

Marshall Testimony of February 20, 1945

COMMITTEE ON INTERNATIONAL RELATIONS

SELECTED EXECUTIVE SESSION HEARINGS
OF THE COMMITTEE, 1943-50

Volume
VII

United States Policy in the Far East

Part I

Military Assistance to the Philippines

Military Assistance to China

Economic Assistance to China

Briefing on the Fall of China

HISTORICAL SERIES

U.S. HOUSE OF REPRESENTATIVES

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON: 1976

[p.159]

FOREIGN ASSISTANCE ACT OF 1948

(S. 2202, 80th Cong., 2d Sess.)

FRIDAY, FEBRUARY 20, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS, [\[1\]](#)
Washington, D.C.

The committee met in executive session at 2:30 p.m., in the Foreign Affairs Committee room, the Capitol, Hon. Charles A. Eaton (chairman) presiding.

Chairman EATON. The committee will be in order.

Would you like for us to ask you questions?

STATEMENT OF HON. GEORGE C. MARSHALL, SECRETARY OF STATE [\[2\]](#)

Secretary MARSHALL. I think it would be helpful if I read some notes I have here.

Mr. VORYS. Mr. Chairman, I wanted to ask this: Could there be a summary of what lies ahead that could go in our hearings with such remarks as you wish to make? On the other hand, perhaps there might be nothing that you care to say that would need a stenographer, but I want you to know he is here. I will put that up to you Mr. Secretary:

Secretary MARSHALL It was my understanding they would make a record of what I say, but not distribute copies, in order that any member not here would have the opportunity to read what I did say. [\[p.159/160\]](#)

Mr. VORYS. I think it is the feeling of our committee that your wishes will be abided by.

CONFIDENTIAL NATURE OF THE TESTIMONY

Secretary MARSHALL. I would not like to have it distributed in any way because there are always leaks. It is my great embarrassment that if I am wrong, I do great harm to the Government of China. I am assuming your familiarity with the general outline of the Chinese program which I presented at the opening hearing on this subject. [\[3\]](#) There is a great deal that bears directly on the problem which is not in the public interest of this country, and particularly of the Chinese Government, to state for the open record. A public statement of many of the factors which have led to the failures of the Chinese

Government in both the military and economic field, however accurate, would be destructive of morale to that government and its army. It would be stimulating to the morale of the Communist Party and the Communist Army. Therefore, it has been very difficult to make a frank public statement of the problem.

CHINESE MILITARY WEAKNESS

Considering the military aspects of the problem, it was clear from V-J Day, in 1945, that the Chinese Government was confronted by a military situation which made it, in the opinion of virtually every American authority, impossible to conquer the Communist armies by force. Geographically, the odds were too heavy against the government—thousands of miles of communications bordered by mountains affording easy retreats for guerrilla forces, numerous vulnerable river crossings and tunnels easily subject to destruction, the strategical and tactical characteristics of guerrilla warfare permitting a concentration of guerilla forces at a desired point where the Government was weakest, and the Government's military necessity of covering all points, therefore making all weak and vulnerable to surprise attack.

SETTLEMENT BY FORCE

There was constant insistence on the part of the Generalissimo [Chiang Kai-shek] that the only way the issue could be settled was by force. I should explain that while the agreements were on the basis of a political settlement, the conferences of the supreme military council, which is a political council of both civilians and government people, frankly reversed that opinion by his [Chiang's] statements that it could only be accomplished by force. Therefore, on the one hand, our public undertakings were on the basis of a political adjustment, but the pronouncement which was occurring in the confidential committees was the frequent statement that it could only be managed by force.

I endeavored to persuade them time after time that it was not within their capability to settle the matter by force; the odds were too heavy against them. Furthermore, there were conspicuous ineptitude and widespread corruption among the higher leaders. The consequent low [p.160/161] morale of the Chinese Government Armies has been a factor of great importance to the military situation.

LACK OF MILITARY TRAINING IN THE CHINESE ARMY

I referred this morning, I think, in answer to a question by Mr. Judd, to the great and most serious lack in connection with the government armies. What I was specifically talking about—though I did not go into details there—aside from matters of leadership, which are fundamental in their importance, was the fact that they had no training

program at all for the ranks of the army. In the agreement we had, which was signed in February of 1946, for the demobilization of the army down to 50 Government divisions and 10 Communist divisions, it was arranged there the procedure for training in these various districts. [4] It would not be under military command; it would be under military control, but not military command. That was to take the military officials out of political control.

Also, that could have been started south of the Yangtze River because that area was not under duress by the Communist forces, and that would mean you would have, in the ranks of the army, these farm boys who were given at least an understanding of their weapons and who were accommodated to the violent change from their quiet, restricted life on the farm to the rather, at best, demoralizing conditions, in the divisions of the Chinese Army. What actually happened was, they would take boys straight off the farm and they would be in, often on the next day. They were just helpless. There was no firmness in the troops and they suffered tremendous losses of arms. They—the Communists—used to give me lists of the take in certain victories. I assumed them to be exaggerations, but I found in private investigation; that a great amount had sound foundation. The fact of the matter was the armies had just ceased to be effective instruments, and the use of their material and all that was on a very wasteful basis.

ARGUMENTS AGAINST GIVING MILITARY AID TO CHINA

We have had many proposals for this Government to support the Chinese military program. That is easy to say, but extraordinarily difficult and dangerous to do. It involves obligations and responsibilities on the part of this Government which, I am convinced, the American people would never knowingly accept. We cannot escape the fact that the deliberate entry of this country into the armed effort in China involves possible consequences in which the financial cost, though tremendous, would be insignificant when compared to the other liabilities inevitably involved.

So far, I have been discussing the Government military forces. On the other side, the Communist forces have brought about terrible destruction This was their announced purpose—to force an economic collapse. The development of the situation was predicted by me to the Chinese Government frankly and forcibly many times in the summer and fall of 1946. [p. 161/162]

I might say, there, that I was not engaging in what you might call pro forma emphasis. I was just laying it on the line in the most forceful language I could command.

[Discussion off the record.]

PREVIOUS U.S. MILITARY AID FOR CHINA

Secretary MARSHALL. We have furnished important aid to China since V-J Day.

[5] Military aid included the transportation by U.S. facilities of Chinese Government troops from points in west China to the major cities of central and north China, and from coastal points to the port of entry into Manchuria for the reoccupation of Japanese-held areas. At the end of the war, the United States had largely equipped and partially trained 39 Chinese divisions. Additional equipment was transferred to the Chinese to complete these divisions and to replace wornout, equipment. Military lend-lease aid to the Chinese Government amounted to more than \$700 million. The Chinese Government obtained the arms and equipment of the surrendering Japanese Armies in China proper, that is, below the Great Wall, and on Formosa from a total of approximately 1,235,000 men.

The Chinese Communists obtained large quantities of Japanese arms in Manchuria, through direct or indirect Soviet connivance; the number of surrendering Japanese troops in Manchuria is estimated at 700,000.

The National Government has had its own arsenals which, while small by U.S. standards, did represent an effective addition to its military potential. Japanese-armed Chinese puppet troops with their equipment were taken over by the Chinese Government in large numbers, estimated at 780,000.

Under Public Law 512, the United States has transferred to the Chinese Navy, as a gift, 97 naval craft, and has trained Chinese naval personnel to man these vessels. [6] The U.S. Military Advisory Group at Nanking has furnished advice and assistance on a staff level to the Chinese Government in organizational and training matters, and is now participating in training of Chinese troops in Formosa on the division level. [7]

The U.S. Marine Corps landed about 55,000 men in north China after V-J Day. In addition to disarming the Japanese, the Marines guarded railways and coal mines in north China until 1946 to insure an adequate supply of coal for the vital industrial areas in north and central China. I might say in connection with the Marines, there was always a Communist clamor against it, but there developed in Shanghai and other places, among businessmen and others, a tremendous pressure to have the Marines out because they felt that was keeping alive the disagreements which were carrying on the fighting and making it impossible to have a peaceful settlement. At the time of their [p.162/163] withdrawal in the spring and summer of 1947, the Marines "abandoned" certain military material, including munitions, to the Chinese Government forces. That was a calculated abandonment; I directed it from Moscow. Unfortunately, they took out, before they abandoned it, a lot of the small arms ammunition I wanted them to abandon, but I think they got scared of an investigation back home and removed all that, and I did not discover until I got home just what had happened.

The U.S. Army and Marine Corps were largely responsible for the removal of approximately 3 million Japanese soldiers and civilians from China. They were also largely responsible for the removal and lifting of the ban on export of munitions to China in April and May of 1947. [8]

ONGOING U.S. MILITARY AID FOR CHINA

We have been supplying munitions under surplus property arrangements, and the Chinese have made some purchases of munitions commercially. In recent months, the Chinese have concluded contracts with Office of the Foreign Liquidation Commissioner for most of the U.S. military surplus suitable to Chinese needs including ammunition, transport planes, and other military materiel. Arrangements are now being completed to sell to the Chinese, under surplus arrangements, the remaining available ammunition in Hawaii and in the zone of the Pacific. There have been long delays in completing the necessary contracts mainly because the Chinese people took their time in getting a better bargain.

