

United States Economic and Military Assistance Policy
" Toward China During World War II and
Its Immediate Aftermath

by

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Volume II

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Chapter Four

U.S. Efforts to make China stand on her own feet 1944-1945: The American War Production Mission in China and the Establishment of the Chinese War Production Board.

The establishment of the Chinese War Production Board (CWPB) in late September, 1944, under the auspices of an American War Production Mission headed by Donald M. Nelson, Chairman of the American War Production Board, represented another sign of American interest in the development of the Chinese economy and the building of a strong, unified and democratic China in the post-war period. In fact, the American War Production Mission's achievements in China were both remarkable and astounding. Nelson's colleague and later head of the American War Production Mission in China, E. A. Locke, in an oral history interview for the Harry S. Truman Library, described it as "very constructive work over there at a time when the Chinese economy was in almost the final stages of collapse. Through what he (Nelson) did, we were able to get a substantial increase in Chinese war production without sending practically anything over from here except experts."¹ The total production accomplishments of the Mission provides a fairly accurate measure of its most tangible achievement. On the production side, the "mission should be credited not only with raising output approximately 25% over a six-month period, but also with having checked a decline which was mainly reducing Chinese industry to impotence."²

The long and short-term objectives of the United States with regard to China were responsible for the establishment of the Chinese War Production Board under American auspices. From the beginning of the war, U.S. policymakers had been urging the

Administration to adopt a constructive long term industrialization policy for China. As the war progressed, support for China inside the administration increased, especially when the desperate situation in China at the beginning of 1944 created a serious shortage of all war materials. Free China's war industries were operating far below their potential.

Although, overall the allied powers were in a favorable situation in the war against Japan, no one knew how long the war would continue. Chinese resistance against Japan was weakening. The United States had a small military force in Free China, and it was sponsoring thirty Chinese divisions. However, despite the fact that the 14th Air Force and the 29th Bomber Command were operating from Chinese bases, the U.S. forces in China were isolated from the outside except for a thin and difficult life line of air transport from India. There was a constant and acute shortage of essential supplies for the U.S. and Chinese armies and the collapse of the entire Chinese war effort was possible. The collapse of Chinese resistance and morale would mean great damage to U.S. prestige and interests in China and the Pacific.³

Besides the immediate military objectives, the United States also had some far reaching economic objectives in post-war China. Even before the war Japan had occupied most of the important industrial areas of China, and during this time the Japanese economy had played a key role in determining the structure of the world economy. According to one historian, "President Roosevelt considered it important for China to be prepared to take over Japan's economic position in the Far-East insofar as possible."⁴

This assessment of FDR's viewpoint was echoed in Donald Marr Nelson's speech in Chicago on October 10, 1944, when he said,

For the United States, the war in China means much more than defeat of the common enemy. The stakes of the war are incredibly large, nothing less than the future peace of the world. To this end, it is essential that China emerge from the war as a united democratic people ready and able to cooperate with the rest of the United Nations in a sustained and peaceful expansion of world trade....It is our advantage and to the advantage of the entire world to see China emerge from this war as the leading industrial nation of the orient, replacing Japan.⁵

Thus, from the U.S. point of view, "the industrial growth and development of China would help to raise and to stabilize world economic levels and could provide markets for the more highly industrialized countries."⁶

There were several long-range economic objectives of the United States in China. American industrialists and entrepreneurs had a strong desire to use the vast manpower reservoir in China for its own post-war industrialization program. This keen desire of United States industrialists to train Chinese manpower was clearly revealed in St. Paul, Minnesota's newspaper, Dispatch on November 24, 1944. In a column entitled "Manpower in Abundance," the Dispatch stated that,

There are many phases of China's economy which intrigue the American industrialist. They like to think about bringing the world's greatest manpower reservoir into contact with modern manufacturing equipment.

Chinese labor, unlike that of many other non-industrial nations, is really efficient. Where others are lazy and undependable, Chinese workers are tireless and well-disciplined....For industrial leaders, the thought of placing modern tools in the hands of such workers is a fascinating one....While the immediate aim of the Nelson mission is to stimulate China's war output, the American production experts who make up the mission can also have their eyes upon some of the more permanent aspects of their visit to the orient. After the war, China's abundant manpower should be able to team up with American

productive genius to the advantage of both.⁷

Another U.S. consideration for the sending of a war production mission to China was to prepare China to be a post-war market for U.S. industrial goods. As Gabriel Kolko mentions, during and even at the end of the war, the U.S. wanted to industrialize China in order to develop it into a large scale market for American goods and capital. In support of his ideas Kolko has quoted E.A. Locke's statement in which Locke said, "We want a China with close economic, political and psychological ... ties with the U.S." Locke further believed that within fifty years reasonable American investments would have to industrialize China for a practical and real reason to create "a large, permanent and growing market for U.S. goods."⁸ Even Donald M. Nelson believed that the Chinese leaders were favorably disposed to "joint ownership and operation of new Chinese industries" once the war was over. Writing in Collier's Magazine, Nelson predicted that China would be a new and needed market for U.S. capital goods in the postwar era. He urged that America provide the bulk of the capital investment for postwar Chinese industries, with the understanding that the Chinese would later buy control.⁹ The same attitude toward the need for Chinese industrialization was reflected in a memorandum of O.R. Johnson to Donald M. Nelson. Johnson supported the industrialization program of China for both long and short-term reasons. Johnson noted:

... it is obviously to the direct advantage of the United States to cultivate all potential post-war markets for capital goods, since our heavy goods industries cannot hope to operate anywhere near capacity in supplying our domestic market alone. China is one of the most promising of the potential foreign markets for capital goods, and it is therefore one to which we should give direct and immediate attention.

In this memorandum, Johnson formulated detailed estimates of the market which China could provide for U.S. capital goods industries during the ten years following the war. On the other hand, from a long-range point of view, Johnson believed that China's industrialization depended on continuous U.S. support and like Dr. Sun-yat Sen, he believed that China's economic development was "not only an essential part of any program for the maintenance of world peace, but it can also contribute immeasurably to the economic well-being of the world for decades to come."¹⁰ He concluded that "the planned industrialization of China during the ten years following the war provides a potential market for U.S. machinery and equipment in the amount of about 5.5 billion dollars." In order to realize this vision, and to check a resurgence of Japanese militarism, Johnson recommended long-term credits and training for the Chinese.¹¹ Johnson's ideas were supported by Dr. John D. Summer, the Economic Adviser to the American Embassy in Chungking, who advocated a planned industrialization policy for China under industrial experts.¹² The Chinese too, were asking for foreign capital investment in China on the same basis. In an article on the post-war industrialization of China, H.D. Fong, Research Director and Professor of the Nankai Institute of Economics, called for "international financial and technical co-operation" for China's post war industrialization on the basis of equal treatment and with no infringement of Chinese sovereignty."¹³

Meanwhile, the American effort to equip Soviet soldiers provided an example that arms and munitions must be given to the

Chinese. After reviewing what could be expected in the way of Japanese resistance, Dr. Kung assented that "when well equipped, the Chinese soldiers can definitely defeat the Japanese." In other words, Dr. Kung was certain that given the arms and munitions, Chinese manpower was enough to overwhelm the Asian Axis partner and that there was no need for America to send large land forces to China.¹⁴

Equipping the Chinese, therefore, was the problem, and FDR became convinced that the Chinese must be given the opportunity to defeat their century old foe. When the Soviet Union was in desperate straits for arms and munitions "entire factories were moved from the United States to the Soviet Union and the Russians began the manufacture of war material from their own natural resources." Supporting a similar program for China, the Florida Times-Union wrote:

China, too, has vast natural resources. What was accomplished in helping Russia surely could be duplicated in giving the Chinese the equipment with which to fight.... Establishment of factories in China, also would fit into Admiral Nimitz' announced plan of making landings on the Chinese coast from where Japan could be attacked. Much concern has been shown over China's post-war economic plight. Manufacturing plants erected now or in the near future would go a long way in settling this problem.

The Florida Times-Union stated that the above mentioned circumstances were important reasons for Donald Nelson's assignment in China.¹⁵

China was getting nonferrous metals from over the Hump under Lend-Lease, and arms production in the period 1941-45 was a "considerable national achievement in view of difficulties that confronted the Chinese arsenals." Under the direction of General Yu

Ta Wei, arsenal production made tremendous progress.¹⁶ But the overall production rate for everything was very low, and the Chinese found numerous problems in their day-to-day production activities. Production of many essential items was far below what China needed in the war. The situation was further aggravated by political and military corruption and dissension within the Chinese government. The Chinese government hoarded American Lend-Lease armaments, which were "flown into China at such fantastic cost," for the purpose of "arming itself for the expected domestic disputes." Moreover, there were many examples of secret trade in Lend-Lease arms and rice with the Japanese by the KMT Officials which came out in local Chinese newspapers.¹⁷ During the latter part of 1944, as well, chronic and "growing inflation began to be felt as a factor working against efficient production." The prices of everything rose steadily.¹⁸ To aid China in increasing production through better organization, Roosevelt was persuaded to send the man who had headed the U.S. War Production Board, Donald Nelson. Donald Marre Nelson was appointed Chairman of the U.S. War Production Board in 1942 by FDR and he increased wartime production. But by the end of 1943 and the beginning of 1944, a long controversy ensued between Nelson on the one hand and the Army and Navy on the other side. This struggle culminated, as American broadcaster Fulton Lewis commented, in "Mr. Nelson being politely kicked out, in favor of Mr. Charles E. Wilson, who has been on the War and Navy Department's side of the argument."¹⁹

Another consideration for dispatching the War Production Mission was to coordinate production efforts. There were simply too

many of them engaged "in the procurement of war materials from abroad, and they were completely independent of each other." What was needed at that critical moment of the war was "to draw up a complete procurement program for 1945 for reference to Washington", and also "to set up an organization for financing war production [in China]." But the most important thing was to set up a single agency to "control priorities for movement of cargo from India to China by the China National Aviation Corporation." Since Stilwell had no control over civilian Lend-Lease supplies, Chinese ministries tried to influence the FEA in favor of its own supplies even if they were not essential at that moment. As a result, much valuable space in the air cargo planes flying the "Hump" was occupied by unnecessary supplies. To control this situation was one reason FDR sent the American War Production Mission to China under Nelson's leadership.²⁰

Arthur Young has mentioned that "the reason for Nelson's trip was not wholly to be found in the troubles in China. In support of his statement he quotes from a memorandum of Under Secretary of State Stettinius in which he said, "things are not going well in the WPB, and the president has about decided to send Donald Nelson to Chungking along with Hurley to make a general survey of industry."²¹ Nelson was embroiled in a dispute with both the U.S. Army and his colleague, Wilson, over reconversion plans to a peacetime economy. Many observers suggested that Donald M. Nelson had been "kicked in the teeth" in his assignment to China.²² Although not the whole reason, it served as a good excuse for Nelson's departure from the War Production Board.

Over the question of the production of civilian goods versus production of war material, Nelson and the War Production Board had been at odds for a number of months in 1944. The argument was essentially over when to resume consumer goods production. Nelson wanted to start a gradual transition in late 1944 by permitting a limited resumption of consumer goods production. The U.S. Army and Navy, and Nelson's second in command, Mr. Charles E. Wilson, sided with the military services who wanted to keep industrial production geared strictly to war goods at least through 1945. In late July, 1944, Nelson took an extended leave of absence from the WPB due to illness and in his absence Wilson and the armed services exercised full sway. Upon his return Nelson sought to reassert both his authority and program. The resultant political upheaval engendered congressional hearings before the Truman Committee. To make a long and interesting story of U.S. domestic politics short: the end result was "Mr. Nelson being politely kicked out, in favor of Mr. Charles E. Wilson, who has been on the War and Navy Department's side of the argument."²³

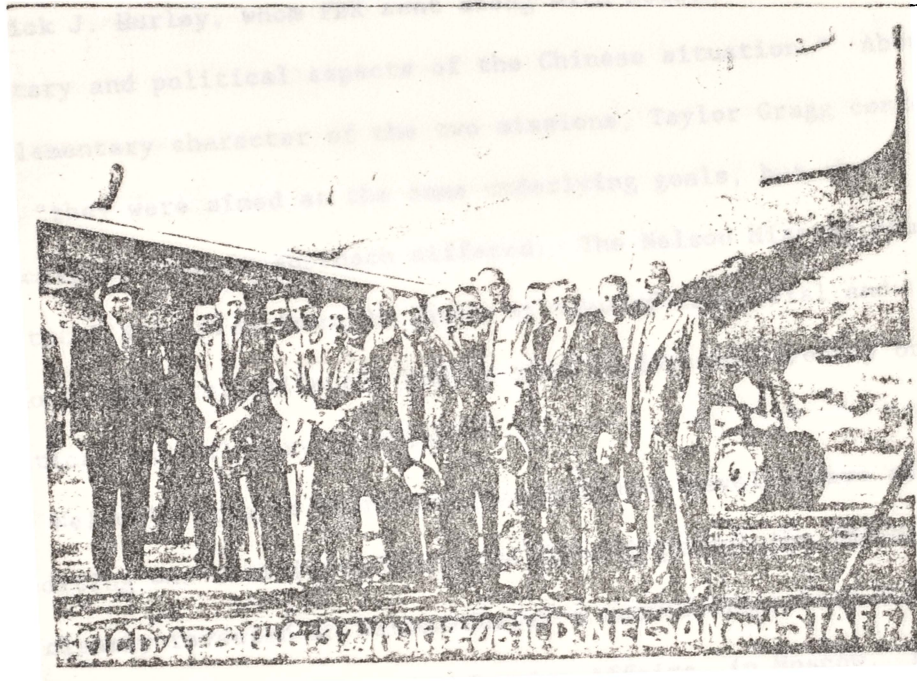
Although FDR did not admit that dispatching Nelson to China was such a thing or a kick in Nelson's teeth, it was definitely one of the reasons for sending the mission to China under Nelson's leadership.

In his oral interview, E.A. Locke mentioned several other reasons which led FDR to send Nelson to China. According to Locke, by the end of 1943, Nelson gradually lost interest in the American War Production Board's activities.

... We had hundred octane problems ... And it was apparent that

Nelson was less and less interested and inspired. He was then in his late fifties. He had certain problems in his personal life. I suppose he must have been getting more and more of a feeling of tiredness, and he would drink fairly heavily in the evening - and he could absorb an immense amount of liquor ... occasionally he'd get into a minor bit of scandal. Such reports kept coming back to Roosevelt and to certain members of Congress. Nelson, who started off so wonderfully in '42 ... instead of moving up from sometime in the middle of 1943, he began moving down. Because of the conflicts in the War Production Board, as well as through his personal life, people were starting to have less respect for him. So, I think there were some of these considerations behind Roosevelt's movement of him to the White House and then the sending of him to China. It was rather a shrewd move, as a matter of fact, because the Chinese problem did stimulate Nelson and interested him a great deal, and he did some very good work, very constructive work over there at a time when the Chinese economy was in almost the final stages of collapse.²⁴

Against this background of problems and events, FDR, on August 18, 1944, asked Donald M. Nelson to head a mission to China as the President's personal representative. "This date" as Mabel Taylor Gragg insists, "marks the origin of what was known first as the Donald M. Nelson Mission to China," later, after Mr. Nelson's resignation in May, 1945, as the American War Production Mission in China and, from the surrender of Japan to the disbanding of the mission in November, 1945, as the American Production Mission in China."²⁵ In his letter, FDR, asked Nelson to go and see what could be done to "help to put China on its feet economically," with respect to China's ability to continue the war and with respect to China's post-war future.²⁶ On the same day, i.e., on August 18, 1944, by another letter, FDR authorized Donald M. Nelson to visit China as his personal representative with an assignment to report make recommendations concerning the U.S. government's "economic policy toward China, with an indication as to what parts of their industrial economy would require public or unwritten loans on the



Source: Box I, A WPM in China. Locke, Special Report of
Press, Truman in China, 1945.
Harry S. Truman Library.

one hand, and what parts of the economy could be assisted purely by private American capital, and the restrictions which should be placed on those investments by American citizens."²⁷

Upon assuming the position of the President's representative, Nelson left Washington for Chungking on August 25, 1944. He took with him two assistants: Edwin A. Locke, Jr. and James A. Jacobson. During the first visit, Nelson was also accompanied by Major General Patrick J. Hurley, whom FDR sent along with Nelson to work "on the military and political aspects of the Chinese situation." About the complementary character of the two missions, Taylor Gragg contends that "they were aimed at the same underlying goals, but the directions of their approach differed. The Nelson Mission studied the total situation from the point of view of industrial and economic factors, while the Hurley Mission focused directly on political and military matters."²⁸

Nelson's trip to China was "primarily to develop ways of expediting war activities having to do with production there."²⁹ It was clearly revealed in Nelson-Hurley's conversation with V.M. Molotov, People's Commisar for Foreign Affairs, in Moscow. Nelson had a detailed discussion about America's willingness to advance the economic development of China for the vigorous prosecution of the war. Nelson carefully explained that he was not asking for any support from the Russians. Nelson explained FDR's idea that to win the war with Japan very quickly, the active co-operation of China was needed. In order to get active Chinese co-operation and to achieve a permanent defeat of Japan, Nelson was in favor of taking away a part of Russia's business in China. Nelson pointed out to

Molotov that in order to "do this, industry must eventually be built up in China since someone had to supply the millions of people in the Near and Far East with their necessities of life. It was believed, through working out post-war problems with China and always having in mind the objective of keeping the Chinese aggressively in the war, that an opportunity could be afforded to China to build up an industry in that country which would take care of its own civilian requirements and those in other areas formerly supplied by the Japanese." Nelson tried to show Molotov that his mission was a gesture of goodwill to the Chinese people on the part of the U.S. To Nelson, the United States believed that "the Chinese, having spent many years at war, must have something to look forward to in order to continue to live under the terrible strain they had endured for so long and to give their most active support to the military plans of the United States. The American nation wished to assist China in attaining a real future. It had no intention of being an exploiter of the Chinese people, nor did it entertain ideas of controlling the destiny of China." Apparently convinced by Nelson's arguments, Molotov assured him of the USSR's full co-operation in the unification efforts of China under the ruling KMT government.³⁰

On September 6, 1944, the Nelson and Hurley parties arrived in Chungking. While "the primary purpose of Mr. Nelson's mission was to set the stage for intensifying efforts to speed the defeat of Japan, he also investigated the general situation in China, with a view to post-war as well as immediate considerations, China Trade News observed. Consequently, his studies of China enabled him to

bring back to Washington a great amount of information concerning "China's rehabilitation and long-range industrialization needs."³¹ As part of this investigation, Nelson and his mission members assembled facts, listened to the Chinese estimate of the current situation, and then made independent judgments. In addition, the Nelson mission had to study and report on post-war economic possibilities. While in Chungking, Nelson conferred with many leading Chinese government officials and met with representatives of American business concerns. Conferences with outstanding Chinese government officials and industrial leaders gave Nelson a comprehensive view of what China expected in the way of American cooperation. Besides his several conferences with Ambassador Gauss, with Chinese and American businessmen, Chinese Ministers of Economic Affairs and Communications, the Vice Minister of Finance, and others, Nelson had several conferences with Generalissimo Chiang Kai-shek. During these conferences, the Chinese provided valuable statistics on resources, expenditures, production, imports and exports, transportation, prices, and needs.³²

During his conferences with Chiang Kai-shek and Wang Wen Hao, the Chinese Minister of Economic Affairs, Nelson primarily emphasized developing ways of increasing war production. He repeatedly explained to the Chinese that every ton of material produced within China freed a ton of precious airplane cargo space over the Hump for other vital equipment.³³ Nelson was shocked to learn that, despite her desperate needs, China was using the very limited air transport space to bring into the country things which could be produced there. He found that despite the continuous flow

of Lend-Lease supplies the Chinese arsenals were producing at 55%, and steel industries at 20% capacity, which was not a good sign at all. Again and again he emphasized: "The situation is incredible. It simply does not make sense. I don't understand it." But to the Chinese, the production situation was satisfactory. They tried to explain it on different grounds, principally on the basis of inflationary difficulties, lack of necessary materials, and the smallness of their industrial establishment.³⁴

During his conversation with the Chinese authorities, Nelson tried to create a good environment for the establishment of a war production board type institution for China. In line with President Roosevelt's directive, Nelson tried to make the Chinese understand "that the responsibility for constructive action rested with the Chinese was a fundamental one. It set the whole course of ensuing Chinese-American relationships. It was a decision not to take executive control of China's economy, but to deal with China as a sovereign and responsible power." To both Wong Wen-hao and Chiang Kai-shek, Nelson described the work of the United States War Production Board, and urged the Chinese to set up such board in China by demonstrating both the ability and willingness to do so. Nelson also told Wen Hao that China had to make the US people confident about a proper use of their aid money.

Let's look at the post-war problem. Unless the U.S. people are confident China can produce, you won't get a \$4 billion - not \$1 billion - but possibly \$500 million, unless they are convinced China has the 'know-how' and can repay. They won't pour more money into China without that confidence ... If our taxes go too high, we will go down as a country and we may even have to get China's aid - poor as she is. Unless you have production, selling and distribution 'know-how', any investment in plants is worthless.³⁵

Later on, Nelson suggested to Chiang that the formation of a CWPB would be closely related to China's war of resistance and national reconstruction and would boost production at all levels. He stressed placing the board under the direct supervision of the Generalissimo, who he believed should be a coordinating and not an executive agent. Although the Chinese government would not take a direct part in management, it would be responsible for "directing, supervising and coordinating the various public and private production agencies."³⁶ The result was that Nelson got official approval of his proposals from the Chinese. In principle, Chiang agreed that a Chinese War Production Board was to be set up with the goal of bringing about full and effective use of Chinese production facilities, and have all the authority required to accomplish this purpose. When Chiang requested that Nelson act as High Economic Advisor to the Chinese Government and that China be provided with a staff of American industrial specialists and technical experts to assist in the operation of CWPB, Nelson expressed his willingness to take the assignment to aid China's production effort in every possible way. He agreed to seek FDR's approval to allow him to continue to work with the Chinese. With this mutual understanding established, the Nelson party left Chungking for the United States on September 22, 1944. On October 4, 1944, Nelson verbally reported to FDR on his visit to China, and the President approved this program which had been tentatively agreed upon with Generalissimo Chiang Kai-shek.³⁷

What Nelson found in China can be summarized under the

following categories: (1) war production; (2) post-war economic plans; (3) political issues; and (4) general concerns. The production rate was extremely low in arsenals, steel and other essential war industries because of a complete lack of coordination between the various ministries and departments. Lack of adequate transportation of raw materials was another reason for inadequate production. Nelson found that China had only 6000 trucks for the entire country, a number slightly larger than that available in a small US city. Moreover, Nelson indicated that lack of adequate facilities for the manufacture of repair parts for transport equipment and the lack of standard specifications were two principal reasons for the low production rate. Although Nelson expressed optimism about China's post-war industrialization, he often mentioned that there existed very little or no good will between government and private industry. He urged that "economic development be a 'natural one' for China" though he apparently did not recommend that China build industries with the aim of taking Japan's trade. He observed that "a normal and healthy expansion of the Chinese economy would have this result." Nelson also found that the Chinese law concerning the degree of governmental control over industry needed to be changed as it discouraged foreign investment in China. Nelson was in favor of retaining government control only over certain industries such as public utilities and transportation. Nelson found the need to establish a strong defense industry in China.³⁸

Based upon his findings, Donald Nelson, on October 19, 1944, made five recommendations for immediate action. Nelson described

them as practical steps to "strengthen China's war economy." His first recommendation was to strengthen substantially the existing FEA Economic Mission at Chungking. He urged the appointment of a new FEA head with outstanding qualifications who would work "for the dispatch of several American production experts to go to China for the purpose of aiding war production in that country." Secondly, Nelson recommended that "there be established a Joint China-United States Production Committee, to coordinate the supply and production problems of the two countries." Thirdly, 30 C-46 aircraft should be allocated to the CNAC for the India-China service. Donald Nelson's fourth recommendation was to increase from 5,000 to 15,000 the number of special 4-ton Dodge trucks already ordered for China, delivered to them by not later than September 30, 1945. The fifth and the last recommendation was to ask permission from Marshall Stalin to transport a further 500 trucks per month over Russian territory to China.³⁹

Although Nelson's first recommendation--to strengthen the FEA in China--was opposed by the Department of State, eventually in May, 1945, Walter S. Robertson was appointed Economic Advisor to China with general control over the economic activities of the various U.S. agencies in China. The second recommendation--for establishing a Joint China-United States Production Committee--was carried out, with Dr. Wong Wen-Hao as Chairman and Nelson as Vice-Chairman. Recommendations three and four, dealing with trucks and planes for China, were actively followed up. The thirty C-46 planes and additional 10,000 trucks asked for by Nelson were allocated to China. By the middle of October, 1944, permission had been obtained

from Russia for transporting 500 trucks through Soviet territory, but it took until early 1945 to get them to China via the Stilwell Road.⁴⁰

Meanwhile, Generalissimo Chiang Kai-shek requested the return of Donald Nelson as soon as possible, and in a conference on November 2, 1944, FDR asked Nelson to "set the earliest possible date for his return to China...to continue his work with the Generalissimo on measures aimed at strengthening the Chinese war effort and notably in organizing a war production board to increase the output of China's war industries."⁴¹ Soon after this conference, Nelson left for China

On November 16, 1944, Nelson, along with Locke, Jabocson and Howard Coonley, former Chairman of the Board of the Walworth Company, Inc., arrived at Chungking. The other members of the first mission included:

The Iron and Steel panel: Herbert W. Graham, Chairman Carl A. Bell, Henry Ovesen, Harry A. Strain, Edward K. Waldschmidt. The Industrial Alcohol Specialist was Eugene M. Stallings.

These specialists had been selected by Donald Nelson because they possessed outstanding technical qualifications for assistance to China's industry and WPB. During this second visit, Nelson stayed for two weeks in Chungking, leaving China on December 2, 1944.

Before Nelson's arrival in Chungking the Chinese government had made arrangements for the establishment of a Chinese War Production Board. In line with Nelson's suggestions, they had outlined the Board's organization and selected a nucleus of personnel.

Consequently, the creation of the Chinese War Production Board was announced by the Chinese government on November 16, the day Nelson returned to Chungking. The Board was scheduled to work with the American experts in iron and steel production and alcohol distilling. Nelson accepted the "appointment as High Economic Advisor to the Chinese government while Howard Coonley, one of the recently arrived group has been named advisor to the China War Production Board."⁴²

With its decision to establish a war production board, the Chinese government formally recognized its part in the War Production endeavor. Mabel Taylor Gragg believed that the establishment of the CWPB "represented a break with Chinese traditions in the direction of American traditions."⁴³ The new board was to function directly under the Executive Yuan. Dr. Wong Wen-Hao, was appointed Director and Chairman of the Board.⁴⁴ Nelson was appointed the Vice-Director of the Chinese War Production Board. There was an Advisory Committee on which the ministers of Foreign Affairs, War, Economic Affairs and Communications served as ex-officio members and other government officials as ordinary members.

Following his return to Chungking, Nelson discussed with Generalissimo Chiang Kai-shek and Director Wong steps by which speedy, tangible results could be obtained. In an authorized statement Nelson said that the main job was "to help China get bigger production from her existing industrial facilities by tackling the problem in two ways." "The practical American production men," Nelson said, "will work with Chinese industrial managers in overcoming production difficulties. At the same time,

several who have played a part in the American government's war production program are giving the Chinese government the benefit of their experience, in organizing for all-out war production" conceivably, China may be about to enter a new and decisive phase of her prolonged war effort."⁴⁵

The law creating the new CWPB, which was drafted in consultation with Nelson and approved by Generalissimo Chiang Kai-shek, empowered the CWPB to supervise and coordinate all war production activities, both public and private. At the same time, the transportation of materials, the distribution of labor, and the financial measures all had to be properly coordinated. The CWPB would not handle these matters directly but would decide on general policies and oversee all organizations concerned. Article III of the Organic Law empowered the W.P.B. to exercise control over the following wartime functions of government:

- "a. production of war materials and essential civilian supplies;
- b. procurement of essential materials and supplies from domestic and foreign sources;
- c. priorities of production;
- d. allocations of materials, facilities and industrial manpower;
- e. import and export of critical war materials and civilian supplies;
- f. priorities of transportation of war materials and essential civilian supplies, both within China and between China and foreign countries;
- g. standardization and conservation of war materials and products for war and essential civilian use, and authority over specifications and technical improvement of materials and production;

- h. stocking of war materials;
- i. requisitioning of materials, facilities and products for essential war production purposes;
- j. limitations on use of materials, machinery and equipment in construction of buildings, highways, public works and similar undertakings;
- k. determination of financial requirements for procurement of industrial materials and products and construction of industrial facilities through the appropriate agencies of the government."⁴⁶

For example, the purchase of essential materials from abroad would continue to be undertaken by existing organizations, but the questions relating to priorities was to be decided by the C.W.P.B. The stockpiling of materials remained with the existing organizations, which, however, would have to follow the direction of the W.P.B. in regard to the kinds and quantities of the goods to be stored. The funds needed for the financing of war production were to be provided by the financial organizations concerned in accordance with the decision of the CWPB.⁴⁷

As it was organized in 1944, the CWPB had the following departments: secretariat, priorities, requirements and priorities committee, materials, manufacture, military equipment, transportation, procurement committee and war production finance. With a view to securing close cooperation in war production between China and the United States, the law provided for the creation of a Joint Sino-American Production Committee with both Chinese and Americans as members. In addition, there was a Technical Committee consisting of foreign and Chinese technical experts. At its discretion, the CWPB could form Advisory Committees. A special committee of war production, finance, headed by the Chairman of WPB,

would consist of representatives of the Ministry of Finance and the appropriate government banks and the chairman and vice-chairman and directors of some of the departments of the CWPB. The CWPB Chairman was authorized to direct the recall of Chinese industrial and mining specialists in foreign countries in case the Board needed their services at home.⁴⁸

In order to correlate its activities with other American agencies in China, weekly meetings were instituted at the American Embassy Chungking.⁴⁹ With the progress of the operation of CWPB, the number of the technical staff of the mission was increased, and many experts arrived in Chungking. The areas of expertise included coal, coke, textiles, ordinance, chemicals, power, petroleum, nonferrous metals, machine tools, foundry practice, and programming. Several administrative personnel also joined the CWPB from the U.S. In December 1944, Leon Henderson, former U.S. Price Administrator, went to China at the invitation of T.V. Soong "to make an on-the-spot survey and recommend price stabilization measures as a means of curbing inflation in China."⁵⁰

Just as the American mission members arrived in Chungking, Japan launched a vigorous campaign against the American B-29 airfields in East China. The collapse of China seemed inevitable. The flow of war materials by air increased. Other changes affected the situation. General Stilwell had been recalled and Albert Wedemeyer took his place. When Clarence Gauss, the most critical U.S. Ambassador of the Chiang Kai-shek government resigned, Patrick Hurley, a vigorous anti-Communist and pro KMT person, was appointed. These actions effectively eliminated all American opposition to

Chiang Kai-shek's KMT regime, because Nelson, Locke and members of the mission favored the establishment of a strongly nationalist and industrialized China, headed by Chiang's KMT party. Both Hurley and Nelson's presence "was taken as a sign that China's cause was not hopeless and not unimportant. It seemed to link China directly with American strength and successes. The Chinese tend to regard the United States as a nation of industrial giants in whose hands practical difficulties [would] dissolve, and Mr. Nelson had enormous prestige as a giant among giants."⁵¹

Since it was the U.S. desire that CWPB operations should be exclusively Chinese, and that the Americans would try to help the Chinese, the "American staff was to function solely in an advisory capacity, and it was to continue its work only as long as its assistance was essential to the successful operation of the Board." While the headquarters of the organization head--Nelson, and later Locke--was in Washington and the chief reported directly to the U.S. President, a resident Deputy and an Assistant Deputy acted on behalf of the Mission's head in Chungking. Regular contacts were maintained through a weekly exchange of reports and letters. Howard Coonley was the first Deputy, and James Jacobson acted as the first Assistant Deputy. Although some of the Mission members were appointed as Advisors in CWPB, they held no executive or administrative posts on the Board. The Deputies attended staff meetings in their advisory capacity, and similarly the technical experts attended meetings of the Technical Committees and appropriate industry advisory committees and sub-committees.⁵²

From the very beginning, the American War Production Mission in

China had a goal of maximum production for war. From Donald M. Nelson's departure on December 2, 1944, until his resignation in May, 1945, the activities of the Mission in Chungking were carried on by four resident deputies. They were, Howard Coonley, A.T. Kearney, former industrial consulting engineer in Chicago before the war and, at one time, deputy Chief of the Chicago Office of the War Production Board before taking an important post in the War Production Board in Washington, and James Jacobson as the third resident deputy.

Beginning with iron and steel and industrial alcohol and growing to include all the important war production industries of Free China, the fundamental basis of the Mission's work consisted of the various industry programs which were eventually carried on in a successful manner. "Through the technical program," Gragg contends, "the Mission came into intimate contact with Free China's industrial structure and built up a body of information that made possible a realistic, rather than a theoretical, understanding of the Chinese economy. By means of these programs, the mission provided definite, tangible assistance to Chinese industry both for war purposes and from a long range point of view."⁵³ It is, however, true that despite Nelson's optimism that China's progress in making effective its War Production Board would have profound effects upon China's future industrialization, "it was the constant policy of the first mission members to combine themselves exclusively to War - not to post-war production problems." The activities of mission members had a direct and immediate bearing upon the overall war effort in the Pacific theater.⁵⁴

In the field of industrial development the members of the First Mission recommended the creation of a number of Industry Advisory Committees--whose functions and operations closely parallel their counterparts in the war production effort in the United States. The Mission's technical specialists worked particularly closely with these committees, by means of private industry and government were afforded a new opportunity to work together on problems of mutual concern.

The CWPB had negotiated in November a \$10 billion (C.N.C) one-year revolving credit with the four government banks. Through this arrangement, the Board had access to funds with which it could finance a production program of some magnitude. The management of this fund required the Board to assume many of the functions of the U.S. Defense Supplies Corporation and Defense Plants Corporation.⁵⁵

The CWPB achieved a substantial success in increasing production in several sectors and industries in China. Coal and coke ovens claimed first priority. Increases in equipment and the granting of loans and credits made possible a noticeable increase in coal production in early 1945. Although coal was the most important of all raw materials to the war effort in Free China, its quality was poor and it was high in ash. But if thoroughly washed, coal could be produced to feed the existing boiler plants and an increase of about 33% in electric power could be secured.⁵⁶ In early 1945, the Mission coal specialists started working in Chungking area coal mines and were successful in increasing the production of coal by 34%, and the output of domestic coke by 120% during the period April to December, 1945. The Mission specialists installed four new

boilers for the power plants and introduced locomotive and coal cars for the movement of coal.

In order to improve coke production the Mission specialists developed better coal washeries and the use of modified beehive ovens which produced a superior coke. The Mission's first group of technical experts recommended the construction of Rheo Laveu type washeries modified to meet the particular conditions which existed. At first these were introduced at the Tien Fu coal mine. Finally a modified beehive oven was developed appropriate to the special characteristics of China's coal and which would use construction materials locally available. By the fall of 1945, more than sixty of these beehive ovens had been built. In order to create incentive in the workers, the American specialists arranged practical training for the workers, established a partial control of mine management over the price of coal, introduced a bonus system for the mine laborers, and negotiated an exemption from military conscription for mine workers into military service.⁵⁷

The authority granted to and the work undertaken by the Board, Coonley claimed, brought an immediate "sharp improvement in the psychology in Chinese government and industrial circles." This was particularly "noticeable for the iron and steel industry" where production had been increased to a very high percent of capacity.⁵⁸ On November 14, 1944, Donald M. Nelson outlined the function of the five members of the Steel Group in a letter to them.

The purpose of your mission is to aid the Chinese to increase as rapidly as possible their production of iron and steel and of iron and steel products that will contribute most effectively to the early defeat of Japan, both through direct military use and through the strengthening of civilian economy.

Nelson advised them to work with industrial managers and appropriate government officials of Chinese iron and steel mills and to create "an effective iron and steel section of the Chinese WPB now being established."⁵⁹

Before the CWPB came into existence, the overall iron and steel production situation in China was very bad. Although the United States supplied raw materials and other supplies over the "Hump" under Lend-Lease, the production rate of iron and steel industries in China was 55% below the expected level of production. To help in overall planning, an iron and steel section of WPB was set up and an Industry Advisory Committee established. An overall investigation of the iron and steel industries was made by the Mission Specialists. In order to prepare suitable specification procedures, the Industry Advisory Committee created a Metallurgical Committee at the initiative of the Mission. It helped to improve both the quantity of the steel by establishing the "yocom" process of desiliconizing iron and the desulpherization of high sulphur cupola iron. The Mission members helped the Chinese meet Army requirements for telephone wire by introducing different processes of telephone wire production. They also helped improve industry coordination, prepared for the iron and steel producing units many detailed technical papers covering various operating practices, arranged for more continuous operation of facilities, and increased safety inside the plants. But the Mission's greatest contribution to this industry, Gragg wrote, "was the development of a specific production program which took into consideration existing facilities and

materials and the capacities and needs of the related industries."⁶⁰ As a result of the Mission Specialist's activities, the steel and iron production in 1945 was greatly increased and indicated a potential success of the CWPB plans. The following monthly production figures indicate increasing production of the iron and steel industries:

Period	Pig Iron	Steel Ingots	Rolled Steel
November, 1944	1,462	1,460	
December, 1944	1,635	1,217	
January, 1945	1,605	1,939	1,958
February, 1945	1,482	931	2,065
March, 1945	1,900	1,141	2,203
April, 1945	1,803	1,836	1,390
May, 1945	2,125	2,246	1,548
June, 1945	1,936	1,510	1,515
July, 1945	3,689	1,820	1,627
August, 1945	3,600	1,891	1,783

An industrial survey in April 1945 found that, the lack of sufficient raw materials, inadequate distribution of stocks, and the lack of adequate funds contributed to the ups and downs in production scale during this time.⁶¹

With the increase in industrial production, the shortage of generating capacity was being increasingly felt in Free China, and Mission specialists co-operated with the CWPB in making a serious effort for its increase in Chungking, Kunming and Chengtu. With the arrival of the power specialists, Major Arthur Lowely [US Army] and Llewellyn Evans, the mission started working on China's power problems in March, 1945. Much progress in this regard, however, was made before this by the iron and steel group through their investigation work, which included "political and psychological matters as well as engineering problems."⁶² The CWPB took steps to

supply more power with the existing equipment in Free China and considerable effort was made by all concerned to look at power as a co-operative problem in which all possible contributions should be made by the various agencies and plants involved. The Mission members tried with less success to establish interconnection and division of load among the various plants. Some increase in useful power was possible by breaking off individual circuits from the city system and supplying them separately from independent plants. Nine 1000 kw units were expedited from the U.S. and arrived in India between April and July 1945. They were sent over the Hump to China. Despite the existence of different problems the Mission Specialists achieved considerable successes in this area. According to an account of the Chinese Ministry of Information, the 1944 average monthly supply of electric power in Free China was 13,643,609 kilowatt-hours. The amount was increased to 15,680,865 kilowatt-hours in February, 1945, an increase of 15 percent. It was further increased to 16,868,677 kilowatt-hours in March, 1945.⁶³

The American War Production Mission also made valuable contributions in the production of non-ferrous metals. The CWPB "was mainly concerned with the increase of the production of copper, lead, and zinc by increased equipment by intensified purchasing of old stocks."⁶⁴ The Mission had four nonferrous specialists: Major Lavrov, a mining engineer; Mr. Booth, a specialist in ore treatment; Mr. Hulst, a specialist in smelting problems; and Mr. Lammering, a production specialist. With the co-operation of the North Yunnan Mining Administration, the CWPB, and various Chinese companies and engineers, these specialists worked out in complete detail plans for

doubling Free China's copper production within six to eight months. Measures were also adopted to increase the production of zinc and lead. The Mission Specialists' plans for increased production in this field covered "problems of mining, ore concentration, smelting, power, transportation, and labor."⁶⁵ Meanwhile, I.B. Humphreys, President of the Humphreys Investment Company, Denver, had generously offered China the use of the "Humphreys concentrator" for preparing the waste copper ore for smelting. He also provided China with drawings and an aluminium pattern for manufacturing the concentrators in China. Besides these, and other technical advances, introduction of an improved transportation system and wage increases for the laborers greatly increased the amount of copper produced in Loshue and other mines. Production of lead and zinc also increased.⁶⁶

The chemical industries of Free China, included caustic soda, bleaching powder, hydrochloric acid, soda ash, sulphuric acid, cement, carbide, potassium chlorate, phosphorous and wood pulp, etc. These materials, though partly used for military purposes, were employed principally for the manufacture of daily necessities of civilian life. Under the active supervision of Messrs. L. Allen and G.T. Lee, Technical advisors of the American Advisory Mission to WPB, increased production in these fields was achieved in the first half of 1945. In order to ensure the enhancement of cement production, the mission specialists arranged with CWPB to continue the supply of electricity to avoid interruption. Also, a loan was extended by the CWPB to the Chiahua cement works at Lasham for expansion. In order to relieve the existing shortage of raw

materials for paper manufacture the CWPB helped the China paper mill at Iping to set up its wood pulp machine early in June, 1945. Measures were also taken to develop the nitrogen plants in conjunction with soda plants.⁶⁷

When China received 15,000 new trucks through Nelson's recommendations, the CWPB arranged for the production and procurement of adequate supplies of industrial alcohol. Nelson "had designated alcohol as one of the first subjects for the Mission's attention."⁶⁸ Eugene M. Stallings and later, Harold F. Roland, who joined the Mission staff in Chungking, cooperated with industrial managers and appropriate government officials of alcohol plants to overcome production difficulties and increase production. The Mission experts used mold found in native wine to secure larger production yields. This reduced the raw material requirements for the production of alcohol.⁶⁹ In order to solve the stockpiling problems, the CWPB, with the cooperation of the United States Forces Headquarters, received at Chengtu 50,000 drums from the U.S. Army Air Force and moved them to appropriate places as containers for alcohol. Also, measures were taken by the Board to establish storage tanks for stockpiling of liquid fuels.⁷⁰ As a part of an effective Alcohol or Liquid Fuels Section of the Chinese War Production Board, the Chinese Liquid Fuels Control Commission was brought under the authority of the CWPB. The Board, to alleviate the financial situation of the distillers, arranged to extend advances to the producers. CWPB planned to step up the nation's alcohol production to 30,000,000 gallons in 1945, and, though this goal was not entirely achieved, the Mission succeeded in bringing

about very substantial increases in alcohol production.⁷¹

In the field of oil and petroleum production, the American War Production Specialists co-operated with the Kansu Petroleum Administration (KPA) and increased production. In order to increase the production of kerosene and diesel oil, the U.S. army S.O.S. arranged with the ATC (Air Transport Corporation) to bring over the Hump at once from India 47 tons of materials for complete "semi-cracking plants, 36 tons of materials to complete one dehydrogenation unit, and 8 tons of supplies, construction tools..."⁷² As a result of all these efforts, the production of gasoline in China was based on a scientific system and production eventually increased.

The Mission had two specialists to help China in oil and petroleum products. They were Martin J. Gavin, Assistant Director, Foreign Refining Division, Petroleum Administration for War, and Dr. John L. Rich, Technical Consultant, PAW, Division of Foreign Production. Both carried out extensive investigations of the Kansu oil situation and a geological survey of the gas and oil possibilities of the Szechuan basin. As a result of Gavin's recommendation, various operating improvements were introduced in the Kansu oil field. Three gas separators were brought from India. The production, refining, and transportation departments were reorganized to be independent of each other, and a reduction of staff employees took place. The transportation system was also greatly improved. Consequently, by the end of August 1945, Free China began to produce 570,000 gallons of gasoline per day,⁷³ an increase from 286,000 per day gallons in November, 1944.

The CWPB adopted two steps for increasing the production of military equipment in Free China. The first step was to "increase the equipment of existing arsenals, "while the second was to award contracts to private plants for the production of military equipment."⁷⁴ On December 2, 1944, a program was worked out for the production by non-arsenal services of entrenching tools and certain other munitions items, including trench mortar shells and bayonets. By the end of April, 1945, contracts let by the CWPB for munitions production in non-arsenal sources amounted to between seven and eight billion dollars. The Mission had only a supervisory function in this regard and it continued to press the Chinese Government for adequate funds for CWPB to use in contracting with private firms. The U.S. Mission specialist, Colonel Moody, rendered a great help to the Chinese Arsenals in computing facility and raw material requirements to use the limited tonnage available for arsenal production. Other machine tool experts and foundry work experts of the Mission also spent a great deal of time in the Chinese arsenals. Much work also was done on developing substitute materials and on revising specifications for the use of plentiful local materials.⁷⁵

But the most significant contribution of the CWPB was the increase in textile production, which proved to be an anti-inflationary measure and at the same time met the extreme needs of the Chinese people for clothing. The United States tried to achieve textile production sufficient to provide clothes for the entire Chinese population and the U.S. Army service personnel in China. The textiles sector was one of the few industries in China that before the war had attained a relatively high level of development,

and China was a leading grower of cotton. Yet, as China Trade News noted, "importation of American raw cotton, cloth and machinery had reached substantial totals before the Japanese invasion."⁷⁶

Production in Chinese mills was greatly reduced in 1943-44 when Japan occupied the major cotton producing states of Honan, Hupeh and Hunan. That led to soaring prices for cotton goods.

To solve the textile problem, the U.S. adopted an integrated supply program through FEA, UNRRA, and CWPB. The American War Production Mission Specialists performed several important tasks in this regard. In March, 1945, Ralph E. Loper and Byron E. Eddy, two of the mission's textiles experts arrived in Chungking. They co-operated with the Chinese Cotton, Yarn and Cloth Administration (CYCA). They visited almost all of the mills in Shensi province. Their first recommendation was to increase the official price of cotton in order to allow a continuous flow of cotton to the mills. In a desperate effort to get cotton from behind the occupied Japanese lines, Loper organized a party which was a joint U.S. Chinese venture. Between July 17 and August 27, this squad was able to buy a huge quantity of cotton from the Japanese zone of occupation, and it greatly sustained the increased production in Chinese textile mills.⁷⁷ Since the supply of cotton was limited, the Mission specialists co-operated with the Chinese chemist Ruth Feng "to explore the possibility of using ramie, also called grass linen, as a material for textile production". After experimentation, ramie was adopted as a fibre for textile production and approved as a great help to ease the wartime crisis. On an experimental basis, the Southwest Chemical Works produced an

experimental batch of yarn using 50% cotton and 50% ramie in March-April, 1945. In July, 1945, the CWPB placed big orders for ramie fabric with the Southwest Chemical Works. The sudden termination of the war, led to the cancellation of the order. But the Mission specialists arranged for the company's compensation from the Chinese government.⁷⁸ Besides helping China to keep its textile industry running, the Mission Specialists also recommended a supplementary "program for obtaining textiles in the United States and elsewhere for shipment to China,"⁷⁹ in order to check the inflationary trend.

