merely repeating what had been said before. I reminded them that they had been negotiating with the Communists for over five years, . . . that there had been too much negotiation and no action."

[112]A copy of the proposal is found in State Department, U. S. Relations with China, p. 81.

definite commitments were made by either antagonist. The Chinese only agreed to seek agreement, and even then they had not established a date for the participants to convene. However, it must be remembered that the Conference, as its full title indicated, was primarily an advisory one. One must also keep in mind that the National Government was reluctant to make any major revisions during the war against Japan for fear that weaknesses would result and bring about its collapse.[113]

The immediate reaction to the new proposal was a mixed one.[114] According to Hurley, Chou En-lai was optimistic over the prospects of future cooperation while Chiang Kai-shek felt that too many concessions had been made to secure that cooperation. Hurley did not believe that the Communist position had changed since he started negotiating with them in November, 1944. He could see no possibility of Communist cooperation until the tutelage stage of the Kuomintang was ended in favor of a coalition government based on representation of all political parties. The Communists, thus, were making a distinction between the National Government and the Kuomintang Party, and Hurley did not believe they would release their troops to that government until parties other than the Kuomintang were also permitted to actively participate in the formulation of its policy. Nevertheless, some progress seemed to have been made, and Chou En-lai left Chungking for consultations with Mao Tse-tung in Yenan on February 16, 1945.

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[113]This latter view was expressed to Hurley by T. V. Soong. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 5, Appendix VV [Telegram from Hurley to the Secretary of State, dated Feb. 18, 1945], 3677.

[114]This account of the views of Ambassador Hurley, Chiang Kai-shek and Chou En-lai is based on a telegram from Hurley to Secretary Stettinius on Feb. 18, 1945, summing up the negotiations just prior to his departure for the United States. Ibid., pp. 3676-79.

The Ambassador, apparently welcoming this brief lull in the negotiations, departed for Washington on February 19. Accompanied by General Wedemeyer, he intended to seek the answer to a question which had been troubling him and to which he had referred in his telegram of the preceding day to Secretary Stettinius. According to this cable, he interpreted a recent message of the Secretary as giving him authority to make suggestions to the negotiators but not to implement them. Indicating a definite difference of opinion with the State Department, Hurley stated in his telegram that that procedure had been followed by Ambassador Gauss and had failed completely "because it lacked vigorous implementation."[115]

While Hurley was in Washington United States officials were confronted with several problems related to the policy toward China. One of these was whether aid should be extended to the Chinese Communists as well as to the Republic of China. The issue was germane because United States policy had consistently supported unification of all Chinese military forces to defeat the Japanese, and Ambassador Hurley's directive included such a provision.[116] But that policy had also consistently supported the National Government and Chiang Kai-shek. The question of desirability of aid to the Chinese Communists had been raised on earlier occasions,[117] but

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[115]Telegram from Hurley to the Secretary of State, Feb. 18, 1945. Ibid., p. 3679.

[116]Supra, n. 105. Hurley had consistently opposed aiding the Chinese Communist Party in any way on the basis that it would obstruct rather than help unification efforts and was inconsistent with his directive. His decision to deny a request for such aid by the Communist general, Chu Teh, is related in a telegram to the Secretary of State on Jan. 31, 1945, incorporated in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 5, Appendix VV, 3672.

[117]For example, the reports to the Department of State of Foreign Service Officers John Davies on Dec. 12, 1944, and Raymond Ludden and John

the tension of the moment was created by a report to the Department of State by the American Charge d'Affaires at Chungking, George Atcheson.[118] This dispatch, dated February 26, 1945, arrived in Washington while Hurley was there for consultation. Indicating that its contents reflected the impression of the observers in Chungking, the report stated that events appeared to be leading to civil war. The report further suggested that consideration be given to supplying and cooperating with "the Communists and other suitable groups who can aid in this war against the Japanese." Atcheson's dispatch also specified that this did not mean a decrease in assistance to the National Government, and that the suggestion should be discussed in the presence of Generals Hurley and Wedemeyer. The Ambassador strongly opposed taking such action, and the matter was dropped.

Hurley's presence in Washington also came during a period in which the formulation and implementation of United States policy became more deeply entangled in an intricate network of factors involving the prosecution of the war against Japan. One phase of this complex involved the maintenance of amicable relations between China and Russia and the extent to which the United States implicated itself in this matter. The problem had ramifications which antedated Hurley's trip to Washington. In one of these, Chiang Kai-shek had told Vice-President Wallace during his 1944 mission to China that a Sino-Russian conference was needed to improve the relations of the two. He asked the Vice-President to convey

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Stewart Service on Feb. 12, 1945, either stated or implied that accomplishment of United States policy might be aided by such a move. The reports directly stated, however, that the United States should continue to recognize the National Government with Chiang Kai-shek as its President, and provide it with material and support. State Department, U. S. Relations with China, Annex 47, pp. 574-76.

[118]Atcheson's report and the disposition of its suggestion are fully treated in ibid., pp. 87-92.

his request to President Roosevelt that the American President use his good offices to bring about such an assembly. Roosevelt, in a cordial reply of July 14, 1944, informed the Generalissimo that the proposed meeting would have a better chance of success if the Chinese and the Chinese Communists first arranged a working agreement for effective prosecution of the war against Japan.[119]

On another occasion prior to Hurley's departure for Washington in February, 1945, the National Government had sought the assistance of the United States in its relations with the Union of Soviet Socialist Republics. Ambassador Hurley reported to the Department of State on February 4, 1945, that Chiang Kai-shek was contemplating sending T. V. Soong to Moscow to promote harmonious relations with Russia. In this connection, he continued, the Generalissimo would welcome any "changes or suggestions" the United States Government would care to make in the tentative agenda which he forwarded. The reply of the United States Government, as in the one of President Roosevelt referred to above, indicated a desire to help the Chinese Government. But, Hurley was informed, "We should not permit the Chinese Government to gain the impression that we are prepared to assume responsibility as 'adviser' to it in its relations with the USSR."[120]

However, while these instructions were being drafted for Ambassador Hurley, a conference was being held at Yalta in which the United States did agree to advise China in its relations with the Soviet Union.[121] In this

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[119]Chiang's request of President Roosevelt is referred to in John Carter Vincent's transcription of the notes taken during the talks between Wallace and the Generalissimo. Ibid., Annex 43, p. 550. Roosevelt's reply is found in Annex 44, p. 560, of the same source.

[120]Ibid., pp. 92-93.

[121]A copy of the text of the Yalta Agreement, Feb. 11, 1945, is found in ibid., pp. 113-14. China was not represented at this conference

meeting the Soviet Union committed itself to enter the war against Japan within two or three months after the war with Germany was terminated. The pledge was made to the United States and Great Britain on February 11, 1945, and the United States agreed that the President would "take measures" to secure the compliance of Chiang Kai-shek to some of the conditions governing Russia's entry into the conflict. Among these provisos were: (1) preservation of the status quo in Outer-Mongolia, (2) internationalization of the "commercial port of Dairen" and the protection of Russia's "preeminent interests" there, (3) restoration to Russia of the "lease of Port Arthur as a naval base," and (4) joint Sino-Soviet operation of the Chinese-Eastern and South Manchurian Railroads. Russia, in accepting these conditions and some others unrelated directly to China, agreed to China's retention of sovereignty in Manchuria, and to make a "pact of friendship and alliance" with China.

The decision to agree to these conditions for Russia's participation in the Far Eastern war has been justified by the Department of State on the ground of "military necessity."[122] The primary objective was

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and was not, therefore, a signatory of the pact. China was told of its provisions on June 15, 1945. Harriman said that the Chinese were not informed earlier of the Yalta compact because Russia's entry into the war was a military secret, and it was necessary to take all precautions against the disclosure of Russian troop movements to the Far East. Harriman statement, July 13, 1951. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 5, Appendix NN, 3334.

[122]State Department, U. S. Relations with China, pp. 114-15, 126. Probably few agreements between heads of state have resulted in controversies of such intensity, scope, and duration as the Yalta Agreement. These contentions, pro and con, will be treated throughout this work in so far as they are applicable, rather than in a section devoted exclusively to the many ramifications of the story. For an excellent discussion of the Yalta Papers, see John L. Snell and Others, The Meaning of Yalta: Big Three Diplomacy and the New Balance of Power (Baton Rouge: Louisiana State University Press, 1956).

to end the war against Japan as early as possible. Hence, getting Russia into the conflict at a time when her contribution would be most effective would contribute to an early cessation of hostilities and the saving of millions of lives. It was believed that determination of the Soviet Union's demands prior to its declaration of war might prevent post-war disagreements in the Far East, and, if it did not, the Soviet Union would be violating its own commitment. Ambassador Hurley, who was still in Washington, departed on April 3, 1945, for Chungking by way of London and Moscow. He later told a congressional hearing that President Roosevelt had confided in him that some of his "fears" about the Yalta compact were justified, and that the President asked him to go to London and Moscow to "ameliorate" the agrement. Hurley also told the Senators that he was "making headway" until a cable was delivered to him informing him of the death of President Roosevelt and stating that the United States was "irrevocably committed" to the Yalta Agreement.[123]

Whether this account of the Ambassador's instructions was correct or not, it was not specifically corroborated by a report he made to the Department of State on April 17, 1945.[124] According to this cable, he did

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[123]Testimony of June 21, 1951, before Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, 2884-88, 2942.

[124]State Department, U. S. Relations with China, pp. 94-96. W. Averell Harriman, Ambassador to the Soviet Union at the time of Hurley's visit, sat in on the conferences of the latter with Stalin and Molotov, the Russian Foreign Minister. In a statement of July 13, 1951, he challenged Hurley's testimony above in the following words: "He stayed with me during his visit. At no time did he indicate to me that President Roosevelt was disturbed about the understanding reached at Yalta or that he desired that this understanding be ameliorated. On the contrary, the purpose of . . . Hurley's visit to Moscow, as he stated it to me and to Stalin, was to find out from Stalin whether Chiang could be told about the Yalta understanding and to help further cement the relations between the Soviet Union and the Chinese National Government." Senate Committees on Armed Services and on

secure, however, reaffirmation of Stalin's support for the unification of the Chinese military forces and the government of the Republic of China with Chiang Kai-shek as its president.

United States officials accepted this report by Hurley as factually correct, but several of them were disturbed by his seemingly unquestioned acceptance of Stalin's promises. This view was expressed in a telegram of George Kennan, the Charge d'Affaires in Moscow, to Ambassador W. Averell Harriman who was in Washington for consultation. Recommending that "the real character and implications of Russian Far Eastern aims" be examined with "clinical objectivity," Kennan reminded Harriman that:

> . . . to the Russians words mean different things than they do to us. Stalin is prepared to accept the principle of unification of Chinese Armed forces and the principle of a united China since he knows that these conditions are feasible only on terms acceptable to the Chinese Communists. Stalin is also prepared to accept the idea of a free and democratic China since a free China means to him a China in which there is a minimum of foreign influence other than Russian.[125]

Harriman voiced the opinion that Hurley's "too optimistic impression of . . . Stalin's reactions" might "arouse unfounded expectations" in Chiang Kai-shek if the Ambassador were not careful in his discussions with Chiang.[126] On Harriman's recommendation, Secretary Stettinius instructed Hurley to impress Chiang with the "general thought" that Stalin's comments of support were made on the basis of conditions existing at the given time

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Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 5, Appendix NN, 3335.

[125]Summary of Kennan's telegram of Apr. 23, prepared by Secretary of State Stettinius for the President. Harry S. Truman, Memoirs by Harry S. Truman: Year of Decision (Garden City: Doubleday and Company, Inc., 1955), I, 84-85.

[126]These comments of Harriman and the following reference to the instructions of Stettinius to Hurley are given in State Department, U. S. Relations with China, pp. 97-98.

and that these "circumstances . . . may not long continue." Placing renewed emphasis upon America's wartime policy toward China, the Secretary directed Hurley to impress upon the Generalissimo the compelling need for a unified China. Such an accomplishment, he stated, could expedite the defeat of Japan and aid China in its postwar relations with the Soviet Union.

Upon his return to Chungking, Ambassador Hurley found the Nationalist Government and the Chinese Communists still agreeable to a settlement of their differences by political means. Although the Communists had left no doubt that their ultimate goal was communism,[127] they were willing to seek it through negotiation. Hurley reported to the Department of State in late June, 1945, that the National Government made a renewed effort to get an agreement with the Communists, but that progress had been impeded by new Communist proposals.[128] Hurley, who did not actively engage in these meetings, believed these were spurious propositions, pending the outcome of negotiations in Moscow between the National Government and the Soviet Union for a compact based on the Yalta Agreement. In his dispatch

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[127]Mao Tse-tung in a speech, "On Coalition Government," before the Seventh National Congress of the Chinese Communist Party on Apr. 24, 1945, had indicated that a coalition government was just a transitory stage. "Our future, or ultimate, programme," he said, "is to push China forward to socialism and Communism; this is definite and beyond question." From extract of text of Mao's speech, found in Brandt, Schwartz, and Fairbank, p. 304. Also the Constitution of the Chinese Communist Party, dated June 11, 1945, states that "Its [Chinese Communist Party] ultimate aim is the realization of Communism in China." Taken from a copy of this Constitution which is printed in ibid., p. 422.

[128]The Communist proposals had been made to a committee of seven, composed of three political independents appointed by the People's Political Council and two volunteer representatives each from the Kuomintang and the Democratic League. The suggestions by the Communists were that: (1) the meeting of the National Assembly, scheduled for November 12 to adopt a constitution, be called off, and (2) a political conference be convened with three representatives each from the Kuomintang, the Chinese Communist Party, the Democratic League, and the independent political parties. State Department, U. S. Relations with China, p. 105.

to the Secretary of State he remarked that the Chinese Communists:

> . . . still believe that they have the support of the Soviet. Nothing will change their mind on this subject until a treaty has been signed between the Soviet and China in which the Soviet agrees to support the National Government.[129]

The United States, in an attempt to carry out its commitment made at Yalta, encountered difficulty in the Moscow conference in securing the National Government's compliance with its advice. Harriman, the United States Ambassador to Russia, and the Chinese Foreign Minister, T. V. Soong,[130] agreed that the Russian demands exceeded the Yalta provisions, and the American Ambassador recommended that they be resisted. However, as the meetings continued through July and into August, Harriman noted a sense of urgency among the Chinese. "In spite of the position" the United States took, he has said, Soong "made it clear to me that his Government was anxious to reach an agreement with the Soviet Union," and they made "concessions which we considered went beyond the Yalta understanding."[131]

Ambassador Hurley's statements, above--that the Chinese Communists would use delaying tactics until the Soviet Government pledged its support to the National Government by signing a treaty--would seem to have some validity. For, shortly after the signing of the Sino-Soviet Treaty of

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[129]Ibid., p. 99.

[130]These negotiations were suspended during the Potsdam Conference, and Wang Shih-chieh, the new Chinese Foreign Minister, replaced Soong when they were resumed in August.

[131]Harriman Statement, July 13, 1951. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 5, Appendix NN, 3339. Specific objections of the United States to the terms of the Sino-Soviet Treaty of Friendship and Alliance, signed on Aug. 14, 1945, were that one-half of the port facilities of Dairen were leased, without charge, to the Soviet Union, and that the Port Arthur area designated as a naval base was greater than had been expected. State Department, U. S. Relations with China, pp. 117-18.

Friendship and Alliance on August 14, 1945,[132] in which the Soviet Government had made such a pledge, Mao Tse-tung agreed to leave from Yenan for Chungking to participate in the negotiations between the National Government and the Chinese Communists.[133] The deliberations proceeded smoothly, and Hurley left for consultation in the United States on September 22, 1945. Shortly before he left Chungking, he sent a progress report to the Department of State.[134] The negotiators, he stated, had agreed to cooperate in establishing a democratic government and to maintain Chiang Kai-shek as President of the Republic of China. They promised to support the principles of Sun Yat-sen and to guarantee civil rights. The Communists promised recognition of the dominant position of the Kuomintang and to support it in the period preceding the establishment of a democratic government.

Hurley cautioned, however, that agreement had not yet been reached on two salient issues: (1) the method of selecting provincial governors and mayors, and (2) the composition of the unified peace-time army. On the first point, the Communists claimed "the right to appoint, select, or elect any Communist governors or mayors in certain provinces,"[135] while the

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[132]Texts of the Treaty and related agreements are in State Department, U. S. Relations with China, Annexes 51-59, pp. 585-96.

[133]However, according to a noted source, Colonel Ivan Yeaton, head of the United States Army Observers Mission to Yenan, told Ambassador Hurley who was then in Yenan that the Communists considered the request for Mao Tse-tung to go to Chungking "to mean that both the Chinese and American governments needed them." Feis, p. 361.

[134]The following analysis of the agreements reached and the divergencies remaining are based on the text of Hurley's report in State Department, U. S. Relations with China, pp. 105-07.

[135]Ibid., p. 106. This contention would seem to imply that at this stage of negotiations the Communists believed that they would have a dominant influence in certain provinces after China had become unified. In any event, later collaboration between the Nationalists and the Communists depended, in part, upon reaching an amicable solution to this problem. It is, therefore, treated at greater length in Chapters II and III.

Government contended that the prerogative of appointing officials was vested in the President of the Republic pending adoption of a new constitution and inauguration of a government under it. On the second point, the National Government refused the demand for inclusion of forty-eight Communist divisions in the peace-time army on the basis that this would constitute one-half of its total strength. Calling attention to their minority status, the Government stated that it would agree to an offer of twenty Communist divisions, which would be approximately one-fifth of the total force.

Ambassador Hurley, who played a prominent role in these deliberations, believed that progress had been made when he left for the United States. Noting that Mao Tse-tung would remain in Chungking for the negotiations which would continue during his absence, Hurley said in his report to the Department of State that

> The spirit between the negotiators is good. The rapprochement between the two leading parties of China seems to be progressing, and the discussion and rumors of civil war recede as the conference continues.[136]

There were justifiable reasons for Hurley's belief that his mission had produced satisfactory results. If accomplishment of the provisions of his ambassadorial directive are taken as indicative of success, certainly his feeling of confidence in a job well done is substantiated to the extent that a person in his position could have influenced the outcome. For during his tenure as Ambassador: (1) the National Government had not collapsed, (2) Chiang Kai-shek had been sustained as the political and military leader of the Government, (3) congruous relations had been restored between Chiang Kai-shek and the Commanding General of the American forces,

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[136]State Department, U. S. Relations with China, p. 107.

and (4) China had not collapsed economically. In addition, the United States had contributed, in an advisory capacity, to the establishment of amicable relations between the Nationalists and the Communists. For example, Hurley had been instrumental in creating basic conditions for a working relationship between the National Government and the Chinese Communists before he left for Washington in February, 1945. Also, Ambassador Harriman had advised the Chinese Government in its negotiations with the Soviet Union when the Russians promised to support the National Government. The Soviet pledge was made in the Sino-Soviet Treaty and in related agreements of August 14, 1945.

These achievements, however, were superficial in so far as their permanent effect was concerned. They can be compared with an inverted iceberg if the hidden portion of the iceberg corresponds to the two salient disagreements which Hurley referred to in his report. These differences, and related ones which took on added significance later, were never resolved, partly because of the illusory nature of the Chinese contribution to their solution. Chinese tactics to prevent a future political settlement of the differences between the National Government and the Communists were already apparent--confrontation of proposals with counter-proposals; mutual unwillingness to accept each others amendments to proposals; and periodic military clashes of the contending forces. It is to this phase of the overall problem and the post-war attempt of the United States to help solve it that we now turn our attention.

CHAPTER II

THE MARSHALL MISSION IN PERSPECTIVE

Status of China, August-November, 1945

The surrender of Japan on August 14, 1945, ended eight years of war for China. However, as Japanese aggressive actions had begun in 1931, China had actually suffered through fourteen years of invasion, destruction, and disruption of its communications and productive systems. And even with the cessation of hostilities China was still faced with tremendous problems and prospects of others.

Generalissimo Chiang Kai-shek, in a speech to the nation on September 18, 1945, referred to the sufferings of the past and, particularly, to the need for reconstruction in the North-eastern Provinces. Speaking on the fourteenth anniversary of the Mukden incident, "our national humiliation day," he told his countrymen of the recovery of the North-eastern Provinces and reminded them of the task of reconstruction to be undertaken in that area. Indicating a willingness to work with the Soviet Union, he stated that "We must . . . wholeheartedly cooperate with our friendly neighbor for the improvement of the already amicable relations between the two great nations . . . ."[1]

The uncertainties which confronted China and to which the United

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[1]Chinese Ministry of Information (comp.), The Collected Wartime Messages . . . , II, 872. Chiang made no reference in the speech to the probable ingress of Chinese Communists into the Northeastern Provinces.

States attached significance were many: the appalling prospects of civil war; the fear that, if civil war did come, the Japanese force and influence could, in defeat, actually gain control of China by throwing its weight to either side; the concern over what the Chinese Communists and the Soviet Union would eventually do, individually or jointly; the postwar financial strain upon the National Government; and the question of the political stability of the Government.[2]

These uncertainties become of greater import when one analyzes the factor of territorial control at the end of World War II. President Truman, in referring to China as a "geographical expression" rather than a nation in the Western sense, stated that the authority of the National Government at that time was limited to the southwest area. The Japanese, he added, occupied East China and the rest of South China, and the Russians were in Manchuria. The Chinese Communists were located in the rural areas of southeast China, but they were in complete control of North China.[3] In addition, the National Government claimed that approximately 4,000,000 troops not under its control were stationed in China and Manchuria. These forces were listed by the Government as 310,000 Chinese Communist regulars plus a larger, but unspecified, number of militia; approximately 2,000,000 Japanese troops; 930,000 puppet government soldiers; and 600,000 to 700,000

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[2]Reference to these anxieties were expressed in Secretary of State Dean Acheson's testimony of June 4, 1951, before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 1842, and in Harry S. Truman, Memoirs by Harry S. Truman: Years of Trial and Hope, 1946-1952 (Garden City: Doubleday and Co., Inc., 1956), II, 63.

[3]Truman, II, 61. Secretary Acheson in testimony of June 4, 1951, stated that the Communists controlled 15 per cent of the country, excluding Manchuria, and that 25 per cent [116,000,000] of the people lived in that area. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1839.

Soviet troops.[4]

Of these forces the Chinese Communists were to be the most persevering and the most disruptive of Nationalist control.[5] Secretary of State Acheson spoke of the factors which contributed to the strength of the Communist movement when he told a congressional committee that the Chinese Communists were

> . . . not scattered through the population as an element of the population . . . . They had a government of their own; they had an army of their own; and, in effect, they had a country within China . . . .[6]

Another factor that contributed to the cause of the Chinese Communists was

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[4]These figures are based on a "Memorandum from the Chinese Government to Lt. Gen. Albert C. Wedemeyer," which was given to the General during his 1947 mission to China and was published in State Department, U. S. Relations with China, Annex 138, p. 817. There are conflicting statements relative to the number of both Japanese and Communist troops. President Truman stated that there were over 1,000,000 Japanese, and Wedemeyer has written that he repatriated 1,400,000 Nipponese. Truman, II, 63; Wedemeyer, p. 351. F. F. Liu, an officer in the National Army during World War II, noted that the Chinese Communists claimed at Japan's surrender to have 930,000 men and an organized militia of 2,200,000. Liu, p. 253. The only variance between the figures of Liu and those given by Mao Tse-tung in his speech, "On Coalition Government," in Apr., 1945, was that the regular forces numbered 910,000. Brandt, Schwartz, and Fairbank, pp. 297-98.

[5]The darkened portions of all maps indicate the territory controlled by the Chinese Communists on the dates specified. Map, p. 277 is illustrative of the area controlled by the Chinese Communists on Aug. 15, 1945. This map and those on pp. 278-83 were photographically reproduced from a set of maps found at the end of Appendix III in U. S. House of Representatives. Committee on Foreign Affairs. Foreign Assistance Act of 1948. Report No. 1585 to Accompany S. 2202, 80th Cong., 2nd Sess., Mar. 20, 1948. The other map on p. 284 of this dissertation was photographically reproduced from a map attached to U. S. Senate. Committee on Foreign Relations. A Bill to Promote the General Welfare, National Interest, and Foreign Policy of the United States by Providing Aid to China. Report No. 1026, Amended Report of the Committee on Foreign Relations on S. 2393, 80th Cong., 2nd Sess., Mar. 25, 1948.

[6]Testimony of June 4, 1951. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1842.

that they could logically deny any national responsibilities for the problems which confronted the National Government. Utilizing this advantage, the Communists issued such denials while advocating abolition of the one-party government of the Kuomintang and the creation of a multi-party coalition government.

Another task confronting the Government, and one that became progressively difficult to cope with, was the restoration of a sound economic system. One factor that probably made its accomplishment more difficult was the extent to which public officials tended to rely on victory in the war as a stabilizing influence. A Department of State publication described the crippling blows suffered by inland and coastal shipping and railroad facilities, electric power equipment, and agriculture and industry, and added that:

> the economic situation, . . . was surprisingly good and contained many elements of hope . . . . the productive potential of agriculture, mining, and industry in most of the areas taken from the Japanese was not substantially different from that of 1937.[7]

Noting that the production of coal and pig iron capacity had been increased under Japanese management by 25 per cent and 50 per cent, respectively, over prewar levels, this source stated that a very favorable production increase in industry and food production was expected to result from the recovery of Manchuria and Formosa. Thus, the view taken by the United States Government at the end of hostilities was that, with a peaceful China, the economic problems of the country ". . . related less to the reconstruction of productive equipment than to the organization of production and distribution through facilities already available."[8]

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[7]State Department, U. S. Relations with China, p. 127.

[8]Ibid., pp. 127-28. Chang Kia-Ngau, in a thorough analysis of the conditions in China, was disturbed by the "unprecedented magnitude"

China's financial status, though alarming in some respects, was considered by the Department of State to be "reasonably bright." Observing that the magnitude of the task of reconstruction was great, it was noted that China's foreign exchange holdings were greater at the end of the war than at any time in its history.[9] It was believed that the stability of the Chinese international financial position depended on a speedy recovery of the export industries and a return to the prewar level of payments from the Chinese in other countries. Domestically, wartime inflation would have to be stopped, revenue expanded, and military expenditures reduced.[10] The stability of the Chinese economy would, of course, presuppose a unified China at peace with an integrated economy in contrast to the previous fragmented economy under the Japanese, the Chinese Communists, the war lords, and the National Government.

Chang Kia-Ngau contended that the National Government placed undue

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of the "task of rehabilitation and reconstruction confronting China . . . ." He believed that it would take "an astronomical amount of capital resources" to return 50,000,000 displaced persons to their homes, to restore millions of acres of farm land to production, and to put transportation, communications and industrial facilities in operation again. Chang Kia-Ngau, p. 67.

[9]It was estimated that "foreign exchange assets held by private Chinese" on V-J Day totalled over "several hundred million United States dollars," and the Chinese reserves of gold and U. S. dollar exchange were estimated to be over 900,000,000 U. S. dollars on Dec. 31, 1945. State Department, U. S. Relations with China, pp. 129-30.

[10]Chang Kia-Ngau stated that the expenditures [CNC $2,348,000,000] of the National Government during 1945 were nearly nine times the budget estimate of CNC $263,800,000. Sixty per cent of this total was spent between V-J Day and the end of Dec. He added that CNC $500,000,000, or sixty-five per cent of the total expended during the last quarter of the year, were spent to reestablish administrative services in the formerly occupied areas, to repatriate the Japanese troops, and to take and operate Japanese "enterprizes." Chang Kia-Ngau, pp. 154, 156. The figures used are more meaningful when one realizes that a U. S. dollar was officially worth twenty CNC dollars throughout 1945 and was valued from 512 to 2,974 CNC dollars on the actual market during the same period. During the last quarter of the year referred to by Chang Kia-Ngau, the average black market exchange rate for U. S. dollars was 1,408 CNC dollars. See Appendix I, p. 272.

reliance on too many conditional factors--unification, peace, recovery of lost territories with subsequent increases in revenue, and restoration of normal trade relations internally and externally. "Unfortunately," he wrote, leaders of the Government "welcomed the victory as an automatic solution to the problem of inflation," and believed that the return of Manchuria, the areas occupied by Japan, and Formosa with all their facilities and resources, plus political unification under the National Government, would "constitute an adequate invisible reserve against" additional issues.[11] Such reasoning, he contended, led to deleterious actions by the Government, such as the abandonment of price controls. This action was of particular concern to the average consumer whose savings had been depleted during the struggle with Japan.

Inflation had most seriously hurt the salaried worker. The living standards of civil officials, members of the teaching profession, the peasant, and, to a lesser extent, laborers and industrial workers suffered greatly. Chang Kia-Ngau claimed that these people were "antagonized by the growth of a wealthy class which had achieved its position by engaging in activities inimical to the general welfare."[12] This class of nouveaux riches consisted of traders who had smuggled scarce goods into Free China; speculators who had bought gold and commodities with borrowed money; military officers and higher ranking civil officials who had used their official positions to promote business enterprizes; and banking personnel who had violated the law by financing speculative undertakings.

With the cessation of hostilities against Japan the National Government had to turn its attention to political as well as economic

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[11]Chang Kia-Ngau, p. 151.

[12]Ibid., pp. 65-66.

reconstruction. Early in October, 1945, Ambassador Hurley was notified by the American Embassy in Chungking of the progress of negotiations between the representatives of the Government and the Chinese Communists.[13] This report stated that an agreement had been reached between the two parties to create a Political Consultation Conference composed of thirty-seven members.[14] The functions of the Conference were to make recommendations relative to a draft constitution, to determine the date for convening a people's conference[15] to approve the constitution, and to serve as a body for the settlement of other disputed questions. Decisions of the Conference were to be final, and the National Government agreed to enforce the resolutions it adopted. It was further agreed that a joint committee of the two disputants would be formed to consider the reorganization and reduction of their armed forces. One of the most encouraging signs of adjustment was the decision of the Communists to accept the National Government's proposal of twenty divisions in the National Army.

Chou En-lai was optimistic over the results. He reportedly told a member of the American Embassy that the only primary issue unsettled was political control of Communist-dominated areas. Chou made particular

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[13]Hurley had not returned to China from his trip to Washington on Sept. 22, 1945, and this information was relayed to him at the request of K. C. Wu, the Chinese Minister of Information. A copy of Hurley's message is printed in State Department, U. S. Relations with China, pp. 107-08.

[14]This number was to include eight Government, seven Communist, thirteen Third Party, and nine non-partisan members.

[15]Chiang Kai-shek had proposed on Mar. 1, 1945, in a speech before the Commission for the Inauguration of the Constitutional Government that the People's Congress be convened on Nov. 12. As there had been some dissent on the date set, the agreement here provided that the Political Consultation Conference would determine whether the meeting of the Congress would convene as scheduled or be postponed. The text of Chiang's speech is printed in Chinese Ministry of Information (comp.), The Collected Wartime Messages . . . , II, 826-30.

reference to the northeastern provinces of Hopei, Shantung and Chahar. The American officials in Chungking were convinced, however, that the two sides had made little headway on this question.[16]

This agreement of October 11 constituted, nevertheless, a very important basic adjustment and was relied on later in an attempt to end the political tutelage of the Kuomintang.[17] There were some immediate obstructions to implementing it, including delay by the Communists in naming delegates to the Political Consultation Conference and postponement of the meeting of that body scheduled for November 20th. However, the Government released a "provisional list of the delegates" to the Conference on November 27 and set the convening date for January 10, 1946. It was to meet at Chungking.

United States Policy toward China, August-November, 1945

The United States was firmly established as a great power at the

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[16]According to Chou the difference between the proposals of the two was that the Communists wanted a council elected from the districts and villages to appoint the governors of the "liberated areas," and the Government demanded that provincial governors be appointed directly by it. State Department, U. S. Relations with China, p. 108. However, according to a release of the text of the agreement by the Government on Oct. 11, 1945, the Nationalists claimed that the phrase "liberated areas" had become "obsolete" when the war with Japan had ended, and called upon the Communists to respect the "integrity of the administrative authority of the country." After four proposals by the Communists to settle this issue and four rejections by the Government, it was agreed that this matter should be referred to the Political Consultation Conference "for discussion and settlement." A copy of the text of the Government's release is found in ibid., Annex 49, pp. 577-81.

[17]Gunther Stein, a correspondent in Hong Kong, Chungking and Yenan from 1938 to 1944 for the Christian Science Monitor and the London News Chronicle, claimed in Oct., 1945, that the Chinese Communists were so strong that they would remain as a strong political force whether they entered a coalition government or continued their opposition. Using even stronger language, he contended that the movement "could not be destroyed even in a civil war." "The Other China," Foreign Affairs, XXIV (Oct., 1945), 62.

end of World War II and was expected to have a dominant influence in the shaping of the peace. America emerged from the conflict with known capabilities and was the lone possessor of awesome nuclear potentialities. Its primary objective in the Far East of defeating Japan had been achieved, and the Republic of China had been sustained. Expectations for a peaceful world were fortified by professed commitments of the victors to international cooperation and harmony among themselves.

This period was one for planning reconstruction and rehabilitation and for the development of methods to solve the problems of a world no longer at war. In the Far East the United States had to consider what its approach would be to the vacuum left by the collapse of the Japanese Empire, the actions of the Soviet Union in Manchuria, and the disturbing conditions in China. Toward this end it had to give thoughtful consideration not only to its capabilities, but also to the readiness of the American people to support the chosen course of action.

Impact of Demobilization Program

United States wartime objectives, it will be recalled, were two in number. Although the goal of winning the war had a higher priority than the one of creating a strong, united and democratic China, the primary goal had not been pursued exclusively nor with any greater devotion to principle than the secondary one. The basic differences were in the methods used to accomplish the two objectives and in the fact that the factors governing the success of the secondary objective were less subject to control by the United States.

There was, with the cessation of hostilities, a realignment of priorities, but the alternatives available to government officials were

severely limited by pressure from the American public to augment the demobilization process. President Truman stated that the demands for the release of armed forces personnel which began with the surrender of Germany became "insistent" upon the defeat of Japan. He described the conditions existing at that time and what was being done to assuage the populace in the following words:

> . . . , the demand for speedier demobilization continued to increase. On September 18 [1945] I issued a statement assuring the American people that the return of servicemen from the fighting fronts of the world to their homes was proceeding as fast as the circumstances permitted. In less than one month after the day of Japan's surrender the number of men discharged each day from the Army had risen from 4,200 to more than 15,200. Our soldiers were being returned to civilian life at a rate in excess of 650 per hour. This rate, I announced, would be steadily increased to more than 25,000 discharges per day by January, 1946.[18]

These popular pleas were also supplemented by those of members of Congress. Senator Raymond E. Willis of Indiana asked a very blunt question on November 30, 1945, but in essence it was not much different from those being posed by other congressional members. "What possible stake," he wanted to know, "has the average American in the outcome of China's civil war?"[19] Contending that many letters were being received which blamed

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[18]Truman, I, 507-08. President Truman added on p. 509 that the military branches had released the following numbers of personnel by Jan. 8, 1946: (1) Army, 4-3/4 million, (2) Navy, 1-1/4 million of a "peak strength" of 3-1/2 million, (3) Marines, 183,000 of a total of 486,000, and (4) Coast Guard, 74,000 out of a force of 180,000. The dismantling of U. S. military organs was further indicated by the release of figures by the War Department on Nov. 23, 1945, which were published in the Congressional Record. This source recorded that 252,000 personnel were released during the week ending Nov. 23, 1945, and that 2,774,000 were discharged between Sept. 2, 1945, and Nov. 23, 1945. U. S., Congressional Record, 79th Cong., 1st Sess., 1945, XCI, Part 9, 11159.

[19]U. S., Congressional Record, 79th Cong., 1st Sess., 1945, XCI, Part 9, 11236. The Senator was still impatient despite the public statements of the President and the one of Lt. Gen. Brehon Somervell on Aug. 17, 1945. The General, Commander of the Army Service Forces, was quoted

Congress for the delay in the return of overseas troops, Representative John C. Kunkel of Pennsylvania observed that the Congress had given the executive branch everything that was required to complete the task. However, he added, if anything had been overlooked, "all that is needed is for Congress to be asked and it will be granted."[20] Senator Alexander Wiley of Wisconsin used the floor of the Senate on December 7, 1945, to voice sentiments similar to those of Kunkel, and said that his office was deluged with messages inquiring about the delay in the discharge of their loved ones from overseas.[21] He called for an explanation and wanted to know why the Congress, and not the President, was being blamed.[22]

Regardless where the blame should be placed,[23] prominent executive officials displayed increasing concern over the impact that the rate of

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as saying that 1,500,000 of the 1,800,000 troops then in the Pacific and the Far East would be released by June 30, 1946. He stated, however, that this did not mean that the U. S. would have only 300,000 men in those areas on that date because replacements would be sent. New York Times, Aug. 17, 1945, pp. 1, 9.

[20]U. S., Congressional Record, 79th Cong., 1st Sess., 1945, XCI, Part 9, 11180.

[21]Representative Francis Walter of Pennsylvania had a partial answer to these questions. On the same day that Senator Wiley spoke, Walter referred to a press release of Dec. 6, 1945, which was carried in the Washington Post. This news item stated that the Air Corps had to abandon its plans to fly 100,000 veterans from the Pacific ports of debarkation to their homes. The reason given was that the Air Corps had discharged its personnel so rapidly because of pressure from their families that not enough crewmen were available to carry out the task. Printed in U. S., Congressional Record, 79th Cong., 1st Sess., 1945, XCI, Part 9, 11633.

[22]Ibid., p. 11627. Similar comments were expressed in Nov. and Dec. by Congressmen about the pressure of their constituents to expedite the discharge process and are found in the same source, pp. 11634 and 11814.

[23]According to notes taken by Major Mathias F. Correa at the meeting of the Departments of State, War, and Navy on Nov. 20, 1945, Secretary of War Patterson wrote a note to Secretary of State Byrnes on Nov. 1 in which he contended that Congress was more interested in accomplishing demobilization efforts with the funds already appropriated than in maintaining

demobilization would have on the policy the United States could pursue. President Truman has voiced the opinion that the Government was no longer following a program of demobilization. "It was," he said, "disintegration of our armed forces."[24] He claimed that the United States needed to "temper and adjust" the discharge rate in order to meet its world obligations and agreed "entirely" with similar views expressed in a Cabinet meeting on October 26 by Secretary of the Navy James Forrestal and Secretary of War Robert P. Patterson. Dean Acheson, Under Secretary of State, attested to the need for following the President's advice when he spoke for the Department of State at a Cabinet meeting. The impact of demobilization was so great, he said, that the Department was greatly embarrassed in its conduct of foreign affairs.[25] But General George C. Marshall, Chief of Staff, probably perceived the basic reason for the rapid decrease in the size of the military establishment, and implied that those who formulated United States policy in the immediate future would have to adjust to the "disintegration." The General in a speech on October 29, 1945, remarked that "demobilization has become, in effect, disintegration, not only of the armed forces but apparently of all conception of world responsibility and what it demands of us."[26]

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adequate military strength. See editor's comments in Walter Millis (ed.), The Forrestal Diaries (New York: The Viking Press, 1951), p. 110. General Wedemeyer charged the American people with having fought the war "like a football game," but exonerated them of any responsibility because they "did not realize . . . . the long range consequences" of their action. His strongest criticism was reserved for "our leaders" who were "either too naive or too impotent to speak out frankly," and for Congressmen who yielded to the public pressure. Wedemeyer, pp. 356-57.

[24]Truman, I, 509.

[25]Diary entry of Jan. 11, 1946, in Millis (ed.), p. 129.

[26]Extract from Marshall's speech, quoted in Feis, n. 19, p. 422. Marshall stated several years later that it would have not been a "practical

Continued Support of the National Government

One of the major tasks of the National Government of the Republic of China was that of reconstruction and rehabilitation. As indicated earlier, eight years of warfare had caused serious dislocations in China's economic and societal relationships. However, attention to these problems had to be delayed until Japanese-held territory had been retaken and the occupying troops repatriated. It was immediately evident that the Government would not be permitted to undertake this job alone. The Chinese Communists were in a favorable position geographically, and they began to disarm the Japanese and to accept local surrenders in Central and North China under orders of the Communist commander-in-chief, General Chu Teh.[27] At this time, however, the Government had the more favorable advantage of superior military strength.[28] Its efforts also had the sanction of legality as it had been designated by the Supreme Commander of the Allied Forces as "the sole agent to receive the surrender of Japanese forces in

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political question" in 1945, to consider maintaining a large military machine, but that a mistake was made in not establishing "a very definite procedure for maintaining our defensive posture." Testimony of May 12, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 626.

[27]State Department, U. S. Relations with China, p. 312. General Chu Teh by such action had refused to obey an order issued by Chiang Kai-shek on Aug. 12, 1945, which directed Chu to keep his forces at their post and to await instructions from Chungking. New York Times, Aug. 16, 1945, p. 5.

[28]According to a publication of the Department of State, the National Government in Sept., 1945, "possessed an estimated five to one superiority in combat troops and in rifles, a practical monopoly of heavy equipment and transport, and an unopposed air arm." U. S. Relations with China, p. 311. However, figures released by the National Government and cited by Chang Kia-Ngau indicated that the Chinese Government's superiority in manpower, rifles and artillery was even greater. Chang Kia-Ngau, n. 15, p. 254.

China proper."[29]

One of the greatest obstacles confronting the National Government, however, was that of getting its troops to the Japanese-held areas before the Chinese Communists arrived. President Truman claimed that an order to the Japanese to leave their weapons and march to the seacoast would probably have resulted in the Communists taking over the vacated areas. The United States, therefore, assisted the Nationalists by using the Japanese "as a garrison" until Chinese troops could be moved into those areas.[30] Further, in immediate moves to aid in the reoccupation of vital points and to open lines of communications, the United States transported three Nationalist armies by air to northern and eastern China, including the cities of Shanghai, Nanking and Peiping.[31] These efforts were continued by water until approximately 500,000 Chinese troops had been relocated. An additional 50,000 American marines were sent to North China to occupy Peiping and Tientsin and to take over some of the coal mines and railroads.[32]

United States support of the National Government was also demonstrated by the continuation of programs to strengthen the Nationalist army,

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[29]According to the testimony of General Wedemeyer on June 13, 1951, General Order No. 1 of General Douglas MacArthur made this specification. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 2492.

[30]Truman, II, 62. This decision was made by the Departments of State and Defense and approved by President Truman.

[31]The air lifts were carried out by the U. S. Army Air Force under lend-lease provisions and cost almost $300,000,000. U. S., President, 1945-53 (Truman), Twenty-Second Report to Congress on Lend-Lease Operations, for the Period Ending Dec. 31, 1945 (Washington: U. S. Government Printing Office, 1945), House Doc. 663, p. 16. Cited hereafter as U. S., President, 1945-53 (Truman), Twenty-Second Lend-Lease Report to Congress, 1945, House Doc. 663.

[32]State Department, U. S. Relations with China, pp. 311-12.

air force, and quartermaster corps. Plans originated by General Stilwell to equip and train a thirty-nine division ground force had been carried forward by General Wedemeyer. By December, 1945, the supply phase of the project was completed, and progress was being made toward creating an 8-1/3 group Chinese air force.[33] In addition, upon the request of the National Government, President Truman began preliminary studies related to the establishment of American military advisory groups in China. The President informed T. V. Soong in a conversation on September 14, 1945, that the permanence of such bodies would depend upon action by the Congress of the United States.

> A United States advisory mission composed of officers on active duty can only be established under the emergency powers of the President. Consequently legislation would be required to continue the mission after the expiration of these powers.[34]

However, neither this support of the National Government by the United States, nor the agreement entered into by the Nationalists and the Chinese Communists in September, 1945, before Ambassador Hurley left or the one of October 11 prevented frequent military clashes between the two forces. General Wedemeyer, Commanding General of the China Theater, claimed that both parties were responsible for the battles. He stated that the Communists violated the orders of the National Government prohibiting their acceptance of the surrender of Japanese troops, and that Chiang Kai-shek

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[33]Ibid., p. 312. It was general policy to discontinue lend-lease after Japan had surrendered. An exception was made, however, to provide for the transfer of military equipment, ammunition, and clothing to the Nationalist forces to facilitate their reoccupation of Japanese-held territories. U. S., President, 1945-53 (Truman), Twenty-Second Lend-Lease Report to Congress, 1945, House Doc. 663, 9.

[34]State Department, U. S. Relations with China, Annex 170, p. 939.

had rather fight the Communists than repatriate Japanese.[35]

General Wedemeyer became increasingly alarmed over these and other events in China and Manchuria and over the "contradictory or inconsistent nature" of his directive. His orders were to help disarm and repatriate the Japanese until the troops of the National Government could carry out the task alone.[36] These instructions, Wedemeyer believed, were of a "contradictory or inconsistent nature" because while the Joint Chiefs of Staff approved them and advocated military assistance to China, they also:

> . . . emphasized that United States Forces must not be involved in fratricidal warfare . . . . that . . . assistance in the development of Chinese Armed Forces would be discontinued if it is established to the satisfaction of the United States Government that such Chinese Armed Forces are being used in support of an administration not acceptable to the United States, to engage in fratricidal warfare or to afford a threat of aggression. The extent to which political stability is being achieved in China under a unified, fully representative government is regarded . . . as a basic consideration which will at all times govern the furnishing of economic, military or other assistance . . .[37]

The General interpreted his instructions to mean that he and his forces were to prevent, not contribute to, the fratricidal conflicts, and this could be done only if he transported Nationalist troops into areas where neither they nor Americans would come into conflict with Chinese Communists seeking to occupy the same territory. He believed that the Marines would become involved in incidents, and his description of the execution of his orders substantiated his judgment.

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[35]Based on a paraphrase of General Wedemeyer's message to the War Department, Nov. 20, 1945. Wedemeyer, Appendix IV, p. 452.

[36]The return of the Japanese to their homeland proceeded very slowly. President Truman said on Dec. 18, 1946, that only "some 200,000" out of a total of over 3,000,000 Japanese civilian and military personnel had been repatriated when General Marshall arrived in China in Dec., 1945. State Department, U. S. Relations with China, Annex 114, p. 690.

[37]Wedemeyer, pp. 359-60.

> . . . I was not permitted, . . . to pick up a Chinese army at point A and move it to B to facilitate the recovery of an area from the Communists by the Chinese National forces . . . .
> But in the process of moving them, I did do exactly that. It was inherent in my instructions that I should recover the areas formerly occupied by the Japanese, so I had to move them into areas that were vacant, and that did cause some friction with the Chinese Communists.[38]

Wedemeyer further believed that America's insistence upon political stability in China as a condition for aid meant, in effect, that such assistance depended upon acceptance by the National Government of the terms demanded by the Chinese Communists. Since the General was convinced that the Chinese Communists were under orders from Moscow, he therefore contended that the United States was demanding that the National Government submit to the Soviet Union in order to secure American aid.[39]

General Wedemeyer also believed that the military situation in China would deteriorate when Generalissimo Chiang Kai-shek announced plans to move into Manchuria in November, 1945. Wedemeyer had been directed to determine the date on which the National Government could assume sole responsibility for disarming and repatriating the Japanese. He feared that Chiang's proposed military operation would delay indefinitely his recommendation to that effect. The American General's analysis of the situation left him disturbed on several points. First, although he had confidence in the intentions of the Generalissimo to work for political stability and for democratic and social reforms, he did not believe that

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[38]Testimony of June 12, 1951. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, pp. 2461-62. It appeared that the United States Government did not expect to be completely successful in its attempts to prevent these Chinese clashes, but, that, in any event, its support would not extend to the use of American troops for battles on the Chinese mainland. In this connection President Truman said he told Hurley and Wedemeyer in Sept. 1945, that "it would be our policy to support Chiang Kai-shek but that we would not be driven into fighting Chiang's battles for him." Truman, II, 64.

[39]Wedemeyer, p. 360.

Chiang could succeed alone. In this respect, he seemed to believe that the Generalissimo was alone because his one major weakness--"extreme loyalty" to anyone who had previously supported him--had led him to appoint such men to responsible positions without regard for competency or honesty. This condition was compounded by the appointment of "worthless subordinates" by these officials to lesser positions. Thus, poor organization plus incompetent and unscrupulous assistants and advisors, constituted serious governmental deficiencies. Further, Wedemeyer felt that Chiang Kai-shek also made a serious mistake in appointing southern Chinese to key positions in the Northern Provinces. Such action, Wedemeyer contended, reflected a lack of confidence in the northern Chinese, embittered the people of the north, and retarded the movement toward political stability of North China.[40]

Second, Wedemeyer believed that the Generalissimo's Manchurian plan implied a lack of full appreciation of the problems of logistical support and security. Information available to the American General indicated that harrassment by the Chinese Communists would make it an expensive and long campaign. The Generalissimo was, therefore, advised by Wedemeyer to concentrate his efforts on consolidating control in North China before attempting to occupy Manchuria. The prospects were not very promising, however, because he doubted that Chiang could stabilize conditions in North China "for many months, possibly years" without coming to agreement with the Chinese Communists. Wedemeyer further concluded that stability in South China depended upon carrying out political, economic and social reforms.[41]

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[40] Ibid., Appendix IV, pp. 448-49

[41] Ibid., pp. 450-53. Wedemeyer indicated specifically that corruptive practices by officials and "prohibitive taxes" should be removed.

A third reason for General Wedemeyer's anxiety after his analysis of the Chinese situation was the actions of the Russians in Manchuria. He did not believe that the Soviet Government intended to honor the Sino-Soviet Treaty and agreements of August, 1945, and cited as proof Russia's denial of access to Manchuria by the Nationalist forces and the release of Japanese military items to the Chinese Communists. Seriously doubting the ability of the National Government to control the situation, Wedemeyer requested that seven American divisions be used in North China and Manchuria as a barrier against the Soviet Union. When his request was denied by the War Department,[42] he recommended that Manchuria be made a trusteeship under the guidance of the United States, Great Britain, and Russia until the National Government was able to assume responsibility in the area. This request was also denied.[43]

The United States Government was more interested in the evacuation of Soviet troops from Manchuria and restoration of control there to the National Government, including the ports covered in the Sino-Soviet agreements of 1945,[44] than it was in Wedemeyer's trusteeship proposal.[45] Robert

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[42]Ibid., p. 348. Wedemeyer stated that he was informed that seven divisions were unavailable, but that two Marine Corps divisions were provided and sent to Tientsin.