I speak from my own personal knowledge in this because I tried to expedite the surplus property affair. I was endeavoring to use my influence to force down the price. My difficulty was in getting the Chinese to conclude the agreements. I say "the Chinese," but I am talking about the particular official they had in charge. He was trying to drive such a sharp bargain, or arrange the thing in such a particular way, that months elapsed before we could get any action.

With the exception of one contract concluded on December 9, 1947, the Chinese Government did not, after the lifting of the ban on export of munitions to China in May, 1947, make any purchases of munitions on the commercial market in the United States during 1947. Its foreign exchange reserves as of June 30, 1947, shortly after the lifting of the ban, were approximately \$350 million.

ECONOMIC AID FOR CHINA

On the civilian side, commercial vessels have been transferred to the Chinese Government, and large amounts of civilian goods valuable to the Chinese economy were sold to the Chinese Government, under surplus arrangements at prices representing only a small fraction of their procurements cost. The Export-Import Bank has extended credits to the Chinese for reconstruction purposes and the import of cotton. The United States contributed a major share of the UNRRA (United [p.163/164] Nations Relief and Rehabilitation Administration) program for China. Authorized U.S. aid from V-J Day until the present date, exclusive of surplus property sales, totals \$1,432 million, at least half of which was military assistance.

The Chinese Government has received aid from other foreign sources. The non-U.S. share of the UNRRA program and certain foreign credits together total approximately \$250 million. The Chinese Government obtained the large Japanese industrial and other holdings in China having a roughly estimated value in 1945 of \$3,600 million; this figure allows for a 50 percent reduction of the value of Japanese holdings in Manchuria due to Soviet removals, civil war and related damage, and to

general undermaintenance in the postwar period.

I tried to have the commander in Manchuria start the training of men in the industrial plants in one area. They had a Japanese supervisor there who was perfectly willing to carry out the work and understood all its technicalities, and they had it set up and facilities ready to start. I think there were 500 men, but you could have increased it very rapidly. They had in the neighborhood of 20,000 or 30,000 people out of work there. I thought it would have a great stimulating effect, aside from being a very normal procedure of rehabilitation, to start training these Chinese people in the technical handling of this equipment that was there, installed, and available at that time. I was never able to get any move on their part at all, on the part of this military commander. Here you had perhaps 40,000 men out of work, with very little to eat, the Communists working on them all the time, and not a thing being done to try to give an indication that the Government was trying to help them. There were so many matters like that all over the place that it undermined the Government position in this matter.

On the other hand, the Communists not only are immensely effective at their sabotage procedure, in their working among people, but they always put on a pretty good show, whether it was bona fide or not, in trying to convince the local people, the workers and everyone, that they, the Communists, were working for their interests. The results were that it left a situation where the Government was constantly losing the support that is necessary to it, particularly in the conduct of anything approximating guerrilla warfare.

WHAT THE CHINESE MUST DO FOR THEMSELVES

All of the foregoing means, at least to me, that a great deal must be done by the Chinese authorities themselves—and that nobody else can do it for them—if that Government is to maintain itself against the Communist forces and agrarian policies. It also means that our Government must be exceedingly careful that it does not become committed to a policy involving the absorption of its resources to an unpredictable extent once the obligations are assumed of a direct responsibility for the conduct of civil war in China, or for the Chinese economy, or both.

All the time I was out there, I was confronted with the very frank statement, particularly of the Chen Li-fu group, that we would have to do all these things, and that there would probably be a war between the United States and Russia and we would have to do these various [p.164/165] things. [9] Perhaps Mr. Judd and some of the others of you are more familiar with the Chinese habits and procedure than I am, but they have a way of stepping aside and leaving the burden go to you, and that is one thing to be considered very carefully in this procedure.

INFEASIBILITY OF A TOTAL U.S. COMMITMENT TO CHINA

There is another point that I wish to mention in consideration of this matter. There

is a tendency to feel that wherever the Communist influence is brought to bear—I am talking about a fundamental policy—we should immediately meet it head on, as it were. I think this would be a most unwise procedure for the reason that we would be, in effect, handing over the initiative to the Communists. They could, therefore, spread our influence out so thin that it could be of no particular effectiveness at any one point.

Here you have almost an identical situation to the global, which we have just gotten through; the feelings in connection with this affair are not at all unlike those where I had to struggle with the tremendous pressure from the southwest Pacific, the pressure from the Navy to do certain things for them. Proposals were made that I go out with a congressional committee. I remember Happy Chandler [10] wanted me to go out with him to negotiate the affair, without the Chiefs of Staff or anybody else being in on the matter. The pressure was constant and the attacks were persistent; behind the scenes they were very strong: We had to follow the best thought-out policy we could of applying our strength in a certain relation to the developments in the case, so that we could turn and do this, that, and the other thing.

I would assume that, historically, there would never be agreement in China to the policy we followed in the World War [II] in taking the European theater first. I know there would never be agreement on the part of a great many Americans who were in the Far Eastern setup because they were on the ground and they were suffering for lack of this and that. In that case, however, we have had the result, and it proved out with such rapidity that it almost upset all our plans when we came to the end in such a rapid matter. Many have thought that we should have clearly seen that. I am not that belligerent.

We should be prepared to face the possibility that the present Chinese Government may not be successful in maintaining itself against the Communist forces or other opposition that may arise in China.

It can only be concluded that the present government cannot reduce the Communists to a negligible factor in China. To achieve that [p. 165/166] objective in the immediate future, it would be necessary for the United States to underwrite the Chinese military effort on a wide and probably increasing scale, as well as the Chinese economy. The United States would have to be prepared to take over the Chinese Government, practically, and administer its economic, military, and government affairs.

Strong Chinese sensibilities regarding infringement of China's sovereignty, the intense feeling of nationalism among all Chinese, and the unavailability of qualified American personnel in the large numbers required argue strongly against attempting any such solution. It would be impossible to estimate the final cost of a course of action of this magnitude. It certainly would be a continuing operation for a long time to come. It would involve this Government in a continuing commitment from which it would practically be impossible to withdraw, and it would very probably involve grave consequences to this Nation by making China an arena of international conflict. 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.

CONTEXTS FOR U.S. POLICY OF AID TO CHINA

On the other hand, we in the executive branch of the Government have an intense desire to help China. As a matter of fact, I have struggled and puzzled over the situation continuously since my return in January 1947. Our trouble has been to find a course which we could reasonably justify before the Congress on other than emotional grounds. It has been a long struggle to concoct an economic program and clear it through the various Government agencies—the National Advisory Council, and, of course, the Budget Bureau, where they properly have to be very factual.

[Discussion off the record.]

Secretary MARSHALL. We are already committed by past actions and by popular sentiment among our people to continue to do what we can to alleviate suffering in China, and to give the Chinese Government and people the possibility of working out China's problems in their own way. It would be against U.S. interests to demonstrate a complete lack of confidence in the Chinese Government and to add to its difficulties by abruptly rejecting its request for assistance. The psychological effects of that would be terribly serious; the psychological effect in China would be harmful.

We hope that the program we are presenting to Congress will assist in arresting the accelerating trend of economic deterioration by providing the Chinese Government with a further opportunity to lay the groundwork for stabilizing the situation.

In these circumstances, I consider that this program of economic assistance, proposed with full recognition of all the unfavorable factors in the situation, is warranted by American interests,

The problem of U.S. aid to China must be considered in the light of not only the foregoing, but also in its relation to other important factors. China does not itself possess the raw material and industrial [p.166/167] resources which would enable it to become a first-class military power within the foreseeable future. The country is at present in the midst of a social and political revolution. Until this revolution is completed—and it will take a long time—there is no prospect that sufficient stability and order can be established to permit China's early development into a strong state.

Furthermore, on the side of American interests, we cannot afford, economically or militarily, to take over the continued failures of the present Chinese Government to the dissipation of our strength in more vital regions where we now have a reasonable opportunity of successfully meeting or thwarting the Communist threat—that is, in the vital industrial area of Western Europe with its traditions of free institutions.

Present developments make it unlikely, as previously indicated, that any amount of U.S. military or economic aid could make the present Chinese Government capable of reestablishing and then maintaining its control throughout all of China—that is, unless

they reach some political agreement.

FACTORS AIDING RECRUITMENT OF MEMBERS FOR THE CHINESE COMMUNIST PARTY

The issues in China are thoroughly confused. The Chinese Communists have succeeded, to a considerable extent, in identifying their movement with the popular demand for a change in present conditions. On the other hand, there have been no indications that the present Chinese Government with its traditions and methods, could satisfy this popular demand or create conditions which would satisfy the mass of Chinese people and prevent further violence and civil disobedience.