Besides increasing production output in Chinese textile industries, the U.S. also responded to the Chinese governmental requests for shipment of a huge amount of textiles to China. The Chinese government requested that about 40,000 metric tons of textiles be Lend-Leased to it by the United States during calendar year 1945. This request included about 17,000 tons for military uniforms and about 23,000 tons for the civilian population. U.S. Army Headquarters in Chungking, FEA Lend-Lease Representatives, U.S. Treasury representative to Chungking Solomon Adler and the U.S. Embassy joined in recommending that 7,000 tons of textiles be allocated via Lend-Lease during calendar year 1945 by the United States for the use of Chinese armies, and that the Chinese be permitted in 1945 "to purchase 15,000 tons for essential civilian uses."⁸⁰

The United States was able to fill only a part of this request. Shortages were a serious matter elsewhere. When the U.S. Combined Production and Resources Board (CPRB) decided to meet Chinese demands from Brazilian surpluses, Donald M. Nelson recommended a

U.S. commercial company as the Chinese agent to buy textiles from Brazil. Textiles were also purchased from Mexico.⁸¹ After Nelson's resignation, E. A. Locke tried to get the U.S. Army's 7,000 ton appropriation in July, 1945. But with the sudden end of the war no serious action was taken by the Chinese supply commission and FEA to settle the textiles issue.⁸² According to Mabel Taylor Gragg, while the Mission Specialists' measures increased textile output by 25% in July-August 1945, the textile import program also largely contributed to the controlling of inflation, although for a temporary period.⁸³

Like textiles, the transportation system of China also made tremendous progress under the auspices of the American War Production Mission. Not only was there a lack of motor vehicles, adequate roads, maintenance facilities, trained drivers and engineering facilities for road construction but there was also a lack of proper organization. The facilities which were available could not be used effectively in the war effort.⁸⁴ Realizing this acute shortage, the American War Production Mission Specialists in China devoted their efforts to improving the transportation facilities not only for wartime, but also for post-war economic development.

As a priority toward transportation development, Donald M. Nelson, during his first visit to China in October 1944, recommended to President Roosevelt "that 10,000 trucks over and above the 5,000 then on order by FEA for China, be made available to the Chinese." In addition, Nelson recommended that 30 C-46 airplanes be allocated to China during the closing months of 1944 and the first quarter of

1945. "These recommendations were, as Howard Coonley said, "a recognition of the tremendous deficiencies in China's transportation facilities and of the need for increasing these facilities to support an expanding war effort and for the maintenance of a civilian economy that could support the contemplated step-up in the war effort and for the maintenance of a civilian economy that could support the contemplated step-up in the war effort on both the fighting and production fronts."⁸⁵ Both of Nelson's recommendations were substantially accepted and measures were authorized to make them effective. All 15,000 trucks were of the same 4-ton Dodge model especially developed for service under conditions existing in China. The Mission Specialists also made arrangements for the production of spare parts for these trucks.⁸⁶ Later, a program was adopted for the assembling of the trucks in Calcutta under the authority of the U.S. Services of Supply in that theater. But the Lend-Lease truck program for China was seriously jeopardized by a proposal of the U.S. Army that it should take the first 9,000 trucks delivered under the Chinese program and, in exchange, provide the Chinese with 2,000 assorted used trucks.⁸⁷ Moreover, China also failed to get trucks through Russian Central Asia, as Nelson had proposed to Washington and also to Ambassador Harriman in Moscow. In view of the Russian attitude and the inherent difficulties in transportation by this route, it appeared advisable to await the opening of the Ledo Road, which occurred early in 1945. Transportation over the Ledo Road was a much less costly and difficult procedure.⁸⁸

Nelson worked out arrangements for fueling, maintenance,

repair, and driving of trucks early in April, 1945. The Chrysler Corporation, under a Lend-Lease contract with the FEA, would set up an organization in China for truck repair and maintenance and for the training of Chinese personnel. On August 1, 1945, thirty personnel were selected for this work and other people and a maintenance, repair and training group also had been identified. With the end of the war, however, this contract was cancelled at the request of the Chinese government, and negotiations were entered into by that government directly with the Chrysler Corporation for a new program modified to meet peacetime conditions.⁸⁹

Besides developing the truck transportation system, Nelson tried to increase the monthly "Hump" tonnage by allocating more transport planes to the CNAC. In October, 1944, Nelson obtained approval for assigning thirty C-46 aircraft to the China India Service operated by the CNAC. These thirty planes were delivered to China in five installments from October, 1944 through February, 1945.⁹⁰ But when the U.S. Army proposed to take a C-47 from CNAC for each C-46 delivered, again an issue was raised as to the division of available resources between the armed forces and the industries supporting those forces. During this time, there was no doubt at all that "if Free China's war industries were to function satisfactorily they needed at least as much tonnage as could be brought in under the transport program recommended by Mr. Nelson." As a result, Nelson raised this issue with the appropriate Army officials and demanded that, "unless the old C-47's were essential to military operations they should not be taken back from CNAC as they were essential to China's war industries." Nelson's arguments

led to the decision that the C-47's could remain in service with CNAC.⁹¹

Besides the above mentioned functions, the American War Production Mission's direct contact with the inbound and internal transportation problems was restricted to working with the Board on the transportation matters which were within its scope of authority.⁹² The actual operation and coordinating power over a large part of the internal transportation organization was placed by Directive of the Generalissimo under the Chinese War Transportation Board (CWTB), the Organic Law of which was promulgated in early 1944. One of the duties of the WTB was the formulation of lists of transport equipment required in China and "settling any conflicts, real or imaginary between this board and other agencies." Since the CWTB was a separate organization, the CWPB's American specialists did not directly co-operate with it all the time.⁹³

The American War Production Mission in China also co-operated in developing Chinese agriculture and especially the Yangtze Gorge Project. The Foreign Economic Administration arranged to send a group of agricultural technicians to Chungking in April, 1945, headed by Dr. Eugene C. Auchter, Director of all agricultural research in the Department of Agriculture. This mission obtained the co-operation of the American War Production Mission in China. The Mission recommended and assisted "in organizing where feasible specific operating programs leading to the reduction or the elimination of plant pests and plant and animal diseases, the development of vegetable production programs, the utilization of better local seed programs, the utilization of better local seed

varieties for basic crops, the improvement in crop reporting, the analysis of nutritional values of indigenous foods, and such other programs as seemed practicable." Also the Mission recommended that certain agricultural personnel were needed from the U.S. "to assist in carrying out agreed programs."⁹⁴ During this time, responding to a Chinese request, the U.S. Department of Agriculture sent a soil conservation specialist to China.

Even after the termination of the WPB and formation of the Supreme Economic Council, in November, 1945, the U.S. maintained a strong interest in developing Chinese agriculture. For example, in June 1946, the Chinese-American Agricultural Corporation Commission was formed in which the American section was headed by C. B. Hutchinson. The Mission, after a long investigation in different parts of China, made extensive recommendations for the improvement and development of (1) agricultural credit; (2) land taxation; (3) farm tenancy; (4) agricultural extension; (5) currency exchange rate; (6) agricultural education; (7) chemical fertilizers; and (8) irrigation.⁹⁵ Through UNRRA, the U.S. government offered substantial assistance to China to carry out this development program.

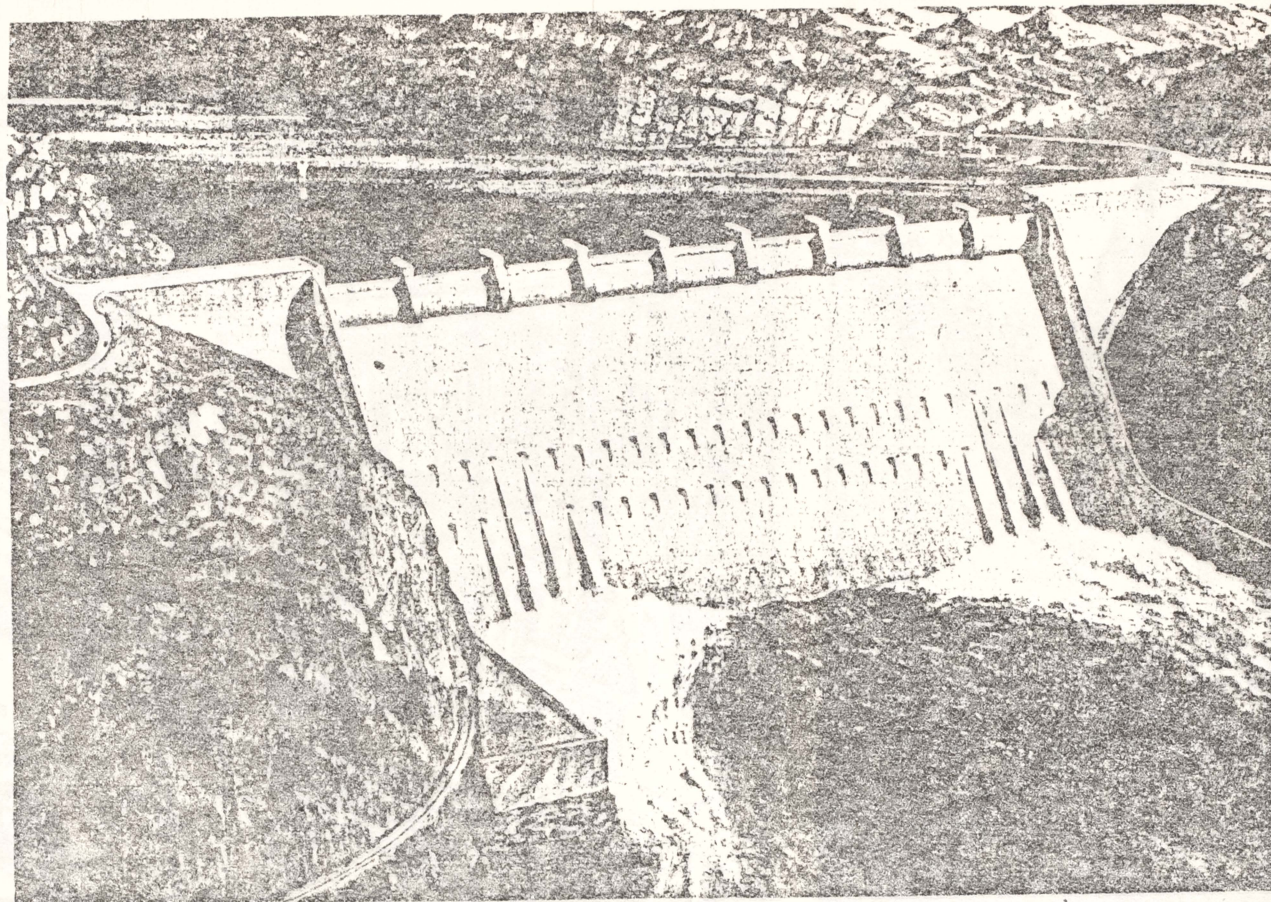
Regarding the Yangtze Gorge Project, the American War Production Mission in China gave unanimous and invaluable support for its construction with U.S. assistance. With the cooperation of the United States Bureau of Reclamation, China planned a billion-dollar development of the Yangtze River Basin. From Szechuan to the sea, the Yangtze drains 650,000 square miles, fifteen times as large as the Tennessee's 44,000 square miles.⁹⁶ The Chinese invited

Professor F. O. McMillan of Oregon State College to develop this plan. Also, at the same time, G. R. Paschal, American Economist and Adviser to the government of China made a proposal for the development of the Yangtze Gorge for flood control, hydroelectric power development, industrial development, and employment. Paschal's figures showed a profit of \$10,000,000 a year to China. At last, in 1944, the head of the Chinese National Resources Commission, Dr. Wang Wen-hao invited J. L. Savage of the U.S. Bureau of Reclamation to tour the prospective dam sites in China and advise the Commission on hydroelectric problems. After a long study, Dr. Savage submitted his preliminary report on the Yangtze Gorge Project. Five alternate sites, all upstream from Ichang, for the Yangtze Dam were considered. Among the five sites, two alternate methods of development were mentioned which differed mainly "in the manner in which the river is to be handled during construction."⁹⁷ Dr. Savage concluded:

The Yangtze Gorge Project is a "CLASSIC." It will be of utmost importance to China. It will bring great industrial developments in central and western China. It will bring widespread employment. It will bring high standards of living. It will change China from a weak to a strong nation. The Yangtze Gorge Project should be constructed for the benefit of China and the world at large.

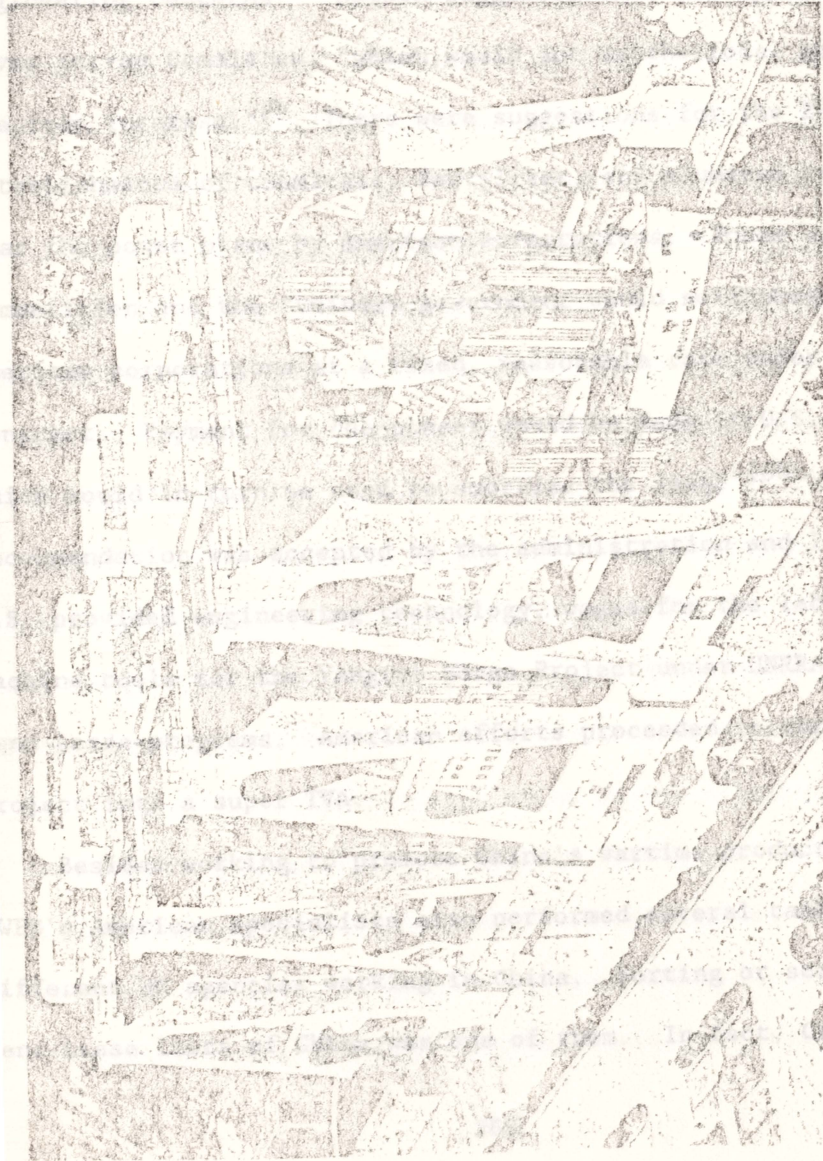
Since China was not able to bear this enormous cost of construction, Dr. Savage recommended that the U.S. provide finances and technology which China would pay back over several years.⁹⁸

The Yangtze Gorge Project got whole-hearted support from the State Department and the WPB. On March 19, 1945, Donald M. Nelson supported the Yangtze Gorge Project on a long-term basis. In a letter to FDR, Nelson wrote that "once the energy of the river was



The proposed dam across the gorge of the Yangtze River at Ichang in China. It is designed to provide irrigation, flood control, navigation and power for a population larger than that of the United States.

Source: Box 8/China-Yangtze Gorge Project/Locke Plan. Papers of Edwin A. Locke, Jr. Harry S. Truman Library.



Two methods have been proposed for raising ships past the Ichang Dam. One is by batteries of giant cranes, shown above, for which ships would require special reinforced construction. The other is by



flooding this 500-foot-deep lock chamber after closing the lock gates at the mouth of the tunnel.

Source: Box 8/China-Yangtze Gorge Project, Locke Files. Papers of Edwin A. Locke, Jr.
Harry S. Truman Library.

tapped, industry would find strong roots in the Yangtze area, and power could be provided for the electrification of railroads and for scores of cities." Nelson foresaw that the Yangtze Gorge Project would be beneficial not only for China but also for the United States. In the same letter he mentioned that, "for the United States, the Yangtze development would mean large exports, the stimulation of key industries and many jobs for workers. Several agencies of the government, and members of House and Senate, are actively interested, as are a number of private industrial and engineering concerns." Nelson suggested that FDR appoint a Yangtze River Survey Committee, "which would act as the focal point of American interest."⁹⁹ There were suggestions for the future establishments of chemicals, fertilizer, and aluminum production near the power plant by American corporations. There would be no competition and the "Chinese government would sell power to the American corporations at a fixed, reasonable rate under long-term contract. Payment for the power would be made in U.S. dollars which would in turn be used to amortize the loan."¹⁰⁰ Nelson's recommendation was accepted by the administration and later, the U.S. provided engineering technology, wages for the laborers, and machine tools for the Yangtze Gorge Project under UNRRA and civilian Lend-Lease programs. American efforts proceeded to turn the Yangtze Project into a super TVA.

Besides working to promote China's wartime production, the CWPB's American specialists also performed several tasks for different US agencies working in China. Sorting or screening the Lend-Lease lists of China was one of them. In fact, CWPB worked as

a screening agency for Chinese Lend-Lease demands. The Organic Law of the CWPB granted it specific authority "for the collection, screening and transmission to the American Lend-Lease agencies of all Chinese Lend-Lease requests, other than for finished munitions of war."¹⁰¹ This was most helpful since the American War Production Mission had no authority over Lend-Lease requests. Neither did the Mission control Lend-Lease grants, which was a function of FEA. But the items obtained by China under Lend-Lease directly affected the Mission's objective of increased Chinese production. As Mabel Taylor Gragg commented, "It was necessary for the Mission to work to influence decisions from both sides: decisions as to what should be asked for; and decisions as to what would be allowed."¹⁰²

On the supply side of production, when the Mission began its work, CNAC was bringing in each month about 1500 tons, but a good part of this tonnage necessarily was made up of military equipment and supplies rather than of items which could be used to increase production. There were demands for both the civilian economy and for military items for the Chinese and U.S. armed forces.

The Mission's task was to "bring supply and demand in Free China into the most effective possible relationship through the instrumentality of the CWPB," although the Mission during its short period of existence, was never fully successful in achieving this object. The main activities carried on by the Mission in pursuance of this task can be outlined as follows:

a. Investigating resources and requirements; b. formulating programs and policies; c. getting programs and policies translated into action through (i) maximizing resources, (ii) strengthening

CWPB, (iii) influencing attitudes and decisions - both Chinese and American, and (iv) performing a liaison function between different Chinese and U.S. groups and organizations.¹⁰³

When the Mission members set to work, they found that it was not only a problem of obtaining lists of requirements, it was also extremely difficult to get from either the Chinese armed forces or the U.S. China Theater command demands sufficiently specific and sufficiently large to require full operation of the meager Chinese industrial establishment. Consequently, James A. Jacobson, Assistant to Donald M. Nelson urged Brigadier General C. H. Olmstead, Assistant Chief of Staff, Headquarters, U.S. Forces, China Theater, Chungking, "to develop both a Chinese Army Supply program and an American local procurement program, which, to Jacobson, "would contribute materially to increasing the war production effort in China, and to the reduction of the amount of certain types of materials which would otherwise have to be transported into the theater at tremendous cost, in men, equipment, and money." Although the Mission never obtained from the military adequate detailed statements of requirements, it was able to work out with the Directorate of Ordinance and the CWPB early in 1945 a demand schedule which permitted production plans to get under way for the various industries.¹⁰⁴

The Mission also had occasion to support the authority of the CWPB against infringements by agencies outside the Chinese government. An example is provided by Lend-Lease deliveries to China. When the law governing the Board was promulgated, General Wedemeyer, in a letter to Generalissimo Chiang Kai-shek, objected to

the provisions which allowed the Board control over non-military Lend-Lease materials brought into China. General Wedemeyer took the position that full responsibility rested with him for all Lend-Lease goods in the China Theater, whether military items or materials to supply China's war production machinery and the essential civilian economy. On the other hand, Nelson and the Mission staff held that control of the civilian economy, and thus of the materials to be used by that economy, rested with the civilian authorities.¹⁰⁵

Since very little could be brought into the country, the proper selection of incoming items was vital. The Mission worked in co-operation with the CWPB on lists prepared for procurement through FEA under Lend-Lease. When the CWPB assumed this function, each Chinese department was drawing up its requirements lists independently. But these lists most often overlapped with each other and were not coordinated for any specific plan. Moreover, the total amount of items usually included in these lists, often far exceeded the transport space of the air cargo over the "Hump" and was beyond the capacity of the FEA to supply.¹⁰⁶

Consequently, arrangements were made between FEA, the U.S. Army and the CWPB in April 1945, which confirmed the CWPB as the agency of the Chinese government to whom delivery of all Lend-Lease supplies other than finished munitions and transportation supplies, was to be made from March 1, 1945. This completed centralization of control in one Chinese agency "over requisitioning, storing, and allocating Lend-Lease supplies for and in China respectively."¹⁰⁷ Before the CWPB was invested with this power, it secured the lists different Chinese ministries desired to have imported in 1945 for

military and essential civilian production programs.¹⁰⁸ Armed with these initial lists, which aggregated more than 200,000 tons, the CWPB held a series of meetings with the claimant agencies, including the FEA and U.S. Army Lend-Lease officials in China, and very carefully screened out less necessary items. After long conversations, a 100,000 ton program was sent to Washington, where, after a further screening process by the Chinese Supply Commission, FEA and the War Department, a requisition for only 10,173 tons was approved by the FEA and the War Department.¹⁰⁹ The quantity of materials and equipment which included arsenal raw materials, arms and ammunition, medical supplies, signal equipment, transportation, industrial and mining and general and unclassified equipment, was relatively very small but the importance of these supplies to the Chinese economy was "beyond calculation."¹¹⁰ It increased the production of finished items, which again, "brought an immediate sharp improvement in the psychology in Chinese government and industrial circles."¹¹¹

Besides its screening functions for civilian Lend-Lease, Mission Deputies Howard Coonley and James Jacobson tried to improve the handling, storing and warehousing situation of Lend-Lease supplies both in India and China. Moreover, in August, 1945, it was also proposed that "the Export-Import Bank should specify that any Chinese propositions submitted to the Bank must have been reviewed by the American Production Mission in China (as it was called after the war was over) for need and for feasibility."¹¹² Ultimately, this proposal was put into practice.

In the machine tool industry, Mission Specialists, Ralph Strong

and Roy M. Jacobs worked to improve techniques. With the increasing needs of munitions manufacturing plants and rehabilitation of the works moved in from the Hunan and Kwangsi areas, the stockpile of machine tools was completely exhausted. The Mission Specialists "created a stockpiling program to provide a reserve of machine tools that would protect the arsenals and other manufacturers against shutdowns."¹¹³ They also improved technical and testing methods and rendered a "minor but helpful service in obtaining technical information from the States."¹¹⁴ The Mission Specialists also cooperated in developing Chinese foundry practice by advising the privately owned arsenal plants to "change their sand and their moulding methods" and this resulted in a great "reduction in casting rejections." The iron casting system was also greatly improved.¹¹⁵

The War Production Mission's achievements prior to Nelson's resignation in May, 1945 were noteworthy. It did not create an industrial boom, but the "establishment of the WPB did arrest the downright decline of the first period in 1945."¹¹⁶ While the Chinese continued to ask for help from Washington in military and political and economic affairs, the United States, seeking to obtain a permanent cure of China's sickness sent experts such as Nelson and Henderson. Concerning the Chinese attitude toward the formation of the War Production Board, the Chinese newspaper Shang Wu Jih wrote on July 18, 1945:

We made many suggestions; American gold may be used to remedy our inflation, American cloth may be used to stabilize our prices, etc. We expected Nelson to bring along large quantities of money, (American dollars or gold can both do very well) of machinery and of raw materials and to set up big plants in China. After several months of investigation, Nelson made a report of an entirely different nature. He said that

the Chinese productive potential had not been fully developed to 30% of its capacity. China possesses machinery but they are not being used properly. China possesses money, which however is being used in the speculation market and not invested in productive industries. Nelson thought that Chinese industries must be relieved and saved and a boom might be brought forth by munitions production to develop to the full the industrial capacity. At the same time, this would raise up politically the industrial capitalists of China. At his suggestion, the War Production Board was established last winter. It was a new hope to the Chinese industrial circles. The Association of the Factories moved to Szechuan, held a big welcoming party to greet the birth of the WPB, raising their hands from the quagmire of desperation to look up at new promises and new prospects." Although this paper criticized the CWPB for its failure to change the social economy of China, it stated, by quoting an industrialist, "without the WPB, we would have closed down long ago. With the WPB, we are just able to linger on."¹¹⁷

Thus the Chinese held a great esteem and regard for the CWPB as the key to their economic salvation.

For the first time in its history, as Nelson stated, the Chinese economic effort was coordinated through the establishment of the CPWB.¹¹⁸ The activities of the Board "brought an immediate sharp improvement for the psychology in Chinese government and industrial circles." Production was rapidly increased in the iron and steel industry. The plants were getting advanced orders or booked up for a long period. In May 1944, production of iron was almost 40% over that of November, 1944. The production of steel between December 1944 and May, 1945, increased by more than 50%. Also, alcohol output increased 28%. The CWPB, with the suggestions of its American Mission Specialists, arranged for a more complete utilization of Free China's industrial resources.¹¹⁹

This increase in the production of iron and steel and related industries was not, however, "felt equally throughout the entire economy and there was increasing pressure for government contracts

on the part of other industries."¹²⁰ The overall production was at no more than half of capacity. The situation regarding munitions production was particularly disturbing in view of the needs and the practical possibilities. The production of China's arsenals in May 1945 was only 4% above that of November, 1944.¹²¹

Generally, lack of detailed military requirement lists, price control by the Executive Yuan, interdepartmental struggles for power, inadequate staff, higher costs of raw materials and labor, technical problems, military control of Lend-Lease supplies, lack of adequate funds, the uncooperative attitude of the Chinese toward wartime production and their emphasis on post-war industrialization, led to the partial failure of the production goals. Rising inflation and failure to get adequate appropriations for the CWPB also contributed to the situation.¹²²

But an important factor in the gradual waning of the activities of the CWPB was Nelson's sudden resignation as the President's personal representative and head of the Mission, in May, 1945. As Mabel Taylor Gragg stated, "Mr. Nelson's prestige as an outstanding figure in the United States, his own personality, and the genuine and realistic interest he had shown in China and China's future had been instrumental in enlisting the Generalissimo's co-operation in the first place ... Mr. Nelson's resignation introduced an uncertainty into the joint venture and seemed to be interpreted as reducing its importance to the United States. The reaction of the Chinese, while not rationally justified, was a natural one."¹²³ An exchange of letters between Nelson and President Truman disclosed that Nelson had submitted his resignation on April 16, 1945, and

asked that it be effective May 1, but President Truman asked him to hold off a couple of weeks. In his letter, Truman said he accepted the resignation "reluctantly." In order to carry the work of the WPB to a satisfactory completion, Truman appointed "tall, lanky, 34-year-old" Edwin A. Locke Jr,¹²⁴ "who has been closely associated with Mr. Nelson since the latter came to Washington in 1940 and has acted as his executive assistant on the Chungking assignment."¹²⁵ When Locke took over the American War Production Mission in China, the Mission had "reduced most of the production problems to a fairly realistic basis," although, "the outlook for substantial increases" in the year 1945, in some cases, had suffered a setback.¹²⁶

After Nelson left office as head of the American War Production Mission in China, two resident Deputies worked to carry out the task of the Mission in Chungking. They were A. T. Kearney and James Jacobson. During this period, which stretches from May, 1945 until November, 1945, definite and realistic production programs were set up and each industry was being helped "to get geared up to realize the goals agreed upon." On the other hand, Jacobson's term as a Deputy, was important, because it was a period, "when the problem was one of realizing upon the organizational and programming work which had been done."¹²⁷ Although production had been increased, the rate of increase was not tremendous. Meanwhile, the Chinese were desperately asking for fresh help and material assistance from the United States. In June, 1945, the CWPB Chairman, Dr. Wong Wen-hao invited Locke to visit China immediately. Locke accepted the invitation and assured Dr. Wong of his intent to do everything in his capacity "to further the mutual interests and sound economic

relations of China and the United States and to bring about a vigorous and healthy development of the Chinese economy."¹²⁸ Later on, Locke recommended to Soong for the extension of CWPB, under another name, for at least twelve months and CWPB's "overall authority in all matters relating to China's industrial production for the next 12 months."¹²⁹ On August 13, 1945, President Truman authorized an extension of the operations of the American War Production Mission in China "for a period of from six months to a year following V-J day." Truman further instructed Locke that after V-J day, the Mission should be known as the "American Production Mission" in China, which would give "the Chinese government all feasible aid in the reconversion of war industries to peacetime production and the revival of industrial production in liberated areas."¹³⁰

Following the Japanese surrender, the American Production Mission aided the Chinese government in dealing with the initial problems of reconversion and industrial revival. The United States, during this time, wanted to close its wartime economic programs in Europe, Africa and in the Far East. Congress was reluctant to appropriate money for the post-war period on the basis of wartime emergency and generosity. This changing attitude also influenced the Truman Administration's attitude toward the continuation of the American Production Mission's activities in China. It wanted to discontinue the American Production Mission in China. Realizing the particular immediate situation which confronted the Chinese as a result of China's acquisition of large industries in Manchuria and other liberated provinces, President Truman announced on September

29, 1945, that "he is sending his personal representative, Edwin A. Locke, Jr., to China to discuss with Generalissimo Chiang Kai-shek and key Chinese officials the ways in which the industrial experience of the United States can best be utilized to aid sound peacetime economic reconstruction and development of China." It was also announced that Locke would also make arrangements for terminating the work of the American War Production Mission.¹³¹

The U.S. desired in theory to continue its co-operative efforts for China's post-war reconstruction. President Truman said,

While concluding this war mission, the American government desires to continue its close cooperation with China. The American Production Mission is tangible evidence of the enduring friendship of our two nations. Out of our work together on problems of war production have come practical experience and mutual high regard which will be of great value to the future economic relations of our two countries and the world.¹³²

But little tangible help would be provided. On October 9, 1945, Edwin A. Locke left Washington for China as the President's personal representative. Locke was accompanied by Albert Z. Carr, Economic Advisor, and two Special Assistants: Colonel Harry A. Berk and Michael E. Lee.¹³³ To face the problems which would arise from the recovery of Manchuria, and other occupied zones, President Truman asked Locke to proceed to China by way of Japan and there confer with General MacArthur.¹³⁴ Accordingly, Locke spent several days with General MacArthur and his staff in Tokyo, and then went on to Chungking. Locke arrived in Chungking on October 19, 1945.

The circumstances in China at the time of Locke's arrival were dramatically different from those encountered by Nelson in 1944. After the surrender of Japan, the center of interest for the

economic development of China had shifted to the recovery and rehabilitation of the occupied areas. Instead of concentrating his time on CWPB's industrial development program, Chairman Dr. Wong Wen-hao was occupied with the various political and military aspects of the Japanese surrender. Moreover, changes in the US attitude also made the future of the War Production Board uncertain. Owing to the government's indifference to local production activities, prices had fallen rapidly. Many industrialists were forced to close their plants and many of them were reluctant "to discuss means of improving their methods of operation." Worst of all, the number of unemployed people began to increase rapidly.¹³⁵

Edwin A. Locke Jr. and his Mission members came to Chungking on November 17, 1945, and found a rapidly deteriorating situation. After his arrival in Chungking, Locke completed a first-hand survey of representative economic conditions in China. Locke also discussed with the Chinese government on measures "aimed at strengthening the economic activities of the Chinese government and speeding China's economic reconstruction and development. Locke and his companions inspected industrial installations and discussed existing conditions with local government officials and industrial managers in Canton, Formosa, Hankow, Tsingtao, Tientsin, and Peiping. This personal survey brought "to light a great deal of valuable information, not only as to the condition of specific Chinese industries in North, South and Central China, but also as to the broad economic problems facing the country."¹³⁶

Having finished his investigation, Locke felt that "there cannot be much basis for practical American economic cooperation

with China until China herself begins to solve her internal economic problems." With this end in mind, Locke suggested to Chiang Kai-shek that China "take fresh and vigorous action to alleviate economic stress and initiate sound program of economic reconstruction and development..."¹³⁷ Early in October, "Locke had recommended to the President that the American Production Mission be terminated and that a fresh approach, suited to the new circumstances and making use of the experience gained in the past year, be taken to Chinese-American economic cooperation." President Truman approved Locke's recommendation and instructed him to terminate the Mission. By November, 1945, all American War Production Mission members had left China.¹³⁸

The Chinese War Production Board was also terminated. It was judged advisable to begin anew. Moreover, after the war's end, both the Chinese and American authorities began to think about a long-term economic development program of China, for which a purely Chinese organization was needed. Among American officials, John D. Sumner and C. F. Remer were two prominent supporters of long-term Chinese postwar development programs and U.S. assistance. John D. Sumner was an economist whom the State Department assigned as Economic Advisor to the U.S. Embassy in Chungking in September, 1944.

Sumner was assigned to investigate Chinese economic conditions, plans, and proposals. He performed this function by personal and practical investigation and by arranging conferences between the Chinese and American officials before the war had come to an end.¹³⁹ In a study entitled, "American Economic Policy Toward

China," Sumner wrote that, despite the vigorous efforts of the CWPB, the "quantitative improvement in Chinese production has not been great," and that the United States, which was in a unique position to influence economic development in China if she desired to do so, "should formulate an economic policy which will, over a period of years, afford a useful vehicle to aid in achieving the American objective of a strong, united and increasingly democratic China."¹⁴⁰ In another study, Sumner emphasized that, "China's own economic policies remain undetermined, that a peculiarly close relation exists in China between economic and political affairs, and that her government is weak in trained personnel and administrative competence. . . . that the United States is in a unique position to influence the character of China's economic development if it desires to do so."¹⁴¹

Dr. Sumner's position was supported by C. F. Remer, Adviser on Far Eastern Investment and Finance, Department of State, and by E. A. Locke, Jr. In his conference with the Chinese officials on April 4, 1945, in Chungking, Remer stated that the smallness of American investments in the past showed an indifference toward opportunities in China and stated that the Americans were less indifferent now. Remer also stated that, "the economic relations between China and the United States would proceed under new conditions after the war," and that "the two countries would be able to work out arrangements suitable to these new conditions."¹⁴²

E. A. Locke Jr. believed that the Chinese government was inexperienced in the principles and techniques of modern democratic government, and that this was largely responsible for China's

existing political unrest. He believed that it formed the essence of America's opportunity in China. To quote from Locke's report to President Harry S. Truman:

Through the presence of American troops sent to China to help disarm and repatriate the Japanese armies, China has been given a breathing spell from full-scale civil war. If, as a result of the influence and aid, she is able to use that breathing spell to reform, liberalize and revitalize herself from within, a real basis for national peace and unity can be established.¹⁴³

In short, Locke was in favor of aiding China building its own political and economic institutions. Even Donald M. Nelson, former head of the American War Production Mission in China expressed concern about the formation of a centralized authority over Chinese production. In a letter to T. V. Soong on September 11, 1945, he said: "I believe it is of prime importance to centralize authority over Chinese production policies and plans during the reconstruction period in a single governmental organization comparable to the WPB, and which will report directly to you. This new organization might be called "Office of Reconstruction and Development" or something similar. Its chief functions would be to establish broad policies, to coordinate plans for industrialization, and to follow these plans through to execution."¹⁴⁴ Again, on August 20, 1945, Locke, in a memorandum to President Truman entitled "A Proposal Aimed at Averting Civil War in China," said that the unity and political integrity of China could only be achieved by carrying out certain fundamental reforms, like distribution of land to eliminate absentee ownership, lowering of farm rents, abolition of usury, and extortion, suppressing official corruption, better wages, treatment, and living conditions, and education for workers and peasants and

their families. Locke believed that implementing these programs would defuse the Communist political and economic propaganda. During this time, the Chinese authorities, too, were asking the U.S. to help China in overall industrialization and economic development.¹⁴⁵ Both Locke's ideas and the Chinese demands were too unrealistic to be materialized. The US lacked the capacity and resources in the post-war period to bring about an overall transformation of the Chinese economy. Moreover, the beginning of intensive civil war made it impossible for the US to carry out a well-planned economic reconstruction program in China.

In order to form a new governmental organization, Locke, as Economic Advisor to Chinese government, developed cordial and friendly relations with Chiang Kai-shek and other Chinese officials. By the 24th of November, 1945, a detailed structure was set up to replace the War Production Board, and "a new American group, to replace the Mission in supplying American economic co-operation, was proposed for President Truman's approval." The name of the organization was given as the Supreme Economic Council. It was brought under the general direction of Chiang Kai-shek. It was intended to restore the confidence and hope of the people "by showing that the government is aware of their needs and is taking realistic steps to improve their situation."¹⁴⁶ A program which included economic and political aims and policies was prepared and Generalissimo Chiang Kai-shek personally presented it at the first meeting of the new organization. On November 26th, the Chinese Supreme National Defense Council, in a special session, approved the formation of the Supreme Economic Council. Its avowed goal was "a

substantial and steady rise in the mass living standards of the people." In order to achieve this object, it would "direct and assist the early, sound and vigorous economic reconstruction and development of China," and would have full and final authority over the economic activities of all agencies of the government.¹⁴⁷ Dr. T. V. Soong became the President and Wong Wen-hao of the old CWPB became the vice-president of the new organization. Locke and other U.S. officials helped the Chinese in drafting the Organic Law of the New Economic Council. This Organic Law, passed by the National Defense Council on November 26, 1945, was intended to promote economic reconstruction projects and hasten national economic development. Chief among its functions were: (1) utilization of natural resources, (2) determination of economic policies, and (3) formulation of economic plans.¹⁴⁸ Later, Chiang Kai-shek recommended some specific programs for immediate action by the council which included: (1) nationwide improvement of transportation, (2) an intensive program for strengthening agriculture, (3) an immediate program to assist industry, (4) encouragement and improvement of foreign trade, standards of health, and free public education, and collection and analysis of facts bearing on economic projects of importance over the next five years--such as the harnessing of China's rivers.¹⁴⁹

The disbanding of the American War Production Board and the CWPB and the formation of the Supreme Economic Council marked the end of the Mission's activities. It marked the end, however, in a formal sense only. "One of the aims of the Mission," as Mabel Taylor has insisted, "had been to help the Chinese prepare to deal

effectively with their own economic problems in the post-war period by making American experience available to them during the war." The members of the Mission had worked continuously for many months with the Board and the Chinese industry, demonstrating their methods of going about things, "American experience and the American way of dealing with problems." Any assessment of this association requires that the story be followed through the setting up of a new organization and a new program for dealing with China's peacetime problems.¹⁵⁰

The Nelson Mission, with its object of immediate wartime production, pursued the "goal of a unified and democratically oriented China," and this goal was also that of the Locke mission. The unity of China and a political reorientation of the government were recognized as essential to the explicit goal of an economically competent and prosperous nation. Neither the Nelson mission nor the Locke mission was charged with any direct responsibility for uniting China or for changing its political concepts. These political problems, nevertheless, were so "fundamental to the economic future of China that much thought was devoted to them and every possible influence brought to bear toward their solution."¹⁵¹ Some authors like Anthony Kubeck believe that the U.S. peace efforts during the Marshall Mission badly affected economic development procedures in China. Similarly, E. A. Locke Jr. talked about this in his oral history interview:

When Pat Hurley exploded and Truman sent over General Marshall, all of us having anything to do with China were sternly, and strictly, and clearly instructed to do nothing except by and through Marshall. I forgot just how it came about, but very quickly all the non-political activities in China of this

nature were quickly brought to an end, and Marshall concentrated on the negotiations with the Communists. I thought it rather a shame myself that this assistance to the Chinese in terms of post-war planning for their economy was not continued for perhaps a year after the war.¹⁵²

It should be remembered that, E. A. Locke, Jr. saw the Chinese problems mainly from an economic point of view. In his interviews, Locke tried to defend or support the KMT authorities in China and contended that they were the only legitimate government in China. No doubt, he shared the views of Nelson, Hurley, and other pro-KMT individuals in the Truman Administration. Locke believed:

An essential element in China as elsewhere was a sound and expanding economy, and that work on it should have been carried forward at the same time as the military and political aspects were being worked on so actively. And I think if it had been done there would have been some strengthening of the Chinese Nationalist position. I don't presume to say that it would necessarily have changed the course of history, but it might well have enabled the Nationalists to do better; it might have helped them to get gradually greater support from the people. It's hard to say. Some very valuable time and some considerable opportunities were lost.¹⁵³

Locke didn't hesitate to say that Marshall's appointment as a mediator meant all U.S. economic assistance went "down the drain." Moreover, he claimed that Marshall "was preoccupied with political and military aspects and had no time and little interest, perhaps understandably, for the economic side, and so "the whole thing was quickly phased out."¹⁵⁴

Despite Locke's emphasis on the Marshall mission as the principal reason for failure of the CWPB and later the U.S. cooperative efforts with the Supreme Economic Council for the economic and political development of China, his conviction about the Marshall Mission and its relationship with CWPB's failure or successes is biased and to a large extent prejudiced. Aid to China

was never stopped and Marshall himself recommended increasing financial and Lend-Lease assistance to China after his success in arranging a truce in January and February 1946. Even Marshall wanted to use American assistance as an incentive for the political unity of China. He recommended agricultural aid and an Export-Import Bank credit to China.

The truth is that failure to continue the post-war economic development in China was not due to Marshall's political efforts, but because of the outbreak of intense civil war, which mainly resulted from the KMT's adamant policy toward the Communists. Moreover, it was not possible to industrialize China (and thereby to eliminate poverty and Communist influence) by sending aid or experts. What would have been needed was a total occupation of China by America as happened in Japan, and, thereby, the ability to reorganize its industrial and economic life. Indeed, even if such a step had been taken--impossible for practical and other reasons--China's problems were too enormous.

This does not mean that the American War Production Mission did not work on China's economic problems. As stated in an article entitled, "Guide to China's Industrial Future" by Alex Taub, a former FEA Chief Engineer, in the China Trade News, March, 1945, "Through Donald Nelson, her war effort for the production of things for war has been squared off, an organization has been built up, and funds have been provided to correct the many economic interfering evils." Moreover, Taub predicted that "out of this will come much needed managerial and technical experience for China's industrial future."¹⁵⁵ Nelson told Chiang Kai-shek on September 19, 1944, "The

different kinds of plans (for economic development) should be mapped out before the end of next year, and those plans should be definite instead of being vague and impracticable." Locke, as a member of the U.S. "State Department's Interdepartmental Committee on Economic Policy Toward China, worked out basic principles to govern Chinese-American post-war co-operation." Also, O. R. Johnson of the Mission Administrative staff prepared a report "on the Development of post-war trade with China." Lester Bosch, Mission Assistant Deputy, worked on the "problem of power frequency standardization in China, looking toward post-war industrial development." Finally, Locke Jr. set up the Supreme Economic Council for postwar economic development by China's own agencies. In all the wartime industry programs, the needs of the future were constantly considered. Still, preference was given to production to aid the war effort. Even after the formation of the Supreme Economic Council, the U.S. specialists, economists, technicians and other experts co-operated with the Chinese organizations and helped develop a broad outline of an industrial program for China.¹⁵⁶

The efforts of the American War Production Mission, which provided a centralized control of wartime transportation in Free China, also provided a link between the Chinese government and the President of the U.S., the China Theater Command, FEA, the State Department, and American industry. It increased wartime production and saved various Chinese industries from being eliminated in the post-war period. Undoubtedly, the China which emerged after 1949 received many benefits from the American War Production Mission's contribution during the war.

In sum, while UNRRA and Lend-Lease were efforts to sustain China by providing necessary supplies and services directly from U.S. stocks, the War production Mission program took a different approach, seeking to help China become self-reliant largely by her own resources and efforts. The exigencies of war, China's internal conflicts, and the enormity of the task limited the success of this self-help initiative, but its effects may still be seen.

Chapter Five

UNNRA, China, and the United States : Efforts to Achieve the
Reconstruction of China Through International Cooperation.