[43]State Department, U. S. Relations with China, p. 132.

[44]Secretary of State Byrnes claimed that the agreement on Dairen was still not being carried out two years after the agreements had been made because Moscow would not clear either ships or personnel for port entry. James F. Byrnes, Speaking Frankly (New York: Harper and Bros., 1947), p. 205. Another source stated that the whole agreement on Dairen was never put into effect because Soviet-Chinese Communist collaboration made it impossible for the Nationalists to function in the Kwantung Peninsula. State Department, U. S. Relations with China, pp. 117-18.

[45]It is wise to keep in mind the comments of Secretary of State Acheson on this point of "restoration" of Manchuria to the National

P. Patterson, Secretary of War, indicated the position of the United States in a meeting of the Departments of State, War, and Navy in November, 1945, when he said that the Russians would take permanent control of Manchuria if the United States evacuated its troops from China.[46] Soviet withdrawal from Manchuria was originally scheduled to be completed by December 3, 1945, and Secretary of State Byrnes proposed that the question of the transfer of control of Manchuria to the National Government be considered at the Moscow Conference of the Foreign Ministers meeting in December of that year. Molotov, the Soviet Foreign Minister, refused to add the question to the agenda, claiming that it was not necessary as there was a special agreement between the Soviet Union and China relative to Manchuria, and that the two countries did not differ on the subject. The issue was debated, however, when Secretary Byrnes accepted Molotov's counter-proposal to discuss the presence of American military forces in North China, and the two men explained why troops of their countries were in North China and Manchuria, respectively. By the terms of the agreement reached, the Soviet Union consented to the withdrawal of its forces on February 1, 1946, and the United States agreed to evacuate its troops from North China as soon as it had discharged its responsibility for disarming and deporting the Japanese or sooner if the National Government could carry out that

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Government. Making specific reference to the National Government of Chiang Kai-shek, he stated that it "had no roots of any sort in Manchuria, ... Manchuria, except in a very nominal way, and then only for a period of two or three years, . . . had never been in any way under the control of the present Nationalist Government . . . ." Testimony of June 4, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1840.

[46]Diary entry of Nov. 20, 1945, of meeting between Byrnes, Patterson and Forrestal. Millis (ed.), p. 108.

responsibility.[47]

Another Soviet action in Manchuria that seriously disturbed the relations between the United States and the Soviet Union was the dismantling and destruction of industrial plants and facilities. Accounts of these deeds[48] were confirmed by the Pauley Mission to Manchuria in July, 1946. According to the report made by Edwin W. Pauley, the Personal Representative of the President on Reparations, the Russians were selective in what they took, destroying much of the rest or encouraging Chinese mobs to pillage.[49] Power generators and transformers, electric motors, and machine tools were high priority items if they were operative. Although the Soviet Union had agreed in the allied reparations discussions at Moscow, Potsdam, and Paris in 1945 that "the greatest economic utility would result if the industrial equipment in Manchuria were left intact there," Russia justified the taking of this property as "war booty." The United States continued to protest the Russian classification of industrial equipment as war booty and the Soviet removal of equipment. American protests met

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[47]State Department, U. S. Relations with China, pp. 125-26.

[48]For example, Walter Robertson stated that he "personally inspected the looted plants in the Mukden area" while he was in charge of the American Embassy in Chungking, and that the Russians had removed all the modern industrial equipment and destroyed the rest. Testimony of Mar. 4, 1948, in U. S., Congress, House Committee on Foreign Affairs, Hearings, for a Post-War Recovery Program, the First Step Being Consideration of Proposals for a European Recovery Program, including H. R. 4840, H. R. 4579, and Similar Measures, 80th Cong., 2d Sess., 1948, Pt. 2, p. 2078. Cited hereafter as House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948.

[49]This brief analysis is based on Pauley's "Report on Japanese Assets in Manchuria to the President of the United States, July, 1946," printed in State Department, U. S. Relations with China, Annex 60 (c), 598-604.

with little success, however.[50]

Hurley's Attack on United States Policy

The first serious attack on American foreign policy toward China occurred when Ambassador Hurley resigned in November, 1945. The Ambassador's return to the United States on September 22, 1945, had been followed by several discussions with President Truman and Secretary Byrnes about the Chinese situation. Although Hurley first informed the Secretary that he wished to resign because of ill health, he told the President on October 9 that he would return to China after a rest. However, when Hurley returned to Washington on November 25, he presented his letter of resignation to Secretary Byrnes and asked that it be given to President Truman. Byrnes impressed upon the Ambassador the critical nature of the problems confronting the Republic of China and urged him to return to Chungking immediately. Hurley informed the Secretary on the afternoon of November 26 that he would return to his post after he delivered a speech before the National Press Club the following day, and Byrnes notified the President to that effect.[51]

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[50] Ibid., p. 123. The United States protested a Russian proposal of early 1946 that Russia and China divide the control of Manchurian industrial enterprises between them on the ground that such action would violate the principle of the Open Door. Ibid., Annex 60 (a), pp. 596-97.

[51] Statement of Secretary Byrnes on Dec. 7, 1945, before the Senate Committee on Foreign Relations in answer to charges made by Hurley when he resigned. U. S., Congress, House, Adverse Report to Accompany H. Res. 443 Requesting the Secretary of State to Give Information Regarding the Resignation of General Patrick J. Hurley and the Sabotage of our Foreign Policy in China, Report No. 1376, 79th Cong., 1st Sess., 1945, p. 5. Cited hereafter as House, Adverse Report Requesting Information Regarding the Resignation of General Hurley, 1945. In testimony of June 21, 1951, Hurley said he told the President if he were granted thirty days "to recuperate," he would consult with him then about returning to China. Senate Committees on Armed Forces and on Foreign Relations, Hearings, Military Situation in the Far East, Pt. 4, 2396.

President Truman thought that the matter had been disposed of and said that Hurley assured him in a conversation on November 27 "that he would only wind up a few personal matters and then return to China." There was an unforeseen development, however, which the Chief Executive has described as follows:

> This conversation (with Hurley) took place about 11:30 A. M., but less than two hours later, while the members of the Cabinet were with me for the weekly Cabinet luncheon, I was called to the telephone. One of the White House correspondents called from the National Press Club and, to my astonishment, told me that Ambassador Hurley, in a talk with newspapermen, had attacked the administration, the State Department, our foreign policy, and me personally.
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> To me, this was an utterly inexplicable about-face, and what had caused it I cannot imagine even yet. I realized, however, that Hurley would have to go, and the Cabinet concurred. The same day I learned to my surprise that a 'letter of resignation' from Hurley was given by him to the press; but he would have been out, with or without that letter.[52]

The Ambassador's letter of resignation of November 26 was accepted by President Truman on the day of Hurley's Press Club speech.[53] Hurley's letter disclosed that he agreed with the foreign policy of the United States as outlined by the President, that he had had the support of Presidents Roosevelt and Truman and Secretaries of State Hull, Stettinius, and Byrnes in all his missions, and that the objectives of American policy "were nearly always clearly defined" in the upper level of policy-making officials. The greater portion of his letter, however, was devoted to the "wide discrepancy between our announced policies and our conduct of international relations." His basic charge, then, was that the policy announced by the President was not being executed by various diplomatic officials, and that he (Hurley) was being undermined in his efforts to perform his duties. He was extremely critical of the opposition of Foreign Service

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[52]Truman, II, 65-66.

[53]The text of Hurley's letter is printed in State Department, U. S. Relations with China, Annex 50, pp. 581-84.

officers in the Embassy at Chungking and the career officials in the Chinese and Far Eastern Divisions of the Department of State. His allegations in this last instance were that these men: (1) aligned themselves with the Chinese Communists and colonial powers to keep China divided, (2) informed the Communists that his efforts to prevent the collapse of the Chinese Government were not representative of United States policy, and (3) recommended to the Chinese Communists that they not accept integration of the two Chinese armies unless they were given the dominant position.

The Ambassador's charges received wide press coverage and were strongly supported by some congressmen.[54] Secretary Byrnes appeared before the Senate Committee on Foreign Relations in December, 1945, to answer the accusations made by Hurley before that body and in his letter of resignation, but he made no attempt to discuss all of them.[55] The Secretary of State placed great emphasis on Hurley's complaint that the Administration refused to make the policy toward China a matter of public record, and

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[54]Representative Walter Judd of Minnesota said on the floor of the House on Dec. 7, 1945, that " . . . perhaps the single greatest and most patriotic service General Patrick Hurley has rendered to his country . . . is his resignation as Ambassador to China to bring into the open the confused and confusing situation in our State Department." U. S. Congressional Record, 79th Cong., 1st Sess., 1945, XCI, Part 9, 11634. Representative Edith Nourse Rogers of Massachusetts introduced H. Res. 443 in the 79th Congress requesting that the Secretary of State give information regarding the resignation of Gen. Hurley and the "sabotage of our foreign policy in China." The House Committee on Foreign Affairs recommended that the resolution not pass, and Secretary Byrnes on Dec. 8 informed Representative Sol Bloom of New York that he had no information indicating that foreign policy had been sabotaged in China. House, Adverse Report Requesting Information Regarding the Resignation of General Hurley, 1945, p. 1.

[55]These hearings occurred on Dec. 5-10, 1945, and were never published. The following analysis of the Secretary's comments is based on his statement before the Senate Committee on Foreign Relations on Dec. 7 and printed in House, Adverse Report Requesting Information Regarding the Resignation of General Hurley, 1945, pp. 2-4.

particularly the one that the higher officials had not publicly proclaimed support for the National Government of China and for Chiang Kai-shek. Contending that this charge was completely unfounded, Byrnes listed several actions of the Government as "public evidences" of its support for the Nationalists:

> 1) We formally recognize only the National Government.
> 2) Our Ambassador is an Ambassador to the National Government.
> 3) Our war supplies and financial assistance have been delivered only to the National Government.
> 4) At the Cairo Conference it was Generalissimo Chiang Kai-shek who represented China.
> 5) At San Francisco it was the Foreign Minister of the National Government who signed the Charter of the United Nations.
> 6) It was the National Government which ratified the Charter.
> 7) It is the Foreign Minister of the National Government who sits in the Council of Foreign Ministers.
> 8) Our troops are in China for the sole purpose of facilitating the surrender of large numbers of Japanese troops to the armies of the National Government . . . .[56]

The Secretary of State, in reply to the charge that he and the President had refused his (Hurley) request for a public statement of support for the Nationalists, stated that neither he nor the President could recall such an appeal, either oral or in writing.

Directing his attention to what appeared to him to be a distasteful, but necessary, duty, the Secretary came to the defense of the Foreign Service officials against whom accusations had been made.[57] He believed that Hurley's complaint that Foreign Service officers were undermining him in his attempt to carry out American policy in China was based primarily on George Atcheson's telegram of February 28, 1945, and John S. Service's

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[56] Ibid., p. 2.

[57] The Secretary believed that he was "compelled" to discuss these charges, "in fairness to the loyal, intelligent, and hard-working men of our foreign service." Ibid.

memorandum of October 10, 1944.[58] Admitting that Atcheson's communication did suggest a modification of present strategy, Byrnes remarked that the analysis was a comprehensive and considerate report of a fluid situation, and that in this connection it conformed to the rules and traditions of the Department of State. Further, the fact that the telegram explicitly proposed that Hurley's views should be sought refuted the latter's claim that Atcheson had been disloyal to his superior.[59]

Similarly, the Secretary contended, Service was not guilty of insubordination to Hurley when he wrote his report of October 10, 1944. This point was based on the nature of the assignments of the two officials. Hurley was the Personal Representative of the President to China and had the rank of ambassador, but he was not the Ambassador to China and, therefore, had no supervisory responsibilities in connection with the United States Embassy in Chungking. Service was attached to the staff of General Stilwell as a political adviser and for administrative purposes was responsible to the General. As far as the report itself was concerned, Secretary Byrnes stated that it was written for General Stilwell and was later sent to the Embassy, which, in turn, forwarded it to the Department of State. It was "written in forceful language," he said, and the Division of Chinese Affairs in the Department of State circulated it with an attached note calling attention to some conclusions that were inaccurate. The

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[58] Ibid. Hurley's attitude toward the Atcheson telegram and its contents is discussed on pp. 48-49 of this work. A copy of Service's memorandum is included in Senate Subcommittee of the Committee on Foreign Relations, State Department Employee Loyalty Hearings, 1950, Pt. 2, pp. 1988-90. Among its provisions which later caused considerable controversy in congressional hearings were those that the Kuomintang was dependent on the U. S. but the U. S. was not dependent on the Kuomintang, and that Chiang Kai-shek would never make the needed governmental reforms as long as the U. S. supported the Kuomintang exclusively.

[59] House, Adverse Report Requesting Information Regarding the Resignation of General Hurley, 1945, pp. 3-4.

Secretary agreed that officials must execute the policy of their government, but declared that the changing conditions in China required that reports from the field reflect the "free and honest judgment" of the authors. This was done by Atcheson and Service and within the proper channels.[60]

The Secretary ended his statement before the Senate Committee on Foreign Relations by referring to a third charge by Hurley--that some of the Foreign Service officers in China had informed the Communists that Hurley's efforts to prevent the collapse of the Chinese Government were not representative of United States policy. Byrnes stated that there could be no defense for such action, and that he would dismiss any person who was guilty of such conduct. But in this particular instance, he concluded, the Ambassador had not provided him with any corroborating evidence.

Genesis of the Marshall Mission

Marshall's Appointment and Directive

The President and the Secretary of State had become absorbed in another matter of great importance more than a week before these hearings had begun--that of choosing a successor to Ambassador Hurley. Hurley had not been in China for over two months, and the agreements entered into by the National Government and the Chinese Communists on October 11, 1945, were on the verge of collapsing. The Communists still refused to permit the National Government to act as the sole agent for accepting the surrender of Japanese troops, and the armies of the dissidents engaged in sporadic clashes. American officials feared that civil war would break out and make it increasingly difficult to repatriate the Japanese.[61] The effect

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[60] Ibid., p. 4.

[61] The Joint Chiefs of Staff wired the Far Eastern military commanders (Generals Wedemeyer and MacArthur and Admiral Raymond T. Spruance,

that fratricidal conflict would have upon China and upon the relations between the governments of that country and the United States has been described by Dean Acheson as follows:

> The possibility of occupying North China became much dimmer; the possibility of moving into Manchuria became non-existent; and the possibility of really getting any reforms in South China or any other part of China would be greatly diminished. So, the peace became a major objective of both the Chinese Government and the United States Government in its efforts to help the Chinese Government.[62]

One objective of the American course of action during and since World War II had been to help create a strong, united and democratic China. Policy had been formulated on the assumption that American goals could be attained only in a peaceful China with a government dedicated to political, economic and social reforms. Top ranking American officials were also convinced that the stipulated ends could not be reached by resorting solely to military measures. It was in connection with this analysis of the conditions in China and the commitment of the United States to alleviate them that Hurley's successor was chosen.

Cabinet officials attending the luncheon with President Truman on the day of Hurley's Press Club speech considered at that time sending General George C. Marshall and were favorably inclined. The General had

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Commander-in-Chief of the Pacific Naval Forces) on Nov. 30 that plans were being considered to transport additional Nationalist troops to North China and Manchuria, but cautioned them that the orders had not yet received approval. The Commanders were also asked to comment on the proposal. Senate Committees on Armed Forces and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, pp. 2354-55. The reply of Wedemeyer, Spruance and MacArthur is printed on pp. 2247-48 of this source. It outlined a plan and program to ship six more Chinese armies and sufficient supplies to the designated areas and to repatriate 500,000 Japanese monthly.

[62]Acheson was Under Secretary of State during this period but was Secretary of State when he made this statement on June 4, 1951, before the investigating committees. Ibid., pp. 1847-48.

only recently resigned as Army Chief of Staff, and although the President believed that General Marshall fully merited retirement, he was convinced that Marshall was the man best qualified for the "difficult mission to China."

> I went to the telephone in the Red Room of the White House and called the general at his home in Leesburg. Without any preparation I told him: 'General, I want you to go to China for me.' Marshall said only, 'Yes, Mr. President,' and hung up abruptly.[63]

The President revealed to a great degree the policy the government would pursue toward China when he stated why he thought General Marshall was so well qualified for the proposed mission. Marshall sincerely believed, Truman said, that the people should determine their own fate, and that civilian supremacy over the military was essential to the welfare of all nations. There were American military and diplomatic experts who thought that the United States "could force unity on China," but they "would have been the wrong men for the job."[64]

The most detailed analysis of the initial stages in drafting the directive for the Marshall Mission is found in the testimony of John Carter Vincent, Director of the Far Eastern Office of the Department of State, before a Senate subcommittee on January 24, 1952.[65] He said that

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[63]Truman, II, 66-67. The President related that he inquired two days later why the telephone call had been ended so abruptly, and Marshall replied that he did not want Mrs. Marshall "to know how short-lived their retirement would be." The General added that he was not successful very long because he turned on the radio and "the very first thing she heard was the news flash announcing the . . . mission."

[64]A warm relationship had existed between the President and General Marshall since 1941 when the President, then Senator, served as chairman of the Senate Committee to Investigate the National Defense Program. Ibid., p. 90. Mr. Truman has said that he had greater affection for Marshall than for any other person outside his own family. Interview with Mr. Truman, Aug. 20, 1959.

[65]Senate Subcommittee of the Committee of the Judiciary, Institute of Pacific Relations Hearings, 1952, Pt. 6, 1710-21. There were variations

he was asked on November 28 to prepare a memorandum which could be used to inform Marshall of the Department's opinion of the task confronting him. This statement, he was advised, should be based on his "point (c)" of an earlier note.[66] Vincent suggested to Secretary Byrnes in his memorandum of November 28 that the United States should take measures designed to facilitate the recovery of Manchuria by Chiang Kai-shek, end the fratricidal hostilities, unite and organize all Chinese armies under the National Government, and settle their political difficulties in a general political conference.

President Truman and Secretary Byrnes, using Vincent's memorandum, discussed the Chinese problem with General Marshall in a lengthy session on November 29, and the President told the General to use facilities of the Department of State in formulating a "set of instructions" that would constitute the presidential directive for the mission.[67] According to Dean

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in the testimony of Vincent, Acheson and Marshall before this and other congressional bodies, and they will be treated below. Vincent confused the questioners considerably with his distinction between drafting the idea on which the mission was based and drafting the directive itself.

[66]Vincent said he was asked "in late October or early November" (1945) to draft a memorandum "regarding" the China situation, including suggestions for relieving conditions there. His note indicated that four alternative procedures were available to the U. S. One of these, "point (c)," provided that the U. S. would assist the National Government in reaching a settlement with non-Kuomintang groups in order to prevent civil war. The other alternatives were full support of the National Government, normal diplomatic relations with the Chinese Government without involvement in internal matters, and creation of an international conference of nations interested in restoring peace and stability in China. Vincent added that these were alternatives, that he did not recommend the selection of "point (c)', and was never consulted about its choice as the alternative to be followed. Ibid., pp. 1711-12.

[67]Truman, II, 67. Vincent's suggested alternative of an international conference of interested nations was apparently never given serious consideration as Truman did not mention it, and it is not among the alternatives listed in State Department, U. S. Relations with China, p. x, or in those given by Acheson in his testimony of June 4, 1951, before the

Acheson, then Under Secretary of State, Marshall did not approve of the instructions in the Vincent statement, and, with the assistance of some of his associates,[68] formulated a new proposal.[69] This draft[70] was revised by Byrnes, with Marshall's consent, on December 8 and was accepted by Byrnes, Marshall, Acheson, Vincent and General John E. Hull in a meeting on the following day. The conference of December 9 also approved: (1) the essentials of a letter from the President to Marshall, (2) a statement from Byrnes to Secretary of War Patterson which requested assistance in

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Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1842.

[68]Testimony of June 4, 1951. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1848, 1859. Acheson identified the associates as Generals John E. Hull, Thomas T. Handy and Louis A. Craig. Marshall stated in testimony of May 10, 1951, that James Shepley of Time Magazine, who had been in China during World War II, also served as an adviser to him. Ibid., Pt. 1, 459-60.

[69]Marshall told a congressional investigating committee on May 10, 1951, that he did not draft the instructions which he was to follow because at the time he was appearing "in this room for five or six days, . . . morning and afternoon, being investigated in regard to Pearl Harbor," and was preparing himself at night for the next days questioning. He added that he talked briefly with Secretary Byrnes during the lunch period on one or two of these days, and on one morning he talked with Byrnes, Acheson, Vincent and his own advisers. Ibid., Pt. 1, 468. Acheson stated on June 6, 1951, in answer to a question of Senator Leverett Saltonstall of Massachusetts, that he did not believe there was any discrepancy between the testimony of Marshall and him because the General spoke in general terms while he (Acheson) was more specific. Ibid., Pt. 3, 2032.

[70]Vincent said that the draft, entitled "Statement of Policy Toward China," came from the War Department and "in composition and character was a much bigger paper" than the memorandum he had written on Nov. 28. There were some other differences between the two drafts, he added, "but there were not . . . of any great merit." Further, Vincent doubted that Marshall prepared the memorandum which came from the War Department, but he was certain that the General "had a great deal to do" with its general ideas. Testimony of Jan. 24, 1952, in Senate Subcommittee of the Committee of the Judiciary, Institute of Pacific Relations Hearings, 1952, Pt. 6, 1715-16.

repatriating the Japanese, transporting Chinese armies to the north, and imposing certain restrictions on the Nationalist military movements, and (3) on "that day or a few days later . . . the form of a press release." These items were subsequently endorsed by President Truman and Byrnes and were unanimously approved by the President, General Marshall and Dean Acheson on December 14.[71] With a few exceptions, the press release of December 15 contained everything that Marshall's instructions did.[72]

Marshall's Instructions

United States policy toward China, as demonstrated by the Marshall Mission, was a recognition of the hope and belief that the settlement of China's internal difficulties would make her a stabilizing rather than a disturbing influence in that sector of the world. In fact, the United States had supported China as a major power since 1943 on the basis that the power vacuum created by the eventual defeat of Japan would be filled by China. President Truman, in a press release of December 15, 1945, recognized the need for a strong China as a bulwark of world peace in the

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[71]Acheson's testimony of June 4, 1951. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1848-49. Acheson participated in this meeting because Byrnes and Vincent had already left for the Moscow Conference of Foreign Ministers which convened on Dec. 16.

[72]Acheson's comments of June 4, 1951, revealed that the press release omitted at least three provisions of Marshall's instructions. One omission was the reference to the authority of the General, and the discretion to use it, to transport Chinese Nationalist troops into areas where fighting was in progress. Two other omissions, unidentified by Acheson, related to actions the U. S. would take if the National Government asked. He justified the first omission on the basis that its success depended on secrecy, and that of the last two deletions because "obviously" you do not publicize that you will do something for someone if he will ask you. "You leave it to the other person," he said, "to ask you . . . if they wish." Ibid., p. 1849.

following words:

> It is the firm belief of this Government that a strong, united and democratic China is of the utmost importance to the success of this United Nations organization. A China disorganized and divided, . . . is an undermining influence to world stability and peace, now and in the future.[73]

The objective of the United States remained unchanged with the appointment of General Marshall. America's goal was still the creation of a strong, united and democratic China which would include Manchuria within its territorial limits.[74]

Marshall's status as an instrument of American policy was that of Special Representative of the President to China with the rank of Ambassador. The Chief Executive's letter of instructions to him stipulated that Marshall was to aid the Chinese in effecting a cessation of hostilities and in bringing representatives of the major political elements together to work toward a unified China.[75] Marshall was directed to use the influence of the United States "in an appropriate and practicable manner" to accomplish the unification of China by peaceful and democratic methods.

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[73]Statement on United States Policy Toward China, State Department, U. S. Relations with China, Annex 62, p. 607.

[74]Ibid., p. 608. Truman observed in his press release of Dec. 15, 1945, that the United States was committed to support Manchuria as part of China by the Cairo Declaration of 1943, and the Yalta and Potsdam Agreements of 1945.

[75]The President's letter to Marshall is incorporated in ibid., Annex 61, pp. 605-06. Marshall remarked before a congressional committee on May 11-12, 1951, that he considered his primary duty to be one of securing a military truce. "It seemed to me," he said, "highly desirable that I remain aloof from the political development." Later, however, when civil war broke out, "I [Marshall] was involved both in the military side in endeavoring to keep the peace and on the political side in trying to find some basis for implementing their agreements that would be acceptable to all parties." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 549-50, 637.

To this end he was empowered to speak to Chiang Kai-shek and the other Chinese officials "with the utmost frankness" and to inform them that the United States could not consider a divided and war-disrupted China as an appropriate place for the extension of economic, technical and military assistance.

The Ambassador's directions to secure a cease fire were supplemented by orders to General Wedemeyer to assist the National Government in transferring its troops, equipment and supplies to Manchurian ports and to accelerate the repatriation of Japanese troops. For the present he was forbidden to move Chinese troops into North China except where it became necessary to use the ports in that area to facilitate their movement into Manchuria. Wedemeyer was, however, directed to complete American logistical arrangements for possible shipment of Chinese troops into North China. The National Government was not to be notified of these arrangements because Wedemeyer's execution of the plan depended upon the progress that Ambassador Marshall made in the negotiations in Chungking. Marshall would notify Wedemeyer to put the arrangements into effect when he had determined either:

> 1) that the movement of Chinese troops to North China can be carried out consistently with his negotiations, or
> 2) that the negotiations between the Chinese groups have failed or show no prospect of success and that the circumstances are such as to make the movement necessary to effectuate the surrender terms and to secure the long-term interests of the United States in the maintenance of international peace.[76]

One additional military injunction was revealed in the statement to the

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[76]This analysis of Wedemeyer's orders is based on a memorandum from Secretary Byrnes to the War Department, dated Dec. 9, 1945, which requested the War Department to issue the directions indicated above. This memorandum constituted part of Marshall's instructions. State Department, U. S. Relations with China, Annex 61, pp. 606-07.

press by President Truman onDecember 15. He said that United States troops were in North China to disarm and evacuate Japanese troops and that this policy would be continued. However, the President stated, American military forces would not intervene in any military conflict between the Nationalist and Chinese Communist armies.[77]

President Truman assured the National Government that the United States recognized it as the appropriate agent to accomplish the unification of China. He declared, however, that the economic, technical and military assistance of the United States depended upon the integration of all military forces into the Chinese National Army. The extension of American assistance also depended upon the establishment of a government that would provide "fair and effective representation" to all major political elements. The President observed that action on this last point would require the National Government to modify the political tutelage of the Kuomintang as advocated by Sun Yat-sen and as practiced by Chiang Kai-shek. As China made progress toward accomplishing these objectives, he continued, the United States would be inclined to favorably consider requests for credits and loans designed to strengthen the economy and develop the military organization of China.[78]

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[77]Ibid., Annex 62, p. 608. Admiral Forrest P. Sherman, Chief of Naval Operations at the time of his testimony, said before a congressional inquiry on May 30, 1951, that every military directive issued from the date of Wedemeyer's appointment in 1944 until American forces were withdrawn from China included the provision that the United States would not support the National Government in "fratricidal warfare." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 2, 1605.

[78]Statement on United States Policy Toward China, December 15, 1945. State Department, U. S. Relations with China, Annex 62, pp. 608-09. The President noted elsewhere that what he hoped to accomplish was the development of a China economically sound and democratically governed so that Communism "would lose its appeal to the masses." Truman, II, 91.

The Emissary's Departure

Favorable Reaction. Ambassador Marshall left Washington on December 15 and arrived in China on December 21. Public comments at the time, though not numerous, were favorable in relation to United States policy toward China and Marshall's assignment. Representative Claire Booth Luce of Connecticut said on December 5, 1945, she was certain that the General would not undertake this task "unless he had a clear policy behind him." Further, she observed, he would not go to China to implement a policy "which was in any sense contrary to the interests and ideals of our country."[79] Representative Mike Mansfield of Montana raised some doubts that the Chinese problem could be solved, but he expressed no reservations about the choice of Marshall for the assignment. On December 11, 1945, he said:

> The appointment of General George C. Marshall as our new Ambassador to China is, . . . the best possible choice this country could make. He has been given not only the most difficult but also one of the most thankless jobs in the world . . . Perhaps the problem is not capable of solution; but if we have any one man who can unlock the key to the Chinese puzzle, that man is General Marshall.[80]

Representative Walter Judd of Minnesota, a strong critic of American foreign policy toward China a few years later, supported the action taken in December, 1945. In fact, he seemed to be preoccupied with justifying

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[79]U. S., Congressional Record, 79th Cong., 1st Sess., 1945, XCI, Part 9, 11481.

[80]Ibid., p. 11852. Sumner Welles gave comparable praise to the choice of Marshall for the job in China, and although the publication date of his book follows the chronological sequence treated here, it is believed that the time lag between the composition and publication date of his work justifies a reference to it. Welles recognized that Marshall's knowledge of China was undoubtedly "superficial," but stated that his assets were many: "an impartial and objective point of view," "great prestige," "great tact and patience, an exceedingly lucid mind, the ability to estimate relative values with unusual rapidity." Where Are We Heading? (New York: Harper and Bros., 1946), p. 303.

American policy against probable charges that it would constitute intervention in the internal affairs of China. In a radio speech on Town Meeting of the Air on December 27, Judd expressed the opinion that a nation as powerful as the United States could not avoid influencing major world issues. This was true, Judd said, because if the United States did not assist one side, it was automatically assisting the other. Applying his reasoning to the situation in China, he asserted:

> If we refused to assist our Chinese ally, we thereby assist the rebellion which is trying to overthrow that ally.
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> . . . . . .
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> If to continue support of Chiang is to intervene on his side, then to withdraw our support is to intervene on the Communist side.[81]

Influence and Prerogatives of the Presidential Agent. Marshall's ability, tact, patience and prestige were certainly desirable attributes for the task as mediator between the National Government and the Chinese Communists.[82] The great respect and admiration of President Truman and the

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[81]Based on text of speech printed in U. S., Congressional Record, 79th Cong., 2d Sess., 1946, XCII, Part 9, A108.

[82]The author has been, and still is, disturbed over the designation of the American effort in China as one of mediation. Certainly some characteristics of mediation were present. For example: Although no available public records indicate that the disputants asked for this specific mission, they readily consented to it; Marshall advised the two antagonists and tried to get them together to settle differences on which there was a modicum of agreement before he was appointed; he transmitted proposals of the one to the other; and he made suggestions of his own to narrow their differences. However, there are deviations from mediation, too. The United States was not always a neutral or impartial participant. One of the disputing groups was the Chinese Communist Party with an army and territory and population which it controlled de facto. The United States never recognized this Party and had no officials accredited to it. The other disputant was a one-party government which the United States recognized. The policy of the U. S. Government was to uphold and strengthen the government of the one while engaged in aiding them to settle their difficulties. This basic point, and the limitations it placed upon the efforts of the United States, are referred to at several places in the remaining pages of this work.

official family for him strengthened his position to an even greater degree. There was an additional element needed, so far as his native country was concerned, to enable him to make a worthy effort, and it was provided through his prerogatives as the Special Representative of the President and additional directives issued by the Chief Executive.[83]

James Byrnes, Secretary of State prior to Marshall's appointment and until the end of his mission, has attested to the Ambassador's influence on the policy of the United States during that period and to the value placed by the President on his views. In referring to the statement of policy toward China which was approved by President Truman and Ambassador Marshall on December 14, 1945, Byrnes said that "the President made no change in that policy except upon the recommendation of General Marshall or with his approval."[84]

This declaration of the Secretary that the policy of the United States toward China was not changed, without the recommendation or approval of Marshall to that effect, was supported by John Carter Vincent. Vincent also stated that the President's emissary did not rely on the Department of State for advice prior to taking such action. "General Marshall, under the directive, had, . . . a free hand." Then he added, he "exercised it." Vincent said that although the Ambassador kept the Department "very well informed" by sending telegrams "every ten days or two weeks,"[85] it was

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[83]Marshall had the rank of Ambassador but was not the Ambassador to China. This position remained unfilled until the Senate confirmed President Truman's appointment of J. Leighton Stuart on July 11, 1946. Walter Robertson, Charge d'Affaires at Chungking after Hurley's departure in Sept., 1945, stated that when Marshall arrived, he "had complete authority over all Embassy matters." House Committee on Foreign Affairs, Hearings, for a Post-War Recovery Program, 1948, Pt. 2, 2089.

[84]Byrnes, p. 226. Byrnes was Secretary of State from July, 1945, to Jan., 1947.

[85]Acheson, Under Secretary of State, was directed by President

his impression that Marshall did not ask for any advice in those cables or in conferences with Byrnes when he came home for consultation in March, 1946.[86] These comments become even more significant in relation to the role of Marshall vis-a-vis the Department of State with Vincent's assertion that the Department sent very few messages to the Ambassador because "he was in charge; it was his own show."[87]

Marshall's concept of liaison relationships apparently was that he work closely with and through President Truman. Mr. Truman has written that the Ambassador always sent reports to him once a week and occasionally two or three times a week, and that they were so detailed that he could not have been better informed without having been a participant. They were handed personally to the Chief Executive by Colonel Marshall S. Carter, the General's personal representative in Washington.[88] Temporary difficulties did arise when the President was not available, but there was no deviation from the instructions left by the Ambassador. A memorandum on The White House Stationery for Matthew Connelly, the President's appointments secretary, described a related instance in 1946 as follows:

Truman to see that all messages from Marshall to the Department were "acknowledged or answered within twenty-four hours." Truman, II, 75.

[86]These comments of Vincent are from his testimony of Jan. 24, 1952. Senate Subcommittee of the Committee of the Judiciary, Institute of Pacific Relations Hearings, 1952, Pt. 6, 1718. Vincent was Director of the Far Eastern Office of the Department of State from Sept., 1945, to July, 1947. Thus, he was in this top position before Marshall was appointed, during the entire mission, and for seven months after Marshall returned.

[87]Ibid., p. 1709.

[88]Truman, II, 75. Vincent said on Jan. 24, 1952, that Marshall's reports to the President were "seen only" by Carter, Secretary Byrnes, Under Secretary Acheson and himself. Senate Subcommittee of the Committee of the Judiciary, Institute of Pacific Relations Hearings, 1952, Pt. 6, 1721-22.

> Colonel Carter . . . wants to give the President another message he has received from the General. I explained that the President was out of town and would not return until this evening. He wants to bring it over sometime tonight or tomorrow morning and hand it to the President personally. I suggested that he give it to you and let you give it to the President before he leaves. He said that the General had instructed him to see that the President received all the communications and he would much rather deliver it himself . . . .[89]

This close working relationship between the President and the emissary can be partially explained by the fact that Marshall was the Special Representative of the President, and, although he had the personal rank of Ambassador, he was not accredited to the National Government of the Republic of China as the American Ambassador to that country.

As related previously, the economic and financial conditions of China had been constant reminders of the need for remedial action by the National Government. The United States Government had been granting assistance of various kinds since 1937 although aid for rehabilitation and reconstruction had been subordinated during the war to efforts necessary to defeat Japan. President Truman recognized, however, in his instructions to Marshall the continuing pressing need for the type of aid suited to a peaceful China. It was in this area of Marshall's functions that the Chief Executive made arrangements to strengthen the General's control over American policy toward China. Letters to that effect were written by the President to Henry A. Wallace, Secretary of Commerce, and to several other administrative officials three days after Marshall left for China. The objective of the President was to prevent action by these dignitaries and their

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[89]Memo for Mr. [Matthew] Connelly, from The Papers of Harry S. Truman, Official Files 768, Folder 840 (1945-46), Harry S. Truman Library, Independence, Mo., Nov. 16, 1946. The note further indicated that the Ambassador's report was being decoded [apparently in the War Department] and could not be delivered for two or three hours.

subordinates which would be prejudicial to the purposes of the mission to China and which would encourage Chinese officials to expect that the United States was considering the extension of aid to the National Government. To this end the letters directed that all discussions and negotiations of this nature between the United States and Chinese officers in this country be suspended, and that the initiation of new negotiations and the resumption of discontinued talks be made only with the approval of General Marshall. Pertinent excerpts indicate the linguistic tone of the President's instructions as follows:

> In order that General Marshall's mission may not be prejudiced in any way, I desire that all conversations with Chinese officials regarding extension of American economic or financial aid to China, in which officers of your organization may be participating,, be suspended, and that for the time being no member of your staff engage in conversations with Chinese officials, which might encourage the Chinese to hope that this Government is contemplating the extension of any type of assistance to China, except in accordance with the recommendations of General Marshall.
>
> All discussions and negotiations with Chinese in this country should be initiated or resumed and carried on only in complete coordination with General Marshall and recommendations in the premises,, both from and to General Marshall, should be cleared through the Department of State.[90]

The Ambassador left for China on December 15. The least he could expect from the other two parties was that they be willing to cooperate,

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[90]Letter from President Harry S. Truman, from The Papers of Harry S. Truman, Official Files 150 (1945-46), Harry S. Truman Library, Independence, Mo., Dec. 18, 1945. Identical copies of this letter to Wallace were also sent to Fred M. Vinson, Secretary of the Treasury; Harold L. Ickes, Secretary of the Interior; William M. Martin, Chairman, Board of Trustees, Export-Import Bank of Washington; L. Welch Pogue, Chairman, Civil Aeronautics Board; Emory S. Land, Chairman, U. S. Maritime Commission; Paul Porter, Chairman, Federal Communications Commission; Charles B. Henderson, Chairman, Reconstruction Finance Corporation; and B. A. Locke, Jr., Special Representative of the President. It will be recalled that Secretary Hull had previously criticized the practice of irregular contacts between United States and Chinese officials, and that he believed that some kind of centralized control in similar matters should be coordinated through the Department of State. Supra, Chapter I, n. 85.

to compromise, to settle their differences around the conference table, and, most of all, that they act in good faith. The remainder of this work is devoted to determining the extent to which these expectations were met, the resulting effect upon the Marshall Mission, and the subsequent impact upon American foreign policy toward China.

CHAPTER III

THE AMERICAN POLITICAL COURSE OF ACTION, 1945-1949

Introduction

General Marshall arrived in China on December 21, 1945, and was thereafter directly connected with the formulation and implementation of American policy toward China until January 3, 1949. During these years he served the United States Government in two capacities. First, he was the President's Special Representative to China with the rank of Ambassador until the Mission was officially terminated on January 6, 1947. Second, he was appointed Secretary of State on January 7, 1947. He fulfilled the duties of this office until he resigned on January 3, 1949. Marshall's contribution to American policy toward China can therefore be attributed in part to the fact that he held these two top-level positions in the crucial period of 1945-1949.

The objective of American policy toward China in December, 1945, was the creation of a strong, united, and democratic China which would include Manchuria within its territorial limits. President Truman had stated in December, 1945, that progress toward the achievement of this objective would be indicated by the abolition of the one-party government of the Kuomintang and the integration of all autonomous armed forces into a Chinese National Army. When the Chinese had settled their civil war, the President stated, and reorganized their government and

army as indicated, then the United States would consider granting economic, military, and technical assistance to the new government.[1]

As indicated above,[2] Marshall originally considered it his primary duty to secure an armistice between the military forces of the Government and the Chinese Communists. The Chinese had agreed on October 11, 1945, to settle their differences through political means and had provided for the convening of the Political Consultative Conference on January 10, 1946, toward that end. Marshall believed that it was necessary to create peaceful conditions for the meetings of the Conference, that his efforts in this respect would be in harmony with the agreement consummated between the two Chinese parties in October, 1945, and that this position was fully supported by his directive from President Truman.[3]

The Ambassador soon found, however, that he was confronted with more than just a military problem. He became increasingly involved in matters having political, economic, and psychological ramifications. His task was further complicated a few months after his arrival in China by the practice which the Chinese disputants had perfected during the Hurley mission--arrival at agreements only after intricate and prolonged negotiations, followed by the refusal to implement them. The pattern followed in the negotiations was consistent--confrontation of proposals with counter-proposals; mutual unwillingness of the one to accept fully the amendments of the other to proposals and counter-proposals; and the interruption of negotiations by military clashes of varying intensity. In fact, the most

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[1] Supra, pp. 91-93.

[2] Supra, Chapter II, n. 75.

[3] This chapter will emphasize the political phase of the American course of action. The military and economic aspects of United States policy toward China will be treated in Chapters IV and V, respectively.

wearing, disturbing, frustrating feature of Marshall's stay in China was the progressively increasing difficulty he encountered in securing agreements and the subsequent reluctance of the Chinese to implement them. Toward the end of his mission he found it impossible even to promote harmonious relations between the disputants.

And when the Marshall Mission was terminated, so were the American mediation efforts. Although the United States continued to recognize the National Government, the years 1947-1949 were characterized by American reluctance to become deeply involved in Chinese affairs, by increasing congressional opposition to Administration policy, and, eventually, by reliance on congressional measures of economic assistance. By August of 1948 the United States had taken the position that it could not form a rigid program to help the National Government in its struggle with the Chinese Communists. American policy, it was held, would have to be charted as conditions developed. This approach--plus strong sentimental support for Chiang Kai-shek--basically determined American policy toward China until the National Government was overthrown in late 1949.

Marshall's Contributions to the Agreements between the Nationalists and the Chinese Communists, January-February, 1946

The Termination of Hostilities: Procedures for Implementation

Lieutenant General Albert C. Wedemeyer, the ranking American military commander in China, met General Marshall at the airport when he arrived in China and briefed him on the local conditions. Marshall, while enroute, had studied official papers relating to the internal Chinese situation, and he immediately began an investigation of the hostilities in

progress when he arrived. Shortly thereafter he began negotiations to arrange a cease-fire.[4]

Marshall's efforts to secure a military truce between the Nationalists and the Communists were made through his position as Chairman of the Committee of Three. Formation of this Committee, with Marshall as its chairman, was proposed by the National Government. The Communists accepted the Government proposal and designated Chou En-lai as their representative. General Chang Chun represented the National Government, and the Committee held its first formal meeting on January 7, 1946.

Success in the negotiations was immediately jeopardized when Chou En-lai protested the shipment of Government troops into Manchuria and particularly their movement into the provinces of Jehol and Chahar. Chou withdrew his objections to the transfer of the Nationalist troops, however, when Marshall informed him that the United States, Great Britain, and the Soviet Union were committed to the return of all China, including Manchuria, to the control of the National Government. With this obstacle to the negotiations removed,[5] the Chinese principals announced on January 10 that a truce had been arranged. The agreement provided that all hostilities between the Nationalists and Communists would cease, effective midnight, January 13. The military forces were also ordered to cease their

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[4]Marshall's testimony before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, May 8, 11, 1951, Pt. 1, 395, 549. President Truman said that the Ambassador spent several days in China "merely listening to people." Marshall, the President said, also spoke with Chiang Kai-shek, Communist leaders, various party officials, numerous Government officials, American embassy personnel, and correspondents. Truman, II, 73.

[5]Truman noted that Marshall had been able to expedite the proceedings by persuading Chiang Kai-shek on Jan. 9 to accept a cease-fire order which made no reference to the provinces of Jehol and Chahar. Truman, II, 73.

movements[6] and to refrain from destroying or interfering with the lines of communications.

Additional significant understandings were also reached on January 10. The Government and Communist members of the Committee of Three announced that an Executive Headquarters would be established in Peiping to implement the agreement for the cessation of hostilities.[7] Three Commissioners--one each representing the National Government, the Communist Party, and the United States--were to be responsible for direction of the Headquarters. The agreement stipulated that the American member would be chairman, and Marshall appointed Walter S. Robertson to serve as the American Commissioner. Each Commissioner had one vote, and unanimity was required before orders could be issued. In the event of a divided vote, the disputed issue was to be referred to the Committee of Three.

The agreement establishing the Executive Headquarters also provided that the Operations Section of the Headquarters would execute the decisions and directives of the three Commissioners. It was stipulated that an American Army officer would be director of the Operations Section, and Marshall appointed Brigadier General Henry A. Byroade to serve in that capacity. The key personnel of the Operations Section were to be the

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[6]The joint statement specifically pointed out, however, that the prohibition against the transfer of military forces did not apply to the movement of Nationalist troops "south of the Yangtze River for the continued execution of the plan of military reorganization of the National Government." The prohibition also did not apply to the transfer of the units of the National Army "into or within Manchuria which are for the purpose of restoring Chinese sovereignty." For copy of the agreement, see State Department, U. S. Relations with China, Annex 63, pp. 609-10.

[7]A copy of this document is printed in ibid., Annex 71 (a), pp. 627-28. Additional details providing for the operations of the Executive Headquarters and for the designation of American personnel were worked out by the Committee of Three and are printed in ibid., Annex 71 (b) (c), pp. 629-32.

field (truce) teams.[8] These crews were to be composed of one representative each of the National Government, the Chinese Communists, and the United States, and were to be sent to critical areas to prevent or halt hostilities between the Chinese.

The American objective of replacing military maneuvers with political bargaining had, with these agreements, been partially fulfilled. A truce had been reached, and the Nationalists and the Communists had agreed on the measures necessary to implement it. Marshall had, therefore, accomplished what he considered to be his primary task, and he had done it in less than one month after his arrival in China.[9] Civil war had been halted early enough to make it possible for the Political Consultative Conference to convene under peaceful conditions.

Resolutions of the Political Consultative Conference

Attention was now centered on the meetings of the Political Consultative Conference(PCC).[10] The PCC convened on January 10, 1946, and by

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[8]John Carter Vincent said on Jan. 24, 1952, that Marshall originated the idea of using truce teams to implement orders from Executive Headquarters. Vincent was Director of the Far Eastern Office of the Department of State during the Marshall Mission. Senate Subcommittee of the Committee of the Judiciary, Institute of Pacific Relations Hearings, 1952, Pt. 6, 1717.

[9]Associate Justice Bennett Champ Clark of the U. S. Court of Appeals, Washington, D. C., was elated over Marshall's success. In a telegram to President Truman on Jan. 12, 1946, he stated that "I told you appointment of Marshall was a stroke of genius but I did not expect to see it work out as soon as it did." Truman, equally pleased, wired the Justice on Jan. 14 that "It does look as if Marshall is going to accomplish his purpose." Both telegrams are included in The Papers of Harry S. Truman, Official File 768, Folder 840 (1945-46), Harry S. Truman Library, Independence, Mo.

[10]The Conference was composed of thirty-six party and non-party delegates. Paul M. A. Linebarger listed the participants and their numbers as: Kuomintang, 8; Communist Party, 7; Young China Party, 5; Democratic League, 2; Special Democrats, 2; Vocational Educationists, 1; Rural Reconstructionists, 1; Third Party, 1; Non-Party, 9. Linebarger, Journal of Politics, IX, 535-36.

January 13 it had made several agreements to facilitate the solving of China's primary political problems. Marshall did not participate in these meetings in Chungking because the discussions focused on matters of a political nature. He believed that the internal political conflicts of China were wholly a "Chinese affair," and that the United States should not be a party to these negotiations.[11]

Five resolutions were approved during the PCC deliberations, and most of them were related to governmental reorganization and the adoption of a constitution.[12] Among the agreements were those providing for the revision of the 1936 Draft Constitution by the Constitutional Draft Reviewing Committee and the convening of the National Assembly on May 5, 1946, to adopt the revised constitution. The resolutions also stipulated that a State Council would be created to function as the supreme governmental

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[11]Marshall stated, in reply to a question of Sen. William Knowland of California on May 11, 1951, that the United States had indicated its interest in the development of a two-party government in China. "Beyond that," Marshall said, "I did not touch the matter at all, except to furnish the Generalissimo [on Jan. 23, 1946, and at the Generalissimo's request] confidentially our Bill of Rights and a possible interim set-up while they were reaching formal constiutional [sic] status." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 549.

[12]Texts of these resolutions are printed in State Department, U. S. Relations with China, Annexes 64-68, pp. 610-21. Ch'ien Tuan-sheng claimed that the resolutions were not always passed by a large majority because there was dissension among the Chinese factions. He contended that the Kuomintang and the Youth Party were opposed by the Communist Party and the Democratic League, while the non-party delegates divided their votes. The division existed, he observed, because the Kuomintang secured a number of Conference seats for the Youth Party "out of all proportion to its relative strength," providing the Youth Party would "dissociate itself from the League line." By this action, Ch'ien noted, the Kuomintang offended the remaining Chinese delegates. Ch'ien Tuan-sheng, pp. 359, 378.

organ prior to and after adoption of the constitution.[13] Additional terms guaranteed the legality of all political parties and provided for the maintenance of the status quo in liberated areas currently under dispute until the National Government, as reorganized, settled the controversy.

Military Reorganization and Integration

Although Marshall did not directly participate in the meetings of the PCC, he did work with a committee to implement a Conference resolution relative to the military problems that China faced.[14] Marshall, upon request, served as adviser to this body, the Military Sub-Committee. Generals Chang Chih-chung and Chou En-lai represented the interests of the Government and the Chinese Communist Party, respectively. The Committee's task was to devise plans for the reorganization and redisposition of the Chinese armed forces.

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[13]The agreement providing for the establishment of the State Council recognized the dominant position of the Kuomintang. The Council was to be composed of forty members, twenty from the Kuomintang and twenty from all other Chinese. Although the parties concerned could suggest nominees for the positions, the Generalissimo was empowered to choose the individual members. The only limitation on Chiang's power in this respect was that appointment of a non-party Councillor could be defeated by the opposition of one-third of the other nominees. In addition, Chiang could veto any decision of the Council. Further, reversal of the Generalissimo's action was rendered difficult by the proviso that a three-fifth's vote of the Council was required to overturn his veto. Statement of Dean Acheson, June 4, 1951, before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1850.