I know from my own experience that large numbers of young Chinese, college graduates, have gone over to the Communist Party, not because they favored the ideology of the party, but because of their dislike of the officials of the Chinese Government. They just came to me, giving the accounts of what went on, and much of it happened in my presence. In the opinion of these young men, the Communist Party was trying to do something for the common people, and no one accuses the Communist leaders or officials of personal graft. They extorted money, they did all sorts of terrible things to get money, but it was not on a personal basis.

For this reason the Communist military forces are not all of the same way of thinking. I have recently been told by our representatives in Manchuria and other places that it is quite apparent that considerable groups are within the ranks of the Communist army because they are opposed to the inequities of the political party in power, the Kuomintang, and its failure to do anything constructive for the common people, and not because of any belief in Communist ideology. For that reason, we felt that we had to be careful, to some extent, with our statements. It would be more helpful if we could drive a wedge between Communist groups, between those who are there because of disgust and those who are there because of indoctrination. [p.167/168]

ATTEMPTS TO UNITE NON-COMMUNIST POLITICAL FACTIONS IN CHINA

At present, the Chinese Government is not only weak, but is lacking in self-discipline and inspiration. Dr. Stuart [11] made effort after effort. I had been present during some of those attempts, and had succeeded in getting the Generalissimo to do certain things and in getting him to step out from the close tieup with the Kuomintang and take over the inspiration movement of the so-called liberal group. We felt that once he took that lead, a great many in the Kuomintang Party would go to that, and a great many in the Communist Party would go to that. You would have the beginning of a balance there that would make possible some reasonable political adjustment. He would recognize the importance of these so-called liberals, the Young China Party, the Democratic League which was very much allied with the Communists, and several other

groups, and several nonpolitical groups, all of whom had come to me.

But when it came to getting them together, each one had its leader who was very determined that he would maintain that leadership, and only the Generalissimo's personal leadership could have brought about the amalgamation.

[Discussion off the record.]

POSSIBLE DETRIMENTAL EFFECTS OF LARGE-SCALE U.S. AID TO CHINA

Secretary MARSHALL. In these circumstances, any large-scale United States effort to assist the Chinese Government to oppose the Communists would most probably degenerate into a direct U.S. undertaking and responsibility, involving the commitment of sizable forces and resources over an indefinite period. Such a dissipation of U.S. resources would inevitably play into the hands of the Russians, or would provoke a reaction which could possibly, even probably, lead to another Spanish-type of revolution or general hostilities.

In these circumstances, the costs of an all-out effort to see Communist forces resisted and destroyed in China would, as indicated above, be impossible to estimate, but the magnitude of the task and the probable costs thereof would clearly be out of all proportion to the results to be obtained.

Mr. CHIPERFIELD [presiding]. Thank you, Mr. Secretary, for your very frank statement. I might say you have been testifying here a long time and it is 3:30, so I hope the committee members will take that into consideration when they ask you questions.

Mr. Vorys.

OTHER ITEMS TO BE CONSIDERED BY THE COMMITTEE

Mr. VORYS. Mr. Secretary, one of the other things I was hoping we might get cleared up at this session, although it is not too close to the Chinese situation, is the statement of the grist we have to grind [p.168/169] through committee, and the amounts involved, before we go home this year. I do not know whether this is the time to take that up, whether you are prepared on that, or just how we should get at that.

Secretary MARSHALL. I can answer that in part, Mr. Vorys, by telling you what I would not say to the press; it starts them out like bloodhounds on the trail. We have the Greek-Turkey program that has been before the Budget Bureau for some time; they do not like for us to say anything about it because they go after it. We are trying to screen it down. There you are oscillating between the question of how much you can give to material and how much to leadership. That is quite a problem, but I think we have that fixed and it can be settled very quickly here, probably by Monday or Tuesday, so we will have those amounts for you.

The only other amount I can think of at the moment is that in connection with Trieste. It is before the Budget Bureau and we are not sure of the amount; however, it will be less than \$30 million.

Mr. CHIPERFIELD. Will the gentleman yield for a question?

Mr. VORYS. Surely.

Mr. CHIPERFIELD. How about the Standardization Act, do you want that in this session? It is the Inter-American Cooperation Act. [\[12\]](#)

Secretary MARSHALL. That would be very important for us if we could get that by. It is helpful if we have something that will lead to unifying Latin America.

Mr. VORYS. That is one item you know our committee was fairly well sold on. We were rather hoping for that before the Bogota meeting. [\[13\]](#) That is, we had felt last year, after consultation with you and with General Eisenhower, the great importance of that. Is that one of them that we ought to be trying to attend to?

Secretary MARSHALL. It is on our list, but we got into such an awful jam on the Senate side on that thing the other day, I do not know what that situation is in prospect at the present moment. To me, that is one of the important things. We do not want to run our head into the wall.

Mr. VORYS. Is IRO—International Refugee Organization—going to come back this year? Is there more in the budget for that?

Secretary MARSHALL. We do not know of any.

Mr. VORYS. I think it is in.

Secretary MARSHALL. I think we have done all we intend to.

Mr. VORYS. We have made our annual contribution. I think the legislation is drafted in a form so that there is no legislation that will have to come before this committee again.

STATEMENT OF HON. WILLARD L. THORP, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS

Mr. THORP. I think the IRO amount is included in the regular international organizations budget. [\[p.169/170\]](#)

Mr. VORYS. We have a \$6,300 million figure that we have seen in your letter to Senator Vandenberg. Is that still what we are thinking about for this time?

Mr. THORP. Yes; that figure covers all the things we have mentioned here, plus the program for Japan and Korea which the Army is handling and which, I believe, does not come before this committee.

Mr. VORYS. No; except that there will be an authorization bill for Japan and

Korea. There is no legislation for disease and unrest in what we are doing in Japan, Korea, or Germany, except as set out under the Geneva Convention. The Appropriation Committees themselves have said they will not ask for a rule waiving points of order again, and that, in their judgment, that treaty obligation, and the fact that that is the law of the land, is insufficient to authorize it, so something must be done on that one this session.

COMMITTEE'S NEED FOR INFORMATION ON ALL FOREIGN AID LEGISLATION

What we are so anxious to do is to get a bird's-eye view of it. We want to present a view on the floor of the House. We must be able to say to the House, "This plus this plus this" is all there is going to be this session, or we will get into trouble on anything we take there. We must get that information from you. If it is some new development that is something else, but if we go back again for something that was known about all the time, something about which we were not told, or were told about and not tell them, and then go back, we are in dreadful trouble that second time.

Secretary MARSHALL. I can understand that.

Mr. VORYS. That is one of the things we hope we can get worked out.

Secretary MARSHALL. Senator Vandenberg wanted us to give a statement at the very start and we did not have the figures. We are still in process of working out the figures on Greece and Turkey, as I have just explained to you.

Mr. THORP. The Secretary sent the letter up and, I think, it was signed by Ambassador Lewis Douglas. Copies came to Mr. Eaton which outlined, in general, these various subdivisions of the overall program and did fix the figure. I think that is where your figures came from, the \$9,300 million. There is a letter in the record from the State Department outlining the hearings.

Mr. VORYS. I have not seen it yet.

Mr. THORP. I do not know whether it was put in your record of the hearings, but it was sent to the committee.

Secretary MARSHALL. We have been instructed to prepare for this Bogota Conference and have arrived at no fixed conclusion yet. There have been a number of various ideas circulated, and they have all been knocked down one after the other. They had to do with the organization of a special bank, and this and that. Just how that works out, I do not know, but it is to be on a loan basis, of course. Presumably, it will be through the Import-Export Bank and presumably, also, the request would be to give them authorization beyond their present authorization, and a certain freedom that they do not have now under their charter for that particular purpose. I cannot say what that will be, but I ought to be able to give it to you before you finish with this thing. [p.170/171]

SOVIET INTENTIONS IN THE FAR EAST

Mr. VORYS. Your statement about China and the Far East is terribly discouraging to me. It encourages us all to think about what we are going to do about this Soviet military threat. Apparently there is not much left to do except relax and enjoy it in the Orient. In the European situation, upon which we are working so hard, there is the same possibility that we think of all the time, that the better the thing goes, the more it is going to precipitate a military struggle. What is the answer? Are we just going to wait and wait? Are we going to have a fight? Is the only thing to do to keep pouring into Europe large amounts of money? If China does not have a chance to come out even, then how in the world will this little peninsula that cannot support itself come out in this kind of a world? Your story on China makes me bring up the question of the situation on the European side.

Secretary MARSHALL. I think, in the European theater, we can get a solution, and can tend to make the possibility of war much more remote. Also, it has this effect, which goes out to the Far East: On the Chinese side, in this difficulty we experienced there, one thing I did not mention has been my deep concern over the attitude of the Soviet Union, with the exception of irritations at Darien, which I do not understand why they persisted in unless their local man was of a type that just added to the complications. Following their negative, when they withdrew from Manchuria and made it most difficult for the national government to come in, they have been very aloof. [\[14\]](#)

Take, for example, the railroad in Manchuria. I think, under the treaty [the Sino-Soviet Treaty of 1945] they have a perfect right not only to go in there and take over complete control of the railroad, but they could put troops all along the railroad.[\[15\]](#) That would be my conception of their rights. The Chinese Government has been unable to protect the railroad. Therefore, it has been interrupted. That is the connection between Dairen and Port Arthur for the Russian holdings there.