An important chapter in the history of the United States' efforts to bring about the economic reconstruction of China opened with the establishment of the United Nations Relief and Rehabilitation Administration (UNRRA) on November 9, 1943. Although UNRRA was officially created in late 1943, interallied collaboration regarding relief to war devastated countries began in 1939-40 "and culminated in June 1943 with publication of a draft agreement for international administration for relief and rehabilitation in liberated areas."¹ The US Department of State took the final and major initiative for the formation of UNRRA. The United States Under Secretary of State, Dean Acheson, with the consent of FDR, and after long and convoluted discussions, prepared a draft agreement on UNRRA and distributed the document to the representatives of other nations. With the assistance of influential senators, the Roosevelt administration was able to neutralize Congressional opposition to the formation of UNRRA. The US Congress accepted this proposal for the formation of UNRRA on condition that the UNRRA was to be separated from Lend-Lease, and that the US President would inform the Congress from time to time about UNRRA's performance.² After the completion of "all formalities", President Roosevelt and the representatives of thirty three members of the United Nations, and eleven associated nations signed the UNRRA agreement in a dramatic ceremony on Tuesday, November 9, 1943, in the East Room of the White House.³ The US Congress, once certain "drastic changes" concerning the scope of

UNRRA, were agreed to, approved participation of the United States in UNRRA in a joint resolution.⁴

After signing the UNRRA agreement, the representatives of forty-four nations met at the stately Claridge Hotel, in Atlantic City, New Jersey, from November 10 to December 10, 1943, to map out a program of collective operation on a global scale. Herbert H. Lehman, former New York Governor and the Director of OFRRO (Office of Foreign Relief and Rehabilitation Operations) was elected as the first Director General of UNRRA. The first session of the UNRRA council also arranged that each member state whose territory had not been occupied be asked to contribute a sum equal to one percent of its national income for fiscal year 1943.⁵ Provisions were also agreed upon defining the scope and nature of UNRRA functions.⁶

The supply of relief goods and services and rendering rehabilitation works were the main functions of UNRRA. UNRRA, however, was not supposed to "restore" the economy of a country to pre-war levels or conditions. Rather, it was UNRRA's task to "put back into running order those segments of a nation's economy which were necessary to carry out the relief program, and to give each country and its people some of the tools to begin to help themselves."⁷ Even the House Foreign Affairs Committee, while approving the UNRRA authorization bill on January 12, 1944, made it clear in an amendment that the "...task of rehabilitation must not be considered as the beginning of reconstruction - it is coterminous with relief. No new construction or reconstruction work is contemplated, but only rehabilitation as defined in the preamble of the Agreement. Problems, such as unemployment, are important, but

not determining factors. . . . The Administration cannot be called upon to help restore continuous employment in the world."8

Undoubtedly, the United States had a tremendous indirect influence on UNRRA's activities. The United States was the major financial contributor, the principal organizer, and the chief policy maker in the UNRRA. The source of America's influence was its major financial contribution to the UNRRA budget. The US Treasury Department provided 72% of UNRRA's operating expenses, and 90% of all food and other UNRRA supplies were shipped from America. UNRRA's three Directors-General, Governor Herbert H. Lehman, Mayor F. H. LaGuardia, and Major General Lowell Rooks were all Americans, and a substantial proportion of its personnel were Americans. In many respects, UNRRA represented itself as a domestic US organization.⁹

Besides contributing money, the United States also granted UNRRA certain facilities to carry out its operations. The State Department provided UNRRA telegraphic and code facilities in its initial stages, granted immediate passports to US citizens employed and visas to other nationals employed by UNRRA. It also waived postal duties on UNRRA pouches. "In numerous other ways also the Department of State and other agencies of the United States Government have facilitated the work of the Administration."¹⁰ The financial plan for UNRRA, which was drawn up in Atlantic City by Dean Acheson, was "recognized as an American document."¹¹ The principal reason why forty-three other nations supported by the UNRRA was the fact that the US was to bear the major burden of financing its operations. Considering its large future financial

contribution, other European powers, especially Great Britain, accepted that the US must have an important voice in the UNRRA.¹²

As a means of compensating for the great destruction caused by Japan, the United States was very sympathetic to a broad UNRRA program for China. Officially, UNRRA's operations in China began with the opening of a regional Office in November 1944 in China's war time capital, Chungking. UNRRA's operations in China began after V-J Day in September 1945. In order to prepare a detailed estimate of future needs, UNRRA sent a commission to China consisting of two Americans, Owen L. Dawson, later an agricultural attaché, American Embassy, Chungking, Eugene Staley, and Dr. J.B. Grant, a Canadian Physician with the Rockefeller Foundation, as consultants. This commission played an important role in shaping UNRRA's future program of operations in China.¹³ Until V-J Day, China received a very small amount of supplies, less than 100 tons from UNRRA, and these were flown over the "Hump" from India. In the early period, supplies most often consisted of emergency medical items and seed. However, owing to the reoccupation of Chinese ports by Chinese or Soviet troops, no UNRRA supplies were delivered to China for three months following the Japanese surrender.¹⁴

In the midst of tremendous problems after the Japanese surrender, T. F. Tsiang, China's representative to UNRRA, presented to UNRRA Director General a formal request for assistance which included estimated requirements for China worth \$995 million.¹⁵ In addition, China also requested assistance in implementing its relief and rehabilitation program.¹⁶ Meanwhile, relations between the UNRRA and the Chinese Government were vividly defined in a Basic

Agreement, signed in Chungking on November 13, 1945.¹⁷

It is true that China's requests were moderate and consistent with damages done by the Japanese. But in reality, they far exceeded the resources which UNRRA was able to devote to the China program. Moreover, the Chinese reconstruction plans emphasized the rehabilitation of agriculture, industry, and transportation rather than food and other urgently needed relief items. There is no doubt that China was primarily concerned with fundamental recovery from the war and hoped to achieve this by promoting internal production and trade.¹⁸ Chinese hopes of long-term redevelopment using UNRRA funds and services, then, conflicted with both the UNRRA's charter and the US Congress' desire for a limited short-term policy. When Arthur Young, the American financial advisor to the Nationalist Government of China demanded that "basic economic and financial rehabilitation needed to come first", and requested that the Chinese concentrate "upon the restoration of monetary stability" and do "only the most essential things", Chungking insisted on focusing mostly on its requests for clothing, industrial rehabilitation, and public health.¹⁹ This unrealistic approach of the Nationalist Government toward relief and rehabilitation definitely came from miscalculations and wrong assumptions of high ranking Chinese government officials, who among other problems suffered from greed. As a result, this program underwent successive modifications and revisions in the light of the availability of funds, procurability of supplies, and further specific requirements. The supplies finally procured and delivered to China under the initial decision totalled approximately \$517.8 million.²⁰

The US was always generous in its support of China's interests in the UNRRA. The generous attitude of the US was clearly reflected on February 21, 1946, when the Chinese Ambassador Wei Tao-Ming urged Assistant Secretary of State, William E. Clayton, to support an amount of \$800,000,000 for China "when the remaining part of the UNRRA (allocation) comes up for consideration." Clayton refused to make any definite commitment until adequate data had been made available. Nevertheless, he assured the Chinese Ambassador that the US would "look with sympathy at Chinese claims and endeavour to support as large a program as appears equitable in the light of resources and total obligations." Meanwhile, US representatives "supported the program for China in the amount of \$323,000,000 for the first two quarters of 1946."²¹ Although this amount didn't fulfill half of China's original demand, it was by far the largest amount which a single country received from UNRRA during this time and it, at least, helped keep the Chinese program somehow running.

Within the UNRRA a debate developed over whether China should be a paying or non-paying nation in the program. Upon US insistence China entered the program as a non-paying country. When a committee, headed by Harry White of the US Treasury Department and including four other members from Norway, Britain, Canada, and Mexico, was set up by UNRRA to determine the capacity of foreign governments to pay for external and internal rehabilitation costs, the Chinese authorities explained their inability to afford expenses for both internal and external rehabilitation costs either in local or foreign currencies. It was only upon White's insistence that China was excused from the foreign currency costs. Again, when the

British and the Norwegian representatives wanted to cut China's program, White, supported by the Canadian representative, defended China on the ground that "China had suffered beyond imagination, and should not be pressed to cut."²² Consequently, the Chinese proposals were included in UNRRA Sub-Committee resolutions.

One aspect of the Sino-American UNRRA deal was the US belief that by resisting Japan for years, China already had fulfilled all preconditions for being eligible for a variety of international financial assistance for reconstruction. Thus, every type of assistance being offered to other belligerent nations must be extended to China.²³ The US officials to UNRRA also discovered that "American business might be extremely interested in the effect of the UNRRA program on private trade between the two countries" and it did not matter to American business "whether its sales were to private parties or to UNRRA."²⁴ Also, in the UNRRA program, the US found intensive but parallel efforts toward its greater goal of an extensive industrialization of China which would in turn make it a post-war industrial democratic ally, free from all internal radical elements.²⁵

UNRRA's first task in China was to supply and distribute essential relief goods such as food, clothes, medical supplies and other items in order to save millions of hungry and destitute people. The food crisis in China was so serious that UNRRA decided to spend 25% of its China budget (\$131,790,000) for food. The US whole-heartedly co-operated with UNRRA in supplying food for China. The estimated food needs of China, prepared by the Chinese Nationalist Relief and Rehabilitation Administration(CNRRRA), was

about 6,760,000 tons in late April, 1946. This calculation was supported by similar findings made in May, 1946 by a small American mission sent by President Harry S. Truman to investigate food conditions and needs in China.²⁷

The UNRRA, however, was unable to supply enough food to China until the middle of 1946. In order to get co-operation in collecting enough food for China's and Europe's hungry, UNRRA Director General, Herbert H. Lehman, called on the American people to help face the "most critical situation in respect to food that this world has known within living memory."²⁸ On February 5, 1946, President Truman, responding to the call of UNRRA, imposed some restrictions on domestic food consumption, reduction of the percentage of wheat in alcohol production and other beverages, imposed direct control by the Department of Agriculture over exports of wheat and flour in order to facilitate movement to destinations of greatest need, and restricted the use of bread grains in the feeding of livestock and poultry.²⁹ Although this voluntary consumption restriction worked well, it couldn't fulfill the vast needs of the receiving countries. The United States provided the lion's share of food supplies to UNRRA recipients. Other countries like Great Britain, Canada, Australia, India, and Argentina could provide only a small fraction of the needs of UNRRA. Anyhow, this food supply and distribution program of the UNRRA saved millions of lives in China.³⁰

However little the amount of food supplies to UNRRA, the United States always exercised its influential voice through the UNRRA Combined Food Board in favor of significant amount of food going to

China, and emphasized the importance of a balanced diet with a basic ration of wheat for China. In addition to wheat, the basic foods sent to China in large quantities were beans and lentils. Together with these foods, smaller quantities of oils, sugar, meat, fish, and some dehydrated foods were also sent.³¹ Besides the regular supplies of wheat and rice, the US also sent a considerable amount of canned goods, accumulated by the US Army in India as war stocks. UNRRA bought them at a cheaper price for China. Upon their arrival in China, efforts were made to distribute them as relief supplies in central Hopei, but the meats and hash were viewed with suspicion by the peasants who believed that the foreigners were offering them food which they themselves were unwilling to eat. The recipients threw the meat away and used the cans. Later on, these canned vegetables, tuna, meat, sliced bacon, boned turkey, salmon and corned pork, and stews were sold at very low prices.³² UNRRA also purchased different kind of food for China from US Quarter master's stocks.

Realizing the desperate Chinese demands for rice the US also co-operated with UNRRA in the procurement of rice from the Siamese Government.³³ Through 30th June, 1947, the UNRRA was able to supply a small portion of rice out of its total food supply of 893,375 tons. Moreover, under UNRRA programs over \$13,500,000 worth of US Army surplus foods and other Army stores were shipped to China. By the end of the UNRRA program in 1947, "a total of over 1,091,000 tons of food, covering approximately the full amount of the budget, were sent to China."³⁴ Undoubtedly this food saved millions of lives in China. Like most of the invaded nations, China "couldn't have gotten through the first two hard post-War years without it."³⁵

It is true that the UNRRA food program fulfilled only a part of China's food requirements. Starvation continued to exist in many parts of the country. Nevertheless, UNRRA food supplies made possible some beneficial activities. Numerous "mass feeding stations, health centers, hospitals, children's nurseries, work relief, road repair, irrigation, tractor projects, as well as national conservancy projects", relied on UNRRA-supplied food to carry out their respective programs.³⁶ Even US flour was used as a substitute for cash payments to the factory workers and industries in China. It created incentives on the part of the workers which helped to boost production in the Kailan Mining Industrial Unit.³⁷

To save millions of people from severe cold in the winter of 1946, the Truman Administration actively co-operated with UNRRA in its collection efforts to collect used clothes and shoes from American citizens and in their distribution among the Chinese people. By supplying limited quantities of new clothes, used clothing, footwear, and also vast quantities of raw cotton to be used in reviving China's own textile industry, the UNRRA could fill only a small fraction of China's huge clothing needs. Many voluntary and religious associations in the US joined in this used clothing collection effort. US church groups played a major role in this field. In September, 1945, President Truman appointed Henry J. Kaiser to head the "victory clothing" program under auspices of the United National Clothing Collection Inc.³⁸ By the 13th of April, 1946, a total of 48,853,781, pounds of clothings and other items were collected. China got 386,692 pounds out of this collection.³⁹ Moreover, China also got a share of the salvage clothing which the

UNRRA purchased from the US military and had it reconditioned under regular treasury procurement Division contracts. Also, the UNRRA took over from FEA surplus stocks of clothing from the military's plan "A" program of supplies for civilian relief. China received an important share of this collection.⁴⁰ China also got a share of the used shoes which the UNRRA bought from the US Quarter Master Department. The UNRRA's concern in regard to China's clothing situation led to establishment of seven garment centers in five cities: Nanking, Hankow, Beijing, Canton, and Shanghai. Those garment centers tried to recondition used clothes, and furnished work to refugees centered in the five cities.⁴¹ Besides supplying cotton goods, the UNRRA also provided raw cotton to Chinese Textile factories from the US, India, and Australia.

The United States also supplied limited emergency shelter supplies to China through the UNRRA program. These supplies consisted of Quonset huts, Butler huts, Tarpaulins and tents. These limited emergency shelter supplies were used both for the "protection of groups of refugees and 'work relief' laborers and for the housing of work projects."⁴²

It was in medicine, however, where the U.S. through UNRRA made significant and substantial contributions to saving hundreds of thousands of lives.⁴³ The U.S. Government always sympathetically considered China's medical and sanitation problems and co-operated with the UNRRA to solve them. When in November, 1945, the Chinese government requested the U.S State Department to send some requisitioned medicines such as Diptheria anti-toxin, Typhus vaccine, plague vaccine, and small pox vaccine all of which were

stored in different parts of the United States, in a rapid but inexpensive manner, the State Department tried to send them by ATC plane "not only because of its desire to Co-operate with the United Nations' relief organization but also because of its desire to assist the Chinese Government...."⁴⁴ Moreover, the United States sold a huge amount of medical supplies to the UNRRA (more than \$5.5 million) for China from its surpluses in the Pacific zone.⁴⁵

The UNRRA also received substantial US aid for the restoration of China's hospitals, medical schools, nurse and technicians' training centers, clinics, health stations, sanitarium and research organizations. It not only restored some big medical centers like Nanking Central Hospital, Peking Union Medical College, and Shanghai Medical College, but also provided new equipment, medicines, and financial help to those institutions.⁴⁶

Under an epidemic disease control program, the UNRRA bought from the U.S. 2,500 tons of serums, vaccines, drugs and sanitation supplies, including a large quantity of DDT with equipment for its application which contributed in controlling the spread of cholera, kalazar, plague, tuberculosis, small pox, malaria, typhus, typhoid, dysentery, and relapsing fever in different regions of China.⁴⁷ One aspect of the UNRRA medical program was that the U.S. Army actively cooperated in sending prompt aid to sufferers in different regions of China. When there was an outbreak of spinal meningitis in Yen-an, a U.S. Army plane carried penicillin and sulfadiazine to that area in April, 1946. Besides, the U.S. also contributed ambulances from its Army surpluses to carry the cholera victims from Hospitals.⁴⁸ Again, realising the gravity of the cholera situation, a cholera

mission, consisting of seven doctors and two sanitary engineers with five tons of medical supplies including DDT was promptly sent by air to China from Dayton, Ohio, U.S.A. to assist the Chinese health authorities until the epidemic was over.⁴⁹ Supplies were also provided for the control of malaria.

The United States shared the training of Chinese medical personnel and nurses. During 1944-1945, a first group, consisting of thirteen technical experts from China, received their training in the U.S. under an UNRRA fellowship program.⁵⁰ When in 1946 UNRRA offered twenty-five fellowships to study child welfare, penicillin production, and nutrition, two Chinese students were sent to the U.S. under this program for a special period of nine months study in those fields.⁵¹ Under a special Nurse-Teacher Fellowship project established in 1946, twenty Chinese nurses received training in the U.S. in institutions of the Department of Hospitals of New York City and brief observation at other centers.⁵² Besides providing training, American teachers, doctors, dentists, X-Ray technicians, Nurse-training instructors, and sanitary engineers participated and offered intensive and short term courses in various Chinese medical schools, colleges and hospitals.⁵³ Eventually, the UNRRA also started providing epidemiological information to China.⁵⁴ The medical program in China however, was not always successful. The Chinese authorities often failed to use or to distribute personnel in a proper manner. The situation was so bad that in some cases U.S. officials in China opposed extension of the medical programs in China until the Chinese provided evidences of proper distribution.⁵⁵

Although the UNRRA was supposed to carry out operations in

China on the basis of government appropriations and bank loans, the U.S. through its major supply programs came to be a pivotal additional financier for UNRRA operations inside China. The U.S. Navy rendered the service of "up river lifts" worth \$ 151,800 out of \$3.5 million under UNRRA's "Coastal Shipping Fund Program." The total US Navy invoices for 'upriver lifts' amounted to \$438,975.⁵⁶

Also, the UNRRA used a major part of the US supplies for sale in commercial or government channels. The main items for sale were textiles, clothing, footwear, raw cotton, and industrial, communication, and transport equipment. Foods and fats comprised the other principal categories. U.S. flour was used as wages in industrial sites, in the Yellow River projects, and was also sold by the UNRRA in the open market by UNRRA to counteract the high price of food. About the many sided use of U.S. flours, David Cobb, American Assistant General Counsel wrote:

The United States flour which has been distributed in Chinahas achieved a worth while relief purpose....Another portion has been distributed to laborers as wages.....CNRRA has sold part of this flour with the dual purpose of placing the flour on the market to relieve food shortage and the further purpose of realizing therefrom a sum of money, whose equivalent is then used by CNRRA in various rehabilitation and relief projects throughout China.⁵⁷

But the relatively small amounts of flour that UNRRA was able to supply from the U.S. could not influence the price level for more than a brief period. Moreover, lack of transportation prevented proper distribution of food, and lack of effective rationing and price control systems reduced the importance of U.S. food in China.⁵⁸ During the last part of the UNRRA program in China, however, sales of industrial, transportation, communication

equipment, and fertilizer rose. All these things indicate that in China, there had been a beginning of an intensive industrialization process under the UNRRA program.

The greatest proceeds of UNRRA sales, however, consisted of selling raw cotton to Chinese textiles mills. As a result of a series of cotton negotiations which took place between the Chinese government, the UNRRA Central Committee, and the Council for the Committee of the Far East (CCFE) a detailed plan for the sale of raw cotton took place, and eventually 633,912 bales or \$19,000,000 worth of cotton was procured. It was agreed that the proceeds of sales of this cotton would be used for financing UNRRA-CNRRRA operations and the various rehabilitation projects. By December 1947, the amount of raw cotton shipped to China totalled 147,829 tons valued at \$79,607,000.⁵⁹

The proceeds of sales of cotton, as of flour helped the UNRRA to carry out programs inside China but failed to affect inflation or deflation. On the other hand, the factors retarding the general recovery of China were on such a huge scale as to be entirely beyond the scope of aid provided by these programs.⁶⁰ Moreover, China desperately needed finance to meet the local costs of the UNRRA program, which could only be procured from sale of import goods and of foreign exchange. Although Arthur Young, the American Financial Advisor to the KMT Government, recommended that imports be sold "through the ordinary commercial banking system, rather than through bureaucratic import and sale of goods", his opinion was not accepted by the Chinese Government. Young believed that, the system of official handling of internal sale of imports was bureaucratic

and would interfere with restoring the normal flow of goods. He preferred private trade to official and controlled trade. The KMT oligarchy, however, disregarded Arthur Young's opinion and continued to keep the practice of controlled trade which eventually failed to suppress inflation or to introduce a competitive economy.⁶¹

US officials co-operated with UNRRA's foreign national training program with much enthusiasm, and the State Department regarded it "as deserving of commendations and of the support of the US government and of the private American business firms....."⁶² It was necessary to train more and more Chinese to carry out all these new development plans. Since it was not possible for the United States or UNRRA to provide trained officials to carry out the UNRRA program in the vast interior of China, providing training for the Chinese was thought to be the best course, both from an economic point of view and also from future considerations. In October, 1945, the US department of State in consultation with the Department of War responded to the Chinese representative's request by releasing conscientious objectors then on duty in the Far East. William Clayton, Assistant Secretary of State informed Major General J. H. Hilldring, Director of the Civil Affairs Division of the War Department, that these officials would be released only on condition that they join the UNRRA staff. Although the UNRRA sent many trained social welfare workers from the US, the Department accepted the Chinese opinion that using this large group of trained workers already stationed in or near China, saved both time and money for UNRRA and money for the Army while promptly gaining the services of such workers for the China program.⁶³ Both U.S.

governmental and private agencies co-operated with the UNRRA in its personnel recruitment program for China. During the late winter of 1945 and early spring of 1946, under a special recruitment program for China, specialised staffs were recruited in the US. In order to provide training for UNRRA recruited personnel, a training center was established at the University of Maryland for social workers dealing with displaced persons.⁶⁴ The U.S. also provided language training programs to the trainees.⁶⁵

The U.S., along with other nations, sent experts to China for the training of Chinese personnel in various UNRRA programs. In 1945, "38 Chinese technical experts and 12 additional social welfare experts who were brought to the U.S. received advanced training in special fields.⁶⁶ In 1946-47, at least ninety-six Chinese specialists received training under UNRRA fellowships, mostly in the U.S. in various fields for a period of six months to a year.⁶⁷ A result of this personnel training program was an effective teaming up of western administrative experience and technical 'know-how' with Chinese experience and knowledge of local conditions, language, attitudes and procedures.

On February 28, 1947 the US had the following number and categories of program personnel in China, which was the biggest of 38 nationalities' 3,191 persons. The figure was as follows:

<u>Male</u>	<u>Female</u>	<u>Non-Resident</u>	<u>Resident</u>	<u>Attached to China office</u>	<u>On loan as program personnel</u>
819	282	1094	7	603-498	

The total number of US personnel was 1101.68

Beginning in mid-summer 1946, the equitable distribution of supplies to communist-held areas in China became a matter of increasing concern for the CCFE. The existence of this dual government in China posed a real troublesome situation for UNRRA. Regardless of how CNRRA was set up on paper, in practice, it did not have the administrative ability to guarantee an efficient distribution system, even in the Nationalist controlled areas. Since the welfare units of the communist government in China were well organized, distribution of relief supplies in Communist held areas was more efficient than in the Nationalist controlled territories 64).

The UNRRA faced four main alternatives, (a) Continue to deal only with the Chungking Government and provide supplies only for the areas under its jurisdiction; (b) Continue to deal with the Chungking government officially but distribute relief supplies to all areas on the basis of informal agreements by local UNRRA representatives; (c) deal with the Communists as well as the Chungking government on an equal basis; (d) Withdraw from China altogether.

Because the UNRRA charter prohibited the UNRRA from discriminating in relief distribution due to religious or political belief, and since the U.S. was not eager to "playing politics with relief" in China, the first alternative was clearly not acceptable to the U.S. Since the Chungking government's needs for relief were much more acute than were those of the Communists, the alternative

(d) or no relief at all was equally unacceptable to the U.S. Moreover, denial of relief for the purpose of bringing about a "peaceful democratic" China would appear as arbitrary and inhumane as denial in order to force a free press or other domestic reform. The "better policy was probably that of continuing to deal only with Chungking but taking great care to have supplies divided equitably between the two parts of China "for which UNRRA needed adequate observers and an office or offices in North China."⁷⁰ Considering these aspects and upon the suggestions of the U.S. and other representatives, the U.S. government recommended that UNRRA carry out its operations in China in the following way: (a) UNRRA negotiated the usual agreement with the Chungking government; (b) based upon its own independent investigations, the UNRRA had to determine what was an equitable division of relief supplies between the two parts of China; (c) distribution in North China was to be accomplished by agreements between local UNRRA officials and appropriate established authorities, like CLARA; (d) in case of "extreme civil war" the UNRRA was to (1) eliminate from its program rehabilitation of railroads and industry which would aid either side in waging war. (2) the UNRRA was to retain sufficiently under its control trucking and shipping furnished by the UNRRA to prevent abuse by the military; (e) if these procedures did not yield equitable distribution and the Chungking government interfered with distribution in North China, the UNRRA was to be prepared to find alternative solutions, even though they might raise political issues.⁷¹

The CCFE, in its meeting of 9th April, 1947, discussed the

problem of equitable distribution in Communist held areas. In view of the military operations in the Communist controlled area north of the Huai River, and the danger to UNRRA personnel in attempting to distribute supplies there, the US member recommended withdrawing UNRRA personnel from the designated zone, speedy distribution of supplies already in that zone, and the reallocation to non-war zones of other supplies intended for that area.⁷² After prolonged negotiations with the Chinese National Government and the Communists, during which little was accomplished, it became evident that distribution in the Communist areas had become impossible for the time being, and that any temporary withholding of shipments to China in the hope of an improved situation was unrealistic. In view of the above, the UNRRA Central Committee, at its 62nd meeting on November 17, 1947, decided, (1) to abandon the effort to distribute supplies in Communist-controlled areas; and (2) to release the impounded supplies which had already been contracted for, to accessible areas in North China. Accordingly, on 24 November, the impounded supplies were released to CNRRA and agreement was reached between UNRRA and CNRRA regarding the shipments of certain medical supplies and rehabilitation equipment to areas north of the 34th parallel.⁷³

In sum, the Communists always experienced disparity and discrimination from the Nationalist government officials in the distribution of relief supplies. No attempt was made "to calculate theoretically what might have been a wholly equitable percentage of supplies to the people in Communist areas."⁷⁴ As O. Edmund Clubb⁷⁵ stated in his Reminiscence recorded by Richard D. McKinzie of the

Harry S. Truman Library:

In China as distinct from all other countries in which UNRRA operated, UNRRA did not distribute the food supplies. It handed them over to a new organization, the Chinese Relief and Rehabilitation Administration. And be it said, there was a great deal of corruption in connection with that particular administration. And all UNRRA could do was to try to supervise to a degree and report on what was happening. It was a very general oversight that they applied. In theory, of course, the UNRRA supplies were to go to Communist controlled territory as well as Nationalist controlled territory. In actual fact, however, almost all of the supplies went to Nationalist controlled territory, and there was very little that ever got to the Communists. In part this was due, let us say, to the refusal of the Communists to give much in the way of facilities for travel into areas under their control. But, of course, it was due in main, let us deduce, to the desire of the Nationalist to have most of the supplies for themselves.⁷⁶ Thus, the CCP held areas more or less failed to get benefitted

from the UNRRA's immediate relief works or permanent rehabilitation works, for which both the KMT and CCP are to be blamed.

Despite the fact that the Communist-held areas were debarred from UNRRA supplies or its development programs, it was only in the field of rehabilitation of displaced persons that the whole of China benefitted in general. UNRRA's authority to care for and assist in the repatriation of displaced persons was originally defined at the First Council Session. At first, it was decided by the UNRRA Council to repatriate only the United Nations nationals and stateless persons displaced as a result of the War. Later on, however, this decision was changed and eligibility was extended to other persons who had been displaced by action of the enemy. Due to this change in decision, the UNRRA got authority not only to rehabilitate the nationals of liberated or occupied territories but, also in ex-enemy territory and, under certain conditions, in territories never occupied by the enemy.

The problem of repatriating war-dislocated populations in the Far East was the subject of exploratory discussions between the UNRRA and the member governments concerned in the later part of 1945. In August, at the request of the Chinese and Philippines Governments, the UNRRA undertook the repatriation of Chinese nationals who had been brought to the Philippines by the Japanese as forced labor. An exploratory fact-finding mission left the United States in October, 1945, and returned in December with information as to additional responsibilities which government and military officials wished UNRRA to assume with respect to the dislocated population of the Far East. The report of this mission emphasized the gravity of the situation with respect to four groups in the Far East: (1) 15,000 European displaced in Shanghai, most of whom were persecuted by the Nazis for racial or religious reasons; (2) an estimated 200,000 overseas Chinese, i.e., Chinese nationals who had been permanently domiciled outside China in adjacent territories invaded by the Japanese, and who wished to return to those countries from China; (3) small groups of Chinese permanently domiciled in China who, as a result of the war, were displaced outside of China, and wished to return to their homeland; and (4) millions of Chinese displaced in China by reason of the war with Japan, the civil war, and economic conditions. The last mentioned group was to be the responsibility of UNRRA.⁷⁷

Among the above mentioned four categories, China got assistance for only the European displaced persons and very little for the repatriation of overseas Chinese. The U.S. Army provided transportation and military clearances for an early survey during

the war of a critical refugee situation in Kweichow province.⁷⁸

The US also actively participated in the UNRRA's efforts to repatriate the Overseas Chinese by obtaining shipping, providing food and medical supplies, and also by arranging for their reception in ports of destination. Moreover, the US in many cases carried out diplomatic negotiations with the receiving countries for acceptance of the displaced persons from China. For example, the US State Department exerted a considerable amount of pressure on the Philippines government to accept the overseas Chinese in China from the Philippines.⁷⁹

The US, however, very actively and extensively co-operated with the UNRRA in its operation for the repatriation of the European displaced persons in China. By the end of the war in 1945, there were around 19,000 displaced Europeans, 87% of whom were Jewish. In the face of strong Nazi and Fascist persecutions in Germany and Austria, they made their way to China between 1937 to 1939. At the end of the war, they were living under very distressing conditions. Some of them had got a fair start in Shanghai when the Japanese adopted a policy of segregation under the direction of Nazi Germany, and their opportunities to move about and to conduct business were denied.⁸⁰ They became dependent on money from the American Jewish Joint Distribution Committee (JDC). After the outbreak of the war in December, 1941, funds from abroad were completely cut off. Since May 1943 all Jewish displaced persons (DPs) in Shanghai were required to live in a small ghetto close to important installations. Some 3,000 died of malnutrition and 13,000 out of 15,000 were unemployed.⁸¹

In order to repatriate displaced persons from China the UNRRA undertook a joint program with CNRRA, JDC, and other organizations. This program included the improvement of shelter conditions, the provision of a monthly cash grant by the government of China, and the distribution of food, clothing, and medical supplies for this group. The United States contributed a large amount of cash and other supplies for this UNRRA displaced persons program.⁸² During the winter of 1945, the American military forces lent to the UNRRA about 15,000 cases of rations for the feeding of approximately 13,000 European DPs, pending the arrival of sufficient UNRRA supplies. According to a subsequent report, "During the nine months after the war when considerable U.S. military forces were stationed in Shanghai, when more than 1,000 European DPs were given temporary employment by these forces."⁸³

When in 1946, the Truman Administration relaxed the regulations for Immigration & Naturalization toward the displaced persons, the JDC took advantage of this liberal policy and directed its efforts toward facilitating entrance into the US for Jews desiring to go there.⁸⁴ Besides allowing them entrance into the US, the United States supplied almost 9,000 long tons of food in Shanghai, including UNRRA flour, non-basic canned foods for the European displaced persons from "Surplus property," and the aforementioned US army rations. From its collection of used clothing, UNRRA supplied bedding and clothing to this group. The housing was also improved. The US, through its representative to UNRRA, strongly recommended the repatriation of several hundred European DPs who preferred to remain in China where they had established business or professional

connections.⁸⁵ The United States also strongly expressed concern to the Chinese government about the treatment of Koreans in China, especially, in the Tientsin-Peking area by the local Chinese.⁸⁶

By the end of June, 1947, the UNRRA had repatriated 1,332 displaced persons, and 4,295 had emigrated to other countries. An additional 900 European refugees were scheduled for repatriation from the Far East in July, 1947. On 30th June 1947, UNRRA's displaced persons' work in China came to an end when the Preparatory Commission for the International Refugee Organization (PCIRO) took over this responsibility.⁸⁷ The United States was the leading recipient nation of European displaced persons in China. The other major recipient nations were Australia, Canada, and several South American nations.⁸⁸

After displaced persons, the industrial program appeared to be the most important UNRRA rehabilitation program in China. It represented the largest portion of UNRRA's total China budget. In fact, 33% or \$169,132,100 of the whole China budget was spent in this field.⁸⁹ The United States, which supplied approximately 67% of all supplies under this UNRRA program to China, was the principal source of industrial rehabilitation supplies. "Of the United States share, about two thirds came from United States military surpluses."⁹⁰ The US was particularly interested in the UNRRA's industrial program in China since it served a parallel effort by the US to industrialize China through FEA and the War Production Mission Board.⁹¹ Another major initiative for China's industrialization was adopted by the American War Production Mission through the Chinese

War Production Board. Despite the fact that US wanted China's postwar industrialization, Congress vehemently opposed the intensive industrialization program through UNRRA. Some members of the Congress argued that "the purpose of UNRRA is not to re-establish or establish, as Albania or Yugoslavia, which are not industrial nations, industrial setup for the future. We are to try to rehabilitate those countries and not set them up in industrial business." But the US Administration, in cooperation with the UNRRA, was able to convince Congress that UNRRA's industrialization program in China or elsewhere was not intensive, but a mere restoration of the pre-war level of industrial production. Despite Congressional opposition, the UNRRA with the US Administration was able to carry out multiple programs for China.⁹² The industrial rehabilitation program of the UNRRA in China had two major components: the transportation rehabilitation program, and heavy industrial program such as rehabilitation of public utilities, saw milling, waterworks, building and shelter construction, and mining. In both components, the US provided the largest single share of supplies for China.

Compared to the tremendous destruction caused by the war to the Chinese industries, however, the US contribution was relatively small, but, as an UNRRA report concludes, "this contribution is of the utmost importance during the critical period" which China faced before normal trade could be restored and the channels of international investment reopened.⁹³ The US furnished to China through UNRRA public utilities supplies and services to help the partial restoration of China's war-damaged public utilities toward

their pre-war capacity in mines, cities, and in factories. Equipment and chemicals were also provided to rehabilitate the war damaged water works of China.⁹⁴ Similarly, the UNRRA's \$502,000 worth of prefabricated shelter materials like quonset huts, butler huts, and tarpaulins from the US surplus property were put to emergency use in hospitals, philanthropic institutions, and in the special sponsored institutions, like orphanage and food distribution centers.

The US was also the major supplier for large UNRRA industrial projects, such as steel bridges, construction equipment, brick plants, glass plants, cinder block plants, and concrete sewer pipe plants. Moreover, building construction materials like hand tools, saw-milling and wood working equipment, lumber, cement, steel plate, bars and sheets, and other miscellaneous steel materials, various types of chemical supplies like aluminium sulphate, calcium carbide, chlorine and pharmaceutical chemicals were procured from US surplus property stocks and from new US production for various machine shops and factories in China.⁹⁵ Contracts for the delivery of fuels in China were made by the UNRRA through the US Army and Navy Petroleum Board which dealt directly with the supplying companies like the Asiatic Petroleum Company, the California Texas Oil Company, and the Standard Vacuum Oil Company. Again, deliveries were made in China by the US Navy.⁹⁶ Expert US technical personnel in the industrial field were recruited for assignment "on loan" along with the experts of other countries to appropriate agencies of the Chinese government to give technical instruction and training in the establishment, use, and maintenance of railway, highway, telecommunication,

construction, mining, machine shop, power plant, and other industrial facilities.⁹⁷

Finally, the US supplied the bulk of supplies for the UNRRA Industrial Educational rehabilitation program such as text books, training manuals, projection equipment, engineering and laboratory equipment, and related materials for engineering colleges and educational institutions. Also, under physical rehabilitation programs, equipment was provided mainly from the US for the development of a factory for the building of artificial limbs and hospitals for physical education, treatment and corrective exercises. American industrial supplies to China under UNRRA programs greatly accelerated the industrial production of China. UNRRA contributions to coal mining made possible a more than doubling of coal production in 1947, over 1946, and a prospective further increase in 1948.⁹⁸

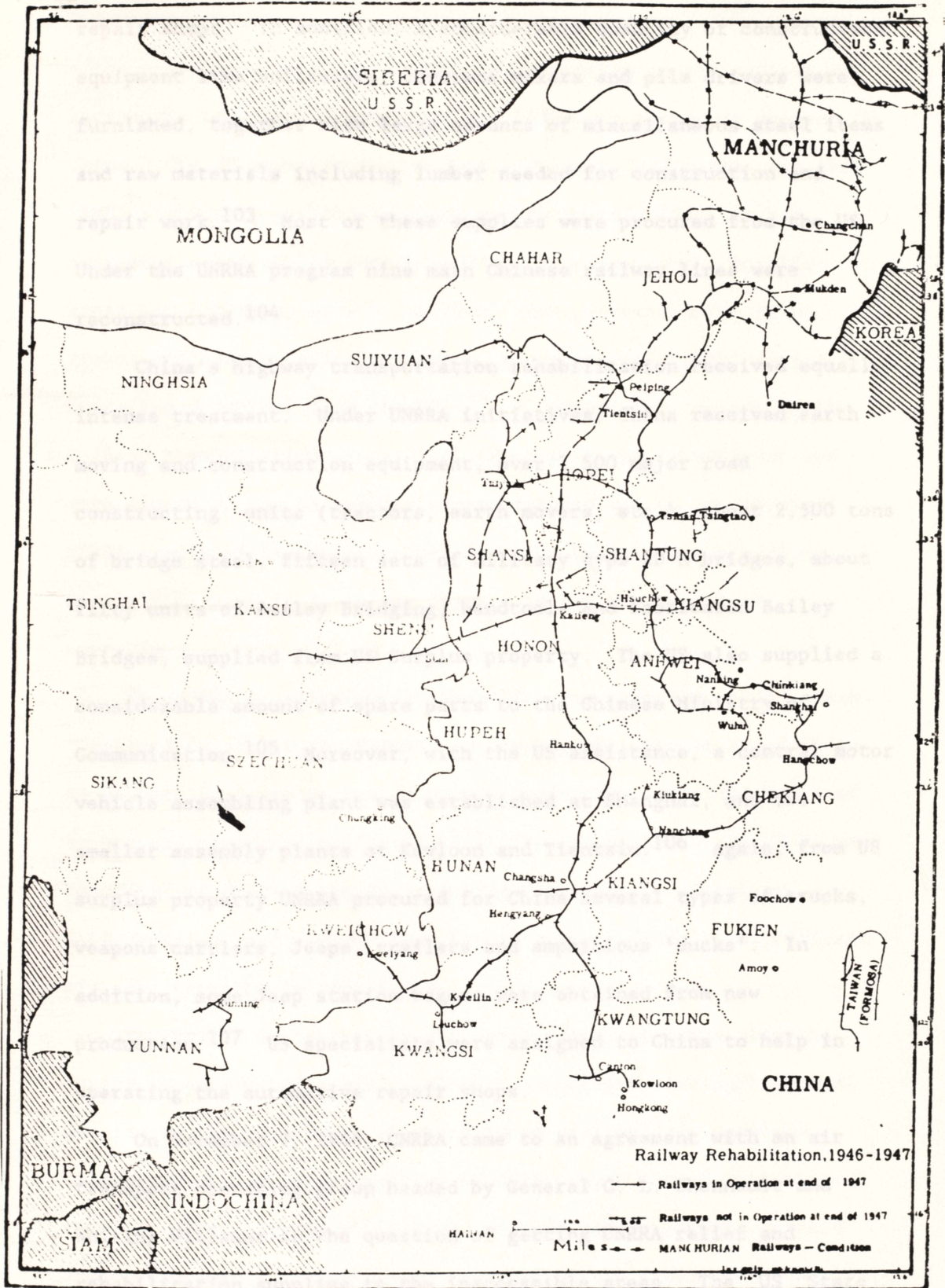
Under the industrial rehabilitation programs, China's transportation system was also brought back to more than its pre-war level. Over \$76 million was spent for transportation and telecommunications rehabilitation supplies which were divided among the various programs as follows: (a) Waterways: 37% (b) Railways: 37% (c) Highways: 19% (d) Telecommunications: 5% and (e) Air transport: 2%.⁹⁹ In each section the chief contribution was made by the US.

The immediate emergency needs for CNRRA waterway transport were met by the acquisition of United States Navy and Army surplus landing and auxiliary crafts. The estimated cost of these transportation supplies was more than \$20 million. The long term

need, on the other hand, was met by the procurement of barges, tugs and other equipment from US surplus supplies and from new construction. The long-term equipment consisted mainly of some 792 barges procured from US army surplus, and shipped to China where they were reassembled. Tugs for towing the barges were procured from new US construction and from surplus military property. In the middle of 1946, the UNRRA procured ten boats and other types of water craft from the United States Army and Navy surplus stocks in Honolulu, the Phillipines, and other Pacific islands. By mid-May, 1946, CWT (Chinese Water Transport) had seventeen sea going craft, sixteen of which "were in seaworthy condition and fully crewed."¹⁰⁰

Besides carrying relief goods and supplies, these vessels also helped with the transportation of about 7,000 refugees. Within a few months after the UNRRA naval rehabilitation program started, medical and relief supplies could be shipped to any part of China.¹⁰¹ In order to provide training to the Chinese seamen and crews, the UNRRA hired many US technical specialists and seamen.

Considering the important nature of the situation, the UNRRA filled China's most urgent railway rehabilitation requirements in part from US surplus property. When the US forces evacuated Iran in 1946, a large supply of railway equipment was suddenly available and a large quantity of railroad equipment was obtained from US army surplus in Iran. The freight cars were dismantled for shipping and reassembled in China.¹⁰² In all, UNRRA obtained 268 locomotives, 3,445 freight cars, 86,200 tons of rails and accessories, 57,549 tons of ties, 43,300 tons of railway bridging materials, and equipment and tools for the necessary rehabilitation of railway



Source: UNRRA, UNRRA in China.

repair shops. In addition, a considerable quantity of construction equipment like bulldozers, concrete mixers and pile drivers were furnished, together with large amounts of miscellaneous steel items and raw materials including lumber needed for construction and repair work.¹⁰³ Most of these supplies were procured from the US. Under the UNRRA program nine main Chinese railway lines were reconstructed.¹⁰⁴

China's highway transportation rehabilitation received equally intense treatment. Under UNRRA initiatives, China received earth moving and construction equipment, over 1,500 major road constructing units (tractors, earth movers, etc.), about 2,500 tons of bridge steel, fifteen sets of military type 20-H bridges, about fifty units of Bailey Bridging, handtools and fabricated Bailey Bridges, supplied from US Surplus property. The US also supplied a considerable amount of spare parts to the Chinese Ministry of Communication.¹⁰⁵ Moreover, with the US assistance, a central motor vehicle assembling plant was established at Shanghai, and two smaller assembly plants at Kowloon and Tientsin.¹⁰⁶ Again, from US surplus property UNRRA procured for China several types of trucks, weapons carriers, Jeeps, trailers and amphibious 'ducks'. In addition, some Jeep station wagons were obtained from new production.¹⁰⁷ US specialists were assigned to China to help in operating the automotive repair shops.

On November 7, 1946, CNRRA came to an agreement with an air transport operating group headed by General C. L. Chennault and Whiting Willauer on the question of getting UNRRA relief and rehabilitation supplies to the inaccessible areas. The US State

Department was completely ignorant of this agreement.¹⁰⁸ However, after a review, the US gave unqualified support to the project and became the principal supplier of the UNRRA air transport program in China. The US provided twelve C-46 and seven C-47 planes for this CNRRA air transport(CAT) service, and by May 13, 1946, it had carried a total of 184 tons of medical supplies to the interior areas and 130 passengers. The UNRRA also procured spare parts, ground and communication equipment, gasoline, oil, lubricants and operating personnel from the US.¹⁰⁹ A further development in the Chinese communication system took place with the improvement and development of the Chinese telecommunication system by means of UNRRA credit of \$4.6 million dollars.¹¹⁰ US telecommunication specialists came to train the Chinese in the new system of operation.

The UNRRA's agricultural rehabilitation program in China was "designed to assist the farmers in the war stricken areas of China to restore food production, reduce dependence on external help and to prevent occurrence of famine."¹¹¹ The intention of the UNRRA was identical to that of the far reaching US intention of making a self-dependent and poverty-less China, and as a result, significant aid came from the United States.

The United States had traditionally been concerned with the "great importance of a well- balanced and progressive agricultural program to the well-being of the Chinese nation."¹¹² Donald S. Gilpatric, the US representative to CCFE, advocated an agricultural rehabilitation program which "must include aid in importing draft animals, a supply of fertilizer at least on the prewar level of

import, machinery, piling and technical assistance to dike the yellow River and retrieve the rich flooded acres, and boats and equipment to resume fishing. Speedy action in agricultural rehabilitation should make China largely self-sufficient in food within eighteen months."¹¹³ Based upon this and similar recommendations by its own State Department officials in China, the US supplied the major part of the UNRRA's agricultural supplies for China. Satisfactory quantities of agricultural supplies for China were shipped in 1947.

The US made significant contributions to the UNRRA livestock program in China. One UNRRA report called the program "most important waterborne migration of animals since the time of Noah."¹¹⁴ It supplied 792 Mules from Hawaii which were distributed in Hopei and Shansi provinces in April, 1946 for the purpose of drawing carts and ploughing land. Dairy cattle in huge numbers were also shipped from the US as part of the UNRRA program to meet the urgent needs for milk and also for breeding purposes in different parts of China. Out of the UNRRA's total procurement of 3263 head, the US provided 2,083 dairy cattle. Besides this, the US also contributed many hogs to the UNRRA's China program.¹¹⁵

US voluntary organizations and individuals came to China under UNRRA auspice, to help in agrarian reconstruction. For example, "several thousand US farmers and farm boys, recruited and assembled by the Brethren Service Committee sailed as livestock handlers."¹¹⁶ The United States also supplied medicines, experts, and finance in the veterinary project for the control of animal diseases.