[14]Carsun Chang, a delegate of the Democratic-Socialist Party in the PCC, stated that Marshall's primary contributions to the success of the Conference were: (1) arranging the truce between the Nationalists and the Communists, (2) serving as adviser to the Military Sub-Committee, and (3) his "personality." This prominent Chinese also commented on Marshall's rigorous schedule as follows: "On one day he [Marshall] held three conferences, from nine to eleven in the morning, from two to four in the afternoon, and from eight to nine in the evening." Carsun Chang, p. 157.

Discussions by the Military Sub-Committee began on February 14, and on February 25 the Chinese concurred on a plan for the demobilization, redeployment, and integration of all military units.[15] The Government and the Communists promised to reduce their military components to fifty and ten divisions, respectively, over the next eighteen months. They further agreed to divide China into five areas for purposes of integration and deployment of their forces,[16] and to submit lists to the Committee of the units that would be demobilized.

Marshall believed that the interests of China would best be served by an armed force organized along the lines of western military tradition, i.e., a national army not subject to the political control of any party. He consistently advised the Committee members to work toward this end. The Ambassador was satisfied with the agreement reached by the Committee, but he was not confident that the current good will would be manifest in the future. When the concord was signed, he made the following statement:

> This agreement, I think, represents the great hope of China. I can only trust that its pages will not be soiled by a small group of irreconcilables who for a selfish purpose would defeat the Chinese people in their overwhelming desire for peace and

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[15]The details of this agreement, as related below, are based on a press release announcing the agreement. A copy of the document is printed in State Department, U. S. Relations with China, Annex 69, pp. 622-26. This pact of Feb. 25 was supplemented by a directive which the Committee agreed to on Feb. 27 and signed on Mar. 16. The directive of Mar. 16 instructed the Executive Headquarters to implement the agreement of Feb. 25. For a copy of the directive, see ibid., Annex 70, pp. 626-27.

[16]These areas and the distribution of the military forces at the end of the eighteen months period were as follows: Northeast China [Manchuria] - 14 Government divisions, 1 Communist division; Northwest China - 9 Government divisions; North China - 11 Government divisions, 7 Communist divisions; Central China - 10 Government divisions, 2 Communist divisions; South China [including Formosa] - 6 Government divisions. Ibid., Annex 69, p. 625.

prosperity.[17]

The American Attempt to Implement the Agreements, March-June 1946

Acceptance of the Agreements and Support for the Marshall Mission

The Chinese populace reacted favorably to the accomplishments of the Political Consultative Conference. "The achievement of the . . . Conference," according to Carsun Chang, "was the expression of the consensus of the Chinese people as a whole."[18] Unfortunately, however, the masses had no opportunity to formally express their opinions. Only the parties participating in the PCC were authorized to ratify the resolutions of the Conference. The prescribed procedure for approval of the resolutions was through the central executive committees of the participating parties. And the two most powerful competitors in China, the Kuomintang and the Communists, never did satisfy the demands of the other in relation to the PCC resolutions.[19]

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[17]Ibid., p. 142. Marshall's fears that the agreements might not be implemented were supported by F. F. Liu, an officer in the Nationalist forces during World War II. In a 1956 publication, Liu stated that the military leaders of the Kuomintang at the time of the 1946 agreement were "secretly unwilling" to support any reorganization of the military forces which would result in any army not controlled by the Kuomintang. Liu, p. 231.

[18]Chang also noted that some "enlightened members" of the Kuomintang were encouraged by the work of the PCC because the resolutions indicated that the period of political tutelage would be ended and the last stage of the revolutionary work of the Kuomintang, constitutional government, would be initiated. Among these Kuomintang members, Chang listed Chang Chung, Sun Fo, Wang Shih-chieh, and Shao Lih-tse. Carsun Chang, p. 156. The view that popular reaction to the work of the PCC was favorable was also supported by State Department, U. S. Relations with China, p. 143, and Ch'ien Tuan-sheng, p. 378.

[19]The Central Executive Committee of the Kuomintang unanimously approved the PCC resolutions on Mar. 16, 1946, but the Communists cancelled

Marshall was encouraged by the progress which the January-February pacts represented and recommended that he be recalled to Washington for a brief visit. He was particularly pleased with Chiang Kai-shek's decision to permit cease-fire teams to enter Manchuria, a position previously unacceptable to the Generalissimo.[20] Marshall believed on the eve of his departure for Washington that the proposed interim government had a "fair chance of success." Although he was convinced that the Communists would not give up their struggle for control of China, the Ambassador believed that the Communists were confident that they could secure political control without resorting to military means. Marshall cautioned, however, that the only hope for China was the willingness of the Kuomintang to solve China's problems by political measures through a working agreement

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their Mar. 31 meeting which had been scheduled to pass on the agreements. In explanation of their action the Communists stated that they wanted the 1936 Draft Constitution thoroughly revised while the Kuomintang was trying to influence the Constitutional Draft Reviewing Committee to present the Constitution to the National Assembly without any major changes. The ultimate effect of the impasse between the Kuomintang and the Communists was far reaching--the Constitutional Draft Reviewing Committee, charged with drafting a revised constitution, had to suspend its work; and the National Assembly, scheduled to adopt the constitution on May 5, 1946, had to postpone the meeting until November. State Department, U. S. Relations with China, p. 144.

[20]Chiang Kai-shek had previously held that the entry of truce teams into Manchuria would constitute a restraint on the Government's freedom of action there. Marshall did not agree, however, and, shortly before Chiang's action, the Ambassador made a 3,000 mile flight through northern China to explain the function of the truce teams to the principal field commanders and Mao Tse-tung. Truman, II, 78. Marshall appeared before the Senate Foreign Relations Committee soon after his arrival in Washington in 1946, and Sen. Tom Connally of Texas said that Marshall spoke "enthusiastically" to the Committee about the need for the truce teams "to go to trouble spots and stop the fighting." As the Senator stated it, Marshall told the Committee that "much of the country was controlled by war lords who had their own armies and would fight anyone who came close to their territory." Tom Connally (as told to Alfred Steinberg), My Name Is Tom Connally (New York: Thomas Y. Crowell Co., 1954), p. 314.

with the other parties and non-party groups.[21]

Marshall left for the United States on March 11, 1946. He was held in high esteem by Chiang Kai-shek, and the support of American policy toward China was favorable.[22] The Generalissimo wrote President Truman a letter on the day of the Ambassador's departure and thanked the President for sending "a man of his (Marshall) stature and sincerity" to help China solve her problems. Noting that significant progress had been made in the negotiations, the Generalissimo made it evident, however, that Marshall's services would be needed for several years.

> I hope that he will return to China immediately upon completion of his mission to America, for the seed that he has sown needs his presence to bring it to germination. I would like to add

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[21]Based on Marshall's reply of May 12, 1951, to Sen. John C. Stennis of Mississippi before Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 638. Walter S. Robertson, Chairman of the Executive Headquarters, supported Marshall's view that the military situation was relatively favorable to the cause of peace. Speaking of this period, Robertson observed that "All effective fighting in China ceased. There were sporadic outbursts, but no responsible commanders were involved . . . . There was the most evident desire to cooperate on the part of both the Communists and the Government representatives up until about the first of April (1946)." Testimony of Mar. 4, 1948, House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2090.

[22]Congressmen did not begin to criticize American policy until late July, 1946, and even then there was no organized opposition. The strongest attack was made by Sen. Wherry who questioned the wisdom of supporting the inclusion of Communists in a coalition Chinese government while regarding "Communists in other lands as totalitarian." Comments of Sen. Wherry on July 31, found in U. S., Congressional Record, 79th Cong., 2nd Sess., 1946, XCII, Part 8, 10532-33. Other congressional attacks upon American policy were made on July 26 by Reps. Hugh DeLacy of Washington, Ellis E. Patterson, and Charles Savage of Washington. DeLacy contended that the U. S. should evacuate American military personnel from China and "Let the Chinese parties find their own level of political strength," while Patterson argued that Marshall should be recalled unless the Nationalists complied with Truman's policy statement of Dec. 15, 1945. Savage criticized the U. S. for aiding the National Government although Chiang had not made the reforms demanded by Truman in Dec., 1945. Ibid., pp. 10223-28.

> moreover that, . . ., not only is General Marshall's speedy return to China of urgent necessity, but his continued presence here for the next three years will play an important part in the stabilization of the Far East.[23]

There was, at this time, very little public discussion in the United States of American foreign policy toward China. But what there was, was generally favorable. Representative Clare Boothe Luce of Connecticut spoke in highly complimentary terms of the American venture. She stated on March 28, 1946, while the Ambassador was in Washington, that Marshall had done an "extraordinary diplomatic job" in China and that the "Nation should be grateful indeed" for his accomplishments.[24] Marshall made a report to a joint Senate committee in March, 1946, and he did not note any opposition to the Administration's policy toward China. In fact, he reported several years later that he "got the impression" that he was "being supported" in his efforts although there was "no formal expression of opinion" to that effect.[25] Senator John J. Sparkman of Alabama strongly defended Marshall's opinion that he was "being supported." The Senator observed that when Marshall appeared before the Senate Foreign Relations Committee in executive session on April 3, 1946,

> He discussed not only what he was attempting to do and the details of his negotiations, but also his proposed future course. He answered many questions propounded by the members of the

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[23]A copy of the Generalissimo's letter is found in The Papers of Harry S. Truman, Official File 768, Folder 840 (1945-46), Harry S. Truman Library, Independence, Mo.

[24]U. S., Congressional Record, 79th Cong., 2nd Sess., 1946, XCII, Part 10, A1750. Rep. Luce's brief comments precede the insertion of a Washington Post editorial of Mar. 27, which was also highly laudatory of Marshall's record in China.

[25]Testimony of May 11, 1951, before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 570. The records of the 1946 hearings were never published.

committee. No alternative policy was advanced or suggested by any member of the committee, of either party.[26]

Extension of Marshall's Range of Participation

Marshall's chief aim in returning to the United States on March 11, 1946, was to report to the President on the progress being made. The Ambassador believed the Chinese needed American aid, and he sought authorization for United States assistance to alleviate the economic and financial conditions.[27] However, the truce he had arranged began to crumble,[28] and he returned to China on April 18. Marshall worked unceasingly until January, 1947, to patch up the Chinese agreements, but his efforts were fruitless. For Marshall it was a period of alternating hope and frustration, with first one Chinese element and then the other making progress

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[26]John J. Sparkman, Review of Bipartisan Foreign Policy Consultations since World War II, U. S., Congress, Senate Doc. 87, 82nd Cong., 1st Sess. (Washington: U. S. Government Printing Office, 1952), p. 20. Hereafter cited as Sparkman, Review of Bipartisan Foreign Policy Consultations since World War II, 1952, Senate Doc. 87. Sen. Tom Connally of Texas also contended that Marshall was firmly supported in his mission when he returned to the U. S. in Mar., 1946. Comments of Apr. 13, 1950, U. S., Congressional Record, 81st Cong., 2nd Sess., 1950, XCVI, Part 4, 5109.

[27]This phase of the Marshall Mission is treated in Chapter V.

[28]Factors contributing to the deterioration of the truce before Marshall returned have been held to include: (1) the time lost between the agreement of Mar. 11, 1946, providing for the entry of truce teams into Manchuria and arrival of the teams on Apr. 8, (2) refusal of the Government members of the Manchurian truce teams to take any action on the basis that they were not so authorized, (3) Chinese Communist protests against the additional transportation of Government troops by American facilities. State Department, U. S. Relations with China, pp. 146-49. General A. C. Gillem, Jr., reported on Apr. 6, 1946, that the military situation was serious. The Government, he wrote, had violated the truce agreement by detaining Communist members of the cease-fire team at Mukden and by arresting others in Peiping. In addition, Nationalist planes had "buzzed" the Communist capital of Yenan. The Chinese Communists, the report continued, had been equally guilty in occupying parts of Manchuria as the Russians left and by attacking Government troops. Truman, II, 79. General Gillem was Marshall's deputy and represented the U. S. Ambassador in meetings of the Committee of Three in the absence of the Ambassador.

difficult if not impossible.[29] Overtures and proposed countersolutions, temporary truces and armed conflicts were commonplace. In fact, it is frequently difficult to determine which tactic was taking precedence--political negotiation or military attack.[30] It is clear, however, that the Chinese adversaries used the conference table and the battlefield to further their objectives. It also became increasingly evident that no solution to China's problems was feasible so long as the participants accepted a compromise as a temporary settlement toward the attainment of a partisan goal rather than as a solution of a national problem.

There was, after Marshall's return to China, a marked change in the American search for solutions to China's problems. Marshall had previously been primarily concerned with securing and implementing a truce between the Chinese armies, and internal Chinese conditions required that

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[29]Efforts to secure and maintain the peace were also obstructed by the delay in the withdrawal of Russian military forces from Manchuria and the Soviet refusal to permit the Nationalists to use Dairen as a port of entry into Manchuria for Nationalist troops. The Russians were originally scheduled to withdraw their Manchurian forces by Dec. 3, 1945, but had postponed the date until Feb. 1, 1946, at the request of the National Government which was not ready for occupation duties on the earlier date. By a subsequent agreement, in early Mar., 1946, the Soviet evacuation was to be completed between Apr. 6-29, 1946. The Russians further aided the Chinese Communists-thereby making peace more remote between the Chinese principals--when, upon withdrawal from Manchuria, they left captured Japanese arms to the infiltrating and invading Chinese Communists. State Department, U. S. Relations with China, p. 147.

[30]Dean Acheson has stated that armed attacks were used by both parties to secure political ends. He described the situation as follows on June 4, 1951: "One side or the other would believe that it could gain an advantage by capturing this or that city or area, and believed it could strengthen itself in the negotiations; and then would start an attack. Either the Communists would attack the Nationalists or the Nationalists would attack the Communists, and in that way this situation became worse and worse; and General Marshall's efforts were unable to deal with it." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1851.

he attend to this matter for the remainder of the mission. However, he became increasingly involved in political developments in China during April, 1946-January, 1947.[31] The Ambassador used a variety of techniques in trying to implement American foreign policy. He held frequent conferences with the principal Chinese officials, analyzed the situation, and suggested that appropriate steps be taken to remove obstructions to negotiations and to correct designated faults. The Ambassador drafted statements and proposals for the Generalissimo in order to clarify the Nationalist position, and he strongly endorsed the utilization of third parties and non-partisan groups to break the impasse.[32] As the situation deteriorated from month to month, Marshall recognized the need for another American in a top level position to help him carry out United States policy. This need was met in July, 1946, by the President's appointment of J. Leighton Stuart as Ambassador to China. And when Communist propaganda attacks on United States aid to the National Government threatened to destroy the effectiveness of the American position as mediator, Marshall imposed an embargo on American shipment of military supplies and equipment to the Nationalists.

Marshall's initial efforts upon returning to China were directed toward settling the military conflict, however, rather than the political.

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[31] Supra, n. 75, Chapter II. Marshall stated on May 11, 1951, that his involvement in the political affairs of China was "not as to the general types of government [the Chinese should form], but as to how to get them together in the matter of delegates, particularly [those to] the State Council which remained the argumentative basis for months there." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 550.

[32] Carsun Chang, leader of the Democratic-Socialist Party, said that Marshall sought his cooperation "to persuade Chou En-lai, . . . , to moderate many of his demands." Carsun Chang, pp. 25-26.

For on the date of his return the Chinese Communists had captured Changchun in Manchuria. By this action of the Communists and the reaction of the Government to it, the truce arrangement of January 10 had been rendered ineffective. Marshall was convinced that it would be difficult, if not impossible, to convene the National Assembly at full strength to approve a new constitution and end the Kuomintang's political tutelage unless there were an effective truce. He also believed that it was unlikely that the reorganization, redisposition and integration of the Chinese military forces would be secured unless the cease-fire arrangements were implemented.

Thus, the American Ambassador's immediate attention was directed toward the situation in Manchuria. Chiang Kai-shek contended that the Communist capture of Changchun threatened the Government's control of Manchuria, and he informed Marshall that he would not sign any agreement that did not ensure Nationalist sovereignty in Manchuria. The first step in this direction, the Generalissimo observed, would be for the Communists to evacuate Changchun and to permit the entry of Nationalist forces. Chou En-lai, the Communist spokesman, opposed the Government demand for evacuation of Changchun on the basis that withdrawal there would lead to demands for abandonment of other key points. Chou also stated that the Military Reorganization Agreement of February should be revised to authorize five Communist divisions for Manchuria instead of the one division originally stipulated. Marshall assessed the fundamental difference between the positions of the two sides as one involving the question of sovereignty in Manchuria, and he supported the Nationalist proposal. There was, however, no immediate improvement in the relations between the Chinese on the Changchun issue, and the Nationalists opposed Chou En-lai's proposal for an increase in the number of Communist divisions in Manchuria.

Further, the diminishing effectiveness of the Executive Headquarters and the truce teams was apparent.[33] Though Marshall aided the Chinese in reaching an agreement to speed up the investigation of reported violations of the January 26 cease-fire order,[34] he became discouraged in May and discontinued his formal mediation efforts to settle the Manchurian issue. The break was not complete, however, because the Ambassador continued to hold separate conferences with the Nationalists and the Communists and to serve as a channel of communications between them.[35]

The prospects for a peaceful solution suffered another setback when the Generalissimo went to Mukden on May 23 to check on his troops in

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[33]Implementation of the cease-fire order was made difficult by a frequent practice of the Chinese members of the Executive Headquarters: the veto of any proposal which would not be advantageous to the party casting the veto. This reaction, of course, prevented action by the truce teams. Robertson quickly appraised the development, and twice suggested, once as late as May, 1946, that he as Chairman of the Executive Headquarters be authorized to order an investigation of any reported violation of the cease-fire agreement. The National Government representative of the Executive Headquarters agreed to Robertson's proposal, but the Communist Commissioner vetoed the suggestion as being "contrary to the principle of unanimity under which the Headquarters operated." State Department, U. S. Relations with China, Annex 71 (c), p. 630.

[34]One reason for the decreased efficiency of the Executive Headquarters and the truce teams, as indicated in the preceding note, had been the obstructions by both Nationalists and Communists to prompt investigation of reported violations of the Jan., 1946, cease-fire order. The restriction was temporarily removed by an agreement reached by the Committee of Three, with Marshall presiding, on May 14. This directive to the Executive Headquarters provided that the civil and military authorities of both Chinese groups would assist the field teams in undertaking prompt investigations of reported violations of the Jan. truce order and would guarantee the personal freedom and security of team members. It was further stipulated that the American member of the various teams would serve as their chairman, and that the chairman would report to the Executive Headquarters any disagreement in regard to priority of areas and matters for investigation. Inability of the Headquarters to reach a unanimous decision within twenty-four hours on the action to be taken should be reported by that body to the Committee of Three. Text of the agreement is printed in ibid., Annex 75, pp. 640-41.

[35]Ibid., pp. 150-52.

Manchuria. Chiang's absence from Nanking for the next eleven days considerably reduced the effectiveness of Marshall's endeavors. Communications between the Ambassador and Chiang were poor, and delivery of messages to Chiang was difficult. Misunderstandings between them arose over interpretation of the contents of messages. Further, Chiang did not always inform Marshall during this eleven day period of his (Chiang) reaction to the American Ambassador's suggestion. For example, Marshall had repeatedly urged the Generalissimo to order Government troops to halt their advance in Manchuria and to permit the establishment of an advance section of the Executive Headquarters in Changchun. Chiang did not reply to Marshall's requests until he (Chiang) returned to Nanking on June 3.[36]

Although Marshall advised both parties in separate conferences to reject the use of armed might, the military conflict continued unabated. Government troops had recaptured Changchun on the day Chiang left for Mukden and had continued their advance northward. Military victory for one was, of course, military defeat for the other, and, as frequently noted hereafter, military conquest by either side made constructive negotiations impossible on both military and political problems.

In the immediate instance, it will be remembered, the Government had previously refused to negotiate unless the Communists evacuated Changchun and permitted Nationalist troops to enter that city. With their recapture of Changchun, however, the Nationalists believed that they could secure a settlement by armed might. They were, therefore, reluctant to compromise with the Communists. For their part, the Communists began to openly question the sincerity of Government proposals and the extent to which Marshall was impartial. The Communists contended that Chiang's presence

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[36]Ibid., p. 157.

in Mukden at the time Changchun was captured indicated that the Generalissimo's trip had been planned to coincide with the Nationalist military victory. Further, it was stated, Marshall had jeopardized his position as mediator by placing his plane at the Generalissimo's disposal for the trip.[37]

Marshall had been optimistic as late as the "latter part of May" that a truce could be arranged, but Chiang was less willing to cooperate after the Nationalist successes in Manchuria and after he [Chiang] had consulted with his generals in Manchuria. When the Generalissimo asked Marshall to guarantee the good faith of the Communists, Marshall became discouraged and cabled President Truman as follows:

> I am working against time; otherwise I would be quite hopeful. As it is, success depends on the developments in the field more than on the problems of negotiations.[38]

As Marshall believed that success depended on "developments in the field," he repeatedly proposed that a cease-fire be ordered, that an advance echelon of the Executive Headquarters be moved into Changchun, that Nationalist troop movements cease, and that negotiations be entered into for a settlement of the Manchurian question. The Ambassador still had not formally reentered the negotiations, however, and his conferences with Chou En-lai in Nanking and his messages to Chiang Kai-shek in Manchuria produced no positive results.

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[37] Ibid., pp. 155-57. The Communist charges against Marshall contrast sharply with Carsun Chang's statement about the Communists' attitude toward Marshall at the end of the PCC meetings. The leader of the Democratic-Socialist Party stated that Chou En-lai told him many times that "Marshall never once attempted to deceive him during his mediation efforts." Carsun Chang, p. 157.

[38] Truman, II, 79-80.

Marshall's Contribution to the Truce Arrangement of June 1946

A negotiated settlement was undoubtedly impeded by the Generalissimo's eleven-day absence from Nanking, the site of negotiations. This disadvantage was removed, however, when Chiang Kai-shek returned to that city on June 3. In direct contrast to the deadlock of the past several days, the disputants quickly entered into three agreements. Marshall made significant contributions to all the compacts although he still had not reentered the formal negotiations. He secured the Generalissimo's approval to immediately dispatch an advance section of the Executive Headquarters to Changchun, presided over the Committee of Three when it agreed to reopen communications in North and Central China,[39] and aided the Chinese in arranging a fifteen-day truce in Manchuria.

Chiang Kai-shek and Chou En-lai announced the Manchurian truce agreement on June 6, with the stipulation that it would become effective at noon, June 7.[40] The purpose of negotiations at this time was to arrange a permanent cessation of hostilities, but the likelihood of such an achievement was jeopardized at the beginning of the truce period by a week-long

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[39]Truman gave Marshall credit for arranging the temporary truce in Manchuria, and stated that General Henry A. Byroade, Marshall's chief of staff, was sent to Changchun to supervise its implementation. Ibid., p. 80. The directive of the Committee of Three provided for unrestricted interchange of non-military items, "unrestricted civilian travel," demilitarization "within 1,000 meters on either side of the railroads," and for completion of specified railway reconstruction within a period of thirty to 150 days from the starting date of June 30, 1946. For text of agreement, see State Department, U. S. Relations with China, Annex 77, pp. 642-43.

[40]Texts of the statements are printed in State Department, U. S. Relations with China, Annex 76 (a) (b), pp. 641-42. Both documents indicated the mutual suspicion and distrust of the two Chinese adversaries by urging each other to "demonstrate in good faith their intention to carry out the agreements they had previously signed."

Communist offensive in Shantung Province. A negotiated settlement was also imperiled by the freely expressed view of some Government military and civilian officials that the Communists should be suppressed by military means. Marshall was acutely aware of the danger to a peaceful adjustment and advised the Government not to resort to an all-out war against the Communists. Such a course, the Ambassador contended, grossly underestimated the possibilities of success.[41]

When only a few days remained before the fifteen-day truce would expire, Marshall suggested that the time limit be extended so that unsettled matters could be considered. Acting upon Marshall's suggestion, Chiang Kai-shek extended the armistice for eight days, until noon of June 30. Negotiations during this eight-day period were conducted in formal meetings of the Committee of Three, and it was during this interval that Marshall formally reentered the negotiations as mediator.[42]

Marshall's conferences with the other members of the Committee of Three quickly produced a series of agreements. For example, the Committee issued a directive on June 24 which was designed to expedite the work of the truce teams and the Executive Headquarters. In this instance, American members of the field teams and the Executive Headquarters were granted the tie-breaking vote in matters involving the "cessation of hostilities procedures" and the interpretation and execution of agreements. This pact did not apply to the Committee of Three, however, because Marshall, a member of the Committee, did not believe that the United States Government,

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[41]U. S., Department of State, Office of Public Affairs, "China," Information Memorandum No. 50, May 24, 1949, p. 6 Mimeographed in the files of Rep. Helen Gahagan Douglas, Division of Manuscripts, University of Oklahoma Library, Norman, Oklahoma.

[42]State Department, U. S. Relations with China, p. 161.

through his actions, should bear any responsibility in such matters beyond the interpretation of agreements.[43]

The Committee of Three resolved a major issue on June 26 when it agreed to a complete termination of hostilities in Manchuria.[44] All Chinese troops were ordered to withdraw from close contact with opposing units. The situation existing at noon on June 7 was to serve as the basis for determining what constituted the proper withdrawal distances of the hostile forces. It was further stipulated that both sides would submit lists of their military units in Manchuria, including their strengths and locations, to the Advance Section of the Executive Headquarters in Changchun. Compliance with this provision was required within fifteen days of the issuance of the directive. The Government agreed that it would not move any additional combat units into Manchuria, and, in turn, was authorized to maintain its basic strength there through individual replacements.

When Chiang Kai-shek and Chou En-lai announced the Manchurian truce agreement on June 6, they had stipulated that subsequent negotiations should be utilized to resolve three major issues. Two of the three points in question had been successfully disposed of by June 26--the Chinese had entered pacts providing for the restoration of communications in China and

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[43] Ibid. For copy of text of agreement see ibid., Annex 78, p. 644. Truman stated that the National Government proposed giving the tie-breaking vote to the Americans, and that the Communists concurred only because of Marshall's "patient persistence." The Chinese Government had made a similar proposal at the beginning of the current truce period, and Truman held the overture to be unfortunate because the "Communists, . . . , saw in this move merely a corroboration of their charge that America was taking the Kuomintang's side . . . ." Thus, conditions within China had changed enough within a seventeen-day period (June 7-24) to justify Marshall's working for a proposal on June 24 which the President had described as unfortunate when first made. Truman, II, 80-81. However, see supra, n. 33.

[44] Text of the agreement is printed in State Department, U. S. Relations with China, Annex 79, pp. 644-45.

for a complete te. ination of hostilities in Manchuria. Marshall now sought to implement the PCC military reorganization agreement of February, and, therefore, remove the third obstacle to a negotiated settlement. Although internal conditions indicated that Marshall would not succeed,[45] he presented a proposal to the Chinese and asked them to use it as a basis for their discussions.[46] The American Ambassador urged the Chinese to determine the specific localities in Manchuria and China in which their troops would be stationed and to retain the five-to-one ratio of troops as set on February 25. He also stated that the Executive Headquarters should be permitted to determine which Chinese and Manchurian localities had been occupied since January 13 and June 7, respectively, and that all Chinese troops should be withdrawn from the areas so designated. Marshall asked the Government to agree to two additional conditions: (1) that its military forces not be moved into Chinese areas vacated by the Communists, and (2) that the existing local governments be preserved.

The Chinese accepted Marshall's proposal as a guide for their discussions and were able to compromise some of their differences. By

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[45]Factors which support this position are: (1) none of the major agreements were to become operative unless concurrence was reached on all three major issues, (2) Chiang Kai-shek stated that political adjustments in the disputed "liberated" areas would not be made until the Communists demanded that the plan for political adjustment in these areas should be determined in advance of the Communist military evacuation, (3) Chiang contended that other military problems should be settled after the Communists had evacuated the local areas referred to, while Chou claimed that specific plans for the reorganization and integration of the National Chinese Army should be determined prior to the Communist withdrawal from the local areas, (4) the Communists had not submitted a list of their troops for demobilization (the Government had done so), although Marshall reminded the Communists that this should have been done as early as March and no later than April, and (5) the truce of June 7, as extended to June 30, was about to expire. This analysis is based on ibid., pp. 162-64.

[46]A copy of the Ambassador's proposal is printed in ibid., Annex 80, pp. 645-46.

June 29 only one important issue remained unsettled--the status of local governments in the areas to be evacuated by the Communists. Success in the current negotiations depended upon finding a solution to this question, and Marshall so informed Chiang Kai-shek on the morning of June 30. Ever fearful of the spread of hostilities, the Ambassador advised the Generalissimo to agree to a continuation of the local governments, pending subsequent negotiations for their modification. It was also imperative, in Marshall's opinion, that a permanent cease-fire be arranged rather than an extension of the current "partial truce."[47]

Marshall's counsel and patience were unavailing, however. The truce period expired at noon on June 30 without complete agreement having been reached on the third major issue. And as no major agreement could be implemented unless concurrence was reached on all three major issues, the negotiations since June 7 had been futile and Marshall's efforts had been unsuccessful.

Thus, the margin for a peaceful settlement, if there ever was one, had narrowed perceptibly since the PCC agreements. Resolutions approved by the PCC in January and February still had not been put into effect: the Government had not been reorganized; no effective permanent truce had been arranged; and plans for reorganization, redisposition, and integration of the Chinese military force had not been determined. Marshall's remaining months in China witnessed a steady deterioration of areas in which negotiations could be held, and, therefore, a constriction of the areas in which he could serve any useful purpose. Within seven months from the expiration of the truce on June 30, the Marshall Mission was terminated and the American mediation effort was officially declared to be unsuited to the

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[47]Ibid., pp. 168-69.

objectives it was designed to achieve.

Five More Months of Frustration July-November, 1946

The objective of United States policy toward China was, therefore, no closer to attainment on June 30 than it had been when the January-February accords were reached. A strong, united, and democratic China had not been created. The Chinese, aided by Marshall's counsel, had made numerous agreements, but none of the primary ones had been implemented on a permanent basis. Subsequent consultations revealed, however, that Marshall was confronted with still a greater task than the implementation of pacts entered into by the Chinese. It became increasingly apparent that an agreement by the Nationalists and the Communists to meet with each other constituted only an agreement to talk. Before the Marshall Mission was terminated, the state of affairs had deteriorated until it was impossible to even get the disputants to discuss their differences.

Although Marshall had not asked the President to recall him, it was evident that he could not remain in China much longer under the prevailing conditions. Chiang Kai-shek and Chou En-lai did issue orders on July 1 which prohibited aggressive action by their troops, but this encouraging sign was of short duration.[48] The developments were, for the

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[48]Although the Nationalist and Communist orders prohibited aggressive action by their troops, defensive action was authorized if either military force attacked the other. This arrangement soon broke down because armed clashes continued. Each side contended it was reacting to an offensive maneuver by the other side, and, as the hostilities spread, it became difficult to determine whether the Nationalists or the Communists were responsible. The texts of the orders by the Generalissimo and by Chou En-lai and Chu Teh are printed in ibid., Annexes 82-83, pp. 647-48. Walter S. Robertson observed that the negotiations on military matters first broke down in the Committee of Three, then in the Executive Headquarters and the truce teams. He stated on Mar. 4, 1948 that "When things began to deteriorate in Nanking [where the Committee of Three was working], they would begin to deteriorate in our operations [those of the Executive

most part, ominous in nature. Clashes between Nationalist and Communist forces coincided with propaganda attacks on Marshall and American foreign policy toward China. Some extremists in the Kuomintang urged the Generalissimo to wage all-out war against the Communists while simultaneously contending that Marshall's counsel was restraining Chiang from pursuing such a policy.[49] These charges within the Kuomintang were more secretive, however, than those launched by the Communists on July 7. The Communists, on this date, stated that measures had been introduced in the American Congress to aid the National Government militarily and economically. Such legislation, the Communists claimed, would encourage the Nationalists to seek a solution by means of force.[50]

President Truman has indicated that the Communists were correct in their charges that action on the American legislative scene would encourage the Nationalists to use force rather than political negotiations to settle the Chinese conflict. Unlike the Communists, however, the President was critical of the statements by Congressmen rather than of the

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Headquarters]. Where we had gotten cooperation we would get delays, excuses, and violations of agreements. The breakdown therefore occurred in Nanking rather than in Peiping." House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2090.

[49]State Department, U. S. Relations with China, p. 170. Marshall later referred to the war-like tendencies of the Nationalists at this time as follows: "The general effort of the National Government to destroy the power of the Communist regime by military action had its beginning in June" of 1946. Testimony of May 12, 1951, before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 659.

[50]State Department, U. S. Relations with China, pp. 170, 340. The Communist charges were made in relation to the introduction of S. 2337 and H. R. 6795 in the Senate and House on June 13 and June 14, respectively. These resolutions provided for legislative authorization for an Army Advisory Group and a Naval Advisory Group in China and for military assistance to the reorganized Chinese army of sixty divisions as outlined in the agreement by the Chinese parties on Feb. 25, 1946. Blair Bolles, "Influence of Armed Forces on U. S. Foreign Policy," Foreign Policy Reports, XXII (Oct. 1, 1946), 175.

legislation per se. The President also observed that Marshall was being handicapped by the comments in Congress. Marshall's "delicate task," the President wrote, "was made infinitely more difficult" by Congressmen who were urging "all-out aid" to Nationalist China. Noting that these statements were by Americans "who claimed to be friends of the Chinese people," Truman stated that their actions were detrimental in two ways: (1) the "die-hards" in China gained new confidence in their attempts to sabotage Marshall's cease-fire efforts, and (2) the statements of congressmen could be used by Communists as "evidence of American duplicity" in the American policy to mediate.[51]

Marshall had previously ignored Communist attacks on American policy toward China. He informed Chou En-lai on this occasion, however, that the negotiations and his usefulness as mediator would be seriously undermined unless these attacks ceased. Marshall was also convinced, in view of the deterioration in the internal Chinese situation, that he needed an American to assist him, and he suggested that the position of Ambassador to China be filled. Upon Marshall's recommendation, President Truman appointed J. Leighton Stuart to the post.[52] The United States Senate

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[51]Truman, II, 81.

[52]Stuart had lived in China for approximately fifty years and at this time was president of Yenching University in Peiping. Marshall has stated that he chose Stuart because of "his experience in China, . . . his character, his personality and his temperament." From the preface written by Marshall in Stuart, p. ix. Marshall informed Stuart toward the end of Apr., 1946, that he would want Stuart to help him, and the two men talked about the Chinese situation several times thereafter. Then, on July 4, Stuart said, Marshall asked him to accept an appointment as Ambassador to China. Ibid., pp. 162-66. There are conflicting opinions on the matter of Marshall's choice of Stuart for the position. Wedemeyer contended that Marshall asked him in Chungking in Jan. or Feb., 1946, to become Ambassador to China, and that he had agreed on condition that he be permitted to return to the U. S. for an operation to "alleviate a sinus condition." After the operation, Wedemeyer stated, and while he was waiting

approved the appointment on July 11, 1946.

Marshall realized that the National Government was confronted with several significant problems, but he attached primary importance to the threat of full-scale civil war. Consequently, he informed the Government on July 26 that it should make every effort to end the hostilities. If this were not accomplished, Marshall said, China's economic and financial structure would be destroyed. And even beyond this consideration, civil war and the resulting economic chaos would create conditions more beneficial to the Communists than to the Government and the cause of peace. Relying upon the directive which created his mission to China, Marshall advised the Generalissimo that his objective was to aid the Government in establishing a strong, unified, and democratic China. Referring to the unsettled military condition, he stated that the "United States would not underwrite a Chinese civil war" in order to achieve this goal.[53]

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in the U. S. for the appointment to materialize, Under Secretary of State Acheson showed him a telegram from Marshall which cancelled his "prospective appointment." According to Wedemeyer, Marshall's telegram disclosed that Wedemeyer's appointment "has leaked" and was adversely affecting Marshall's negotiations with the Nationalists and the Communists. The Communists protested his appointment, Wedemeyer said, because they believed his close wartime association with Chiang would prevent him from being impartial and because he had moved Nationalist armies to North China at the close of World War II. Testimony of June 11, 1951, before the Committees on Armed Services and Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 2311-12. President Truman stated, however, that Wedemeyer's charge was incorrect, that the appointment of Wedemeyer was never considered. Interview with Harry S. Truman, Aug. 20, 1959. Dean Acheson, in correspondence with the author, gave a modified version of the above views. Acheson said that Marshall did recommend that Wedemeyer be appointed Ambassador to China and that he secured Wedemeyer's approval of such an appointment upon direction of the President. He also commented that Marshall changed his recommendation for the position to Stuart, but added that "I do not recall that the reason for this change was because of any leak in the nomination, nor do I recall what the actual reason was." Letter from Dean Acheson, Dec. 20, 1960.

[53]State Department, U. S. Relations with China, pp. 173-74. Acheson pinpointed the American position on June 4, 1951, when he said, "What we

Marshall had always emphasized the necessity of ending the frequent armed clashes before civil war spread throughout China. It was vital, he contended, that economic and political reforms be undertaken, but the order of implementation was important. In this respect, a cease-fire was primary while political and economic reforms were secondary. However, several days had passed and no noticeable progress had been made on Marshall's suggestion of July 26. Changing their approach, the two American Ambassadors directed their attention toward securing an agreement between the Chinese principals on a political problem. The Americans believed that progress toward establishment of the State Council, as provided for in the PCC resolutions, might lead to an agreement for the cessation of hostilities. In fact, then, Marshall and Stuart were now willing to solve a political problem first if such action would remove the threat of military conflict. Accordingly, Ambassador Stuart proposed on August 1 that a new committee [Five-Man Committee] be created and that it negotiate an agreement for the organization of the State Council. Stuart suggested that he preside over the Five Man Committee, and that the remaining membership be composed of two representatives each of the Government and the Communists. Tentative acceptance of Stuart's proposal by Chiang Kai-shek and Chou En-lai served, however, only to raise false hopes. The offer was eventually rejected by a technique already well perfected-- qualified acceptance by one Chinese principal which denied the conditional demands of the other. Thus, the Five-Man Committee never met, and another effort

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were doing is telling him [Chiang Kai-shek] that we were engaged in that effort, but we were not engaged in an effort which was to finance or to give assistance to civil war, because . . . civil war would destroy every possibility of surmounting the difficulties which the Generalissimo had before him, ..." Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1898.

to end the impasse had failed.[54]

To this point in the negotiations neither Chinese party had yielded enough to facilitate a reconciliation of their views. And as long as this condition prevailed the United States objective could not be fulfilled. In so far as Marshall and Stuart were concerned, every day was a crucial one, and they utilized every opportunity to get the Nationalists and the Communists together. However, the inexorable positions of the Chinese considerably limited the alternatives available to the American duo. Personal conferences continued between the Americans and the Chinese during August and until September 16, but the stalemate was not broken.[55]

During this six-weeks period (August-September 16) the Communists consistently made two basic demands of the Nationalists: (1) the hostilities must be ended, and (2) the Government must agree that it would not unilaterally modify the PCC resolutions. Specifically, the Communists refused to negotiate a political settlement on the State Council until a permanent truce was reached. As an alternative, however, the Communists did propose that the Committee of Three and the Five-Man Committee could be convened simultaneously to discuss the arrangement of a cease-fire and the organization of the State Council, respectively. In addition, the Communists refused to name their members of the State Council until a truce was reached. To prevent the Government from modifying the PCC resolutions,

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[54]Stuart, pp. 167-68. Stuart said the American effort failed because of the mutual distrust of the two Chinese parties for each other, but he indicated that the Communists were worse than the Nationalists. "Never in my experience with human beings," he wrote, "have I encountered anything like the suspicions on both sides, especially among the Communists."

[55]The positions taken by the Nationalists and the Communists during this six-weeks period, as summarized in the two paragraphs below, are analyzed in detail in State Department, U. S. Relations with China, pp. 184-86.

the Communists insisted that they be assured the control of enough votes in the State Council to veto any revision of those resolutions unacceptable to them.[56]

The Government's position was just as inflexible as that of the Communists. Chiang Kai-shek realized the primacy given to the arrangement of a cease-fire by the Communists, but he would not issue such an order to his troops. Nationalist forces, the Generalissimo contended, were simply defending themselves against aggressive actions of the Communists. And when Chiang modified his proposals, they were as unacceptable to the Communists as the original terms had been.[57] Basically, the Government was unwilling to make a military adjustment until a political settlement had been reached, and the Communists refused to compromise in political matters until a military solution had been agreed upon.

President Truman had followed the developments in China through Marshall's reports, and he was disturbed and irritated by the interminable deadlocks. The execution of American foreign policy was being thwarted

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[56]The Communists contended that Government troops intended to take over local governments in areas occupied by Communist troops when the Communists withdrew from those areas. This, the Communists contended, would violate Annex 1 of the PCC resolutions entitled "Program for Peaceful National Reconstruction," which provided that the status quo in the local governments of such occupied areas was to be maintained until the National Government was reorganized. Thus, the Communists argued, it was imperative that they be given enough delegates in the State Council to prevent the Government from violating the PCC resolution. Ibid., pp. 175, 182.

[57]The Government altered its position on several occasions during this period from Aug. 1 to Sept. 16. For example, the Government offered to work with the Committee of Three to arrange a cessation of hostilities if the Communists would agree to implement the tentative agreements reached by that Committee during June. Also, Chiang Kai-shek stipulated that a cease-fire agreement was also dependent upon the Communists' designation of their delegates to the National Assembly. This body, it will be recalled, was authorized by the PCC resolutions to approve the constitution.

by uncompromising views and unrestrained military forces. Truman wrote Chiang Kai-shek a strongly worded letter on August 10 and indicated his displeasure with the trend of events. The President specifically reminded the Generalissimo that the Chinese had agreed to use democratic procedures to build a unified and democratic China. However, he continued, the extremist elements of both the Kuomintang and Communist Parties had consistently resorted to armed might to achieve their selfish interests. And, for the first time since Marshall had arrived in China in December, 1945, Chiang was informed that it might be necessary for the United States to change its policy toward China. The President, in this regard, wrote as follows:

> Unless convincing proof is shortly forthcoming that genuine progress is made toward a peaceful settlement of China's internal problems, it must be expected that American opinion will not continue in its generous attitude towards your nation. It will, therefore, be necessary for me to redefine and explain the position of the United States to the American people.[58]

Chiang replied to Truman's letter on August 28 and stated that there would be no progress in the negotiations unless the Communists abandoned their use of armed force to seize political power. The Generalissimo's letter was highly laudatory of Marshall, and the President's reply to Chiang on August 31 was cordial and conciliatory. Truman referred to his policy statement of December 15, 1945, however, and repeated the qualified pledge made at that time--the extension of aid for the rehabilitation of China's industrial and agricultural economy as soon as the threat of hostilities was ended and political unity was established.[59]

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[58]Truman, II, 82-83.

[59]The text of Chiang's letter of Aug. 28 and the one of President Truman on Aug. 31 are printed in State Department, U. S. Relations with China, Annexes 87-88, pp. 653-54, respectively. Truman stated that Marshall

In the meantime, Marshall and Stuart had continued to work for a cease-fire agreement. They noted in a joint statement on August 10, though, that the cessation of hostilities was only the first in a series of adjustments that was necessary. China's internal economic difficulties and the redisposition of troops were classified as problems requiring prompt attention. The two Americans believed, however, that a more fundamental issue than the redeployment of troops was that of determining the kind of local governments in areas to be evacuated by the Communists when the troops were redeployed.[60]

Communist attacks upon United States policy and against Marshall as an instrument of that policy were becoming more frequent, however, and the Ambassador's time was increasingly required to reply to the charges. Marshall particularly resented Communist criticisms of the surplus property agreement of August 30 between the United States and the National Government, and he strongly defended this transaction.[61] He did realize, however, that his own position as mediator was untenable as long as the United States

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had a conference with Chiang after the Generalissimo received the President's first letter, and that Marshall reported to the President at that time that Chiang "seems clearly inclined" to use force "as the only acceptable solution" to the Chinese situation. Truman, II, 84.

[60]A copy of the text of this statement by Marshall and Stuart is incorporated into State Department, U. S. Relations with China, Annex 84, pp. 648-49.

[61]The Communists contended that the Aug. 30 pact provided for the extension of American military aid to the Nationalists. Marshall had explained to Chou En-lai before the agreement was concluded that the U. S. would supply the Government with materials for rehabilitation of the Chinese economy, and that no combat items would be included in this agreement. Chou was not satisfied with Marshall's explanations prior to or after the completion of the transaction. The Communist spokesman argued that such items as trucks, communications equipment, army rations, and uniforms would certainly aid the Nationalists in continuing the civil war, and that such items had been included in the pact. Ibid., pp. 180-81. However, see following footnote for another aspect of the controversy confronting Marshall.

continued to ship military supplies and equipment to Nationalist China.[62] Consequently, Marshall placed an embargo in August on the shipment of combat type items to the National Government.

The imposition of the American embargo was overshadowed, however, by other developments. No permanent solution had been reached on any disputed point between the Nationalists and the Communists, and, for several reasons, it was unlikely that Marshall would be able to promote an amicable settlement between the Chinese. Certainly Marshall's task was made more difficult by Chou En-lai on September 16. On this date Chou left Nanking, thus ending his personal conferences with Marshall and representatives of the Chinese Government. Chou's departure served to accentuate an obstruction to negotiations that had been prevalent to a lesser degree for two months. The Generalissimo had been in Kuling since mid-July, Chou was now in Shanghai, and Marshall and Stuart were in Nanking. Distances between these cities were not great, and it is by no means certain that the views of the Chinese principals would have been altered by continuing the consultations. The times were crucial, however, and it is doubtful that the rate of deterioration in relations between the Nationalists and the Communists would have been any greater if there had been daily contact between them at a common meeting place.[63]

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[62]Marshall was repeatedly reminded by the Communists that he could not function as a mediator while his government was providing military aid to the Nationalists and not to the Communists. Marshall had, as indicated above, strongly defended U. S. policy in concluding the surplus property agreement of Aug. 30, but he realized that the extension of American military aid under other agreements was placing his mediation efforts in jeopardy. In this connection, he told a congressional committee on Feb. 20, 1948, that the U. S. was placed "in the position of acting in a mediatory position on the one hand and shipping in military supplies (to the National Government) on the other." House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 1551.

[63]Chiang Kai-shek returned to Nanking during the last week of Sept.

Marshall's effectiveness was further reduced by other developments. Chou En-lai sent three messages to Marshall when he left Nanking on September 16, and in one of them Chou again declared that the United States was not sincere in its mediation efforts. He was particularly critical of the United States for sending shipping and supplies to the National Government under the surplus property agreement of August 30. Chou also told Marshall that he [Marshall] was obligated to call a meeting of the Committee of Three to arrange a cease-fire. If such a meeting were not arranged, Chou stated, he would release for public information all the important documents bearing on the negotiations since the June armistice. Marshall's patience was severely tested, and he told the representative [Wang Ping-nan] of the Communist Party at Nanking that he would no longer tolerate the Communist procedure of publicly attacking "his personal integrity and honesty of purpose" while privately urging that he continue his mediation efforts. The President's Special Representative considered withdrawing from the negotiations, and he told Wang that he would do so if the Communists continued to question his impartiality as a mediator.[64]

Although neither the Government nor the Communists were willing to accept responsibility for ending Marshall's participation in the negotiations, Marshall strongly considered withdrawing permanently when Nationalist troops advanced against Kalgan.[65] The President's Special

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and Chou En-lai returned on Oct. 21. Personal negotiations between the Chinese leaders were suspended again on Nov. 16 and were never resumed.

[64]The texts of two of the messages of Chou En-lai are printed in State Department, U. S. Relations with China, Annexes 89-90, pp. 654-57, and the substance of Chou's other message and Marshall's comments to Wang Ping-nan is treated in ibid., pp. 186-87.

[65]Kalgan, in the North China province of Chahar, had been occupied by the Communists shortly after V-J Day, and the Government had agreed in

Representative had resolutely striven to facilitate a Chinese settlement through political means, and he had never believed that his mission could be successfully terminated unless a permanent truce were arranged. Now that the Nationalist troops were advancing on Kalgan, Marshall doubted that he could serve any useful purpose by remaining in China. He, therefore, informed Chiang Kai-shek on October 1 that he would remain only if the hostilities were stopped. Otherwise, Marshall declared, he would recommend that the President recall him and that the mediation efforts of the United States Government be ended.

Chiang Kai-shek refused to call off the campaign against Kalgan, and Marshall was convinced that the Government was committed to a policy of military force. When ensuing conferences with Chiang produced no concessions to Marshall's suggestions, Marshall asked President Truman to recall him. Marshall's message of October 5 summarized the prevailing state of affairs in China and recommended that the President send the following message to the Generalissimo:

> General Marshall recommends that his mission be terminated and that he be recalled. He has explained to you that he feels that a continuation of mediation under present circumstances of extensive and aggressive military operations would place the United States Government in a position where the integrity of its actions as represented by him would be open to serious question. I deplore that his efforts to bring peace to China have been unsuccessful, but there must be no question regarding the integrity of his position and actions which represent the intentions and high purposes of the United States

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June that the Communists could retain the city. The Communists informed Marshall that they would interpret a continuation of the Nationalist military operations against the Kalgan area as an abandonment of the Government's policy to peacefully adjust all unsettled issues. Marshall was, therefore, confronted with the implication that military force would be met in kind. Truman, II, 86. Marshall also attached significant importance to the Communists' refusal to name their delegates to the National Assembly. The Assembly was scheduled to convene in Nov. to approve the constitution. State Department, U. S. Relations with China, Annex 97, pp. 662-63.