The Russians already, by the treaty stipulation, had a right to 50 percent of the employees on the railroad. The Chinese have failed in their side of the treaty. That certainly makes it most easy for the Soviets to come in and say, "You have failed, and we will take over. We [\[p.171/172\]](#) have to protect it and we will put our troops along for the purpose of protecting it." They have not done anything; they have been so aloof that it excited my suspicions more than anything else.

In the various reports that come to me about Soviet action this way and that way in support of the Communists, I could never get much proof that would be indicative of anything to me because so much of it has been completely propaganda. The most suspicious thing of all that the Russians have played this with very clean hands, if you forget Darien and if you consider their war booty thing where they just gutted those places out is in the past.

Just what their ultimate purpose is, I do not know. As to procedure, of course, they want to have dominating control out there, but they have stood back and not interfered with the procedure.

For quite a while when I was out there, I had access to all reports of their propaganda bureau in Shanghai to Moscow, all their reports about me. They were meticulous about that; they laid off of me almost entirely. Later on, they turned the heat on, that is, beginning about August, and in September in particular. That is a very strange procedure throughout. As I say, that has excited my suspicions more than anything else that they were trying to make a case for themselves, we will say, before the United Nations, where, from the Russian point of view they could complain they had very clean hands, while we had interfered all over the place. That is expressing it most crudely, but we have a tendency to feel that they are just doing all these things deliberately, building this one up and building that one up. You would have a very hard time proving it.

On the other hand, they would have a very easy time proving they were strangely aloof, very much so, in regard to things which, under the treaty, they could walk right in and do. That, as I say, has worried me more than anything else. What the outcome of that is, I do not know, other than perhaps they want to see us get involved and, perhaps, lose our balance out there completely.

As to the hopelessness of the situation, it certainly is not hopeless, but it certainly is not promising either. I have always been hopeful that they will some day get to legislate an extremity and actually do something instead of just talking about it. If they do not do something now, they are certainly on their last legs.

Mr. CHIPERFIELD. As acting chairman, I want to say that there are 12 here, and the first gentleman took 15 minutes. I do not want to restrain anybody, but I want to give everybody a chance.

Mr. VORYS. I apologize.

U.S. AID NEEDED TO GIVE CHINA "A FURTHER CHANCE"

Mr. KEE. Mr. Secretary, I find it quite easy to get a general, over-all picture of conditions in Europe, and I understand pretty well what we contemplate doing there and what hopes we have of being successful. When it comes to the situation in China, notwithstanding all the evidence we have had before us—and I recall very clearly that you told us many things when you came back from China—I think can understand fairly well. I understand your position in the matter to be that if we want to establish, or hope to establish, what might [p.172/173] be called an American ideal situation in China, it would be absolutely necessary for this Government to underwrite the entire undertaking. In other words, underwrite the Chinese Government. Is that not correct?

Secretary MARSHALL. If we are going to get any result in the near future, that is what has to be done.

Mr. KEE. That would be a tremendous burden, and would be too much of an undertaking for us.

Secretary MARSHALL. I think it is not only a tremendous burden, but it leads us

into a very dangerous situation.

Mr. KEE. Then, if I understand you correctly, it is your idea that the best thing for us to do at this time is to authorize the appropriation requested in this, bill, for the present at least, with the hope that it will enable the Chinese Government, or at least encourage that government, to do something to help itself and make an effort to get back on its feet.

Secretary MARSHALL. To use more or less the exact language I put in my testimony—to give that government a further chance. It has had a several chances. We do that, in the hope that they will rise to the occasion and make a really bona fide and constructive effort in deeds and not in words.

Also, I think one has to consider that if you did not do anything, you would practically destroy the Kuomintang government. As a matter of fact, there were a number of men, particularly in the Shanghai district, and rather prominent people, who were much opposed to our doing anything. I do not speak of Americans now; I speak of Chinese. They claim we were prolonging the agony.

I could not quite decide how much desire there was on their part to set up a certain hierarchy. They offered no solution. They were opposed to a Communist government, but they offered no solution except to tear down the existing structure. Their claim was that you could not reform it; you had to start somewhat anew. But they had no basis for their new approach. Therefore, in this case, to do nothing would be a death blow, almost, to the Kuomintang government, and I think they should be accorded a further chance. I think it is the obligation of our Government in its relations with China, aside from our fears in regard to Communist infiltration.

Mr. KEE. Is it your view that there is a reasonable chance that, if this appropriation is made, it will be successful in accomplishing the purpose for which it is set out?

Secretary MARSHALL. I do not say that it is a solution, actually, but I think it offers the chance that they may do things which will draw to them support and assistance which they now lack, and which will, strengthen them sufficiently to stop this Communist onrush and permit the possibility of their getting into a position where they can more or less dictate the terms, whereas, at the present time, if the Communists were their successors, they could dictate the terms.

Mr. KEE. In other words, that they would do things which they would not, or could not, do without this help?

Secretary MARSHALL. Yes.

Mr. KEE: That is all.

Mr. CHIPERFIELD. Mr. Mundt. [p.173/174]

THE PROBLEM OF INTERNATIONAL COMMUNISM

Mr. MUNDT. I am somewhat like Mr. Vorys. The more I listen to this situation, the worse I feel. That leads me back to the line of questioning we pursued this morning. I have the uneasy feeling that what we are endeavoring to do over there is not that we are trying to do too much or spend too much, but that we are trying to do too little outside of the field of money. I think we sometimes arrive at problems that money alone cannot cure or cover up, and I think in this particular case, as I see it, about the best we can hope to do with our expenditures in money, in China and in Europe, is to buy some time with which to do something to get at the source of the difficulty—to treat the symptoms and hold the disease in check while we do, or do not, get at the source.

Is it not the source of our predicament that the only international organization which is functioning today is communism? It has 12 countries in its orbit. It has representatives in China. It has them in all the civilized countries of the world. You have difficulty chasing them out of your own State Department. They sneak in all over the place. It is this internationally organized agency that is functioning, that knows what it wants. It has a program. It can operate, and it is directed from a central source.

Now, against that we stand here isolated, alone, with money, with good intentions, and with capacities, but with no cohesion with other like-minded countries of the world so that we would have an internationally functioning organization. I feel that is the basis of our difficulty.

I was therefore disappointed this morning, unless it was because of our being in a public session, when you passed off with a blunt negative the suggestion made by Mr. Lodge that through the United Nations, perhaps, we should make another effort to bring together the nations of the world, to make a functioning organization out of the one that has become a tool of the Communists because of their repetitious use of the veto, in some situation where we can work together to meet this challenge of this other functioning international organization, communism. I had hoped, that when Mr. Lodge asked you that question, that you would say "Yes."

I think yours is a partial step. I think it is a case of possibly getting do not, get at the source around the veto. I think sooner or later we are going to have to work shoulder to shoulder with some other countries to underwrite this situation and approach it cooperatively as a team of good-minded nations rather than to do it all by ourselves.

PROBLEMS OF EUROPEAN UNIFICATION

Secretary MARSHALL. You say I have given a blunt reply to Mr. Lodge. I tried to answer him, and I said altogether more than I wanted to in public. We had a proposal last June which is now giving fruit to the effort being made to consolidate the nations of Western Europe both for their economic progress and for their defense. I was embarrassed in discussing that publicly. The pressure is already on us to come forward

this minute and make a military commitment. I am not ready to do that. Those fellows must come across by their own initiative and get organized. The other day I tried to say to a farm organization that that was our great hope. All those are steps toward getting a condition that I understand you are favoring. However, just to get another meeting, I think, judging from my experience in these meetings, does not get us anywhere in particular, now, when we are getting these various moves made to do the very things that you are talking about.

Mr. Bevin's suggestion has been given a lot of publicity, but not a great deal of attention. That is a historic proposal he has. [16] We are right in the middle of negotiations with all these countries and we are trying to get them organized. I think the thought was expressed some time today—I do not know whether it was here or in the other room—that that was not very satisfactory because it might carry us to war. I do not think so. I think if it is done successfully, it has an exactly opposite effect. I think we might be able to plan rather definitely in the other area of Europe, and it holds out a renewed strength as well as an entirely new coalition or unification.

I think, also, we have to have in mind that outside of Russia—and of course I think she is struggling with greater difficulties than the world understands—we are dealing with sick people almost entirely. Sweden, no. Switzerland, no. Belgium has been getting on her feet very, very rapidly, and Holland much more rapidly than we expected. But, in the main, we are dealing with sick people.