Against the Rinderpest disease affecting cattle and water

buffalo herds, the US provided China with new Rinderpest vaccine, "developed in secrecy during the war" that produced life-time immunity instead of the one-year maximum provided by other vaccines. In May 1946, a US Naval Air Transport plane carried 1,000,000 doses of US and Canadian new type of Rinderpest vaccine to Hainan island. The UNRRA's American doctors Robert Reinsnerger, of Miami, Florida, and Harry Furgeson, of Bozeman, Montana accompanied the shipment to Hainan Island with syringes and veterinary needles to utilize the vaccine.¹¹⁷

To increase the agricultural production in China, the US supplied a major portion of the UNRRA vegetable, cotton, and corn seed (over forty-eight varieties). Seed for forage crops (grasses and legumes), and indigenous seed programs were also provided. The UNRRA shipped packages of seeds by plane, train and US navy LST to various agricultural areas of China.¹¹⁸ To the extent that United States allocations could be secured, special cotton seed was procured and shipped for distribution to several regions in central China where the climate was suitable for cotton culture. With the US seed, about 51,000 mow¹¹⁹ were planted. Using this improved strain as a nucleus, it was found that the crop of China would improve in yield and in quality.¹²⁰

Plant disease and insect control formed another major aspect of the UNRRA's agricultural reconstruction program in China. The US supplied pesticides, fumigants, sprayers and dusters for field control programs. A battery of dough mixers with a daily capacity of two tons supplied by the UNRRA from US Army Surplus supplies was installed and used to mix DDT dusting with resulting crop yields.¹²¹



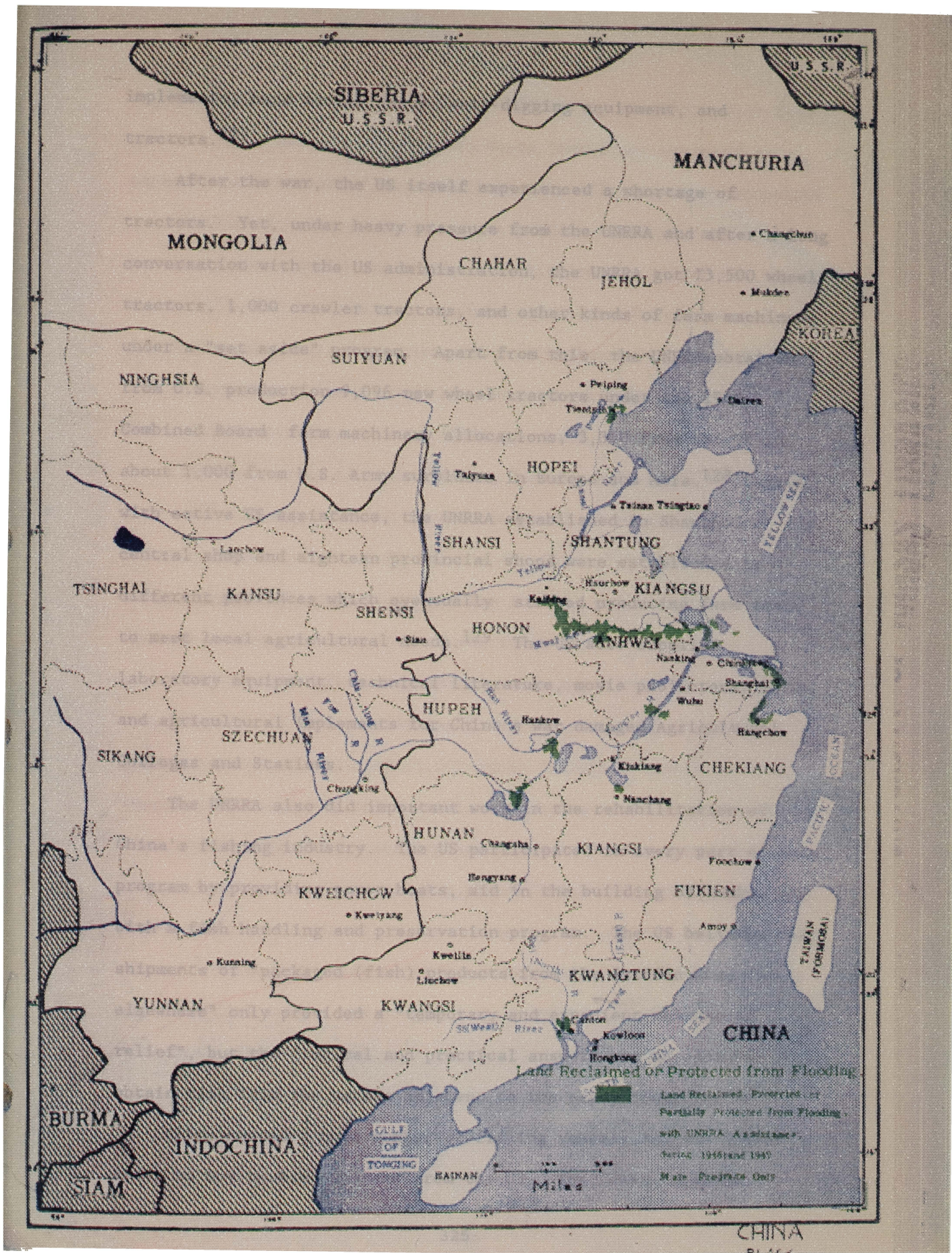
Fig. 6. Rock for the dike across the main channel was obtained from a quarry 60 miles from the job. American air compressors and rock drills were used, being in charge of an experienced American operator.

Source: Box 9/Yellow River Problem (Locke Files). Papers of Edwin A. Locke, Jr. Harry S. Truman Library.

The use of DDT had far reaching effects on Chinese agricultural and material history. China received modern chemicals for her future agricultural development. The United States supplied a major part of the total UNRRA fertilizer collection of 239,365 long tons. Most of the fertilizer was shipped to Taiwan. The US also had major role in repair and enlargement of several fertilizer plants in Formosa, and of the Yungli ammonium sulphate plant near Nanking.¹²²

The food processing equipment supplied by UNRRA included commercial type canning plants, equipment for processing of agricultural products such as cotton and oil seeds, development of canning and preservation of various fruits and vegetables, and this equipment was most often supplied by the United States. It also provided China with pressure cookers, tin plate, glass jars, and can reforming equipment for this purpose.¹²³

Flood control was, and is, particularly important for both Chinese agricultural and hydro-electric production. In order to prevent flooding in China's agricultural areas the UNRRA assisted in repairing and rebuilding of eight major and sixteen minor dikes and dams. The eight major projects were located on the Yellow River, Chien Tang Dike, Yangtze River, Pearl River, Huai River, North River, Grand canal, and Kiang Hon.¹²⁴ The Yellow river project was undertaken by the UNRRA with many US technicians being recruited from the US Navy "Seabees."¹²⁵ The timber from the U.S. was driven into the bed of the "swift running river by pile-drivers brought by UNRRA from Portland, Oregon".¹²⁶ When the reclaimed lands were given back to the original settlers of the Yellow River coasts the US, through the UNRRA program, sent agricultural supplies like farm



Source: UNRRA in China.

implements, hand tools, seeds, well-digging equipment, and tractors.¹²⁷

After the war, the US itself experienced a shortage of tractors. Yet, under heavy pressure from the UNRRA and after a long conversation with the US administration, the UNRRA got 13,500 wheel tractors, 1,000 crawler tractors, and other kinds of farm machinery under a "set aside" program. Apart from this, the UNRRA obtained from U.S. production 9,096 new wheel tractors under the 1945 Combined Board farm machinery allocations, 3,350 from the UK and about 1,000 from U.S. Army surpluses in Europe and Asia.¹²⁸ Again, with active US assistance, the UNRRA established in Shanghai a central shop and eighteen provincial shops were established in different provinces which eventually started producing farm tools to meet local agricultural needs.¹²⁹ The US also supplied laboratory equipment, technical literature, movie projectors, films, and agricultural implements for China's war damaged Agricultural Colleges and Stations.

The UNRRA also did important work in the rehabilitation of China's fishing industry. The US participated in every part of this program by providing power boats, aid in the building of Junks, and with a fish handling and preservation program. The US believed that shipments of "packaged (fish) products from the Pacific Coast or elsewhere" only provided a "temporary and expedient measure of relief", but the "logical and practical answer" was to endeavor to obtain fish from the waters adjacent to the needy countries.¹³⁰

China needed a huge number of fishing vessels and the UNRRA tried to buy powered vessels from the US. The UNRRA, however,

acquired only such vessels as were offered voluntarily and at fair prices. In a number of instances boats "owned or operated by packers and processors" were "solicitously offered and on occasions a condition of sale, proposed by the seller" was that "the particular boat would not continue to fish on the (American) Pacific Coast."¹³¹ The vessels were transferred to the Chinese when it was found that the operations were efficiently "producing food for the famine stricken Chinese" and that there was a continued "need in China for these ships to meet their own food requirements."¹³² In June 1946, a convoy of eight fishing vessels left Seattle for China.¹³³ In August 1946, three convoys of fishing vessels, totaling twenty craft, left Seattle for China.¹³⁴ US crews and seamen manned the vessels across the Pacific and also trained the Chinese in the operating procedures for these vessels.

The "Junk-building program" played a major role in the redevelopment of China's fishing industry. Its target was the construction and repair of 10,000 junks for which timber, woodworking machinery and sawmills were being provided by the UNRRA from the US. The fish-handling and preservation equipment included one can-making and three canning plants, eight reduction plants, seven vitamin oil plants, and about seventy-five ice-making plants.¹³⁵ Satisfactory catches had been made by individual boats on individual trips, and progress was made toward effective operation of the fishing junk-fleets.

The UNRRA's agricultural rehabilitation program greatly accelerated the food production of 'China's farmers', as it has been mentioned in OAP 53 report, "largely regained, during the two

chaotic and difficult years 1946 and 1947, ground which they had lost during the war in their unheralded battle against want among 450 million people. And in developing improvements in agricultural out put."¹³⁶ For agricultural development and increasing production, the UNRRA furnished technical cooperation, engineering equipment, fertilizer, seed, handtools, pesticides, farm animals, food processing plants, and substantial aid and supplies for agricultural education. Also, the UNRRA cooperated with the Chinese KMT government in flood control, irrigation and reclamation projects, establishing fertilizer factories, training of agricultural officials and in the mechanization of Chinese agriculture.¹³⁷ The Yellow River project helped the reclamation of a huge amount of land. In 1947, the food production was considerably increased.¹³⁸

Conflicting opinions of different political environments about the UNRRA led to its early closure. The UNRRA's operations in China, however, approached closure after the meeting of the UNRRA's Third Council in London in August 1946. The US Congress only exacerbated matters by not wanting to continue to contribute to UNRRA operations with resources mainly from the United States. The decision to terminate the UNRRA's operations dominated the third Council meeting. Congressmen frequently expressed opposition to participation in an international organization by the US by criticizing different aspects of UNRRA's operation,¹³⁹ particularly those associated with communist countries.

The situation was further aggravated by the alleged behavior and actions of the Communist countries. During this time several

reports were published in US newspapers which showed a great mishandling and misuse of UNRRA supplies and agricultural goods by the Communist countries. Although UNRRA director described these charges as false and baseless, the members of the US Congress became bitterly critical of the use of American taxpayer's money for the consolidation of Communist regimes in Eastern Europe. Countries in the Soviet orbit like Poland, Czechoslovakia, and Yugoslavia were using UNRRA supplies as means of strengthening their political control, and the governments of these countries refused to use American UNRRA staffs to distribute the supplies or allow US observers to participate. Moreover, as John Campbell observed, "the shadow of the diplomatic conflict with the Soviet Union during 1945 and 1946 beclouded American idealism" and chilled the US enthusiasm for unselfish giving."¹⁴⁰ Inflamed relations between the US and Yugoslavia after the shooting down of two American Army transport planes on August 9 and 19, 1946, intensified the congressional pressure to bring an end to the UNRRA program.¹⁴¹ This Communist way of handling or misuse of UNRRA supplies definitely contributed to the early end of its program. The members of the US Congress were opposed to delivering UNRRA supplies when they received definite information about this misuse in Eastern Europe.

Besides this Congressional opposition to the UNRRA programs in general, specific criticisms of UNRRA's China program were frequent and widespread. Shortages of trained personnel, congested ports, inadequate transportation, a chronic shortage of local currency, and the civil war greatly hampered the UNRRA's operations in China.

Above all, "the entire process of dispensing UNRRA supplies in China has been marked by military blocks, mysterious thefts, political squabbles and irritating red tape."¹⁴² Although Milton O. Gustafson supported UNRRA's operations, saying, "in comparison to the problems UNRRA faced in China, Congressional criticism was some what ridiculous," UNRRA's difficulties in China served as a constant target for congressional attacks.¹⁴³

Further criticism arose over the Chinese government's refusal to allow the UNRRA to supervise UNRRA-CNRRA relief operations. In May 1947 an inspection tour of the CCFE members to critical areas of China was "called off" several times under orders from T. V. Soong. Later, a limited tour was arranged under heavy pressure from the UK and US representatives. The Chinese government was even reluctant to have a general discussion concerning UNRRA's problems of operations in China.¹⁴⁴ The only thing the Chinese government officials were eager to discuss, according to US officials, was an extension of the amount of UNRRA aid.

The CNRRA/UNRRA operational program was seriously impaired by internal factional strife. T. V. Soong constantly interfered with CNRRA's operational programs. In the middle of 1946, Soong placed two keymen, O. S. Lieu and Ralph Olmsted in the posts of Director and Deputy Director of operations, neither of whom were liked by T.F. Tsiang. All CNRRA operational decisions were influenced by political considerations, compounded by corruption and profit motives. On October 6, 1946, Soong achieved a coup d'etat by having the able and honest T. F. Tsiang abruptly fired by the executive Yuan on the ground that "Tsiang had made several serious mistakes as

far as internal politics and administration was concerned."¹⁴⁵ In fact, it was a tactic to assert Soong's own control over UNRRA.

The most serious problem in carrying out UNRRA operations in China was that the Chinese central government always failed to provide local currency to carry out internal operations. As a result, the CNRRA had to finance itself from proceeds of sales and by borrowing from banks. The CNRRA, however, could not continue to borrow because of its failure to pay back its past credits from the central bank. The regional UNRRA offices started selling everything they could lay their hands on in order to keep going. On many occasions CNRRA diverted supplies which were specifically ordered for certain rehabilitation projects and sold them in the open market. These diversions caused "considerable confusion and delay in organizing fundamentally sound rehabilitation projects", in carefully chosen words of a State Department observer.¹⁴⁶

Furthermore, UNRRA-CNRRA programs were handicapped by inadequate, transportation and slow handling arrangements which greatly affected the UNRRA's distribution system. In the first half of 1946, CNRRA was unable to distribute flour in the large coastal cities and it abandoned the idea of distribution except for emergency direct relief. This event led the US CCFE representative D. S. Gilpatric to recommend a partial reopening to normal trade channels of some commodities like cotton, rice, fertilizer, and medical supplies and thereby to confine the extension of UNRRA-CNRRA operations to programs on a government-to-government basis.¹⁴⁷ Similarly, the original objective of the cotton program was largely offset by large finished cotton imports. Most of the cotton

imported under UNRRA's program was sold to government mills. Sales to private mills were very difficult because of UNRRA's failure to give adequate advance notice of the gradings of cargo coming in. Consequently, the deliveries were made in bulk to cover remittances, only a small percentage of the cost being remitted to the UNRRA, and the raw cotton wound up on an inflated market without rationing, price control, or withdrawals of finished goods for direct distribution policies. The whole procedure was obviously not in accord with established UNRRA distribution policies. Under these circumstances, US representative Gilpatric recommended the cutback of UNRRA cotton shipments to China.¹⁴⁸

In this way, the China program which contained a higher percentage of industrial and agricultural rehabilitation supplies than those destined for other countries presented a grievous problem in determining the rate of absorption of supplies. It risked, among other things, considerable difficulties with the US Congress. Difficulties including the port congestion, distribution problems, and the unfulfilment of UNRRA objectives led the UNRRA headquarters to consider stopping or reducing shipments to China of cotton, industrial supplies, and items other than food.¹⁴⁹

Soon after assuming power as the Director General of the UNRRA, F. H. LaGuardia sent Deputy Director Major General Lowell Rooks to China to make a survey of the situation. Rooks was successful in bringing a little bit of order and discipline to the UNRRA officials in China. Later on, with the approval of President Harry. S. Truman, and the Secretary of War, LaGuardia appointed Major General Glen E. Edgerton as the UNRRA head in China.¹⁵⁰ Again, on May 29,

1946, LaGuardia sent a letter to Generalissimo Chiang Kai-shek in which he suggested the development and improvement of the internal distribution system and the proper use of food distribution to keep relief supplies off the black market.¹⁵¹ His suggestion, however, fell on deaf ears and failed to produce any change in the situation.

LaGuardia's attempts at corrective measures were supported by a petition from the UNRRA employees in China. On July 9, 1946, about 225 members of the UNRRA China Office stationed in Shanghai delivered a letter to Acting Director Franklin Ray, of the UNRRA China Office, in which they expressed their view that "UNRRA supplies and services are being improperly handled", and "the purposes for which those supplies and services were contributed are being disregarded, and little if any effort is being directed to revise operations in line with the requirements of the UNRRA Council Resolutions. The result is accumulation of valuable supplies wasting, deteriorating and being pilfered, supplies hard gotten by supplying member nations while the starving continue to starve and the needy remain without." At the end of this petition, the signers mentioned that, despite numerous protests from the China Office, UNRRA supplies were not distributed in many parts of China for political reasons. To them, UNRRA supplies were being used as a political weapon in China by Chiang against his enemies--Communists and non-Communists alike. They urged the UNRRA Director General to take immediate steps to correct the shortcomings of China's relief and rehabilitation work.¹⁵²

Responding to the petition, LaGuardia on July 10, 1946, placed an embargo on all shipments to China except food. To this had been

added small amounts of fertilizer, pesticides, insecticides, fishing twine etc. Only vitally needed relief goods were not affected.¹⁵³

The UNRRA's suspension of shipments coincided with legislative action taken by the U.S. Congress. The Third Deficiency Appropriation Act of Congress, approved by President Truman on July 23, 1946 prohibited the use of any supplies to any receiving country until the Director General of UNRRA had advised the Secretary of State that the country in question had arranged for their prompt distribution. The only country this provision affected was China, where port facilities, internal transport, and other arrangements were inadequate to handle the UNRRA's shipments.¹⁵⁴ LaGuardia's order stopping shipments to China, although it affected shipments of Navy Surpluses in the Pacific sold to UNRRA by the Foreign Liquidation Commission was renewed after a time on a limited scale.¹⁵⁵

Chinese government officials and Chinese newspapers deeply resented LaGuardia's sanctions. The Chinese government defended itself against charges of political discrimination, corruption, and inefficiency in the allocation of relief supplies. A government statement denied that the decision of LaGuardia to cut off all UNRRA shipments to China except essential food was a "political move," attributing the step to the "congestion" in the Shanghai Harbor.¹⁵⁶

Local Chinese newspapers had a mixed reaction against this embargo. China Press for the week ending July 13, 1946, was mainly occupied with UNRRA developments. The independent Hsin Chung Hua Jih Pao, while critical of UNRRA actions, was equally critical of the government for failure to appropriate sufficient funds and stated

that action was indeed a slap in face and should arouse China sufficiently to take action by doing away with corrupt practices and stop the civil war. The KMT Chung Yang Jih Pao adopted an injured tone and failed to see the reason why even admitted inadequacies in the Chinese administration program should be sufficient cause for cutting off supplies. The Liberal Wen Hui Pao commented by first saying that the decision showed "administrative efficiency of Chinese government has reached lowest ebb and US is most dissatisfied with way the Chinese government is handling supplies." Following the Chinese government's reply, all KMT papers eventually became critical of UNRRA actions. Hsin Wen Pao protested "careful analysis revealed in US not poor handling of relief goods, nor unfair distribution of same but rather misunderstanding and friction, reorganizational personnel and technical aspects of UNRRA over long time that caused UNRRA headquarters to reach decision." But in Chungking, the Democratic League paper Min Chu Pao approved UNRRA's action and said, "Suspension of UNRRA supplies is temporary and is also conditional. Although we feel regretful about whole business from standpoint of UNRRA this is only course it had to be taken. UNRRA supplies are to help China rehabilitate country. If this objective cannot be attained and if unfortunately they go to help prolonging civil war thus kill the chance for the nation to recuperate and renovate, then it is much better for UNRRA to stop sending supplies altogether." All KMT papers, on the other hand, suggested that this incident should serve as a warning that China would have to rely on its own efforts instead of hoping to find sincere friends abroad. They further demanded that the UNRRA

continue to send goods despite admittedly bad conditions in its distribution.¹⁵⁷

The UNRRA's actions also divided the US Congress into two conflicting camps. Rep. Hugh De Lacy (Dem. Wash), noted the corruption in the distribution of relief supplies and the criticism of the program by UNRRA personnel in Shanghai. He also attacked the UNRRA for its continuous support of the Chiang Kai-shek government in China. Congressman Lacy went on to call Chiang's government a "power-mad clique of evilmen who would threaten the peace of the world, as well as the health and lives of their own people, to gain their nefarious ends." Futhermore, he quoted from reports which charged that thirty-six air conditioning units for skin-disease wards in Chinese hospitals had been sold at the docks for \$1500 each, and afterwards installed in hotels and businesses. According to Lacy, three of them apparently went to T. V. Soong's houses and office.¹⁵⁸

On the other side, Senator Styles Bridges (Republican, New Hampshire) and a few others asked LaGuardia during the appropriation hearing why he had imposed an embargo on the Chinese shipments and did not take similar steps against Yougoslavia and Poland, although the same kind of situation existed there.¹⁵⁹ Other Senators who had an anti-Communist bias protested the UNRRA's efforts to distribute supplies within the communist areas of China.¹⁶⁰ Rep. Robert T. Ross (Rep. N.Y.) and Rep. Alvin E. O. 'Konski(Rep. Wisc) wanted to know why Chiang Kai-shek had to divide UNRRA supplies with the Communists.¹⁶¹ Although LaGuardia answered their questions very tactfully, these Congressmen did not want to understand that the

UNRRA's international nature prohibited discrimination in relief distribution because of political beliefs.¹⁶² Moreover, some US Congressmen persistently misunderstood the UNRRA's actual authority.¹⁶³

When the UNRRA diverted 7,458.3 tons of rails to Yugoslavia from a Chinese allocation, it faced another wave of criticism. Under a verbal agreement with Dr. Norman Gold, the head of the UNRRA's Industrial Division, Nathan M. Becker, Economic Advisor of the UNRRA, decided to send these steel rails to Yugoslavia instead of letting them remain in a warehouse after the embargo was imposed. Senator Styles Bridges used this incident to excite American public opinion against the UNRRA.¹⁶⁴ Later, a special investigation by the Roger Slaughter Committee and the testimony of eleven witnesses proved that no fraud was involved in this diversion program.¹⁶⁵ But the damage to the UNRRA's image helped to bring a rapid end to the UNRRA program.

The UNRRA's operations in China, however, caused a significant improvement in the country's economic situation by the end of 1946. The embargo apparently brought the Chinese to their senses about the need to improve distribution and financial arrangements. The new CNRRA Director, General P. H. Ho, was successful in bringing about a stable financial situation in some areas largely by the revenues earned from sales of UNRRA supplies, and a grant from the Executive Yuan as a subsidy toward meeting the deficits. The central bank also extended its loan to CNRRA. With the effective help of its warehousing and transportation units, CNRRA showed consistent improvement each week following October, 1946 in outport shipments.

Even Gilpatric, in his report, admitted that there had been an improvement in the port and distribution situations. It came to a normal working level very soon and this led CNRRA to "press for a total withdrawal of the shipping restrictions imposed by UNRRA Headquarters."¹⁶⁶ At last, at the 14th November meeting of the CCFE a resolution was passed which lifted the embargo on shipments to China.¹⁶⁷

From the beginning of 1946 the Chinese government had been asking the UNRRA and US officials for an extension of the UNRRA program in China on the grounds that the the UNRRA operations in China started much later than those in Europe, and that the imposition of the embargo greatly reduced the effectiveness of the China program. This proposal got a sympathetic treatment from US ambassador Leighton J. Stuart, who argued that the Chinese program of the UNRRA should be finishing in "an orderly and effective manner."¹⁶⁸ US CCFE representative Gilpatric on December 5, 1946, upon reviewing the recent progress of the UNRRA commented that "...the presently planned liquidation of UNRRA and other difficulties will militate against the success of the program in China."¹⁶⁹ In the sixth and last UNRRA Council Session in Washington D.C. it was decided that the aid to China be extended till June 30, 1947. This proposed extension was opposed, however, by a few American and British firms which looked on the relief effort as a threat to their markets. These "taipans" resented the fact that " UNRRA was providing supplies and equipment to rehabilitate China's shattered industrial economy at prices substantially under the price they could collect for the same items

if they had the field to themselves."¹⁷⁰ Even while considering a reasonable extension of the UNRRA shipping deadline and of the time of operations, the CCFE had to consider a recommendation for "the partial return to private trade of certain categories of commodities now being supplied exclusively by UNRRA through CNRRA to China."¹⁷¹ As a result, the private trade circle in China as well as in the US opposed the extension of the UNRRA program on the ground that extension of the centralized procurement control practices inherent in the UNRRA operation was neither necessary nor desirable. It indicated a conflicting situation between the UNRRA and private trade interests groups. These arguments got sympathy from the public opinion of contributing countries who wanted to remove wartime controls as soon as possible. The UNRRA's many-sided failure in China made the situation acute.¹⁷² In the face of extreme opposition, the sixth UNRRA Council Session decided to extend the China program until September 30, 1947 and finally to December 31, 1947. After this, the UNRRA operation programs in China were transferred to the various branches of the UNO.

The US, however, continued to support China's rehabilitation program even at the end of the UNRRA's international program. In December, 1946, the US administration agreed to a \$300 to \$400 million relief grant. T. V. Soong requested that the US government grant \$381 million for China which would compensate her foreign exchange requirements in food and textiles--a move the US Ambassador in Chungking recommended.¹⁷³ The State Department in 1947 accepted as a policy commitment meeting the needs of China by granting additional aid.¹⁷⁴

As a guarantee of meeting the needs of China in the post-UNRRA period, the US signed an agreement with China on October, 1947, under which the US was to provide China with assistance under its Foreign Relief Assistance program. "This new relief project," the historian of UNRRA in CHINA 1945-1947 insists, "was certainly not an extension of UNRRA program, was designed to alleviate further suffering and to lessen the impact of the termination of UNRRA in China." Under this agreement, the US provided some basic requirements of life, namely food, medical supplies, processed and unprocessed material for clothing, fertilizers, pesticides, fuel and seeds worth US \$27 million. Several UNRRA field executives transferred their services to the US Foreign Aid Staff in China.¹⁷⁵ On 19 December, 1947, the US Congress approved the appropriation of an additional \$18 million for "stop gap" aid to China.¹⁷⁶

Before the UNRRA started its operation in China, its plans about China were drawn up on the concept of gradual liberation of Chinese territory. The sudden capitulation of Japan in August, 1945, however, greatly reduced the time of the UNRRA operation in China. Moreover, there were numerous other factors such as lack of internal transportation and finance, lack of an adequate number of trained personnel to carry out the UNRRA programs, and continued civil war which disrupted UNRRA operations in many areas. Compared to other European countries, the wounds and damages to China in the war were deep and the conditions were so chaotic that it needed more than two years to solve them. UNRRA's termination at the end of 1947, left China "in the grip of a deepening political, economic, financial and military crisis."¹⁷⁷

This assessment does not mean that the UNRRA did nothing for China. Although UNRRA's long term assistance in agriculture, transportation, and industry could not eliminate the need for future external relief works for China, it definitely helped to point the way and reduced the needs for such aid. The long term projects of the UNRRA in China could not be fully developed or concluded during the short life span of UNRRA. Consequently, they were transferred to other postwar organizations. These long term projects included a farm equipment program for the manufacture of farm implements, the development of agricultural rural industries, the use of powered fishing vessels and modern fish processing industries, the construction of wooden fishing junks, restoration of irrigation and communications in the Yellow River flooded areas, manufacture of pharmaceutical supplies, and a central rehabilitation depot to handle continuing supply, servicing and sales operations. These projects whose estimated costs represented approximately \$69,000,000 were particularly carried on by some successor agencies.¹⁷⁸ Thus, the UNRRA provided food and shelter to the war weary and shelterless Chinese, arranged for their repatriation, which served as the fulfillment of China's immediate post-war needs. On the other hand, by its different rehabilitation programs, the UNRRA was successful in a limited scale of bringing the production rate in different sectors to their pre war levels, and this obviously had a long term impact on China's post-war economic development.

Chapter Six

US Efforts to Contain Communism in China: Lend-Lease and other
Military Assistance to China after V-J Day Until Termination of the
Marshall Mission.

When Japan surrendered on September 2, 1945, aboard the U.S.S. Missouri, World War II officially came to an end. With the war's end the Truman Administration took immediate steps to terminate the Lend-Lease program in "recognition of the fact that the Lend-Lease Act had become primarily an instrumentation for the effective prosecution of the war..."¹ With certain exceptions like "straight" Lend-Lease, i.e., the granting of aid in goods and services without specific agreement for payment, other than under the broad terms of the master Lend-Lease agreements, President Harry S. Truman immediately terminated all activities under the Lend-Lease program. The exceptions were either directly related to military activities such as occupation or redeployment, or to avoid dislocations in supply activities necessary to the United States.²

After the termination of the Lend-Lease program, the United States arranged various kinds of goods shipment procedures to friendly countries. The "pipeline" arrangement was the first. According to this plan, Lend-Lease materials contracted before V J-Day would be delivered, because those supplies were considered in the pipeline for delivery. This was known as the Lend-Lease "pipeline". The "pipeline" arrangement was subject to the approval of the U.S. president, and also required a mutual agreement between the U.S. and the contracting country over the terms of payment. After the war the United States signed agreements with France, Belgium, and Holland China provided materials under these "pipeline"

arrangements, based on section 3(c) of the Lend-Lease Act.³

Another important development after the termination of "straight Lend-Lease" was the imposition of ocean freight charges. In order to facilitate the "task of supplying the needs of allied armies engaged in carrying out the surrender and in effectuating the occupation of enemy territory" the United States agreed to carry essential supplies for the various Lend-Lease governments "under 'straight' Lend-Lease for a period of 60 days after V-J Day." Later on, in early November, 1945, this procedure was slightly modified, and the United States permitted the "Lend-Leasing of certain freight charges on undertakings by the governments involved for eventual payment."⁴ The extent of these services, however, differed among various countries. Under an offsetting mechanism set up between the United States and certain U.S. allies, it was arranged that "the United States and these governments would continue to furnish essential supplies and services to each other without current payment", and that "the accounts for such current items would be offset against each other and against the pipe line and other indebtedness". This arrangement was particularly advantageous to the U.S. Army in areas such as Great Britain where larger quantities of supplies were being furnished by the British under reverse Lend-Lease.⁵

The extension of cash reimbursement procedures was another post Lend-Lease development for the U.S.A.'s war weary allies. Originally, this procedure was developed during the war, and under this arrangement, the "United State's allies were permitted to obtain supplies of a nature not eligible for 'straight' Lend-Lease,

with the assistance of United States procurement agencies, by paying the purchase price in advance." At the termination of the "straight" Lend-Lease, "the foreign governments were permitted to obtain essential articles and services through this procedure for a period of 60 days." This arrangement insured an uninterrupted flow of the supplies which the Allies needed during the following critical winter. This practice was discontinued at the end of fiscal year 1946.⁶ With the conclusion of post Lend-Lease agreements with the allied countries, President Truman, on September 27, 1945, issued Executive Order No. 9630, which terminated the Foreign Economic Administration. The duties of the FEA under the Lend-Lease Act were transferred to the State Department, where they were temporarily administered by the Foreign Liquidation Commissioner. At the end of the fiscal year 1946, major Lend-Lease operations largely came to an end.

China, however, was the exception to the general policy of discontinuing Lend-Lease aid with the formal ending of hostilities on V-J Day. Large numbers of Japanese troops were in China at the time of the Japanese surrender, which made impossible the large scale demobilization of Chinese forces. It was essential from Washington's viewpoint that these forces which had been seriously under-equipped during the entire war, be provided with the equipment necessary to repatriate Japanese forces from Chinese areas, and also to maintain internal peace. Consequently, transfers of equipment to the Chinese army continued in large quantities under the directives of the Joint Chiefs of Staff, and with the approval of the President. For the Truman Administration there was a specific

domestic angle for continuing Lend-Lease aid to the Chinese Army as it allowed the rapid demobilization of American troops in China and their quick return home.

There were also several other reasons behind the U.S. decision to continue Lend-Lease assistance to China. President Franklin D. Roosevelt's death in April, 1945, did not mean the death of the conception of a unified, democratic and postwar ally, China. After V-J Day China remained disunited. There was a fear on the part of the Truman Administration that China would provide a potential ground for a future communist regime under Russian hegemony. Alarmed by the Russian activities in Eastern Europe, the United States did not want to see China become a Russian Satellite in Asia. The Truman Administration realized that the only way to bring the U.S. vision of a democratic China into practice was to bring about the unification of China, and to strengthen it militarily and economically. President Truman's attitude toward China is revealed in a letter he wrote in reply to a series of letters from the various Chinese organizations in the US. In his message, Truman said, "I know very little about Chinese politics. The one thing I am interested in is to see a strong China with a Democratic form of government friendly to us. It is one only salvation for a peaceful Pacific policy."⁸ In fact, a China politically unified and militarily stronger, Truman thought, was the best guarantor against Soviet expansionism in the Far East. The U.S. Administration believed that the extension of Lend-Lease was necessary to achieve a strong China.

The administrative changes in the U.S. after FDR's death also

contributed to the extension of Lend-Lease. After the death of FDR, Harry S. Truman's foreign policy fell under the influence of anti-communist advisors like Averall Harriman, Admiral Leahy, James Byrnes, Joseph Grew, and Navy Secretary James Forrestal. Truman was "virtually dependent upon them" in regard to foreign policy matters. Fearful and always suspicious of Russian imperialism in Eastern Europe and Asia, these people greatly influenced Truman's policy of strengthening the KMT Government against the Chinese Communists whom they regarded as the puppets of Moscow.¹⁰

Meanwhile, the Soviet Union's entry into the war against Japan and the occupation of Manchuria, parts of North China, and Outer Mongolia by Soviet troops only increased the Administrations' suspicion about Soviet designs. Although the Sino-Soviet Treaty¹¹ of August 14, 1945 met most of the Russian demands and Joseph Stalin promised all kinds of support solely "to the Chinese National Government led by Chiang", neither Truman nor his advisors trusted Soviet promises.¹² Like FDR, Truman and his advisors did not believe that the Soviet Union had limited goals in Asia.

The Chinese Communists also contributed to the situation by accepting the surrender of Japanese forces in their areas and also by occupying territories in North China and Manchuria. When on August 10, 1945, Japan accepted the Potsdam Declaration, General Chu Teh, the Commander-in-Chief of all Communist forces, ordered his troops to accept the surrender of Japanese forces. Moreover, the Chinese Communist forces cooperated with Soviet troops and took control of cities, towns and rail lines in North China.¹³

Chiang Kai-shek viewed these developments in the Chinese

Communist sectors with alarm. He realized that the Soviet Union was aiding the Chinese Communists and he would not be able to destroy them very easily. Chiang decided to try to destroy the Communists before Russian intervention and aid made it impossible, and while the United States continued to assist the Nationalists with massive military aid.¹⁴ Even before the end of the war, Chiang Kai-shek and other KMT officials wanted the Truman administration to continue the flow of Lend-Lease aid to ensure postwar internal stabilization and guarantee of the KMT government. In a letter to President Harry S. Truman, on May 28, 1945, H.H. Kung, the Chinese Finance Minister wrote:

... the task of reconstruction is certainly stupendous. It is my hope that America would extend to China a long term credit loan, as America is doing for other countries, so that China can purchase what she needs from this country for her rehabilitation and industrial development. Such purchase will also help American industry and labor. Furthermore, the sooner China has recovered from the ruins of the war the quicker she can assume her full share of responsibility with the other four Big powers and cooperate with America for the maintenance of world security and peace.¹⁵

In fact, the basic truth was that both Chiang and his ministers used the opportunity of a U.S. desire to promote China's internal unity and stabilization as a means of getting continuous support from the U.S. with which they could destroy the Chinese Communists.

Militarily, the KMT Government was in a disadvantageous position after the Japanese surrender. By the end of the war, KMT forces were located in the interior of the Southwestern center of China, hundreds of miles removed from the major population centers and important regions in North and Central China. The Chinese KMT armies were not well equipped or trained, and the sudden termination

of the war found the National Government completely unready to carry out the process of unification.¹⁶ Added to this, the Communist occupied some of the most strategic and economically important regions of China, and their population base and administrative skill was increasing.¹⁷ In short, in this post-war phase of US Lend-Lease to China, U.S. officials looked on the USSR as the villain as they had looked on Japan during the World War II phase. Chinese communists were Soviet puppets, as Wang Ching-Wei had been a Japanese puppet. Moreover, the KMT feared the surrender of Japanese troops to the CCP armies, because this would undoubtedly strengthen the Communists.¹⁸ For its part, the Truman administration sought to strengthen the KMT government by providing military assistance, and by trying to force the Communist armies to submit to KMT leadership through peaceful negotiations.

U.S. military and diplomatic officials in China played a formative role in this new policy. Albert C. Wedemeyer, who replaced General Stilwell, was the most prominent. Overwhelmed by the fear of a Communist take-over of China, he advocated a continuous flow of American military assistance to China to use against the communists even before the Japanese surrender.¹⁹ Wedemeyer realized that control of North China by the National Government primarily depended on the number of National Government troops available and capable of being moved into that area and supported there. The War and Navy Departments supported Wedemeyer's idea. Failure to dispatch KMT troops to North China and Manchuria would result in the strengthening of the Chinese Communist position in those areas, and it would "also influence Soviet reaction to the

problem which will involve moral support for the Communists at all times and may involve material assistance."²⁰ Wedemeyer, and both the War and Navy Departments, realized the need for an immediate dispatch of KMT troops to North China and Manchuria. Wedemeyer further argued that "only KMT troops should be permitted to accept the Japanese surrender." If the KMT Government failed, then in order to supply enough trained men to assume the task of accepting Japanese surrender "it might be necessary to bring in additional American forces and empower them to act on Chiang's behalf." Wedemeyer urged the Joint Chiefs of Staff to approve a plan for extending all possible logistic aid to the Nationalist reoccupation effort.²¹

Immediately after the Soviet entrance into Manchuria, Wedemeyer changed his recommendations for extending logistic support one of American intervention, without which he believed that it was impossible to extend the authority of the Nationalist Government into Manchuria and North China. At the same time, Wedemeyer requested the JCS for authority to "preclude the movement of Communist troops to occupy critical points" which he regarded as necessary "to insure law and order" and fundamental for China's postwar "rehabilitation and reconstruction". Parallel to this request, Wedemeyer and his staff developed a plan for a continuous flow of military aid after the Japanese surrender and the discontinuance of Lend-Lease.²²

The JCS however rejected Wedemeyer's proposal for direct intervention in China's Civil War for different reasons.²³ They did, however, assure Wedemeyer of their decision to continue

military assistance to China in order that the Central Government be able to accept the Japanese surrender and reoccupy Japanese-held territories. Wedemeyer, furthermore, was empowered to accept the surrender of Japanese forces on behalf of the KMT Government. In addition to this, Wedemeyer was instructed by the JCS to help the "Chinese Central Government in the rapid transport of Chinese Central Government forces to key areas in China."²⁴ The American policy of strengthening the KMT Government was weakened by three self-imposed restrictions: the priority of the occupation of Japan held areas, suspension of all training of the KMT forces after the V-J Day, and the decision to avoid furnishing direct support to the Nationalist Government in the civil war. "The American staff under Wedemeyer, worked closely with the KMT National Military Council to develop a plan for accepting the surrender of Japanese forces". By mid-August, 1945, the JCS had approved this plan.²⁵

In order to assist the Chinese Government in reoccupying Japanese held territories the US armed forces immediately after V-J Day transported three Nationalist armies by air to key sectors of east and north China, including Shanghai, Nanking, and Peping. During the ensuing months, US personnel also provided water transportation for an additional large number of troops until, according to Department of Army figures, "between 400,000 and 500,000 Chinese soldiers had been transferred to new positions."²⁶ These armies received great "amounts of Lend-Lease arms and supplies to equip them for their task". The "Joint Chiefs of Staff also ordered the transfer of large quantities of American war material from supply stations in the Chinese theater. The movement in USAAF

aircraft alone cost almost \$300,000,000 "which was entirely borne or expended by the military Lend-Lease funds."²⁷ The headquarters of U.S. forces China Theater, provided plans, planes, and vessels for this operation, the cost of which was borne by Lend-Lease. In this way, with U.S. assistance the KMT army was able to effect the "surrender of the great majority of the 1,200,000 Japanese troops stationed there, together with their equipment and stocks of military material."²⁸

It was not only the U.S. Air Force, but also the U.S. Marines played an important role in ferrying the KMT forces to North China and Manchuria, and in repatriating Japanese soldiers. Soon after the war was over, both T.V. Soong and Generalissimo Chiang Kai-shek requested the Truman Administration to furnish vessels before the evacuation of Russian troops from Manchuria. Soong was worried about a possible Communist take-over, in absence of KMT forces during the Russian pull-out.²⁹ Soong's ideas were shared by the JCS, who recommended the dispatching of U.S. Marine to China "to assist the Chinese authorities in the task of concentrating, disarming, and repatriating the Japanese in China."³⁰ As a result, the Third Amphibian Marine Corps, in the nearby Pacific area was sent to North China. Fifty thousand Marines landed at Tientsin on September 30, 1945, without any opposition. They accepted the Japanese surrender and handed them over to the KMT authorities. The Marines ultimately occupied Peiping, Tientsin, and the coal mines to the north, together with the rail lines in those areas.³¹ The most important accomplishment of the US Marines was to hold the Japanese surrendered areas until the KMT forces came to relieve them thus

saving Chiang's interests. So, with the help of American forces, "the Nationalist Government reestablished its authority in Central and South China and occupied some of the most important cities and lines of communications in North China."³²

Later, in September, 1945, the role of the Marines, at the behest the State, War, and Navy Coordinating Committees³³ (SWNCC) was turned toward Manchuria. Then Dean Acheson and Admiral Leahy asked President Truman and the JCS to grant Wedemeyer extended authority to ferry KMT forces into Manchuria; otherwise, they believed that there would be a Communist take-over after the Russian pull-out.³⁴ But when the U.S. flotilla carrying the Nationalist soldiers arrived, they were refused landing rights at Dairen by the Russians and in other places by the CCP. Finally, between October 7 and 13, 1945 the KMT forces landed at Ching Wangtao and from there marched in to Manchuria. But in the face of bitter Communist criticism, it became impossible for SWNCC to keep the Marines in China for an uncertain period to hold the KMT possessions in Manchuria and North China. Even Wedemeyer was opposed to "endanger the Marines by continuing to deploy them in North China in the face of direct Soviet intervention."³⁵ But upon the insistence of War Department Representative John McCloy to SWNCC, General Wedemeyer was instructed to "retain the Marines in place throughout China" and by avoiding direct military involvement the Marines should be used in a way which would "psychologically strengthen" Chiang and the Communists. Meanwhile, the War Department wanted to retain the Marines to keep the program of unifying China under Chiang's leadership intact.³⁶ Later, during the Marshall Mission, the number

of Marine's was greatly reduced and finally they left China in spring, 1947.³⁷

But the contribution of the American Air Force and the Marine could not eliminate the Communist opposition to the KMT Government, and the Communists became increasingly critical of the U.S. interventionist policy on behalf of Chiang Kai-shek. In the last week of November, 1945, the Communists launched a military offensive against the KMT in Northern China, and Chiang Kai-shek pressed for more American aid against the Communists.³⁸ Moreover, the continued Soviet presence there further aggravated the situation. The Red Army facilitated the penetration of North China and Manchuria by the Chinese Communists by handing over or transferring captured Japanese arms and ammunition to the CCP guerillas. Moreover, the Soviet soldiers removed large quantities of industrial equipment from Manchuria as booty. At last, having hindered the Nationalists in occupying Manchuria, the Soviet Union three times postponed its pull-out from Manchuria, which virtually gave the CCP guerillas enough time to extend and consolidate their newly acquired position in Manchuria.³⁹ Meanwhile, the efforts of Patrick J. Hurley to bring a peaceful unification of China by negotiations between the CCP and KMT ended in failure in November, 1945. These developments in KMT-CCP relations and Soviet activities greatly strengthened the justification for a strong policy toward China on the part of the US. As Schaller remarks, "Given the American fear of joint Soviet-Chinese Communist depredations, the political atmosphere in Washington proved responsive to requests for increased aid to Chiang Kai-shek."⁴⁰ Also, the active Chinese lobbying for a continuous

flow of Lend-Lease aid provided another major reason in this regard. Soon after the Japanese surrender, T.V. Soong requested Secretary of State James F. Byrnes to "assist and advise the Chinese Government in the creation of modern military forces by sending to China an American Military Advisory Group and by the fulfillment of FDR's promise to Chiang for training and equipping of 90 Chinese divisions.⁴¹ But it was impossible for the U.S. to treat its "chinese commitments different from other commitments under the Lend-Lease Act."⁴² Considering all these factors, Secretary of State James Byrnes suggested to President Truman that he continue the military Lend-Lease assistance to China "at the discretion of the Joint Chiefs for the purpose of supporting Chinese military operations essential to the reoccupation of the areas of occupation."⁴³ After a meeting of the State, War, and Navy Department planning staffs, a plan to send an aid mission to China, and an extension of Lend-Lease assistance to China, was adopted. To minimize Congressional criticism, Secretary of State James Byrnes advised the President "that this proposal should be adopted while an official state of war continued."⁴⁴

On September 5, 1945, the Joint Chiefs of Staff presented a memorandum to the President in which they recommended the extension of military Lend-Lease to China. Their plan would include no new arm shipments to China. President Truman immediately approved the JCS memorandum and extended Lend-Lease aid to China beyond September 5, 1945 for another six months.⁴⁵ Accordingly, military Lend-Lease assistance to China was extended until March 2, 1946.

Even after this extension, the United States was not able to

complete transporting all KMT Chinese troops to Manchuria and evacuate of Japanese troops from the Chinese Theater. Lack of adequate transportation, Communist resistance, and the continuous presence of Russian troops and their harrassment policy largely prevented the evacuation of the Japanese and transportation of KMT troops to Manchuria and North China. Moreover, when General Wedemeyer requested that certain military items be transferred to Chinese authorities, the Joint Chiefs of Staff failed to deliver these essential materials that Wedemeyer thought the Chinese authorities needed to carry out the evacuation work.⁴⁶ Realizing the insufficiency of military equipment in China, the Secretaries of the War and Navy Departments recommended an extension of Lend-Lease to "include transfer of arms and ammunition and transfers during the period between March 2, 1946 and June 30, 1946." This proposal also received the approval of the State Department.⁴⁷ On January 19, 1946, President Harry S. Truman extended the Lend-Lease to China for a second time through June 30, 1946, but not after that date "except as the Secretary of State may subsequently find it necessary to modify the restriction."⁴⁸

The extension of the Lend-Lease assistance to China until June 30, 1946, did not solve China's problems. General Wedemeyer could not finish the work of transporting seven divisions of Chinese troops to Manchuria and in the middle of February he felt that the movement would not be completed until September 1, 1946. Concerning the disarmament and repatriation of Japanese soldiers from China, Wedemeyer felt that it would take until October 1946, to complete the program.⁴⁹

Meanwhile, Wedemeyer's request for a third post-war extension of Lend-Lease to China got the support of the SWNCC. With Wedemeyer's above mentioned program, and President Truman's established China policy that, "as China moves towards peace and unity ... the U.S. would be prepared to assist the National Government (of China) in every respect as to ... establishing a military organization capable of discharging China's national and international responsibilities for the maintenance of peace and order", the SWNCC developed the policy that "the U.S. should be prepared to support, with U.S. military supplies, the armed forces in China to the extent needed to accomplish the establishment of a modern and effective military organization". SWNCC developed four programs of military assistance, which were eventually accepted by the War Department. The four programs were (a) Reoccupation Requirements Program, (b) 8 1/3 Air Group Program, (c) Training Equipment Program, and (d) Chinese Peace Time Army Program. The first three of them were approved both by the State Department and also by General Marshall in China.⁵⁰

But none of the above mentioned programs were feasible before June 30, 1945. For example, the thirty-nine-division Chinese Army program, was only partially completed by the middle of February, 1946. It was estimated that the total cost to complete the program would be \$6,605,513.⁵¹ Similarly, on November 14, 1945, Generalissimo Chiang Kai-shek pointed out that no facilities existed in China for training Chinese Air Force personnel and he requested the continuation of Chinese Air Force aid at least until 1 May, 1947. He promised that the Chinese government would bear the costs

of that program.⁵² Moreover, the War Department also realized that minimum logistical support would be needed to support Chinese armies in Manchuria after July 1, 1946 through 31 October 1946.⁵³ After a detailed review of the entire situation, the War Department strongly recommended that "In order to continue assistance to the Chinese and to meet presidential commitments, transfers must be made after 30 June 1946" and that "some sort of agreement must be made with the Chinese Government."⁵⁴

General Marshall's early successes in China improved the situation. Marshall's report to Washington revealed a bright expectation of internal peace and unity in China after March 1946, and the War Department began to believe that the U.S. programs of military assistance played an important part "in bringing about internal peace in China, for the repatriation of Japanese nationals from Chinese territories, and for the reorganization of Chinese forces." In order to continue the peace process in China, it brought constant pressure on the State Department to bring about a legal method for sale or transfer of equipment, and for provision of services "without resort to any wartime authority or measures now in effect."⁵⁵ During this time, the War Department recommended training of 132 Chinese medical students and 457 Chinese army officers.⁵⁶ Consequently, the State Department approved the proposal to continue military Lend-Lease assistance to China on a Lend-Lease basis, but not on a "straight Lend-Lease" system. The Chinese Lend-Lease supplies would be continued, but on an advanced cash payment basis. General Marshall then supported the extension proposal.⁵⁷

The bill to provide military advice and assistance to China was introduced both in the Senate and House as a draft bill on June 12, 1946 as H.R. 6795. Dean Acheson, Acting Secretary of State, and Robert P. Patterson, Secretary of War both supported the bill. Consequently, it was passed by the 79th Congress in its second session.⁵⁸ After the passage of the bill on June 28, 1946 the U.S. and China signed an agreement providing for the continuation of the military aid program and for the terms of payment. The agreement was made under the authority of section 3(c) of the Lend-Lease Act.⁵⁹

The agreement stated that the U.S. and China desired to implement further the mutual aid agreement of June 2, 1942 by continuing the provision of defense articles, services, and information to the Chinese armed forces, including equipment and training during the period of Chinese reoccupation of its areas, and of the disarmament and repatriation of Japanese forces in China. It was agreed that after June 30, 1946 the U.S. would continue to supply China such defense articles, services, and information as the president of the U.S. would direct.