> Government. I, therefore, with great regret have concluded that he should be immediately recalled.[66]

When Ambassador Stuart informed the Generalissimo of Marshall's message to President Truman, the Generalissimo acted to meet some of Marshall's criticisms. Chiang Kai-shek proposed a cease-fire for five days [later extended to ten days] while political and military problems were being discussed. On the basis of Chiang's offer, Marshall withdrew the recommendation that he be recalled and on October 6 offered a plan of his own for ending the hostilities.[67] The Generalissimo rejected Marshall's suggestions, however, and asked Marshall and Stuart to draft a proposal embodying his [Chiang] views. Chiang also suggested that the overture be announced as one emanating from the two American Ambassadors rather than one from the National Government. Marshall and Stuart agreed to Chiang's suggestion, but they made it clear that the proposal represented neither their views nor those of the United States Government. The cycle of

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[66]State Department, U. S. Relations with China, p. 192. James F. Byrnes, Secretary of State at this time, has written that Marshall informed the President in Sept., 1946, "that it seemed useless to remain in China much longer [and that] President Truman [had] authorized him [Marshall] to return whenever he thought his mission should be concluded." Byrnes, p. 228. Truman said that he "was prepared to ask Marshall to come home" before he received the Ambassador's message of Oct. 5. Truman, II, 86.

[67]Marshall's proposal of Oct. 6 provided for the cessation of hostilities as soon as the Communists agreed to the following procedure: (1) execution by the Committee of Three and the Five-Man Committee of the agreements tentatively reached in June; (2) implementation of the military reorganization and integration agreement of Feb. 25 by the Committee of Three; (3) release of its list of delegates to the National Assembly; and (4) the adjustment of local government issues by the State Council. Text of the proposal is printed in State Department, U. S. Relations with China, Annex 95, pp. 660-61. Marshall had made the same proposal on Sept. 27. Chiang refused to accept it then and did so again on Oct. 6 on the basis that hostilities could not be terminated until the Committee of Three and the Five-Man Committee had successfully completed their work. Ibid., p. 193.

negotiations shortly completed its course, however, because Chou En-lai rejected the Generalissimo's proposal.

Marshall still hoped that personal negotiations could be resumed between the Chinese principals, and he went to Shanghai to see Chou En-lai on October 9. The disagreements between the Government and the Communists were too severe, however, to be reconciled. There was no longer any probability that either political or military differences could be settled to the satisfaction of either Chinese party unless one group capitulated unconditionally. The differences on political issues at this time involved three points. First, the Government agreed to offer the Communists and the Democratic League eight and five seats, respectively, on the State Council if the Communists would immediately submit their lists of delegates to the State Council and the National Assembly. In this connection the Communists demanded that a total of fourteen seats be assigned to the two parties. Second, the Government contended that it was authorized to unilaterally summon a meeting of the National Assembly, while the Communists declared that the Government was not so authorized. And, third, the Government claimed that the status quo of local government administrations should be altered before the Government was reorganized, while the Communists argued that the status quo of the local governments should be maintained until a feasible plan could be worked out following the reorganization of the Government. As indicated above, there was also little likelihood that the Chinese disputants would be able to narrow the area of disagreement on military issues. For example, the Communists demanded that the Government call off its attack on Kalgan, and that both Chinese armies return to the positions they held in China on January 13 and in Manchuria on June 7. Chiang Kai-shek rejected both proposals.

Further, the Government demanded that the Committee of Three be permitted to determine the location of the Communist armies, and that the troops involved should be immediately transported to those areas. This proposal was rejected by Chou En-lai.[68]

At this stage of the negotiations the Chinese minority groups became a third Chinese party to the proceedings. Their objective was twofold: (1) to persuade Chiang Kai-shek and Chou En-lai to renew their personal conferences, and (2) to make proposals for the consideration of the two Chinese principals. With the first objective in mind, representatives of the Democratic League and the China Youth Party sought to determine the conditions under which Chou would return to Nanking. Third party emissaries in Shanghai were encouraged when Chou En-lai told them that he would be willing to return to Nanking to reopen negotiations with the Nationalists. Two developments threatened, however, to nullify the efforts of the minority groups. One of the events occurred on October 10 when the Government announced that its forces had captured Kalgan. The Communists contended that the Government's military action proved that it did not intend to seek a negotiated settlement of the issues. An even greater threat to the reconciliation of the Nationalists and the Communists occurred, though, on the following day. For, on October 11, Chiang Kai-shek directed the National Assembly to convene on November 12 and adopt the constitution as provided for under the PCC resolutions of January, 1946.[69]

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[68]The above analysis is based on statements of Chiang Kai-shek and Chou En-lai between Oct. 2-9, 1946, found in ibid., Annexes 98-100, 102, pp. 663-65, 667-69.

[69]In an address before the opening session of the National Assembly on Nov. 15, 1946, Chiang Kai-shek said that many attempts had been made to convene that body to adopt a new constitution. He stated that the Draft Constitution of May 5, 1936, was scheduled to be ratified on Nov. 12,

The Communists contended that the participants in the PCC understood that all Chinese parties were to act jointly in setting the convocation date of the National Assembly. Therefore, the Communists argued, the Government by its unilateral action had violated the spirit of the PCC resolutions.[70] Conferences continued in Shanghai, however, between the minority representatives and Chou En-lai, and Chou agreed to return to Nanking on October 21 and reopen negotiations with the Government.

Neither Marshall nor Stuart had participated in the conferences between the minority groups and the Communists in Shanghai. The American duo, likewise, did not participate in negotiations between the Nationalists, the Communists, and the third party groups when Chou En-lai returned to Nanking. Marshall believed that an all-Chinese effort was an encouraging development, and that the venture should be supported by all interested parties, including the United States. And although the American Ambassadors were only interested observers for the next few weeks, they were informed of the proceedings by the minority groups.[71]

1937, but that the meeting had to be cancelled because of the Japanese invasion. Subsequent meetings of the Assembly, scheduled for Nov., 1940, and Nov. 12, 1945, also had to be abandoned, he said, because of the Japanese invasion and World War II. The text of Chiang's speech is printed in ibid., Annex 110, pp. 680-81. The Generalissimo also declared on Nov. 8, 1946, that the PCC resolutions stipulated that the National Assembly would convene on May 5, 1946, but that the meeting did not materialize because the Communist Party and the Democratic League would not submit a list of their delegates to the Assembly. He added that the Government had announced on July 4 that the National Assembly would convene on Nov. 12, and that his statement of Oct. 11 was for the purpose of giving one month's notification of the event. Ibid., Annex 108, pp. 677-78.

[70]Carsun Chang noted that the minority leaders considered the Generalissimo's directive of Oct. 11 to be a "breach of faith" on the part of the Government because the third parties had not been consulted prior to the issuance of the order. Carsun Chang, p. 181.

[71]Truman, II, 87.

The minor parties were, however, no more successful in promoting a settlement of the differences between the Government and the Communists than Marshall and Stuart had been. In less than one month the third parties had given up in their attempt to mediate the dispute. No agreements were reached, and it was just a question of how long the Chinese principals would even consent to a continuation of the consultations.[72]

Marshall and Stuart now reentered the deliberations at the Generalissimo's request. Chiang Kai-shek suggested that the Ambassadors advise him with respect to announcements of the cessation of hostilities and convocation of the National Assembly. In accordance with Chiang's request, the Americans prepared a statement and presented it to him on November 7. The draft proposed an unconditional cessation of hostilities, and that the National Assembly be convened, then temporarily adjourned until certain stipulated political conditions had been fulfilled.[73] Then, the statement

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[72]For all practical purposes the mediation of minority groups ended on Nov. 4 when the Government representatives did not appear for a meeting with the Communists and the third parties, although the Government had previously agreed to participate in the meeting. The minor parties did influence Chiang Kai-shek later, however, to postpone the convocation date of the National Assembly for three days (from Nov. 12 to Nov. 15). State Department, U. S. Relations with China, pp. 203-04; also Truman, II, 88. Carsun Chang, a minority party participant in these negotiations, contended several years later that the attempt to reconcile the views of the Nationalists and the Communists was begun "much too late." His theory was that the task could have been achieved only if there had been a threat of invasion that would have convinced the Chinese principals that unity was needed to combat a common foe. Therefore, he stated, the reconciliation attempt was doomed to failure even in early 1946. Carsun Chang, p. 174.

[73]A copy of this statement is printed in State Department, U. S. Relations with China, Annex 107, pp. 676-77. The stipulated political conditions prerequisite to a reconvening of the National Assembly were that: (1) adequate time had been allowed for the determination and arrival of Assembly delegates who had not yet been selected; (2) the PCC Steering Committee had agreed to the reorganization of the State Council and the Council had been abolished; and (3) the Draft Constitutional Committee had completed its work as stipulated by the PCC agreements.

continued, the Assembly would reconvene for the purpose of adopting the draft constitution. As on numerous other occasions, however, the proposal was rejected. Chiang informed Marshall and Stuart that he could not agree to an unconditional termination of hostilities because of opposition from his military and political leaders. Further, Chiang noted, he would oppose any interpretation of the PCC resolutions which would deny participation to National Assembly delegates elected in 1936 to adopt the draft constitution of that year.

When Chiang asked Marshall and Stuart to revise their draft of November 7 in keeping with his views, Marshall hesitated, consulted with Stuart, then reluctantly agreed to Chiang's plea. Marshall informed the Generalissimo, however, that he was only performing a service similar to that which one of the Generalissimo's staff officers might perform, and that his contribution did not constitute approval of the contents of the redrafted statement. The declaration, as reformulated by Marshall on November 8, met the same fate with the Communists as the one of November 7 had with Chiang--it was rejected.

Events moved rapidly to a climax in mid-November. Chiang Kai-shek had postponed the meeting of the National Assembly from November 12 to November 15 at the insistence of the minority groups. On the designated day the Assembly met in Nanking, but the Communist Party and the Democratic League sent no delegates.[74] Chou En-lai immediately stated the Communist position. In one of his strongest verbal attacks, Chou equated the Kuomintang with the Government, and declared that the Government had unilaterally

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[74]The National Assembly was overwhelmingly composed of Kuomintang delegates, but the Democratic-Socialist Party, the China Youth Party, and some non-party groups were represented. Carsun Chang, pp. 185-86.

set and postponed the meeting date of the National Assembly, and that it had now convened that body. All these actions, he said, were contrary to the PCC resolutions. Therefore, Chou contended, the National Assembly had been illegally convened and all agreements and resolutions concluded since the January agreements had been nullified. The Communist representative withdrew from the negotiations in Nanking on November 16 and asked Marshall to provide the Communist representatives with transportation to Yenan.[75] Chou's request was honored, and the Communists left for their capital city on November 19.

The End of the Marshall Mission

Though Chou En-lai's departure for Yenan ended all serious attempts to secure a negotiated settlement, Marshall remained in China until early January, 1947. He continued to consult with Chiang Kai-shek, and he encouraged Chiang to support the adoption of a democratic constitution through the National Assembly. Marshall also served as an agent for the transmission of proposals from one Chinese party to the other.[76]

At this time, however, the Special Representative of the President was primarily interested in the work the National Assembly was summoned to

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[75]Truman, II, 88; also Stuart, p. 170. A copy of Chou En-lai's statement on Nov. 16 is printed in State Department, U. S. Relations with China, Annex 111, pp. 683-85.

[76]Marshall's transmission of proposals did not, of course, constitute approval of the terms projected. For example, Marshall forwarded Chou En-lai's offer of Dec. 4 to the Generalissimo without comment. Chou's statement declared that the Communists would agree to reopen negotiations if the National Assembly were dissolved and troop positions were restored to the status of Jan. 13, 1946, in accordance with the cessation of hostilities agreement of Jan. 10, 1946. The impasse was complete--the Communists never altered these terms while Marshall was in China, and the Nationalists never accepted them. A copy of the Communist proposal is printed in State Department, U. S. Relations with China, Annex 112, pp. 685-86.

do and in the contribution that minority groups could make. Marshall believed that the Assembly should adopt a constitution based on the PCC resolutions. He was convinced that the State Council should be created, and that seats for the Communists and the Democratic League should be left vacant while discussions were held to get them to participate in the National Assembly. Further, Chiang should encourage the third party movement, and he should use the leaders of minority groups in the Government. This assistance, Marshall observed, would aid in the development of a two-party system. The Ambassador believed that Chiang Kai-shek could in this way justify his position as that of father of the country rather than merely that of leader of the Kuomintang or the Government.[77]

Although Marshall's convictions were now based more on aspiration than on expectation, he was encouraged when the National Assembly adopted the constitution on December 25, 1946. The constitution, according to Marshall, included all the principal points which the Communists had contended for, and was "in all major respects . . . in accordance with the principles laid down by the all-party Political Consultative Conference of last January."[78]

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[77] Ibid., pp. 213, 216. Ambassador Stuart was pessimistic, however, in regard to contributions that the third parties could make. They were, he said, the "most pathetic groups" in China. Stuart noted that the minority groups were weakened by their lack of unity; they were unable to coalesce because they were so individualistic and so suspicious of each other. Their plight was also caused by a lack of funds and by harrassment at the hands of the secret police of the Nationalists and the Communists. Stuart, pp. 184-85. Several other authorities supported Stuart's thesis and added that political power was based on military might. As the third parties did not possess armies, they had no power and controlled no territory. See Mar. 4, 1948, testimony of Walter S. Robertson, House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 1079; Ch'ien Tuan-sheng, p. 381; and Rosinger, Foreign Policy Reports, XXII, 248-49.

[78] State Department, U. S. Relations with China, Annex 113, p. 688. This view of Marshall was also supported by Ambassador Stuart and Carsun

It will be remembered, of course, that the Communists had declared that the National Assembly could not legally adopt a constitution because the Assembly had been illegally convened. Nevertheless, Marshall decided in late December that he would make one more attempt to promote a renewal of negotiations between the Nationalists and the Communists. He informed President Truman to that effect and suggested that he should be recalled if the effort were unsuccessful. The President concluded on the basis of Marshall's reports that there would be no constructive developments, and the Marshall Mission was terminated. The speed with which Truman acted and an additional reason for his order were recorded by the President as follows:

> On December 28 General Marshall suggested to me that, if a next effort at negotiations which was then being planned failed, he should be recalled to Washington. It was plain from his reports, too, that this effort was doomed to failure even before it was ever undertaken. I decided not to await this event. On January 3 I instructed the Secretary of State (Byrnes) to recall Marshall for consultation on China and 'other matters.'
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> The 'other matters' were to consist of no less than the entire scope of State Department activities. For while Marshall was still on his way across the Pacific, I announced that he would become Secretary of State.[79]

Chang. Stuart, p. 171 and Carsun Chang, pp. 188-89. The National Assembly stipulated that the Constitution would become effective one year after its ratification date. The one-year period was to be used to reorganize the Government, to prepare non-Kuomintang groups for participation in political and governmental affairs, and to end political tutelage by the Kuomintang.

[79]The President's description of events leading up to Marshall's designation as Secretary of State is highly informative and is summarized below. Truman had been considering Marshall's appointment for several months, but he had decided to take no official action until the General had completed his assignment in China. James F. Byrnes had been Secretary since July, 1945, but his working relationship with the President was strained in December, 1945, on two points--one procedural, the other substantive. Specifically, Truman was annoyed when the State Department briefed him on results of the Moscow Conference after the information had been released to the press. Truman was further irritated when a reading of the Conference documents revealed that the Secretary subscribed to some views contrary to his own. The Chief Executive has stated that he had confidence in Byrnes'

United States Policy, 1947-1949: Maximum Freedom of Action

President Truman announced on January 6, 1947, that he recalled General Marshall to give an account of the Chinese situation. The President's Special Representative left for the United States on January 8, and Stuart remained in his position as Ambassador to China.[80]

Marshall's return to the United States was a triumphant one for him. The Senate Foreign Relations Committee held no hearing on his nomination as Secretary of State. Further, Senator Arthur H. Vandenberg of Michigan, Chairman of the Committee, urged the Senate to immediately confirm the appointment. The Republican-controlled Senate did so by unanimous vote on January 8, the date Marshall left for the United States.[81]

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ability, but that he was displeased with the Secretary for making foreign policy and for doing so without consulting or informing him. Without delay Truman outlined the duties of the President and the Secretary of State and read them to the Secretary on Jan. 5, 1946. Although neither man suggested or requested Byrnes' resignation at this time, Truman has written that the Secretary suggested "some months later . . . that his health would not allow him to stay on." It was understood, Truman continued, "throughout the remainder of 1946" that Byrnes' would resign "whenever I could designate his successor." So, when General Dwight D. Eisenhower, Chief of Staff of the Army, made an inspection trip to the Far East later in the year, the President told him to ask Marshall if he would become Secretary of State when Byrnes retired. Eisenhower informed the President upon his return that Marshall would accept the assignment, and Truman announced the appointment when the China mission was ended and without asking Marshall again. Truman, I, 550-53.

[80]Chiang Kai-shek invited Marshall to be his supreme adviser the night before Marshall left China. Marshall declined the offer and told Stuart to inform the Generalissimo at the earliest opportunity that he could not accept the offer because he would become Secretary of State upon his return to the U. S. Stuart, pp. 177-78. Marshall had declined a similar offer of the Generalissimo in early Dec., 1946. The President's Special Representative did not believe he could influence the course of events alone when he had been unable to do so with the full backing of the U. S. Government. State Department, U. S. Relations with China, p. 213.

[81]Sparkmen, Review of Bipartisan Foreign Policy Consultations since World War II, 1952, Senate Doc. 87, p. 21. Sen. Vandenberg showed his

There is no question, however, that the Marshall Mission failed to achieve its objective. President Truman readily accepted this viewpoint, but he contended that neither Marshall nor American policy were at fault. The primary reason for the Mission's failure, according to the President, was that the National Government "did not command the respect and support of the Chinese people." He added, in defense of the American undertaking, that:

> I am not one to believe in the value of hindsight. Whether or not I was right in sending General Marshall to China does not depend on what some think they know today. It depends only on what we were able to know in 1945. At that time the belief was general that the various elements in China could be persuaded to unify the country. Of course the struggle for power would continue, but there was no reason why the National Government could not be successful in this struggle, as non-communist governments had been in Europe, if it attended to the fundamental needs of the people and the country. It seemed then that it was the only practical course. Hurley and Wedemeyer led me to think that they believed so, and so did our military and diplomatic experts.[82]

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great respect for Marshall by making the following comment on the day the Senate confirmed Marshall's appointment: "He (Marshall) will bring to his assignment a stout heart, a shining integrity, a rich experience, and a lifetime of dedication to his country. He has always had the total confidence of Congress, as well as that of all his military and civilian colleagues, at home and abroad." U. S., Congressional Record, 80th Cong., 1st Sess., 1947, XCIII, Pt. 1, 150. Several months later Vandenberg attacked American policy toward China as not being bipartisan. It is instructive to note, however, that he still was not critical of the Marshall Mission in mid-1948. On June 11 of that year he said: "I certainly have no complaint that I was not consulted with respect to . . . China, under the mission of General Marshall. I think it is a fantastic unreality to think there can be cooperation either between the legislative branch and the executive branch or between the two major parties in any such specific detail in respect to the conduct of foreign affairs." Ibid., 80th Cong., 2nd Sess., 1948, XCIV, Pt. 6, 7800.

[82]Truman, II, 90. Acheson agreed with Truman's views but added in his testimony of June 4, 1951, that the National Government had not given enough attention to the "profound social revolution" occurring in China, particularly in the areas of social and economic rights. Senate Committees on Armed Services and on Foreign Relations, Hearings on the Military Situation in the Far East, 1951, Pt. 3, 1839. Several other prominent personalities also agreed that the mission failed, although they disagreed on the reason for failure. Walter S. Robertson said on Mar. 4, 1948, that the

Marshall attributed the failure of the Mission solely to internal Chinese conditions. His strongest criticisms were directed toward the Chinese principals for obstructing a negotiated settlement. The greatest obstacle to peace, according to Marshall, was the "complete, almost overwhelming suspicion" of the Kuomintang and the Chinese Communist Parties for each other. Because neither party trusted the other or its motives, cooperation was impossible. And without cooperation the Chinese participants considered the use of armed might to be the only solution. Marshall also noted that his efforts were hindered by the dominance of military authority in China, the confused and distorted reports of armed clashes, and Communist propaganda. "The salvation of the situation," Marshall stated, "would be the assumption of leadership by the liberals in the Government and in the minority" parties under the guidance of Chiang Kai-shek. Noting that the constitution had been adopted, Marshall stated that the practical test would be the implementation of its provisions.[83]

Communists never intended to work for a peaceful settlement. He also added that American policy demanded too much of the Nationalists before the United States would grant aid to them. House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2090-93. Stuart contended that failure of the mission was due to the suspicions of Chinese for each other and to the fact that Chiang Kai-shek had not instituted internal reforms that he should have. Stuart, pp. 163, 209-10. Wedemeyer has stated that he never did believe the mission would succeed because the Communists did not intend to cooperate, and has said that he told Marshall so when Marshall arrived in China in 1945. Senate Subcommittee of the Committee of the Judiciary, Institute of Pacific Relations Hearings, 1951, Pt. 3, 835. Rep. Walter Judd argued that the mission was doomed before Marshall left the U. S. in 1945, because American conditions for aiding the Nationalists, when publicized, made it possible for the Communists to prevent their attainment by making peace and unity impossible. House Committee on Foreign Affairs, Emergency Foreign Aid, 1947, pp. 245-46. It will be remembered, however, that Judd had been a strong supporter of the Marshall Mission in 1945. Supra, p. 95.

[83]Marshall's views are contained in his statement of Jan. 7, 1947, which was released shortly after his departure for the U. S. A copy of this statement is found in State Department, U. S. Relations with China,

Marshall's task now, however, was to concentrate on the formulation and execution of American foreign policy en toto rather than just on that segment which related to China. And for over a year American policy toward China was frequently characterized by indecision or inaction. While Marshall continued to study the Chinese situation, Ambassador Stuart urged the Generalissimo to create conditions favorable to the emergence of liberal elements to prominent positions in the National Government and to implement basic reform measures. Stuart's approach, however, did not constitute any change from that of the Marshall Mission. Though Dean Acheson, Under Secretary of State, emphasized in March, 1947, that the United States was not following a "hands-off policy" toward China, he left the impression that the Chinese problem was not one that required urgent attention. China was not, he said, threatened by defeat by the Communists. The Under Secretary, in answer to congressional critics, noted that "The war with the Communists is going on much as it has for the last twenty years."[84]

Within three months of Acheson's statement, however, Secretary Marshall expressed deep concern over the developments in China. Marshall

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Annex 113, pp. 686-89. If David Nelson Rowe's criticism of the mission's failure is accepted, there could be little hope for the success of Marshall's suggested "salvation of the situation." Noting that the mediation effort was a sincere one, Rowe contended that the U. S. was unrealistic in trying to reshape the structure of Chinese politics in "our own image." One of the American objectives, he said, was to get the "Kuomintang and the Communists to act like parties in a structure of party politics," when neither was a party in the sense of the term as we understood it. "American Policy toward China," The Annals of the American Academy of Political and Social Science, CCLV (Jan., 1948), 140.

[84]Comments on Mar. 20, 1947, in answer to questions from Reps. Judd of Minnesota and James G. Fulton of Pennsylvania, in U. S., Congress, House, Committee on Foreign Affairs, Assistance to Greece and Turkey, Hearings on H. R. 2616, 80th Cong., 1st Sess., 1947, pp. 16-18. Cited hereafter as House Committee on Foreign Affairs, Hearings on Greek-Turkish Aid Bill, 1947.

stated that he had been studying the Chinese conflict and that the choice of policy alternatives available to the United States was limited by internal Chinese conditions. James Forrestal, Secretary of the Navy, recorded Marshall's comments as follows:

> The Secretary of State stated that he had been searching for a positive and constructive formula to deal with the Chinese situation which, he said, showed every sign of disintegration. We were confronted, he said, by the dilemma created by the incompetence, inefficiency and stubborness of the Central Government - qualities which made it very difficult to help them. He cited the military ineptitude of their leaders, the cashiering of the only generals who had produced successful campaigns, the instability of their leadership and the appalling lack of an organization to deal with the vast and complex economic and social problems of China.[85]

While Marshall continued to grope with the intricate Chinese situation, he did enjoy freedom from concerted Congressional criticism for several months. Senator Vandenberg contended when Marshall was confirmed as Secretary of State that the Senate "should pursue what has been an effective bipartisan foreign policy."[86] And although Vandenberg remarked

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[85]Entry of June 26, 1947, in Forrestal's diary of comments made by Marshall before a meeting of the Secretaries of State, War and Navy. Millis (ed.), pp. 285-86. Less than two weeks after this meeting, however, Marshall laid down the principle upon which future American policy toward China was based. On July 6 the Secretary informed Chiang Kai-shek that the Chinese would have to make the "fundamental and lasting" contribution to the solution of their problems. "The United States," Marshall observed, "cannot initiate and carry out the solution of those problems and can only assist as conditions develop which give some beneficial results." State Department, U. S. Relations with China, p. 252.

[86]Quoted in Sparkman, Review of Bipartisan Foreign Consultations since World War II, 1952, Senate Doc. 87, p. 21. In fact, Vandenberg's suggested solution of the Chinese problem on Apr. 16, 1947, was remarkedly similar to Marshall's "salvation of the situation" as stated on Jan. 7, 1947. Vandenberg said that the fulfillment of U. S. hopes in China rested "upon the success with which Chiang Kai-shek can enlarge and liberalize his own National Government," excluding the use of the Communists. U. S., Congressional Record, 80th Cong., 1st Sess., 1947, XCIII, Pt. 3, 3474. Marshall had made a similar statement but with the important exception that during the interim period for establishing the reorganized Chinese government under the new constitution he hoped that "the door will remain open for Communists or other groups to participate if they see fit to assume their share of responsibility for the future of China." State Department, U. S. Relations with China, Annex 113, pp. 688-89. Also supra, p. 149.

later that he did not know what the Administration's China policy was and that he had never been consulted about the formulation of American policy toward China, neither he nor the Congress developed a program of their own.[87] Harmonious executive-legislative relations still prevailed when Marshall related the adverse conditions in China to a joint congressional committee in mid-February, 1947. Senator Sparkman noted that "No member of the committees, of either party, recommended any different policy."[88]

Meanwhile, the situation in China continued to deteriorate while the United States considered what it could do.[89] As mid-1947 drew near,

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[87]U. S., Congressional Record, 80th Cong., 1st Sess., 1947, XCIII, Pt. 3, 3474. In fact, the editor of Vandenberg's private papers stated that "It appears unlikely he ever formed, even in his own mind, a positive program for United States policy in the Far East, except to oppose Communism." Vandenberg, Jr., pp. 521-22. Sen. Vandenberg apparently was as perplexed by the Chinese situation as Marshall was. The Senator's diary entry of Feb. 10, 1947, recorded his thoughts as follows: "I have no illusions about China's future under any prospectus. It is the greatest speculation of the ages." Ibid., p. 523.

[88]Marshall's appearance before the Senate Foreign Relations Committee and the House Foreign Affairs Committee on Feb. 17-18 is treated in Sparkman, Review of Bipartisan Foreign Policy Consultations since World War II, 1952, Senate Doc. 87, p. 21. The most persistent critic of Administration policy during Marshall's first six months as Secretary of State was Rep. Judd. He contended that the U. S. was obligated to increase its aid to China in recognition of China's effort in World War II and from the standpoint of the security of the U. S. House Committee on Foreign Affairs, Hearings on Greek-Turkish Aid Bill, 1947, p. 49.

[89]U. S. policy toward China, according to Stuart, "was hesitant or wavering" throughout 1947. Stuart had told Marshall in Jan., 1947, that only three courses were open to the U. S.: (1) military advice to the Nationalists, with economic aid conditioned upon reforms particularly in the local governments; (2) the opportunistic one of "wait and see"; and (3) complete withdrawal from participation in China's internal affairs. Of the three courses, Stuart told Marshall that he preferred the first one and "would much prefer the third to the second." Stuart, pp. 178-84. Stuart's duties since Marshall had left China consisted primarily of sending dispatches to Marshall and delivering the Secretary's memos to Chiang. Some of Stuart's most informative reports are published in State Department, U. S. Relations with China, Annexes 121-23, 125, 128, pp. 729-32, 735-36, 744-46.

Marshall contended that the United States should extend economic assistance to the National Government. In June such a program was being studied in "considerable detail," but its development was delayed by the unsettled state of affairs in China and by American governmental regulations. Marshall referred to his frustration in this matter several years later as follows:

> Our difficulty--my difficulty--was getting the necessary support from the various financial agencies of the Government with which I had to deal, and it took months to get the necessary agreements from the Advisory Board [National Advisory Council on International Monetary and Financial Problems], which is the Secretary of the Treasury, the head of the Federal Reserve Board, the President of the Import-Export Bank, and a representative of the State Department.[90]

It was at this juncture of American-Chinese relations that Marshall asked Lieutenant General Albert C. Wedemeyer to make a fact-finding mission to China.[91] After some hesitation, Wedemeyer agreed to Marshall's request, and President Truman directed the emissary on July 11 to study the political, economic, psychological and military situation in China. The President's instructions indicated that the executive branch would commit itself to no

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[90]Marshall originally planned to develop an economic assistance program through the various U. S. Government departments, and decided to work through Congress [China Aid Proposal of Feb., 1948] only when the Bureau of the Budget could not "find a factual basis" for the funds which he sought. Testimony of May 10, 1951, before Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 465. President Truman has also stated that some difficulty was encountered in securing U. S. Government clearances [particularly from the Department of the Treasury] for assistance to the National Government. Interview with President Truman, Aug. 20, 1959.

[91]According to Ambassador Stuart, the Wedemeyer trip had been either hastily conceived or information about it had been withheld. Stuart stated that the news of the mission "came as a sudden and almost entirely unexplained announcement." There had been no consultation with Stuart or the National Government on the trip other than a "terse message" which Stuart had received shortly before the Wedemeyer party left for China. This message asked the National Government to approve the mission. Stuart, p. 72.

more than a program of economic assistance. In order to qualify for American aid the Chinese Government would have to present "satisfactory evidence of effective measures looking towards Chinese recovery."[92]

Wedemeyer spent one month in China. He visited throughout the country, and talked with Government officials and private citizens of both the United States and China. Conditions, he noted, were much worse than they had been when he was last in China (May, 1946), and the National Government had made little progress in carrying out political reforms and stabilizing the economy. The Chinese government had, therefore, not complied with earlier American policy declarations which stipulated that continuing economic assistance depended upon the execution of political and economic reforms in China. Nevertheless, Wedemeyer recommended that the United States should extend moral, advisory, and material support (economic and military) to the National Government.[93]

The executive branch of the United States Government was not ready, however, to make the "radical change" in policy which Wedemeyer thought was

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[92]A copy of Wedemeyer's instructions is printed in State Department, U. S. Relations with China, pp. 255-56. Wedemeyer has written that Marshall first asked him to make a survey of conditions which would serve as a basis for future policy toward China. When Wedemeyer asked Marshall what information he could "uncover" which was not available to the U. S. through existing facilities, Marshall "admitted" that certain congressmen (particularly Rep. Judd and Sen. Styles Bridges) were "accusing the Administration of pursuing a negative policy in China" and "were compelling a reappraisal of U. S. policy." Wedemeyer stated that he agreed to make the survey only because he thought "a radical change of policy was envisaged" and that his recommendations would provide the basis for that change. Wedemeyer, pp. 382-83.

[93]Wedemeyer's report to the President on Sept. 19, 1947, stated that the U. S. should not become involved in any way in the fratricidal war, and for this reason American military advice should be carried on "outside operational areas." He also recommended that Manchuria be placed under a Five-Power Guardianship or under a United Nations Trusteeship if the Guardianship proposal were not acceptable. A copy of Wedemeyer's report is printed in State Department, U. S. Relations with China, Annex 135, pp. 764-814.

necessary, and his report to the President was suppressed.[94] Although Marshall was criticized for not releasing the Wedemeyer report, his greatest challenge now came from Republicans who strongly recommended the development of a China aid program. The time was November, 1947; the occasion was the hearings before the House Foreign Affairs Committee on proposed legislation to extend emergency aid to Europe. Republican Committee members contended that the executive program should be amended to include assistance to China. Marshall informed the Committee that the Administration did not want a demand for China aid to imperil passage of the European proposal. Therefore, he stated, consideration was being given to introducing a proposal at a later date for the extension of aid to China. The issue was resolved by a compromise--when Marshall promised that he would present a China aid program to the next session of Congress, the Republicans agreed to cooperate with the Administration on assistance to Europe.[95]

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[94]The text of Wedemeyer's report was not made available until the release in Aug., 1949, of the State Department's White Paper on relations between the U. S. and China. Marshall justified the suppression of the report on Nov. 12, 1947, on the basis that he did not believe that it was "to the best interest of the Chinese Government or to our own Government to release it," and because many of the facts upon which the report was based were obtained in "extreme confidence." House Committee on Foreign Affairs, Hearings, Emergency Foreign Aid, 1947, pp. 31-32. The Department of State later stated that it suppressed the report because the Guardianship proposal would constitute an infringement of Chinese sovereignty and because it opposed the inclusion of the U. S. S. R. as one of the Five Powers. State Department, U. S. Relations with China, p. 260. Notable among those who supported Marshall's action in suppressing the report was Sen. Vandenberg. In a letter to Sen. William Knowland of California on Dec. 11, 1948, he wrote that he had never seen the Wedemeyer report, but that he had heard Marshall give a "complete paraphrase" of it, and that he was satisfied "that its release would have been a serious blow to Chinese-American relations . . . . some of his recommendations would have gotten us into some serious trouble - even the fact of their proposal." Vanderberg, Jr., pp. 527-28.

[95]The position taken by the Republican-controlled House Foreign Affairs Committee on the need for aid to China is explained in U. S., Congress, House, Committee on Foreign Affairs, Emergency Foreign Aid, 80th Cong., 1st Sess., 1947, Rept. 1152 to accompany H. R. 4604. Cited hereafter

Marshall's pledge to present a China aid proposal to Congress was fulfilled in February, 1948. The President's message to Congress on February 18 and the Secretary of State's testimony before congressional committees on February 20 described the situation in China as grave.[96] Administration leaders seriously doubted that the National Government could be restored to its former position in China. Inflation had not been checked, China's foreign-exchange holdings were being reduced, and political reforms were not being made. Morale was deteriorating, and the civil war was spreading in scope and intensity. It is understandable, therefore, that the Administration was perplexed as to what it could do. A decision was made immediately, however, that ruled out the use of American combat forces and the extension of long-term economic assistance. Speaking directly to these points, Marshall told a congressional hearing:

> We must be prepared to face the possibility that the present Chinese Government may not be successful in maintaining itself

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as House Committee on Foreign Affairs, Emergency Foreign Aid, 1947, Rept. 1152. Individual criticisms were voiced by Judd in testimony of Nov. 12, 14 before the House Committee on Foreign Affairs, Hearings, Emergency Foreign Aid, 1947, pp. 25, 27, 239-56, and by Rep. John M. Vorys of Ohio on Nov. 18 before ibid., pp. 294-95. Objections were also made by Vandenberg on Nov. 24, 1947, cited in U. S., Congressional Record, 80th Cong., 1st Sess., 1947, XCIII, Part 9, 10704. For other criticisms see William C. Bullitt, "A Report to the American People on China," Life, XXIII (October 13, 1947), 151-52, 154. Marshall presented the position of the Administration before a joint meeting of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs on Nov. 10 and 12, 1947. He viewed the problems of the European and Chinese areas as being dissimilar, and, therefore, requiring different types of aid. Specifically, Marshall stated that Western Europe needed funds to purchase imports and to sustain their industrial production. The Chinese, he contended, were not threatened with any immediate loss of imports, but instead were confronted with "extreme inflation." The problem, Marshall observed, was how to help the Chinese and still get a seventy per cent effective return in the use of American funds. House Committee on Foreign Affairs, Hearings, Emergency Foreign Aid, 1947, pp. 7-23.

[96]Copies of texts of Truman's and Marshall's statements are printed in State Department, U. S. Relations with China, Annexes 175 (a) and 175 (b), pp. 981-85.

> against the Communist force or other opposition that may arise in China . . . . It can only be concluded that the present Government evidently cannot reduce the Chinese Communists to a completely negligible factor in China. To achieve that objective in the immediate future it would be necessary for the United States to underwrite the Chinese Government's military effort, . . . , as well as the Chinese economy. The United States would have to be prepared virtually to take over the Chinese Government and administer its economic, military and governmental affairs.
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> . . . . . .
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> An attempt to underwrite the Chinese economy and the Chinese Government's military effort represents a burden on the U. S. economy and a military responsibility which I cannot recommend as a course of action for this Government.
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> . . . . . .
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> Present developments make it unlikely, ... , that any amount of United States military or economic aid could make the present Chinese Government capable of reestablishing and then maintaining its control throughout all of China.[97]

Secretary Marshall was also convinced that American assistance was of secondary importance. The Chinese, he contended, must undertake the "vital measures" for the restoration of peace to their country and the development of stable economic conditions.[98] Further, Marshall judged that the security of the United States was jeopardized more by the developments in Europe than it was by those in China. Therefore, Congress must first consider the recovery program for Europe. The Secretary of State emphasized this point when asked if he preferred that Congress lay the China recommendations aside and "proceed with the European recovery program." Yes, Marshall replied, "If that is the only way you can do the European recovery program within a reasonably short time."[99]

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[97] Ibid., pp. 382-83.

[98] Marshall described the "vital measures" as follows: The Chinese Government should "develop a base of government that is not restricted to a small group, that is cleaned up in its execution of governmental functions and eliminate gross corruption, but more particularly, that it takes very definite, active consideration of the land problem of the peasantry." Comment on Feb. 20, 1948, before House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 1562-63.

[99] Marshall's answer on Feb. 20, 1948, to a question of Rep. Jacob K. Javits of New York before ibid., pp. 1562, 1571.

On the basis of this analysis of internal Chinese conditions and what the United States could not or should not do, the Administration presented a China proposal to Congress for its consideration. The objective of the measure was set forth on February 20 as follows:

> It is the purpose of this Act to provide immediate aid to China to relieve human suffering, to assist in retarding economic deterioration, and to afford the people of China an opportunity to initiate measures of self-help necessary to rebuild the bases for more stable economic conditions.[100]

Thus, though the Administration seriously doubted that the National Government could long endure, it recommended that $570,000,000 be made available for expenditure by the Chinese over a fifteen-months period. Of this total, $510,000,000 would be authorized to finance the importation of food, medicines, and industrial materials. It was suggested that another $60,000,000 be allocated to provide capital for key industrial and transportation reconstruction projects.[101]

The Congress, as a unit, had previously been generally uncritical of American policy toward China and had tacitly accepted it. This semi-quietude was now replaced, however, by increasing opposition to the executive proposal.[102] Congressional critics were joined by prominent witnesses

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[100]U. S., Congress, House, Committee on Foreign Affairs, Text of Proposed China Aid Bill and Background Information on Economic Assistance Program for China (Committee Print), 80th Cong., 2nd Sess., 1948, p. 7. Cited hereafter as House Committee on Foreign Affairs, Proposed China Aid Bill, 1948. Although the Administration proposal contained no reference to military assistance, Marshall told the House Committee on Foreign Affairs on Feb. 20, 1948, that China would need military supplies and that this program would free the National Government to use its own resources at its own discretion to purchase military items. State Department, U. S. Relations with China, Annex 175 (b), pp. 984-85.

[101]House Committee on Foreign Affairs, Proposed China Aid Bill, 1948, p. 13. The State Department bill stipulated that the fifteen-months period would end on June 30, 1949.

[102]One issue was resolved without much difficulty. That was the decision to include China aid in the measure providing for European assis-

before committee hearings, and the strongest congressional anti-Administration sentiment was in the House of Representatives. The focal point of criticism centered on military aid: Should the United States extend military assistance to the National Government? If so, what form should the assistance take?

Though there was no serious opposition to the extension of economic assistance to China, some prominent witnesses contended that military aid was necessary in order to make economic aid effective. Strong support was also voiced for the proposal that the United States provide operational advice to Chinese military forces in the field.[103] Contrary to Administration wishes, the House of Representatives approved of these suggestions and amended the original bill on three vital points. The House version of the bill provided for: (1) the extension of military-type aid to the National Government, (2) supervision of the aid by an American military mission, and (3) military advice to Nationalists troops while in combat.[104]

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tance. U. S., Congress, House, Committee on Foreign Affairs, Foreign Assistance Act of 1948, 80th Cong., 2nd Sess., 1948, Rept. 1585 to accompany S. 2202. Cited hereafter as House Committee on Foreign Affairs, Foreign Assistance Act of 1948, 1948, Rept. 1585.

[103]Key non-congressional supporters of the thesis that the China aid program should directly provide for American military assistance included Generals Wedemeyer, Glen E. Edgerton, Claire Chennault, and former civil government officials Clarence Gauss and William C. Bullitt. House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 1898-99, 1910-12, 2067, 2167, 2179, 2215-17. Among the Representatives who backed this view were Judd, cited in U. S., Congressional Record, 80th Cong., 2nd Sess., 1948, XCIV, Part 3, 3331-32, and John Davis Lodge of Connecticut, cited in House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2075. Among those who advocated American operational advice to Chinese military forces in the field were Judd, cited in U. S., Congressional Record, 80th Cong., 2nd Sess., 1948, XCIV, Part 3, 3331-32, and Chennault and Bullitt in House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 1907-08, 2215-17.

[104]The bill passed the House on Mar. 20, 1948, and authorized an appropriation of $150,000,000 primarily for military-type aid and $420,000,000 for economic aid. House Committee on Foreign Affairs, Foreign Assistance

United States policy would have been altered considerably if the House bill had become law. The Senate Foreign Relations Committee rejected the House-passed measure, however, and unanimously reported a bill to the Senate which supported the Administration on the three controversial points. Passage of the Senate Committee's bill by the Senate was followed by its adoption in conference committee on April 1, 1948.[105] Congressional approval of the conference report was given in both Houses on April 2, and President Truman signed the China Aid Act of 1948 on April 3.[106]

Act of 1948, 1948, Rept. 1585, pp. 1-2, 12. The Administration had consistently refused to give military advice to the Nationalists troops in combat. For example, see testimony of Acheson, Mar. 20-21, 1947, in House Committee on Foreign Affairs, Hearings on Greek-Turkish Aid Bill, 1947, pp. 16- 18. Marshall had stated the U. S. position on Feb. 20, 1948, when the China aid program was introduced before Congress. He clarified this point on May 10, 1951, when he explained why the U. S. should not plan, procure, deliver, and supervise U. S. military assistance to China in addition to giving military advice to Nationalist combatants. "As I recall General Wedemeyer's estimates," Marshall stated, "about 10,000 officers and others would be necessary to oversee and direct those various operation." And, he added, "At that time, our own military position was extraordinarily weak . . . . we had one and a third divisions in the entire United States." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 465.

[105]A copy of the bill reported to the Senate by the Foreign Relations Committee on Mar. 25 is found in U. S., Congress, Senate, Committee on Foreign Relations, A Bill to Promote the General Welfare, National Interest, and Foreign Policy of the United States by providing Aid to China, 80th Cong., 2nd Sess., 1948, Rept. 1026, Amended Report of the Committee on Foreign Relations on S. 2393. Hereafter cited as Senate Committee on Foreign Relations, A Bill to Promote the General Welfare . . . . , 1948, Rept. 1026. The adopted Conference Committee version is printed in U. S., Congress, House, Foreign Assistance Act of 1948, 80th Cong., 2nd Sess., 1948, Rept. 1655, Conference Report to accompany S. 2202. Hereafter cited as House, Foreign Assistance Act of 1948, Conf. Rept., Rept. 1655.

[106]The China Aid Act of 1948 was incorporated as Title IV of Public Law 472 entitled the Foreign Assistance Act of 1948. It authorized $338,000,000 for economic aid where the Administration proposal had asked for $510,000,000, and it reduced the period of coverage from fifteen months as asked by Marshall to twelve. The Act omitted the Administration's request for $60,000,000 for reconstruction projects and inserted authorization for $125,000,000 to be appropriated for use "on such terms as the President may determine." The China Aid Act is printed in State Department,

Although the Administration had won the first big test with its critics, several factors should be noted. First, the United States, which had abandoned its efforts to mediate the dispute in China, narrowed its policy even further by rejecting the alternative of direct or extensive military measures.[107] Substantial American assistance had been advocated by the Administration for economic and rehabilitation purposes only. Second, Congress had participated in the formulation of the new policy and could now be held accountable for its success or failure. The President and the Secretary of State, if they preferred, could dismiss any future requests on behalf of the Chinese Government as being inconsistent with American policy toward China if the requests were incompatible with the China Aid Act of

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U. S. Relations with China, Annex 179, pp. 991-93. Acheson said on June 4, 1951, however, that only $275,000,000 was appropriated for economic aid in the Foreign Aid Appropriations Act of 1949 (Public Law 793), signed by the President on June 28, 1948. The full $125,000,000 was appropriated, he noted, "which presumably would be for military purposes," making a total appropriation of $400,000,000. It will be remembered that the Administration had recommended a grand total of $570,000,000. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1854-55.

[107]There was only one subsequent major effort in Congress to substantially alter the aid program as provided in the China Aid Act, and it was defeated by executive opposition. The occasion was the introduction of S. 1063 on Feb. 25, 1949, by Sen. Pat McCarran of Nevada. This measure, if passed, would have provided a loan of $1,500,000,000 to Nationalist China for economic and military purposes. It would also have authorized American officers to direct Nationalist combat forces. Fifty Senators, evenly divided between Democrats and Republicans, urged Sen. Connally on Mar. 10 to permit the Foreign Relations Committee to fully consider the measure. Connally, Chairman of the Committee, asked Sec. Acheson to inform the Committee of the Administration's views on the bill. Acheson informed Connally on Mar. 15 that the Administration opposed the bill for the following reasons: (1) the National Government could not defeat the Communists if past actions were any measure of performance, (2) there was no evidence that the U. S. could alter the trend of events by furnishing additional military aid and that such aid would only prolong the suffering of the people, and (3) the U. S. could not commit itself to a program of direct participation on a military basis. Acheson's letter is printed in State Department, U. S. Relations with China, Annex 186, pp. 1053-54.

1948.[108] Third, the Administration considered the problems of China to be secondary to those of Europe in so far as American national interest and security were concerned. Fourth, the Chinese were reminded that they would have to do more to solve their own problems.[109]

Additionally important for the purpose of this study, however, is the fact that the American Administration only committed itself to two additional modifications in United States policy toward China prior to the fall of the National Government. One of these commitments--rejection of a coalition government in China with Communist participation--was made on August 12, 1948. Marshall sent a directive to Ambassador Stuart on this occasion which stated that the United States "must not directly or indirectly give any implication of support, encouragement or acceptability" of any Chinese government which included Communist participants.[110] The second American

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[108]In fact, the Chinese urged an increase in American aid on several occasions after the passage of the China Aid Act of 1948, and Marshall and Acheson (then Secretary of State) referred in late Oct., 1948, and on Apr. 21, 1949, respectively, to the fact that U. S. policy had been established by the China Aid Act of 1948 and that increased assistance would be contrary to the expressed intent of Congress. Ibid., pp. 280-86, 307. Vandenberg also reacted unfavorably to the Chinese requests for increased military aid because he did not believe the Nationalists were cooperating with the U. S. In a letter to Sen. Knowland on this point on Oct. 21, 1948, he (Vandenberg) wrote that without Nationalist cooperation any appropriation of ours "is a sheer waste of our own substance." There were, he said, "limits to our resources and boundaries to our miracles." Vandenberg, Jr., pp. 525-29.

[109]On two later occasions (Aug. 12, 1948, and Jan. 12, 1949) the U. S. found it necessary to state that it would not again serve as mediator in China, either on a unilateral basis or jointly with Great Britain, France, and the Soviet Union. State Department, U. S. Relations with China, pp. 279, 291.

[110]Marshall had been asked in a press conference on Mar. 10, 1948, whether American policy still favored a coalition government in China. Marshall's reply and a press release by the Department of State on Mar. 11 did not satisfy the newspapermen. So, President Truman was asked the same question at his press conference on Mar. 11. The President's reply did not definitely answer the question, although it did serve as a basis for Marshall's directive to Stuart on Aug. 12 referred to in the text above. President

commitment made definitive what had been apparent for several months. That is, the United States declared that its policy toward China would be determined as conditions developed. Ambassador Stuart was notified to that effect by Marshall on August 13, 1948. Marshall described the thinking of the Department of State at this time as follows:

> . . ., it it not likely that the situation will make it possible for us at this juncture to formulate any rigid plans for our future policy in China. Developments in China are obviously entering into a period of extreme flux and confusion in which it will be impossible with surety to perceive clearly far in advance the pattern of things to come and in which this Government must preserve a maximum freedom of action.[111]

In essence, then, the Department of State had adopted a hands-off policy to give the United States freedom of action in its relations with the National Government. This was the American attitude when Marshall resigned as Secretary of State on January 3, 1949. And it was the view of his successor, Dean Acheson.[112]

Truman said in his press conference on Mar. 11 that his Statement of Dec. 15, 1945, which served as the basis for the Marshall Mission, was still valid. In answer to further questioning, Truman said that "It was not the policy of the U. S. to urge the National Government of China to take Communists into the Government." He then added that he hoped that the Chinese liberals would be taken into the Chinese Government. Ibid., pp. 272-73.

[111]Quoted from Marshall's directive of Aug. 13 to Stuart. Ibid., p. 280.

[112]Sen. Leverett Saltonstall of Massachusetts told Acheson on June 2, 1951, that his "let the dust settle" statement before a private meeting of Representatives in 1949 had been interpreted as being U. S. policy toward China. Then he asked Acheson when that policy was changed to a more aggressive policy against the Chinese Communists. Acheson's reply was similar to that of Marshall's directive to Stuart on Aug. 13 which is referred to in the text. Acheson stated that he was not advocating a policy when he used the phrase "let the dust settle." "It was a phrase," he said, "which I used to describe my own inability to see very far in this situation." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1765-66.