I would not so characterize England publicly. That is not the case. They are in a desperate political struggle there, though they are not sick. They will stop at almost nothing in the process of throwing out that government at the very time when we are trying to negotiate with that government.

Also, we certainly have a sick Germany, and we are trying to rehabilitate that country.

We go to these conferences and we get nowhere. I was just reading a message from the French Government to the Soviet Union in which they protest again this meeting in London. [17]

We are trying to get Germany into this on an economic basis and get some stability over there.

In the Far East, the Philippines are getting stabilized because they are a small country. However, we have a tremendous problem in Japan because it has been completely demilitarized, and is in a most difficult economic condition because of an increase in population and also because all of these great sources of wealth from which it grew have been dried up or closed to Japan.

We are trying I think, to do exactly what you are talking about, but you cannot do it in one fell swoop. You must take these various steps and go through these various stages.

As opposed to what I know you object to most of all—just this piecemeal aid

business that goes on ad infinitum—I can understand [p.175/176] why, politically, that is an impossible procedure and, financially, a highly dangerous procedure.

I do not take the same view that you do as to the European situation. I think we have a line of action there that is very disturbing to the Soviets because it unifies, because it strengthens the situation, because it begins to give us friends who will have some strength themselves which they have not had up to the present time.

It has been difficult to settle any of these problems. However, I must say we showed considerable courage and went right straight ahead.

Mr. CHIPERFIELD. Mr. Richards.

Mr. RICHARDS. Mr. Secretary, I think you have made a profound statement, particularly in regard to China. It is my opinion that you stand on sound, commonsense ground. I have no questions.

Mr. CHIPERFIELD. Mr. Jonkman.

LISTING OF PROPOSED FOREIGN AID PROGRAMS

Mr. JONKMAN. Mr. Secretary, I want to join my colleagues in saying that you have made a very interesting statement. And, if I get the situation correctly, a survey has been made and, so far as is foreseeable now, the world program is the European recovery program, which, of course, is in the stage of formation, \$570 million for China, an amount for Trieste, the program of standardization of arms with South America, and, outside of that, there is nothing ahead at the present time.

Secretary MARSHALL. You left out Greece and Turkey. And then I mentioned something I do not know about yet—as to whether there is any financial arrangement that can be made with relation to Latin America in the way of a bank arrangement or something of that kind: We have never been able to get a solution there. Everybody knocks down each thing that comes up.

Mr. CHIPERFIELD. Anything further?

Mr. JONKMAN. That completes the picture, as far as you can see it now?

Secretary MARSHALL. Yes.

Mr. JONKMAN. That is all I have now. Thank you very much.

Mr. CHIPERFIELD. Mr. Jarman.

Mr. JARMAN. No questions.

Mr. CHIPERFIELD. Mr. Smith

Mr. SMITH. I would like to say that your testimony has been a revelation to me. I have no questions. Thank you very much.

Mr. CHIPERFIELD. Mrs. Douglas.

AID FOR EDUCATION IN CHINA

Mrs. DOUGLAS. Mr. Secretary, in trying to bring some concrete help to China, why can't we give aid to Dr. James Yen's mass education movement. [18] Dr. Yen has been here in the States talking throughout the country about the movement and gaining great support from our [p.176/177] people. His program began in World War I when he tried, while fighting in France with Chinese soldiers, to work out a basic Chinese language, uniting the people of many tongues. A basic language would make it possible for the Chinese to understand one another throughout the country and, therefore, make it possible for them to work together. He made progress in this respect, but he found that education was not enough. People living in rural areas in small communities had to have some knowledge of sanitation, which they did not have. They had to begin to have the understanding and makings of decent local government. They had to learn more about agricultural production.

If the communities are really to be given the help Chiang Kai-shek and those who work with him say they want to give, they must start at the beginning. From all reports, Dr. Yen has done a perfectly magnificent job in every way. The Generalissimo has now given him a whole province to work in. It seems money spent there would be in support of a positive program which could counteract Communist propaganda.

Secretary MARSHALL. Would you allow me to have a letter prepared for you on that subject?

Mrs. DOUGLAS. Yes.

Secretary MARSHALL. I would not attempt to answer offhand any further than I did this morning.

Mr. THORP. It has not been included in the suggestions that have come to us from China. We really have not studied it thoroughly.

Secretary MARSHALL. I will look into it right away and make a prompt reply to you.

STATEMENT OF W. WALTON BUTTERWORTH, DIRECTOR, OFFICE OF FAR EASTERN AFFAIRS, DEPARTMENT OF STATE

Mr. BUTTERWORTH. I have looked into this somewhat and I personally agree that it is a very worthwhile movement. The difficulty in having a foreign government aid them is that their requirements are not in terms of foreign exchange because their expenditures are not in terms of foreign exchange. It is a question of their having local currency and establishing what are generally called "cooperative movements" in these various areas.

Secretary MARSHALL. I will have a study and reply made.

Mrs. DOUGLAS. I can only say I do not understand that because the only way Dr. Yen has been able to operate today is because he has been given American dollars. I know Dr. Yen wants American dollars now, and he claims that if you are going to send only weapons to China, they will not do the job. You see, he belongs to the good element supporting Chiang. We must see to it that where there are positive elements in the country, the agreement says, "This certain amount of money must be pigeonholed for this purpose."

Mr: CHIPERFIELD. Mr. Judd.

TYPES OF AID NEEDED BY CHINA

Mr. JUDD. Mr. Chairman, first I would like to associate myself 100 percent with what Mrs. Douglas has just said. The fact that a request for this program had not come from the Chinese Government does not mean that we should not go ahead with it. Naturally the Chinese [p.177/178] Government will ask first for the things most needed to keep itself going. That is the law of survival; it must try to take care of itself.

American dollars are of great value, but the main thing is tools for the people. They can become self-supporting. Their local communities can become small textile industrial areas, and it will help in the manufacture of agricultural implements. Dr. Yen's movement is one of the most useful in China. I have worked with it for years through our missions there. It is part of the element I miss most in this program.

As I said this morning, it is a three-legged stool in China. It will not stand on one leg. There is the military leg and you have discussed that, general. There is the economic leg with the big industries, the railroads, the textile mills, the transportation and communication systems, and so forth.

There is also the financial leg in the form of currency which, I think, we must pursue further. For example, in the list of the things you read which that money is to buy, take coal—we are spending money to send coal to China. She has endless amounts of coal herself. There are two reasons why it is not available: One is because the Communists have cut off so many areas; the other is because they do not have machinery to get some of the coal mines still controlled by the Nationalist Government in operation again. It would seem much more valuable to send in coal machinery and help them get their mines going. That, to me, would be a sound investment. It would not be a grant as our shipping of coal is. When we stop shipping them coal, then they are right back where they were before.

Take the matter of some of this grain. China is not so much short on food as it is suffering from breakdown of communications and transportation; or the supply is held up by hoarding. The currency is no good so they hide their grain. Until they can stabilize the currency, there will not be release of the pent-up potentialities right in China.

CHINA'S CAPABILITIES IN TIMES OF PEACE

The most needed thing in China's is peace. If she has peace, she will not need much help from the outside. What we need here is not a relief bill, but a release bill. The potentialities, the resilience, and the industry of the Chinese people are very great.

Of course, general, you could have been more pessimistic than you were, but that would not change the fact that our only choice is between this government and the Communists, which would be worse from the standpoint of our overall international picture and our position in the Pacific. You will agree with me on that, will you not?

Secretary MARSHALL. Yes.

Mr. JUDD. You will agree that the Chinese Government did a very good job in the only period of peace it had from 1931 to 1937, in land reform, in public health, in transportation, in communications, in public education, in all the arts of peace. You will admit they did a good job when they had peace, will you not?

Secretary MARSHALL. I will not admit it, but I think they did a perfectly remarkable job.

Mr. JUDD. So this same government in times of peace has demonstrated it is devoted to the same objectives that you and I want. They did it from 1931 to 1937 until Japan attacked them. [p.178/179]

Secretary MARSHALL. I must compromise a little bit. I think this government suffers from what any government suffers from when it stays too long in power.

Mr. JUDD. And goes through 8 years of war. We will agree on that.

CHINA'S "LACK OF INSPIRATION"

Secretary MARSHALL. It grew up as a one-party affair, and these military fellows finally moved into the political thing. That is where the government is weak now, and that is where my friend Dr. Stuart works on the Generalissimo. There is at present a lack of inspiration that carried him through the early days. There was a great inspirational movement and they did grand things, but there seems to be none of that left. It seems to be corroded machinery that does not function.

We always hoped that we would get the Generalissimo to step out and then pick up the people who had some traces of that in them and get going with them. Therefore, I qualify myself on my first statement.

Mrs. DOUGLAS. I want to say that the beginning of a great inspirational Chinese movement is there in this experiment of Jimmy Yen's. He gets to the root of the problems.

Secretary MARSHALL. I will try to go into that at the right time.