For the purpose of the reoccupation of China and the disarmament and repatriation of Japanese troops, an amount not exceeding \$25,000,000 could be included by October 31, 1946. To supplement the requisite resources to Chinese forces in the occupation of Japan, the senior U.S. Commander in Japan was authorized by the JCS until June 30, 1949 to provide the articles, services, and information to China that he deemed necessary.⁶⁰ The American naval medical training program for the Chinese armed forces

was continued with the stipulation that the cost would not be more than \$15,000,000 during the period of time required for the completion of the program but in no event after December 31, 1947.⁶¹

The agreement also provided that the final determination of the aid China received under the Lend-Lease Act was in no way modified or affected. In the military aid agreement, no payment was required for assistance provided from V-J Day to June 30, 1946 for the reoccupation and repatriation programs.⁶² But in Article II of the new Agreement, the United States was to be reimbursed by the Government of China for its military aid.⁶³

From the surrender of Japan, until June 30, 1946, the United States Treasury spent a grand total of \$781 million for post V-J Day Lend-Lease programs for China. Of this amount, \$50.3 million was spent under the "pipe line" agreement, and \$36 million covered U.S. Navy vessels originally Lend-Leased but subsequently transferred to China under the terms of PL 512.

Listed below are the major categories of post-V-J Day Lend-Lease supplies.

Ordinance and Ordinance Stores	
Aircraft & Aeronautical Material	\$117,869,076.94
Tanks and Other Vehicles	96,009,610.08
Vessels and Other Watercraft	49,940,642.57
Miscellaneous Military Equipment	99,762,611.71
Agricultural, Industrial and Other Commodities	37,918,928.21
Facilities and Equipment	36,198.74
Testing and Reconditioning of Defense Articles	2,338.88
Services and Expenses	335,817,910.56
	<hr/>
Total	\$781,040,922.32 ⁶⁴

In short, the Chinese government received more aid from the US from V-J Day to June 1946 than it had during all of World War II, (May 1941-V-J) and this demonstrates the significance of post-war aid.

The extent of the U.S. commitment to China as well as the policy of keeping China in the free world is illustrated by among other things, a revitalization of the ninety divisions program initially introduced into Sino-American relations by Chiang Kai-shek at the Cairo Conference and seconded by FDR and Hopkins. Realizing that his army in comparison with Chinese Communist forces was very weak, Chiang Kai-shek, even before the end of the war, asked the U.S. to equip a ninety-division army. Roosevelt officially made the

commitment to do so at the Cairo Conference in 1943. At a Joint Chiefs of Staff meeting at the Cairo Conference, General Stilwell reported that Generalissimo Chiang Kai-shek had a plan which called for equipping three groups of thirty divisions each.⁶⁵

Soon after the war, on August 11, 1945, Chiang Kai-shek, in a conference with Hurley and Wedemeyer, mentioned "frequently President Roosevelt's statement at Cairo to the effect that the United States would equip ninety Chinese divisions, which "would enable the National Government of the Republic of China to sustain itself against armed factions in China". Chiang knew that Harry L. Hopkins was aware of FDR's ninety-division commitment.⁶⁶ The State Department officials, however, were unable to find any reference or basis for this commitment in their archives. T.V. Soong, in a letter to President Truman on August 30, 1945, repeated that "President Roosevelt agreed that this equipment was to be furnished to China regardless of possible early termination of the war, since the purpose was to help create a continuing and strong national army for China in accordance with American policy". Soong demanded that the equipment stored in India, the Philippines, Guam, Okinawa, and in other places would be sufficient "to make up the required weapons".⁶⁷

At first, George M. Elsey, Lieutenant, USNR, and then Truman himself talked with Harry L. Hopkins about the credibility of this program. Hopkins recalled very distinctly a meeting at Cairo at which were present only President Roosevelt, Chiang Kai-shek, Madame Chiang Kai-shek and himself. In that meeting, Chiang Kai-shek described the needs of the Chinese Army, and in response to his

plea, "President Roosevelt made a 'flat promise' to provide equipment for 30 Chinese divisions at once and equipment for 60 additional divisions at a later date." Hopkins said that no memorandum of the conversation of this meeting was ever made, and he did not believe that FDR had ever "consulted the Joint Chiefs of Staff before or after he made his promise to the Chinese". When Hopkins asked FDR how the U.S. could carry out the agreement should the war end and Lend-Lease cease before all the equipment was supplied to the Chinese, FDR "replied that he supposed the Chinese would then 'buy the stuff'".⁶⁸

Hopkins believed that FDR's intention in making this promise was his desire to make sure that China remain in the war and to strengthen "Chiang's hand in dealing with recalcitrant Chinese factions; and his hope that China could ultimately become a great power." In fact, FDR "was using every means at his command at that time to prevent Chiang's government from collapsing". Hopkins suggested that "if the Chinese were now trying to hold the U.S. to President Roosevelt's verbal agreement at Cairo, President Truman should reply that he could find no record of it."⁶⁹

But this ninety division program received support from some inner circle members of the Truman Administration. The Joint Chiefs of Staff advocated that "military assistance would be continued for the present at the discretion of the Joint Chiefs for the purpose of supporting Chinese military operations essential to the reoccupation of the Chinese areas of occupation". Secretary of State James F. Byrnes supported the program of making a liberal arrangements through the Army and Navy Liquidation Commissioner for the delivery

to the Chinese of equipment stored in India and other areas in the Far East." He also proposed to make available surrendered Japanese arms in this regard. Byrnes recommendations echoed Ambassador Hurley's suggestions.⁷⁰ At last, the War Department found an indication of a kind of commitment from an extract of the 130th JCS meeting at the Cairo Conference, which did promise US support for equipping the Chinese Army, but the extract gave no time limit for it to be accomplished. General Marshall felt that FDR was humoring Chiang with the commitment at Cairo.⁷¹

Admiral William D. Leahy, however, supported the Chinese Army ninety Division program on the ground that it would "undoubtedly be advantageous to the Central Government of China to have a well armed and well trained army." Moreover, Leahy believed that "it should be practicable to sell to the Chinese Government a considerable amount of United States military equipment that is now available in the Orient and that will be surplus to the needs of the United States post-war army."⁷² The Department of State, on the other hand, tried to avoid any involvement in China's civil war, and thought that, "a relatively small, well-trained and well-equipped army with adequate means of transportation and a small efficient air force would best meet her [China's needs]".⁷³

Outside the government, the Executive Committee of the Board of Directors of the American China Policy Association, a pro-Chiang lobbying group, pressured President Truman to fulfill the pledges supposedly made by FDR at Cairo.⁷⁴ At the same time, a training program for the Chinese Army would be necessary from the practical point of view, but it raised the question of keeping U.S. forces in

a foreign land for an indefinite period.

The cessation of hostilities had greatly reduced the power of the president in "certain respects" and required "that he had to consider the views of the Congress in this matter".⁷⁵ In order to get some more time to settle the matter, President Truman assured Soong in an oral statement on September 11, 1945, that the "exact amount of assistance which can be provided by the United States will need to be agreed between the U.S. and Chinese Governments and will depend on a detailed study by the Chinese and U.S. military authorities. It appears practiceable at this time, Truman continued, "subject to suitable mutual arrangements concerned with the provision of equipment and supplies to complete the thirty-nine-division program, to furnish certain naval craft, particularly those suitable for coastal and river operations, and to equip an air force of commensurate size. After consulting General Wedemeyer further and when the problem has been considered by the Joint Chiefs of Staff and other U.S. agencies concerned and we have completed our determination of availability of equipment, we will be in a position to determine what assistance, if any, beyond the thirty-nine-division program will be feasible."⁷⁶ It was understood from Truman's statement that the first 30 division training program was completed with the x and y forces under Stilwell during the war. The rest of the program would be an unfinished part of Wedemeyer's thirty-nine-division program. Truman's statement formed the basis for a continuous U.S. training program of the Chinese Army.

Like the ninety Division program, the officers training program also illustrates the Truman Administration's commitment to keep

China closely allied to the US. On V-J Day more than 700 Chinese officers were still in training in the United States. As soon as the termination of Lend-Lease was declared by President Truman there remained no other alternative under the Lend-Lease legislation than to cancel the Chinese training program. But both China and the U.S. wanted to continue the training program. By an extension of Lend-Lease until June 30, 1946, arrangements were made to continue the training program of Chinese officers by the U.S. Army in the United States on the basis of a Lend-Lease cash reimbursement requisition which was accompanied by a deposit of \$24 million to cover the estimated cost of the air force training program. This requisition served as a legal basis for providing these services.⁷⁷

Besides the continuation of existing Chinese forces, the United States also undertook two new training programs for Chinese medical students, and Chinese officers training in the Ground Services. Under these programs, 132 Chinese officers were provided a course of training in U.S. Army medical installations. Meanwhile, the Commanding General, U.S. Army Forces, China, presented a program which was designed to complete the training of a larger group of Chinese officers required for the nucleus of a reorganized Chinese Army. The program called for training 325 additional Chinese officers, making an overall total of 457 for whom it was desired to provide training in the United States. This training program was consistent with President Truman's policy of making a stronger and unified China, and was considered an essential "requirement to the development of the Chinese Army."⁷⁸ In view of the existing disorganized state of Chinese medical units and the problems of

reorganization of the Chinese Army, General Marshall's Office strongly "recommended that such training be made available."⁷⁹ Incidental to the establishment of such a training program in the U.S., it was arranged that the U.S. Army would provide transportation, food and quarters for the individual trainees over a period of some two and one-half years after 30 June, 1946. Moreover, it was also decided to provide specialized training in the various branches of the Army such as infantry, quartermaster, and artillery. The War Department recommended the training program, and it was decided that the costs of the training program would be "met by advance cash payment from the Chinese." The cost of both programs was estimated at \$1,250,000.⁸⁰

The Truman Administration also extended the existing training program for Chinese Air Force students. Upon the requests of Chiang Kai-shek, both President Truman and the Secretary of State James F. Byrnes authorized the War Department to "continue the Chinese Air Force Training program both approximately 2,300 students already in the United States and 1,280 students still in China for a period extending not more than May 1, 1947."⁸¹ The estimated cost of the program was \$24,000,000 and the U.S. asked the Government of China to pay this amount in advance prior to 1 July, 1946.⁸²

Dr. T.V. Soong, President of the Chinese Executive Yuan, however, presented General Marshall with an alternative proposal for payment. On June 24th, 1946, Marshall requested that the Chinese air force program be continued beyond June 30 pending conclusion of an agreement as to the method of payment. A cessation of such training at this time would seriously affect the development of the

Chinese air force and the negotiations for amalgamation of the armies that General Marshall was engaged in at that time.⁸³ The War Department appropriation bill for fiscal year 1947 contained neither funds nor legal authority for continuation of the training. The necessity for committing funds for this program well in advance of delivery of the items, made the War Department insistent that the funds be made available at the earliest practicable date, and prior to 30 June, 1946.⁸⁴

The Secretary of War, the Acting Secretary of State and the Assistant Director of the Budget had personally considered every possible means of extending the Chinese Air Force Training program beyond 30 June, by utilizing U.S. funds, extension of credit, and transfer of obligations. There was no legal method found by which the program could be continued unless the Chinese had made available the required cash of \$8,076,866, and a substantial part of it prior to 30 June. They even considered utilizing emergency funds which were not as yet appropriated. By 27 June the War Department prepared a directive to stop all training on 30 June, and it "was a squeeze play on the part of the U.S."⁸⁵

When on June 28th General Gillem announced the decision of the War Department to stop the training program for the Chinese Air Force,⁸⁶ the following day the Chinese Government informed the U.S. State Department that it "already instructed the Bank of China, New York to pay the War Department, or any agency the Secretary of War should designate, the sum of \$4,000,000 for the Air Force training program."⁸⁷ The Department of State expressed its willingness to "make every effort to obtain from the Chinese Government the balance

due so that there will be no interruption in the program."⁸⁸

But this partial payment of \$4,000,000, turned over by the Chinese government to carry out the Air Force training program was used up by the end of September 1946. Before this, Section 3(c) of the Lend-Lease Act which was signed on June 28, 1946 between the U.S.A. and China ensured the continuation of Chinese Air Force Training program and the payment by the Chinese Government.

The ninety division program and the officers training program show evidence of American support of Chiang Kai-shek's government at a tactical level. Unlike the simple training of ninety divisions and airforce students, not all US aid for Chiang was as technical. U.S. assistance to the Chiang government also included by term military planning and military strategic considerations. This strategic kind of American aid is well illustrated by the US military Advisory Group which considered long-term strategic planning for Chiang's government. The proposal and eventual formation of the U.S. military Advisory group for China was a Chinese effort to get prolonged U.S. military support for the KMT Government. Soon after the war was over, Chiang Kai-shek told General Wedemeyer that he would love "to accept U.S. military doctrine, organization and equipment exclusively,"...⁸⁹ In order to achieve it, Chiang Kai-shek requested the formation of a Military Advisory Group in China (MAG) "to assist and advise the Chinese Government in the creation of modern military forces."⁹⁰ Chiang also desired that General Wedemeyer be the head of American Military Advisory Group in China.

Chiang's desire for American military personnel in the training

and reorganization of the Chinese armed forces originated from his experience during World War II, when "a limited number of such forces had already been trained, armed and equipped from American resources for anti-Japanese operations."⁹¹ During the later part of the war, General Wedemeyer under his thirty-nine-division program developed close cooperation between Chinese and American personnel on all levels. Wedemeyer successfully combined "Chinese manpower and resources with American equipment and training to develop military forces capable of meeting the Japanese in combat." Under Wedemeyer's arrangements, US "officers were assigned to ground units to give operational advice on all levels and under all conditions, including active combat."⁹² This program was a very successful one which prepared the Chinese soldiers enough for a major offensive against the Japanese in China before V-J Day. Moreover, upon the recommendations of the U.S. Commanders, the U.S. War Department frequently provided supplies and equipment for the Chinese army. After the Japanese surrender Chiang wanted the United States to continue this program, and the Military Advisory Mission proposal was one of the traps set by Chiang Kai-shek to get the continuation of U.S. military aid and support for his regime.

For its part, the U.S. was against any kind of British or Russian influence in China. Soon after V-J Day, both Britain and Russia were trying to increase their influence on the KMT government with proposals for military aid. As A.J. McFarland informed SWNCC, "the British and the Russians are bidding strongly for Chinese approval of advisory groups similar to that recommended by the Joint Chiefs of Staff to the State Department."⁹³ Even the British and

Soviet governments supported their "business organizations in this area in consonance with their plans to assume dominant roles."⁹⁴ In this situation, supporting a Chinese proposal for a Military Advisory Group became very important. But the Chief of the Division of Chinese Affairs, John Carter Vincent opposed any kind of official concerns of the U.S. Government for the formation of this advisory group.⁹⁵

The original Chinese proposal for 3,800 American officers to be sent to China was opposed by Byrnes, Wedemeyer and the JCS. Wedemeyer thought approximately 750 officers would be enough, and Marshall agreed. The JCS supported the formation of the Advisory Group for China on the ground that "a small military advisory group to China should be established immediately as an aid to China in modernizing its armed forces."⁹⁶ The State Department and the SWNCC also supported the proposal. After successfully arranging a truce between the CCP and KMT, and making plans for incorporation of the CCP troops into the government forces, Marshall supported a training program for the Chinese army. In a letter to Congressman Andrew J. May, Chairman of the House Military Affairs Committee, Marshall supported the program. "The integration of the armed forces presently maintained by the Nationalist Government and the Communist party in China and their reduction to an appropriate peace-time size is essential to the attainment of peace, unity, and stability in China which are so necessary to the security of the United States. "I believe," Marshall continued, "that the prompt provision to China of the American Military Advisory Group of American Army and Navy personnel, which the Generalissimo has requested, is vital to the

success of the program."⁹⁷ Encouraged by Marshall's successes, President Truman directed the establishment of a small military advisory group in China. The proposed legislation "would have provided legislative authority for such a group and the military assistance under the new legislation would have been carried out in accordance with the military reorganization agreement of February 25, 1946."⁹⁸ On the same day (February 25, 1946), Truman, in a directive to the Secretaries of State, War and the Navy, instructed Secretary of State Byrnes to "conduct the necessary negotiations with the Chinese Government in this regard."⁹⁹ Since Byrnes was busy with European affairs, he requested Marshall to do this job for him. Marshall appointed his assistant, General Gillem, the head of the mission.¹⁰⁰ In March, 1946, there assembled at Nanking a small group of American officers and enlisted personnel, selected for the Advisory Mission from among those released by demobilization of American armed forces in China. After that date other officers and enlisted personnel reported for duty from time to time. Although preparation and planning were under way in China, formal activation of the project awaited conclusion of formal agreement with Chinese authorities. But the officers and enlisted personnel already assembled for the mission (arranged by Wedemeyer), began to "aid General Marshall in his effort to terminate hostilities in China."¹⁰¹

The Military Advisory Group bill funded two groups of American Advisors: the Army Advisory Group "which included army, air and supply advisers," and the Naval Advisory Group. The bill was introduced respectively in the Senate and in the House of the 79th

Congress as S.2337 of the 79th Congress, 2nd Session and as H.R. 6795 in the House. Although the Committee of Foreign Affairs of the House reported favorably on the bill, nothing fruitful came out of Congress, partly because the Congress was busy with other affairs. Also Marshall's cautious policy not to do or enact anything which might disrupt his peace mission in China caused the 79th Congress to move cautiously on the bill. The Navy, with its stronghold in the Truman Administration, however, was able to get the Naval Advisory Group bill passed through a public Law 512 of the 79th Congress on July 16, 1946. It authorized the president to transfer to China 271 ships and craft and the dispatching of 300 navy personnel to assist the Chinese in naval matters.¹⁰² Fearing the criticism of the Chinese Communists, General Marshall, while granting approval to activation of the Naval Advisory Group "desired minimum publicity when activated." The basis of his request was that such action would not seriously affect his mission, and he also did not like to name a specific date.¹⁰³ Before 1948, informal discussions resulted in a draft agreement with the Chinese Government, which governed Sino-American relations in this regard during the existence of the groups already assembled in China. On September 17, 1948, a joint United States military advisory group, known as JUSMAG-China, consisting of Army, Navy and Air units, was formed. It had a combined Services Group and a Joint Advisory Staff. It was formally activated in November, 1948 but was withdrawn very soon.¹⁰⁴

The Naval Advisory Group, however, opened its training centers in Nanking, Canton, Shanghai, and Tsingtao, conducted training at sea and in shore-based schools, and assisted the Chinese navy in

various other ways. Although the Chinese navy's morale was low in 1948, the activities of this group laid the foundation of a strong and modern navy.¹⁰⁵

The United States also made direct contributions to the reorganization program of the Chinese Navy and Air Force. Before the end of 1944, the U.S. War Shipping Administration (WSA) turned over three Liberty Ships to the Chinese Government.¹⁰⁶ After the Japanese surrender, China desperately needed vessels for both civilian and military purposes. Despite the fact that the United States provided most of the Chinese shipping needs, China wanted to have her own vessels. Representations with respect to Chinese requirements for shipping were received by the U.S. Maritime Commission and the War Shipping Administration from various sources, including the Chinese Supply Commission, the Chinese Embassy and representatives of CNRRA. In response to these Chinese requests, the WSA "made available five Libertys and the Ministry of War Transport made available six equivalent ships already in the Chiinwangtao coal program" to meet bulk cargo movements principally of coal and rice on the Chinese coast. Moreover, in October, 1945, the War Shipping Administration submitted to the Chinese authorities a list of vessels located in Eastern waters, privately owned by American citizens. It was hoped that such transport could be made available under Lend-Lease programs.¹⁰⁷

But by the end of November, 1945, the KMT government began to press for more and more vessels. Probably the increasing Communist offenses in North China, and the need to transfer more Chinese KMT soldiers to Manchuria and North China led the government to take a

desperate move on this regard. As on November 23, 1945, Chiang in a telegram informed the President that "five additional armies must be moved to the area embracing Northern provinces ... urgently request that the United States provide shipping as early as practicable for this purpose."¹⁰⁸ On November 30, 1945, the Chinese authorities described the condition as serious and urged delivery of vessels "to meet a critical shortage of local water transport facilities in China."¹⁰⁹ Although the U.S. Government and the State Department supported the Chinese views, there was no way for an immediate fulfillment of China's demands for ships. On the same day, the principal commanders in the China-Japan area, General MacArthur, Admiral Spruance, and General Wedemeyer envisaged a plan to augment U.S. "assistance in the repatriation of Japanese from China and the movement of Chinese National Armies into North China and Manchuria..." It recommended the placing of one hundred Liberty ships under the supervision of the Shipping Control Administration, and Japanese Merchant Shipping, for operation by Japanese crews for repatriation of Japanese troops. Also, this plan also presented a detailed outline of the transportation of Chinese soldiers and maintenance supplies.¹¹⁰ But the Administration was not ready to commit itself in Chinese affairs so extensively and directly and by the end of December desired to transfer only six vessels and twenty five Liberty ships to China.¹¹¹

By the end of January 1946, the U.S. War Department handed over to the Chinese government six Liberty ships, but the U.S. War Department retained ownership. The U.S. Commanding General in China through the Chinese National Shipping Administration could operate

them and subsequently release them. About this transfer, Michael Schaller remarks that, "In order to minimize further direct involvement in transporting Nationalist Armies into Manchuria, several American Liberty ships were quickly transferred to Nationalist Government ownership."¹¹² But Chiang Kai-shek, and T.V. Soong were disappointed that the ships were not placed completely under Chinese control.¹¹³ The reasons for their dissatisfaction lay in the fact that they wanted to use the ships in ways other than prescribed in the agreement.

The War Department made it clear to Wedemeyer "that ships were to be allocated to one of the U.S. Military Services in order to assist the Chinese National Government in (a) the logistical support of Chinese troops in or destined for Manchuria, and, (b) repatriation of Japanese from the China Theater". It was also stated that "so long as these ships remain under charter to the War Department, blanket authority for their use to meet any and all requests to the Chinese Government cannot be given."¹¹⁴ But Chiang wanted complete Chinese government ownership over these vessels, and requested from President Truman that "the Chinese Government be permitted to obtain complete ownership of the six Liberty ships in question either through Lend-Lease procedure or on a cash basis."¹¹⁵

Truman, in a return message to Marshall, informed him of his lack of authority without the legislation of the Congress in this regard.¹¹⁶ On March 1, 1946, Wedemeyer informed Chief of Staff Dwight D. Eisenhower of his request for four more ships, which would make a total of ten Liberty ships. Wedemeyer further mentioned that instead of twenty-five, these ten ships would be sufficient to

provide all necessary Chinese services.¹¹⁷ By May, 1945, China had acquired four ships. On July 16, 1946, the 79th U.S. Congress passed Public Law 512 as "An Act to provide assistance to the Republic of China in augmenting and maintaining a Naval Establishment, and for other purposes."¹¹⁸ President Harry S. Truman approved the Maritime Commission request to sell the ten vessels to China. On June 29, R.R. Spence, the Acting Regional Director of WSA handed over these vessels to W.H.T. Wei, Assistant General Manager of the Chinese Merchants Steam Navigation Company under Lend-Lease arrangements.¹¹⁹ But the actual transfer took place after the Chinese Supply Commission signed an agreement with the U.S. Maritime Commission for "the use and possession" of the ten Liberty ships.¹²⁰ Before this, when General Marshall returned to the U.S. in March, 1946, to explain the necessity of coalition between the Nationalists and Communists, the U.S. Congress on March 12, 1946, authorized a transfer of surplus vessels to the Republic of China. In total, "271 vessels, mostly destroyers and merchant ships, were sent to Nationalist ports along with 100 officers and 200 enlisted advisors to train Chinese sailors." P. Head remarks that, it was a glaring contradiction in American neutrality during Marshall's mission in China.¹²¹

Soon after the purchasing of the ten vessels, China applied to the U.S. Maritime Commissions for "159 war-built commercial vessels to various types under the Merchant Ships Sales Act of 1946." It involved an extension of credit by the U.S. to China of about \$76,000,000, which was recommended by the National Advisory Council, the Maritime Commission, and General George C. Marshall. Marshall

was in favor of extending credit to China for these commercial type vessels to be destined for a united and democratic China, under a coalition government." Marshall, however, was in favor of retaining enough power in the hands of the U.S. government to terminate the transfer program unilaterally. He opposed selling escort carriers. The State Department also approved this loan,¹²² but under Marshall's objection it was postponed temporarily.

At last, on December 8, 1947, an agreement was signed between the United States Government and the Republic of China relative to the implementation of the Act, P.L. 512. In total, 131 vessels were transferred to the Chinese Navy under P.L. 512 "on a grant basis" which included "approximately \$36 million representing vessels originally Lend-Leased to China but subsequently transferred under P.L. 512."¹²³

As it had aided the Chinese navy, so too did the Truman administration aid the fledgling Chinese air force. After a continuous service in the war years, the U.S. developed Chinese air force was in "urgent need of replenishment and replacement."¹²⁴ Thus, Lend-Lease transfers of aircraft and air equipment after V-J Day were effected in order to assist the Chinese in the creation of a modern air force. These transfers included "the bulk of the 936 planes provided under Lend-Lease for the 8 1/3 group air force program."¹²⁵ Persuaded by the Chinese, in early September 1945, General Wedemeyer presented a plan to the Joint Chiefs of Staff concerning the Chinese air force, which received support from the Acting Secretary of State. In a memorandum to the president, Acheson recommended that the Chinese could be "assured that, subject

to suitable arrangements, the United States will provide equipment and supplies for a Chinese air force of a size and composition to be determined on completion of a detailed plan."¹²⁶ Later on, the Chinese air force program received strong support from the War Department. Acting Secretary of War Kenneth C. Royall described the Chinese air force program as a proof of U.S. policy which was laid down by the president that "As China moves towards peace and unity ... the United States would be prepared to assist the National Government (of China) in every respect as to ... establishing a military organization capable of discharging China's National and international responsibilities for the maintenance of peace and order." In keeping with the president's policy as enunciated above, SWNCC stated that the U.S. should be prepared to support the establishment of a modern and effective military organization. As a part of the four supply and equipment programs the air group program was "designated to modernize the Chinese Air Force, which was expected to be completed in mid-1946."¹²⁷ China's vastness and the lack of a good communication system for immediate dispatching of ground forces, made the development of a strong air force desirable. Persuaded by different quarters, on September 14, 1945, President Truman assured T. V. Soong orally that the US would equip "an air force of commensurate size along with his plan of furnishing equipment for 39 divisions of ground forces."¹²⁸ The JCS also supported the supply of air and ground equipment in order for Chinese forces to establish and maintain order in the reoccupied areas of China.¹²⁹

Following the extension of Lend-Lease on September 5, 1945,

until 30 June, 1946, the United States provided China with some \$44 million of airplanes, and some \$10-20 million of related equipment to complete an eight and one-third air group. This equipment was paid for with cash. From V-J Day to December 15, 1945, General Wedemeyer transferred under Lend-Lease to the Chinese Government for the Chinese Air Force sixty-eight C-47's and indicated that he would turn over to them an additional forty C-74's when Chinese had crews to man these planes. Several C-47's and C-46's which were initially transferred as Lend-Lease were used by CAF for troop carrying purposes. The U.S. intended to develop eighteen groups of CAF, for which the Indian-Burma Theater was holding 70% of the necessary equipment at the beginning of 1946.¹³⁰ Moreover, because of the close wartime cooperation between American and Chinese air force personnel the establishment of an air force unit in the Advisory Group represented a continuation of certain wartime assistance.

During the negotiations for the bulk sale of U.S. surplus property in China, and the Pacific Islands, in August, 1946, the United States Foreign Liquidation Commission officials deliberately prohibited the sale of tactical aircraft to foreign governments. The 8 1/3 group program was treated as an exception to this policy. By August, 1946, only 129 more planes were needed to fulfill the requirements of the program. But Marshall was opposed to doing anything which could jeopardize his peace efforts and upon his objection delivery of aircraft through surplus property channels was kept postponed temporarily. The Department of State also followed a hard line in not turning over the war equipment, including aircraft, under this program. The 8 1/3 airforce program was not completed by

July, 1947.¹³¹ Not until the end of 1948, was the program completely fulfilled. Transfers of planes and equipment continued until a total of 936 planes were made available.¹³²

The U.S. sponsored Chinese air force program also made much progress with the establishment of the air division of the Army Advisory Group. Although the Air Advisory Group existed informally September, 1948, it provided the Chinese with valuable technical advice on the maintenance and operation of such an air force. Even before the formation of a Military Advisory Group by President Truman on February 26, 1946, the U.S. Army Air Corps cadres of the inactivated Chinese-American Composite Wing were already working as advisory units with the Chinese air force. Besides assisting in the development of a modern air force, the U.S. Advisory group of the Air Division also advised "on receiving, storing, and maintaining the vast amounts of United States supplies of air equipment made available to it." Although for the sake of his mission at large in August 1946, General Marshall ordered the withdrawal "of the Air Division teams advising Chinese groups actively engaged in combatting the Communists," the air advising groups' continued to work on such problems as planning an adequate training system for the Chinese Air Force, establishing an adequate management system, instituting coordinated supply procedures, developing suitable tables of organization and equipment for the Chinese Air Force, and developing proper operational procedures." These air division teams worked in different centers like Peiping, Chengtu, Hankow, Hangchow and Shanghai.¹³³

Another important U.S. assistance program to China in the

immediate post-war period was the sale of surplus property. It was sold to China as an integral part of U.S. policy "to assist China in attaining peace and unity" which could only be "attained by assisting in the restoration of China's economy."¹³⁴ At the end of the war the U.S. did not want to carry back its surplus war materials from China, Okinawa, Guam, Saipan, Tinian and other Pacific Islands. The U.S. wanted to dispose of this property without a progressive deterioration of its value in tropical weather. Moreover, China needed it acutely. It also provided "certain funds for the payment of U.S. expenses in China and a special fund for cultural, educational, and scientific benefits to both countries."¹³⁵ In order to avoid involvement in the Chinese civil war, the surplus sale excluded all kinds of ammunitions, weapons, and other purely military items.

On August 30, 1946, the U.S. sold the Nationalists, at bargain prices, war surplus valued at \$9,000,000. The property sold under this agreement included every type of supply used by an expeditionary force, except military materials. Vehicles accounted for about one-third of the total, construction equipment about one sixth, and air force supplies and equipment about one-eighth. The remainder was composed principally of communication equipment, tools, shop equipment, industrial machinery, electrical equipment, medical equipment, and chemicals. Approximately \$879.2 million worth of property had been declared surplus under this agreement as of March 31, 1949.¹³⁶ Although it was a purely civilian sale, it indirectly strengthened the effort of the KMT Government against the Communists, as it sold many of these items to finance the war.

During late November, 1945, American policy toward China and the KMT evolved from one of aiding Chiang as the sole representative of China to the more even-handed policy of bringing about a KMT-CCP rapprochement. With the increase of Communist offensives in North China, and the continued presence of Russian soldiers in Manchuria, the Truman Administration realized the futility of strengthening the KMT government as the sole legitimate authority for unifying China. Meanwhile, Ambassador Patrick J. Hurley's resignation on November 27, 1945, led to "a congressional inquiry and increased partisan debate over the crisis in China, and the Republican Congress became increasingly critical of Truman's China policy. In order to "stem the domestic political backlash" President Truman decided to send General George C. Marshall, a hero considered above partisan politics, to China.¹³⁷

Before his departure for China Marshall was told by the State Department that in the face of a Nationalist obstruction "he was to inform Chiang that the United States would stop assisting him and deal with the Chinese Communists in North China.... If the Communists blocked an agreement, the United States would give full support to Chiang and move his armies North." Later on, however, Truman changed his attitude and advised Marshall that the U.S. would not desert Chiang even if he proved troublesome. Marshall was authorized to exert pressure on Chiang only as a bluff. It was a contradiction in United States policy, but Warren I. Cohen believes that, "it was the only hope of obtaining the kind of government the United States wanted short of an intensive economic and military involvement that the importance of American interests in China had

never merited."¹³⁸

Marshall began his year-long mission to China with the following goals:

(a) a cessation of hostilities between the National Government and the Communists; (b) the absorption of the Communist armies into the Chinese National Army, in ratio to relative strength, and (c) the convocation of a National Conference of the KMT, Communist party, and other groups, to establish a coalition government including the Communists. If the Chinese accepted the proposals, "Truman authorized Marshall to assure China that important American aid would be forthcoming for China's reconstruction. Otherwise, China would receive neither military nor economic aid from the United States thereafter."¹³⁹

Marshall achieved some initial successes in reducing the level of fighting in China and also in arranging "a temporary cease-fire in contested parts of North China and Manchuria, the establishment of a tripartite truce observer commissions, and a general reduction in the scale of fighting during the first months of 1946." He made significant progress in determining the status quo of the liberated areas, in negotiations on the question of establishing a coalition government and also on the question of integration of Communist soldiers into the Nationalist army.¹⁴⁰ But all of Marshall's peace program ended when Marshall went to Washington in March, 1946 to report to the President about his progress. Chiang's extreme confidence or assurance about the continuity of the supply of U.S. military and economic aid led him to begin military offensives against the Communists in North China and Manchuria. It resulted in

all-out hostilities and the breakdown of the January and February 10, truce.

Immediately after his return to China, Marshall was able to rearrange a cease-fire, but "continued forms of American aid to the KMT, combined with Washington's refusal to accept the CCP as a legitimate contender for power and recipient of American support, eroded the Communist's remaining faith in Marshall's role as honest broker." Moreover, American opposition to the USSR alarmed Mao and his comrades who did not expect very much sympathy from the U.S.¹⁴¹ Marshall tried his best to maintain peace in China, and at last, on November 12, 1946, he was able to convince Chiang Kai-shek to convene the National Assembly. The Communists and the Democratic League, however, boycotted it, and consequently Chou-En-Lai departed from Nanking to Yunan on November 19, 1946. Marshall's mediation efforts virtually came to an end. By January 1947 the United States finally abandoned its mediation policy in China.

Although Marshall used American aid as a weapon to accomplish some of the purposes of his mission, he never recommended an absolute prohibition of U.S. supplies. Moreover, the Truman Administration was not ready to accept such a recommendation from Marshall. When Marshall urged and recommended an early withdrawal of the U.S. Marines and other logistical support from the China Theater, Truman, on the basis of Wedemeyer's reports, rejected the idea. Furthermore, Truman wanted to keep American armed forces in China as long as they were necessary "to implement our China policy---whatever that policy was."¹⁴²

Marshall himself supported the U.S. assistance program to China

too. After the cease-fire agreement of January 10 and the adoption of the political program, Marshall felt happy about the immediate outcome of this program. Believing that the situation would continue to improve General Marshall arranged to return to the United States to report to the president about the progress of his mission, and also to consolidate Congressional support and to arrange a loan of \$500,000,000 from the Export-Import Bank. Marshall also wanted to secure other kinds of aid in the form of shipping and sale of surplus property.¹⁴³ Of course, Marshall believed that such an initiative would definitely encourage the contending parties in China to work for peace programs more effectively. As Cohen says, "it was time to show both Chinese factions just how beneficial peaceful compromise could be..."¹⁴⁴

China had been approaching the Export-Import Bank with applications for the extension of credits to cover a variety of rehabilitation needs. Before Marshall's enthusiastic recommendation no action was taken on this Chinese request, but the progress of negotiations between the National Government and the Chinese Communists made it possible to think that "a peaceful settlement might be reached which would provide a basis for gradual stabilization and rehabilitation of the Chinese economy."¹⁴⁵ Meanwhile, James R. Shipley, presidential advisor, wrote Marshall confiding that HST hoped Marshall's trip to the U.S. would solidify popular and congressional support. He assured him that Truman completely supported and agreed with all of Marshall's actions in China.¹⁴⁶ Consequently, with President Truman's backing, and upon the recommendations of the Department of State, a number of Chinese

applications were given favorable consideration by the Export-Import Bank and "Marshall returned to China with a 'respectable bundle'."147

During the first quarter of 1946, the Export-Import Bank authorized a total of \$66.8 million in credit to the Chinese Government for cargo vessels, railway repair materials, electric power generating equipment and raw cotton. Except for the raw cotton credit which was to be paid in twenty-four months, all were "on a long term basis." But a credit of \$16 million which had formerly been granted to the Yungli Chemical Industries was postponed until 1947. This brought the post V-J Day Export-Import Bank credits to China until the termination of the Marshall mission to \$82.8 million.148

Marshall also used the Export-Import Bank credit as a lever to force Chiang to arrange the truce broke down due to Chiang's ill-temper. He stopped the \$500,000,000 Export-Import Bank credit to the KMT Government. The earmarking of \$500 million for China lapsed on June 30, 1947, but the Export-Import Bank announced that, despite the expiration of the earmarked funds, it was ready to consider Chinese credit applications. Because of the lack of reasonable assurances, the bank later on rejected most of China's applications for credits, despite Marshall's recommendations for some of them.149

Although Marshall was successful at the beginning of his mission, after June and July, 1946, he failed in bringing peace to China. The reasons for this change in Marshall's effectiveness could be discovered in American support or the assistance program to Chiang. Definitely, after the extension of the Lend-Lease

assistance, sale of war surplus materials, transfer of vessels, and the creation of the American Military Advisory Mission to China, "Marshall's words carried little weight with Generalissimo Chiang and his advice was frequently rejected."¹⁵⁰ As Warren I. Cohen says, "Chiang's decision for all-out war was also based in part on the conviction that regardless of what Marshall told him, he could count on continued and extensive support from the United States. Action taken in Washington throughout June deprived Marshall of what little leverage he had."¹⁵¹ Transportation of Nationalist forces to Manchuria and North China by the United States after the January and February peace agreements with the Communists, made the Nationalists less dependent on the U.S. and they began to feel that they were strong enough to defeat the Communists. Consequently, they paid very little attention to Marshall's advice for non-application of force. They did not realize that attacking Communists would mean a long and expensive war. American policy, in this critical situation appeared "self-contradictory and vacillating".¹⁵² In fact, during Marshall's mediation efforts the United States failed to maintain its neutrality by its continued military support to the KMT government. As O. E. Clubb has stated in his reminiscence:

The American policy at that time was the one inherited not from Stilwell and [Clarence E.] Gauss, the former Ambassador, but inherited effectively from the Hurley period. When he had come out in favor of working entirely for the one side - for the Nationalists - thus causing the United States to abandon neutrality to a degree. And that abandonment of neutrality rather naturally was the first count against the Marshall Mission, because one of the first requirements of a mediator is neutrality, if he is to be effective.¹⁵³

At the time General Marshall expressed his opposition to Chiang Kai-shek on the latter's plans to apply force against the Communists,

the American government, in that very moment extended Lend-Lease to China under the terms of the new military aid agreement of June 28, 1946. A Lend-Lease "pipe line" credit from the U.S. of \$51.7 million was provided for China while Lend-Lease to other countries was terminated on June 30, 1946.¹⁵⁴

On the other hand, continued United States aid to the KMT government made the Chinese Communists suspicious about the intentions and sincerity of the U.S. government. The Communist representative Chou-En-Lai always professed to trust Marshall and from the beginning declared his party's sincerity and willingness to join a true representative and coalition government. He even went so far as to assure Marshall that "he didn't cast any reflection on General Marshall's action throughout the entire period of mediation."¹⁵⁵ Even Mao and the Communist press were acting in a way to dissuade the United States from giving additional aid to the KMT Government. Until April 1946, the Communists had an increasing trust of General Marshall's activities in China.

But the relationship between the United States and the CCP greatly deteriorated when in June, 1946, the United States Administration introduced in Congress the Military Aid Bill to "provide for the establishment of an American military mission to China to train the integrated Chinese forces and for the sending of equipment and supplies to China, part of which, according to Under Secretary of State Acheson's testimony, would be given to the common workers."¹⁵⁶ Fearful of a renewed attack by KMT troops armed with American arms, Mao declared that the Chinese Communist party resolutely opposed the dispatch of the Military Advisory Mission to

China. Mao demanded that the United States stop all the "so-called military assistance" to China and withdraw all American troops from China.¹⁵⁷ Moreover, the Soviet Administration and the news media began to support increasingly the Chinese Communist movement.¹⁵⁸ The Soviets also transferred their occupied territories to the Chinese Communists in Manchuria and handed over to them all Japanese arms seized by Soviet soldiers in North China and Manchuria. Largely inspired by this Soviet support, on July 7, 1946, the Central Committee of the CCP, demanded that the American Government stop its "armed intervention in Chinese Affairs" and its "instigation of the Chinese Civil War."¹⁵⁹ The Communists also attacked the American policy of retaining the U.S. Marines in North China and increasingly demanded their withdrawal. Both Wedemeyer and Marshall were in favor of the withdrawal of the Marines, but the SWNCC and the Joint Chiefs of Staff wanted to retain the Marines in North China as psychological support for the KMT Government. But instead of helping the situation, this military presence caused further deterioration. In mid-July, seven American Marines were kidnapped and detained by the Communists for several days. On July 29, a Marine convoy bound from Tientsin to Peiping was deliberately ambushed by the Communists.¹⁶⁰ All these hostile activities "indicated to General Marshall that the Communists now followed a new policy toward the United States."¹⁶¹

When on August 30, 1946, the United States sold the Nationalists, at bargain prices, war surplus valued at \$9,000,000, Marshall reassured Chou En-Lai that these supplies contained no military material, but rather consisted of machinery, vehicles,

communications equipment, food rations, and medical supplies to build up the Chinese economy. Despite Marshall's assurances, the CCP could hardly be expected to believe the KMT would not use these supplies against the CCP in the civil war.¹⁶² Chou-En-Lai's fear was not unfounded, as has been admitted by Marshall himself. In a top secret letter to President Truman on September 6, 1946, Marshall wrote that the KMT government was in the midst of a deplorable currency and financial situation, utilizing its capital resources for the conduct of the present fighting, but felt certain it was also utilizing for the same purpose such money as already had been received from the sale of surplus property and was counting on larger sums to become available from that transaction.¹⁶³

The Communists' attitude toward the American military assistance has been clearly indicated in a secret message of Marshall to President Truman. General Marshall wrote,

The Communists' progress to regain recent measures and official statements in Washington as proving their contention that American economic and military support to the Kuomintang Government will continue to be given irrespective whether the government offers the Communists a fair and reasonable basis for settlement of military and political differences. The Communists maintain new legislation intended to aid China is reinforcing the government's tendency to deal with the Communists by force and for us contributing to all out civil war. They relate the proposed congressional action to support of the government military power in the immediate future and not many months hence as would be the case."¹⁶⁴

Moreover, opposition by Chiang Kai-shek himself, and even by many pro-KMT American citizen groups and officers against the proposed training of ten Communist divisions greatly enhanced the fear of the Communists.¹⁶⁵ On the other hand, all Communist pleas for aid were rejected as was the secret offer to visit FDR by Mao

and Chou. Mao and his comrades became hopeless about a peace through negotiation and began to prepare themselves for an all-out war against the KMT.