Secretary Acheson's "inability to see very far in this situation" was short lived. Nationalist resistance on the mainland collapsed in the spring and summer of 1949, and Chiang Kai-shek and his followers fled to Formosa. Acheson recognized the gravity of this development when he stated the basic principles which should guide the United States in its formulation of policy toward China. The Secretary's statement of August 5, 1949, strikingly similar to the American traditional policy, read as follows:

> 1. The United States desires to encourage in every feasible way the development of China as an independent and stable nation able to play a role in world affairs suitable for a great and free people.
> 2. The United States desires to support the creation in China of economic and political conditions which will safeguard basic rights and liberties and progressively develop the economic and social well-being of its people.
> 3. The United States is opposed to the subjection of China to any foreign power, to any regime acting in the interest of a foreign power, and to the dismemberment of China by any foreign power, whether by open or clandestine means.[113]

The architects of American policy had historically sought to further the development of a stable, strong, and democratic China, friendly to the United States. They were now confronted with an unfriendly, Communist regime. American decision-makers had traditionally opposed the exaction of spheres of interest in China by foreign powers, and they were now faced with the China mainland effectively controlled by an indigenously-developed anti-American regime. Nationalist China, which had been saved from external aggression during World War II, had succumbed to internal forces four years later. In retrospect, there were limits of course to

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[113]U. S., Department of State, Statement by Secretary of State Dean Acheson on the China White Paper, Press Release No. 604, Aug. 5, 1949 (Mimeographed), in the files of Rep. Helen Gahagan Douglas, Division of Manuscripts, University of Oklahoma Library, Norman, Oklahoma. The Chinese People's Republic was proclaimed by the Chinese Communists on Oct. 1, 1949, and the U. S. reaffirmed its recognition of the National Government as the legal government of China (Formosa) on Oct. 4, 1949. Stuart, p. 273.

what both the United States and the National Government could do and would do. There is also the assessment of what was done. Additional facets of this story are related in subsequent chapters.

CHAPTER IV

UNITED STATES MILITARY ASSISTANCE, 1945-1949

Background

The United States during World War II emphasized the short-range goal of its policy--victory over Japan. Thus, the Administration logically assigned a pre-eminent position to the military factor in its relations with China. Military union of the Nationalists and Chinese Communists was encouraged so that their combined power might be directed against Japan.

When World War II was successfully terminated, the United States modified its objective. America then stressed its long-range goal--the development of a strong, united and democratic China. Though the Administration, as during World War II, encouraged cooperation between the Nationalists and the Chinese Communists, there was a significant post-war difference--the collaboration should be political as well as military. American spokesmen repeatedly asserted, however, that post-war China meant the Republic of China under the leadership of Chiang Kai-shek.

The change after World War II in the objective of United States policy toward China was accompanied by a modification of the means to achieve the objective. Though the United States had primarily used military resources to implement its policy during World War II, it never chose to do so after V-J Day. Marshall was sent to China in December, 1945, to assist the Chinese in carrying out their agreement of October, 1945. His instructions indicated what he and the United States would do and what the United

States expected the Chinese principals to do. Marshall's directive provided that (1) Marshall would help the Nationalists and the Chinese Communists to arrange a cessation of hostilities; (2) when the truce was secured, the Chinese would replace the one-party tutelage of the Kuomintang with a government including other political elements, and Marshall would offer advice on how to integrate the two armies; and (3) as progress was made toward reorganizing the government and army along these lines the United States would extend military assistance to China. American military aid was interpreted to mean both technical and material aid. In addition, and not determined by progress toward political and military reorganization, the United States agreed to assist the National Government to occupy areas liberated from the Japanese and to repatriate Japanese troops and civilians.[1]

After the failure of the Marshall Mission, the United States terminated its policy of mediation. During the next two years (1947-1949) the United States continued its policy of military assistance to the National Government, just as it had done in varying degrees during the Marshall Mission. American policy-makers kept one basic factor in mind, however, throughout the post-war (1945-1949) period--the United States would not assume responsibility for the policy or actions of the Chinese Government.

The military conditions in China during December, 1945-1949 and the American military contribution to the National Government during that period are yet to be told. These facets of the China story and of American policy toward China will be treated in the remaining pages of this chapter.

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[1]Supra, pp. 105-07.

Disintegration of the Nationalist Military Machine

Although the National Government was confronted with many perplexing problems at the end of World War II and at the beginning of the Marshall Mission,[2] it also had some significant advantages. Dean Acheson, speaking before the National Press Club in January, 1950, described the favorable aspects of the situation as follows:

> The broad picture is that after the war, Chiang Kai-shek emerged as the undisputed leader of the Chinese people. Only one faction, the Communists, up in the hills, ill-equipped, ragged, a very small military force, was determinedly opposed to his position. He had overwhelming military power, greater military power than any ruler ever had in the entire history of China. He had tremendous economic and military support and backing from the United States. He had the acceptance of all other foreign countries, whether sincerely or insincerely in the case of the Soviet Union is not really material to this matter.[3]

Ambassador Stuart believed that the National Government still retained a favorable position vis-a-vis the Chinese Communists when Marshall

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[2]Without question many of China's unsolved problems were military ones. The National Government was confronted with other situations, however, that were either political, economic, or psychological in character. In some instances the military, political, economic and psychological factors tended to merge. Where this was true it was difficult to identify the primary determinant in the development of problems so that remedial action could be taken. A listing of some of the tasks to be undertaken and of some of the conditions under which they were undertaken is indicative of the difficulties and complexities facing the Kuomintang Government: repatriation of the Japanese in China; occupation of the areas liberated from the Japanese; the need for governmental reforms and for industrial, agricultural and transportation rehabilitation; the threat of a prolonged civil war with the Chinese Communists; Soviet occupation of Manchuria; accelerated inflation; a war-weary populace; and a refugee population accompanied by the dislocation of manpower.

[3]Address on Jan. 12. Bundy (ed.), p. 177. Wedemeyer agreed with Acheson's statement that both Chiang Kai-shek and the National Government did have popular support on V-J Day and for a period thereafter. Testimony on June 11, 1951, Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 2356.

left China in January, 1947, to become Secretary of State. In this connection, he noted that:

> It [National Government] was, . . ., the legally recognized government of China with all of the prestige and the material resources which this implied. It had more territory and larger armies, far better equipped, and that was supplemented by a navy and an air force which, however inferior, were lacking to the other side.[4]

Marshall agreed with Stuart's analysis. He stated in 1951 that the Nationalists were "at the very peak of their military successes and territorial expansion" when he left China in January, 1947.[5] The Nationalists in early 1947, according to Marshall, had more men under arms than their opponents. Their equipment, arms and ammunition were superior in quality and sufficient in quantity when compared to that of the Communists.

General Marshall observed, however, that he had informed the Generalissimo repeatedly that the National Government was weakening itself by its military campaigns. By committing itself to the Manchurian and North China campaigns, the Chinese Government was overextending its lines of supply and communications.[6] Another matter related to the military situation which seriously disturbed Marshall was the disproportionate per cent of the

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[4]Stuart, p. 209.

[5]A study of the maps on pp. 277-81 reveals that the Nationalists gradually extended their territorial control throughout China proper while Marshall was in China except for the North China province of Chahar. The Chinese Communists occupied the North China province between Aug. 15, 1945, and Jan. 15, 1946, and completed their conquest of most of Manchuria before Marshall returned to the United States in Jan., 1947.

[6]Testimony of May 11-12, 1951, before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 548-49, 659-60. Acheson in a statement on June 4, 1951, supported Marshall's position and added that the Nationalists' military victories were harmful in both the military and political sense. The Chinese Government, Acheson noted, had neither the troops to garrison the captured areas nor the administrators to govern them. Ibid., 1951, Pt. 3, 1852.

Government's budget which was allocated for military purposes. In this connection Marshall told Chiang Kai-shek on December 1, 1946, that the military effort of the Government "was consuming about seventy per cent" of the budget. Further, Marshall said, this development contributed to increased inflation at the time that the Government was seeking loans from the United States. There was, in Marshall's view, the threat of economic exhaustion. He told Chiang that unless military expenditures were reduced the economy would probably collapse before the Nationalists destroyed the Communists.[7] Marshall's counsel on both points--military overextension and heavy expenditures for the armed forces in proportion to total spending--did not deter Chiang, however, from subsequent military ventures.[8]

The Nationalist military victories during the period of the Marshall Mission proved to be spurious ones as Marshall had predicted. Defensive maneuvers and guerrilla tactics of the Chinese Communists in 1946 and early 1947 developed gradually into a general offensive in late 1947 and 1948.

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[7]State Department, U. S. Relations with China, pp. 211-12. Chiang Kai-shek rejected Marshall's analysis of the military situation, and, according to the column of a New York Times correspondent, Chiang remained highly confident that Government forces would defeat the Communists. The correspondent, Henry R. Lieberman, said Chiang estimated in Sept., 1947, that it would "probably take from six months to a year" for the Nationalists to "suppress" the Communists. New York Times, Sept. 11, 1947, p. 17.

[8]A prominent Chinese analyist of economic conditions in China viewed the proportion of military to total spending as being destructive of any attempt to stabilize the economy of his homeland. He believed, however, that Marshall's figure of 70 per cent was too high. Chang Kia-Ngau, using statistics compiled by the Chinese Ministry of Finance, stated that the military expenditures for the year 1946 comprised 59.9 per cent of the total outlay. He added that the 1946 figure compared favorably with the 1941-1944 average of 60 per cent for military spending. Chang further noted, however, that the entire sum allocated in the 1946 budget for military purposes was spent in five months due to renewed military clashes resulting from the breakdown in negotiations between the Nationalists and the Chinese Communists. Chang Kia-Ngau, pp. 155-56.

The Mandate of Heaven began to slip from Chiang Kai-shek's grasp as the Nationalist forces proved incapable of stopping the advance of Mao Tse-tung's troops.[9] By January 1, 1949, the Communists had captured several strategic Manchurian and China proper cities, including Chinchow, Ssupingchieh, Changchun, Mukden, Tsinan and Hsuchow. Shortly after the key North China city of Tientsin fell [January 15] the Generalissimo retired, and Li Tsung-jen assumed the duties of President in accordance with the constitution adopted on December 25, 1946. Li immediately began negotiations with the Communists to "discuss peace arrangements," but found that Mao Tse-tung equated "negotiation" with "unconditional surrender."[10] When the consultations collapsed, the Communist forces crossed the Yangtze River on April 20, drove south and captured Nanking and Shanghai within a few days. The Nationalist military machine disintegrated when the Communists crossed the Yangtze River.[11]

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[9]Maps on pp. 281-84 indicate the extension of territorial control by the Communists during the period Jan. 15, 1947-Mar. 19, 1948.

[10]Mao Tse-tung's proposals for peace were eight in number and called for abolition of the constitution of Dec. 25, 1946, punishment of war criminals [including Chiang Kai-shek], and displacement of the Kuomintang government by one of the Communists. These conditions were first proposed by Mao in a statement entitled "On Peace in China" on Jan. 14, 1949. They were adopted in the form of a resolution by the Central Committee of the Chinese Communist Party in mid-March, 1949, and given to the Nationalists on Apr. 15. The resolution embodying the Communist demands, and other pertinent resolutions of the Central Committee are treated in Brandt and Others, pp. 440-45.

[11]Wedemeyer stated on June 11, 1951, that he believed the primary reason for the military defeat of the Government's forces was "lack of spirit." "In my judgment," he noted, "they could have defended the Yangtze River with broomsticks if they had the will to do it." Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 2329. Ambassador Stuart, who was in Nanking when the Communists crossed the Yangtze, observed that the effectiveness of Nationalist opposition to the crossing of the river was destroyed by "political bickering, desertions or betrayals, [and] disorderly retreats." Stuart, p. 242.

Although several additional battles were fought, the Communists occupied most of the remainder of China during the summer and early fall. The Nationalists, thoroughly defeated, retired to Formosa and established the capital of the Republic of China at Taipei.

The Government's control of the China mainland had been ended. This is unquestioned. Diversity of opinion arises only when one seeks to analyze the reasons for this development. It would indeed be a tenuous thesis to contend that the Government collapsed solely because of its military defeats. One can not properly deny, however, that the downfall of the Nationalists was hastened by their failure on the battlefield. Thus, the field of combat--just like the conference table--must be weighed as one of the components of the conflict in China. This assessment is a relative one and raises several questions. In so far as militarism led to the collapse of the Nationalists, to what extent did they contribute to their own downfall? Were Chiang's forces overwhelmed by larger armies or were they outmaneuvered and outfought? Did the National Government lack arms, ammunition and equipment or did it unwisely use that which it had? Were the Nationalists betrayed or did they dilute their own strength through defection?[12]

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[12]One must, in assessing the reasons for the Government's fall, also take into account the military strategy and tactics of the Communists: isolation of Nationalist garrisons in cities; destruction of lines of communications to Nationalist-held cities; the use of guerrilla tactics while Communist forces were small and poorly equipped; emphasis upon destruction of Nationalist strength rather than upon seizure of territory; and, in general, avoidance of decisive, show-down battles until 1948-1949. For thorough treatment of this subject, see Liu, pp. 250-53; also, Edward L. Katzenbach and Gene Z. Hanrahan, "The Revolutionary Strategy of Mao Tse-tung," Political Science Quarterly, LXX (Sept., 1955), 325-30. It has also been charged that the U. S. "lost" China to the Communists. The author has treated and will continue to treat this matter through pertinent references rather than through specific divisions of the work.

Chiang Kai-shek's total military force was never outnumbered by that of the Communists during the Marshall Mission. The aggregate manpower strength of the Nationalists versus the Communists did proportionately decrease during this period, but the Government still held an edge in troop totals of 3,000,000 to 1,500,000 in December, 1946. It was only after Marshall left China in January, 1947, and then not until the winter of 1948-1949, that the manpower superiority of the combatants was reversed. The Nationalists had almost a three to one numerical superiority when 1948 began but overwhelming losses in a four and one-half months period (mid-September, 1948-January, 1949) resulted in a Communist superiority in combat effectives of one and one-half to one by February 1, 1949. Additional heavy losses further decreased Nationalist manpower from 1,500,000 (including 500,000 service troops) on February 1, 1949, to an estimated 880,000 men in early May, 1949.[13] The Communists met little resistance thereafter, and the Government reached its nadir of manpower strength when the Republic of China was established on Formosa with an estimated 500,000 troops.[14]

In so far as the Nationalists militarily contributed to their own decline and defeat, one must look beyond the mere number of men under arms

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[13]The relative strength of the Nationalists and the Communists for Dec., 1946, is based on testimony of Marshall on May 12, 1951, before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 659. Other statistics are estimates of the U. S. Department of the Army and are cited in State Department, U. S. Relations with China, pp. 322-23.

[14]U. S., Department of State, The Republic of China, Department of State Publication No. 6844, Far Eastern Series 81 (Washington: U. S. Government Printing Office, 1959), p. 1. The Government maintained that it had lost its manpower superiority (2,180,000) over the Communists (2,600,000) by June, 1948, whereas the Communists contended that the Nationalists still held a 1.3:1 advantage (3,650,000 to 2,800,000) as of that date. Communist statistics revealed, however, that their own forces had gained a 0.3:1 lead (1,490,000 to 4,000,000) by June, 1949. Liu, p. 254.

and in specific battles. Strategic and tactical mistakes and the lack of coordination of command channels constituted serious limitations. Violations of orders, failure to exploit their advantage of air and naval superiority and to provide proper training for recruits also were significant hindrances to the success of the Government. Another primary weakness of the Nationalists was their inadequate grasp of logistic requirements. Though it is important to take these weaknesses into account when analyzing the Nationalist collapse, it is also important to keep two additional points in mind. First, the Government's military position was impaired by a multitude of factors, and the debilitating effect of the constituents, singularly and jointly, gained strength from each other. Second, many of these defects were apparent during the Marshall Mission, and the Americans brought them to the Generalissimo's attention. It was only after the American mediation effort was ended, however, that the total impact of the weaknesses was felt.

Some prominent United States officials consistently maintained that the National Government made its basic mistake just as World War II was terminated. The Chinese Government, it was contended, emphasized the necessity of accomplishing what was considered to be a "military impossibility"--the expeditious occupation of Manchuria and North China. Marshall advised Chiang in 1946 that the undertaking would fail because the Government could not keep the supply lines open in so vast an area. Major General David Barr supported this view two years later. "The hopelessness of the situation in Manchuria" led Barr to urge Chiang to withdraw his troops from that area in March, 1948. Chiang Kai-shek remained convinced throughout 1948, however, that the plan was sound. And Marshall still believed several years later that he had correctly assessed the Nationalist's basic weakness.

"They [Nationalists] wrecked themselves," Marshall said in 1951, by attempting a "military impossibility . . . . they fell, you might say, of their own weight."[15]

Chiang Kai-shek changed his views on strategy in early 1949, but this development came too late to stem the Communist advance. In fact, the Generalissimo's revised judgment was made after he had relinquished the presidency. Chiang had retired in January, 1949, and Li Tsung-jen had assumed control of the National Government. Retirement for Chiang, however, meant only the official renunciation of control. His influence was still greater among the military forces and the bureaucracy than that of Li. Li was denied the resources he needed--money, military personnel, military supplies, and a unified command. In essence, then, Li Tsung-jen had responsibility for the Government, but he did not have authority to use all its resources. Prospects for a concerted Nationalist effort were also dealt a serious setback by a clash in strategy--Li urged a stand against the Communists in South China while Chiang advocated the use of Formosa as a bastion from which to continue the fight.[16]

There were confusion and lack of unity in the Nationalist camp, a development which in part may be attributed to the fact that there were

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[15]These views of Marshall and Barr are recorded in the May 14 and June 22, 1951, transcripts of hearings before the Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pts. 1 and 4, respectively, pp. 688 and 2961. Marshall's opinion was also supported by Acheson on June 7, 1951, in ibid., Pt. 3, 2145. Barr, senior officer of the U. S. Army Advisory Mission in 1948, became director of the Joint United States Military Advisory Group in late 1948.

[16]Based on observations of Ambassador Stuart, General Barr and F. F. Liu, the Chinese military historian. See Stuart, pp. 216-17, 227-28; Barr's report to Secretary Acheson in early 1949, printed in part in State Department, U. S. Relations with China, p. 336; and Liu, pp. 265-67.

two heads of state in 1949--one official, the other unofficial. The confusion and disunity were manifest in other ways, however, and even before Chiang Kai-shek retired as president. Chiang's extreme loyalty to graduates of Whampoa Military Academy helped to intensify the schism which had prevailed among the military officers for a long time. The Generalissimo demonstrated his favortism to members of the Whampoa Group in several ways: (1) they received choice staff and field appointments, (2) Chiang deferred to their advice, and (3) non-Whampoa generals were given low supply priorities. Non-Whampoa generals strongly resented these practices by Chiang because they believed he made his decisions on the basis of personal and political considerations rather than on that of military competence.[17]

As debilitating to the Military effort as these practices were, the disharmony and ineptitude were compounded by additional developments. Conflicting directives were particularly disruptive. It was not uncommon for field commanders to get divergent orders on the same battle plan from the Generalissimo, the Minister of Defense, and the Supreme General Staff. Coordinated efforts were further hindered when Chiang issued operational orders without informing the Minister of Defense or the Supreme General

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[17]Views of the non-Whampoa generals were supported by several prominent authorities with experience in China. For example, see Stuart's report to Marshall on Aug. 10, 1948, and Barr's report in early 1949, to Secretary of State, respectively, in State Department, U. S. Relations with China, Annex 161, p. 885 and p. 337. Also, Barr's testimony on June 22, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, 3024; Liu, pp. 244-46, 261-63. Directly related to this point was the contention of Ch'ien Tuan-sheng that a political-military struggle was being waged to secure control of the Government. He stated that the leaders of the Whampoa Group had "always adopted politics as their profession rather than active military command." Further, he noted, the battle was incessantly waged by the Whampoa Group, the C. C. Clique and the Political Science Clique. Ch'ien Tuan-sheng, pp. 129-32.

Staff that he had done so.[18]

The disorder in the high command was also prevalent in the field, and the confusion can be attributed in part to the conflicting orders they received. Field commanders were confused as to which directive to implement. Commanding generals added to the chaotic conditions, however, by sending ambiguous instructions to other units. General Barr described one of these instances in which the principal figure was General Wei Li-huang, the garrison commander at Mukden. In early October, 1948, the Communists had encircled the Nationalist-occupied city of Changchun [north east of Mukden] and were exerting strong pressure on the Nationalists positions south of Mukden. The Generalissimo ordered Wei Li-huang to attack westward from Mukden in order to relieve the Communist pressure further south. Wei Li-huang delayed his offensive operation thirteen days and sent confusing instructions to the Changchun garrison. The Changchun commander was instructed to break out of the Communist encirclement by mounting an assault "immediately before, during or immediately after" his [Wei Li-huang] attack was launched. Barr did not disclose what the Changchun garrison did, but whatever it was proved to be ineffective. Changchun capitulated eleven days after Wei Li-huang initiated his offensive.[19]

The overall Nationalist position was also weakened by their prolonged reliance upon defensive measures. This was particularly true where the Communists attacked cities which the Nationalists had committed themselves to garrison. Government troops dug in within the city walls and waited for relief to come. Indecision, inaction, ineptitude and demoralization permeated the ranks of battle units in late 1948 and throughout 1949.

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[18]Barr's report in early 1949 to Secretary of State in State Department, U. S. Relations with China, p. 330. Also Liu, pp. 258-59.

[19]Ibid., p. 333.

Carsun Chang has vividly described the situation as it existed in April-May, 1949. He said that the Vice-Minister of the Ministry of Defense and the Deputy Chief of Staff told him that:

> They [Government troops] kept within the city. After a few days' fighting, they sent telegrams asking for reinforcements . . . . When the commander of the army of reinforcements received the order to go, he offered the excuse that he must wait till his supplies of food and ammunition were brought up to the proper level. It would be many days, therefore, before the reinforcements got under way. By the time they arrived at their destination, the army defending the city had already been beaten by the Communists, and so the army that had been sent in by way of reinforcement simply joined in the surrender. That was how it accomplished its mission of reinforcement![20]

Prolonged Nationalist military resistance was further weakened by the unwillingness or the inability of the troops to fight. According to Major General Barr, Chinese soldiers were poorly fed and paid, frequently inadequately trained, and became disillusioned of ever being discharged. Defection and desertion weakened the pressure that could be brought on all fronts and thereby hurt the military capability of the units that otherwise could have fought successful engagements.[21]

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[20]Carsun Chang, p. 240. The Nationalist reliance upon the defense of cities has been variously classified as the "walled-city complex," "wall psychology," and "positional warfare." See Truman, II, 89; Barr's testimony of June 22, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, 2977; and Liu, p. 254.

[21]Barr also stated that he had little success in training the Chinese military to stockpile munitions and food. Testimony of June 22, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, 2969, 2983, 3023-24. Wedemeyer agreed with Barr's statements relative to the logistics problem. Wedemeyer's testimony of June 11, 1951, in ibid., Pt. 3, 2329. This matter of logistics was the subject of a heated controversy between Barr and Admiral Oscar Charles Badger. Badger was a ranking naval commander in the Pacific during World War II, was responsible for naval demobilization and closing up naval bases after World War II, and was commander of U. S. naval forces in the Western Pacific from Dec., 1947, to Oct., 1949. Badger contended that the Nationalists lost many battles because of inadequacy of supplies due to slow American shipments, and Barr countered with the statement that

The American Military Contribution

Introduction

The American military course of action toward China during the period December, 1945-1949, was carried out in several forms and was based on both executive and legislative acts. Some phases of the China program were completed while Marshall was in China, while others were initiated during the Marshall Mission and continued after the mediation effort had ended. In addition, some American measures of assistance were both initiated and implemented after the Marshall Mission had been terminated.

It should be noted at this point, however, that there was one task that the United States Government was not willing to undertake in order to implement its policy toward China. Neither the executive nor the legislative branch endorsed the commitment of American troops to the struggle in China. That is, American troops were never used on the battlefield,[22] nor were officers or enlisted men authorized to lead or advise Chinese units while in combat. Every military directive issued after General Stilwell's relief in 1944 contained the provision that American troops would not be used to

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no battle was lost by Chiang's forces during his year in China due to the lack of ammunition or equipment. To the contrary, he noted, the Nationalists "literally left hundreds of thousands of tons of ammunition" at Ssupingchieh [Mar. 12, 1948] and at Tsinan [Sept. 23-24, 1948]. Comments by Badger on June 19, 1951, in ibid., Pt. 4, 2728, 2762 and by Barr on June 22, 1951, in ibid., pp. 2960, 2986-87.

[22]As indicated by General Wedemeyer, however, some "friction" did develop when American facilities were used to redeploy Nationalist troops after World War II to occupy areas liberated from the Japanese. Supra, pp. 74-75.. Marshall referred to one incident in which he said the Chinese Communists attacked a marine convoy in 1946 enroute from Peiping to Tientsin. Testimony of May 11, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 543.

support the "fratricidal war" in China.[23]

The Administration's unwillingness to militarily intervene in China was in accord with traditional American policy. In addition, the United States had committed itself in late 1945 to mediate the dispute between the Nationalists and the Communists, and mediation and military intervention were incompatible. Though the termination of mediation in 1947 removed one obstacle to military intervention if the Americans had so desired, the United States never reversed the position it had taken at the end of World War II. That is, the United States rejected the thesis that China's difficulties could be solved by military means.

Marshall was also concerned about the possibility that the Soviet Union would make strong accusations regarding any prolonged presence of American troops in China. With this in mind, he wrote President Truman in early 1946 that the China Theater of Operations should be replaced by a military advisory group. Such action, the Ambassador noted, should be taken "in order to avoid the inevitable Russian recriminations" similar to those made by the Soviets against the use of British troops in Greece. Marshall added that at some future date, when conditions warranted such action, the United States should evacuate all marines from China except transportation, reconnaissance and local guard units.[24]

The Ambassador's appraisal of what the United States should do was a realistic assessment of its military capability at the time. It was highly unlikely that American public opinion would have supported the substantial

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[23]Supra, Chapter II, n. 77. The last serious effort to modify Administration policy on this point was made during congressional debates on the China Aid Bill in 1948, and it failed. Supra, pp. 158-60.

[24]Truman, II, 77. Marshall's dispatch was dated Feb. 9.

use of United States armed forces on the Chinese mainland. Pressure for demobilization had been so great that approximately seven million men had been discharged from the army by mid-April, 1946. According to President Truman, this was the "most remarkable demobilization in the history of the world, or 'disintegration,' if you want to call it that."[25]

It had been necessary to station some American troops on and near the China mainland after V-J Day until it was determined how the Japanese would react to surrender terms. As soon as this determination was made, the number of American military personnel in China was drastically reduced. According to President Truman the United States military force in China was reduced from its peak strength of 113,000 soldiers, sailors and marines in late 1945 to less than 12,000 in December, 1946.[26] This number was further reduced when the marines were withdrawn in the summer of 1947 and when the military advisory missions were terminated in late 1948.

Technical Assistance

The United States assisted the National Government through a

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[25]Ibid., I, 509. For an analysis of demobilization from V-J Day to Jan. 8, 1946, see supra, pp. 67-70. According to a public opinion sampling released Dec. 15, 1948, by the American Institute of Public Opinion (Gallup Poll), 21 per cent of those interviewed had not "heard or read about the civil war in China," and 20 per cent of the 79 per cent who were informed on this point did not know whether the Nationalists were winning or losing. Only 45 per cent of those who had heard of the civil war thought that the fighting in China was a "real threat" to world peace. Mildred Strunk (ed.), "The Quarter's Polls," Public Opinion Quarterly, XIII (Spring, 1949), 158.

[26]State Department, U. S. Relations with China, Annex 114, p. 694. Rep. A. J. Sabath of Illinois, Chairman of the House Rules Committee, still did not believe that the U. S. had gone far enough. In a letter to President Truman on Aug. 17, 1946, he urged the President to withdraw all troops from China. The situation in China, Sabath noted, was a grave one, fraught "with perilous and explosive potentialities," and the retention of American troops in China was not likely "to contribute to pacification of the country." From The Papers of Harry S. Truman, Box 0-768, Folder 150-Miscellaneous (1945-1946), Harry S. Truman Library, Independence, Mo.

variety of technical assistance measures and services. American troops aided in disarming and repatriating the Japanese. Nationalist forces were transported in American planes and ships to occupy the areas liberated from the Japanese. American marines performed numerous guard duties. United States officials--particularly Marshall, Stuart, Robertson and Byroade--assisted in arranging and implementing temporary truces between the combatants during the Marshall Mission.[27] Marshall advised the Military Sub-Committee (created by the Political Consultative Conference) in its attempt to devise an acceptable plan for the reorganization and integration of the Chinese armies. And for over two years United States Army, Navy and Air Force personnel worked through officially established machinery to advise and train Nationalist armed forces outside combat zones.

Redeployment and Guard Duty. Prevailing conditions on V-J Day required that Nationalist troops be moved into Japanese-held territory to prevent the occupation of these areas by the Chinese Communists. The United States Government stipulated that its personnel and facilities would be used to expedite the undertaking by the Chinese Government. American officials realized, however, that several potential developments might endanger fulfillment of United States policy. There was the fear that the National Government would seriously weaken itself by military overextension and thereby deprive itself of the means needed to restore and maintain peace. The redeployment of Nationalist soldiers also involved the risk that sporadic hostilities between the Nationalists and the Chinese Communists might develop into a general civil war. Equally disturbing was the possibility that Americans would be attacked by the Communists or would become involved in

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[27]The story of arranging and implementing truce agreements was an inextricable part of the political negotiations and has been treated above. Supra, pp. 104-06, 110-46.

battles between the two Chinese armies. As the United States anticipated these contingencies, it took steps to prevent their occurrence. Wedemeyer's orders subordinated his authority to that of Marshall, stopped the transportation of Nationalist troops to North China by the United States, and stipulated that subsequent American action in this connection depended upon the progress made by Marshall in the mediation effort. Movement of the Generalissimo's soldiers into Manchuria was authorized, pending the withdrawal of Soviet forces.

Chiang Kai-shek's armies were in the southwestern part of China at the end of World War II, and their redeployment was a major undertaking. Wedemeyer informed President Truman in early 1946 that the Manchurian phase of the project would be completed on September 1, 1946, and that logistical support for these troops would be discontinued on October 31 of the same year.[28] It was reported several years later that the United States had accomplished its objective through transporting Nationalist troops by air and by sea to Peiping, Nanking, Shanghai, Tientsin, Tsingtao, Chinwangtao and Formosa.[29]

Another American undertaking was less spectacular than that of Chinese redeployment, but the fulfillment of the venture was undoubtedly just as vital to the early post-war successes of the Nationalist regime. For it was through the assumption of various guard duties by the United

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[28]Based on President Truman's instructions to Marshall on Feb. 12, 1946. Truman, II, 77.

[29]Marshall's testimony of May 11, 1951, recorded in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 556-57; also see Francis H. Russell, Address (no title) before the Institute of International Affairs, University of Wyoming, Laramie, Wyoming, Aug. 12, 1949, p. 3 (Mimeographed) in the files of Rep. Helen Gahagan Douglas, Division of Manuscripts, University of Oklahoma Library, Norman, Oklahoma. Cited hereafter as Address by Francis H. Russell, Aug. 12, 1949.

States marines that Chiang's soldiers were released to occupy the liberated areas and to assist in repatriating the Japanese. The marines, upon request of the Chinese Government, protected ports and railway lines designated as essential to the movement of troops and supplies. Coal mines were guarded until September, 1946, and so were the facilities necessary for transportation of the fuel from North China to the cities and industrial centers of Central China. The line of supply to and from Executive Headquarters at Peiping was also protected by United States military personnel.[30]

Repatriation. There were approximately 3,000,000 Japanese civilians and military personnel in China on V-J Day. Their number alone indicates how tremendous the task of repatriation was. Concentration on quantity per se, however, obscures all the things that had to be done to make the venture a successful one.

The Japanese soldiers had to be disarmed and transferred to ports of embarkation that were already crowded with Japanese civilians. Housing, meals and medical attention--including inoculation--were required. Shipping facilities, though over-burdened, were badly needed. Coordination of the efforts of numerous officials and apt timing of the various phases of the project were essential.

Completion of the task was due in great measure to the assistance of the United States during the Marshall Mission. Only 200,000 Japanese had been repatriated when Marshall first arrived in China. General Wedemeyer directed the program until May, 1946, and maintained close contact with Marshall through radio and personal talks. Wedemeyer also had the cooperation of Chiang Kai-shek, the Executive Headquarters, officials of the United

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[30]State Department, U. S. Relations with China, Annex 114, pp. 693-94; also Address by Francis H. Russell, Aug. 12, 1949, p. 3. The U. S. withdrew from Executive Headquarters in Jan., 1947, shortly after the Marshall Mission was terminated.

States Navy, and the Supreme Commander for the Allied Powers (General MacArthur). The evacuation was completed in late 1946, and President Truman announced that 2,986,438 repatriates had been transported to their homeland in ships under the control of MacArthur in Japan and the United States Seventh Fleet.[31]

Observations about the number of Japanese repatriated must be qualified by a reference to those who were not returned to their homeland. Japanese civilians were not expelled if they had certain skills and if their retention was requested by the Chinese Government.[32] In addition, a relatively small number of Japanese soldiers were repatriated from Manchuria because Soviet troops were not withdrawn from that area until the end of April, 1946.[33]

Military Advisory Missions. The basic concept underlying the

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[31]Statement by Truman, Dec. 18, 1946, printed in State Department, U. S. Relations with China, Annex 114, pp. 692-93. It was noted elsewhere, however, that the number of Japanese expelled was slightly lower than the figures cited by the President: 1,233,244 military and 1,750,306 civilians for a total of 2,983,550. Ibid., Annex 71 (d), p. 633.

[32]In order not to disrupt the economic life of the country, the National Government retained some Japanese civilians (number not revealed) who were industrial, communications and mining technicians. It was originally expected that these experts would be repatriated when Chinese replacements had been trained. Ibid., Annex 71 (d), pp. 632-33. Paul M. A. Linebarger strongly opposed the administration of this plan on the basis that too large a number of technicians were withdrawn and not replaced. The dislocation could have been prevented, he noted, by utilizing American or United Nations personnel. Failure to do this, when accompanied by expulsion of Japanese technicians and troops, "destroyed the political and economic system under which the Nationalists proposed to operate." Psychological Warfare, p. 257.

[33]Acheson said on June 4, 1951, that 700,000 Japanese troops were in Manchuria on V-J Day. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1845. No authoritative data is available on what happened to these Japanese soldiers, but it "has been assumed" that they were shipped to Siberia by the Soviet Union. State Department, U. S. Relations with China, Annex 71 (d), p. 633.

Marshall Mission was that the Nationalists and the Chinese Communists would honor their agreement of October, 1945, to settle their differences by negotiation and to integrate their armies. On the basis of this assumption of Chinese intentions, the United States agreed to assist the Chinese in the reorganization, integration and redisposition of the new armed forces. The United States cautioned, however, that if fratricidal warfare continued, its advice would not be extended to military units on the battlefield. As the Chinese armies were never unified, and as the United States would not assist the Communist army, to what extent did the United States militarily advise the National Government?

World War II had been ended only one month when exploratory talks were held to determine if the United States would consider establishing military advisory missions in China. President Truman gave some encouragement to Ambassador T. V. Soong on this occasion. The President also noted, however, that his authority to act unilaterally was limited to the duration of the emergency following the termination of hostilities. Studies were initiated in the United States and China to decide if advisory groups should be created, and if they were, to determine what their size, function and composition should be. Meanwhile, Marshall had arrived in China and had formed some opinions of his own. He recommended to Truman on February 9, 1946, that the China Theater of Operations should be replaced by military advisory groups. In addition, Marshall informed the President that at his (Marshall's) request Wedemeyer was "unofficially organizing" an advisory team in Nanking.[34] In less than three weeks from the date of Marshall's

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[34]President Truman's reply of Feb. 12 to Marshall's dispatch of Feb. 9 stated that the Joint Chiefs of Staff were studying the situation and that Marshall would be asked to comment on the recommendations of that study. Truman, II, 77. For treatment of Truman's conference with Ambassador Soong on Sept. 14, 1945, see supra, p. 73. For Marshall's report to the President see supra, p. 180.

report to President Truman, the United States took action to provide technical advice for modernization of the Chinese military organization.

On February 25, 1946, the President directed the Secretaries of War and the Navy "to establish jointly a U. S. Military Advisory Group to China," and instructed the Secretary of State to make the necessary arrangements with the Chinese Government. The size of the mission was limited to a maximum strength of one thousand officers and men unless otherwise authorized by the President. Truman's reason for creating the mission was expressed in his directive as follows:

> The object of this Advisory Group will be to assist and advise the Chinese Government in the development of modern armed forces for the fulfillment of those obligations which may devolve upon China under international agreements, . . . for the establishment of adequate control over liberated areas in China, including Manchuria, and Formosa, and for the maintenance of internal peace and security.[35]

The executive order was issued under the President's war power, a fact which in itself raised the question of its life expectancy. Therefore, Administration officials sought congressional authorization for continuation of the program after the President's war powers expired. Ambassador Marshall wrote the House Committee on Foreign Affairs that the assistance requested derived "naturally" from that provided to China during World War II and would "supplement the efforts of the Chinese themselves." In terse language he stated, as indicated below, why passage of the legislation was important to the implementation of American policy toward China.

> The assistance . . . authorized in the bill would be carried out in accordance with the program of reorganization and integration

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[35]State Department, U. S. Relations with China, pp. 339-40. Issuance of the presidential directive came at a most opportune time (Feb. 25, 1946) in so far as internal Chinese conditions and the Marshall Mission were concerned. It will be recalled that the Military Sub-Committee (with Marshall as its advisor) had agreed on the same date on a plan for partial demobilization, integration and redeployment of all military units. Supra, p. 109.

of National Government and Chinese Communist armies as agreed upon by Government and Communist representatives.

Without passage of the bill the President and myself (sic) would lack authorization to carry through a phase of American policy toward China which appears vital to the success of our announced policy.[36]

Congressional action on the proposals under study only partially fulfilled administrative requests. Though a Naval Advisory Group was authorized by the 79th Congress,[37] neither the 79th nor the 80th Congress granted statutory authorization for the creation or continuation of the Army Advisory Group in China.[38] The Administration, however, had not completely

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[36]Taken from Marshall's statement of June 14, 1946, in congressional hearings on H. R. 6795, 79th Cong., 2nd Sess., printed in U. S., Congress, House, Committee on Foreign Affairs, Assisting China to Modernize Her Armed Forces, 79th Cong., 2nd Sess., 1946, H. Rept. 2361 to accompany H. R. 6795, p. 2. Cited hereafter as House Committee on Foreign Affairs, Assisting China to Modernize Her Armed Forces, 1946, H. Rept. 2361. Supporting statements on H. R. 6795 were also made by Secretary of State Byrnes, Under Secretary of State Acheson, Secretary of War Robert P. Patterson, and the Vice Chief of Naval Operations Dewitt Ramsey, who spoke on behalf of the Navy Department. Ibid., pp. 1-3.

[37]Legislative authorization for establishment of the Naval Advisory Group was provided for by Public Law 512, 79th Cong., 1st Sess., which the President signed on July 16, 1946. State Department, U. S. Relations with China, p. 340.

[38]Executive attempts failed to secure statutory authorization for the Military Advisory Group when H. R. 6795 and S. 2337 died in 1946 with the end of the 79th Cong., 2nd Sess. Renewed efforts (H. R. 2313 and S. 759) in the 80th Cong., 1st Sess., 1947, also ended in failure although the House did pass H. R. 2313. Ibid. It is likely that the Senate opposed establishment of the Military Advisory Group on the basis that the resolutions supported integration of the Chinese armies. Sen. Harry P. Cain of Washington raised this question several years later when he asked both Marshall and Acheson why they had supported H. R. 6795 in as much as the resolution did support amalgamation of the Chinese military forces. Marshall and Acheson gave similar replies. They said H. R. 6795 would have provided American assistance to help the Chinese do what they had agreed to do. This, it will be recalled, was the signing of an agreement on Feb. 25, 1946, in which the Nationalists and the Communists had agreed to demobilize part of their ground forces and to combine the remainder into fifty Nationalist and ten Communist divisions. It will also be recalled that the Nationalist-Communist pact was never carried out because the Chinese did not implement their own agreement. Record of May 12 and June 7, 1951, respectively, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 602-04, and Pt. 3, 2133-34.

relied on congressional action in these instances. Acting on the presidential directive of February 25, 1946, the military services created an Army Advisory Group--including army, air and supply advisers--and a Naval Advisory Group. These missions performed the American military advisory duties in China until the Joint United States Military Advisory Group JUSMAG was formally established on November 1, 1948.[39] The military situation in China was rapidly deteriorating in late 1948, however, and JUSMAG was withdrawn from China before the end of the year.

Though the military advisory units were established during the Marshall Mission, their contributions were made primarily after the Mission was terminated. In addition, the advice of the United States military teams was rendered primarily on behalf of a military organization (Nationalist Army) different from that which the advisory units had been created to ultimately serve--the integrated Chinese army. This development occurred because Marshall had been unable to get the Chinese principals to honor their own political and military agreements. As a result, the Chinese never reorganized their government and armed forces in a form mutually acceptable to themselves.

The extent to which the American teams could advise and assist the Chinese was limited by the fact that Marshall served in a mediatory capacity. Marshall was frequently reminded by the Communists, particularly after June, 1946, that he and the United States were acting in a manner partisan to the National Government. The services that the advisory teams could

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[39]Of the five components of JUSMAG, three--Air Advisory Division, Ground Forces Advisory Division, and Combined Service Forces Advisory Division (Supply)--constituted a continuation of certain wartime assistance. A fourth--Naval Advisory Division--was a post-World War II creation. The fifth JUSMAG unit--Joint Advisory Staff--was brought into being when JUSMAG was established.

render were further limited by the ban on any action by American personnel which would involve the United States in fratricidal war.[40] Since Chinese warfare was predominantly that of ground forces, American policy with regard to the functioning of the Army Advisory Group is particularly revealing. During the Marshall Mission the Army Advisory Group gave assistance which facilitated the organization and functioning of Chinese Ground Forces Headquarters and the establishment and operation of military schools. The Group had no authority during the Mission, however, to give any advice concerning the organization or equipment of the Chinese ground forces, nor was its personnel permitted to directly participate in training these units. These limitations upon the Army Advisory Group were removed after the inactivation of the Executive Headquarters in January, 1947,[41] but the prohibition upon advising units in combat was never lifted. This last restriction applied to American officers as well as to enlisted men. Major General David Barr, senior officer of the Army Advisory Group and later director of JUSMAG, stated the nature of his duties as follows:

> I did not observe the Chinese Nationalist forces actually in battle. I observed them out of battle on many occasions, and I inspected their training, exercised supervision over the training,

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[40]Army units had been prohibited from becoming involved in the Chinese armed conflict since the end of World War II, and the same restriction was placed on the 300-man naval advisory team authorized by Public Law 512 in July, 1946. This early limitation did not apply to U. S. air force personnel, however. It was not until Aug., 1946, that Marshall ordered withdrawal of American air advisers who had been assisting Chinese fighter groups "actively engaged" in opposing the Communists. State Department, U. S. Relations with China, p. 343.

[41]The Peiping Executive Headquarters, under the Chinese agreement of Feb. 25, 1946, was responsible for organizing, equipping and training Chinese ground forces until the Headquarters was abolished. And although the U. S. did remove some restrictions on its advisory personnel after the Marshall Mission ended, American participation in training centers was primarily limited to the area south of the Yangtze River. Ibid., pp. 346-47.

and inspected some places.

. . . . . .

I assisted in the preparation of plans; what should be done, but so far as the actual implementation of the plans, neither I nor any of my people could be there. I was not responsible for operational activities.[42]

The American advisory teams made several contributions to the implementation of United States policy toward China.[43] Among the more important were the following: the establishment of training centers for all military branches and participation in the activities of those centers; the instruction of troops on a divisional level;[44] reorganization of the Chinese Naval and Ground Forces Headquarters; training of personnel to operate, maintain and repair naval vessels; providing advice designed to help develop effective supply techniques and procedures; and indoctrination of Chinese officers with the principles and methods used by Americans to organize and instruct army, air force and naval forces.

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[42]Testimony of June 22, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation and the Far East, 1951, Pt. 4, 2959-60, 2963. Elsewhere Barr noted that he personally advised the Generalissimo on operational affairs. In so far as responsibility was concerned, Barr was subject to direction by the U. S. Ambassador. Barr commented on this point as follows: "Our Ambassador (Stuart) was the overriding agency in China of the United States. I was an agency (sic) of the Joint Chiefs of Staff reporting directly to the Joint Chiefs of Staff, with the Ambassador exercising supervisory control over me and my keeping no secrets from the Ambassador." Ibid., pp. 3027, 3031.

[43]The analysis presented by this and the succeeding paragraph, except where noted otherwise, is based on excerpts of the final reports of JUSMAG, printed in State Department, U. S. Relations with China, pp. 341-51.

[44]Marshall stated on Feb. 20, 1948, that army advisers had had authority "for quite some time" to train Chinese troops on the divisional level in non-combat zones. House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 1569. Chennault, a strong critic of American policy which denied the use of advisory teams in operational areas, told the same committee on Mar. 10, 1948, however, that the advisers "principal duties seem to be to give lectures in classrooms in Nanking," while the fighting was going on "thousands of miles away." Ibid., p. 2236.

As extensive as these achievements were, they represented a performance below that which the advisers had expected to attain and only delayed the disintegration of the Nationalist military force. Final reports of the components of JUSMAG stated that the Ground Forces Headquarters operated in a "barely satisfactory manner." The Navy, it was stated, was never combat tested, and ships were denied freedom of operation after late 1948 out of fear that ships and personnel would be handed over to the Communists. According to these records the Air Force "never attained satisfactory operating standards"--it bombed, strafed and dropped supplies from altitudes too high to achieve accuracy. The only troop training center that produced satisfactory results was the one established on Formosa by the Nationalists in July, 1947. Nationalist effectiveness was also impaired by the impressment by local commanders of conscripts enroute to army centers and by the unwillingness of commanders to permit their men to remain in the training centers for any "appreciable period." Another difficulty facing American advisers, related by Marshall in early 1948, was that many soldiers were untrained. The Nationalists put men into battle too quickly, he stated, "sometimes within twenty-four hours of the time he arrives there (training center)."[45]

Material Assistance

The United States provided the National Government with a tremendous variety of military supplies after V-J Day: small arms and artillery with ammunition, non-nuclear bombs, aircraft, tanks and other motor vehicles, naval vessels, communications equipment, medical supplies, clothing and others. Total military grants and credits authorized from V-J Day to March

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[45]Comments on Feb. 20, 1948, cited in ibid., p. 1570.

21, 1949, amounted to approximately $998,700,000. Of this total $797,700,000 was in grants and $201,000,000 in credits.[46]

The aggregate value of aid rendered by the United States was considerably higher than these figures indicate, however. For example, these totals do not include the sales of surplus military equipment unless the transfers were made on credit terms. Thus, the figures cited above exclude the sales of surplus military equipment with an American procurement value of $102,047,487 and an ultimate United States realization of $6,700,000. The monetary evaluation of United States aid to the National Government also excludes the value of 6,500 tons of ammunition transferred at no cost to the Chinese by the marines in North China.[47]

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[46]See Appendix II, pp. 275-76. The Administration was opposed to the authorization of any additional military aid to China between Mar. 21, 1949, and the outbreak of the Korean war in June, 1950. However, President Truman did sign the Mutual Defense Assistance Act of 1949 (Public Law 329, 81st Cong., 1st Sess.) in Oct., 1949, which authorized $75,000,000 for military purposes at the President's discretion in the "general area of China." This Act was primarily intended to provide aid for European countries and was amended by Congress to include China. Administration and Congressional viewpoints are thoroughly covered in U. S., Congress, House, Committee on Foreign Affairs, Hearings, on H. R. 5748 and H. R. 5895, A Bill to Promote the Foreign Policy and Provide for the Defense and General Welfare of the U. S. by Furnishing Military Assistance to Foreign Nations (Mutual Defense Assistance Act of 1949), 81st Cong., 1st Sess., 1949; U. S., Congress, House, Committee on Foreign Affairs, A Bill to Promote the Foreign Policy and Provide for the Defense and General Welfare of the U. S. by Furnishing Military Assistance to Foreign Nations, 81st Cong., 1st Sess., 1949, H. Rept. 1265, on H. R. 5895, Pt. 2, pp. 68-70; U. S., Congress, Senate, Committees on Foreign Affairs and on Armed Services, An Act to Promote the Foreign Policy and Provide for the Defense and General Welfare of the U. S. by Furnishing Military Assistance to Foreign Nations, 81st Cong., 1st Sess., 1949, S. Rept. 1068, on H. R. 5895; and U. S., Congress, House, Mutual Defense Assistance Act of 1949, 81st Cong., 1st Sess., 1949, Rept. 1346, Conference Report to accompany H. R. 5895.

[47]The 6,500 tons of ammunition was transferred to the Nationalists between Apr.-Sept., 1947. State Department, U. S. Relations with China, Annex 171, pp. 940-42. Surplus military equipment was made available when lend-lease was terminated, and the figures cited are based on statistics available on Oct. 31, 1949. Under the agreements to purchase surplus military equipment the Nationalists bought the following: 130,000,000 rounds

An assessment of the American contribution should further note that no monetary value can be placed upon several types of assistance. This category of United States aid includes: (1) planning the redeployment of Nationalist troops for the occupation of areas liberated from the Japanese; (2) devising the Japanese repatriation program; (3) the aid contributed by the marines in North China in the form of occupation and guard duty; and (4) military assistance rendered by Marshall, Wedemeyer, Robertson and Byroade and by the military and naval advisory groups. And, finally, the United States indirectly provided military assistance through its economic aid program. For in this way the United States made it possible for the Nationalists to free some of their funds for the purchase of military supplies.