INTERNAL AND U.S. OPPOSITION TO CHIANG KAI-SHEK

Mr. JUDD. The Generalissimo told me flatly that he would be only too willing to kick out the ineffective people, if he were sure the United States would stand behind him. Look what he is up against. He sees that Mr. Wallace and the leftwingers have persuaded many Americans that the Communists are the ones working for the people and that Mr. Truman and you are going to get us to help the Communists in the civil war. They have gone along with Mr. Wallace. [19] How can Chiang kick out the support he has when he is not sure of our support? Even our President needs to hold on to the support he has. If Mr. Truman says, "We need to help the underprivileged in our country," then he is in trouble with John Rankin [Representative from Mississippi] down in Mississippi.

If Chiang is to stay in power and carry out the reforms he wants, he must try to hang on to both the left and right wings. I thought he might take the opposition in a year ago and he offered voluntarily to do so, but he could not kick out the ones he had without assurance of support from the others.

Secretary MARSHALL. When I was there he [Chiang] had every indication of support. I had the power to indicate it, and I could not remove any of them. They were ripping to pieces every agreement we had. I did not succeed in the removal of a single one. He countered [p.179/180] that by asking me to stay there as the adviser to China. In my position, I had more power to help him. I was unable to move one of those people and they just laughed at me. We would get an agreement here, and a flat defiance there tomorrow, in statements and in actions. This was not an affair between the Generalissimo and myself in one of those abstract diplomatic things, it was in the plainest conceivable English at the time. I presumably had some influence, but it got me nowhere. It was not difficult in the main to get agreements, but they did not seem to mean anything. They were ripped and torn to pieces thereafter. I recognize that he has all these balances to maintain.

Mr. JUDD. He must be a dictator but, in a sense, he is a prisoner.

Secretary MARSHALL. That applied particularly to the command relationship in the army. Where I could tell him a man was perfectly terrible, he was impotent to relieve the man because he had lost control of such an area.

We had one character up there who you know pretty well. He and I had asked several arguments. He was always doing quite well. His record of service was 38 years when I was out there; and now I think it is about 40.

Mr. JUDD. Right at the time you left, is it not a fact that Chiang offered to put all of the influence and the authority of his position at your command?

Secretary MARSHALL. Yes, sir, but in the summer he said, "You consider me as your chief of staff" and I got nowhere. I had power then that I would almost entirely lack as a military adviser or a general adviser. His statements were of the most generous and far-reaching nature. I am very fond of the Generalissimo. His personal integrity is on a high level. I can recognize a good many of his problems. However, he declared himself in

January when they virtually decided they were going to fight—or when they actually did decide they were going to fight—by telling me, "You regard me as your chief of staff, and I will advise you." He said, "You have to be rough and later gentle." He said, "We are going to be rough and in August, the fruit will drop in your lap." We are still looking for that crop.

COMMUNIST DIVERSION OF U.S. ATTENTION FROM ASIA

Mr. JUDD. May I take a moment to make a suggestion as to a possible hypothesis as to why the Russians are so aloof up in Manchuria?

Secretary MARSHALL. I would be interested.

Mr. JUDD. Are they not following Lenin's original statement that the main decision in this world struggle would be made in Asia? Is it not possible that their main concern is to avoid getting into difficulty on two fronts? Perhaps they believe that if they can keep things quiet in Asia, they can concentrate their efforts on Europe, where they have announced their intention to defeat the recovery program. They can risk a showdown in Europe.

It was quite obvious that the leftwingers here did not object to much to \$590 million stopgap aid for Europe, but when \$18 million was suggested for China, they tore their hair. [20] It was obvious that they [p.180/181] thought that aid to help keep Chiang Kai-shek in power was something much more to be opposed by them than \$590 million to Europe.

They do not do things by impulse; there is a reason for what they do. Their attempt is to keep our efforts diverted to Europe, just the same as Japan succeeded in doing. Kurusu [21] landed in San Francisco on the peace mission and said, "You people have enough trouble in Europe without looking at Japan." I think that hypothesis will bear examination, but that is beside the point now.

CHINESE ABILITY FOR SELF-HELP

You say if we give this aid to give China a further chance, maybe she can stop the Communists. If she could not do it when she was a lot stronger and could not make needed changes in personnel then, is it likely that she will be able to do it when she is weaker?

Secretary MARSHALL. It would seem less likely, but she can do a good many things by herself, where money is not the controlling factor, to strengthen herself. With relation to the chaplain corps in the Army, I always insisted that we had to treat them the same as any battalion or regimental commander as far as effectiveness was concerned. I said that a poor chaplain could empty a cathedral, but a good one did not even need a church. Now, there is a great deal to that in the case of China. A great deal could be done,

and resources not just scattered and wasted.

STATE DEPARTMENT DELAY IN FORMULATING CHINA POLICY

Mr. JUDD. After this year of our effort—and the proposal merely amounts to a continuation of relief—I am at a loss to understand why it took a year to come up with even this in the State Department. Was there opposition in the State Department, in the Far Eastern Division?

Secretary MARSHALL. I would not say there was opposition, but nobody could figure out anything that they thought had any chance of being cleared. It was mostly in the economics where I was in trouble. I put Mr. Thorp out to find some basis on which we could present something that would be acceptable to the Congress.

Mr. VORYS. Will the gentleman yield for just one question?

Mr. JUDD. Surely.

PROBLEMS OF LEADERSHIP

Mr. VORYS. You mentioned very effectively the matter of leadership. How about General Barr? [22] I met him over in Algiers while he had a responsible position there. My impression of him there was borne out later by what I heard—that he is not a particularly forceful leader.

Secretary MARSHALL. First, he has a pretty good understanding of overall arrangements and things of that sort. Also, we thought that [p.181/182] with his personality, he could probably do business with the Generalissimo better than the other individuals that were suggested. It is a very difficult thing to establish an intimate basis with the Generalissimo. It is not easily done, although things hinge pretty much on that. We may have made the wrong selection, but of the names that came up, he seemed to more meet the possibilities of his being able to discuss things and do things with the Generalissimo.

We have a great deal of talent out there, if they would just use it. They have fields in which they could use it to great effect, but it has been used so little. I am hopeful that he can establish a basis for really doing that. We may be wrong; I do not know.

Mr. JUDD. Are you saying that the Chinese would not use the talent we have there?

Secretary MARSHALL. Yes.

Mr. JUDD. I just do not get that story from our people out there. They said they were handcuffed from here in Washington.

Secretary MARSHALL. They were prevented from going up and participating in

the civil war, but they were not prevented at all in their proposals and plans to do the thing which I thought of as of the most, fundamental importance to China.

Mr. JUDD. They could train Chinese troops, but not advise or help them in operations.

Secretary MARSHALL. No, they were not involved in planning and operations, but that had not been the main trouble, aside from the general policy of whether or not you could defeat this by force, and I provided that advice before I left China and all the time I was out there.

CHINESE RESISTANCE TO ACTING AND ADVICE

Mr. JUDD. I provided the same advice for the Generalissimo in 1944. I told him he could not beat the Communists by military force alone. He had to beat them by actually doing for the people the things that the Communists promised, and also that he had to make a better statement of his case abroad. He knew it; he said, "What can I do when the country is cut in two, and almost in three?"

I reminded him of that again when I was out there last October. However, he has to "walk on eggs" think he needs to make certain reforms, but I do not think he can make the reforms unless he is certain of assistance from us. Otherwise he would just be out of the picture.

Secretary MARSHALL. Mr. Judd, I was there when conditions were quite different—before they got into this fight—and I could not make him do the things right then. He organized this advisory committee to do certain things, and they would not do them. I talked until I became almost embarrassed, and I never got them to take one step.

It was agreed in writing what they could do. When you approach a military contest, you have to have some foundation upon which to operate. It is not at all a thing which is dashed off. While I recognized all his difficulties about command and political complications, I recognized no difficulties whatsoever in doing the certain fundamental things of which I spoke. We had the people there who could have given him the best possible advice as to how to do those things.

Mr. JUDD. I hope you will not misunderstand me, Mr. Secretary, because I do not mean to be disrespectful, but I think perhaps, from the [p.182/183] way you phrased your statement, that there is a possible mistake in understanding. You said, "I could not make him do it." Nobody ever succeeded in making a Chinese do anything.

COMMUNIST TRUCE VIOLATIONS

Secretary MARSHALL. I did not use a meat axe on him, or anything. I got them up to an agreement such as they had never gotten into before. The only trouble is that they did not keep the agreements.

Mr. JUDD. If they accepted them under pressure, they never expected to keep them.

Secretary MARSHALL. Did you ever hear anyone say I used any force? I leaned over so far that I almost touched the floor.

Mr. JUDD. One of them said to me: "I yielded to General Marshall and signed that truce agreement." He then said: "I will curse myself until my death. At that time the Communists had only 60 counties; at the end of the year, they had 300 counties."

Secretary MARSHALL. He said what?

Mr. JUDD. He said: "Everybody says we Nationalists are the ones who broke the agreement, but it was the Communists. At the beginning of the truce, they controlled only 60 counties, and at the end of the year, they had 300 counties."