Marshall also adopted a tough policy toward the KMT in order to force it to give up its policy of force toward the CCP. He did this partly to satisfy the CCP. In July, 1946 Chiang Kai-shek started extensive military operations against the CCP and violated the January-February truce. He showed an unwillingness to convoke an all-party National-Assembly and started an all out war against the Communists. Responding to Chiang's action, Mao also developed an "offensive by a war of self-defense" by his CCP guerillas.¹⁶⁶ Marshall realized that there was no hope for peace so long as the U.S. continued to aid the Nationalists, and that military assistance to Chiang's forces, no matter how justified earlier, "was clearly inconsistent with his efforts to end the civil war." Viewing Chiang's belligerence as the principal obstacle in his attempt to reduce Chinese Communist dependence on Moscow "by integrating Mao and his followers in a coalition government," Marshall asked for and Washington "approved an immediate embargo on arms and munitions to China."¹⁶⁷ On July 22, 1946, the New York Times published a seven-line report by the Associated Press from Washington to the effect that top American officials had been considering a "shutdown on shipment of arms and ammunition to the Chinese Government in the hope that such a move would assist their efforts to bring peace to China."¹⁶⁸

This embargo lasted for almost ten months, and many historians attribute Marshall's embargo and the delay after lifting the embargo

in supplies to China as the "decisive factor in the military collapse of Nationalist China." But this embargo was already weakened by other actions of the government, like the signing of Surplus Sales Agreement with China on August 30, 1946, and negotiations and eventual signing of the Treaty of Friendship Commerce, and Navigation on November 4, 1946.¹⁶⁹ Although the latter treaty was not a move to strengthen the Nationalist Government against the Communists and had no political significance, its signing at this time created bitter resentment and reactions against the Communists.¹⁷⁰ On August 13, 1946, the official Communist newspaper Hsin Hua criticized the Marshall-Stuart statement for peace and asserted that the United States had two contradictory policies in China, "one is to assist Chiang in fighting the civil war - this is fundamental; the other is to persuade Chiang to stop the civil war - this is an adjunct or an ornament."¹⁷¹ It said that Chiang realized the dual nature of American policy and that without hesitation he "accepted America's position and evaded the dove of peace."¹⁷² After the conclusion of the agreement on the sale of surplus property, the Chinese Communists denounced the transaction and attributed to it every possible evil purpose. Meanwhile, the Communist forces launched an attack along the Lunghai Railway and began their seizure of Tatung in early August. On August 19, shortly after Nationalist planes bombed Yunan, the Chinese Communists ordered a general mobilization.¹⁷³

Although, General Marshall had persuaded Chiang to come to terms with the Communists, Chiang had been so sure of U.S. support

that he opted for the application of force against the Communists. As Tang Tsou mentions, "Generalissimo Chiang apparently thought that as long as he controlled the government of China, the United States would come to his aid sooner or later, notwithstanding his failure to cooperate with General Marshall and to reform his regime."¹⁷⁴ Moreover, he had confidence that he could crush the Communists. He over-estimated his strength in this regard. He could not do that. On the other hand, he also over-estimated America's willingness to come to his assistance. At the end of November, 1946, when negotiations had completely broken down, two of his aides requested financial help from General Marshall. Marshall turned them down. To quote Marshall,

The Deputy President of the Executive Yuan has been pressing me in the matter of financial assistance to meet the growing desperation of the economic situation. I have been very emphatic in stating to him that it is useless to expect the United States to pour money into the vacuum being created by the military leaders for their determination to settle matters by force, almost 90 percent of the budget itself is highly inflationary, going to military expenditures. Also, that it was useless to expect the United States to pour money into a government dominated by a completely reactionary clique bent on exclusive control of governmental power.¹⁷⁵

The later requests for American economic and military assistance were desperate efforts on the part of the KMT to sustain themselves from being collapsed to the CCP forces. To his ill-luck, Chiang's judgements on both these points "was far wide of the main."¹⁷⁶

America's post V-J Day assistance policy toward China was based upon the idea of the elimination of Russian influence in China and bringing the Communists, the so-called 'margarine Communists' or the 'agrarian reformers' under KMT control. On the other hand, President Truman and his China policy makers also wanted to reform

the one party rule of the Chiang Kai-shek and thereby to introduce a democratic form of government in China. The immediate post war aid was for the repatriation of Japanese forces and also for the transportation of Nationalist Government forces. Whether for ideological reasons or because of Chiang Kai-shek's influence on the U.S. administration, the Communists received no help from the United States, although the Communists under Mao's leadership controlled a vast area of China, and had a widespread popular support. In its negotiations with the Communists, both during Hurley's and Marshall's time, the United States could not persuade the KMT government to come to terms with the Communists. It was the CCP which demonstrated flexibility in dealing with Chiang. But it was impossible for the Communists to give up their occupied territories and train private armies unless they had reached an impartial settlement with Chiang, which was completely impossible. Although Chiang's regime was not a monarchy, it was completely despotic and arbitrary in character. He was not ready to share power with anybody, much less the Communists. His aim was to eliminate the Communist armies and possessions and thereby to destroy them. Had there been a coalition government, the Communists would have gotten only a few insignificant portfolios. The CCP understood this and refused to yield under American persuasion. The United States continued to supply assistance to the Chiang Government during the period of negotiations, and this only fed Chiang's delusions. But before Marshall's departure a brake was applied to that assistance and instead of giving direct military aid, the U.S. provided economic and other forms of assistance which indirectly contributed

toward Chiang's military effort against the Communists. In fact, it was the only alternative that was left open to the Truman Administration. Later experience showed that the Communists also were not fighting for a democratic regime.

After withdrawal of the Marshall mission, the U.S. removed the brake for military assistance to China. From the beginning of 1947, when it appeared that settlement of the Communist problem through peaceful negotiation was becoming impossible, the United States gradually responded to Chiang's call for military assistance. It opened a period of open and direct military aid to China against the Communists. The dispatching of Wedemeyer's "Fact Finding Mission" to China, the selling of 137 additional vessels under Public Law 912, the lifting of the embargo on arms shipments to KMT China in May, 1947, were indications of a commitment of military assistance for KMT-China which culminated in the China Aid Act of 1948. United States military Lend-Lease policy followed the curious dynamics set by Sino-American relations. Post-war Lend-Lease became increasingly associated with Chiang's anti-communist crusade which failed to obtain its objective. In the process, US Lend-Lease to Chiang alienated the CCP and played a critical role in Sino-American relations after the Communist revolution. The post World-War II military Lend-Lease experience was a major factor in the twenty-five year estrangement of Communist China and the United States. In fact, it was the last desperate attempt to keep China in the non-Communist bloc. When all efforts by the US to transform China into an industrial and democratic nation failed to bring an elimination of Communism, the US adopted the military means which also ended in failure.

Conclusion

After Lend-Lease was approved and the U.S. became a formal belligerent, the Chinese nationalist regime totally transferred the responsibility for fighting Japan to the U.S. and began to play an inactive role in the war. Accumulating war materials, and stocking them for future use became a characteristic feature of the Chinese government's policy. On the other hand, the Chinese Communists, who were actively fighting against the Japanese, were deprived of a legitimate share of U.S. assistance.

China occupied a special position --even though an illusory one--in the American mind. Thus, the construction of the Burma Road and the improvement of railways and supply of materials became an American responsibility. This unique conception about China began with FDR's desire to transform her into a great post-war ally of the United States. The dream of a strong, unified, democratic and friendly China haunted American readers during the war and it constantly shaped U.S. aid policy toward China. The fear that China might conclude a separate peace treaty with Japan, or could get financial and military assistance from other countries like France, Britain or Soviet Union, greatly worried the United States and made it accept many of the illogical and unreasonable demands of the KMT.

But what was the role of China in practice? How much co-operation did the U.S. get from China on the battlefield? Before December 7, 1941, the U.S. recognized that China was endeavoring to

get the United States to fight its battle against Japan. China's policy was to remain technically in the war so as to be able to sit at the peace table as a "fighting ally," to expend as little as possible of its strength, and to rely upon the other members of the United Nations - primarily the U.S. - to defeat Japan. In the middle of the war, the Chinese persuaded themselves that the war in Europe would shortly end and that the U.S., possibly with help from Great Britain, would defeat Japan. Furthermore, the Chinese believed that the Chinese were too tired and too worn and too ill-equipped to make a greater effort, especially when such an effort might not be necessary, and that the Chinese could sit back, holding what they had against the Japanese. The Chinese mainly concentrated their planning upon China's post-war political and economic problems.

Therefore, war materials flown over the Hump were hoarded to use against the Communists in the post-war era or for some other purpose. The Chinese were also reluctant to improve their fighting skills by reorganizing and retraining their armies. This brought Generalissimo Chiang into conflict with General Stilwell. Stilwell wanted to reorganize the Chinese army to fight Japan and also to lay down the foundation which would make China one of the strongest powers in Asia. In order to do so, Stilwell became involved in Chinese domestic politics. While he endeavored to avoid playing domestic politics, Stilwell could not prevent politics from being played on him. The Chinese could be expected to take the offensive only when they were assured that such a venture would be profitable, that what was expended in the way of material would be replaced, and

with interest. That was one of the costs of being an ally. The Roosevelt administration believed this arrangement was a bargain.

It follows that the intemperate eulogies of the Chinese army which appeared in the American press and over the radio (largely inspired by the Chinese pressure groups in the U.S. and uninformed American Sinophiles) only played into the hands of the Chinese factions wishing to obtain Lend-Lease equipment without restrictions as to its use (or non-use). It is scarcely necessary to note that anyone whom the Chinese might suggest as a replacement of General Stilwell would be likely to be a man whom the group in power in Chungking believed they could use to their own advantage. The Chinese were neither contemptible nor vicious - merely seeking political advantage. Chiang coveted control of military Lend-Lease, which was under Stilwell. He was even ready to trade the supreme commandship with Stilwell in exchange of his control on military Lend-Lease. To have allowed Stilwell (or another) to reorganize army leadership and the location of armies, would have affected the balance of internal military and political forces.

Stilwell's recall greatly affected Sino-American relations. The U.S. administration lost enthusiasm to act for the absolute interests of the KMT government in China and it worked either for a coalition or showed its desire to play with the CCP. When the war was almost at an end, Chiang felt secure enough and became a big supporter of increasing U.S. training programs for his army. Chiang realized there would be no more large scale aid coming to China. In order to prepare his troops to fight the CCP, Chiang constantly pressured Wedemeyer to train his armies. As a result, the 39

division training plan came out.

But what was the contribution of China in the war? It was not very much. The 30 divisions of Chinese soldiers trained by Stilwell fought with bravery in the occupation of Mitykiyna in 1944. At the end of the war, Wedemeyer's trained Chinese armies also played an active role in the reoccupation of the territory near the China coast. Besides this, the Chinese presence in the war provided a kind of psychological incentive for the Allied powers. Japan had to engage a substantial part of her armies and arms in this front which she could have used otherwise. But the Allied powers, especially the U.S., had to pay a heavy price and during the construction of B-29 bomber bases, the U.S. had to bear a heavy cost for these airfields. The history from Arcadia Conference until the Cairo Conference is a history mainly of Chinese blackmail or bargaining for more and more military Lend-Lease.

In the postwar period, the U.S. policy was to strengthen the Chinese Army to repatriate the Japanese army, to unify China, and to strengthen China as a military power in Asia. Although it was a declared policy of the U.S. not to intervene in another country's civil war, Chiang and his associates used military and civilian Lend-Lease assistance and different economic assistance against the CCP. Therefore, both in the war and post-war period, the aim of military assistance was not realized and, instead, was turned in a different direction.

The U.S. tried its best to create a stable Chinese economy. Beginning from currency stabilization, the U.S. granted China financial aids, export-import bank loans, civilian surplus

properties, pipeline goods, gold to control inflation, and carried an unequal rate of exchange during the whole war period. But these measures hardly strengthened the Chinese economy. Export-import bank credits were used for purposes other than stabilizing the currency. There were innumerable reports of mishandling and misuse of funds. Civilian surplus goods were sold to finance the war against the Communists. Madame Chiang and other Soong dynasty people bought large shares of the bonds for currency stabilization. A large portion of the U.S. gold export to China was stolen by H. H. Kung's people, as a result of which, the U.S. the Treasury Department, under Morgenthau and Harry D. White, stopped dispatching gold to China, although they were forced to resume it again. They found that nothing was achieved by sending gold to China as only a few people were benefitted and it only increased some revenues on taxes of the Chinese government. The U.S. also accepted the unequal rate of exchange between its own and the Chinese currency in US \$1 to CS \$20. After the war started the Chinese currency lost its value by many times. China insisted on keeping the prewar rate of exchange, and FDR, dominated by his vision of China as a big post-war ally, did not pressure Chiang to change this policy.

The Chinese, in fact, got the better part of the foreign exchange bargain. The Chinese were intoxicated with FDR's pledge to pay for the cost of the U.S. military effort in China. Wars, after all, cost and the Chinese attitude was that the Americans should pay. One of the findings of this dissertation confirms a previous evaluation by Author Young, that Chinese corruption and manipulation engendered the estrangement between Peking and Washington. Every

dollar in aid Chiang milked out of the United States built up China's dollar reserve but at the cost of much ill-will.

Lend-Lease and other forms of aid to China during World War II were not as large as the aid sent to Europe. Initially, this was due to the "Europe First" strategy. Later, U.S. military officials realized that another strategic option was available than that of defeating the Japanese army on the Asian mainland. The new strategy of island hopping through the Pacific began in November 1943 under the direction of Admiral Chester Nimitz and by mid-1944 was proving highly successful. The United States then had developed an option to the Asian mainland approach to the defeat of Japan, one advantage of which was keeping U.S. forces free of the vicissitudes of Chinese politics. As the Central Pacific Strategy waxed, the importance of China waned and so did U.S. military aid to China. By spring, 1944 relations between FDR and Chiang were at a point where the president threatened to cut off military aid unless Chiang released Stilwell's "Y" force to attack the Japanese in Burma. FDR obviously wanted to keep China in the war but after the shock of the Stilwell controversy realized the limited value of China as an ally.

The U.S. desire to reconstruct China with international co-operation through UNRRA was another important step toward China's post-war development. Here, also Chinese co-operation was poor. The relief goods were often embezzled by Chinese officials for their own purposes. T. V. Soong's quarrel with T. F. Tsiang led to the removal of the best person from CNRRA. The Communists occupied the vast rural areas of China, where there was no UNRRA supplies reached. There had been often disparity in supplying UNRRA clothes

between the government owned and private textiles industries. The Chinese were often reluctant to talk about the distribution process. Under the UNRRA program, China got the largest share (90% of its contribution) but little constructive came out of UNRRA in China.

Dispatch of the American War Production Mission Board was another important step toward the economic reconstruction of China. The most important work of the mission was the creation of the CWPB, an imitation of the American allocation system. In the first half of 1945 the total output was 12,478 tons of iron and 11,643 tons of steel. The WPB also promoted industrialization to some extent. Although the establishment of the WPB and the increased industrial output in 1945 did arrest the downright decline of the first period in 1945, it did not create an industrial boom. It was making use of only 30% of the Chinese production capacity. The fundamental reason was that China's wartime economy had not been set on the regular road. The political influence of the CWPB was also doomed to failure. The Chinese WPB, the Industry and Mining Readjustment Bureau, and the Ministry of Economic Affairs all controlled industry in the old Chinese bureaucratic way. Stricter controls would have lowered the status of the private industries. This was entirely different from conditions in America.

Dean Acheson once said that the U.S. cared about China, but Chiang Kai-shek cared only for his survival. As Acheson observed in his memoir: "A lot of critics say that Marshall's embargo on arms lost the war for Chiang. But our military men say that is nonsense. It appears that we gave him three billion dollars of aid. If you put on account on it, it is something else. It depends on

how you value it - the used equipment we gave them ... it's a vast amount of aid."¹

Acheson said that U.S. support to China was an emotional issue. "It is impossible for Americans to think when you have either Ireland, China or Israel - the blood rushes to their ears."² Truman and Acheson believed that there was no organized government in China to introduce democratic institutions or an industrial development plan. Moreover, Chiang and his associates did not pay any heed to U.S. officials. Dean Acheson said,

In Europe we were playing with good stuff, solid stuff - some better than others - but when you went ahead, you helped people who were willing, who had the will to be helped. The great trouble in China was that there wasn't that will. The people were not supporting Chiang Kai-shek; he wouldn't do the things he had to do to achieve the results he wanted to achieve. He wanted to eat his candy and not be sick. In dealing with Chiang Kai-shek, if we erred at all, we erred on the side of treating him as a responsible person. If we had treated him severely, like a satellite, and said, 'you do exactly what we tell you to do,' the result might have been different." But that would have been very bad just the same, because the only other course was the course recommended by General Wedemeyer.³

General Wedemeyer, of course, suggested direct intervention in favor of the KMT government. The overestimation of the KMT government by the U.S. military was largely responsible for the failure of the American effort to bring about China's political unification.

One salient trend discovered by this investigation of Sino-American relations during World War II is that China, as the weaker partner in the alliance, managed to manipulate the United States, the stronger party. This corroborates recent studies of other client state relationships. Particularly in the early years, Chiang thought nothing of threatening to enter negotiations with Japan if

the U.S. did not agree to his demands. In 1943 Chiang got a one-billion loan plan and again in mid-1945 a two-hundred million dollars gold grant as well as other aid using this ploy. Chiang and China exploited the stronger one much as Austria exploited Imperial Germany before World War I, or later the South Vietnamese government exploited the U.S. in the 1960s and 1970s, and Iran exploited the United States before the Shah's fall.

One major reason for the failure of the U.S. effort to industrialize China was a lack of understanding on both the part of U.S. advisors and the KMT that the crucial problem in China was agrarian. In short, China needed a modern agricultural revolution before industrialization could be successfully implemented. To have brought forth that agrarian revolution, however, would have required a massive land re-industrialization project taking the land from land-lords and giving it to the peasants - just as General McArthur did in post-war Japan. The KMT could not make this without undercutting their political support from the landlords and war lords. In retrospect, it was the Chinese Communist Party which correctly perceived the principal political problem of China.

It is true that the U.S. tried to improve Chinese agriculture, but not at the expense of a social revolution. U.S. agricultural aid increased production, but it was the land-lord class, not the farmers, which benefitted from this. The Yellow River Project, the Yangtze Gorge Project, the Fertilizer and Seed Project, and various tractor projects through Lend-Lease, the WPB, and UNRRA eliminated some of the symptoms of China's problems, but did not touch the disease. It was not possible to industrialize and democratize China

by industrializing a few urban areas, leaving the vast majority of rural Chinese untouched.

U.S. advisors and specialists accompanying the missions never received a realistic introduction to rural China and its problems. The Americans, however, were not entirely to blame for this. Chiang controlled the movements of the advisors in China and deliberately kept them on a short leash, virtually confined to large urban areas. His refusal to allow U.S. UNRRA representatives into the countryside to examine UNRRA distribution was symptomatic of his tacit policy that Americans should only see the China he wanted them to see.

The hostility of the CCP to U.S. aid was a reason for the failure of U.S. policy, but only a partial one. For its part, the CCP felt that U.S. aid to Chiang meant the U.S. was taking part in the civil war and an anti-Communist crusade. Under FDR, the U.S. had a moderate policy toward the CCP, but this radically changed with the beginning of the Truman Administration. Unlike FDR's foreign policy advisors, Truman's subordinates were vehement anti-communists and blocked out any understanding with the CCP. The Truman Administration's anti-communism put Chiang in a strong position. Chiang used the threat of reaching an accommodation with the Communists as a lever to manipulate the U.S., as he had done with the Japanese and FDR during the war.

One negative result of U.S. aid to China from 1938-1947 was that it later became an impediment to the establishment of normal relations with the PRC. In the long run, with the reestablishment of relations with China in 1972, FDR's dream of a Sino-American

partnership again became possible. FDR looked forward to a strong, unified, democratic, and friendly China. Today the PRC is strong, unified, and comparatively friendly, though not yet democratic in the American sense. Whether the experience of U.S. aid to China in the wartime and immediate postwar years contributed significantly to this circumstance is an open question.

What is not arguable is that the experience of U.S. aid to China profoundly affected both nations. On its part, the United States became the "workshop of the World" and it maintained that position at least for fifteen years until the economies of Western Europe and Japan had revived to an extent that they could compete again with the U.S. As in China during wartime, after the rebuilding of the economies of Western Europe and Japan, the United States emphasized aid to underdeveloped countries like Africa for the form of education, training through such activities as the peace corps. It enhanced America's international influence and position in the world. U.S. economic and military assistance was given to many of the Southeast Asian nations claiming to contain Communism, as in the Philippines.

The China aid experience also profoundly influenced the U.S. mode of international behavior. It set important precedents for the formation of SEATO and CENTO. In all cases the United States gave massive amounts of military and civilian aid directly to the ruling elites of these countries. The U.S. did not ally itself with the progressive elements in Vietnam, Indonesia, Pakistan, Nicaragua, and Iran. The Truman Containment Doctrine favored the traditional land owning elites over both the nascent middle classes or communist

parties.

Under the Marshall Plan the U.S. sent massive amounts of economic and military aid to the countries of Western Europe. As in the China experience, the U.S. also sent numerous experts and engineers to Europe to rebuild their economy. Unlike the China experience, however, the Marshall plan is viewed as a marvelous success, whereas, aid to KMT China is a failure. Aid to China proved sufficient to keep the country in the war against Japan. Unlike the Marshall Plan in Europe, however, U.S. aid to China was a failure in reconstructing the Chinese economy.

Lend-Lease and other wartime U.S. assistance, although often mishandled or stolen by Chinese officials, profoundly affected China. It was the first major step in China's Westernization and a first effort by a Western nation to treat China on an equal basis. Although most of the assistance was not effective or was not put into action for lack of time or because of the outbreak of intensive civil war, a huge amount of industrial materials, agricultural equipment, and other equipment went to China. Its transportation and communication systems were vastly improved. New trucks, planes and liberty ships were added to the Chinese transportation system. Highways and railways were improved. The Chinese armies trained by Stilwell and Wedemeyer became a strong army in the Western sense and a huge amount of arms and ammunition was received by China although it fell into the hands of the Communists. The student exchange programs and other cultural programs introduced the Western stylistic way of doing things in China. China received the results of science and technology. The War Production Mission encouraged

the Chinese to coordinate their economic efforts and helped them to increase production. The Americans also did their best to curb China's inflation which was successful to an extent and no doubt after 1949 the PRC was greatly benefitted by all these U.S. efforts.

China received the results of latest scientific and technological breakthroughs during the war. On the other hand, the War Production Mission encouraged the Chinese to coordinate their economic efforts and helped thus to increase production. The Americans also did their best to curb China's inflation. Flood control, irrigation and electrical power production projects such as the Yangtze Gorge and Yellow River projects, which were completed by the Communists after 1949, were designed and largely constructed by the U.S. under Lend-Lease, UNRRA, and the War Production Mission experts. No doubt after 1949 the PRC benefitted from these earlier efforts.

We must acknowledge that the short-term purpose of tying down Japanese soldiers predominated over the long-term purpose of building a unified China. U.S. aid enabled China to tie down three million Japanese soldiers in the CBI theater which Japan could have used in other theaters. It offered the allied powers an opportunity to give highest priority to the European and other theaters. An important indirect contribution of U.S. aid was to keep China active in the war and thus to assure ultimate victory. Finally, U.S. aid to China during wartime appears to have encouraged equality among many Chinese. A feeling grew among Chinese of all political views that they were no less than important and able Westerners. This sense of self-realization, may well be the most significant and

lasting result of America's involvement in China during World War

II.

Chapter Four Footnotes

1. The Harry S. Truman Library, Independence, Missouri, "Oral History Interview with Edwin A. Locke, Jr," by J.R. Fuchs, H. St. Library, October, 1967, pp. 50-51.
2. Mabel Taylor Gragg, History of the American War Production Mission in China, 1944-1945, p. 2. Truman papers, Confidential File, State Department Correspondence 1945-46, Folder 3, Harry S. Truman Library.
3. Ibid., p. 7.
4. Ibid., p. 8.
5. Ibid., p. 8.
6. Ibid., p. 8.
7. Dispatch, St. Paul, Minnesota, November 24, 1944.
8. Gabriel Kolko, The politics of War: The World and United States Foreign Policy, 1943-1945, (New York: Random House, 1968), pp. 615-617.
9. Times, Roanoke, Va., May 7, 1945.
10. Memorandum from O.R. Johnson to Donald M. Nelson, August 19, 1944. Edwin A. Locke papers, Box-7, China Reports, Basic problems in Development of Post-war trade in China, Locke File, 1944, p. 1, Harry S. Truman Library.
11. Ibid., pp. 12-14.
12. American Economic Policy Toward China., Section III. Papers of John D. Summer, Box-I, Folder: China Files, American Economic Policy Toward China, Harry S. Truman Library.
13. National Planning Association, The Post-War Industrialization of China, Planning pamphlets, Nos. 12 and 13, 1942, pp. 76-77.
14. Florida Times-Union, Jacksonville, Fla., August 22, 1944.
15. Ibid.
16. Authur Young, China and the Helping Hand, p. 354.
17. Messenger and Chronicle, Ft. Dodge, Iowa, January 6, 1945.

18. A. Young, China and the Helping Hand, p. 355.
19. Reprint of broadcast by Fulton Lewis, Jr., over the Mutual Network, Monday, August 21, 1944. American War Production Mission, Box-17, Newspaper clippings, August-October, 1944, FDR Library.
20. Memorandum by the Second Secretary of the Embassy in China (Boehringer) to the Department of State, December 6, 1944. FRUS, 1944, VI, China, pp. 202-205.
21. A. Young, China and the Helping Hand, p. 355. Also, The New York Times, August 21 & 22, 1944, and Asia, March 1945, p. 123.
22. P.M., August 22, 1944. Also, Registrar, Springfield, Illinois, August 24, 1944.
23. In July 1944, Nelson prepared several orders, permitting partial resumption of civilian production in certain lines in which there was a sizeable surplus of raw materials on hand. But he was then taken sick, and while he was absent, Vice Chairman Wilson was in charge and the orders were held up. It should be mentioned here that Wilson was on the side of the Army and Navy who opposed Nelson all the way through this controversy.

When Nelson came back to his office, he put the orders through in spite of the objections from the War Department, after the whole matter had been laid before the War Mobilization Director, James F. Byrnes. It should be mentioned here that from the very beginning, both Nelson and the Army and Navy agreed that the reconversion of industry from wartime to peacetime production should be started as soon as possible, without conflicting in any way with the production of war materials, needed by the Army and Navy to finish out the war. But the controversy boiled down to an argument over definitions and timing of the conversion.

Nelson wanted to resume production only in those lines in which there was a surplus of raw materials. But the Army argued that even if there were surpluses of raw materials available, there was a shortage of manpower, and they were not getting the war production they needed. They asserted that the Normandy fighting was delayed because of a lack of shells for heavy guns, and that they needed more tanks than we now have. In counter argument Nelson said that the manpower that would be used in his program was not man-power that could make shells or castings or the things the Army wanted. It seemed to appear that the Army wanted to have pools of unemployment scattered over the country, to be available for immediate call, while Nelson wanted to use those pools as they were available, and this formed the real basis of controversy on the man-power issue. At last, all politics concerned were called before the Senate War Investigating Committee - formerly the Truman Committee, where both sides presented their arguments. After

listening to both sides, the Committee issued a formal statement which gave complete support to Nelson's program of civilian reconversion, and even went as far as to add that, not only the program of Nelson should be carried out but that civilian production of other goods should be resumed wherever it is possible, and as soon as possible, without hampering production for war demands. Getting approval from the Committee, Nelson proceeded to carry out his civilian reconversion plan.

But Nelson's supporters vehemently charged that it was big business - the huge corporations - plus a refusal by the Army to think about civilian welfare in the post-war era, that was responsible for the attempts to block Nelson's civilian reconversion plan. It was alleged that "the big corporations, being tied up with government contracts, which still have a number of months to run, do not want any partial reconversion to peace-time production at this time, for obvious selfish reasons." In fact, these big industrialists were not in a position to carry out any reconversion plans and realized that "what civilian production is permitted, therefore, will go almost exclusively to their smaller competitors." Charles Wilson, former head of General Electric and W.P.B., Vice-Chairman successfully opposed his boss's plan and defended the interests of the big business class. He advised FDR that the idea of "reconversion is bad psychology in time of war."

After Nelson got the Truman's Committee's support, the WPB officials became very worried, and contended that, administration of these orders - under the Wilson or Nelson policies - would determine the entire character of the nation's return to peace-time economy. In order to sabotage the entire reconversion plan of Nelson, the Army and Navy officials plus Wilson, became desperate. THE WPB officials claimed that, if Nelson makes a brief visit to China, the reconversion program would not be impaired, but that a long journey might drastically affect the program. It should be mentioned here that at the beginning of 1944, Nelson himself conceived a scheme about China, talked it over with Bernard M. Baruch, who was quite enthusiastic about it, and then laid it before the president who also was enthusiastic (Even Baruch told Nelson that if he were 10 years younger, he'd steal the plan from Nelson, and take the trip himself). FDR, who apparently did not like Nelson's plan for reconversion to civilian production, decided to send him to China. Moreover, FDR, who had a habit, that if he wanted to ease someone out, he would kick them upstairs by sending them off to another country on a mission, and then when they came back there just was not the same job available for them that had been there. Marshall's journey to China eased tension inside the WPB. Reprint of broadcast by Fulton Lewis, Jr., over the mutual network, Monday, August 21, 1944. Also, P.M.; August 22, 1944, and Oral History Interview with Edwin A. Locke, Jr., pp. 51-52.

24. Oral History Interview with Edwin A. Locke, Jr., pp. 49-50.

25. Mabel Taylor Gragg, "History of the American War Production in China," p. 9.
26. From Franklin D. Roosevelt to Donald M. Nelson, Chairman, War Production Board, August 18, 1944. Papers of E.A. Locke, Jr., American War Production Mission (heretofore will be cited as A.W.P.M. in China) Box-1, File: American War Production in China, 1st trip-travel orders, log diary and map, Harry S. Truman Library.
27. From FDR to Donald M. Nelson, August 18, 1944, Ibid.
28. Mabel Taylor Gragg, "History of American War Production Mission in China," p. 13.
29. China-America Council of Commerce and Industry, China Trade News, AWPB, Box-4, FDR Library.
30. Memorandum on conversation between V.M. Molotov, People's Commisar for Foreign Affairs, USSR, and Donald M. Nelson and Patrick J. Heveley, and Harriman, U.S. Ambassador to Moscow, August 31, 1944. Subject: The Situation in China, papers of Edwin A. Locke, Jr., Box-1, AWPM in China, Mission to China-1st trip, Travel orders-log diary and map, Harry S. Truman Library.
31. China-America Council of Commerce and Industry, China Trade News, May 24, 1944, p. 4. AWPM, Box-4, FDR Library.
32. Ibid. Also, Taylor Gragg, "American War Production Mission in China," p. 15.
33. China Trade News, May 24, 1944, p. 3.
34. Taylor Gragg, "History of the American War Production Mission in China," p. 50.
35. Summary of conversation held in Chungking on September 12, 1944, between Dr. Wong Wen-hao, Minister of Economic Affairs, and Donald Nelson (other present E.A. Locke, Jr., and J.A. Jacobson), p. 7. AWPM, Box-19, Folder: post-war industrialization planning and reconstruction II, September 1944-45, FDR Library.
36. Conversation between Chiang Kai-shek and Donald M. Nelson, September 19, 1944, 10-12 a.m. Others present: Minister T.V. Soong and Major-General P. Heveley, pp. 7-8. AWPM, Box-36, China-Memoranda and Mission, Conferences, August-September 1944, Folder-2, FDR Library.
37. Gragg, "History of the American War Production Mission in China," p. 51.

38. Memorandum of conversation, October 2, 1944. Subject: Nelson's China Trip; participants: Donald Nelson, Mr. Vincent, Mr. Stanton, Mr. Woodard, and John D. Sumner, papers of John D. Sumner, Box-1, China Files, Communists 1944-45, Folder-I, Harry S. Truman Library. Also, Gragg, "History of American War Production Mission in China," p. 49.
39. From Donald M. Nelson to FDR, Oct. 19, 1944. Papers of Edwin A. Locke, Jr., Box-1, Folder: AWPM in China, Mission to China-1st trip, travel orders, log diary and map, Harry S. Truman Library.
40. Gragg, "History of American War Production Mission in China," pp. 54, 176 and 178. Also, Donald M. Nelson to FDR, Oct. 19, 1944 (attached supplementary data and recommendation to allocate 30 c-46 aircraft to China).
41. "Former WPB Chairman Nelson will return to China at President Roosevelt's request to help reorganize the Chinese War effort and to set up a Chinese 'War Production Board', The White House announced ... White House Press Release, November 2, 1944. Papers of Edwin A. Locke, Jr., Box-1, AWPM in China, Second trip, travel orders, log, diary and map, Harry S. Truman Library.
42. Howard Coonley, Report to Donald M. Nelson, April 30, 1945. AWPM in China, Box-24, China - Nelson Mission, Coonley Report, FDR Library.
43. Gragg, "History of American War Production Mission in China," p. 55.
44. Dr. Wong Wen-hao, Chinese Minister of Economic Affairs was made Chairman of the CWPB. He was a well known geologist, and had been Director of the National Geological Survey of China. He got his Ph.D. in Science from Louvain University in Belgium and also held two honorary degrees: L.L.D., University of British Columbia; and D. Eng., Berlin Engineering College. He was a fluent speaker of English. He had the esteem and affectionate regard of the Americans associated with the mission. He was undoubtedly the best available choice. For a brief life sketch of Dr. Wong Wen-hao, see, China at War, January, 1945, pp. 21-24. Vertical file, Harry S. Truman Library.
45. "New Chinese War Production Board" in China Trade News, December 1944, p. 5. AWPM, Box-4, FDR Library.
46. "Law Governing the organization of the War Production Board", 12-6-44. Papers of Edwin A. Locke, Jr., Box-1, AWPM in China, 2nd trip - travel orders, log, diary and map, Harry S. Truman Library. Also, National Herald, Chungking, China, December 14, 1944. Also, memorandum from J. G. Johnson, Jr., to Benjamin H. Kizer. Undated. Subject: Organization and method of

- operation of the Chinese War Production Board. AWPM, Box-19, Post-war industrialization, planning and reconstruction-II, September, 1944-45, FDR Library. Also, Notes on conference held with T.V. Soong, December 21, 1944. Present: T.V. Soong, Wong Wen-hao, Howard Coonley, and James A. Jacobson. AWPM, Box-25, China, T.V. Soong, FDR Library.
47. China at War, January, 1945, p. 19. Also, China Trade News, December, 1944, pp. 5-6.
 48. China Trade News, December, 1944, p. 6.
 49. Gragg, "History of American War Production Mission in China," p. 58.
 50. "Chinese War Production Board", in China Trade News, December, 1944, p. 6. AWPM, China Trade News, FDR Library.
 51. Mabel Taylor Gragg, "History of American War Production Mission in China," p. 64.
 52. Ibid., p. 58.
 53. Ibid., p. 65.
 54. Howard Coonley report to Donald M. Nelson, April 30, 1945, pp. 2-3. AWPM, Box-24, China-Nelson Mission, Coonley Report, FDR Library.
 55. Ibid., p. 8.
 56. From H. LeRoy Whitney, Technical Advisor to the personal Representative of the President to Byron M. Bird, Jeffrey Manufacturing Co., Columbus, Ohio, May 30, 1945. Papers of Edwin A. Locke, Jr., Box-4, Job Application File "D", Harry S. Truman library.
 57. For details about coal and coke developments, see, Gragg, "History of the American War Production Mission in China," p. 89-96.
 58. Howard Coonley report to Donald M. Nelson, April 30, 1945, p. 21.
 59. Report of the First Steel Group of the Nelson Mission to China, p. 2. AWPM, Box-23, China Reports, Gavin-Kansu, FDR Library.
 60. Gragg, "History of the American War Production Mission in China," p. 103.
 61. For details about iron and steel industry, see, Ibid., pp. 97-105.

62. Ibid., p. 108.
63. Chinese Ministry of Information, China Hand Book, 1937-1945, (New York, The Macmillan, 1947)., p. 367.
64. Ibid., p. 367.
65. Gragg, "History of the American War Production Mission in China," p. 118.
66. Ibid., p. 119.
67. For details about the increased production in chemicals industry, see, *ibid.*, pp. 122-130.
68. Ibid., p. 131.
69. Ibid., p. 133.
70. China Hand Book, p. 367.
71. Gragg, "History of the American War Production Mission in China," p. 137.
72. Memorandum Report on Production and Distribution of Petroleum Products by Kansu Petroleum Administration, p. 5, April 7, 1945. AWPM, Box-23, China-Reports Gavin-Kansu, FDR Library.
73. Gragg, "History of the American War Production Mission in China," p. 142.
74. China Hand Book, p. 368.
75. Gragg, "History of the American War Production Mission in China," p. 149.
76. China Trade News, August 1, 1944, p. AWPM, Box - 4, FDR Library.
77. For details about this adventurous cotton purchasing story from behind the Japanese lines, see Gragg, History of the American War Production Mission in China, pp. 160-61.
78. Ibid., pp. 161-163.
79. Ibid., p. 163.
80. Howard Coonley Report to Donald M. Nelson, April 30, 1945, p. 22.
81. Gragg, History of American War Production Mission to China," pp. 163-165.

82. Ibid., pp. 166-168.
83. Ibid., pp. 158, 161.
84. "War Transport Board Inaugurated Here". Article issued January 1, 1945 by Central News Agency, Chungking. AWPM, Box-2, American Embassy Reports, FDR Library.
85. Howard Coonley Report to Donald M. Nelson, April 30, 1945, p. 17.
86. Regarding this truck procurement program, Nelson said, "I feel that the successful carrying out of this project is probably the most important single piece of aid we have planned for China. The entire Chinese war effort largely depends upon it, for transportation is the key to the basic problems in China. Gragg, "History of the American War Production Mission in China," p. 173.
87. For details of the U.S. Army's efforts to get 900 trucks and American Mission Specialists' reaction, see, Ibid., pp. 173-175.
88. Details about the failure of the passing of Lend-Lease trucks through Soviet Central Asia can be seen in Ibid., pp. 175-178; also in Chapter II of this dissertation.
89. Ibid., p. 178. Also, Howard Coonley Report to D. M. Nelson, April 30, 1945, p. 20.
90. Gragg, "History of the American War Production Mission in China," pp. 178-79.
91. Ibid., pp. 179-80.
92. Howard Coonley Report to Nelson, April 30, 1945, p. 19.
93. For details about the formation and functions of the CWTB, see, General Yu Fei-Peng, Director General, War Transport Board, to FEA, Chungking. (Translated copy of letter from War Transport Board to Foreign Economic Administration, January 17, 1945). AWPM, Box-2, Reports of American Embassy, FDR Library.
94. From Leo Crowley, Parisus and Willauer, FEA to Stanton, American Embassy, Chungking, China, Feb. 6, 1945. AWPM in China, Box-1, Folder: Agriculture and Forestry, FDR Library.
95. Memorandum for the President from E. A. Locke Jr., December 23, 1946. PSF, Box-173, China 1946, PSF Subject, Harry S. Truman Library. Also, Summary of the Report of The China-United States Agricultural Mission. Undated, Papers of Harry S. Truman, OF, Box-634, OF-150.C, Report of the Chinese-American Agricultural Collaboration Commission.

96. "China Plans A Super TVA." Papers of E. A. Locke, Jr., Box - 8, China-Yangtze-Gorge Project, Locke Files, Harry S. Truman Library.
97. "Precis of Dr. J. L. Savage's Preliminary Report on the Yangtze Gorge Project" (Summary without purposeful omission or editorial opinion). Papers of E. A. Locke, Jr., Box-8, China-Yangtze Gorge Project, Harry S. Truman Library, pp. 1-2.
98. Ibid., p. 8.
99. From Donald M. Nelson to FDR, March 19, 1945. Official File, Box - 2, OF 150, China, FDR Library.
100. From C. A. Vincent: AIM to Mr. Haley, ECA. (on Chinese). January 24, 1945., Papers of E. A. Locke, Jr., Box - 8, China-Yangtze Gorge Project, Harry S. Truman Library, p. 1.
101. Howard Coonley report to D. M. Nelson, April 30, 1945, pp. 10-11.
102. Gragg, "History of the American War Production Mission in China," p. 67.
103. Ibid., pp. 67-68.
104. Quoted from Ibid., pp. 70-71.
105. For details, see Ibid., pp. 76-80.
106. Lend-Lease as of September 30, 1945, pp. 1135-1162.
107. Howard Coonley report to D. M. Nelson, April 30, 1945, p. 11.
108. The items presented in these lists included only such materials as were actually required urgently. But some other kinds of supplies were omitted. The supplies could be categorized into military agencies, and non-military agencies. For details about the uses, see, from R. C. Chen WPB, Chungking to Calvin N. Joyner, Chief, U.S. Foreign Economic Affairs Administration, Chungking, January 29, 1945. Subject: WPB Lend-Lease 1945, program of requirements for Chinese agencies. AWPM, Box - 14, China Lend-Lease, Folder - 2, FDR Library. Also, from Michael Lee to Whiting Willauer, November 8, 1944. Subject: Analysis of Requests submitted by the Chinese government to Nelson for supplies in the next 24 months. AWPM, Box - 14, China-Lend-Lease, Folder 1, FDR Library.
109. Howard Coonley report to D. M. Nelson, April 30, 1945, pp. 11-12.
110. From Lauchlin Currie, Deputy Administrator, FEA to J. A. Krug,

- Chairman, WPB, Washington, D.C., 10-23-44. AWPM, Box - 14, China-Lend-Lease, Folder - I, FDR Library.
111. Howard Coonley report to D. M. Nelson, April 30, 1945, p. 21.
 112. Personal letter from E. A. Locke, Jr., to James A. Jacobson, August 22, 1945. AWPM, Box - 6, Correspondence from Locke to Jacobson, FDR Library.
 113. Gragg, "History of the American War Production Mission in China," p. 169.
 114. Ibid., p. 170.
 115. For details about foundry practices and the mission members' role, see, *ibid.*, pp. 171-172
 116. Shang Wu Jih pao, Chungking-July 18, 1945, p. 3.
 117. Ibid., p. 5.
 118. Report of Donald M. Nelson to President FDR, on his work in China, December 20, 1944. PSF Diplomatic, Box - 38, PSF China 1944, FDR Library, p. 8.
 119. Gragg, "History of the American War Mission in China," p. 183.
 120. Howard Coonley Report to Nelson, April 30, 1945, p. 21.
 121. Gragg, "History of the American War Production Mission in China," p. 183.
 122. For detail about the causes of CWPB's failure, see, *ibid.*, pp. 183-194.
 123. Ibid., p. 188.
 124. From Harry S. Truman to E. A. Locke, Jr., May 12, 1945. Papers of E. A. Locke Jr., Box - 1, AWPM in China, Locke Special Report of President Truman in China, 1945. Edwin A. Locke Jr., has been with Donald M. Nelson since 1940. He was with the Chase National Bank. A son of Dr. Edwin A. Locke, director of health and athletics at Williams College, he was born in Boston and was graduated from Harvard in 1932. At the time he took charge of mission, he was only 34 years old. From The New York Times, May 13, 1945, for details about E. A. Locke, Jr. see, Harry S. Truman Library, "Oral History Interview with E. A. Locke Jr.", by J. R. Fuchs.
 125. Sun, Baltimore, Md. May 13, 1945, also, Washington Evening Star, May 12, 1945.
 126. Edward D. Candee, American Embassy, Chungking to Edwin A. Lock,

- Jr., May 18, 1945. Papers of E. A. Locke Jr., Box 1 - AWPM in China, Locke Special Report of Press, Truman in China, 1945. Harry S. Truman Library.
127. Gragg, "History of the American War Production Mission in China," p. 65.
 128. From Edwin A. Locke Jr., Personal Representative of Harry S. Truman to Dr. Wong Wen-hao, Chairman CWPB, Chungking, China, August 3, 1945. Papers of Edwin A. Locke, Jr., Box - 2, AWPM in China, 3rd trip, Reports - Supreme Economic Council, Locke, Harry S. Truman Library.
 129. From E. A. Locke Jr. to Dr. T. V. Soong, President of the Executive Yuan of the Republic of China, August 28, 1945. Papers of E. A. Locke Jr., Box - 8, Files of Edwin A. Locke Jr., Harry S. Truman Library.
 130. From President Harry S. Truman to Edwin A. Locke, Jr., August 13, 1945. Papers of Edwin A. Locke, Jr., Box - 1, AWPM in China, Locke, Special Report of Press, Truman in China, 1945, Harry S. Truman Library.
 131. Immediate press release, September 29, 1945. Papers of Edwin A. Locke, Jr., Box - 1, AWPM in China, 3rd trip: travel orders, log diary and map (Locke), Harry S. Truman Library.
 132. Ibid.
 133. Albert Z. Carr was a writer and economist, who was with Locke for two or three years. Michael E. Lee of FEA, who could speak Chinese and Russian fluently and possessed a very intimate knowledge of the Chinese economy, particularly in Manchuria. Lt. Colonel Harry A. Berk, of the General Staff, who had lots of imagination, which could be extremely helpful in developing concepts for presentation of the various ideas the Locke Mission members wanted to get across to the Chinese. He served in close association with all the Theater Commanders during the war and thus knew them and the Army rules and techniques well. For details about Locke's mission members identification see, from Edwin A. Locke, Jr. to Matthew J. Connelly, Secretary to the President, Oct. 3, 1945. Papers of Edwin A. Locke, Jr., Box - 1, AWPM in China, 3rd trip: travel orders, log diary and map (Locke), Harry S. Truman Library.
 134. From President Harry S. Truman to General Douglas MacArthur, Commander-in-Chief, U.S. Army Forces, Pacific. October 3, 1945. Papers of E. A. Locke, Jr., Box - 1, AWPM in China, 3rd trip, Hawaii-Japan, China, Harry S. Truman Library.
 135. Gragg, "History of the American War Production Mission in China," p. 197.

136. Memorandum from E. A. Locke, Jr., to Walter S. Robertson, Charge d'Affairs, American Embassy, Chungking, China, Nov. 21, 1945. Papers of E. A. Locke, Jr., Box - 7, China Report to the President and A. L. 12-18-45 - The current situation in China, Harry S. Truman Library. Also, Shih Chien Jin pao, Chungking, November 27, 1945. Also, "Locke party sees China's Chief cities," in The Shanghai Herald, Wednesday, November 28, 1945.
137. Memorandum from E. A. Locke, Jr., to the President, The White House, 24 November, 1945. Papers of E. A. Locke, Jr., Box - 2, AWPM in China, Reports Supreme Economic Council, Locke, Harry S. Truman Library.
138. Gragg, "History of the American War Production Mission in China," p. 198.
139. Chinese FA - Dwyer. September 28, 1944. Papers of John D. Sumner, Box - 2, China Files: John D. Sumner as Economic Advisor to China Embassy., Harry S. Truman Library.
140. "American Economic Policy Toward China," Section III, papers of John D. Sumner, Box - I, Folder: China Files, Harry S. Truman Library, pp. 3-4.
141. Memorandum from John D. Sumner to O. C. Lockhart, July 16, 1945. Papers of John D. Sumner, Box - I, China Files, Chungking Conferences on postwar Economic Reconstruction in China - April, 1945, Folder 2, Harry S. Truman Library.
142. Informal conferences during April, 1945, on Postwar Economic Reconstruction in China, under the chairmanship of Dr. Wong Wen Hao (The Conferences took place in the offices of the CWPB). Papers of John D. Sumner, Box - 1, China Files, Chungking Conferences on post-war reconstruction in China, April, 1945, Folder - 2, Harry S. Truman Library.
143. Memorandum to the President from Edwin A. Locke, Jr., December 18, 1945. PSF, Box - 173, PSF Subject File (Foreign Affairs), Harry S. Truman Library, p. 2.
144. From Donald M. Nelson to T. V. Soong, President of the Executive Yuan of the Republic of China. September 11, 1945. Papers of Edwin A. Locke, Jr., Box - 8, Files of Edwin A. Locke, Jr., Harry S. Truman Library.
145. E. A. Locke, Jr. Report to the President - December 18, 1945, in Gragg, "History of the American War Production Mission in China," pp. 304-316.
146. Memorandum from E. A. Locke, Jr. to President Harry S. Truman, 24th November, 1945. Papers of E. A. Locke, Jr., Box - 2, AWPM in China, Mission to China, Reports Supreme Economic Council, Locke, Harry S. Truman Library.