Material Aid during the Marshall Mission. Military assistance to China during the Marshall Mission was governed to a considerable extent by the concept underlying the Mission. In this connection it will be recalled that Marshall was sent to China to help the principals settle their differences through political negotiations, not through the use of armed might. An act by the President's Special Representative in mid-1946 to uphold his position as mediator further delimited the material assistance available to the National Government. It was on this occasion that Marshall imposed an embargo on the shipment of combat-type items to the Nationalists during the

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of rifle ammunition for $656,499.27 [procurement cost-$6,564,992.58] under contract dated June 25, 1947 [shipped July 14 and Aug. 11]; 150 C-46 air planes for $750,000 [procurement cost - $34,800,000] under contract dated Dec. 22, 1947. Additional purchases of small arms and artillery ammunition, 178 aircraft and 683 engines, and ordnance equipment were made for $5,308,148.11 [procurement cost - $60,682,494.96] between Jan. 1, 1948, and Oct. 31, 1949. U. S., Department of State, "Summary of United States Government Economic and Military Aid Authorized for China since 1937," [Mimeographed] 1950, p. 17, from The Papers of Harry S. Truman, Box 0-708, Folder 150 (1950-53), Harry S. Truman Library, Independence, Mo. Hereafter cited as "Summary of U. S. Government Economic and Military Aid Authorized for China since 1937," 1950, from The Papers of Harry S. Truman.

last five months of his stay in China.[48]

Military assistance during the Marshall Mission consisted of both grants and credits. United States aid was advanced in the form of services and a broad assortment of military material. The United States Navy furnished the Nationalists with supplies valued at approximately $17,700,000 under the Sino-American Cooperative Crganization Agreement (SACO). Delivery of the items, consisting primarily of ordnance, was made between September 2, 1945, and March 2, 1946. Though articles were transferred before the Marshall Mission was established, available figures do not indicate what percentage or total of the shipments had been made before Marshall's arrival in China on December 21, 1945. It is reasonable to assume, therefore, that the entire $17,700,000 can not be included in the total United States aid delivered during the Marshall Mission, and, of course, the Mission can not be credited with having originated the Agreement.[49]

American military assistance was provided for the Nationalists during the Marshall Mission under two other arrangements. On of these instances occurred when the American army withdrew from west China. The United States sold the Chinese Government a variety of expeditionary supplies--excluding combat material--for $25,000,000. Classified as a credit, $20,000,000 was accredited to this agreement, and a $5,000,000 down payment

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[48]The embargo, imposed in Aug., 1946, was not lifted until May 26, 1947, five months after the end of the Marshall Mission. And, according to Acheson's comments on June 5, 1951, deliveries of military aid were "extremely limited" from the end of the embargo until Jan. 1, 1948, with the exception of the shipment of the 130,000,000 rounds of small arms ammunition. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1948-49.

[49]SACO aid was in the form of a grant, and $14,000,000 of the total consisted of ordnance supplies and equipment. A breakdown of the items delivered is given in State Department, U. S. Relations with China, Annex 171, p. 940.

was incorporated in the surplus property sales agreement of August 30, 1946, to cancel part of the United States indebtedness to China.[50]

Lend-lease grants and credits constituted the remaining means of military assistance to the Chinese Government during the Marshall Mission. Total lend-lease furnished between V-J Day and March 21, 1949, amounted to $513,700,000 in grants and $181,000,000 in credits, or a total of $694,700,000.[51] China was the recipient of services and goods valued at $489,932,000 between V-J Day and December 31, 1945. Thus, the last figure given constitutes the value of lend-lease services and goods provided and transferred to China from V-J Day through the first ten days of Marshall's stay in China.[52] Additional items and services, valued at $204,768,000, were made available during the remaining year of the Marshall Mission and after it was terminated.[53]

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[50] Ibid., Annex 185, p. 1051.

[51] See Appendix II, p. 275.

[52] The figure $489,932,000 was determined by the following procedure: All lend-lease rendered China from Mar. 11, 1941, to Dec. 31, 1945, was military lend-lease. Total cost of such aid was $1,335,632,000 during this period and $845,700,000 for the shorter period of Mar. 11, 1941, to Sept. 2, 1945. Hence, the cost of lend-lease from Mar. 11, 1941, to Dec. 31, 1945 ($1,335,632,000) minus the cost of such assistance from Mar. 11, 1941, to Sept. 2, 1945, ($845,700,000) leaves $489,932,000. As Marshall did not arrive in China until Dec. 21, 1945, and as lend-lease statistics are not broken down into categories for the Mission per se, it is impossible to determine exactly how much of the assistance between Sept. 2 and Dec. 31, 1945 ($489,932,000) was furnished in the first ten days after Marshall landed at Chungking. The sum $1,335,632,000 is cited in U. S., President, 1945-53 (Truman), Twenty-Second Lend-Lease Report to Congress, 1945, House Doc. 663, p. 17. The derivation of lend-lease for Mar. 11, 1941, to Sept. 2, 1945, was based on State Department, U. S. Relations with China, Annex 185, pp. 1043-44, 1046.

[53] The figure $204,768,000 was derived by subtracting $489,932,000 from $694,700,000 (value of military lend-lease furnished after V-J Day). See Appendix II, p. 254, for lend-lease total after V-J Day. It is impossible to determine what lend-lease aid was provided for specific periods after Dec. 31, 1945, because official reports after that date are based

Military lend-lease was provided in a variety of ways during the Marshall Mission. Nationalist troops were transported by air to occupy areas liberated from the Japanese. The cost of the airlift was approximately $300,000,000. Additional assistance was provided to repatriate Japanese soldiers and civilians. Vehicles and ammunition valued at $68,000,000 and $50,000,000, respectively, were furnished out of American supplies in the Far East.[54] The United States also continued to transfer equipment to two programs initiated during World War II. Delivery of equipment for thirty-nine Chinese divisions, approximately fifty per cent complete on V-J Day, was realized by late December, 1945. The other project initiated during World War II--the transfer of planes to develop the 8 1/3-group program for the Chinese Air Force--was not completed during the Marshall Mission.

It should be further noted that military lend-lease was furnished on a reimbursable basis after June 28, 1946. The Military Aid Agreement of this date authorized an expenditure of $25,000,000 to assist the Nationalists in occupying liberated areas between June 30 and October 31, 1946. An additional $15,000,000 was provided to train Chinese military, air force and naval personnel between June 30, 1946, and December 31, 1947.[55]

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on "defense aid." This term (defense aid) included lend-lease appropriations by Congress to the President, plus assistance through the War and Navy Departments, the Maritime Commission, the Coast Guard, and funds pledged by foreign governments to finance the procurement of assistance on a cash reimbursement basis.

[54]U. S., President, 1945-53 (Truman), Twenty-Second Lend-Lease Report to Congress, 1945, House Doc. 663, p. 16. Truman stated on Dec. 18, 1946, however, that most of the shipments of Nationalist troops to occupy liberated areas "had been made or started when General Marshall arrived." State Department, U. S. Relations with China, Annex 114, p. 690.

[55]Text of agreement is found in U. S., President, 1945-53 (Truman), Twenty-Third Report to Congress on Lend-Lease Operations, for the Period Ending Sept. 30, 1946 (Washington: U. S. Government Printing Office, 1946), House Doc. 41, pp. 75-76. Though negotiations for a settlement of Chinese lend-lease were begun on June 28, 1948, current lend-lease reports indicate that no adjustment has been made.

Material Aid after the Marshall Mission. The United States continued to provide material aid to China during Marshall's two years as Secretary of State (January, 1947-January, 1949), including the fulfillment of lend-lease obligations incurred before the end of the Marshall Mission. Military assistance also included the abandonment of 6,500 tons of ammunition to the Nationalists in North China in 1947 and the sale of surplus military equipment to the Chinese Government in 1947-1949.[56] The primary means of assistance, however, was in the form of two new grants.

Two grants totaling $266,300,000 were initiated in 1947 and 1948. Congress authorized the President on July 16, 1946, to transfer 271 naval vessels to the Chinese Government. An agreement was signed between the two governments on December 8, 1947, to implement this statute, and 131 vessels with a procurement cost of $141,315,000 were transferred as of December 31, 1948. Deliveries included destroyer escorts, patrol ships and landing craft.[57]

The United States made one more effort to militarily assist the National Government during Marshall's tenure as Secretary of State. Even though the Administration did not seek authorization to extend additional military assistance to China, it agreed in 1948 to support congressional demands for such aid. Executive and legislative cooperation produced the China Aid Act which the President signed on April 3, 1948. This Act

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[56] Supra, p. 193.

[57] State Department, U. S. Relations with China, Annex 172, pp. 969, 971. Public Law 512 of the 79th Cong., 2nd Sess., required only that the President get congressional approval where vessels transferred were larger than destroyer escorts. The Secretary of the Navy (Forrestal) was authorized by Executive Order of the President on Apr. 25, 1947, to implement the statute, "subject to concurrence by the Secretary of State (Marshall)." Copies of the act of Congress and Executive Order are printed in ibid., Annex 171, pp. 943-45.

authorized a grant of $125,000,000 to be used "on such terms as the President may determine," and the full amount was appropriated on June 28, 1948.[58]

Responsibility for initiating the acquisition of supplies under the China Aid Program rested entirely with the Chinese Government. A decision to this effect was made by President Truman, and it was consistent with the views expressed by executive officials during congressional hearings on the China Aid Act. The Administration was opposed to any action on its part which would indicate that the United States was assuming responsibility for the policies or acts of the National Government. President Truman believed that his decision in this connection was now (after passage of the China Aid Act) fully supported by Congress. The President explained his position as follows in a letter to Senator Styles Bridges:

> All administrative checks and controls related to this program (China Aid Act) . . . will, of course, have to be carried out in a manner consistent with the clearly stated desire of the Congress that assistance furnished under this program shall not be construed as an expressed or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China at any time.[59]

Though the National Government was required to initiate individual requests for aid, the United States controlled the disbursement of funds. American policy stipulated that the Chinese Government could either procure items or have United States governmental agencies perform this function. Upon completion of the procurement process, however, requests for payment and documentation supporting the purchase had to be submitted to the

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[58]See supra, pp. 156-63, for analysis of the attitude of the Administration and the Congress toward aid for China during early 1948 and the related authorization and appropriation measures pertaining to the China Aid Act.

[59]Excerpt from letter of President Truman dated July 28, 1948, to Sen. Bridges of New Hampshire, Chairman, Senate Committee on Appropriations, cited in U. S., Congressional Record, 80th Cong., 2nd Sess., 1948, XCIV, Part 12, A5082.

Department of State. If the Department approved the claim, it directed the United States Treasury Department to honor the requisition.[60] The United States further controlled the disbursement process under the China Aid Program by determining the price China had to pay for the items. According to Brigadier General T. S. Timberman, the United States applied the pricing formula that had been used since mid-1947 to implement the aid programs for Greece and Turkey. The prescribed rates were, he noted, as follows:

> 1) Items entirely surplus to the needs of the United States armed forces are sold at surplus prices, averaging ten per cent of 1945 procurement cost price.
> 2) Items stored as war reserve, i.e., needed to equip units in event of a mobilization, are sold at 1945 procurement cost price.
> 3) Items needed for current use of the United States armed forces and which if disposed of must be replaced immediately are sold at current replacement costs.
> 4) . . . items which are not available in stock must be procured and are charged to the foreign government at the exact price charged by the manufacturer, plus any costs involved for handling and shipping.[61]

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[60] From June 2 to July 28, 1948, only the Chinese Government was authorized to procure military supplies under the China Aid Act. On July 28th President Truman authorized U. S. governmental agencies to acquire supplies for the Nationalists if requested to do so by the Chinese Government. U. S. policy in relation to the procedure for procurement and payment is based on letters of the above dates from Truman to Sec. Marshall. Copies of the letters are printed in State Department, U. S. Relations with China, Annex 171, Secs. VII, X, pp. 947, 949-50.

[61] Timberman was Chief of Operations Group, Plans and Operations Division, Office, Chief of Staff, U. S. Army. His comments, made in a statement submitted to the House Committee on Foreign Affairs on June 21, 1949, are printed in ibid., Annex 174, p. 979. Sen. Knowland of California later strongly criticized the implementation of the pricing formula when he stated that Greece and Turkey were charged only 1/10th the price paid by China for the same equipment. The Senator's criticism was partially answered by a State Department document which noted that the Chinese primarily sought items which were no longer in surplus stocks of the U. S. army. Thus, the National Government was charged the price necessary to replace the items if transferred from the U. S. army or the manufacturer's price if purchased commercially. Knowland's comments of June 22, 1951, are found in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, pp. 3043-44; for Administration explanation see State Department, U. S. Relations with China, Annex 172, p. 974.

There was some delay in initiating the shipments of military supplies purchased under the China Aid Program.[62] The lag in initial deliveries was due in part to the lapse of time between the approval of authorization and appropriation measures by United States governmental officials. President Truman signed the China Aid Act on April 3, 1948, but Congress did not pass the appropriations act until June 19. The President signed the apprcpriations bill on June 28 and notified the Chinese Ambassador on June 29 of the terms governing the transfer of the $125,000,000 in grants to the National Government.[63] Chinese officials in Washington also contributed to the delay in early shipments. In attempts to secure supplies at the lowest possible price, Nationalist representatives in Washington deferred placing their orders until they had checked with several possible commercial sources. General Timberman stated that on one occasion the Chinese

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[62]There was considerable controversy over the "delay" in shipments under this program. Ambassador Stuart, in China at the time, stated that deliveries were "extremely slow." Wedemeyer accused the Administration of "thwarting the intent of the China Aid Act by delaying the shipment of munitions to China until the end of that critical year (1948)." Stuart, p. 244; Wedemeyer, p. 379. Several Representatives also attacked the tardy implementation of the program, stating that "No arms or ammunition . . . reached the Chinese forces until Dec., 1948, eight months after the law was passed." This report was signed by several minority members of the House Committee on Foreign Affairs: Charles A. Eaton, Robert B. Chiperfield, John M. Vorys, Francis P. Bolton, Lawrence H. Smith, Chester E. Merrow, Walter H. Judd, John Davis Lodge, and Donald L. Jackson. U. S., Congress, House, Committee on Foreign Affairs, Extension of the European Recovery Program, 81st Cong., 1st Sess., 1949, H. Rept. 323, Pt. 2, Minority Views to accompany H. R. 3748, p. 4. There is some evidence, however, that the shipments were not as late or as inadequate as the congressional minority report indicated, and that the U. S. was not altogether responsible for the delays which did develop. These points are treated below.

[63]Letter of Charles E. Bohlen, Counselor, Department of State, to Sen. Bridges, dated July 1, 1948. Printed in U. S., Congressional Record, 80th Cong., 2nd Sess., 1948, XCIV, Pt. 12, A5080-81. The Chinese did not submit a request for withdrawals from program funds until July 23, 1948, but they did use some of the money prior to this date to pay for military material already purchased. State Department, U. S. Relations with China, Annex 172, p. 972.

"delayed placing their order for small arms and accessories for about a month" while they canvassed available price indexes.[64]

In spite of obstacles to the acceleration of deliveries, two significant shipments were made even before the National Government requested any withdrawals of funds to pay for the military material. Two vessels loaded with 10,000 tons of small arms and artillery left Hawaii for China on July 3 and July 16, 1948.[65] As indicated by Table 3, the monetary valuation of monthly shipments increased rapidly during late 1948--from approximately $1,900,000 in September to $7,000,000 in October and $20,600,000 in November. Deliveries reached their peak during December when $28,219,000 in supplies were made available to the National Government. By December 31, 1948, a few days before Marshall resigned as Secretary of State, approximately $61,000,000 in military material had been transferred under the China Aid Program.[66]

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[64]Timberman's statement to House Committee on Foreign Affairs on June 21, 1949, referred to an order prepared during Aug.-Sept., 1948, and is printed in State Department, U. S. Relations with China, Annex 174, p. 976. One order, submitted to the U. S. Department of the Army in July, 1948, was not filled until Nov. Barr's explanation of the delay was that the Nationalists submitted a revised list for small arms and ammunition in Sept. as items requested were not immediately available, and used thirty days "shopping around" to see if they could buy supplies from "wildcat outfits before telling the (U. S.) Government to go ahead." Testimony of June 22, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 4, 3037-38.

[65]State Department, U. S. Relations with China, Annex 172, p. 973.

[66]Items shipped through Dec. 31, 1948, were procured by U. S. Government agencies as follows: Army, $40,018,200.09; Navy, $3,848,000.00; Air Force, $1,735,639.56; Bureau of Federal Supply, $781,216.97; and Office of the Foreign Liquidation Commissioner, $1,215,734.65. The Chinese Government procured the remaining $13,360,000.11 in supplies which were shipped through Dec. 31, 1948. Shipments included small arms and ammunition (in July, Oct., Nov., and Dec.), artillery ammunition, aircraft, aircraft spare parts, aviation gasoline, communications equipment, naval and medical supplies, and tanks. Ibid., Annex 171, pp. 953-55.

TABLE 3

MONTHLY SHIPMENTS UNDER CHINA AID PROGRAM, JUNE, 1948-APRIL, 1949[a]

	Month		Shipments
1948	-June	. . .	$ 19,197.74
	July	. . .	344,869.09
	August	. . .	1,043,026.74
	September	. . .	1,913,942.17
	October	. . .	7,006,893.91
	November	. . .	20,644,970.71
	December	. . .	28,219,461.65
	Undistributed[b]	. . .	1,766,429.37
	Subtotal	. . .	$60,958,791.38
1949	-January	. . .	3,293,358.48
	February	. . .	11,779,170.87
	March[c]	. . .	2,784,178.90
	April	. . .	7,553,850.35
	Subtotal	. . .	$25,410,558.60
	Grand Total	. . .	$86,369,349.98

[a]Based on statistics found in State Department, U. S. Relations with China, Annex 171, Secs. XVI-XXI, pp. 953-69.

[b]Available records do not indicate month in which shipment was made.

[c]Total was low because shipments were suspended during most of March at the request of Acting President Li Tsung-jen while the Executive Yuan was being reorganized. Ibid., Annex 172, p. 974.

By November and December, 1948, however, the Nationalists were on the defensive and were being soundly defeated in practically every military engagement. Tremendous losses in military equipment were offsetting the shipments to the mainland. Secretary Acheson described the situation as follows on June 4, 1951:

> By the end of 1948 the struggle in North China had virtually ended with the complete collapse of the Nationalist armies. Eighty per cent of all the material which we had furnished, both during the war (World War II) and after, to the National Government, was lost; and seventy-five per cent of that is estimated to have been

captured by the Communists.[67]

At the request of the Chinese Government shipments were made to Formosa after December, 1948, to prevent stocks from falling into the hands of the Communists. Monthly deliveries for early 1949, according to Table 3, never did reach the totals amassed during November and December, 1948. Nevertheless, over $25,000,000 in military supplies and equipment were dispatched to their destination during January-April, 1949. The total $125,000,000 appropriated under the program was disbursed by the Department of the Treasury as of April 1, 1949.[68] By November 1 materials purchased for $115,823,200 had been shipped to China and Formosa.[69]

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[67]Statement by Acheson, printed in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East. 1951, Pt. 3, 1856. Forrestal, then Secretary of Defense, referred to these disastrous losses of equipment by the Chinese in his diary entry of Nov. 26, 1948, when he stated that "equipment for thirty-three divisions, including 297,000 rifles, a large amount of automatic weapons, 105 and 155 millimeter guns and antiaircraft weapons" had been captured by the Communists. Millis (ed.), p. 533.

[68]The U. S. Treasury disbursed the $125,000,000 to U. S. agencies and the Chinese Government as follows: (1) U. S.--Army, $64,595,178.25; Navy, $6,892,020.00; Air Force, $7,750,000.00; Bureau of Federal Supply, $13,765,522.12; Office of Foreign Liquidation Commissioner, $2,690,910.88; and (2) the Chinese Government--$29,306,368.75. The Chinese Government then allocated the total sum for purchase of items for the following arms of the Government as follows: Air Force, $28,000,000; Army, $87,500,000; and Navy, $9,500,000. State Department, U. S. Relations with China, Annex 171, pp. 952-53, and Annex 172, p. 973.

[69]"Summary of United States Government Economic and Military Aid Authorized for China since 1937," 1950, p. 17, from The Papers of Harry S. Truman. Acheson said on June 5, 1951, that $4,500,000 of the original grant still remained unshipped on Feb. 28, 1951. He noted, however, that $3,500,000 of the total were in procurement. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 3, 1929-30. Actually, President Truman suspended all military assistance, other than that not delivered under the China Aid Act, to Formosa on Jan. 5, 1950, and did not lift the suspension until the Communist attack on Korea in June, 1950. Stuart, pp. 269, 274.

China's problems were not just political and military ones, however. And United States policy toward China was not framed with only these two factors in mind. American policy makers also perceived adverse economic conditions and sought to lessen their severity. The following chapter is an assessment of what the United States did in the economic field.

CHAPTER V

UNITED STATES ECONOMIC ASSISTANCE TO CHINA, 1945-1949

United States Economic Policy: Positive and Negative Aspects, 1945-1949

United States post-war policy, as specified by President Truman in December, 1945, recognized that China needed foreign economic assistance to revitalize its economy. With this objective in mind, Marshall's instructions stipulated that the United States would consider Chinese requests for credits and loans designed to strengthen China's economic position as soon as China showed progress toward reorganizing the government and the army. As in the case of military assistance, economic aid was to be extended to the Government as reorganized under the resolutions of the Political Consultative Conference.

Implementation of United States economic assistance on this basis meant support of a coalition government. This point was brought out by a letter from the Department of State on October 2, 1946, which Senator Knowland read into the record of congressional hearings on May 11, 1951. The State Department letter was signed by William L. Clayton, Assistant Secretary of State for Economic Affiars, and was in reply to one from Admiral W. W. Smith, Chairman of the United States Maritime Commission. Smith's letter asked the Department to express its views on the extension of credit to China by the Maritime Commission for the purchase of vessels under the Merchant Ship Sales Act of 1946. Clayton's reply was as follows:

> The Department of State has no objection to the negotiation and conclusion of a credit for the above purpose.
> In accordance with general policy toward credit assistance to China, however, the Department requests that any transfer of war-built commercial-type vessels to China on a credit basis be subject to the following proviso: 'It is the desire of the United States Government that these commercial-type vessels be destined for a united and democratic China under a coalition government.'[1]

The authorization of American economic assistance to China during the Marshall Mission was marked by a relatively quiet and receptive home-front. There was no organized Congressional opposition to the granting of economic aid to the Republic of China, and Administrative agencies responded favorably. Marshall was acclaimed for the good job he was doing in China when he returned to the United States in March, 1946, to secure material aid in support of his mission. And though Marshall did place an embargo on the shipment of combat-type items to China in August, 1946, this action did not apply to economic assistance.

After the American mediation attempt was ended in January, 1947, the United States withdrew its support from all efforts to create a Chinese coalition. Political overtures were replaced with military and economic assistance. Economic assistance was extended with a two-fold objective in mind: (1) to alleviate the suffering of the Chinese people, and (2) to encourage Chinese self-help.

From this date [January, 1947] until the National Government fell, American officials were basically guided by three factors. First, the

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[1]Smith's letter referred to the extension of a credit of $76,000,000 for the purchase of 159 war-built vessels. Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Pt. 1, 553. State Department policy was changed but not until after the Marshall Mission. Acheson told the same committees on June 5, 1951, that Clayton's letter was superseded by one from Assistant Secretary Garrison Norton to Smith on Apr. 18, 1947. Smith, Acheson said, was advised "to go ahead and transfer the ships." Ibid., Pt. 3, 1930.

Chinese economic problem was considered to be primarily an internal one. Though the United States recognized that the National Government needed foreign assistance to help revitalize its economy, American officials did not believe that the Nationalists could achieve that objective by relying solely on external support. It is true that the United States used much of 1947 in trying to specifically determine what measures would best aid the Nationalist cause. Marshall had decided in early July, 1947, however, that the Chinese would have to make the "fundamental and lasting" contribution to the solution of their own problem.[2] Second, American statesmen contended that the distress of the masses could not be removed nor could a stable economy be attained as long as the civil war continued. Thus, it was imperative that the National Government, through its own efforts, find some means of ending the military conflict. Success in this endeavor would permit the diversion of war revenue to reconstruction and rehabilitation projects. And, third, Secretary Marshall cautioned that American economic assistance should not be considered to be either an express or implied assumption by the United States of any responsibility for policies or actions of the Government of China.[3] By early 1948 the American Administration concluded that economic aid to China should not be made available on a long-range basis. Congress supported this view when it passed the China Aid Act in April, 1948. This last point is well stated by the report of the Senate Foreign Relations Committee which was submitted to the Senate by its Chairman, Senator Vandenberg, on March 25, 1948:

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[2] Supra, Chapter III, n. 85. Also see Marshall's comments of Feb. 20, 1948, in ibid., n. 98.

[3] Marshall's advice was followed and given the effect of law in Sec. 402 of the China Aid Act. The Secretary's comments were made before the House Committee of Foreign Affairs on Feb. 20, 1948, and are printed in State Department, U. S. Relations with China, Annex 175 (b), pp. 983-85. The China Aid Act is printed in ibid., Annex 179, pp. 991-93.

> Under the present circumstances, it is difficult to develop a practical, long-term, over-all program for China's economic recovery, predicated upon outside assistance from the United States. We must deal with developments as they unfold. As in all foreign-aid programs, we must make it plain that our commitments are confined to the terms of this legislation.[4]

Thus, as indicated above, United States policy was firm in both its positive and negative aspects. There is, moreover, some justification for the belief that the negative position of the United States course of action was less flexible than the positive one. This last point--what the United States would not do to implement its policy--requires further elaboration on two points: (1) refusal to extend a currency stabilization loan, and (2) restrictions on the availability of economic advisors.

Nationalist officials were particularly insistent during and after 1947 that the United States provide a currency stabilization loan. The National Government contended that the Chinese had more confidence in silver than in paper currency. Therefore, it was said, a silver loan could be used to absorb some of the paper currency and restore the confidence of the Chinese people in the monetary system. United States officials of the State and Treasury Departments consistently opposed such a loan and one was never made. The United States position on this issue was that the currency crisis was essentially the result of the internal budget deficit, not that of a shortage of foreign exchange. Consequently, massive deficit spending would have to be curtailed before a monetary measure would have any appreciable effect. Further, American personnel noted, the extension of a silver loan might subsequently involve the United States in a "moral responsibility" to provide larger amounts of silver to develop a new currency. In addition, American executives observed that there was no assurance

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[4]Quoted from Sparkman, Review of Bipartisan Foreign Policy Consultations since World War II, 1952, Senate Doc. 87, p. 22.

that the Nationalist budget would be balanced even if the United States provided enough silver to completely replace the paper currency in circulation. Nor, for that matter, could the United States even be sure that the National Government would not at a later date use paper currency to finance its deficit.[5]

The negative aspect of the United States course of action was also apparent in regard to the availability of American economic advisors. A distinction was made by the United States, however, between the assignment of a "supreme economic adviser" to the National Government and that of personnel with supervisory and advisory functions in connection with various aid programs. Marshall believed that the Chinese were more disposed to rely upon external assistance than upon their own efforts. He held other reservations on the designation of an American as a "supreme economic adviser," however, and he informed Ambassador Stuart accordingly on January 12, 1948:

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[5]Other American objections to the extension of a currency stabilization loan to China were: (1) World prices and market conditions were too unstable for a currency system based on silver. The external value of such a system, it was noted, would be adversely affected by foreign conditions which were not related to those in China. (2) China was a member of the International Monetary Fund and had committed itself "in principle to the stability of exchange rates in terms of gold." Therefore, the United States contended, both nations would be violating their own commitments if China, with American assistance, established a silver standard currency. Based on reports of conferences between officials of the Departments of State and the Treasury in July, 1947, and Feb., 1948, printed in State Department, U. S. Relations with China, pp. 367-69, and in Annex 177, pp. 987-89. Clarence E. Gauss, Ambassador to China immediately before Gen. Hurley and subsequently a board member of the Export-Import Bank, also opposed a currency stabilization loan to China. He stated during congressional hearings on the proposed China Aid Act that the Chinese could not embark on a currency stabilization program until there was a "certain degree" of peace and stability in the country. Testimony of Mar. 8, 1948, in House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2194. The Administration gave its final answer to such a loan when Sec. Acheson informed Congress in Mar., 1949, that the executive branch was opposed to a proposed $1,500,000,000 loan to China which included $500,000,000 for assistance toward stabilizing the Chinese currency system. Supra, Chapter III, n. 107.

> There are, ... , two obvious and serious disadvantages to appointment of a 'supreme economic adviser': First, there is the basic question of how effective under present circumstances in China he can be and secondly, and more important, the strong implication that his presence would carry of continuing United States responsibility for economic, financial and governmental situation in China, a responsibility which the United States cannot assume and which China and other countries must not be misled to believe has been or is going to be assumed.[6]

Though the United States had made some technical and advisory personnel available for the implementation of aid programs, particularly for UNRRA, American policy on these matters was reexamined during and after the China aid hearings in 1948. Marshall's views, as expressed to Ambassador Stuart, are particularly revealing. The Secretary wrote on May 7, 1948, that the United States should think in terms of three different kinds of personnel and functions. First, technical personnel would be needed in advisory capacities for reconstruction projects. It was in this area, Marshall believed, that the greatest number of Americans should be used in advisory positions. Second, American advisors should not be assigned to Chinese Government agencies that distributed American aid commodities. United States personnel in these instances, Marshall said, should be employed by the United States mission involved and should confine themselves to observation and reporting duties. And, third, basic fiscal and other policy problems, including the reduction of military expenditures, could not be solved through technical advice. Endeavors for improvements along these lines, Marshall noted, should be left to "continuous effort . . . by well-timed informal pressure at top levels, e.g., by the Chief of the ECA Mission and top Embassy officials."[7]

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[6]State Department, U. S. Relations with China, Annex 178 (a), p. 990.

[7]Ibid., Annex 178 (b), pp. 990-91.

It is now well established, of course, that American economic assistance was not a panacea for China's economic and financial problems. China was, as has been noted earlier, a military theater and an arena of political intrigue and propaganda charges. China was also, however, in need of economic assistance. The remaining pages of this chapter will analyze the economic and financial conditions in China and the American effort to arrest the deterioration in these areas.

Economic Deterioration in Nationalist China

There was some justification on V-J Day for guarded optimism that China, under certain conditions, would be able to recuperate economically and financially from eight years of war.[8] But as the post-war period lengthened it became increasingly evident that the National Government was confronted with a foe more formidable than its enemy during World War II. In addition, the Republic of China retained all the problems of previous years. The cumulative effect of the Republic's economic ills--both old and current--sapped the vitality of, and the popular enthusiasm for, the regime of Chiang Kai-shek while helping to generate the Communist upsurge. It is not always easy to determine whether a particular factor was a cause or a result of China's economic status. There is irrefutable evidence, however, that economic corrosion and its psychological impact were major determinants of the Nationalist collapse.

It is difficult to understand how the National Government retained its equilibrium as long as it did. Any one of several factors, if unchecked, could have caused serious repercussions. But China was not so fortunate. Collectively, and nearly incessantly, diverse elements interacted

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[8] Supra, pp. 62-63. But see pp. 63-64.

upon each other until the Republic's economic stability and popular support were irreparably damaged. These forces included the following: skyrocketing prices, voluminous note issues, a deteriorating currency exchange rate, grossly inadequate revenue means, and the steady depletion of foreign exchange reserves. At one time or another and in varying degrees there were deleterious consequences--civil demoralization and impoverishment, stagnated production, governmental readiness to rely on deficit financing and foreign assistance, a fragmented economy, and speculation and hoarding.

Drastic measures were needed of course, but they did not materialize. Failures in the military and political areas were paralleled by those in the economic sphere. The people suffered, became apathetic toward the National Government, and withdrew their support from it. According to Ambassador Stuart, the masses became disconsolate and cared for neither the Kuomintang nor Communist ideology. The Chinese, he stated, wanted only "peace" and "mere bodily existence."[9] Henry R. Lieberman, New York Times correspondent, noted in early 1948 that the loss of popular confidence had spread to some of Chiang Kai-shek's former supporters. Lieberman wrote that he had talks with some of these people--businessmen, bankers, intellectuals and technicians--and had been told that Chiang once had been considered a "sacrosanct political symbol." Thus, though criticism had

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[9]Stuart, pp. 181, 189-90. Roger D. Lapham, Chief of the ECA Mission to China for administering the China Aid Act, agreed with Stuart. Lapham added that the Chinese were interested primarily in food and secondarily in governments. "The great majority of them," he observed, "are more interested in where their next meal is coming from than they are in what party controls their central government." Lapham, "The Chinese Situation As I Saw It," Paper read before the Commonwealth Club of California, San Francisco, Calif., Sept. 8, 1949, p. 5, [Mimeographed] in the files of Rep. Helen Gahagan Douglas, Division of Manuscripts, University of Oklahoma Library, Norman, Okla. Cited hereafter as Lapham, "The Chinese Situation As I Saw It," Sept. 8, 1949. Lapham held this position from May 5, 1948, to June 30, 1949.

been leveled at the Government and some of its officials, Chiang had not been attacked. This practice, the columnist's sources indicated, no longer prevailed. Lieberman's information revealed that the Generalissimo's loss of personal prestige was due to: (1) the Nationalists' military defeats, (2) mounting inflation, and (3) the Government's ineptitude in financial matters.[10]

The paramount post-war economic problem--hyperinflation--was clearly indicated by spiralling prices, increasing disparity between the exchange rates of American and Chinese monetary units, and uninterrupted deficit financing. Though the Republic's economic collapse was not determined solely by economic causes these forces did contribute significantly to that downfall. Further, Nationalist action and inaction aided the inflationary process.

Prices soared to such heights during 1945-1949 that not even the terms "inflation" and "hyperinflation" seem to possess the qualities requisite for depicting the trend upward.[11] A Department of State publication stated that wholesale prices in Shanghai increased more than seven times during 1946 and that the growth during the year averaged approximately

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[10]Lieberman's column in New York Times, Mar. 2, 1948, p. 14. Stuart reported to Marshall on Dec. 21, 1948, that Chiang had lost the confidence of the "politically conscious citizens" and that of "most officials of all ranks in Government." State Department, U. S. Relations with China, Annex 165 (f), p. 898.

[11]Analysis of the years 1937-1947 is indicative of the pattern. For example, a report by a senior staff official of UNRRA, using statistics of the Central Bank of China, stated that wholesale prices of basic commodities for the period Nov., 1945-Oct., 1947, rose 44.3 times over those of the preceding two-year period of Sept., 1943-Aug., 1945. Further, the report declared, prices for the period July, 1937-Oct., 1947, increased 58,474-fold or 5,847,400 per cent. The figures for 1937-1945 are for Chungking; those for 1946-1947 are for Shanghai. Price, "UNRRA in China," UNRRA, Operational Analysis Papers, No. 53, Apr., 1948, p. 79.

twelve per cent per month.[12] The acceleration continued after Marshall left China in January, 1947. By February, 1947, according to Chang Kia-Ngau, wholesale prices in Shanghai almost doubled every sixty to ninety days. At the end of the year, he noted, the level of wholesale prices in the same city had risen to nearly fifteen times that of the preceding December and had risen twice as much during 1947 as they had during 1946.[13]

There was no permanent relief. The year 1948 was a crucial one in many respects for the Nationalists and the masses, and the inflation in prices was just one measure of their precarious state. A prominent Chinese economist has declared that inflation was so bad in Shanghai in October, 1948, that retailers refused to sell their merchandise at official prices. "Even the restaurants," he observed, "refused to do business."[14] The economic insecurity facing the businessmen was amply attested to by a

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[12]State Department, U. S. Relations with China, pp. 221, 361. A work prepared under the direction of the Chief Historian of UNRRA stated that the general index number of wholesale prices of basic commodities in Shanghai, using Jan.-June, 1937 average as a base of 1, soared from 5,713 in Dec., 1946, to 83,796 in Dec., 1947. Woodbridge, II, 394.

[13]Chang Kia-Ngau, pp. 72, 74. Harry B. Price removed all complexity from the explanation of this matter as follows: "The Chinese dollar depreciated so rapidly in purchasing power that a December 1947 dollar was worth considerably less than one per cent of a January 1945 dollar." Cited in Woodbridge, II, 398. It is probably apparent that the author has commonly used statistics relative to the situation in Shanghai. This practice has been followed for two basic reasons: (1) available sources cite figures for Shanghai more consistently than those for other areas, and (2) Shanghai was the financial nerve center of the Chinese Republic. However, Chang Kia-Ngau does compare prices in five coastal cities with those of five interior municipalities, and in all instances prices in the coastal cities greatly exceeded those of the interior urban areas in Sept., 1947. As for the rural regions, Chang Kia-Ngau indicated that their economic treatment by the Nationalists was basically similar to that of the Government's military policy--in both instances the rural areas were practically abandoned to their own fate. The rural areas responded, he noted, by hoarding their products and by resorting to a barter economy. Chang Kia-Ngau, pp. 99-103.

[14]Chang Kia-Ngau, p. 80.

United States Government publication. According to this 1949 source, wholesale prices in Shanghai in August, 1948, were more than three million times those of the period January-June, 1937. In addition, it was noted, prices in the same city had increased more than forty-five times during the first seven months of 1948.[15]

Inflation was further reflected by an increase in the cost of living. Living expenses in Shanghai during the first quarter of 1948, for example, rose 185 per cent and 200 per cent, respectively, for industrial and occupational workers and for salaried employees. Clearly uncontrolled, commodity prices shot upward during the first quarter of 1949, and the cost of living in Shanghai increased fifty times in the same three months.[16]

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[15]State Department, U. S. Relations with China, p. 399. The inflation of prices cited for the first seven months of 1948 remained unchecked throughout the remainder of the year. By the end of Dec., 1948, prices in Shanghai were 26.6 times the Aug. 19, 1948, level. U. S., Congress, House, Third Report to Congress of the Economic Cooperation Administration, for the Quarter Ended Dec. 31, 1948, 81st Cong., 1st Sess., 1949, House Doc. 179, p. 77. Cited hereafter as U. S., Congress, House, Third Report . . . of the Economic Cooperation Administration, 1949, House Doc. 179.

[16]Statistics used for 1948 were cited in U. S., Congress, House, Third Quarterly Report to Congress on the United States Foreign Relief Program, for the Quarter Ending Mar. 31, 1948, 80th Cong., 2nd Sess., 1948, House Doc. 782, p. 68. Cited hereafter as U. S., Congress, House, Third Quarterly Report . . . On the U. S. Foreign Relief Program, 1948, House Doc. 782. Living expenses for Shanghai in 1949 were taken from U. S., Congress, House, Fourth Report to Congress of the Economic Cooperation Administration, for the Period Jan. 1-Apr. 2, 1949, 81st Cong., 1st Sess., 1949, House Doc. 308, p. 78. Cited hereafter as U. S., Congress, House, Fourth Report . . . of the Economic Cooperation Administration, 1949, House Doc. 308. The disproportionate wage-price relationship influenced the Government in early 1947 to adjust the earnings of its employees on a monthly basis with reference to the cost of living index. The result was an increase in the Government's payroll of CNC $125,000,000,000 per month for the period Apr.-Aug., 1947, and an increase of CNC $85,200,000,000 and CNC $871,800,000,000 per month, respectively, for the periods Sept.-Dec., 1947, and Jan.-Apr., 1948. The Government, through the adoption of an automatic wage increase on the basis of the cost of living, tried to extricate itself from one difficulty [low morale of the civil servants] by plunging itself into another [contributing to the perpetuation of an automatic increase in the wage-price spiral]. Chang Kia-Ngau, pp. 155-57.

The increasing disparity between the exchange rates of American and Chinese monetary units also reveals the accelerating pace of inflation. Though a perusal of Appendix I will explain the alarming trend, a brief reference will be made to some selected time periods. Whereas a United States dollar would purchase twenty CNC dollars at the official rate and CNC $1,320 on the actual market when Marshall first arrived in China in 1945, both the official and black market rates steadily climbed upward during the Marshall Mission. When Marshall left China in January 1947, the official and black market rates of exchange had risen to CNC $3,350 and CNC $6,790, respectively, for one American dollar. The disparity increased thereafter until the official rates of exchange for one United States dollar reached CNC $7,094,625 by mid-August, 1948 and GY $240 in January, 1949. Corresponding actual market figures were CNC $8,683,000 and GY $700, respectively.[17]

Other factors reflected and contributed to the adverse economic position of the National Government. Two additional facets of the story--budget deficit and note expansion--deserve special consideration, however.

As the post-World War II period lengthened, civil war spread and mounted in intensity. Government revenue increased, but, as indicated by Table 4, expenditures rose at a greater rate. The Government's revenue shortage climbed from CNC $1,106,696,000,000 when Marshall arrived in China in December, 1945, to CNC $4,697,802,000,000 when he left in January, 1947.

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[17]See Appendix I, pp. 272-73. For explanation of gold yuan (GY) figures, see ibid., n. c. According to a U. S. Government publication, the GY on Apr. 1, 1949, was depreciating faster than it could be printed. U. S., Congress, House, Fourth Report . . . of the Economic Cooperation Administration, 1949, House Doc. 308, p. 78. Chang Kia-Ngau cited Central Bank of China statistics which leave little doubt on this score. The official and actual market exchange rates had risen from GY $240 and GY $700, respectively, per U. S. dollar in Jan., 1949, to GY $205,000 and GY $813,880 per U. S. dollar in Apr., 1949. Chang Kia-Ngau, p. 383.

Revenue as per cent of expenditure had fallen from 52.8 to 38.0 during the same period. According to Table 4 there still was no basis for optimism when the United States Congress passed the China Aid Act in April, 1948.[18]

TABLE 4

GOVERNMENT REVENUE, EXPENDITURE, DEFICIT, AND REVENUE AS PERCENT OF EXPENDITURE, 1945-1948[a]

(CNC $ MILLION)

Year	Government Revenue[b]	Government Expenditure[b]	Government Deficit	Revenue as Percent of Expenditure
1945	1,241,389	2,348,085	1,106,696	52.8
1946	2,876,988	7,574,790	4,697,802	38.0
1947	14,064,383	43,393,895	29,329,512	32.4
1948	220,905,475	655,471,087	434,565,612	34.8

[a]Based on Tables 23 and 49 in Chang Kia-Ngau, pp. 71, 158. Statistics for 1948 are for Jan.-July.

[b]Close observation will reveal that Government expenditure in 1946 increased by 3.2 times over that of 1945 while the rate of revenue growth during 1946 was only 2.3 times that of the preceding year. Further, Nationalist expenses during 1947 increased by 5.7 times over that of 1946 while income during 1947 only increased by 4.9 times over that of the preceding year.

Significance must also be attached to the fact that the National Government relied heavily on non-tax, and primarily non-recurring, sources of revenue. This was particularly true during 1945 and the period of the Marshall Mission. These sources of Government income included remittances from overseas Chinese, sales of property formerly held by Japanese and

[18]Military collapse of the Nationalists in early 1949 was accompanied by destruction of their economic position as well. Ambassador Stuart wrote of the situation as follows: "In April (1949) the Government had an income of five per cent of its expenditures, but more than this amount was expended in its collection." Stuart, p. 226.

collaborationists during World War II, and proceeds from sales of foreign exchange[19] and surplus American stores which the Chinese had purchased from the United States. Though Table 5 shows that the non-tax revenue declined from 1945 through 1947, the percentage was still high in 1947.

TABLE 5

TAX REVENUE, NON-TAX REVENUE, AND REVENUE FROM SALES OF BONDS AS PERCENT OF TOTAL REVENUE, 1945-1947[a]

Item	1945	1946	1947
Tax Revenue as Percent of Total Revenue[b]	8.2	42.3	65.0
Non-Tax Revenue as Percent of Total Revenue	86.7	57.6	30.8
Revenue from Sales of Bonds as Percent of Total Revenue	5.1	0.1	4.2
Total	100.0	100.0	100.0

[a]Percentages for non-tax revenue are given in Chang Kia-Ngau, Table 49, p. 158. Other percentages were based on statistics given in ibid.

[b]Indirect taxes (customs, salt, and commodities) constituted more than seventy-five percent of total tax revenue during 1945-1947, whereas direct taxes (business, income, land, inheritance) never comprised more than 22.3 percent of total tax income. This represented a percentage drop from 99.5 for indirect taxes in 1936-1937 and an increase from 0.6 for direct taxes for the same period. Based on ibid., Table 50, p. 160.

[19]The Government's economic status was particularly disrupted by the drain on its foreign exchange reserves. This condition existed during late 1945 through early 1947 because the Nationalists sought to combat inflation by selling gold, thereby absorbing excess currency from circulation. Thereafter, the Government procured imports with foreign exchange reserves because the low level of exports had not provided the necessary means of payment. Reserves of gold and U. S. dollars held by China on V-J Day amounted to US $900,000,000. The following totals (all figures in US $) reveal the extent of their steady depletion as of the dates indicated: Jan., 1947 - $450,000,000; Oct., 1947 - $300,000,000; Apr. 1, 1949 - $160,000,000. The 1949 figure was released by the Central Bank of China. State Department, U. S. Relations with China, pp. 222, 370, 403. An analysis of statistics (all figures in US $) given by Chang Kia-Ngau helps to clarify the above comments on Chinese exports. Revenue from exports

Two factors are prominently evident in any further analysis of this phase of economic deterioration in Nationalist China--the disproportionate per cent of total revenue allocated to military purposes and the huge note expansion to finance those venture. Marshall had warned Chiang Kai-shek in December, 1946, that the National Government was threatened with economic exhaustion unless its military policy was more realistically adjusted to its financial capabilities.[20] The commonly expressed opinion in subsequent years was that continuing inflation was primarily caused by the ever increasing budget deficit, and that the deficit was accelerated by the tremendous outlay for military purposes. Additionally, Nationalist officials contributed to the inflationary process by issuing unbacked bank

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fell from $169,000,000 in 1945 to $149,900,000 in 1946. The encouraging recovery in 1947 ($230,000,000) was followed by a drop to $170,000,000 in 1948. Income from sales of merchandise abroad for 1946-1948 averaged less than that for 1935-1936, but the yield during 1946-1948 was considerably higher than that from the same source during 1937-1945. Chang Kia-Ngau, Appendix D, Table D-2, pp. 384-85.

[20]It will be recalled that the proportion of military to total expenditures by the Nationalists in 1946 was held to be somewhat higher by Marshall (70 per cent) than by Chang Kia-Ngau (59.9 per cent). Supra, pp. 169-170. Chang continued to hold to a more conservative figure in comparisons of subsequent years, too. For example, Marshall estimated on Nov. 12, 1947, that 70 to 80 per cent of the Nationalist income was being used for the military effort. However, Chang stated that military expenditures for the months of Jan.-July, 1948 (when military engagements were more numerous and more widespread) had jumped to only 68.5 per cent of the total Government expenses. Marshall's assessment is contained in his statement of the above date before House Committee on Foreign Affairs, Hearings, Emergency Foreign Aid, 1947, pp. 23-24. Views of the Chinese banking official are found in Chang Kia-Ngau, p. 155. It is worth noting, too, that Major General Lowell W. Rooks contended that the Nationalists, by early 1948, were spending 80 per cent of their income on war. Rooks was Deputy Director General and Chief Executive Officer of UNRRA from Jan. 1-Dec. 31, 1946, and Director General of UNRRA from Jan. 1, 1947, to Sept. 30, 1948. Statement of Mar. 8, 1948, before House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2160.

notes to finance the civil war.[21] Harlan Cleveland, just returned from China, summed up the views on these and other points on March 8, 1948, as follows:

> The main factor in the inflation, of course, is the tremendous proportion of the national budget, and even of the note circulation, that is spent directly for military purposes, and therefore spent for non-productive purposes, in the economic sense.
>
> . . . . . .
>
> The depreciation is due to the tremendous emission of unbacked bank notes on the part of the Government in order to shore up their military campaign. The main factor is the tremendously increasing note circulation with no comparable increase in production. In fact, the very depreciation of the currency destroys the incentive to produce.[22]

Thus, the vicious cycle of runaway inflation was caused by the interaction of the foregoing and other factors, including the loss of popular confidence in the ability of the Government to stabilize the situation. The business community was paralyzed, many rural areas relied on barter, and the fixed income groups suffered extreme hardships. A United States Congressional publication of 1949 described certain aspects of this

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[21]There would seem to be little question but that the Nationalists resorted to the printing press to finance the budget deficit. According to Chang Kia-Ngau, Nationalist CNC $ note issues for pertinent years are as follows: 1945 - $842,400,000,000; 1946 - $2,694,200,000,000; 1947 - $29,462,400,000,000; and 1948 [Jan.-July] - $374,762,200,000,000. Chang Kia-Ngau, Appendix B, Table B-1, p. 374. Ambassador Stuart reported to Marshall on Oct. 15, 1948, that the quantity of money in circulation in Nationalist China in Oct., 1948, was "five times as great as that in circulation on Aug. 19, 1948. "This money," Stuart said, "is not going back to the Government in taxes nor into the production enterprise but rather is accumulating and idle in the cities building up inflationary pressure . . . ." State Department, U. S. Relations with China, Annex 157 (c), p. 879.