Well, the agreement was that neither group would try to expand. The Communists expanded the area they controlled by five times. Of course, there were individuals guilty on both sides. However, there is the hard fact that the Communists had 60 counties at the beginning, and 300 at the end.

Secretary MARSHALL. They were going to have a political conference. They would not have it if there was a war going on. The issue then would be that they would not have a political conference. The decision was made in 1945 that they would endeavor to settle this thing by political means. They got their delegates by the end of November and early December. They were then set to meet on the 10th of January. I arrived out there the day before Christmas.

Now, there was a war going on. It was held by everybody that you could not have any political conferences of all the representatives of the various groups if you had the fighting going on. That was out of the question. What actually happened was that we got the agreement 30 minutes before the political conference met. They went through that Conference and made all these agreements.

INFEASIBILITY OF CHINESE COALITION GOVERNMENT

As a matter of fact, one weakness in the procedure there was—and it was in our message from this Government to them over there—the use of the word "coalition." That, I think, was quite inadvisable because they did not understand what it meant, really, and you could not, I think, form a coalition government unless you have a solid body of a government, and the coalition is a temporary expedient, just as the British and others formed it and we did, too, to a partial extent, in the last war. That upset the whole applecart because you could not have a cabinet of warring individuals when they had never had, in general, a two-party cabinet before. [p.183/184]

Therefore, I think that was a very serious element of difficulty that might have made quite a difference in the picture as they progressed from that political agreement, and as they went to the May 5 assembly for the writing of the Constitution. However, the

meeting decided on in September 1945 could not have occurred unless the fighting stopped. Therefore, if you are not going to have the fighting stop, you will have no political conference. You are then in for a war of extermination, if it is possible to carry it out.

There is your problem. What your alternative is, I do not quite see.

CHINA DIRECTIVE OF DECEMBER 1945

Mr. JUDD. If it is not asking too much, I would like someone in the Far Eastern Division to report who actually wrote the directive, or the President's statement of December 15 or 16, 1945, that was later said to be, in essence, your directive. [23] I think the very directive that you went out to work under made impossible the success of your mission. It is almost impossible to believe that some of the things therein were put in by inadvertence. It completely reversed America's traditional foreign policy of many years without anybody's knowing it.

Former Secretary of State Byrnes [24] admits he did not know it. Part of it changed what had been our policy of supporting "the sovereignty, the independence, the territorial, and the administrative integrity" of China for 50 years. It was not a peaceable China, or a democratic China, or an efficient China that we supported, but an independent China. That directive changed our objective to three other goals—peace, unity, and democracy in China. We laid down the conditions of, first, a broadened base, to include even the Communists, a coalition government, and then, second, the elimination of autonomous armies. That was like asking Abraham Lincoln and General Grant to say, "We will take the South back in first, and then its forces will surrender." The Generalissimo had insisted that the Communists give up their separate armies first, and then be taken into the government. We insisted that they be taken into a coalition government first, and then give up their separate armies.

The directive then proceeds to the paragraph which says, "As China moves toward peace and unity along the lines described above"—that is, achieves "peace and unity" first—"the United States would be, prepared to assist the National Government in every reasonable way to rehabilitate the country * * *" and so on. Had we said that as China moves toward better government, greater efficiency, and less corruption, we would assist, that would have been a legitimate set of conditions and within the powers of the Government to fulfill, step by step. However, we said, "as China moves toward peace and unity * * *". That told Chiang that only if he got peace and unity with the Communists we would furnish him support. That put the conditions for our aid to him in the hands of his opposition. It told the Communists that all they had to do to defeat Chiang was to resist unity and thereby block our assistance. The only way anybody has gotten unity with the Communists anywhere has been either to kick them out, overthrow them, or surrender to them. [p.184/185]

Your directive told the Communists that there was everything for them to lose and

nothing to gain by coming to a real agreement. So naturally they stalled and boycotted the political conference. I still would like to know who wrote that because I think that directive, in essence, lost World War II for us.

CHIANG KAI-SHEK

Secretary MARSHALL. What did you say your advice was to the Generalissimo in 1944?

Mr. JUDD. That he could not beat the Communists by military means, that he could not beat them by force alone, that he could overcome the Communists only by doing for the Chinese people the things the Communists promised. He had to actually do a better job of governing than the Communists promised, and then he had to make a better statement of his case before the world.

He said to me, "A father cannot discuss in public the quarreling of his own children." He was quoting from Confucius who had said that man must first control himself, rule his family, and then be in a position to help establish the government, pacify the country, and the world. How could he make a public statement on the importance of the world of an independent China when he had not been able to pacify his own country? You admired him for his integrity and his dignity, but his failure to tell the story to the world was wrong from the standpoints of what modern governments do today and the situation he was in. I reminded him of it last fall, the same thing, and he said, "I cannot make changes now. If I make these changes, the government collapses and the Communists take over."

AVAILABLE ALTERNATIVES

Bad as it is, I admit everything you said and more, but the alternative is worse: The loss of what we fought for. If China is not going to be free, and is to come under Soviet domination, the last war was not only futile, it was a great mistake because we wind up with less security than when we began. If Russia is to be the strongest power in Europe, it would have been better for us to have Japan in control of China than to have Russia dominant in both Europe and Asia. That is the way I feel about it. I think we come to the unpleasant conclusion that we should give our assistance largely on the basis of which is the lesser of two dangers. Is that right?

Secretary MARSHALL. There would be so many qualifications in that that it would be a rather lengthy answer.

Mr. JUDD. I still would like to know—and I think you ought to know—who in the Far Eastern Division prepared that directive?

Mr. CHIPERFIELD. Mr. Lodge.

SENSITIVE NATURE OF QUESTIONS

Mr. LODGE. Mr. Secretary; I have been immensely interested in your statement, and I want to apologize if any questions I addressed to you this morning, caused you any embarrassment. I have the utmost sympathy with the immense problems you face. I asked the questions only [p.185/186] because I felt that if they were embarrassing, you would not answer them and I would try to understand.

Secretary MARSHALL. I might interrupt you to say that I thought the implication was that I had treated you rather shortly, which I was attempting to deny. I then expressed the thought that I was embarrassed because I could not speak so frankly before a general audience.

Mr. LODGE. I appreciate, Mr. Secretary, that it is rather difficult to know what questions are proper at open hearings and which ones are not. Sometimes I think open hearings are rather a complication that way.

Mr. Mundt has expressed my main thought extremely eloquently, I think. It is a feeling I have, that Mr. Mundt shares, that we have to do a lot of other things concurrently with all of this financial aid in other words, to create the proper climate. I am sure that you are finding a certain number of difficulties in the sense that these nations have a reluctance to break with their traditions to the extent of the present exigencies. I felt that these questions regarding devaluation, dismantling agreements, provisions of the U.N. Charter, and questions of that nature should be, as much as possible, swept forward on any concurrent front. In other words, that all other segments of our foreign policy should operate in favor of the European recovery program. That was the thought I had in mind.

Of course, there are many things that you are doing that we have no means of knowing about, and that you have a perfect right not to tell us about. On the other hand, insofar as we have to pass judgment on this legislation, many of us feel that it is impossible for us to have an informed view unless we know something about the political aspects of the President's foreign policy.

LOAN APPROPRIATIONS

I would be tremendously interested in having a further statement from the State Department on this question of appropriations for loans which is raised in H.R. 4579, the Herter bill, [25] because, while I would be inclined not to quarrel with the figure for relief and, indeed, not quarrel with the figure for loans, there is a grave question, it seems to me, as to whether some of that money for loans can be furnished by means other than appropriations. I would like very much to have the State Department furnish a written memorandum on that in order that we may have some basis.

Secretary MARSHALL. Very well.

Mr. LODGE. Thank you very much.

Mr. CHIPEFRIELD. Thank you, Mr. Secretary, for a very fine and illuminating

statement. You have been very patient with us.

There will be a meeting in executive session for 5 minutes after the room is cleared.

[Whereupon, at 4:40 p.m.; the committee proceeded off the record.]

[Footnotes in the published edition.]

[1]. Members of The Committee on Foreign Affairs, 80th Congress, 1947-48:

Republicans: Charles A. Eaton, New Jersey, Chairman; Robert B. Chiperfield, Illinois; John M. Vorys, Ohio; Karl B. Mundt, South Dakota; Bartel J. Jonkman, Michigan; Frances P. Bolton, Ohio; Lawrence H. Smith, Wisconsin; Chester E. Mellow, New Hampshire; Walter H. Judd, Minnesota; James G. Fulton, Pennsylvania; Jacob K. Javits, New York; John Davis Lodge, Connecticut; Donald L. Jackson, California; Franklin J. Maloney, Pennsylvania.