147. Memorandum to President Truman from E. A. Locke, Jr., December 18, 1945. PSF, Box - 173, PSF Subject File (Foreign Affairs), Harry S. Truman Library, p. 11.
148. "Post-War Economic Planning" in The Shanghai Herald, January 6, 1946.
149. Gragg, "History of the American War Production Mission in China," p. 202. Also Draft Law Governing the Organization of the Supreme Economic Council. Papers of E. A. Locke, Jr., Box - 7, China General - 1946, Locke Files, Harry S. Truman Library. Also, "Text of the Statement by President Chiang at the Supreme Economic Council, on November 26, in Chinese News Service, Washington, D.C., November 27, 1945.
150. Mabel Taylor Gragg, "History of the American War Production Mission in China," p. 199.
151. Ibid., p. 199.
152. Harry S. Truman Library, "Oral History Interview with Locke," p. 64.
153. Ibid., p. 66-67.
154. Ibid., p. 66.
155. China Trade News, March, 1945, p. 3.
156. Gragg, "History of the American War Production Mission in China," p. 82.

Chapter Five Footnotes

1. Milton O. Gustafson, " Congress and Foreign Aid; The First Phase, UNRRA, 1943-1947" (Ph.D dissertation) (Lincoln, Nebraska: University of Nebraska, 1966) p. 4.
2. During the hearings before the Subcommittee on appropriations of the House of Representatives for the FEA appropriations Bill of 1945, General Counsel Oscar S. Cox distinguished between the Lend-Lease and UNRRA in the following words:" The test as to the availability of supplies under Lend-Lease is the security of the United States in terms of the War. When you set some one to making bombs or civilian supplies to keep the war workers going, that is Lend-Lease. But as far as relief is concerned, which would occur in areas presumably in continental Europe when all the shooting is over, that is what UNRRA is supposed to do after the military responsibility is over U.S. Congress House, appropriations Committee, FEA Appropriation Bill for 1945; Hearings before the Subcommittee of the Committee on appropriations. 78th Congress, second session (US Government printing office. Washington, 1944) P.254. See also, Letter from Francis H. Russell, Chief, Division of Public Liaison to Paul W. Bruton, President, Delaware County League of women voters. September 14, 1945. 840.50 UNRRA, 8- 2245, Folder: Relief needs, Box no.5696, NARA, Suitland, Maryland.
3. The United Nations in 1943 included Australia, Belgium, Bolivia, Brazil, Canada, China, Costa Rica, Cuba, Czechoslovakia, Haiti, Honduras, India, Iran, Iraq, Luxemburg, Mexico, Netherlands, New Zealand, Philippines, Poland, Union of South Africa, USSR, UK, USA, and Yougoslavia. And the nations or authorities associated with the United Nations included Chile, Colombia, Ecuador, Egypt, Iceland, Liberia, Paraguay, Peru, Uruguay, and Venezula, and the French Committee of National Liberation. For details about the UNRRA agreement signing ceremony and the speech of President Roosevelt, see, George Woodbridge (edited) UNRRA-The History of the United Nations Relief and Rehabilitation Administration (New York, Columbia University Press, 1950).Volume 1. PP.3-7.; also see, Vera Micheles Dean;"UNRRA- A Step Toward Reconstruction". in Foreign Policy Reports, January 1, vol.19, no, 20 1944. p.266.
4. U.S.Congress, House, Committee on Foreign Affairs. To enable the United States to participate in the work of the United Nations Relief and Rehabilitation Administration, Hearings on H. J. Res, 192, H. Report-992, 78th Congress, Second session (Washington D.C. Government Printing Office, 1944) p. 187; The New York Times, November 15, 1943.

5. Milton O. Gustafson, "Congress and Foreign Aid: The First Phase; UNRRA", p 89.
6. In the Atlantic city council session, it was decided that the UNRRA was to operate only in liberated areas belonging to the United Nations, and not in enemy or ex-enemy areas unless otherwise directed by the occupying armies. It was hoped that the UNRRA would move into a liberated area after the military responsibility for relief ended, and then assist the new government to get back on its feet. Also, the detailed nature of UNRRA operations and services was clearly defined at Atlantic city. It was agreed by all concerned that UNRRA should perform the following duties: (1) supply essential consumer goods to meet immediate needs, such as food, fuel, clothing, shelter and medical supplies; (2) render relief services, such as health, and welfare, assistance in caring for, and maintaining records of displaced persons as a result of the war, and their rehabilitation; (3) undertake some rehabilitational operations, needed to enable a war-damaged country to produce and transport relief services, and lastly, (4) rehabilitate public utilities and services, such as, light, water, sanitation, power, transport, temporary storage, Communications, and assist in procuring material equipment for the rehabilitation of educational institutions. The fourth item was inserted at the request of China, whose educational institutions were special targets of Japanese destruction. See, Vera Micheles Dean; "UNRRA step toward Reconstruction", p 266. and also, Milton O. Gustafson, "Congress and Foreign Aid", p. 89.
7. UNRRA, The story of UNRRA (Washington D.C.: Office of Public Information, UNRRA, February, 1948), p 5.
8. U.S.Congress, House, Committee on Foreign Affairs. To Enable the United States to participate in the work the United Nations Relief and Rehabilitation Administration. H. J. Res. 192, House of Representatives Report no. 994, 78th Congress, second session (Washington D.C. Government Printing Office, 1944), p 9.
9. Describing United States relations with UNRRA, John Perry, the UNRRA historian wrote, "In Washington, UNRRA's headquarters city, the idea that UNRRA was an international body never quite got across. Its relations with the US government agencies were quite similar to the relations of agencies with each other. Congressmen called the UNRRA personnel office seeking jobs for constituents and discussed UNRRA on the floor as if it were a federal body. The mistake was easily made, for UNRRA was mstaffed legally with people who had been transferred from American government posts". See, John Perry, "Why UNRRA was Failed" in Harper's Magazine CXCII, January 1946, 77-86.
10. Actions of the United States Government with respect to

facilities, privileges, and immunities for the administration of UNRRA. November 13th, 1944. RG-59, State Department Decimal Files-1940-44(UNRRA), Box-4309, NARA, Washington D.C.

11. Milton O. Gustafson, " Congress and Foreign Aid", p 38.
12. Gunnar Myrdal, An International Economy (New York: Harper and Brothers, 1956), p 350, fn 1.
13. Arthur Young, China and the Helping Hands, p. 365.
14. UNRRA, Operational Analysis Paper 53: UNRRA in China 1945-1947 (Washington D.C. 1948), p 30.(Here after cited as OAP53 UNRRA in China).
15. T. F. Tsiang was a former educator, a Government executive, and also a diplomat. He was appointed China's UNRRA representative and represented China in the First UNRRA Council Conference in Atlantic City in 1943. Later on, he was appointed the Director General of CNRRA (Chinese National Relief and Rehabilitation Administration) in January 1945. On October 6, 1946, he was abruptly fired on different charges brought against him by the executive Yuan, and was replaced by Pi Ho.
16. The largest category in the supply request consisted of transportation equipment and materials needed to restore the blood streams of China's internal economic life. Food and clothing requirements came next, followed in order by supplies needed to revive industry, agriculture, health institutions and Welfare services. For details about Chinese requests, see, UNRRA; OAP53: UNRRA in China, p.3. also, Arthur Young, China and the Helping Hand, p. 368.
17. UNRRA, OAP53: UNRRA in China, pp 8-9. This Agreement was generally parallel to similar instruments negotiated between UNRRA and recipient governments. According to this agreement, the UNRRA in conformity with its policies and within the limit of its resources was to procure and deliver to China relief and rehabilitation supplies, to observe their distribution and utilization, and to assist the government through provision of advice and of personnel to be placed on loan for the distribution of UNRRA provided supplies in accordance with agreed principles, consulting the China office on plans and operations pertaining to distribution, whether free or by sale, and making available to representatives of UNRRA full facilities for observation of distribution and full information on the utilization of UNRRA resources and proceeds from the sale of supplies.
18. Ibid, p. 4.

19. Arthur Young, China and the Helping Hand, pp. 368-69.
20. UNRRA, OAP53: UNRRA in China, p. 9.
21. William L. Clayton, Assistant Secretary of State, to Wei Tao-Ming, Ambassador of China. March 26, 1946. 840.50 UNRRA, 2-2146, RG-59, State Department, Decimal File 1945-49 UNRRA, Box-5703, NARA, Washington D.C.
22. Arthur Young, China and the Helping Hand, pp. 369-71.
23. William L. Clayton, to Wei Tao Ming. March 26, 1946. In this letter Clayton said, "You can be sure that the US Government is fully aware of the great destruction which has occurred in China as the result of the long years of war and the extreme privation being endured by the Chinese people".
24. Memorandum of conversation from the American Embassy, Chungking, China. November 16, 1944. 840.50 UNRRA, 10-2444, RG-59, State Department Decimal Files 1940-44, Box-4309, NARA, Suitland.
25. Outline of an integrated program for aid to China under UNRRA, Lend-Lease, and Chinese directed purchases. Washington D.C. June 13, 1945. American War Production Mission Board (Here after cited as AWPB), Box-14, Folder-2, China-Lend-Lease, Franklin D. Roosevelt Library (Here after cited as FDR Library), Hydepark, New York.
26. The Chinese Government, unlike the Governments of most European recipient nations, created a special agency, the Chinese National Relief and Rehabilitation Administration (CNRRA), to conduct negotiations and relationships with UNRRA and to administer and co-ordinate post-war relief and rehabilitation operations in China. For details of the organizations and operational procedure of UNRRA; see, UNRRA; UNRRA in China, pp. 66-7.
27. The Mission was headed by Raymond L. Harrison of the US Department of Agriculture. see, Ibid. pp.122-23.
28. Monthly UNRRA Review, no. 19th March, 1946, p. 6.
29. Ibid, pp. 6-8; The United States in World Affairs 1945-47, pp. 326-27.
30. Ibid, p. 328.
31. UNRRA, Report of the Director General to the Council July 1947 to December 1947 (Washington D.C.: April 1948) p. 230.
32. Report from Frederick W. Hinke, American Consul General in Tientsin, China, on "UNRRA-CNRRA operations". Report no. 17, October 7, 1946. 840.50 UNRRA, 7-3045, RG-59, Decimal File,

1945-49, Box-5695, NARA, Washington D.C.

33. From Herbert H. Lehman to Luang Dithakar Bhakdi, Siamese Charge d' Affairs, 23rd November, 1945. 840.50, UNRRA, 11-2745-RG-59, State Department Decimal File, Folder-Relief needs, Box-5699, NARA, Suitland.
34. UNRRA, Report of the Director General to the Council, p. 231.
35. UNRRA, The Story of UNRRA, p. 18.
36. UNRRA, Report of the Director General to the Council, p. 231.
37. UNRRA, OAP53: UNRRA in China, pp. 146-147.
38. Monthly UNRRA Review, October 1945, no. 14, p. 22.
39. Ibid, May, 1946. no. 22, p. 28.
40. UNRRA, Report of the Director General to the Council, p. 231.
41. Ibid, October 1945, pp. 7-8; and June 1946, no 22, p. 26.
42. UNRRA, OAP53:UNRRA in China, pp. 126-128.
43. In an office memorandum D. S. Gilpatric described the sad condition of China's Health and Medical facilities. It was incredibly bad as judged by American standards. Sanitation was practically non-existent, most water sources were polluted and the use of night soil as fertilizer would spread disease most of the time. Many communicable diseases were endemic in China and frequently reached epidemic proportions. Among the most important were Cholera, dysentery, typhoid fever, diphtheria, meningitis, plague, typhus fever, and malaria. China had very poor and inadequate resources and few sanitary engineers to meet this wretched conditions.
Compared with minimum standards of one Physician to 1200 in the US, China had one Physician to 40,000 population. In the US four hospital beds per thousand was the average, whereas, in China there was one hospital bed to about 10,000 population. The war also aggravated the malnutrition problem in China. It increased the mortality rate in China. For details, Memorandum from Donald S. Gilpatric to W. L. Clayton on China's Relief requirements. November 21, 1945. 840.50-UNRRA, 11-2145, State Department Decimal File, Folder-Relief Needs, Box-5699, NARA, Suitland.
44. Letter from John R. Young, Jr. ATC Liaison of Chief priorities Section to Lt. General John E. Hull, Operations Division, War Department, General staff, Pentagon, Washington D.C. November 13, 1945. 840.50 UNRRA, 11-1345, State Department Decimal File, Box-5694, NARA, Suitland.

45. Monthly UNRRA Review no. 17, January 1946, p 18. Meanwhile, the US supplied for China "35 hospital and dispensary units ranging in size from 45 to 1000 beds each and including a total of more than 44,000 beds; more than 550 X-Ray machines ranging in capacity from 30 to 200 milli-amperes; laboratory equipment and about 2,400,000 pounds of DDT for anti-epidemic teams; water purification units and distillation units". See, UNRRA; OAP53: UNRRA in China, p. 172.
46. Ibid, pp. 175-76.
47. UNRRA, Report of the Director General to the Council, p. 285; UNRRA, The story of UNRRA, p. 24.
48. Monthly UNRRA Review, no. 22, June 1946, pp. 25-26.
49. UNRRA, Report of the Director General to the Council, p. 285.
50. Members of this group, upon their return, assumed key positions, for example, Head of the Medical Commission of CNRRA, Director of Medical Supplies of that Commission, Director of Epidemic prevention Bureau of National Health Administration, Director of Hospitals and Health Centers of NHA, and Head of the Department of Sanitary Engineering in the National Institute of Health. UNRRA, OAP53:UNRRA in China, p. 154.
51. UNRRA, Report of the Director General to the Council, p. 289.
52. Ibid, pp. 291-292.
53. Ibid, pp. 288-292; UNRRA, OAP53:UNRRA in China, pp. 181-184.
54. UNRRA, The Story of UNRRA, p. 25.
55. Walter B. Kahn to Mr. Dort. January, 7, 1946. 840.50-UNRRA, 1-746 CS, W RG-59, Decimal File 1945-49, UNRRA, Box-5702, NARA, Washington D.C; Telegram from Davis, Navy, Shanghai, to the Secretary of State, November 15, 1946. 840.50 UNRRA, 11--1446.,RG-59,Decimal File 1945-49, UNRRA, Department of State Decimal File, Box-5716,NARA, Washington D.C.
56. UNRRA, OAP53:UNRRA in China, p. 103.
57. David Cobb, Assistant General Counsel to Nathan Becker, Washington D.C. April 18th, 1946. 840.50 UNRRA, 4-1846,Department of State Decimal File(Here after cited asSDDF) 1945-49, UNRRA, Box-5706,NARA, Washington D.C.
58. UNRRA Report no. 17, 1946. p. 14, by Frederick W. Hincke, American Consul Tientsin, China. 840.40 UNRRA, 7- 3045, RG-59, SDDF- 1945-49, Box- 5695, NARA, Washington D.C.

59. UNRRA, Report of the Director General to the Council, p. 231.
60. For details on the impact of UNRRA operations, see, UNRRA report no. 27, by Frederick W. Hinke, American Consul Tientsin, China. December 11, 1946. 840.50 UNRRA, 12-1146, RG_59, SDDF-1945-49 (UNRRA), Box-5718, NARA, Washington D.C.
61. Arthur Young , China and the Helping Hands, pp. 369-370.
62. William L. Clayton to F.H. LaGuardia, July 3, 1946. 840.50 UNRRA, 10-546, RG-59, Decimal File-1945-49, UNRRA, Box-57114, NARA, Washington D.C.
63. William Clayton, Assistant Secretary, Department of State to Major General J. H. Hilldring, Director, Civil Affairs Division, War Department. October 30, 1945. 840.50 UNRRA, 10-3045, Folder. Relief needs, Box no. 5698, NARA, Suitland.
64. UNRRA, Report of the Director General to the Council,_p. 154.
65. The language training program was based on methods developed by the American Association of Learned Societies for the use of the American army. Within a few weeks employees were able to acquire enough knowledge about the language to assist them in training and in carrying out their work. Ibid, p 155.
66. UNRRA country programs. 840.50 UNRRA, 6-3045, RG-59, 1945-49, SDDF, UNRRA, Box-5694, NARA, Suitland:
67. UNRRA, OAP 53: UNRRA in China, pp. 227-228.
68. Ibid. pp. 199-201.
69. About the differences in relief requirements between the Communist and Nationalist territories, see, R. H. Whitman to C. Tylerwood and Donald S. Gilpatric. November 20, 1945. Subject: UNRRA China policy. 840.50 UNRRA, 11-2045, Folder-Relief needs, Box-5699, NARA, Suitland.
70. Ibid.
71. Ibid.
72. UNRRA, Report of the Director General to the Council, p. 107.
73. Ibid, p. 23
74. UNRRA, OAP53: UNRRA in China, p 65.
75. O. Edmund Clubb was a United Foreign Service officer from 1928-52. He served in China in 1929-43, and 1946-50, as Consul General. Mukden, Manchuria in 1946. Also, he worked as U.S. Consul General at Harbion in 1946, at Chang Chun, 1946-47; and

- at Peping, 1947-50. Also Clubb also served as Consul General in Vladivostok, U.S.S.R., 1944-46 and as Director, Office of Chinese Affairs, Dept. of State, 1950-51. Also, he is an important authority on modern China.
76. The Harry S. Truman Library, "Reminiscence of O. Edmund Clubb." Recorded by Richard O. McKinzie for the HST Library, on June 26, 1974. (Available at the HST Library's Oral History Collection after January, 1976), pp. 49-50.
 77. UNRRA Official Summary of the Chinese Program-Displaced Persons. RG-59, Decimal File- 1945-49, Box-5716, UNRRA, NARA. Washington D.C.
 78. UNRRA, OAP 53: UNRRA in China, pp. 152-153.
 79. Ibid, pp. 154-155.
 80. Report by Roy Henderickson at the 10th meeting of the CCFE on the problem of displaced persons in the Far East. December 19, 1945. AWPM, Box-29, Folder-China-UNRRA, FDR Library. Also, UNRRA, OAP53: UNRRA in China, pp. 260-261.
 81. Ibid.
 82. UNRRA, OAP 53: UNRRA in China, p. 162.
 83. US. Department of Justice; For release to M. M. Papers, Tuesday, November 26, 1946.127-(1945-48), Box-552, OF-127-(January-August) 1946, Papers of Harry S. Truman, HST Library, Independence, Missouri.
 84. UNRRA, OAP 53: UNRRA in China, p. 163.
 85. Committee of the Council of the Far East(CCFE), Minutes, 20, 5th August, 1946, p. 4. RG-59, 840.50 UNRRA, 8-1346, SDDF, 1945-49, UNRRA, Box-5172, NARA, Suitland.
 86. Ibid, p. 5.
 87. Cf. Agreement between UNRRA and the preparatory Commission for the International Refugee Organization, signed on 29 June 1947. This Agreement applied to the transfer of D.P. responsibilities both Europe and the Far East. For details, see, UNRRA, OAP 53: UNRRA in China, p. 166.
 88. For details of the Displaced persons resettlement plan, see, Ibid. p. 165.
 89. UNRRA, Report of the Director General to the Council, p. 238.
 90. Ibid, p. 239.

91. Outline of an integrated program for aid to China under UNRRA, Lend-Lease, and Chinese Directed purchases. June 13, 1945. AWPM, Box-14, China Lend-Lease, Folder-2, FDR Library.
92. Congressional Record, House, 27 th June, 1946, p.7742, in Proceedings and Debates of the 79th Congress, Second Session, Vol.92, Part-6, (US. Govt. Printing Press, Washington D.C.1946)
93. UNRRA Information for the press. 9th August, 1945, no. 29. AWPM, Box-29, Folder-China (UNRRA), FDR Library.
94. UNRRA, OAP 51: Industrial Rehabilitation in China, (UNRRA: Washington D.C., 1948) p. 23.
95. For details see Ibid, p. 24.
96. UNRRA, OAP 53: UNRRA in China, p. 304.
97. UNRRA, OAP 51: Industrial Rehabilitation in China, p. 36.
98. UNRRA, OAP 53: UNRRA in China, pp.305-306.
99. Ibid, p. 310.
100. UNRRA, OAP 51: Industrial Rehabilitation in China, p. 9.
101. Arthur C. Calvin, Director, American Red Cross, China Relief to James T. Nicholson, Vice Chairman, Insular and Foreign operations, American National Red cross, Washington D.C. Subject. Report for the Month of December, 1945. FW 811.142, 3-546, RG-59, SDDF, 1945-49, Box-4434, NARA, Washington D.C.
102. For the rehabilitation of China's railroads UNRRA scheduled a total of 250 locomotives and 3,450 freight carriers. In March, 1946, in the first shipment twelve fully assembled 90-ton railroad locomotives arrived in Shanghai from Khoran Shahar, Iran. Since there was no intercommunication between operating segments of the Chinese railways in various parts of China, deliveries were therefore split between Tientsin for North China, Shanghai for Central China, and Hongkong for South China. The rolling stock was put into commission by about the middle of 1947. see, Monthly UNRRA Review May, 1946, p. 27. also, UNRRA, OAP 53: UNRRA in China pp. 316-317.
103. Ibid, p. 316.
104. Ibid, pp. 316-317.
105. Ibid, pp. 320-21.
106. Ibid, p. 322.
107. Ibid, p. 323.

108. Monnet B. Davis, American Consul General in Shanghai to the Secretary of State. September 11, 1946. 840.50 UNRRA, 9-1146, RG-59, SDDF- 1945-49, UNRRA, Box-5713, NARA, Washington D.C.
109. For details see, UNRRA, OAP 53: UNRRA in China, pp. 324-325.
110. For details about UNRRA's Telecommunication rehabilitation programs in China, see Ibid, pp. 325-327.
111. US. Department of Commerce (Bureau of Foreign and Domestic Commerce), Foreign aid by the United States Government (Washington D.C.: Government Printing Press; 1952), p 43.
112. Office of Foreign Agricultural Relations, Report of the China-United States Agricultural Mission, International Agricultural collaboration series, (Washington D.C.: Office of Foreign Agricultural Relations, U.S.D.A. May, 1947), p. 1.
113. Memorandum from Donald S. Gilpatrick to W. L. Clayton, Assistant Secretary of State. November 21, 1945, p 3. 840.50 UNRRA, 11-2145 CS, W, SDDF, Folder-Relief needs, Box 5699, NARA, Suitland.
114. UNRRA, The Story of UNRRA, (Washington D.C.: UNRRA, 1948), p. 30.
115. For details about livestock shipments, see UNRRA, OAP 52: Agricultural Rehabilitation in China, (Washington D.C.: UNRRA, April 1948), pp. 9-11.
116. UNRRA, The Story of UNRRA, p. 30.
117. Rinderpest is a digestive tract disease attacking Cattle, goats and other cloven hooved animals. It is always a fatal disease. It is spread by means of contact, such as using the same feed trough or waterhole, and often kills all susceptible animals within range of its attack. For details about US donation of Rinderpest vaccine, see, Monthly UNRRA Review, no. 22, June 1946, p. 24. and, Ibid. no. 23, July, 1946, p. 26.
118. UNRRA, OAP 52: Agricultural Rehabilitation in China, pp. 11-15.
119. A Mow is the Chinese measurement of land, it equals 0.16 acres.
120. UNRRA, Report of the Director General to the Council, p. 233.
121. Woodbridge, UNRRA, Vol. 2, p. 424.
122. The plants where UNRRA's rehabilitation works program took place were: (a) Yungli Ammonium Sulphate Plant, Nanking, (b) Keelung Cyanamide plant, Nanking, (c) Keelung and Takao

- Superphosphate Plants, Formosa, (d) Fused Tricalcium Phosphate project, Formosa, (e) Sinchiku Carbide plant, Formosa, (f) Haichow Phosphate Mines, Kiangsu, (g) Fenftai Phosphate Deposit, North Anhwei, and several others. In several cases, the United States specialists used the Tennessee Valley Authority process for the volume production of low grade phosphate fertilizer. see, UNRRA; OAP 52: Agricultural Rehabilitation in China, pp. 18-21.
123. Ibid, p. 22.
124. For details about UNRRA's role in these projects, see, *ibid*, pp. 24-28.
125. Monthly UNRRA Review, No. 20, April, 1946, p. 22.
126. Ibid, no. 23, July, 1946, p. 24.
127. UNRRA, OAP 52 : Agricultural Rehabilitation in China, pp. 28-31.
128. Woodbridge; UNRRA, Vol. 1, pp. 482-485.
129. UNRRA, OAP 52: Agricultural Rehabilitation in China, pp. 34-37.
130. Letter from Clair Wilcox, Acting Deputy to the Assistant Secretary for Economic Affairs to Frank H. Richey, President, Port Costa Packing Co., Moss Landing Monterey county, California. August 15, 1946. 840.50 UNRRA, 7-1546 GS, V, RG-59, Decimal File 1945-49, UNRRA, Box-5712, NARA, Washington D.C., p. 3.
131. Ibid, p. 2.
132. Ibid, p. 1.
133. Monthly UNRRA Review, July, 1946, no 23, p. 24.
134. Ibid, August, 1946. no. 24, p. 18.
135. UNRRA, Report of the Director General to the Council, p. 237.
136. UNRRA, OAP 53: UNRRA in China, p. 283.
137. Ibid, pp. 283-285.
138. Ibid, p. 282.
139. For details about Congressional criticism, see, Herbert I. Schiller, The United States Congress and the American Finanancial Contribution to UNRRA, (Ph.D Dissertation) (New York University, N.Y. 1960), p. 104.

140. John C. Campbell and others, The United States in World Affairs 1945-47, (New York and London: Harper and Brothers, 1947), .338.
141. Milton O. Gustafson, "Congress and Foreign Aid", p. 271. About the alleged behavior of the Eastern European Countries in handling UNRRA commodities, see, The Washington Post, April 21, May 7, 1946; The New York Times, dated, May 7, June 3, 1946; Congressional Record, House, June 27, 1946, pp. 7742-7763.
142. "Politics in Relief Denied by Chinese". New York Times, July 12, 1946, p. 3.
143. Milton O. Gustafson, "Congress and Foreign Aid", p. 266.
144. From D. S. Gilpatric, the US representative to the CCFE to C. Tylerwood, Special Assistant A-C, Department of State. Dated. 840.50 UNRRA, 5-3046, RG-59, SDDF-1945-49, UNRRA, Box-5707, NARA, Washington D.C.
145. There are two possible interpretations of the resignations of T. F. Tsiang to be made. Government and certain independent sources maintained that Dr. Tsiang was using CNRRA to build up his own political prestige inside and outside China (1) by observing UNRRA policies on the surface and then claiming that any violations were the result of uncontrollable internal political pressure or distribution difficulties; (2) by establishing work relief and other WPA- type projects and overstaffed Regional Offices throughout China in which UNRRA supplies were used as part payment of wages or overhead, and which kept CNRRA constantly in financial difficulties; and (3) by Co-operating closely with certain key military people whose support, through the Generalissimo, enabled Dr. Tsiang to carry on despite his difficulties with T.V. Soong and the Executive Yuan.
- The pro-Tsiang faction turned all the facts and developments in the opposite direction. They maintained that (1) CNRRA was non-political and that the overstaffing was the result of pressure from the local governments in areas where the agency had to have the support of provincial authorities in order to do its job effectively; (2) that concessions were made to the military to political forces in the Government and to the Executive Yuan only to the extent necessary to carry out UNRRA objectives as fully as possible; and (3) that the changes in administration would lead to use of UNRRA supplies for political purposes or to produce revenue for budget balancing purposes regardless of UNRRA policies and distribution limitations. There appeared to be some substance to both points of view. UNRRA Progress Report, no 13. October 5, 1946. 840.50 UNRRA, 2-1345, RG-59, SDD.F1945-49, Box-5689, NARA, Washington D.C.
146. Ibid. pp. 1-2. The problem of diversion of supplies for sale

in the open market was the specific subject of a report by D.S. Gilpatric in which he said, "... the Chinese have thus far sought to divert to funds left over from the proposed food budget, which have been unused because of the lack of food availabilities, to agricultural rehabilitation procurement. If these latter programs prove to be a real problem in distribution and absorption, we could allow UNRRA to spend whatever balance of the present China target which could not be delivered and utilized within a reasonable time, against the currently estimated \$150 million food import program facing China in 1947". Gilpatric to C.Tylerwood. UNRRA letter no.4. June 28, 1946. 840.50 UNRRA, 6-2846, RG-59, SDDF-1945-49, UNRRA, Box-5710, NARA, Washington D.C.

147. D.S. Gilpatric to the CCFE Sub-Committee on the question of extension of UNRRA Shipping deadline to China. June 17, 1946. 840.50 UNRRA, 1-846, RG-59, SDDF-1945-49, Box-5702, NARA, Washington D.C.
148. D.S. Gilpatric to C. Tylerwood, Special Assistant, A-C, State Department, July 6, 1946. p 3. 840.50 UNRRA, 7-646, RG-59, DDF-1945-49, UNRRA, Box-5711, NARA, Washington D.C.
149. Gilpatric to C. Tylerwood. June 15, 1946. pp. 3-4. 840.50 UNRRA, 6-1546, RG-59, SDDF-1945-1949, UNRRA, Box-5709, NARA, Washington D.C.; also, Gilpatric to C. Tylerwood. July 6, 1946. UNRRA letter no.5. pp. 3-4. 840.50 UNRRA, 6-1546, RG-59, SDDF - 1945-49, UNRRA, Box-709, NARA, Washington D.C.
150. From F. H. LaGuardia, Director General of UNRRA to President Harry S. Truman. 26 June, 1946. Papers of Harry S. Truman, Official File, 423(June-July 1946), Box-1271, HST Library.
151. The New York Times, July 11, 1946. p 2. Also, Telegram from Senior Deputy Director General to Franklin Ray, Acting Director of UNRRA's China Mission. May 29, 1946. 840.50 UNRRA, 6-746 CS, NS, RG-59, SDDF- 1945-49, UNRRA, Box-5709, NARA, Washington D.C.
152. Letter from 225 members of UNRRA mission in Shanghai to the Director General of UNRRA. July 9, 1946. 840.50 UNRRA, 7-946, RG RG.59, SDDF-1945-49, UNRRA, Box-5711, NARA, Washington D.C.
153. Lowell W.Rooks, Acting Director General of UNRRA to James F.Byrnes, Secretary of State. 29 July, 1946. UNRRA, 7-2946, RG-59, SDDF-1945-1949, UNRRA, Box-5712, NARA, Washington D.C.
154. Monthly UNRRA Review no. 25, September, 1946. p. 27.
155. JCV to Dean Acheson about stoppage of the Navy Surplus shipments to China. July 11, 1946. 840.50 UNRRA, 7-1146, RG-59, Decimal File 1945-49, UNRRA, Box-5711, NARA, Washington D.C.

156. The New York Times, July 12, 1946. p. 3.
157. Translation of local Chinese Newspapers' opinions on the embargo. July 17, 1946. Enclosed with Butterworth's telegram to the State Department, July 17, 1946. 893.911 RR, 7-1746 LRC, RG-59, SDDF-1945-49, Box-7076, NARA, Washington D.C.
158. Congressional Record 79th Congress, Second Session. Appendix, Vol. XCII, A 4810-11. Also, Ilona Rolf Sues, "The UNRRA Scandal in China" in The Nation, CLXIII (July 20, 1946), 70-71. (1946)
159. In response to these charges of partiality, LaGuardia told his "press Conference that when he was berated first for helping the Communists and then for helping the Fascists, he got a good balance and knew that he was right". The New York Times July 11, 1946, p. 2.
160. Milton O. Gustafson, "Congress and Foreign Aid", p. 274.
161. Congressional Record, 79th Congress, Second Session, Vol. XCIII, p. 2046. (1946).
162. Woodbridge, UNRRA, vol. 2, pp. 388-91.
163. Milton O. Gustafson; "Congress and Foreign Aid", pp.268-269.
164. The New York Times, September 10, 1946.
165. Milton O. Gustafson, "Congress and Foreign Aid", p. 276. Also, The New York Times, October 9, 1946.
166. UNRRA Progress Report no. 14. 840.50 UNRRA, 11-1546, RG-59, Decimal File, 1945-49, UNRRA, Box-5716, NARA, Washington D.C. p. 3.
167. UNRRA, Report of the Director General to the Council, p. 109.
168. Leighton Stuart to the Secretary of State. December 10, 1946. 840.50, 12-1046, RG-59, SDDF- 1945-49, UNRRA, Box-5718, NARA, Washington D.C.
169. Memorandum from Gilpatric to Butterworth. December 5, 1946. 840.50 UNRRA, 12-546, Box no-5717, RG-59, Decimal File 1945- 49, UNRRA, NARA, Washington D.C.
170. The term "Taipans" literally means "big boss," and existed in China even at the end of the Second World War. Even after the abolition of the extraterritoriality of Great Britain and USA, these people exercised power like barons with dozens of servants and huge estates, rivaling the largest in the United States. They were against any kind of UNRRA rehabilitation program in China. Telegram from the Department of State to the

- American Consul, Shanghai. April 25, 1946. 840.50 UNRRA, 4-2546, RG-59, SDDF - 1945-49, UNRRA, Box-5706, NARA, Washington D.C.
171. Gilpatric to the CCFE sub-Committee. 17 June, 1946. 840.50 UNRRA, 1-846, RG59, SDDF 1945-49, Box-5716, NARA, Washington D.C.
172. Ibid.
173. From Leighton Stuart to the Secretary of State. December 24, 1946. 893.51, 12-2346, RG-59, General Records of the State Department Decimal Files 1945-49, Box-7058, NARA, Washington D.C.
174. Memorandum by the Committee of the National Advisory Council on International Monetary and Financial problems to the National Advisory Council. February 14, 1947. FRUS, 1947, Vol. 1. pp. 1031-1034.
175. UNRRA, OAP 53: UNRRA in China, p. 332.
176. Memorandum by the Committee of the National Advisory Council on International Monetary and Financial problems to the National Advisory Council. February 14, 1947. FRUS, 1947, Vol. 1, pp. 1031-1034.
177. UNRRA, OAP 53: UNRRA in China, p.329.
178. Report of the Director General to the Council, p.347.

Chapter Six Footnotes

1. 21st Quarterly Report to Congress on Lend-Lease Operations for the period ended September 30, 1945. RG-169, Entry-147, Box-896, NARA, Suitland, p. 7.
2. Ibid., p. 7. See also, Circular telegrams from the Acting Secretary of State to certain Diplomatic Officers. September 13, 1945. FRUS, 1945, VI, The Far East. China. pp. 558-559.
3. 21st Quarterly Report to Congress on Lend-Lease, pp. 7-8.
4. Ibid., p. 8.
5. Ibid., p. 8.
6. Ibid., p. 9.
7. Ibid., p. 9.
8. Memorandum from the President for the Secretary of Commerce, Henry Wallace. Jan. 25, 1946. PSF Subject File, Box - 173, China - 1946, Harry S. Truman Library.
9. Michael Schaller, U.S. Crusade, p. 224.
10. For details about the role of these new China policy makers, see Ibid., pp. 224-229.
11. About the Sino-Soviet Treaty of August 14, 1945, see, Ibid., pp. 259-261.
12. Ibid., p. 262.
13. For details of Communist Activities, see Tang Tsou: America's Failure in China, pp. 302-305.
14. Michael Schaller, U.S. Crusade, p. 252.
15. Letter from H.H. Kung to President Harry S. Truman, May 28, 1945. Papers of Harry S. Truman, Official File, Box 632, File No. 150 (1945-46). Harry S. Truman Library.
16. Tang Tsou, America's Failure in China, pp. 300-301.
17. In April, 1945, the Communist leader Mao-tse-tung claimed that the Communist army had expanded to 910,000 men and the number of militiamen had increased to more than 2,200,000. They also claimed that at the end of the war they were strongly

intrenched in eighteen "liberated areas" in North, South, and Central China, with a total area of 9,560,000 square kilometers. The CCP 'liberated areas' comprised some of the most strategic regions of China, along the coast and in the Yellow, Yangtze, and Pearl River valleys. The Communist forces were located in the vicinity of the principal cities such as Peking, Tientsin, Shanghai, Hankow, Canton, Tientsin and Loyang. For details, *Ibid.*, pp. 301-302. Also, Michael Schallers, U.S. Crusade in China, p. 251.

18. For a detailed study of the Communist power in China, see *Ibid.*, pp. 288-311.
19. "Conferences with Generalissimo," No. 68A, July 31, 1945. General Albert C. Wedemeyer Files, RG 332, Box-8, NARA, Suitland.
20. Memorandum from the Secretary of the Navy James Forrestal and the Secretary of War, Robert P. Patterson, for the Secretary of State, 26m of November, 1945. 740.00 19 PW, 11-2645, RG-59, Department of State Decimal File, 1945-49, Box 114, NARA, Suitland.
21. From Wedemeyer to the War Department, August 1, 1945. Quoted in Michael Schaller, U.S. Crusade, p. 263.
22. "Conferences with Generalissimo," NO. 71, August 10, 1945, Wedemeyer's Files, Box-8, RG-332, NARA, Suitland.
23. Wedemeyer's interventionist proposal, did not get the support of the Truman Administration. In fact, it was a fundamental policy of the United States between the years 1945 and 1949, "not to give massive military assistance and operational advice in the field." Already tired and exhausted from a long war, it was quite impossible for the administration to convince the Congress and the public opinion in general, to get involved in another country's internal problems. Moreover, America's concerns in Europe also shaped its policy regarding a non-intervention policy toward China. And as the USSR continued to push forward with the coup in Czechoslovakia and the Berlin blockade, the United States responded with the North Atlantic alliance and the airlift. Confronted with this task in Europe, and a hopeless situation in China, the Truman Administration adhered to its policy against any kind of armed intervention in China. Although the Republican members of Congress began to demand military and economic assistance to China, there was no conflict during 1945-49 between internationalists and isolationists over the issue of armed intervention in the Chinese mainland. Neither side wanted it. Moreover, after Germany's surrender, under the pressure of Congress, the number of US Army personnel was reduced to such an extent that the US Army did not have enough manpower to intervene in the Chinese Civil War. It could also lead the Chinese Communists, as

General Marshall believed, to request military aid from the USSR, and there would have been a possibility of Russian counter intervention in China. Tang Tsou, America's Failure in China, pp. 358-359, 368-71.

24. The Joint Chiefs of Staff to the Commanding General, U.S. Forces, China Theater (Wedemeyer), August 10, 1945. FRUS, 1945, V6, The Far East China, pp. 527-28.
25. From Wedemeyer to General George C. Marshall, August 12, 1945. As quoted in Michael Schaller, U.S. Crusade, p. 264.
26. Summary of United States Government Economic, Financial, and Military Aid, authorized for China since 1937. January 14, 1950. Papers of George M. Elsey, Box-59, Foreign Relations Drafts of the President's China statement. January 20, 1950, Harry S. Truman Library.
27. About the wide participation by American forces in ferrying the Chinese forces, see, "History of the China Theater," Vol. II, Chapter 13, pp. 8-11, Historical Section, RG - 332, National Archives and Federal Record Center, Suitland. Also, FEA, "History of the Lend-Lease, Chapter China, p. 42.
28. U.S. Department of State, The China White Papers - 1949, Stanford, Ca.: Stanford University, 1967, p. 312.
29. Memorandum by the Acting Secretary of State to President Truman, September 12, 1945. FRUS, 1945, V6, The Far East China, p. 1027.
30. The Under Secretary of State (Acheson) to Representative Hugh De Lacy, October 9, 1945.
31. Sgt. Sam C. McKay, Jr. to Senator Connally, November 5, 1945, cited in, Kenneth Chern, "Prelude to Cold War: The United States Senate and the Abortive China Debate, 1945." (Ph.D. Dissertation, University of Chicago, 1974), p. 238. See also, U.S. Department of State, United States Relations With China, p. 312.
32. Tang Tsou, America's Failure in China, p. 311.
33. The SWNCC on the State, War and Navy Coordinating Committee was created a few months before Roosevelt's death to coordinate policy through regular meetings of Cabinet Secretaries, and leading officials. Among the most prominent China policy makers, James Byrnes, Dean Acheson, James Forrestal, Robert Patterson, and William Leatry were influential in the Truman Administration. See, Michael Schaller, U.S. Crusade, p. 275.
34. *Ibid.*, p. 275.

35. Ibid., p. 279.
36. Ibid., p. 281.
37. Marshall's arrival in China, in December, 1945, however, brought an end to the continuous presence of the Marines there. During his peace mission, Marshall tried to reduce the number of US Marines. A small contingent of Marines continued to stay in China as a psychological support for Chiang Kai-shek against the Communists and to protect US citizens. Wedemeyer, meanwhile, continued his campaign for either their direct participation in the Civil War or their total withdrawal from China. After he became Secretary of State, Marshall was able to convince the Administration to "withdraw American personnel from Executive Headquarters" which "made it possible to withdraw all United States Marines from North China, except for a quoted contingent at Tsingtao, the location of the United States Naval Training Group engaged in training Chinese Naval personnel." Later, the U.S. Ambassador Leighton J. Stuart became a severe critic of the continued Marine presence in China. At one point, he wrote to the Secretary of State that, "I think the withdrawal of the Marines should be carried out as soon as possible." Considering this opposition, the Department of State, in a press release on January 29, 1947, announced its decision "to terminate its connection with Executive Headquarters which was established in Peiping by the Committee of Three for the purpose of supervising, for the field, the execution of the agreements for cessation of hostilities and the demobilization and reorganization of the Armed Forces in China." Accordingly, all American Marines left China by the end of Spring 1947. During their withdrawal from China, the U.S. Marine either abandoned or transferred to the KMT forces approximately 6,500 tons of ammunition in April-May, 1947. It was another indirect way to strengthen the KMT forces; see The China White Paper, 1949, pp. 219, 695, 970-71.
38. Wedemeyer to Eisenhower, November 26, 1945. FRUS, 1945, Vol. 1, pp. 679-684.
39. For a detailed discussion of Soviet policy and activities in China after V-J Day, see, Tang Tsou, America's Failure in China, pp. 327-28.
40. Michael Schaller, U.S. Crusade, p. 270.
41. Memorandum by the Secretary of State to President Truman, September 3, 1945. For Chiang's proposal see FRUS, 1945, N1, The Far East in China, pp. 547-49. See Hurley to the Secretary of State, September 2, 1945, pp. 546-47, 547-49.
42. Ibid., p. 548.
43. Ibid., p. 548.

44. Michael Schaller, U.S. Crusade, p. 270.
45. Circular telegram from Acting Secretary of State Acheson to the Diplomatic Officers at Chungking, London, Paris, New Delhi, The Hague, Canberra and Moscow, September 13, 1945, *Ibid.*, pp. 558-559.
46. The Acting Secretary of War (Royall) and the Secretary of the Navy (Forrestal) to President Truman, January 14, 1946. *Ibid.*, 1946, pp. 724-25.
47. Memorandum by the Acting Secretary of State to President Truman, January 19, 1946. *Ibid.*, pp. 725-26.
48. Revised Draft of Memorandum from President Truman to the Secretaries of War and Navy. January 19, 1946. *Ibid.*, 727-728.
49. The Secretary of War (Patterson) to the Secretary of State, February 18, 1946. *Ibid.*, pp. 728-29.
50. The Acting Secretary of War (Royall) to the Secretary of State, 4 June 1946. *Ibid.*, 743-44.
51. The Secretary of War (Patterson) the Secretary of State, February 18, 1946, Annex B, p. 732.
52. *Ibid.*, Annex, p. 734.
53. *Ibid.*, Annex A, p. 730.
54. *Ibid.*, p. 729.
55. The Secretary of War (Patterson) to the Secretary of State, April 9, 1946. *Ibid.*, 736, Also, Memorandum by Patterson to the Secretary of State (for attention of the Director of the Office of Far Eastern Affairs (Vincent), 7 June, 1946. *Ibid.*, 745-46.
56. Patterson to the Secretary of State (for attention incont.), 11 June, 1946. *Ibid.*, 746-47.
57. Memorandum by the Assistant Secretary of State for Economic Affairs (Clayton) to the Under Secretary of State (Acheson), June 12, 1946. *Ibid.*, 747-50.
58. Details about Dean Acheson's statement, Department of State Bulletin, June 30, 1946, pp. 115-117.
59. FEA, "History of the Lend-Lease, p. 47.
60. *Ibid.*, p. 48.

61. The Acting Secretary of State to the Secretary of War (Patterson), July 10, 1946. FRUS, 1946, The Far East China, pp. 751-753.
62. FEA, "History of the Lend-Lease", p. 41-42.
63. The Acting Secretary of State to the Secretary of War (Patterson), July 10, 1946. FRUS, 1946, X, p. 752.
64. Summary of US government economic, financial, and military aid authorized for China since 1937, p. 15, January 17, 1950. Papers of George M. Elsey, Box-59, Foreign Relations Drafts and the President's China statement, January 20, 1950, Harry S. Truman Library.
65. Memorandum for President Truman from J.E. Hull, Lieutenant General, GSC, Acting Deputy Chief of Staff, 3 September, 1945. Papers of Harry S. Truman, PSF Subject File, China - 1945-52, Box - 173, China 1945, Harry S. Truman Library.
66. Telegram from Hurley to the Secretary of State, August 11, 1945, Papers of Harry S. Truman, PSF Subject File, (Foreign Affairs), Box 173, Folder, China - 1945, Harry S. Truman Library.
67. From T. V. Soong to President Truman, 30 August, 1945. Papers of Harry S. Truman, PSF Subject File (Foreign Affairs), Box - 173, Folder, China, 1945, Harry S. Truman Library.
68. Memorandum for Commodore Vandaman from George M. Elsey, Lieutenant, USNR, September 3, 1945. Papers of Harry S. Truman, PSF Subject File (Foreign Affairs), Folder, China, 1945, Harry S. Truman Library.
69. Memorandum for the President from the Secretary of State, James F. Byrnes, September 3, 1945. Papers of Harry S. Truman, PSF Subject File, China, 1945-52, Folder, China, 1945, Box - 173, Harry S. Truman Library.
70. Ambassador Hurley suggested to the Secretary of State that "when Japan surrenders all of her arms in China and, if necessary, some of her arms from the Archipelago be used to equip the Chinese National Army." See Hurley to the Secretary of State, August 11, 1945.
71. Memorandum for the President from J.E. Hull, Lieutenant General GSC, Acting Deputy Chief of Staff, September 3, 1945.
72. Memorandum for the President from Admiral William D. Leahy, 5 September, 1945. Papers of Harry S. Truman, PSF Subject File, China 1945-52, Box - 173, Folder, China, 1945, Harry S. Truman Library.