[22]House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2171. Cleveland was Director of the UNRRA China Office from May 1, 1947, to Feb. 24, 1948. Views similar to those expressed by Cleveland above are found in the following sources: U. S., Congress, House, Third Report . . . of the Economic Cooperation Administration, 1949, House Doc. 179, p. 76; House Committee on Foreign Affairs, Proposed China Aid Bill, 1948, p. 13; Price, "UNRRA in China," UNRRA, Operational Analysis Papers, No. 53, Apr., 1948, p. 82; and Chang Kia-Ngau, p. 71.

development as follows:

> The Chinese have not, for much longer than a decade, been able to take for granted, as Americans take for granted, that the basic political order of the present is stable, and that all private calculations can be based on such an assumption. Thus, the Chinese commercial class cannot make long-term contracts with confidence that the Chinese state will endure as long as the contract. They cannot lend on the assumption that money will retain any calculable value when repayment is due. The intellectual classes cannot look forward to reasonable security on a moderate salary for the economic aspects of professional status are wholly insecure. Business deals beyond a narrow local area are inhibited by the uncertainties of the ever-shifting fronts of the variety of wars.[23]

Additional developments contributed to economic deterioration in Nationalist China. Among the factors which are not discussed in this work are the following: the low CNC rates for retiring puppet currency at the end of World War II and the fact that the circulation of puppet currency as legal tender was permitted until the conversion period ended; the inability and/or unwillingness of officials of the central and local governments to enforce central government directives; and the resistance of vested interests to change. Other developments and practices which are not discussed in this connection include: the loss of productive and distributive facilities through deterioration, destruction and the loss of territory to the Communists; diversion of private capital into non-productive channels of financial speculation and hoarding of goods; inability of the Central Bank of China to regulate the money market; and the failure of rationing and price control measures.[24]

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[23]House Subcommittee on Foreign Affairs, The Strategy and Tactics of World Communism, Supplement III, 1949, House Doc. 154, p. 20.

[24]For treatment of these and other related factors, see Chang Kia-Ngau, especially pp. 67-68.

Implementation of American Economic Policy, 1945-1949

Introduction

United States economic policy toward China from V-J Day through 1949 was implemented through technical and material assistance measures and was based on both executive and legislative acts. Direct and indirect channels were used to carry out the American course of action. One program (UNRRA), undertaken in cooperation with other nations, was initiated before the Marshall Mission was created. Though assistance under the terms of this international compact was not completed during Marshall's stay in China, over half of the ultimate total tonnage was delivered during the year of 1946. Other economic programs were authorized and initiated during the Marshall Mission, but in most instances supply transfers were only partially fulfilled when Marshall left China in January, 1947. In addition, slightly over twenty per cent of the total United States economic assistance from V-J Day through 1949 was authorized while Marshall was Secretary of State.

The United States authorized a total of $1,509,000,000 in economic aid to China between V-J Day and March 21, 1949. Of this amount, $799,000,000 was provided through grants, and $710,000,000 was extended in the form of credits.[25] Credits were advanced as follows: (1) those including sales of United States Government surplus property, $75,500,000;[26] (2) those

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[25]See Appendix II, p. 275. The discrepancy of $500,000,000 in the total aid in the credits advanced between the figures given in Appendix II and those cited above is accounted for by the fact that Export-Import Bank credits of $500,000,000 were authorized but never utilized. Figures given in Appendix II represent monetary evaluations of aid authorized, partially or completely used as of Mar. 21, 1949, and, as indicated later, aid which was not subsequently discontinued. The Export-Import Bank credit sum is discussed below.

[26]Though the United States sold surplus property (procurement cost - $977,300,000) to the Nationalists for an agreed ultimate realization

excluding American surplus sales, $134,500,000; and (3) Export-Import Bank credits, $500,000,000.

As in the case of military assistance, however, the figures given above do not accurately reflect the full extent of American economic aid after V-J Day to the Republic of China. These totals do not include any monetary evaluation of the assistance rendered by American advisory personnel. Nor do the totals include the contributions of the United States to United Nations programs in China, such as the International Children's Emergency Fund, the International Refugee Organization, and the World Health Organization.

Economic Assistance During the Marshall Mission

Economic assistance authorized by the United States for China totalled $677,600,000 from the time Marshall was appointed the President's Special Representative to that country until the Mission was terminated. The full amount was in the form of credits.[27]

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of $205,300,000, various agreements provided that only $75,500,000 of the total would be repaid in annual currency installments. The U. S. agreed to take its remaining payments amounting to $129,800,000 ($205,300,000 minus $75,500,000) in the form of goods and services and as an offset against American wartime indebtedness to China. In addition, the $129,800,000 difference was to be reduced by China setting aside funds which the U. S. would use (over a twenty year period) for research, cultural and educational activities in China and to acquire property in China. See Appendix II, p. 275, also State Department, U. S. Relations with China, Annex 185, pp. 1048-49.

[27]This sum excludes $16,000,000 of the $82,800,000 in Export-Import Bank credits listed under Item No. 8 in Appendix II, p. 275. The smaller sum was authorized by the U. S. on Mar. 21, 1945, but arrangements for disbursing the $16,000,000 still had not been made when Marshall left China in Jan., 1947. Therefore, credits represented by this sum will be discussed below under the section treating the extension of aid to China after Marshall became Secretary of State. State Department, U. S. Relations with China, Annex 185, p. 1047. The total of $677,600,000 also excludes the grant of $474,000,000 through UNRRA as listed under Item No. 6 in Appendix II, p. 275, because UNRRA funds were authorized for the use of

There was a significant difference, however, between the authorization and the implementation of economic assistance programs during the Marshall Mission. For example, $500,000,000 [Export-Import Bank credits] of the $677,600,000 total was never utilized. Further, aid covered by the remaining $177,600,000 had only been partially delivered by the time Marshall departed to become Secretary of State. Thus, United States economic assistance to China during this period was made available primarily through indirect channels [UNRRA]. We will now turn our attention to an analysis of the aid programs referred to in this paragraph.

Marshall made a personal plea for the authorization of the $500,000,000 Export-Import Bank credits when he returned to the United States in March, 1946. With the Political Consultative Conference having apparently ended on a successful note, General Marshall urged the Export-Import Bank to loan the amount indicated to Chinese Government agencies and private interests for certain rehabilitation and reconstruction projects. The Bank, with the approval of the National Advisory Council, earmarked $500,000,000 to be used on specific projects approved by the Bank prior to June 30, 1947. Authorization for the full credit extension expired on this date in June, however, because there was no "reasonable assurance" that the Nationalists could repay the loan. Clarence E. Gauss, an official of the American lending organ, elaborated on this point as follows:

> In the 1945 Import-Export Bank Act, the Congress wrote in a provision that the Bank should make loans only where, in the judgment of the Board of Directors of the Bank, there was reasonable assurance of repayment. At the time that we earmarked the $500,000,000 for China at the instance of General Marshall, we had hoped he had been able to perform a miracle; that he had been able to mediate and

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UNRRA rather than for specific national states. Thus, an assessment of the use of these funds is more meaningful than that of their authorization. This point is treated below.

> bring about peace in that country. If we had had peace there, we would have had stability, we could have invested our $500,000,000 in China, carefully, project by project, following it always to the end use, with a reasonable assurance of repayment. However, when China embarked upon a civil war . . . one could not feel that, if the resources available to China at that time were going to be thrown into that civil war, there was any assurance whatsoever of repayment.[28]

As indicated above, an additional $177,600,000 in economic assistance was authorized by the United States for China during the Marshall Mission, but its delivery was only partially completed during this period. This sum included aid under four separate programs, each of which is listed and discussed below. The credits were as follows: (1) lend-lease - $51,700,000; (2) Export-Import Bank Credits - $66,800,000; (3) sales of civilian surplus property - $55,000,000; and (4) sales of dockyard supplies and facilities - $4,100,000.

Goods valued at approximately $50,000,000 were either in procurement or awaiting shipment in China when World War II ended. An agreement between the United States and China on June 14, 1946, authorized the delivery of the supplies which would strengthen the economy. These lend-lease "pipeline" credits included loans for civilian-type industrial and agricultural commodities, with the total allowable being eventually raised to $51,700,000. According to a Department of State publication, however, the

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[28]Gauss stated also that the National Government made requests for identical sums after the initial authorization had expired, but that all subsequent Chinese requests were turned down for the same reason as given above. Testimony of Mar. 8, 1948, before House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2177-78. The views of Gauss were also supported in U. S., Congress, House, Report of Activities of the National Advisory Council on International Monetary and Financial Problems, Apr. 1, 1947-Sept. 30, 1947, 80th Cong., 2nd Sess., 1948, House Doc. 501, p. 6; Truman, II, 79; and by James K. Penfield, Deputy Director of the Office of Far Eastern Affairs, Department of State, in a statement of Nov. 22, 1947, before House Committee on Foreign Affairs, Hearings, Emergency Foreign Aid, 1947, p. 349.

"pipeline" credits were "only partially drawn upon by January, 1947."[29]

Unlike the Export-Import Bank credits referred to above, the Bank did authorize and make a series of smaller loans to the Chinese Government during the Marshall Mission. Marshall, as in the case of the $500,000,000 credits, had recommended that these transactions be arranged. Contracts for goods and services, valued at $66,800,000, were approved by the Bank between January 3-March 13, 1946. The largest authorizations were for raw cotton ($33,000,000) and railway repair materials ($16,700,000), and the remaining $17,100,000 was allocated for cargo vessels, coal mining equipment, and engineering equipment and services.[30] When Marshall left China for the last time, however, $54,600,000 of the authorized $66,800,000 still had not been drawn.[31]

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[29]State Department, U. S. Relations with China, p. 363. An official publication of an earlier date indicated, however, that there had been substantial shipments under the "pipeline" agreement prior to Marshall's final departure for the U. S. This source stated that goods valued at $40,117,000 had been shipped by Sept. 30, 1946. U. S., President, 1945-53 (Truman), Twenty-Third Report . . . on Lend-Lease Operations, 1946, House Doc. 41, p. 17. An updated version (to Jan., 1950) of the summary of aid given in Appendix II, p. 275, revealed that $50,300,000 of the total $51,700,000 "pipeline" shipments had been made as of Nov. 23, 1949. "Summary of U. S. Government Economic and Military Aid Authorized for China since 1937," 1950, from The Papers of Harry S. Truman, p. 9.

[30]Referring directly to these Bank credits, a Department of State publication stated that Marshall was "able to use the possibility of American economic aid as a bargaining point in trying to achieve his political objectives." State Department, U. S. Relations with China, p. 226, also, ibid., Annex 185, p. 1047.

[31]Ibid., p. 363. Another $16,000,000 was authorized for the use of Yungli Chemical Industry, Ltd., on Mar. 21, 1945, but it was not implemented in any amount until 1947 after Marshall had returned to the U. S. On Dec. 31, 1948--Marshall resigned as Secretary of State in early Jan., 1949--$65,400,000 of the total $82,800,000 ($66,800,000 authorized during the Marshall Mission plus $16,000,000 referred to above) had been disbursed. Ibid., Annex 185, p. 1047. Further, as of Dec. 31, 1949, $67,400,000 had been disbursed. The balance of $15,400,000 included most of the $16,000,000 credit to the chemical firm. "Summary of U. S. Government Economic and Military Aid Authorized for China since 1937," 1950, from The Papers of Harry S. Truman, p. 10.

In addition to the authorizations and deliveries referred to above, the United States sold China a wide variety of surplus property under an agreement of August 30, 1946. Procurement value of the items transferred was $900,000,000. Though the net realization to the United States was $175,000,000, only $55,000,000 was in the form of credits.[32]

The contractual arrangement authorized the sale of supplies needed by expeditionary forces, but it specifically prohibited the transfer of combat material, vessels and aircraft. Sales included those of fixed installations and movable property located on seventeen Pacific islands and in China and India. Motor vehicles, construction equipment and air force supplies and equipment comprised more than one-half of the total sales. Other items included communications and electrical equipment, tools, industrial machinery, medical equipment and chemicals. Though the shipments were large in quantity and value, they were, nevertheless, "just beginning to arrive" when Marshall left China in January, 1947.[33]

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[32]The net realization to the U. S. all figures in U. S. equivalents was determined as follows: (1) China agreed to a $150,000,000 offset against the U. S. wartime indebtedness to China [estimated by President Truman to be CNC $150,000,000,000, the indebtedness was incurred when the Chinese Government provided Chinese currency to facilitate the construction of U. S. Army installations and the feeding of American troops]; (2) the Nationalists agreed to make $20,000,000 available to the U. S. over a period of twenty years for research, cultural and educational activities in China; and (3) the National Government agreed to make $35,000,000 available to the U. S. during the ensuing twenty years for the purchase of property in China and for U. S. Government expenses in China. This total of $205,000,000 was reduced to a net of $175,000,000 when the U. S. agreed to set aside $30,000,000 for China to use in paying the cost of shipping and services arising out of the transfer of property. State Department, U. S. Relations with China, Annex 185, pp. 1048-49; also policy statement by President Truman on Dec. 18, 1946, in ibid., Annex 114, p. 692.

[33]Ibid., p. 363. This source stated elsewhere, however, that property originally valued at $240,000,000 was "turned over, for the most part," to the Nationalists before Aug. 31, 1946, and that these transactions constituted part of the agreement of Aug. 30, 1946. Ibid., Annex 185, p. 1048. It was this particular agreement that the Chinese Communists had protested so strongly while Marshall was in China. Supra, pp. 134-35.

One other program of economic assistance was initiated by the United States during the Marshall Mission. On May 15, 1946, the Office of the Foreign Liquidation Commissioner (OFLC) made a minor credit arrangement with the Chinese Government which authorized the sale of surplus dockyard facilities at Shanghai and Tsingtao. This OFLC agreement provided that the Chinese Government would make restitution in thirty yearly payments. There was one proviso, however--the United States might at its discretion request specified goods and services for United States Navy and other Government-owned vessels in place of the cash installments.[34]

The one program through which the United States made its greatest contribution in economic assistance to China during the Marshall Mission, however, was the United Nations Relief and Rehabilitation Administration (UNRRA). Though this international organ was created in November, 1943, the first shipload of UNRRA supplies did not reach China until November, 1945, shortly before Marshall was appointed as President Truman's Special Representative to China.[35] Deliveries increased markedly during the next year, and the American contribution to China, through UNRRA, during the Marshall Mission was substantial through both technical and material assistance measures.

In so far as top ranking officials of UNRRA were concerned, the position of Director General was always filled with an American. It is also worthy of note that the duties of other prominent offices of UNRRA,

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[34]Sales under this agreement were completed by Oct. 31, 1948, and at that time totalled only $4,100,000. State Department, U. S. Relations with China, Annex 185, p. 1049.

[35]Forty-four nations signed the UNRRA agreement in Washington on Nov. 9, 1943, and the specific agreement between China and UNRRA was made on Nov. 13, 1945. Copies of these two documents are printed in Woodbridge, III, Appendix Three, 23-32, and Appendix Seven, 262-70.

with specific reference to China, were supervised by Americans during the Marshall Mission. These posts included the Office of Far Eastern Affairs, the China Relief Mission, and the Surplus Procurement Officer in China.[36] Further, the United States provided approximately two-thirds of the UNRRA technical and supervisory personnel who served in China during the Marshall Mission.[37] These staff members assisted the Chinese in distributing commodities for consumption and in installing capital goods.

United States material aid through UNRRA differed from the programs previously referred to in that UNRRA assistance was made available in the form of grants. The total United States contribution to China through UNRRA during the life of this international organization was $474,000,000.[38]

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[36]Directors General of UNRRA were Herbert H. Lehman, Fiorello H. LaGuardia, and Major General Lowell W. Rooks. Other U. S. staff and positions held were: J. Franklin Ray, Jr. (Chief, Office of Far Eastern Affairs); Benjamin H. Kizer (China Relief Mission, Oct. 24, 1944-May 15, 1946). Other Americans who held this post were: J. Franklin Ray, Jr., Acting Director, May 16, 1946-July 28, 1946; Major General Glen E. Edgerton, Aug. 27, 1946-May, 1947; and Harlan Cleveland, May 1, 1947-Feb. 24, 1948. The Surplus Procurement Officer in China was George St. Louis. Ibid., III, Appendix One, 3, 7, 15, 18.

[37]The number of Americans serving in these capacities during the Marshall Mission, and the U. S. percentage (in brackets) of the total UNRRA force in China for the corresponding period were as follows: Dec. 31, 1945 - 167 (66); June 30, 1946 - 767 (63); Dec. 31, 1946 - 812 (61). In fact, Washington, D. C., was the only location where the percentage of American UNRRA personnel was greater than it was in China. It is also interesting to note that the U. S. percentage of the total worldwide UNRRA personnel only constituted 31 per cent, 35 per cent, and 37 per cent, respectively on the same dates. Ibid., III, Appendix Ten, 415-17. Rooks stated on Mar. 8, 1948, that these personnel always had a Chinese superior. House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2158.

[38]Estimated cost of the UNRRA China program, excluding administrative costs, was $658,400,000. This figure was reached by adding the cost of the procurement of goods ($526,800,000) to the insurance and shipping expenses ($131,600,000). The American contribution of $474,000,000 is based on the State Department's estimate that as the U. S. contributed approximately 72 per cent of the world-wide UNRRA fund, the U. S. therefore contributed 72 per cent of the $658,400,000 provided by UNRRA to China. On

Approximately eighty per cent of these funds were expended for food, clothing, and industrial rehabilitation, with agricultural rehabilitation and medical supplies accounting for the remainder. Industrial rehabilitation expenditures alone accounted for over thirty-two per cent of the total outlay.[39]

Food, raw cotton, and waterway and railway transport equipment constituted the bulk of deliveries in the early stages of the program, while agricultural and industrial rehabilitation supplies were emphasized toward the end of the project. Although only 77,363 long tons of UNRRA supplies were discharged in China during 1945, deliveries increased rapidly

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this basis, the U. S. part in the UNRRA China program amounted to $474,000,000. State Department, U. S. Relations with China, Annex 185, p. 1046. It is appropriate at this point--in light of the State Department estimates above--to make a distinction between the U. S. authorizations and appropriations for all UNRRA so that the actual deliveries of goods to China referred to below will be more meaningful. The U. S. authorized and appropriated $2,700,000,000 for the world-wide use of UNRRA. One-half [$1,350,000,000] of the total American authorization was approved 17 months before Marshall agreed to go to China, and the other one-half was authorized after Marshall had accepted the assignment but before he had arrived in China. Also $800,000,000 of the total appropriated was approved by Congress 17 months before the Marshall Mission was created, while another $550,000,000 was appropriated after Marshall had accepted the assignment but before he arrived in China. The remaining $1,350,000,000 was appropriated after Marshall arrived in China with the last appropriation of $465,000,000 being approved on July 23, 1946. Woodbridge, I, 112-15.

[39]Based on figures available in State Department, U. S. Relations with China, Annex 185, p. 1046. The UNRRA program was extensive in scope, including efforts to: prevent famine and epidemics, resettle displaced persons, restore transportation and communication facilities, provide shelter, and construct public utilities, among others. William M. Clayton, Assistant Secretary of State at the time, spoke of one of the more serious aspects of the Chinese situation facing UNRRA shortly after V-J Day. "I think," he stated, "that China could absorb almost any amount of relief. You just could not do a complete job in China. All you can do is to do the best you can." Testimony of Nov. 14, 1945, in U. S., Congress, House, Committee on Foreign Affairs, Hearings on H. R. 4649, A Bill to Enable the United States to Further Participate in the Work of the United Nations Relief and Rehabilitation Administration, 79th Cong., 1st Sess., 1945, pp. 23-24.

during the following year. Approximately 2,452,300 long tons had been transferred when the program was completed, and over fifty-five per cent of this total was delivered during 1946 while Marshall was in China.[40] Though UNRRA personnel tried to distribute supplies to Chinese living in both Nationalist- and Communist-controlled areas, this non-discriminatory objective was not achieved. The Communists received two to three per cent, by weight, and four to five per cent, by value, of the total UNRRA China supplies.[41]

Economic Assistance While Marshall Was Secretary of State

Economic assistance to China during 1947-49 consisted of the continuation of programs previously authorized. This aid was substantial, and, it will be recalled, consisted of lend-lease "pipeline" credits, Export-Import Bank credits, sales of civilian surplus property, and UNRRA grants. Further, the United States initiated additional measures during the time Marshall was Secretary of State. President Truman indicated toward the end of the Marshall Mission what American policy would be.

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[40]Price, "UNRRA in China," UNRRA, Operational Analysis Paper, No. 53, Apr., 1948, pp. 38-40. The emphasis, in tonnage, placed by UNRRA on food for the Chinese is indicated by the following statistics. Figures in brackets represent the total discharge of all UNRRA supplies for the periods indicated: Nov.-Dec., 1945 - 58,534 [77,363]; 1945-1946 - 876,945 [1,429,356]; 1945-1947 - 1,162,399 [2,452,300]. It was also noted that these supplies were "programmed," and that they were supplemented by an additional "several thousand tons of miscellaneous foods" which were procured from U. S. military surpluses on the various Pacific Islands. Ibid., pp. 38, 125.

[41]Although there was "energetic, continuous, and conscientious efforts" to carry out this "policy" of non-discrimination in relation to area of domicile, UNRRA made no attempt "to calculate, theoretically, what might have been a wholly equitable percentage" of supplies to be distributed to the people in Communist-controlled regions. Ibid., pp. 47, 65-66. Rooks stated on Mar. 8, 1948, that UNRRA's attempt to deliver supplies into the Communist areas was "largely prevented" by the opposition of Nationalist military authorities. House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1945, Pt. 2, 2163.

> . . . We are pledged not to interfere in the internal affairs of China. Our position is clear. While avoiding involvement in their civil strife, we will persevere with out policy of helping the Chinese people to bring about peace and economic recovery in their country.
>
> As ways and means are presented for constructive aid to China, we will give them careful and sympathetic consideration . . . . When conditions in China improve, we are prepared to consider aid in carrying out other projects, unrelated to civil strife, which would encourage economic reconstruction and reform in China and which, in so doing, would promote a general revival of commercial relations between American and Chinese businessmen.[42]

In addition, there remains the analysis of American economic policy toward China during 1949 when Marshall, for the first time in over three years, was no longer associated with either the formulation or the implementation of United States policy.

The Nationalist position steadily deteriorated--politically, militarily, and economically--during Marshall's two years as Secretary of State. This state of affairs would seem to imply, on the basis of Truman's statement of December, 1946, that the United States would not advance additional aid to China as conditions were not improving. Though this drastic step was not taken, there were some differences between the economic programs during Marshall's two years as Secretary of State and those of previous years. First, there was a considerable decrease in the value of aid authorized during 1947-48 when compared with that approved while Marshall was in China. Second, economic assistance was authorized primarily in the form of grants during 1947-48 and principally as credits during the Marshall Mission. Third, authorizations of economic aid after Marshall left China in 1947 overwhelmingly provided for direct implementation, whereas authorizations for implementation prior to that time were almost equally

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[42]Statement on U. S. policy toward China, Dec. 18, 1946, printed in State Department, U. S. Relations with China, Annex 114, p. 694.

divided between direct and indirect means. It should also be remembered in this connection that there was a long period after Marshall's recall in which the United States was reassessing its overall policy toward China.[43] Area priorities and world-wide commitments, as well as specific conditions in China, were appraised throughout 1947, and the total of new authorizations during that year was small when compared with that of 1946.

New authorizations for economic aid to China during Marshall's two years as Secretary of State (January, 1947-January, 1949) were valued at $357,400,000. Grants comprised $325,000,000 of the total, while credits constituted the remaining $32,400,000. One measure, the China Aid Act of 1948, accounted for $275,000,000 of the authorized total.

Credits were made available in the amounts of $16,000,000 by the Export-Import Bank and $16,400,000 by the United States Maritime Commission. The Export-Import Bank transaction was completed so that the Yungli Chemical Industry could purchase machinery and equipment and pay for the services connected with its installation and operation. Fulfillment of the terms of the agreement was not realized, however, during the time Marshall was Secretary of State.[44] The Maritime Commission credit was approved in April, 1947, and was based on the Commission's authority under the provisions of the Merchant Ship Sales Act of 1946. Through this arrangement the Chinese Government purchased forty-three surplus war-built vessels (procurement cost - $77,300,000) for $26,200,000. Only $16,400,000 of the sales price, however, was on Maritime Commission credit terms.[45]

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[43] Supra, pp. 150-55.

[44] Supra, this chapter, nn. 27 and 31.

[45] The balance of $9,800,000 ($26,200,000 minus $16,400,000) was paid in cash, of which $4,200,000 had been obtained through an Export-Import

As indicated above, however, American economic assistance to China during 1947-48 consisted primarily of grants. Of the $325,000,000 in grants authorized by the United States, $3,600,000 was contributed through indirect channels. Aid in this amount was made available by the Board of Trustees for Rehabilitation Affairs (BOTRA), an international body established by the Chinese Government when UNRRA operations were terminated on December 31, 1947.[46] BOTRA was created to carry out long-term rehabilitation projects which had been sponsored by UNRRA, including programs for the production of farm machinery, development of the fishing industry, and the manufacture of pharmaceutical supplies. Plans were drawn up to aid the Chinese in restoring irrigation and communication facilities in the areas previously flooded by the Yellow River. Very little was accomplished in

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Bank credit. State Department, U. S. Relations with China, Annex 185, p. 1049. The sum of $4,200,000 is included in the credits referred to on pp. 226 above. Information available through another U. S. Government publication dated Aug. 4, 1948, indicated a slight discrepancy, however, in the figures representing the extension of credits by the Maritime Commission ($18,800,000) as compared with those above ($16,400,000). The 1948 source also indicated that the National Government was slow in utilizing available credits, as only $7,000,000 of the $18,800,000 had been utilized as of Mar. 3, 1948. U. S., Congress, House, Report of Activities of the National Advisory Council on International Monetary and Financial Problems, Oct. 1, 1947-Mar. 31, 1948, 80th Cong., 2nd Sess., 1948, House Doc. 737, p. 16. Cited hereafter as U. S., Congress, House, Report of . . . the National Advisory Council on International Monetary and Financial Problems, Oct. 1, 1947-Mar. 31, 1948, 1948, House Doc. 737.

[46]According to the official history of UNRRA, a staff was maintained in China until Apr., 1948, to close out the organization's administrative records. UNRRA, according to this source, was disbanded because the participating nations were "increasingly unable or unwilling to maintain at a high level the cooperative approach which had been established during the war [World War II]." Woodbridge, II, 551. UNRRA allocated $5,000,000 of its funds to BOTRA for use in China. The Department of State used the same formula to determine the U. S. contribution through BOTRA that it used to ascertain American assistance through UNRRA. Supra, n. 38; also, Appendix II, p. 275.

this last instance, however, because the military situation steadily deteriorated during 1948-49.[47]

Personal needs of the Chinese were practically unlimited, and the United States utilized direct grants to provide the populace with vital supplies. Post-UNRRA relief assistance, for example, included the delivery of cereals, seeds, pesticides and medical supplies under the Foreign Relief Program.[48] The operation cost $46,381,000, and cereals accounted for 75.5 per cent [$35,412,900] of the total. Additional expenditures were incurred as follows: medical supplies - 11.2 per cent [$5,185,300], shipping costs - 10.9 per cent [$5,084,500], and seeds and pesticides - 2.4 per cent [$698,300]. Though the program was slow in developing, deliveries were stepped up during the first quarter of 1948 and completed shortly after the

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[47]Woodbridge, II, 450-51. Also, testimony of Harlan Cleveland on Mar. 8, 1948, in House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 2172.

[48]An aggregate of $46,400,000 was appropriated by Congress for the Foreign Relief Program. P. L. 84, 80th Cong., 1st Sess., allocated $28,400,000 for China on May 31, 1947, and $18,000,000 was provided under P. L. 393, 80th Cong., 1st Sess., on Dec. 23, 1947. State Department, U. S. Relations with China, Annex 185, p. 1049. The Administration sought relief assistance for France, Italy and Austria in Nov., 1947, but it did not seek such aid for China because executive officials believed that China could use its foreign reserves to make commodity purchases until the China problem could be considered separately from Europe in the spring of 1948 [China Aid Program]. When the Senate Committee on Appropriations and the House Committee on Foreign Affairs urged that China be included in the European interim assistance program, however, the State Department complied, concluding that China should be included in the interim program "to conserve its dwindling reserves of foreign exchange for purchases other than commodities needed for current consumption." For views of State Department, see ibid., p. 367, and U. S., Congress, House, Report of . . . the National Advisory Council on International Monetary and Financial Problems, Oct. 1, 1947-Mar. 31, 1948, 1948, House Doc. 737, pp. 18-19. The positions taken by the House and Senate Committees are based on U. S., Congress, House, Committee on Foreign Affairs, Emergency Foreign Aid, 80th Cong., 1st Sess., 1947, Rept. 1152, p. 14; U. S., Congress, House, The Foreign Aid Act of 1947, Conference Report to Accompany S. 1774, 80th Cong., 1st Sess., 1947, Rept. 1161, p. 8; and U. S., Congress, Senate, Committee on Appropriations, Third Supplemental Appropriations Bill, Report to Accompany H. R. 4748, 80th Cong., 1st Sess., 1947, Rept. 808, p. 2.

middle of that year.[49] The United States also supervised the distribution of supplies and worked with the Chinese to establish a rationing and price-control system for several of the coastal cities. Funds from the sale of goods in these urban areas were used to finance relief and work relief projects.[50]

The United States developed one other program to economically assist the Chinese Government while Marshall was Secretary of State. Marshall honored the pledge he made to Congress during the European interim aid hearings in late 1947, and both he and President Truman urged Congress in February, 1948, to support the Administration's China aid proposal currently before them. Congress cooperated with the Administration and approved the general recommendation, but the legislative branch drastically reduced

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[49]Percentages were determined by the author on the basis of statistics given in State Department, U. S. Relations with China, Annex 185, p. 1049. Shipments valued at $4,368,556 had been made by Dec. 31, 1947. The figure rose rapidly to $24,794,835 by Mar. 31, 1948, and to $37,021,725 as of June 30, 1948. All figures excluded cost of shipping. U. S., Congress, House, Second Report to Congress on the United States Foreign Relief Program, for the Period Oct. 1, 1947-Dec. 31, 1947, 80th Cong., 2nd Sess., 1948, House Doc. 612, p. 10; U. S., Congress, House, Third Quarterly Report . . . on the U. S. Foreign Relief Program, 1948, House Doc. 782, p. 6; U. S., Congress, House, Fourth Quarterly Report to Congress on the United States Foreign Relief Program, for the Period Apr. 1-June 30, 1948, 80th Cong., 2nd Sess., 1948, House Doc. 783, p. 4. Cited hereafter as U. S., Congress, House, Fourth Quarterly Report . . . on the U. S. Foreign Relief Program, for the Period Apr. 1-June 30, 1948, 1948, House Doc. 783. A State Department source stated, however, that deliveries under the program were completed "during the first half of 1948." State Department, U. S. Relations with China, Annex 185, p. 1049.

[50]American relief personnel "supervised and closely observed every phase of the program," but the Chinese were specifically informed through an agreement of Oct. 27, 1947, that the U. S. Government "would undertake no responsibility for the success of these urban programs." U. S., Congress, House, Fourth Quarterly Report . . . on the U. S. Foreign Relief Program, for the Period Apr. 1-June 30, 1948, 1948, House Doc. 783, p. 37. Extract of the agreement with China [Art. 2, par. (f)] is printed in U. S., Congress, House, Third Quarterly Report . . . on the U. S. Foreign Relief Program, 1948, House Doc. 782, p. 70.

the executive request for assistance totalling $570,000,000. Nevertheless, Congress approved a grant of $338,000,000 to China, and this was the largest single direct grant of economic assistance that the United States had made to China since Marshall's return to the United States. Further, the sum was the highest total--in either grants or credits--that the United States had directly allocated for any one program of economic assistance to China after V-J Day. There was a considerable difference, however, between the figures contained in the bills of authorization and appropriation. Congress authorized a grant of $338,000,000 on April 3, 1948, but the appropriation measure of June 28 reduced the amount to $275,000,000.[51]

Assistance to China under this legislative enactment was appropriated for a period of one year. It was, therefore, not intended to be a long-range program.[52] Nor was the assistance designed, of itself, to be a

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[51]Republican Congressmen, it will be recalled, had used the European interim aid hearings in late 1947 to spur the Administration to develop and present an aid program for China to the Congress. Though the Department of State had been working on such a program, Marshall was not ready to ask Congress for measures of implementation in 1947 because he wanted Congress to dispose of the aid proposal for Europe before it turned its attention to assistance to China. These matters and others related to the legislative history of the bill have been treated in supra, pp. 156-63.

[52]According to the Department of State the China Aid Program was regarded "as a measure which might become either the first stage of larger and more constructive endeavors or the conclusion of large-scale United States aid to the Chinese Government." State Department, U. S. Relations with China, p. 387. The Administration asked for a program of fifteen months' duration, and Congress reduced the period to twelve months. Spokesmen for the Department of State contended during the China aid hearings that the possibility of future assistance would depend upon future conditions. When questioned whether a final termination date for direct relief to China could be established, Marshall replied as follows: "Not at the present time. I would say it would be a matter for a complete resurvey when we see what has happened during the period of this particular appropriation." Testimony of Feb. 20, 1948, before House Committee on Foreign Affairs, Hearings for a Post-War Recovery Program, 1948, Pt. 2, 1564.

panacea for China's economic problems. Basically, the United States hoped to relieve the suffering of the Chinese people which had resulted from inflation and the scarcity of goods. The United States believed that relief in these two areas would give the Chinese Government an opportunity to initiate measures which were necessary to establish more stable economic conditions. Thus, aid under this 1948 Act was designed to supplement the efforts of the Chinese but not to be a substitute for self-help.

There was no delay, however, on the part of the Administration while the National Government determined what its supplementary efforts would be. On the contrary, the United States acted with considerable speed in initiating some aspects of the China Aid Program. In fact, several measures were undertaken before Congress passed the appropriation bill and also prior to the bilateral agreement establishing the program.[53] For example, President Truman allocated $36,500,000 to the Economic Cooperation Administration in late April, 1948, to provide China with major commodities. The ECA Administrator, Paul G. Hoffman, acted quickly and allocated $34,500,000 of the total on May 7 for cereals, rice, cotton and petroleum. Further, Roger D. Lapham was appointed Chief of the ECA Mission to China on May 5, and he arrived in China on June 7. In addition, an American survey mission was studying the feasibility of projects for industrial

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[53]The authorization measure was The China Aid Act of 1948 and was incorporated as Title IV of P. L. 472 entitled the Foreign Assistance Act of 1948. Congress passed this law on Apr. 2, 1948, but it did not enact the appropriation measure (The Foreign Aid Appropriations Act of 1949, P. L. 793) until late June, 1948. Supra, Chapter III, n. 106. Though the bilateral agreement to implement the program was not signed until July 3, 1948, the U. S. and Chinese Governments had agreed in an exchange of notes on Apr. 30, 1948, to continue in effect the applicable provisions of the agreement of Oct. 27, 1947, governing U. S. foreign relief assistance. Text of the July 3 arrangement is printed in State Department, U. S. Relations with China, Annex 181, pp. 994-1001.

reconstruction by mid-June.[54]

Economic assistance to China under the China Aid Act was divided into three major categories. The $275,000,000 grant was originally allocated as follows: (1) delivery and distribution of commodities - $203,800,000, (2) industrial reconstruction and replacement - $67,500,000, and (3) rural reconstruction - $2,500,000.[55] Substantial progress was made in the delivery of supplies during the period Marshall remained as Secretary of State, but concrete developments were less apparent in the industrial and rural reconstruction projects. All three phases of the China Aid Program require some clarification.

Procurement authorizations amounting to $1,191,000 were issued for industrial equipment during 1948, but expenditures were made only for pre-project engineering services. This part of the ECA program was suspended completely on December 21, 1948, primarily because of the uncertainties caused by the deteriorating military situation.[56] American contributions

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[54]U. S., Congress, House, First Report to Congress of the Economic Cooperation Administration, for the Quarter Ended June 30, 1948, 80th Cong., 2d Sess., 1948, House Doc. 784, pp. 60-61. Also, letter of Charles E. Bohlen, Counselor, Department of State, dated July 1, 1948, to Sen. Styles Bridges, printed in U. S., Congressional Record, 80th Cong., 2d Sess., 1948, XCIV, Part 12, A5081. The presidential allocation of $36,500,000 was covered by Sec. 406 of the China Aid Act which authorized the President to direct the Reconstruction Finance Corporation to advance $50,000,000 to carry out the provisions of the Act until Congress appropriated the full amount of $275,000,000. Copy of text of this statute is printed in State Department, U. S. Relations with China, Annex 179, pp. 991-93. Allocation of the remaining $238,500,000 [$275,000,000 minus the RFC advance of $36,500,000 in Apr., 1948] was made by President Truman on July 16, 1948. Letter of Truman to the Secretary of the Treasury [John W. Snyder] on July 16, 1948, printed in U. S., Congressional Record, 80th Cong., 2nd Sess., 1948, XCIV, Part 12, A5082.

[55]The remaining $1,200,000 of the total of $275,000,000 was allocated for administration in Washington, D. C., and in China. State Department, U. S. Relations with China, Annex 185, p. 1050.

[56]Monetary allotments were authorized for the construction and rebuilding of transport facilities, power plants, fertilizer projects, and

in the rural areas were also minor, but not because the overall operation was suspended. The Rural Reconstruction Program, as of December 31, 1948, had been issued ECA procurement authorizations of $900,000 but very little of the amount had been expended when the year ended. In fact, the Program was only emerging from the planning state. Some of the delay can be attributed to organizational and procedural matters: (1) the bilateral planning agency [The Joint Commission on Rural Reconstruction] was not established until August 4, (2) the American members of the body were not appointed until September 16, and (3) the Commission did not hold its first meeting until October 1.[57]

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coal and metal mining enterprises. Letter from William Foster, Deputy Administrator of ECA, dated Sept. 13, 1949, to Sen. William F. Knowland, found in U. S., Congressional Record, 81st Cong., 1st Sess., 1949, XCV, Part 10, 12871. Cited hereafter as letter, Foster to Knowland, Congressional Record, 81st Cong., 1st Sess., 1949, XCV, Part 10. Also, U. S., Congress, House, Third Report . . . of the Economic Cooperation Administration, 1949, House Doc. 179, p. xi.

[57]Less than $50,000 of the U. S. funds allocated for rural reconstruction had been expended as of Mar. 21, 1949. Most of the expenses were met through withdrawals from counterpart funds established by the National Government. By Feb. 25, 1949, 379 applications for assistance had been made, and the Joint Commission on Rural Reconstruction [JCRR] had acted favorably upon 37 of them. Some of these projects included irrigation and dike repair, organization of producers' cooperatives, distribution of improved seed varieties, animal disease control, reforestation, land reclamation, and surveys of rural health problems. Planning occupied most of the time of those associated with this part of the China Aid Program during 1948, but significant changes were noticeable during 1949. Though considerable difficulty developed in securing counterpart funds from the Chinese Government, the Deputy Director of ECA stated that "the most active part" of U. S. economic assistance to China in mid- and late 1949 was conducted through the JCRR. Letter, Foster to Knowland, Congressional Record, 81st Cong., 1st Sess., 1949, XCV, Part 10, 12871; also, U. S., Economic Cooperation Administration, "Report on the Program of Rural Reconstruction in China," Apr. 1, 1949, pp. i, 1-5 [Mimeographed] in the files of Rep. Helen Gahagan Douglas, Division of Manuscripts, University of Oklahoma Library, Norman, Oklahoma. Y. C. James Yen, a Chinese member of the JCRR, lauded the contribution made by the Commission to the welfare of the Chinese people. "Report by Mr. Y. C. James Yen," found in Minutes of the Meeting of the American Chinese Committee of the Mass Education Movement, Inc., Jan. 13, 1950, pp. 5-6, [Mimeographed] Papers of Rep. Helen Gahagan Douglas,

The commodities program under ECA assistance provided funds to finance the importation of food, cotton, petroleum, coal, fertilizer, pesticides and medical supplies. Priorities were assigned to deliveries of food (rice, wheat and flour) and cotton during 1948. Food was necessary not only to support the rationing program in coastal cities which had traditionally relied upon imports for sustenance, but also to provide the Chinese Government with revenue secured through commodity sales. Shipments of cotton were needed to maintain production and employment in China's chief modern industry--textile manufacture--and to provide items for home consumption and export.

Procurement authorizations under the commodity program were well ahead of schedule when Marshall resigned as Secretary of State, and shipments did not lag far behind the estimates. It was estimated by the Economic Cooperation Administration that the cost of ECA imports into China would average $20,000,000 monthly. As of December 31, 1948, commodity funds totalling $194,000,000 had been authorized for procurement, and supplies valued at $112,000,000 had arrived in China. Expenditures for cotton amounted to $52,700,000, while rice, wheat and flour accounted for an additional $37,000,000.[58]

Two additional matters pertaining to the overall China Aid Program

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Folder: General, China, Division of Manuscripts, University of Oklahoma Library, Norman, Oklahoma.

[58]These figures, based on a Feb., 1949, report, represented the cost of 299,038 bales of cotton, 129,000 tons of rice, and 107,000 tons of wheat and flour. State Department, U. S. Relations with China, Annex 184, pp. 1010, 1023-24. Slightly higher authorization and lower expenditure figures were given, however, in an ECA report of May 16, 1949. According to the later ECA report, the procurement of commodities had been authorized as of Dec. 31, 1948, whereas only $95,500,000 had been expended as of that date. U. S., Congress, House, Third Report . . . of the Economic Cooperation Administration, 1949, House Doc. 179, Appendix E, p. 158.

require brief comment. First, the United States took extra precautions to insure that the activities of the ECA Mission in China would not conflict with the objectives of American policy toward China. Lapham, the ECA Chief in China, stated the American position on this point as follows:

> It (China Aid Act) . . . required the Chief of the China Mission to keep in close touch with Ambassador Stuart in order that our activities should in no way conflict with our foreign policy objectives with respect to China. Not only was our Mission in constant touch with our Embassy in Nanking, with Admiral Badger, commanding our Naval forces in the Far East, and with the Military Attaches assigned to our Embassy but our eight regional offices were in daily contact with our Consul-Generals stationed in their areas.[59]

Second, the United States developed elaborate techniques for the supervision and control of the commodity and industrial reconstruction programs. Particular attention was given to the food rationing program, with every phase of the distribution of supplies being strictly supervised and carefully checked to ensure delivery to the intended recipients. Though administered by officials of the Chinese Government, the ECA China Mission maintained surveillance over the receipt, processing, distribution and end-use of all commodity shipments that arrived in China.[60]

The industrial replacement and reconstruction program was also closely supervised, although funds were expended only for pre-project engineering services. A joint committee of two Americans and three Chinese invited applications for projects from both private and public enterprises in China. The joint committee selected the J. G. White Engineering

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[59]Lapham, "The Chinese Situation As I Saw It," Sept. 8, 1949, p. 1. Lapham added that the ECA staff received "much valuable assistance and advice" from many Americans (businessmen, medical missionaries) who had lived in China for many years and who understood local conditions. Personnel were distributed among eight cities, he noted, and never exceeded 100 Americans and 400 non-Americans. Ibid., p. 4.

[60]All phases of the China Aid Program were jointly supervised by the ECA Mission, and its Chinese counterpart, the Council for U. S. Aid

Corporation of New York City as its consultant and referred all project petitions to the New York firm for approval or rejection. Successful applicants subsequently chose a "project engineer," subject to the approval of the joint committee and the ECA China Mission. The project engineer was responsible for construction and for securing and installing equipment and material. Finally, regulations stipulated that the joint committee would not take action at any stage of the procedure until the J. G. White Engineering Corporation had made its recommendation.[61]

Economic Assistance after Marshall's Resignation

Neither Congress nor the President approved any measures during 1949 to increase the total of economic assistance to China beyond that previously authorized and appropriated. Both branches of the United States Government did sanction the continuation of the China Aid Program, but American aid was too limited to arrest the deteriorating state of affairs in Nationalist China.[62] The value of economic aid delivered to China under the

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[CUSA]. Food was distributed through the rationing program to nearly 13,000,000 people in seven major cities--Peiping, Tientsin, Tsingtao, Nanking, Swatow, Shanghai and Canton. State Department, U. S. Relations with China, Annex 184, pp. 1007, 1016.

[61] Ibid., pp. 1033-34.

[62] The China Aid Program, originally authorized for one year, was continued through the passage of P. L. 47, 81st Cong., 1st Sess. This legislation, approved on Apr. 19, 1949, provided that the unexpended portion of the China Aid funds could be made available at the discretion of the President through Feb. 15, 1950. "Summary of U. S. Government Economic and Military Aid Authorized for China since 1937," 1950, from The Papers of Harry S. Truman, p. 14. The House Committee on Foreign Affairs favorably supported continuing the China Aid Program. Views of Committee members are recorded in U. S., Congress, House, Committee on Foreign Affairs, Amending the China Aid Act of 1948, 81st Cong., 1st Sess., 1949, Rept. 329. One other attempt was made to extend $500,000,000 to China to create a monetary stabilization fund, but Administration opposition succeeded in defeating the measure. Supra, Chapter III, n. 107, and Chapter V, n. 5.

ECA program dropped to a monthly average of approximately $3,000,000 to $4,000,000.[63] When Shanghai fell to the Communists in May, 1949, ECA commodity shipments destined for that city were diverted to Japan, Korea and Hong Kong for future sale. Subsequent military advances by the Communists resulted in the shift of the commodity and rural reconstruction programs to Formosa in the fall of 1949. By the end of the year more than one-third of the total ECA aid was still unobligated.[64]

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[63] Letter, Foster to Knowland, Congressional Record, 81st Cong., 1st Sess. 1949, XCV, Part 10, 12871. The monthly average of deliveries valued at $3,000,000 to $4,000,000 contrasted sharply with the original ECA estimates monthly of $20,000,000. Supra, p. 242.

[64] $93,500,000 (34 per cent) of the original $275,000,000 was still unobligated as of Jan. 6, 1950. Procurement authorizations on this date were as follows: commodities - $169,657,000; JCRR (rural reconstruction) - $1,803,000; engineer services (industrial reconstruction) - $1,567,000. The remainder of the $275,000,000 ($8,473,000) was allocated to pay freight charges and to pay the tuition, subsistence and return passage to China for selected citizens of China to study in accredited institutions of higher learning in the U. S. "Summary of U. S. Government Economic and Military Aid Authorized for China since 1937," 1950, from The Papers of Harry S. Truman, pp. 13-14.

CHAPTER VI

CONCLUSION

Chronologically, the Marshall Mission represents a very short period in American relations with China. General Marshall arrived in China on December 21, 1945, and he departed for the United States on January 8, 1947. During this period Marshall was the dominant personality in the formulation and implementation of American policy--political, economic and military--toward China. He returned to the United States as Secretary of State, a position he held until early January, 1949. His counsel on Chinese-American affairs during 1947-48 carried great weight among most United States officials, and he correctly predicted the ultimate trend of events in China.

Nevertheless, few developments in recent United States foreign policy have evoked a more controversial reaction among Americans than the Marshall Mission and subsequent American foreign policy toward China during 1947-1949. It is important to remember, however, that there was no organized opposition to the Marshall Mission until long after its termination. Further, opposition to America's China policy beyond that represented by the Marshall Mission did not coalesce until approximately one year after Marshall had returned to the United States.[1]

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[1]Several critics charged that the United States--not the Chinese Government--"lost" China. Though their accusations were phrased differently, the substance of their comments was the same: The United States Department of State and Communists in the Kremlin and Yenan had conspired to deliver China to the Communists; the conspiracy existed during World War II and a reading of the reports of United States Foreign Service Officers in

American Policy: Consistent or Variable?

United States policy toward China during the Marshall Mission differed in several respects from that of earlier American policy. First, traditional policy was characterized by its opposition to non-Chinese forces that sought to dominate all or part of China through military or economic means. The American course of action during the Marshall Mission was specifically directed toward internal Chinese problems that were political, military and economic in nature and which threatened to destroy the Republic of China from within. Second, the United States did not become involved in the domestic affairs of China prior to World War II. American action was predominantly in the form of protests, diplomatic notes, ministerial

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China and the Yalta Agreement proved it; and American appeasement of the Communists during the Marshall Mission and the subsequent "wishful, do-nothing policy" was substantiated by the White Paper. In late 1949 and thereafter, criticism frequently degenerated into bitter attacks upon personal integrity and denied that there could be any errors in judgment. The character of Truman, Marshall, Acheson and Vincent were the ones most frequently assailed. See Joseph Raymond McCarthy, America's Retreat from Victory: The Story of George Catlett Marshall (New York: The Devin-Adair Company, 1952); Freda Utley, The China Story (Chicago: Henry Regnery Company, 1951); and John T. Flynn, While You Slept. Our Tragedy in Asia and Who Made It (New York: The Devin-Adair Company, 1951). Additional criticisms during 1948-1951 were that Marshall dealt the Nationalists the final crushing blow when he imposed the embargo on American shipments of military items to the Nationalists in Aug., 1946; that China fell because the United States did not give moral support to the National Government; and that the White Paper was issued to "white-wash" the United States' "wishful, do-nothing policy." See memorandum of Aug. 21, 1949, signed by Senators Styles Bridges of New Hampshire, Pat McCarran of Nevada, Kenneth Wherry of Nebraska, and William E. Knowland of California in U. S., Congressional Record, 81st Cong., 1st Sess., 1949, XCV, Part 15, A5451; statement of May 18, 1949, by Senator William E. Jenner of Indiana in ibid., Part 5, 6391; and statement of Bridges on Aug. 7, 1948, in ibid., 80th Cong., 2nd Sess., 1948, XCIV, Part 12, A5079. Also, see comments of Senators Owen Brewster of Maine on June 5, 1951, and Bourke Hickenlooper of Iowa on June 7, 1951, in Senate Committees on Armed Services and on Foreign Relations, Hearings, Military Situation in the Far East, 1951, Part 3, pp. 1950-54 and 2145, respectively. Other views unfavorable to American policy toward China and to American personnel connected with that policy have been cited in supra, Chapters II and III. Specific attention is called to supra, Chapter III, nn. 22, 81, 82, 95, 103 and 107.

agreements and treaties. In addition, limited economic and military assistance was made after 1936. There was a significant change in United States policy, however, during World War II and the Marshall Mission. In trying to promote a coordinated military effort of the Nationalists and the Chinese Communists against Japan during World War II, the United States became directly involved in internal Chinese affairs. American policy was further modified during the Marshall Mission when the United States directly used its personnel, prestige and resources in an attempt to bring about political as well as military collaboration between the Nationalists and the Chinese Communists. Third, the long-range objective during the Marshall Mission differed from earlier policy. No longer was the United States satisfied with just a China free from external threats. Now, it was envisaged, China should be a unified, democratic China, strong enough to replace Japan as the stabilizing force in the Far East.