Democrats: Sol Bloom, New York; John Kee, West Virginia; James P. Richards, South Carolina; Joseph L. Pfeifer, New York; Pete Jarman, Alabama; Wirt Courtney, Tennessee; Thomas S. Gordon, Illinois; Helen Gahagan Douglas, California; Mike Mansfield, Montana; Thomas E. Morgan, Pennsylvania; William M. Calmer, Mississippi. [\[return to text\]](#)

[2]. In late 1945 Gen. George Marshall was appointed as the President's Special Representative in China with the personal rank of Ambassador. The purpose of his mission to China was to negotiate a peace between the Nationalist Government and the Communist Party. Marshall was unsuccessful in his effort to bring about peace in China. He returned to the United States in January 1947 at the request of the President and subsequently became Secretary of State. For more information on the Marshall mission, see 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, D.C.: Government Printing Office, 1949) app. 127-229 and John R. Beale "Marshall in China" (Garden City. N.Y.: Doubleday, 1970). Secretary Marshall had been called to testify about U.S. policy in the Far East, a subject which leading majority leaders of the Committee on Foreign Affairs wanted to relate to the European recovery program, then under consideration by the committee. Ultimately the final version of S. 2202, the Foreign Assistance Act of 1948, did include aid for China. For the text of titles III and IV of the bill, which deal with aid to China, see appendix I. pp. 269-272, to this group of hearings. The entire text of S. 2202, as reported by the committee to the House, and the legislative history of S. 2202, will be found in the appendix to S. 2202 in volume III. [\[return to text\]](#)

- [3]. For a statement made by Secretary Marshall on Feb. 20, 1948, which outlined the provisions of the China Aid Act see appendix II, pp. 273-274. [\[return to text\]](#)
- [4]. For the text of a press release concerning the agreement on military reorganization and integration of the Communist forces into the Nationalist Army see 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, D.C.: Government Printing Office, 1949) pp. 622-626. [\[return to text\]](#)
- [5]. For a detailed review of U. S. aid to China from V-J Day until 1949, see U.S. Department of State. "U.S. Relations With China. With Special Reference to the Period 1944-49." Department of State publication 3573. Far Eastern Series 30 (Washington, D.C. Government Printing Office, 1949) pp. 300-409. [\[return to text\]](#)
- [6]. For the text of H.R. 5356; the bill which became Public Law 512, see appendix V, p. 151, in the appendixes to the section on military assistance to China in this volume. [\[return to text\]](#)
- [7]. For more information on U.S. military Advisory Group to China, see the introduction to the section on military assistance to China and the subsequent hearings on H.R. 6795 in this volume; 105-142. [\[return to text\]](#)
- [8]. In an attempt to bring about negotiations between the Nationalists and the Communists in China, the United States imposed an embargo on arms and ammunitions sales to China in the summer of 1946. After the failure of the Marshall mission, the ban on sales was lifted on May 20, 1947. [\[return to text\]](#)
- [9]. Ch'en Li-fu was a prominent figure in the Kuomintang hierarchy. In 1945 he was chairman of the legislative Yuan and later served as minister without portfolio. His earlier service to the party was marked by a 10-year stint (1928-38) as chief of the investigation bureau, the primary organ responsible for internal security and the extermination of Communists in the Nationalist Armed Forces. He was a member of the nine member standing central executive committee of the party and the head of the key organization department of the party. Ch'en Li-fu and his brother Chen Kuo-fu were known as the leaders of the "CC Clique"—a close-knit group of conservatives who were highly influential in party affairs. They were noted for their dedication to Chiang Kai-shek, Kuomintang orthodoxy, and their relentless anticommunism. The clique resisted all efforts toward compromise. [\[return to text\]](#)
- [10]. Albert "Happy" Chandler was a former Governor of Kentucky and served as Senator from that State, 1939-49. [\[return to text\]](#)

- [11]. John Leighton Stuart was the U.S. Ambassador to China from 1947 to 1949. Far more information on events in China during his tenure see U.S. Department of State, "U.S. Relations With China, With Special Reference to the Period 1944-49," Department of State publication 3573. Far Eastern series 30 (Washington, D.C.: Government Printing Office, 1940) pp. 230-310. [\[return to text\]](#)
- [12]. Representative Chipfield was referring to H.R. 3836, the Inter-American Military Cooperation Act. The Committee on Foreign Affairs held hearings on the bill in 1947. For the hearings see volume IV of this series. [\[return to text\]](#)
- [13]. Representative Vorys was referring to the Ninth Conference of American States which was subsequently held in Bogota Colombia, March 30-May 2, 1948. The Conference was attended by delegates from the 21 American republics. The major accomplishment of the meeting was the writing of the charter for the Organization of American States. [\[return to text\]](#)
- [14]. On August 9, 1945, after a declaration of war was issued by the Soviets against the Japanese, Soviet troops invaded Manchuria. By the terms of the Yalta agreement the Soviets had already obtained the rights to use two ports in Manchuria. Port Arthur and Darien. When the Soviets withdrew their troops from Manchuria in the spring of 1946 they took with them much of Manchuria's industrial equipment. The Chinese Communists entered Manchuria upon the heels of the Soviet withdrawal. The Soviets refused to let Nationalist troops use the Port of Darien to enter Manchuria, and the Communists controlled most of the other ports. This forced the Nationalists to march north along the Peking-Mukden railway to enter Manchuria. The Nationalists and Communists fought in Manchuria until Mukden fell into Communist hands in the fall of 1948. Manchuria then became the first major region of China to come completely under Communist control. [\[return to text\]](#)
- [15]. The Yalta agreement was signed Feb. 11, 1945, by Roosevelt, Churchill, and Stalin on behalf of the United States, Great Britain, and the Soviet Union. It represented the political conditions upon which the U.S.S.R. would enter the war against Japan. The terms, however, largely involved satisfaction at the expense of Chinese territorial sovereignty. The essential thrust of the terms as specified in point 2 of the agreement was the restoration of Russian interests lost as a result of their defeat in the Russo-Japanese War (1904-1905). These included concessions concerning the Manchurian railroad which had been originally built by the Tsars. The agreement provided for establishment of a joint Soviet-Chinese company which would operate the Chinese Eastern Railroad and the Southern Manchurian Railroad "it being understood that the preeminent interests of the Soviet Union be safeguarded." The agreement recognized that General Chiang Kai-shek's consent was required to make the terms operative. This was obtained in the Sino-Soviet Treaty of Friendship and Alliance of Aug. 14, 1945.

[\[return to text\]](#)

- [16]. In early 1948, Ernest Bevin, Foreign Secretary of Great Britain, advocated the establishment of a "union of the West" to bolster the economy of Europe and to provide for the defense of the continent. As a result of these calls for unity and organization, the Brussels Treaty Alliance (which became the forerunner of the North Atlantic Treaty Organization) was signed, and the Organization for European Economic Cooperation was created in the spring of 1948. [\[return to text\]](#)
- [17]. Secretary of State Marshall was apparently referring to the meeting of the Council of Foreign Ministers which was held in London in late 1948 [1947]. The meeting adjourned without any decision being reached on the questions of the German and Austrian peace treaties and reparations payments by Germany. [\[return to text\]](#)
- [18]. Dr. James Yen was the head of the mass education movement in China. He was the founder of the College of Rural Reconstruction and was later appointed as the Director General of the Joint Commission on Rural Reconstruction. For more information see the letter from Dr. Jimmy Yen, appendix IX (of the appendices on H.R. 3530 and H.R. 3830, Amendment of the China Aid Act of 1948), pp. 492-490. [\[return to text\]](#)
- [19]. Representative Judd was referring to Henry A. Wallace, who had served as Vice President in the third Roosevelt administration and as Secretary of Commerce during the first Truman administration. Wallace was an outspoken critic of Truman's "get tough" policy with the Soviet Union. He left Truman's cabinet in 1946 to become editor of *The New-Republic*. He ran in the Presidential election of 1948 as the candidate of the Progressive Party. [\[return to text\]](#)
- [20]. For more information on the interim aid bill (S. 1774) of 1947, see the Introduction to the Act to Amend the China Aid Act (of 1943) in this volume, pp. 339-341. [\[return to text\]](#)
- [21]. Saburo Kurusu was sent as special envoy to the United States from Japan in November 1941. The purpose of his mission was to negotiate an agreement between the United States and Japan in order to avoid war. Pearl Harbor was attacked while Kurusu and the Japanese Ambassador to the United States were in Washington. [\[return to text\]](#)
- [22]. Gen. David Barr served as the Commander of the U.S. Military Advisory Group in China. For General Barr's testimony before the committee in 1949 see the hearings on H.R. 3539 and H.R. 3830, Apr. 6, 1949, in this volume, pp. 497-534. [\[return to text\]](#)

[23]. For the text of the President's statement of December 15, 1945, see appendix III, pp. 275-276. [\[return to text\]](#)

[24]. James P. Byrnes was Secretary of State from 1945 to 1947. [\[return to text\]](#)

[25]. The text of H.R. 4579 appears in the appendixes to the hearings on S. 2202 in volume II of this series. [\[return to top\]](#)