American policy toward China after the Marshall Mission was similar to that preceding World War II in two respects. First, the United States in 1947-49 had little or no official contact with the Chinese Communists. When Marshall came home in January, 1947, the United States mediation effort was ended. Ambassador Stuart had no instructions to bring the Chinese together for further consultations. Second, the United States, though continuing to recognize the National Government, was reluctant to become too deeply involved in internal Chinese affairs. As indicated by later developments, this meant that the United States would provide military items and advice and economic assistance to the Nationalists, but that the United States would not use American troops in combat or to lead Nationalist troops in combat.

The basic difference between American policy toward China prior

to World War II and that during 1947-49 was in the controlling influence, though short-lived, that Congress had on the American Administration. United States policy prior to World War II was primarily formulated and implemented through executive machinery. Though United States policy after the Marshall Mission continued to be primarily what the Administration advocated, the Congress definitely determined some aspects of United States policy in late 1947 and early 1948. This was particularly true with regard to the Congressional demand for military assistance to China during the China Aid Hearings. By August, 1948, however, the Administration had taken the position that it could not form a rigid program to help the National Government in its struggle with the Communists. American policy, it was held, would have to be charted as conditions developed. There was some Congressional resistence to the Administration's decision, but Congressional opposition played no decisive role in American policy toward China after the China Aid Act of April, 1948.

American contributions to the rectification of the Chinese situation were both multifold and multiform. Political, economic and military assistance--advisory, technical and material--were made available to the Chinese. Nevertheless, the American effort failed and left in its wake a number of challenging questions and frequently challenged answers. What did the United States seek to achieve through sending Marshall to China? What were the assumptions that the United States had made relative to the Chinese situation? What were the problems that would have to be solved in order for the United States to realize its basic aims? Why were the objectives of American policy not achieved? Subsequent comments constitute an attempt to answer these questions.

United States Objective in Sending Marshall to China

The post-V-J Day objectives of United States policy toward China had been set during World War II, but measures to implement them had been subordinated to those necessary to the war effort. With the war ended, the United States emphasized a dual goal: (1) the creation of a strong, united, and democratic China, including Manchuria; and (2) the replacement of Japan as the major Far Eastern power by a China willing to and capable of helping to maintain peace in the far East. Success on the first point was a pre-condition for success on the second point, and Marshall was sent on his mission to assist in the establishment of a unified democratic China.

More specifically, Marshall's objective was to assist the Nationalists and the Chinese Communists to arrange a military truce so that representatives of all major political elements in China could meet in peace to work out the details for establishing a unified democratic China. Marshall's directive set forth conditions that the Chinese were expected to meet and offered them an incentive to comply with the terms. American policy stipulated that the one-party Kuomintang Government would have to be replaced with one providing effective representation for all major political elements. Further, all military forces would have to be integrated into the Chinese National Army. The new government and military establishment, under the leadership of Chiang Kai-shek, would then qualify for American economic, technical and military aid.

Supplementing these instructions to Marshall, General Wedemeyer was directed to help the National Government transfer its troops, equipment and supplies to Manchurian ports. Wedemeyer was also instructed to complete logistical preparations for shipment of Nationalist troops into North China,

with the proviso that execution of these arrangements depended upon Marshall's progress in the negotiations at Chungking. In addition, and not determined by progress toward political and military reorganization, the United States accepted responsibility for accelerating the repatriation of Japanese troops and civilians.

American Assessment of the Chinese Situation

The United States had made several assumptions relative to the Chinese situation prior to and concurrent with the creation of the Marshall Mission. First, China's problems were multiple and varied. The difficulties were widespread, and they arose from political, military, economic, and social conditions. Second, dire circumstances would probably result from failure to solve any one of these problems. United States officials believed, however, that the menace of civil war constituted the most serious threat--immediate and long-range--to both Chinese and world stability. Third, the Chinese would have to make the major effort toward solving their own problems. Fourth, negotiation--not military might--would be the most effective technique to stabilize the Chinese situation and achieve the American objective. And, fifth, the United States could make its most effective immediate contribution by arranging a truce and by getting the Chinese together to peacefully settle their differences.

Thus, the United States rejected the premise that China's problems could be solved by relying solely on military measures. American armed forces were being rapidly demobilized, and the American people and the Congress were demanding that the process be accelerated. Neither Administration nor Congressional support ever materialized for the direct use of United States troops to help the Nationalists defeat the Communists.

There were additional reasons, however, for the American belief that the Marshall Mission was justified at the time of its creation. First, the United States Government had always recognized the National Government under the leadership of Chiang Kai-shek. American officials believed that the Chinese Government afforded the most satisfactory base upon which to build a democracy. Second, the Nationalists and the Chinese Communists had agreed prior to the formation of the Marshall Mission to settle their differences around the conference table rather than on the battlefield. The basic principles of this pact had been determined on October 11, 1945, and the Political Consultative Conference (PCC) had been designated to implement these principles and to solve the remaining divisive issues. Further, the Chinese had agreed prior to the establishment of the Marshall Mission to convene the PCC on January 10, 1946. American officials proceeded on the assumption, therefore, that the objective of the Marshall Mission was in accord with the wishes of the Chinese. Third, Department of State officials believed that China, under certain conditions, would be able to recuperate economically and financially from the war of the past eight years. China's American foreign exchange holdings were greater on V-J Day than they had ever been. The productive potential of agriculture, mining, and industry in most of the areas liberated from the Japanese was not substantially different from that of 1937. Coal and pig iron production capacities had been materially increased under Japanese management over pre-World War II levels. Thus, the Chinese could concentrate upon the organization of production and distribution through existing facilities rather than upon the reconstruction of productive equipment. Fourth, expectations for a peaceful world were fortified by professed commitments of the victors in World War II to international cooperation and harmony among themselves.

Fifth, the Soviet Union had acknowledged Chinese national sovereignty over Manchuria. Further, the Soviet Union had pledged its support to the Republic of China under the leadership of Chiang Kai-shek.

Chinese Problems and American Assistance

As encouraging as these factors were for the success of the Marshall Mission, the implementation of American policy was still confronted with some very formidable problems. China was territorially fragmented, and control was exercised by several forces. At the end of World War II the authority of the National Government was limited to the southwest area, and the Russians dominated Manchuria. The Chinese Communists were located in the rural areas of southeast China, and their control in North China was extensive. By the time Marshall arrived in China, the Russians still occupied Manchuria, and the Chinese Communists had increased the territorial area which they dominated. In addition, Japanese troops were the only military forces in certain areas of East China and South China, and the repatriation of Japanese armed personnel and civilians had been proceeding slowly.

Thus, removal of Soviet and Japanese forces from Manchuria and China and Nationalist occupation of those areas were vital to the realization of the basic aims of American policy. The immediate problem in this connection was two-fold: (1) getting the Chinese Communists to accept Nationalist sovereignty in Manchuria and to recognize the authority of the Chinese Government to occupy that part of China not already occupied by the Chinese Communists, and (2) convincing the National Government that the sporadic armed clashes should be stopped before they developed into civil war. Nation-wide hostilities, the United States contended, would destroy

China's economic and financial structure and would create conditions more beneficial to the Communists than to the Nationalists.

There were additional, and potentially equally portentous, Chinese problems that would have to be solved if the United States were to realize its basic aims. Domestically, Nationalist military expenditures in relation to total expenditures would have to be reduced, the inflationary trend prevalent during World War II and after would have to be reversed, and Government revenue would have to be augmented. Production, distribution and communications systems required rehabilitation. In addition, the acquisition of Manchuria and Formosa and their resources were considered vital to China's economic stability. Externally, China's economic status required a speedy recovery of the export industries and a return to the pre-World War II level of payments from the Chinese overseas.

And what about the people of China? Their savings had been depleted during the struggle with Japan, and the living standards of the salaried worker were endangered by inflation. The Chinese were weary from the demands and effects of eight years of war and in need of relief. William M. Clayton, Assistant Secretary of State, emphasized the last point on November 14, 1945, when he said that " . . . China could absorb almost any amount of relief."[2] Thus, Marshall's task was to get the Nationalists and the Chinese Communists to compete peacefully and democratically for the control of China and in the interest of the people rather than to resort to the battlefield for partisan gain irrespective of the needs of the people.

The United States tried to solve China's problems during the Marshall Mission by utilizing the services of several of its most capable

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[2]Supra, Chapter V, n. 39.

men and by resorting to a variety of assistance measures. Stuart, Wedemeyer, Robertson, Byroade and a large number of American economic and military personnel were in China during part or all of this period. They all made worthy contributions to the American venture. Marshall was instrumental in securing an armed truce within three weeks of his arrival in China, thus removing the most sericus obstacle to the convocation of the PCC on January 10, 1946. He also served as advisor to the Military Subcommittee of the PCC which completed plans on February 25, 1946, for the reorganization and redisposition of the Chinese armed forces. After the initial cease-fire broke down in April, 1946, Marshall primarily devoted his time as Chairman of the Committee of Three to seeking additional truces and extensions of the time limits on armistice orders so arranged. In this connection, Marshall had truce teams formed to go from one trouble spot to another to try to prevent hostilities. Further, Marshall made proposals for consideration by both Chinese parties, drafted statements for Chiang Kai-shek, and served as an agent for the transmission of overtures from one Chinese principal to the other. In addition, Marshall urged the Chinese to reorganize the Government so that all political views would be effectively represented. He encouraged utilization of the leaders of third parties in prominent government positions. And when negotiations were broken off by the Nationalists and the Chinese Communists in the fall of 1946, Marshall strongly supported the efforts of minor parties to reopen the consultations. Further, economic and military assistance were provided only upon Marshall's approval and sometimes on his initiative.

Economic assistance during the Marshall Mission was made directly available through grants and credits totaling $677,600,000 and indirectly through grants to UNRRA. Assistance through UNRRA constituted the greatest

American economic contribution during Marshall's stay in China. Though deliveries under all programs were less than half-fulfilled during this period, shipments consisted of food, clothing, medical supplies, raw cotton, railway repair materials, cargo vessels, motor vehicles, dockyard facilities, and coal mining and construction equipment. Civilian surplus property transfers alone had originally cost the United States $900,000,000.

All military assistance during the Marshall Mission was made through direct channels and consisted of both grants and credits. It is not possible, however, to accurately determine the monetary value of aid furnished during Marshall's stay in China as distinguished from that of transfers during periods preceding and following the Mission. The difficulty in this connection is indicated by the following references to aid provided in relation to the dates of delivery: (1) a grant of $17,700,000--delivered September 2, 1945-March 2, 1946; (2) lend-lease supplies valued at $489,932,000--delivered between V-J Day and December 31, 1945; and (3) the transfer of $204,368,000 in lend-lease items during 1946-March, 1949. Nevertheless, United States military programs provided for shipments of a broad assortment of military supplies and for American acceptance of the costs of redeploying Nationalist troops and repatriating Japanese.

In addition, no pecuniary value can be placed upon several types of military assistance rendered by the United States during the Marshall Mission. These means of support for the National Government included the following: (1) use of American troops for guard duty in order to free Nationalist forces for occupation of areas liberated from the Japanese; (2) planning the redeployment of Nationalist troops; (3) devising the Japanese repatriation program; and (4) the establishment of American Army and Navy Advisory Groups.

Reasons for the Failure of American Policy

In view of this assistance by the United States, why did the Marshall Mission fail? Was the failure due to an incorrect assessment of the Chinese situation by American officials in late 1945? Or did unforeseen developments lead to the defeat for American policy? Was the United States effort thwarted because it had the wrong objectives or used the wrong techniques to achieve those objectives? Or did American policy fail because of conditions over which the United States had little or no control?

The one incontestable fact about the Marshall Mission is that it did not achieve its objectives. No voice, including that of President Truman or General Marshall, was ever raised to the contrary. This does not mean, however, that the President has agreed that he made an error in judgment when he sent Marshall to China. His decision was made, Truman noted, on the basis of what was known when the Mission was created. The prevailing view in late 1945, he said, was that the Chinese could be persuaded to unify their country. According to advice given the President, it was believed that the Nationalists and the Communists would continue their struggle for power, even in a unified China. The President's advisors also believed, however, that the Nationalists could win the struggle if they took care of the fundamental needs of the people and the country. Additional justification by the President for sending Marshall was that it was the only practical course for the United States at the time.

It was precisely on the points referred to by Truman, however, that the prevailing view about conditions in China in late 1945 proved to be incorrect. That is, the Chinese could not be persuaded to unify their homeland peacefully, and the National Government did not attend to the fundamental needs of the people and the country.

The coalition concept was not unknown to the Nationalists and the Chinese Communists. They had formed two united fronts on earlier occasions, once from 1924 to 1927 and again during 1937-45. Acceptance of the idea of coalition did not mean, however, that it was practiced. In fact, these years were never more than periods of uneasy peace. In addition, there was open warfare between the Nationalists and the Chinese Communists from 1927 to 1936. Further, China's contribution to the Allied effort in World War II was considerably reduced because the Chinese had rather fight each other than the Japanese.

And in the post-V-J Day period, the Chinese continued to fight each other although they had agreed in October, 1945, to peacefully resolve their differences. The United States made its basic error when it accepted the October compact as an indication that the Chinese intended to settle their disagreements through negotiations. Surely, the failure of the Nationalists and the Chinese Communists to reach agreement during the 1941-45 period should have foretold the impasse which developed during Marshall's efforts. The Chinese tactics to prevent a political settlement were particularly apparent during the Hurley period in China. These tactics included the confrontation of proposals with counter-proposals, mutual unwillingness to accept the other's amendments to proposals, and periodic military clashes of the contending forces. The United States erred, therefore, in believing that the Chinese might be willing to act in good faith, to compromise, to settle their differences around the conference table.

Marshall's Mission to China, therefore, was based on a mistaken image of the Chinese political scene. The United States knew that the Chinese Government was a dictatorship of the Kuomintang and that the Chinese Communist Party was not just a group of agrarian reformers. American

policy stipulated, therefore, that the Chinese should cease hostilities, democratize the government and integrate the armies. It must be remembered, however, that the authoritarian one-party system, rather than democracy, had been traditional in the development of China. Also, revolt had been long recognized in China as the proper means to remove the governing group. Further, neither the Kuomintang nor the Chinese Communist political organizations were parties in the sense that Americans understood the term. Both major Chinese parties had their own armies, were dominated by militant creeds and occupied large territorial areas in China. Third parties were ineffective because effectiveness depended upon armed might, not influence at the ballot box. As minor parties had no armies, they had neither influence nor power. Thus, no Chinese party gave effective support to the United States policy of mediation--the Kuomintang and the Communists because they would not and other parties because they could not. Compromise under such conditions was problematical if not impossible.

Unforeseen developments in China also constituted obstacles to the achievement of United States policy aims. The United States was not prepared for the National Government's readiness either to renew military conflicts with the Communists or to accept battle when initiated by the Communists. Apparently, the United States did not foresee that its aid and support would serve as stimulants for the military ambitions and plans of Nationalist leaders. In addition, Marshall evidently did not anticipate that the Communists would attack the United States and him personally for posing as mediator between the Nationalists and the Communists while the United States was aiding the Nationalists. Marshall eventually met this objection of the Communists by imposing an embargo in August, 1946, upon the transfer of military items to the National Government.

Further, the United States did not foresee the early breakdown in negotiations. With this development, the United States became more deeply involved in China's domestic affairs than Marshall had anticipated or wanted. Though Marshall believed that he should stay out of political developments in China, he became increasingly involved after mid-April, 1946, in both the military and political phases of the Chinese dispute. Because of the suspicion and distrust of the Nationalists and the Chinese Communists for each other, Marshall after mid-1946 was groping not for what he could do, but for whether he could do anything.

Achievement of the dual objective of United States policy would undoubtedly have served the best interests of the United States in the post-World War II period. However, neither the objectives nor the techniques for achieving them were suited to the tasks at hand. China was not ready to govern itself, and until it was so prepared it could not be the stabilizing force for peace in the Far East. It is doubtful that the Nationalists wanted a democratic China as proposed by United States policy, and it is evident that the Chinese Communists did not want the American objective to materialize.

Unity and stability in China were obtainable only through cooperation of the Chinese or if one Chinese party broke the power of the other. Since the inflexible positions of the Nationalists and the Chinese Communists made peaceful change impossible, revolutionary change was inevitable. Thus, the conditions prerequisite to mediation by the United States simply did not exist.

The Chinese situation would have had to change drastically after Marshall's arrival in order for the Mission to have had any reasonable chance to achieve its objective. That this did not happen is, of course,

quite evident. Progress toward achieving the American goal was either imperceptible or non-existent except during January-February, 1946, and part of June of the same year. And the agreements reached during January, February, and June were illusory. It has long been debated whether the Nationalists could have retained power if they had made the reforms suggested by Marshall and tended to the needs of the people. As Marshall correctly predicted, however, the Nationalists' resort to arms, refusal to make reforms, and neglect of the people ended in their ignominious defeat.

Though the United States had consistently stated that it would extend economic, technical and military aid to the Chinese as they made progress toward reorganizing the government and armies, the United States did give aid without waiting for the reforms. It does not seem probable, however, that the United States could have forced the reforms. The United States was without adequate means to either control or strongly influence either the Nationalists or the Communists. Marshall could not withdraw aid from the Communists in order to secure compliance with American objectives because the Communists had never received any American aid. When the Communists resisted Nationalist proposals for reforms, Chiang Kai-shek reciprocated, and vice-versa. Chiang rejected unilateral granting of reforms by the Government on the ground that the Government would be weakened in its struggle with the Communists. Marshall on several occasions threatened to terminate his mission if progress were not made, and President Truman wrote Chiang in August, 1946, to the same effect. However, neither these warnings nor the embargo on the transfer of American military aid to the National Government had any lasting impact upon the two Chinese parties.

Two additional points merit consideration relative to the suggestion that the United States could have or should have forced reforms in

China. First, withholding American aid to the Nationalists in the absence of reforms probably would have weakened the position of the National Government while improving that of the Communists. Second, the United States was not sovereign in China. The United States did not have the power of decision in China. Marshall appropriately assessed the situation in December, 1946, (upon termination of the Marshall Mission) when he was asked by Chiang Kai-shek to become his (Chiang) personal advisor. The President's emissary remarked that he did not believe he could influence the course of events alone when he had been unable to do so with the full backing of the United States Government.

In the final analysis, the Chinese Government must bear primary responsibility for Marshall's failure in China. The National Government was inefficient and reactionary. Controlling governmental forces thought only in terms of personal and group gain and power and refused to make necessary reforms. These conditions contributed to the Government's loss of popular support while helping to generate the Communist upsurge.

In addition, the fall of the National Government in 1949 was not due to American action or inaction. The United States capacity to affect the outcome of the Chinese affair was severely limited by developments which the United States had tried to correct when Marshall was in China. China for a long time had been confronted with two revolutions. Nationalist control of China was lost by the Nationalists in the process of unsuccessfully fighting one revolution--the Communist threat--with arms, while ignoring the other revolution--demand for reforms. The Nationalists lost their control because of political inefficiency, military incompetence and disintegration, economic deterioration and popular disapproval of the Nationalist regime. Dean Acheson graphically described the last days of the

Republic of China in the following words:

> What has happenened in my judgment is that the almost inexhaustible patience of the Chinese people in their misery ended. They did not bother to overthrow this government. There was really nothing to overthrow. They simply ignored it throughout the country. They took the solution of their immediate village problems into their own hands . . . . They completely withdrew their support from this government and when that support was withdrawn, the whole military establishment disintegrated. Added to the grossest incompetence ever experienced by any military command was this total lack of support both in the armies and in the country, and so the whole matter just simply disintegrated.[3]

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[3]Speech before National Press Club, Jan. 12, 1950, cited in Bundy (ed.), pp. 177-78.

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APPENDIX I[a]

Quotations for US Dollar Bank Notes, January, 1945 to May, 1949[b]

(CNC$ and Gold Yuan[c] per US$)[c]

Monthly Average	Official Rate	Actual Market Rate
1945 - Jan.	20	512
Feb.	20	611
Mar.	20	532
Apr.	20	708
May	20	987
June	20	1,811
July	20	2,974
Aug.	20	1,330
Sept.	20	670
Oct.	20	1,350
Nov.	20	1,555
Dec.	20	1,320
1946 - Jan.	20	1,457
Feb.	20	2,053
Mar.	2,020 (4 Mar.)	2,029
Apr.	2,020	2,099
May	2,020	2,318
June	2,020	2,563
July	2,020	2,515
Aug.	3,350 (19 Aug.)	2,882
Sept.	3,350	3,548
Oct.	3,350	4,377
Nov.	3,350	4,882
Dec.	3,350	5,906
1947 - Jan.	3,350	6,790
Feb.	3,350 (28 Feb.)	12,550
Mar.	12,000	13,000
Apr.	12,000	14,215
May	12,000	26,600
June	12,000	37,980
July	12,000	43,330
Aug.	36,500 (20 Aug.)	42,650

APPENDIX I-Continued

Monthly Average	Official Rate	Actual Market Rate
1947 - Sept.	41,500	49,510
Oct.	53,620	80,250
Nov.	65,000	98,500
Dec.	81,000	142,000
1948 - Mar.	211,583	449,620
June	1,273.000	2,311.250
Aug. 1-18	7,094,625	8,683,000
Aug. 19-31	4	4
Sept.	4	4
Oct.	4	15
Nov.	28	42
Dec.	122	135
1949 - Jan.	240	700
Feb.	2,660	2,980
Mar.	16,000	17,700
Apr.	205,000	813,880
May 1-21	-	23,280,000

[a]Quotations for the years 1945-1947, inclusive, are taken from Table XIX in Price, "UNRRA in China," UNRRA, Operational Analysis Papers, No. 53, Apr., 1948, p. 78. Rates given for the years 1948-1949 are taken from Chang Kia-Ngau, Appendix D, Table D-1, pp. 382-83.

[b]Official statistics during 1945-1947, inclusive, were published only for official rates. Information on which the market figures in this table were based was secured through periodic spot checks by various institutions, including UNRRA China Office. Market figures were based upon two sets of monthly averages. 1945 figures are for Chungking, 1946 and 1947 for Shanghai. The rates for 1948-1949 were based on monthly reports compiled by the Central Bank of China.

[c]The explanation for the apparent decrease in rates on Aug. 19, 1948, is that when the official exchange rate of CNC dollars reached 7,094,625 for one U. S. dollar, the National Government introduced the Gold Yuan (ratio of GY 1 to CNC $3 million) at the official rate of four Gold Yuan for one U. S. dollar. Thus, one U. S. dollar on Aug. 19, 1948, was officially worth CNC $12,000,000 under the discarded CNC system. All estimates for Aug. 19, 1948, and thereafter are given in Gold Yuan rates and the relationship of GY to CNC quotations should be viewed in light of the above explanation.

APPENDIX II[a]

United States Government Economic, Financial and Military Aid to China since 1937

(in millions of U. S. dollars)

	Grants	Credits	Sales of U. S. Government Excess and Surplus Property		
			Procurement value	Realization by U. S.	
				Initial	Ultimate
	(1)	(2)	(3)	(4)	(5) (Sum of Columns 2 & 4)
Pre-V-J Day:					
Economic					
1. Export-Import Bank Credits Authorized	. . .	$120	. . .	. . .	. . .
2. Stabilization fund agreement, 1941	. . .	50	. . .	. . .	. . .
3. 1942 Treasury Credit. . . .	. . .	500	. . .	. . .	. . .
Total Economic Aid	. . .	$670	. . .	. . .	. . .
Military					
4. Lend-lease ($845.7 million)	$825.7	20	. . .	. . .	. . .
Total Military Aid	$825.7	20	. . .	. . .	. . .
Total Pre-V-J Day Aid. . .	$825.7	$690	. . .	. . .	. . .

APPENDIX II-Continued

	Grants	Credits	Sales of U. S. Government Excess and Surplus Property		
			Procurement value	Realization by U. S.	
				Initial	Ultimate
	(1)	(2)	(3)	(4)	(5)
Post-V-J Day:					(Sum of Columns 2 & 4)
Economic					
5. Lend-lease "pipeline" credit	. . .	51.7	. . .	. . .	. . .
6. UNRRA-US Contribution. . . .	474.0	. . .	. . .	. . .	. . .
7. BOTRA-US Contribution. . . .	3.6	. . .	. . .	. . .	. . .
8. Export-Import Bank Credits Authorized.	. . .	82.8	. . .	. . .	. . .
9. Civilian Surplus Property Transfers (Under August 30 1946, bulk sale agreement)	. . .	55	$900	$120	$175
10. OFLC dockyard facilities sales	. . .	4.1	n. a.	. . .	4.1
11. Maritime Commission ship sales	. . .	$16.4	$77.3	$9.8	$26.2
12. U.S. Foreign Relief Program	$46.4	. . .	. . .	. . .	. . .
13. ECA Program.	275	. . .	. . .	. . .	. . .
Total Economic Aid.	$799.0	$210.0	$977.3	$129.8	$205.3
Military					
14. Lend-lease ($694.7 million)	513.7	181.0	. . .	. . .	. . .
15. Military Air Under SACO. . .	17.7	. . .	. . .	. . .	. . .
16. Sale of excess stocks of U.S. Army in West China	. . .	20.0	n. a.	(b)	(b)20.0

APPENDIX II-Continued

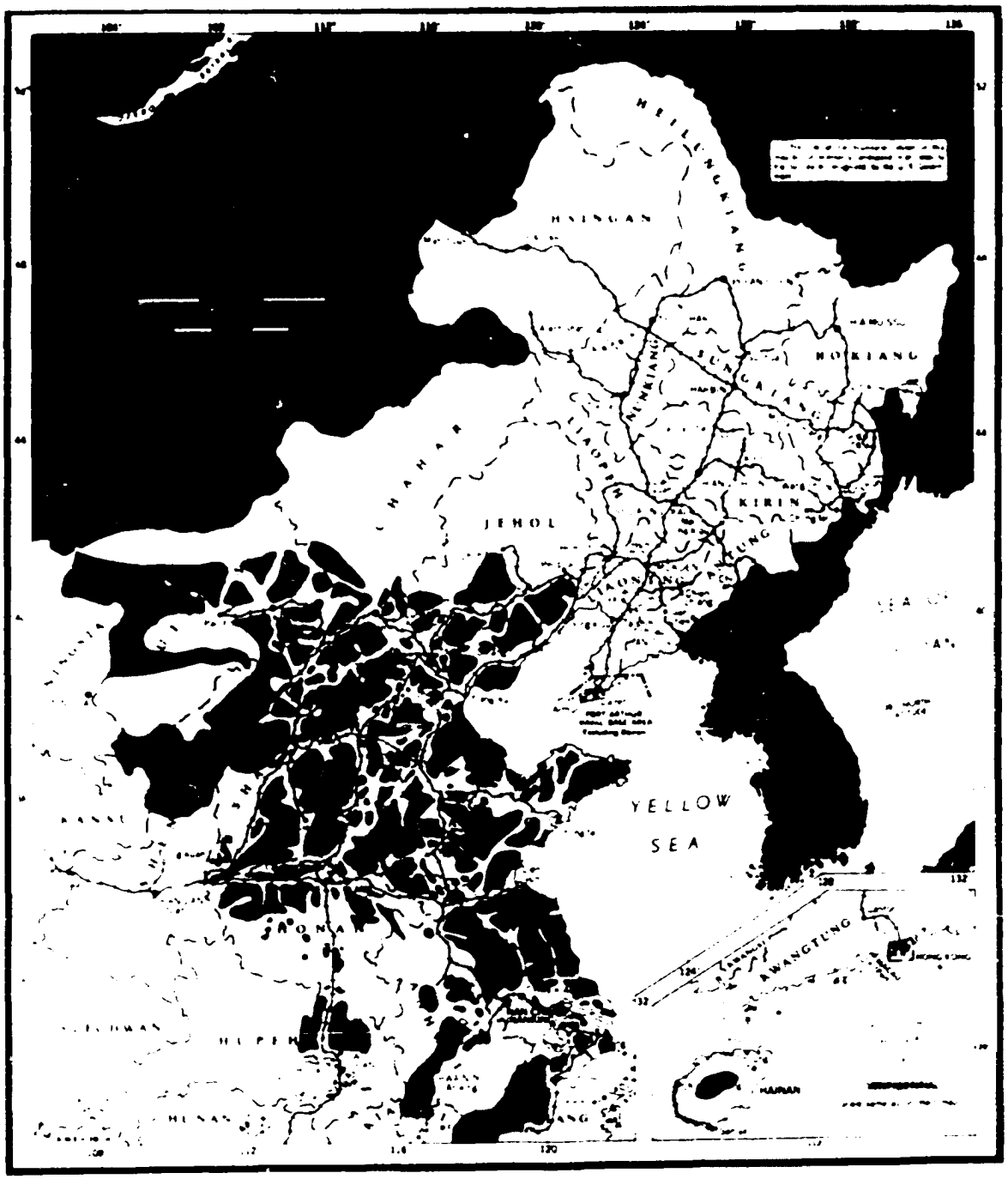
	Grants	Credits	Sales of U. S. Government Excess and Surplus Property		
			Procurement value	Realization by U. S.	
				Initial	Ultimate
	(1)	(2)	(3)	(4)	(5)
					(Sum of Columns 2 & 4)
Post V-J Day-Continued					
17. Ammo Abandoned and Transferred by U.S. Marines in North China (over 6,500 tons).	(c)	. . .	. . .	. . .	. . .
18. Transfer of U.S. Navy Vessels (PL 512)	d 141.3	. . .	. . .	. . .	. . .
19. Sales of surplus military equipment (total accepted by Chinese Govt.).	. . .	. . .	100.8	6.7	6.7
20. $125 Million Grant Under China Aid Act of 1948. . .	125	. . .	. . .	. . .	. . .
Total Military Aid	$797.7	$201.0	$100.8	$6.7	$26.7
Total Post V-J Day Aid . .	1,596.7	411.0	1,078.1	136.5	232.0
Grand Total.	$2,422.4	$1,101.0	$1,078.1	$136.5	$232.0

[a]State Department, U. S. Relations with China, Annex 185, pp. 1043-44. Data determined as of Mar. 21, 1949.

[b]Down payment covered under Item 9.

[c]No estimate of total value available.

[d]Vessels valued at procurement cost.



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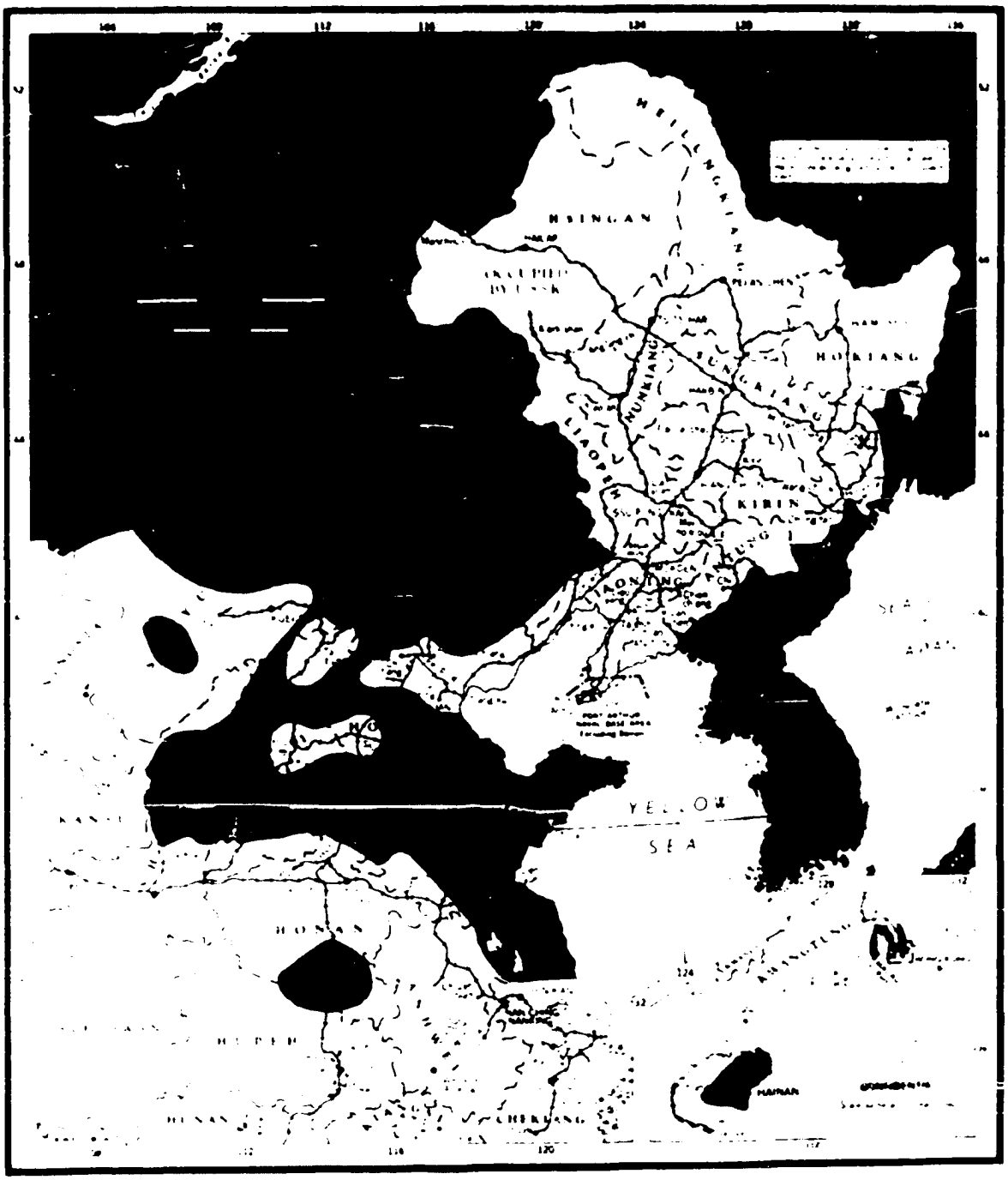
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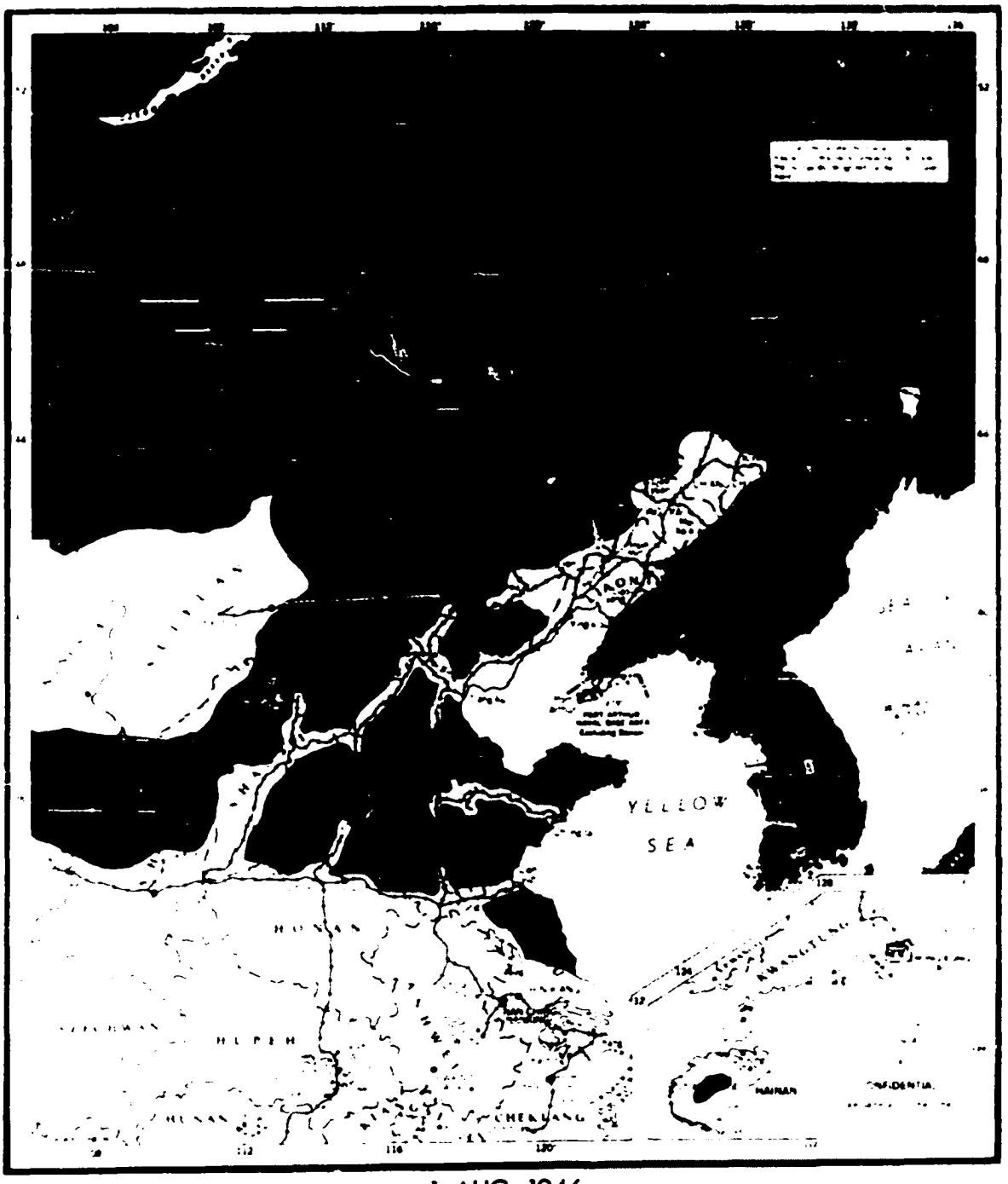

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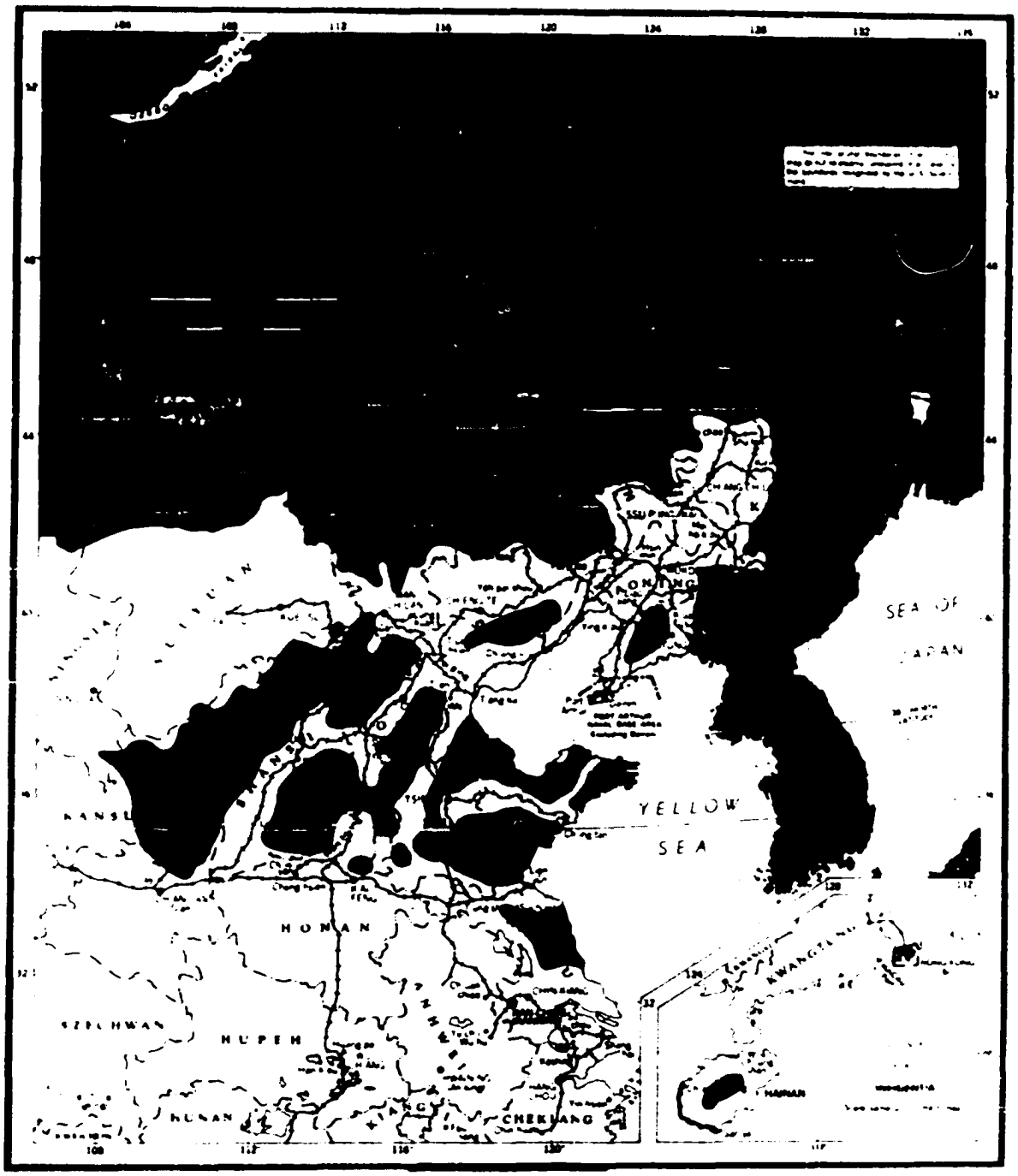

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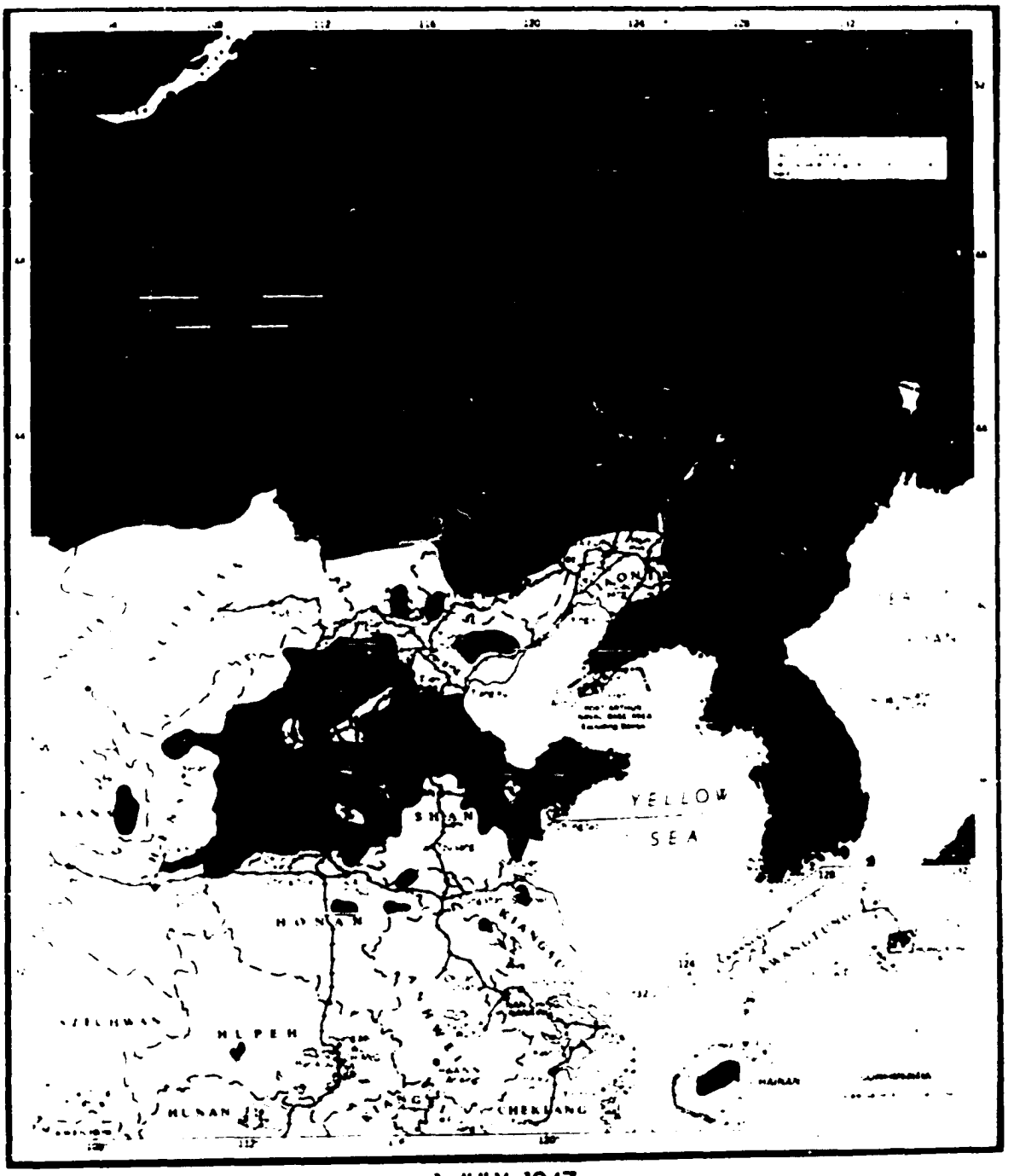

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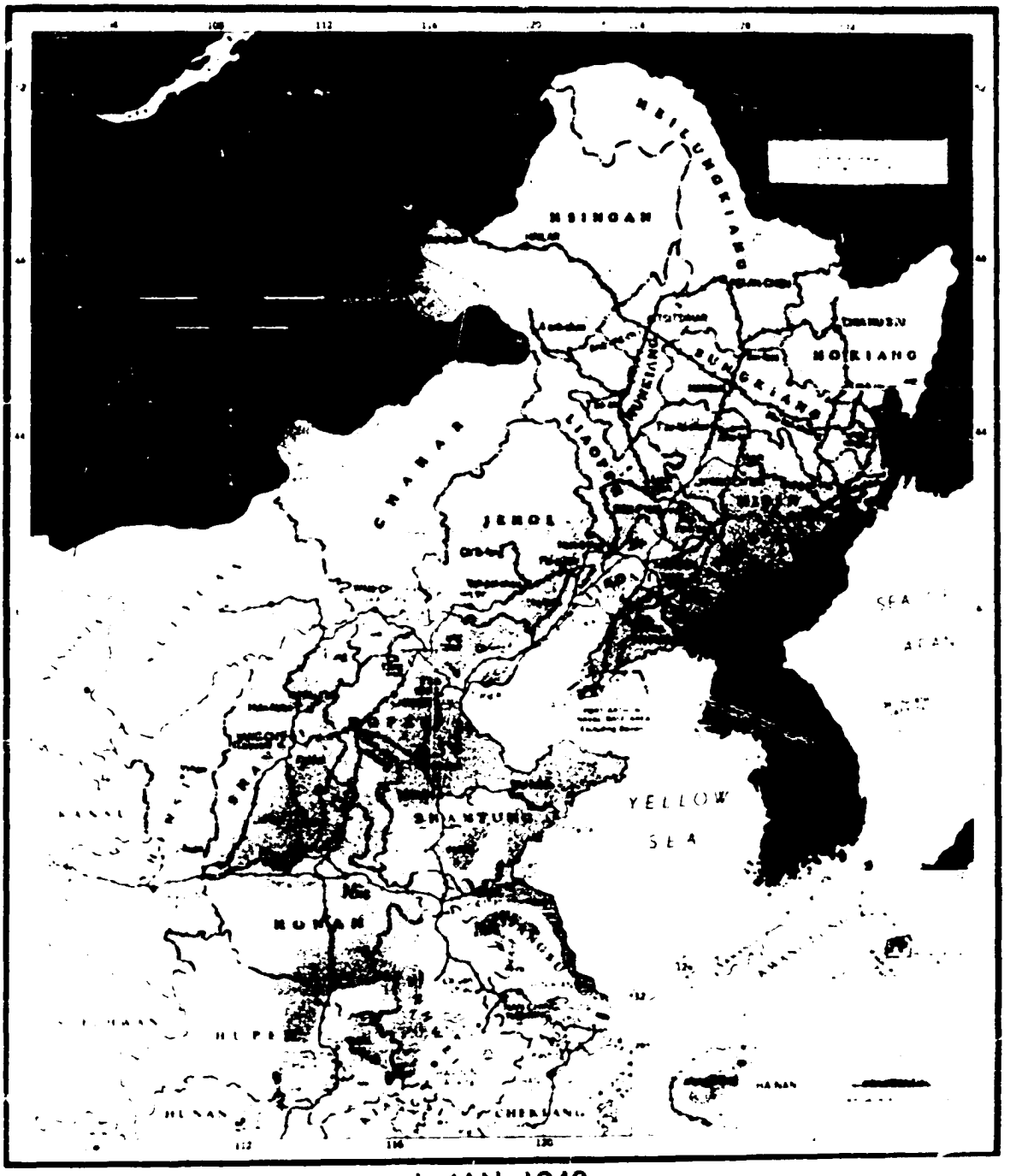
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