73. Memorandum for the President from the Acting Secretary of State, Dean Acheson, September 13, 1945. Subject: Military Equipment and Advice for China. Papers of Harry S. Truman, PSF, Box - 173, China - 1945, PSF Subject File (Foreign Affairs), Harry S. Truman Library.
74. Letter from Helen M. Loomis, Executive Secretary of the American China policy Association to President Truman, September 6, 1945. Papers of Harry S. Truman, Official File, Box - 633, Folder, 150 Misc. 1945-46, Harry S. Truman Library.
75. Memorandum of conversation by the Acting Secretary of State. September 7, 1945. Participants: The President, T.V. Soong, Acheson. FRUS, 1945, V6, The Far East China, pp. 551-52.
76. Suggested oral statement to Dr. Soong concerning assistance to China, September, 14, 1945. The China White Paper, August 1949, Annex, 170, p. 939.
77. The other three aims were Reoccupation Requirements program, 8 1/3 Air Group program, and Chinese Peace Time Army program. See, the Acting Secretary of War (Royall) to the Secretary of State, June 4, 1946. FRUS, 1946, X, The Far East China, pp. 743-44.
78. The Secretary of War (Patterson) to the Secretary of State for attention of the Director of the Office of Far Eastern Affairs (Vincent), Washington, 11 June, 1946. *Ibid.*, 746-47.
79. Memorandum by the Assistant Secretary of State for Economic Affairs (Clayton) to the Under Secretary of State (Acheson), June 12, 1946, *Ibid.*, 747-750.
80. The Secretary of War to the Secretary of State. (Director of Far Eastern Affairs, Vincent), pp. *Ibid.*, pp. 746-47. Also, FEA, "History of the Lend-Lease, pp. 33-37.
81. The Secretary of State to the Secretary of War (Patterson), February 12, 1946. FRUS 1946 X, The Far East China, 769-70.
82. The cost of the Air program, \$24,000,000, a Navy Training program of \$5,000,000, and the Officer program of \$1,250,000. See also, Colonel Marshall S. Carter, successor to Colonel Davis as Marshall's representative in Washington, 20 June, 1946. *Ibid.*, pp. 773-774.
83. *Ibid.*, 25, June 1946, pp. 775-776.
84. *Ibid.*, 26 June 1946, pp. 776-778.
85. *Ibid.*, 27 June, 1946, pp. 778.

86. General Marshall to Lt. General Alvan C. Gillem, Jr. Commanding General U.S. Army Forces in China, June 28, 1946. Ibid., pp. 778-779.
87. General Marshall to Colonel S. Carter, June 29, 1946. Ibid., p. 779.
88. From Dean Acheson to the Secretary of War, Patterson, July 18, 1946. Ibid., pp. 780-81.
89. Memorandum for the State-War-Navy Coordinating Committee from A. J. McFarland, Brigadier General, Secretary, USA, 13 February, 1946. Subject: Establishment of a U.S. Military Advisory Group to China. 893.20 MISSION, 2 - 1546. RG-59. General Records of the Department of State, Decimal File 1945-49, Box - 7034, NARA, Suitland.
90. Memorandum for the President from James F. Byrnes, September 3, 1945, PSF Subject China, 1945-52, Box - 173, Folder, China 1945, Harry S. Truman Library. Also, The Ambassador in China (Hurley) to the Secretary of State, September 10, 1945. FRUS, 1945, N1, The Far East China, pp. 553-554.
91. Telegram from the Acting Secretary of State to the Ambassador for the Soviet Union, June 17, 1946. FRUS, 1946, V. X, The Far East China, p. 837.
92. U.S. Relations with China, pp. 345-46.
93. Memorandum for the State-War-Navy Coordinating Committee from A. J. McFarland, 5 February, 1946. 893.20 Mission, 2 - 1546, RG - 59 - General Records of the Department of State, Decimal File, 1945-49, Box - 7034, NARA, Suitland, p. 85.
94. Ibid., Appendix A, p. 94.
95. Memorandum by John Carter Vincent to Acheson, September 6, 1945. FRUS, 1945, Vol. VII, The Far East China, pp. 550-51.
96. Memorandum by the Joint Chiefs of Staff to the State-War-Navy Coordinating Committee, February 13, 1946. FRUS 1946, X, The Far East China, 817-19.
97. General Marshall to Congressman Andrew J. May, Chairman of the House Military Affairs Committee, April 12, 1946. Ibid., p. 827.
98. U.S. Relations in China, p. 170. Footnote 1.
99. General Marshall to the Secretary of State 7 Marcy, 1946. FRUS, 1946 X, The Far East China, p. 824.
100. Draft Telegram to General Marshall from President Truman,

- 2/27/46. Papers of Harry S. Truman, Official File, Box - 634, Folder, 150 B, Harry S. Truman Library.
101. The Acting Secretary of State (Acheson) to the Ambassador for the Soviet Union (Smith), June 17, 1946. FRUS 1946 X, The Far East China, p. 837.
 102. U.S. Relations with China, p. 340.
 103. From the U.S. Ambassador in China (Stuart) to the Secretary of State, September 30, 1946. The Far East China 1946, X, The Far East China, pp. 846-47.
 104. U.S. Relations with China, p. 340. For details, see *Ibid.*, pp. 346-351.
 105. *Ibid.*, pp. 341-42.
 106. Memorandum by Mr. Huntington T. Morse, Assistant to the Administrator of the War Shipping Administration (Land) to the Chief of the Shipping Division (Sangstad), February 1, 1945, The Far East China 1945, V. 6, The Far East China, 41-43.
 107. Memorandum by Huntington T. Morse, to Henry L. Deimer of the Shipping Division, November 7, 1945. *Ibid.*, pp. 608-9.
 108. Change for China (Robertson) to the Secretary of State. Chiang's message to Truman. November 23, 1945, PSF, Box - 1, Chungking - Hurley, PSF Subject, Harry S. Truman Library.
 109. The Secretary of State (Byrnes) to the Administration of the War Shipping Administration (Land), November 30, 1945. FRUS 1945 V. 6, The Far East China, pp. 689-90.
 110. Memorandum for the President from William D. Leathy, on behalf of the JCS and Fleet Admiral, U.S. Navy, Chief of Staff to the Commander in Chief of the Army and Navy, 11 December, 1945. PSF Subject File, China - 1945-52, Box - 173, File China 1945, Harry S. Truman Library.
 111. For details see, From General Marshall to the President, along with 4 attached message, 23rd, February 1946. Naval Aide Files, Box - 5, Communications Marshall to Truman, 1946, Harry S. Truman Library.
 112. Michael Schaller, U.S. Crusade, p. 287. Also, Report by Adler to Robertson, December 19, 1945, FRUS 1945, V. 6, 777-83.
 113. Telegram from Albert C. Wedemeyer to Dwight D. Eisenhower, Chief of Staff, January 29, 1946. FRUS 1946, Vol. X, The Far East China, p. 787.
 114. Telegram from the War Department to Lieutenant General Albert

- C. Wedemeyer 30 January, 1946. Ibid., p. 788.
115. From Chiang Kai-shek to President Truman, February 17, 1946. Naval Aide Files (Communications), Box - 7, Communications, Chiang Kai-shek to Truman 1945-46, Harry S. Truman Library. Also see, FRUS, Ibid., p. 790.
 116. Truman to General Marshall, February 21, 1946. Ibid., pp. 790-91.
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APPENDIX A

TABLE 1

HUMP TONNAGE (1942-1945)

1942

April to November (Ferrying Division)	4,066	
December (ATC)	1,631	
TOTAL		5,697 tons

1943

January (ATC & CNAC)	1,923	
February " " "	3,276	
March " " "	3,000	
April " " "	2,515	
May " " "	3,147	
June " " "	3,100	
July " " "	4,338	
August " " "	5,674	
September " " "	6,720	
October " " "	8,632	
November " " "	7,279	
December " " "	<u>13,483</u>	
TOTAL		63,087 tons

1944

	<u>ATC</u>	<u>CNAC</u>	<u>20th BC</u>	<u>Total</u>
Jan	13,399	1,063	----	14,462
Feb	12,921	1,302	----	14,223
Mar	9,588	1,108	----	10,696
Apr	11,555	344	41	11,940
May	11,383	1,465	657	13,505
June	15,485	987	1,080	17,912
July	18,975	1,643	4,565	25,183
Aug	23,675	1,732	3,621	29,028
Sept	22,315	2,234	2,440	26,989
Oct	24,715	2,335	3,529	30,579
Nov	34,914	2,323	1,130	38,367
Dec	<u>31,935</u>	<u>1,959</u>	<u>758</u>	<u>34,652</u>
TOTALS	231,220	18,495	17,821	267,536 tons

TABLE 1 (con'td)

HUMP TONNAGE (1942-1945)
(con't)

	<u>1945*</u>			
	<u>ATC</u>	<u>CNAC</u>	<u>20th BC</u>	<u>Total</u>
Jan	44,099	2,082	699	46,880
Feb	40,677	1,618	---	42,295
Mar	46,545	2,073	---	48,618
Apr	44,254	1,964	---	46,218
May	46,395	1,995	---	48,389
June	55,387	2,363	---	57,750
July	71,042	2,639	---	73,681
Aug	61,111	2,051	---	63,162
Sept	<u>39,775</u>	<u>2,145</u>	<u>---</u>	<u>41,920</u>
TOTALS (Thru Sept)	449,284	18,930	699	468,913 tons

GRAND TOTAL HUMP TONNAGE (April 1942-Sept 1945) 805,233 tons

Note:

ATC = Air Transport Command
 CNAC = China National Airways Corporation
 20th BC = Twentieth Bomber Command

*Compiled from G-4 "Big Picture" reports from India-Burma Theatre for January through September 1945.

Source: International Division, A.S.F. (Army Service Forces).
 Lend-Lease, as of Sept. 30, 1945, Vol. II.

TABLE 2

Monthly Performance of the Stilwell Road1945

	<u>Short Tons Delivered Into China*</u>
January and February	5,231
March	6,788
April	15,447
May	28,080
June	32,807
July	23,370
August	13,000
September	18,599
	<hr/>
Total thru September	143,322

*Includes weight of vehicles, personnel and cargo. Information compiled from G-4 "Big Picture" reports from India-Burma Theater for months of February through September 1945.

Source: International Division, A.S.F. (Army Service Forces).
Lend-Lease, as of Sept. 30, 1945, Vol. II.

TABLE 3

Monthly Performance of the Pipeline1945

	<u>Short Tons Delivered Into China*</u>
April	439
May	5,530
June	5,187
July	11,601
August	10,894
September	<u>12,428</u>
Total thru September	46,069

*Information compiled from G-4 "Big Picture" reports for the months of April through September.

Source: International Division, A.S.F. (Army Service Forces). Lend-Lease, as of Sept. 30, 1945, Vol. II.

TABLE 4

Total Cargo Delivered Into China - April 1942 ThruSept. 1945

(After the Fall of the Burma Road)

	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1956</u>	<u>Total</u>
ATC & CNAG	5,697	63,087	267,536	468,913	805,233
Stilwell Road	---	---	---	143,322	143,322
Pipeline	---	---	---	46,069	46,069
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Sub Totals	5,697	63,087	267,536	658,304	
GRAND TOTAL					994,624 S.T.

Source: International Division, A.S.F. (Army Service Forces).
Lend-Lease, as of Sept. 30, 1945, Vol. II.

TABLE 5

LIST OF CHINESE UNITS
Approved for Lend-Lease Supply
(Chinese Army in China)

<u>Unit</u>	<u>T/O&E</u> <u>18 Nov 44</u>	<u>Strength</u> <u>Authorized</u> <u>for Chinese</u> <u>Units</u>	<u>No. of</u> <u>Units</u>	<u>Aggregate</u> <u>Strength</u>
G.H.Q. Troops				
Motor Transport Reg.	140-2	1,353	4	5,412
Medium Auto Maint Co	140-3	163	4	652
FA Regiment, 105mm How	140-4	2,138	4	8,552
FA Regiment, 155mm How	140-5	1,517	1	1,517
Heavy 4.2" Mortar Reg	140-6	3,725	4	14,900
Jeep Car Company	140-7	133	5	665
Weapons Carrier Co.	140-8	133	4	532
Signal Battalion	130-2	675	1	675
Field (Group Army Troops)				
Headquarters	130-1	225	4	900
Signal Battalion	130-2	675	4	2,700
Special Service Btl	130-3	374	4	1,496
Ordnance Weapons Maint	120-10	144	4	576
Evacuation Hsopital	130-5	135	4	540
Army Troops				
Headquarters	120-1	210	12	2,520
Special Service Co.	110-2	177	12	2,124
Signal Battalion	120-2	393	12	4,716
Engineer Battalion	110-5	572	12	6,864
Field Hospital	120-5	135	12	1,620
Veterinary Detachment	120-6	27	12	324
Transport Btl	120-7	309	12	3,708
Transport Reg (Porter)	120-8	2,508	12	30,096
FA Bn 105mm (Truck dr.)	120-9	669	12	8,028
Ordnance Weapons Maint	120-10	144	12	1,728
Division Troops				
Headquarters and				
Headquarters Co.	110-1	129	34	4,386
Special Service Co.	110-2	177	34	6,018
Reconnaissance Co	110-3	189	34	6,426
Signal Company	110-4	223	34	7,582
Engineer Btl	110-5	572	34	19,448
Transportation Bn (Ptr)	110-6	620	34	21,080
Medical Battalion	110-7	320	34	10,880
FA Battalion 75mm (Pack)	110-8	768	34	26,112
Infantry Regiment	110-9	2,664	34	271,728
TOTAL				474,505

TABLE (cont'd)

LIST OF CHINESE UNITS

<u>Unit</u>	<u>T/O & E 1 July 44</u>	<u>Strength Authorized for Chinese Units</u>	<u>No. of Units</u>	<u>Aggregate Strength</u>
G.H.Q. Troops				
Hq. & Hq. Co. Tank Group	40-1	84	1	84
Tank Btln. (Light)	40-2	1,039	5	5,195
Tank Btln. (Medium)	40-3	1,106	2	2,212
Ordnance Heavy Maint. Co. (Tank)	40-4	210	2	420
Quartermaster Gasoline Co	40-5	128	2	256
Anti-aircraft Btln.	40-6	543	1	543
Independent Transport Bn. (Hunan)	40-7	708	2	1,416
Engineer Regiment	40-8	2,409	2	4,818
Chronic & Conv Hosp. (1000 bed)	40-10 (Col.5)	141	1	141
Army Troops				
Army Headquarters	21-1-1	233	1	233
Animal Transport Reg.	20-2	1,245	1	1,245
Engineer Battalion	10-3	630	1	630
Field Artillery Bn. 155 How.	20-4	639	3	1,917
Military Police Btln	20-5	544	2	1,088
Ordnance Battalion	20-6	661	1	661
Signal Battalion	20-7	341	1	341
Special Service Btln Guard	20-8	668	1	668
Heavy Mortar Btln 4.2" (Chem)	20-9	1,005	1	1,005
Motor Transport Regiment	20-10	1,164	1	1,164
Motor Transport Battalion	20-10 (Col.3)	304	2	608
Field Hospital	20-11	135	1	135
Veterinary Detachment	20-1 (Col. 13)	27	1	27
Division Troops				
Division Headquarters	10-1 (Col. 2)	208	5	1,040
Infantry Regiment	10-2	2,771	16*	44,336
Engineer Battalion	10-3	630	5	3,150
Signal Battalion	10-4	349	5	1,745
Transportation Btln	10-5	340	5	1,700
Reconnaissance Co.	10-1 (Col. 7)	178	5	890
Special Service (Guard)	10-1 (Col. 8)	233	5	1,165

*Includes one (1) with SLOE per GRAX 20499, 21 November 1944.

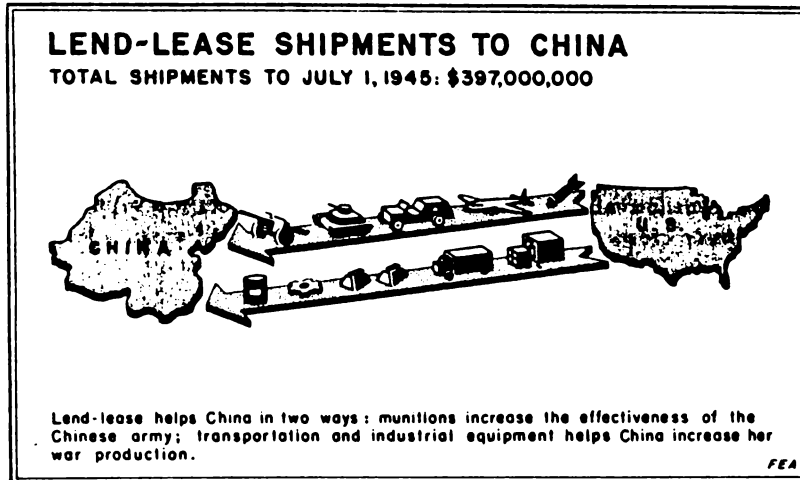
TABLE 5 (cont'd)

LIST OF CHINESE UNITS

<u>Unit</u>	<u>T/O & E 1 July 44</u>	<u>Strength Authorized for Chinese Units</u>	<u>No. of Units</u>	<u>Aggregate Strength</u>
Division Troops (cont)				
Gas Platoon	10-1 (Col. 9)	44	5	220
Field Hospital	10-9	111	5	555
Attached Med & Vet Platoon	10-1 (Col. 11)	164	5	820
Artillery Bn 105mm How (Truck)	10-10	599	7	4,193
Artillery Bn Pack 75 How (Animal)	10-12	799	5	3,995
Artillery Bn Pack 75 How (Truck)	10-11	455	1	455
				<hr/>
		TOTAL		89,071

Source: International Division, A.S.F. (Army Service Forces).
Lend-Lease, as of Sept. 30, 1945, Vol. II.

TABLE 6



LEND-LEASE EXPORTS TO CHINA*

Thousands of Dollars

	Jan.-Mar. 1945	Apr.-June 1945	Cumulative to July 1, 1945
Ordnance and ammunition.....	4	9	22,956
Aircraft and parts.....	756	3,568	110,498
Tanks and parts.....			
Motor vehicles and parts.....	5,504	11,110	37,503
Watercraft.....			
All munitions.....	6,264	14,687	170,957
Petroleum products.....	11	146	1,787
Industrial materials and products.....	449	508	25,158
Agricultural products.....			97
Total.....	6,724	15,341	197,999

*The above table shows goods exported to China under direct lend-lease. In addition, munitions and war supplies valued at \$198,646,000 have been consigned to United States Commanding Generals for transfer to China under lend-lease. We have also supplied to China certain items in this country, such as trainer planes used in training Chinese pilots in the United States, which are not included in either exports or consignments.

Source: 21st Quarterly Report to Congress on Lend-Lease Operations for the Period ended September 30, 1945.
RG-169, Empty 147, Box 896, NARA, Suitland.

FIGURE 7

Targets Demolished By OSS Scorching Teams

<u>Location</u>	<u>Bridges-Stone or Concrete</u>	<u>Bridges-Wooden</u>	<u>Ferries</u>	<u>Landslides</u>
Chungshan		330 ft.--6 rock piers--stone abutments.	2 large ferries-- plus ap- proaches and ramps	
6 mi. s. of Chung- shan				Roadbed blown out in 2 places on mountain side
5 mi. w. of Chung- shan				Block 100 ft. long, 60 ft. deep
7 mi. w. of Chungshan		30 ft., with concrete abut- ments		
12 mi. w. of Chung- shan		300 ft., with 6 rock piers and stone abut- ments		
17 mi. w. of Chung- shan				Mountain pass closed
22 mi. w. of Chung- shan	Stone arch (50 ft.) with abutments			
24 mi. w. of Chung- shan			Large ferry-- 30 ft. long.	

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Fig. 7 (cont'd)

<u>Location</u>	<u>Bridge-Stone or Concrete</u>	<u>Bridges-Wooden</u>	<u>Ferries</u>	<u>Landslides</u>
109 mi.		50 ft.		
110 mi.		60 ft.		
112 mi.	150 ft.			
113 mi.		60 ft.		
114 mi.			1 wooden ferry	
116 mi.		50 ft.		
4 mi. s. of Meng- shan	Large concrete bridge half de- stroyed (await- ing approval of Chinese comman- der to destroy remainder)			
15 mi. e. of Pinglo			4 large ferries with ramp and ap- proaches	
22 mi. e. of Pinglo		150 ft., plus 4 rock piers and stone abut- ments		
1 mi. n. of Tantung		50 ft., plus con- crete pier and stone abutments		
2 mi. n. of Tantung		35 ft. plus stone abutments		
1 mi. e. of Tantung		40 ft. plus brick abutments		

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Fig. 7 (cont'd)

<u>Location</u>	<u>Bridges-Stone or Concrete</u>	<u>Bridges-Wooden</u>	<u>Ferries</u>	<u>Landslides</u>
Lungsheng- Kweilin road (dis- tance from Lungsheng)				
10 mi.		60 ft.		
23 mi.		50 ft.		
30 mi.		50 ft.		
34 mi.		50 ft.		
91 mi.				fill cratered
92 mi.		100 ft.		
92½ mi.		65 ft.		
93½ mi.	100 ft.			
96 mi.				fill cratered
96½ mi.		90 ft.		
97 mi.		400 ft.		
98½ mi.		100 ft.		
99-¾ mi.		75 ft.		
102 mi.		60 ft.	pair of landings	
104 mi.		175 ft.		
105 mi.		50 ft.		
106 mi.		75 ft.		
107 mi.		50 ft.	1000 ft. deep	

Fig. 7 (cont'd)

<u>Location</u>	<u>Bridges-Stone or Concrete</u>	<u>Bridges-Wooden</u>	<u>Ferries</u>	<u>Landslides</u>
15 mi. n. of Erhtang	75 ft., with stone piers and abutments			
35 mi. n. of Erhtang	50 ft. with stone piers and abutments			
200 yds. further north	45 ft., with stone piers and abutments			
Kweih sien			7 large fer- ries (10 ton) with ramps and approaches	
10 mi. n. of Kweih- sien	30 ft., stone arch			
21 mi. n. of Kweih- sien	20 ft., stone arch			
4 mi. w. of Kweih- sien	concrete--100 ft., with piers and abutments			
7 mi. w. of Kweih- sien		60 ft., with brick abutments		
Railroad n. of Kweilin	The following stone arch bridges: 155 ft., with 5 stone piers 70 ft. 70 ft. 60 ft. 55 ft.			

ENCLOSURE

Fig. 7 (cont'd)

<u>Location</u>	<u>Bridges-Stone or Concrete</u>	<u>Bridges-Wooden</u>	<u>Ferries</u>	<u>Landslides</u>
East of Tantong in direc- tion of Penchow	160 ft.	115 ft. 40 ft. 20 ft. 15 ft.		
2 mi. w. of Tantong				Road block
4 mi. w. of Tantong				Road block
TOTALS	16	31	16	7

The following miscellaneous targets are reported to have been destroyed:

- a. 4 railroad bridges 24 mi. north of Kweilin, as to which complete details have not been received. There is a possibility that these may duplicate the items listed in the tabulation above.
- b. Large warehouse or barracks completely burned, 16 mi. east of Chungshan.
- c. Booby-trapped temple and government house in Kuncheng.

Source: PSF Subject File, Box 170, OSS, December, 1944, FDR Library.

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TABLE 8

UNRRA BUDGET

UNRRA's Agricultural Rehabilitation Program for China
As of 30 November 1947*

	Budget In Dollars
Livestock	953,561
Dairy and Poultry Equipment	3,761
Harness	16,560
Veterinary	274,998
Seeds	1,486,681
Pesticides and Pesticides Plants	293,621
Fertilizer and Fertilizer Plants	16,034,366
Food Processing	1,801,017
Drainage and Irrigation	4,348,549
Flood Control - Yellow River	3,672,414
Technical Services - FAO	300,000 ⁽¹⁾
Agricultural Training	831,893
Ministry of Education	381,769
Ministry of Agriculture	450,124
Farm Machinery	5,482,953
Farm Tool Shops	8,210,464
Hand Tools	989,739
Agricultural Industries Services	118,874
Fisheries	25,989,313
Bags and Bagging	1,416,334
Total budgeted	72,225,096
Unprogrammed balance	5,774,902
Total Budget	78,000,000

* UNRRA Agricultural Rehabilitation Division, 30 November 1947.

(1) Includes Korea.

TABLE 9

TOTAL SHIPMENTS OF UNRRA AGRICULTURAL REHABILITATION SUPPLIES TO REGIONS
From Beginning to End of UNRRA Program
of Operations, 31 December 1947

(by commodity group and in metric tons)

Provinces	Fisheries	Farm Machinery	Farm Shops	Seeds	Fertilizer	Bagging	Fertilizer Manufacturing	Plants Disease & Insect Control	Live-stock Supplies	Live-stock Disease Control	Agricultural Industries Services	Food Processing	Agric. Training	Flood Control	Total	
															Amount	Percent
Nationalist Areas:																
Manchuria		1,071.02		49.89	2,376.30			7.53	78.26	0.58					3,583.58	1.3
Hopei-Jehol	385.83	391.70	623.38	396.81	2,492.41	7.70		92.13	594.25	23.56		0.09		79.76	5,087.62	1.9
Shansi-Chahar-Suiyuan		229.79		15.38				4.05	167.44	3.31					419.97	0.2
Shantung	47.43	178.28		26.56				34.19	14.67	0.55				0.62	302.30	0.1
Honan		2,954.69	151.76	157.50	1,788.43			178.60	22.42	1.04	169.42	0.54		8,591.62	14,016.02	5.3
Kiangsu		241.42	934.46	1,713.68	5,612.11	5.92	2,862.03	272.57	442.12	93.36		126.43	50.91	3,573.24	15,928.05	6.1
Anhui		254.88	1.79	299.27	2,619.75	1.96		14.56	6.85	0.39		1.43	1.14	1,160.97	4,362.99	1.7
Kiangsi		259.05	4.47	53.24	1,028.93			23.54	11.77	1.97		2.93	2.03		1,387.93	0.5
Hunan		332.32	3.58	95.89	2,179.66			39.95	14.65	1.38	1,101.62	2.86	0.31	58.31	3,830.53	1.5
Hubei		1,302.54	26.82	840.05	2,389.62	3.06		30.21	64.51	3.89		5.34	2.54	89.88	4,758.46	1.8
Kwangsi		586.27	44.71	50.17	6,530.55	20.01		42.60	35.70	5.92			1.19		7,297.11	2.8
Kwangtung		181.17	68.50	70.12	29,895.28	36.97		37.01	48.73	2.73	78.02	14.01	5.08	486.14	30,906.80	11.8
Chekiang		279.87	8.93	193.62	9,905.97	49.91	12.77	15.59	21.07	1.27		52.79	3.54	2,666.14	13,185.76	5.0
Taiwan	153.15	356.15		13.07	136,021.73	33.81		91.42	11.00	6.92			1.40		136,717.52	52.1
Fukien		50.19		38.14	14,560.25			33.71	16.91	3.59		0.54	0.67		14,737.81	5.6
Kansu			0.89						2.50	4.32	15.90				23.61	0.0(0.008)
TOTAL NATIONALIST AREAS	586.41	8,669.34	1,869.29	4,013.39	217,400.99	159.34	2,874.80	917.66	1,552.85	154.78	1,364.96	206.96	68.81	16,706.68	256,546.26	97.7
Communist Areas:																
Shansi		5.96													5.96	0.0(0.002)
Hopei		626.86	25.00	133.88	829.55				85.00						1,700.29	0.6
Shantung	174.11	630.82		204.90	2,334.30	6.07		108.90	37.28				0.48	865.44	4,362.30	1.7
TOTAL COMMUNIST AREAS	174.11	1,263.64	25.00	338.78	3,163.85	6.07		108.90	122.28				0.48	865.44	6,068.55	2.3
GRAND TOTAL	760.52	9,932.98	1,894.29	4,352.17	220,564.84	165.41	2,874.80	1,026.56	1,675.13	154.78	1,364.96	206.96	69.29	17,572.12	262,614.81	100.0
Percentage of Distribution of Supplies by Programs																
	0.3	3.8	0.7	1.6	84.0	0.1	1.1	0.4	0.6	0.1	0.5	0.1	0.0(0.03)	6.7	100.0	

Source: UNRRA, Agricultural Rehabilitation in China.

TABLE 10

Total UNRRA Shipments, by Major Categories, of
Agricultural Rehabilitation Supplies to China 20/

<u>Commodity Group</u>	<u>Gross Long Tons</u>	<u>Value in Thousands of U.S. \$ Equivalents F.A.S.</u>	<u>Percentage (In Value) of Total Agr rehab. Program</u>
Fertilizer and Fertilizer			
Plant Equipment	256,270	15,816.2	22.1
Farm Machinery	11,317	4,800.8	6.7
Livestock	3,119	674.9	.9
Seeds	4,394	1,455.9	2.0
Food Processing and Dairy			
Equipment	3,222	1,546.7	2.2
Pesticides and Pesticides Manu- facturing Equipment	536	279.0	.4
Veterinary Supplies and Harness	244	268.2	.4
Hand Tools and Repair Materials	1,591	1,014.4	1.4
Farm Tool Shops	43,287	7,067.0	9.8
Bags and Bagging	6,708	1,470.2	2.1
Fisheries	44,488	21,038.1	29.3
Fisheries Personnel (Non Supply)		1,500.0	2.1
Drainage and Irrigation	5,946	3,856.9	5.4
Flood Control	2,653	560.1	.8
Agricultural Industries	382	112.6	.2
Unclassified Surplus Property	10,174	5,117.3	7.1
Miscellaneous Accessorial Charges		4,056.1	5.7
Agricultural Training	683	742.2	1.0
Transfer to F.A.O.		300.0	.4
	<hr/>	<hr/>	<hr/>
	395,014	71,676.6	100
	<hr/>	<hr/>	<hr/>

Early deliveries, before the end of the war, consisted only of a few tons, flown into China from India, of seeds for multiplication, veterinary supplies for emergency use, and farm tools to be tested for applicability in China. Shipments at first planned for the immediate postwar period, which might have contributed to some increase in production from the first 1946 crops, were deferred in favor of emergency food, textile and medical supplies, thus delaying until the autumn crop the first real impact of the agricultural supply program in China.

Source: UNRRA, UNRRA in China.

TABLE 11

Flood Control Work in China
UNRRA Assistance and Results

UNRRA Personnel supplied to projects:		
Engineers	7	
Technicians	25	
Engineering equipment supplied	16,088 long tons	
Value of equipment supplied		US\$16,088,000
Flour allocated to workers	145,254 " "	
Value of flour allocated to workers		US\$14,525,400
Average number of workers per month	451,000	
Earthwork involved	99,735,000 cu.meters	
Value of earthwork involved		US\$49,867,500 (equiv.)
Stone quarried	172,406 " "	
Value of stone quarried		US\$ 689,624 (equiv.)
Stone and concrete work	442,680 " "	
Value of stone and concrete work		US\$ 8,853,600 (equiv.)
Piles driven (major projects only)	7,090	
Farm land protected (major projects only)	32,850,000 acres	

To make the above possible, UNRRA furnished transportation and distribution facilities and the Chinese Government Conservancy Commissions gave a wage supplement in cash of CN\$75,796,467,000 equivalent to US\$1,515,929.

Source: UNRRA, Agricultural Rehabilitation in China.

TABLE 12
UNRRA Livestock Received in China

Stock	Number of head	Imported From
Dairy cattle	2,083 387 793	USA New Zealand Canada
Calves (born enroute)	53	
Hogs	90	Canada
Sheep	974 25	New Zealand New Zealand (a gift from CORSO)(1)
Mules	792	USA (Hawaii)
Horse	1	USA

(1) The New Zealand Council of Organizations for Relief Services Overseas.

TABLE 13
Seeds Brought to China by the UNRRA Program
(in metric tons)

<u>Kind of Seed</u>	<u>Metric Tons</u>	<u>Percentage</u>
Vegetable	1,134.79	25%
Cotton	3,202.53	71%
Hybrid corn	149.81)	
Soybean	9.88)	4%
Forage crop	13.65)	
Tree seeds	<u>1.55)</u>	—
Total	4,512.21	100%

Although seed constituted the chief cargo of the first UNRRA supplies sent to China (2.35 tons of assorted vegetable seeds being flown over the hump in June 1945) due to difficulty in procurement and completing requirements of other UNRRA-aided countries, seed was slow in arriving. Only 425 tons of seeds arrived in 1946, 200 tons of vegetable and 225 tons of Delfos cotton seeds; the bulk of the seeds came in 1947

Source: UNRRA, Agricultural Rehabilitation in China.

TABLE 14

UNRRA's INDUSTRIAL REHABILITATION PROGRAM FOR CHINAAS OF 6 AUGUST 1947*(in U.S. \$1,000)

<u>Item</u>	<u>Budget</u>	<u>As percent total program</u>
Transportation and Telecommunications	76,130	45
Roads	15,120	
Railways	28,436	
Waterways	28,505	
Telecommunications	4,069	
Public Utilities	20,478	6
Building Industry	22,781	14
Coal Mining	6,279	4
Machine Tools	9,830	6
Consumer Goods	156	
Petroleum, oil, lubricants	4,651	3
Materials - chemicals	10,940	7
Industrial Rehabilitation Services	2,231	1
Physical Rehabilitation	131)	
Surprop Commitments	15,058)	
China Air Transport	1,691)	14
China Waterways Transport	850)	
Hong Kong Operations (transshipment costs)	5,969)	
European Regional Office charges	282)	
	<u>168,322</u>	100
Leaving unspecified balance	<u>3,178</u>	
Total	<u><u>171,500</u></u>	

* Bureau of Supply, 6 August 1947
(subject to revision)

Source: UNRRA, Industrial Rehabilitation in China.

TABLE 15

Surplus Property Procurement

Surplus property procurement for UNRRA-China was conducted in part by UNRRA Headquarters and by special field procurement offices (as, e.g., in New Delhi), but major responsibility was finally shifted to the UNRRA China Office. The following summary of "surprop" field procurement, as administered from China, was prepared for this Report by the China Office Bureau of Supply:

Field Procurement of U.S. Government Surplus
Property by UNRRA China Office
(All figures in US dollars, cents omitted.)

<u>Categories of Supplies</u>	<u>From Surprop - Honolulu</u>	<u>From Surprop - Shanghai</u>	<u>From Surprop - Sydney</u>	<u>From Surprop - Manila ^{16/}</u>	<u>Total</u>
Water Transport ^{12/}	85,400	13,065,911	-	3,626,807	16,998,118
Water Transport: Spare parts ^{13/}	348,000 ^{15/}	156,046 ^{15/}	-	-	504,046
Air Transport ^{14/}	330,103	6,524	-	386,823	723,450
Miscellaneous Transport and Industrial	2,700,847	2,514,516	-	17,594,351	22,809,714
Agricultural Rehabilitation	2,678,992	95,495	-	4,594,027	7,368,514
Clothing, Textiles and Footwear	-	-	2,256,479	253,685	2,510,164
Medical	147,543	560,484	-	3,028,213	3,736,240
Food	2,133,107	39,911	-	9,343,012	11,516,030
Miscellaneous for Displaced Persons	-	430,624	-	-	430,624
Miscellaneous for Administrative Services	-	27,404	-	-	27,404
TOTAL	8,420,992	16,966,915	2,256,479	39,026,918	\$66,671,304

Source: UNRRA, UNRRA in China.

TABLE 16

PRIMARY DISTRIBUTION OF UNRRA FOODSTUFFS IN CHINA

(In long tons)

<u>Month</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Cumulative</u>
1945			
Dec.	13,304		
1946			
Jan.	38,914		
Feb.	34,193		
Mar.	85,673	<u>158,780</u>	<u>172,084</u>
Apr.	61,328		
May	86,438		
June	74,700	<u>222,466</u>	<u>394,550</u>
July	75,971		
Aug.	87,249		
Sept.	120,855	<u>284,075</u>	<u>678,625</u>
Oct.	82,638		
Nov.	43,189		
Dec.	40,749	<u>166,626</u>	<u>845,251</u>
1947			
Jan.	78,071		
Feb.	36,857		
Mar.	44,113	<u>159,041</u>	<u>1,004,292</u>
Apr.	79,968		
May	23,526		
June	10,322	<u>113,816</u>	<u>1,118,108</u>
July	8,870		
Aug.	5,900		
Sept.	1,625	<u>16,393</u>	<u>1,134,501</u>
Oct.	3,052		
Nov.	0		
Dec.	24,866	<u>27,898</u>	<u>1,162,399</u>

1,162,399Source: UNRRA, Industrial Rehabilitation in China.

TABLE 17

Movement of European Displaced Persons from China 8/

(from 1 Jan. 1946 to 30 June 1947)

	Departures			In China, 30 June 1947			
	In China 1 Jan. '46	Repat- riated	Reset- tled	Total	Shanghai	Elsewhere	Total
Austrians	4,427	814	814	1,628	2,681	118	2,799
Czechs	310	55	68	123	175	12	187
Estonians	60	0	0	0	60	0	60
Germans	7,524	8	2,439	2,447	4,929	148	5,077
Greeks	21	19	0	19	2	0	2
Hungarians	115	3	18	21	68	26	94
Italians	477	408	30	438	36	3	39
Jugoslavs	32	9	0	9	23	0	23
Latvians	27	0	0	0	27	0	27
Lithuanians	30	0	2	2	28	0	28
Poles	1,278	16	743	759	482	37	519
Romanians	77	0	12	12	0	65	65
Stateless	1,359	0	165	165	1,169	25	1,194
Others	39	0	4	4	24	11	35
TOTALS:	15,776	1,332	4,295	5,627	9,704	445	10,149

From the above table it can be seen that over a third of the European DP's in China were enabled to go elsewhere during the UNRRA period, and that about three quarters of these went to new countries, while the rest returned to their homelands.

Operations would have proceeded much more rapidly but for the political and diplomatic obstacles and delays that also hindered DP operations on the European Continent.

The 4,295 resettled in new countries had many destinations, as indicated in the following table:

8/ UNRRA China Office, Monthly Report

Source: UNRRA, UNRRA in China.

TABLE 18

Chinese Displaced Abroad

The locations of Chinese citizens displaced abroad are shown, in the following table, with an indication of the numbers who were returned to China during the period of UNRRA DP operations, and the approximate number of those still awaiting repatriation as of 30 June 1947:

TABLE XXIIIRepatriation of Displaced Chinese to China 5/

<u>From</u>	<u>Returned during UNRRA Program (Sept. 1945 - 30 June 1947)</u>	<u>Awaiting Re- patriation (Approx. No.) (as of 30 June 1947)</u>
Br. N. Borneo	15	1,200
Burma	46	50
India	0	562
Indo-China	1	280
Italy	171	0
Malayan Union	22	100
N.E.I.	692	1,217
New Britain	750	0
Philippines	6,587	0
Siam	65	0
Singapore	300	100
Solomon Is.	0	9
Still unscreened	-----	<u>3,000</u>
	8,649	6,518

In view of the refusal of the Philippine Government to permit Chinese DP's to return legally to the Philippine Islands (except as immigrants on a strict quota basis) the considerable number of Chinese returned to China from the Philippines appears noteworthy; UNRRA used this figure as a bargaining point in Manila, but without success. The Chinese transported back from Italy included students, business men and others who had lived in Germany, Austria and other countries of Europe as well as Italy, who all embarked from Italy and were therefore so registered.

Source: UNRRA, UNRRA in China.

TABLE 19

Overseas Chinese Repatriated by UNRRA from China 3/

(from Sept. 1945 to 30 June 1947)

<u>From</u>	<u>Shanghai</u>	<u>Fukien</u>	<u>Taiwan</u>	<u>Kwangtung</u>	<u>Hainan Is.</u>	<u>Total</u>
<u>To</u>						
Br. N. Borneo		8		25	8	41
Burma		2,702		1,950		4,652
Hongkong		10			162	172
Indo-China		43		59	1	103
Malayan Un- N.E.I.	9	4,842		2,453	117	7,421
Philippines			11	47		58
Sarawak		686		425		1,111
Siam	56	16		1,177	105	1,354
Singapore	88	4,011		1,838	216	6,153
	153	12,313	11	7,974	609	21,065

From the above table it will be observed that no overseas Chinese were repatriated by UNRRA to the Philippine Republic. The very small number shown as sent back by UNRRA to Hongkong and Indo-China does not cover the story of those who returned to those places by their own means. The approximate number of those still waiting to return under organized DP auspices at the end of the period of active UNRRA DP operations in China is shown in the following table:

3/ From UNRRA China Office Monthly Report to Headquarters, June 1947 (condensed).

TABLE 20

Distribution of Displaced Overseas Chinese in China 2/
(as of 18 April 1946)

	Szechwan	Yunnan	Fukien	Kwangtung	Total
<u>Domicile</u>					
Burma	873	5,794	20,626	2,098	29,391
Borneo	12	1	1,656	-	1,669
Hongkong	619	-	879	101,185	102,683
Indo-China	274	336	3,736	1,453	5,799
Malaya	737	665	23,426	2,486	27,314
N.E.I.	194	181	14,640	167	15,182
Philippines	109	4	19,115	115	19,343
Siam	200	565	213	1,508	3,186
Other Countries	344				344
	3,362	7,546	84,991	109,012	204,911

2/ CCFE (46)15, 28 May 1946, "Report on DP Operations in China", p.7.

Source: UNRRA. UNRRA in China.

TABLE 21

STATISTICS OF MISSION OPERATIONS
CHINA

SUPPLY PROGRAM SHIPMENTS—stated in U. S. dollar equivalents at "free alongside ship" value per Bureau of Supply Final Operational Report, March 1948:

	Gross long tons	Value
Food	1,091,617	\$134,109,600
Clothing, textiles and footwear	169,339	112,620,900
Medical and sanitation	41,024	32,781,900
Agricultural rehabilitation	395,014	71,676,600
Industrial rehabilitation	663,921	158,256,000
	<u>2,360,915</u>	<u>\$509,355,000</u>

PROCEEDS OF SALES—as shown in latest report available, by the Chinese Government agency—C.N.R.R.A. for the period up to 31 March 1948:

	Local currency
Total proceeds of sales	CNS 1,600,015,139,297
Expended for distribution and relief and rehabilitation projects (no details available)	CNS 1,227,232,062,312
Expended by the Government in services and facilities to the mission	4,047,063,438
Cash turned over to the mission	368,736,013,547
Total	<u>CNS 1,600,015,139,297</u>

MISSION TRANSACTIONS:

	CNS	UNRRA U. S. dollar equivalent
Funding:		
From proceeds of sales	368,736,013,547	\$ 14,507,740
From other local sources	3,861,400,173	38,993
	<u>CNS 372,597,413,720</u>	<u>\$ 14,541,733</u>
From general resources		15,286,685
Total		<u>\$ 29,828,420</u>

ANALYSIS OF MISSION EXPENSES:

Personal services	\$ 20,229,016
Travel and subsistence	6,850,287
Supplies, materials and general equipment	744,463
	<u>\$ 27,823,766</u>
Communications	355,664
Other contractual services	863,372
Losses ¹	24,505
Special items:	
Transportation and warehousing	465,933
Care, maintenance and repatriation of displaced persons	246,015
Amenity supplies for displaced persons (used clothing, etc.)	53,504
	<u>\$ 29,828,163</u>
Less transfers of supplies and equipment to successor organizations	4,742
Total (Schedule 6)	<u>\$ 29,828,420</u>

¹Includes amounts due from employees, \$23,448.

Source: UNRRA, The Financial Report of the UNRRA.

TABLE 22
OPERATING EXPENSES
for the entire period of operations
expressed in U. S. dollar equivalents

	Notes	Total expenses	Funded from:	
			General resources	Local currency
Missions to receiving countries:				
Albania	1	\$ 809,421	\$ 579,881	\$ 229,540
Austria		4,267,209	3,269,161	998,048
Byelorussian S.S.R.	2	139,807	132,981	6,826
China	3	29,828,420	15,286,685	14,541,735
Czechoslovakia		1,335,185	465,828	869,357
Dodecanese Islands		233,945	160,282	73,663
Ethiopia		376,778	289,982	86,796
Finland		66,565	40,360	26,205
Greece		14,885,279	5,320,622	9,564,657
Hungary		186,578	78,684	107,894
Italy	3,4	25,798,169	3,804,438	21,993,731
Korea		54,301	53,168	1,133
Philippines	3	320,450	6,349	314,101
Poland		1,861,978	1,036,519	825,459
Ukrainian S.S.R.	2	98,049	97,530	519
Yugoslavia		4,351,608	2,270,847	2,080,761
Displaced persons operations:				
Germany and Austria	6	53,716,435	51,087,101	2,629,334
Italy	6,7			
Middle East	3	26,667,511	26,667,511	
North Africa		523,381	523,381	
China and the Far East	7	1,708,402	1,708,402	
Other		98,127	98,127	
Other missions and liaison offices:				
Belgium		227,441	227,441	
Denmark		80,293	80,293	
France	3	1,977,319	1,977,319	
Luxembourg		60,964	60,964	
Netherlands		208,545	208,545	
Norway		118,568	118,568	
Other activities:				
Chinese national study group		168,956	168,956	
Fellowship program		502,889	502,889	
U. S. Public Health Service		1,824,360	1,824,360	
Nurse teacher training program		145,968	145,968	
Training and other undistributed expenses	8	4,156,557	4,156,557	
Successor organizations	9	12,019,869	13,019,869	
Totals:		\$189,819,327	\$135,469,568	\$54,349,759

Source: UNRRA, The Financial Report of the UNRRA.

TABLE 23

COMMODITIES DISTRIBUTED
for the entire period of operations
expressed in U. S. dollar equivalents
(local currency items excluded)

		Notes	
Commodities delivered without charge to receiving countries for distribution, consisting of supply programs, including special projects, and contributed supplies:			
Albania	1		\$ 26,744,665
Austria	2		140,562,161
Byelorussian S.S.R.			64,536,908
China			526,689,278
Czechoslovakia			273,082,658
Dodecanese Islands			4,406,306
Ethiopia			1,124,971
Finland			3,625,991
Greece			357,756,164
Hungary			6,729,006
Italy	2,3		426,710,068
Korea			1,697,062
Philippines			15,004,980
Poland			495,573,670
Ukrainian S.S.R.			194,203,220
Yugoslavia			436,745,887
			<u>\$2,975,194,955</u>
Commodities delivered and paid for by governments and agencies	4		40,734,212
Contributed supplies delivered without charge to countries and agencies	5		44,814,625
Costs and recoveries pooled:			
Losses:	6		
Marine disasters		\$ 5,790,238	
Warehouse and transit		1,172,657	
On sale of surplus commodities		<u>693,962</u>	7,656,857
Refunds and recoveries:	7		
Salvage and sales		(\$ 94,984)	
Cargo claims		<u>(1,685,000)</u>	(1,779,984)
Settlement adjustments	8		182,766
Transportation, warehousing and ocean freight (net)	9		597,721,074
Expenses of procurement agencies of contributing governments and expenses of organized collection campaigns	10		16,221,544
Cash collections disbursed for child feeding projects	11		<u>2,836,150</u>
Total			<u>\$3,683,582,739</u>

Source: UNRRA, The Financial Report of the United Nations Relief and Rehabilitation Administration.

TABLE 24

Composition of UNRRA China Staff, including "Program Personnel,"
as of 28 February 1947. 5/

<u>Nationality</u>	<u>Sex</u>		<u>Source</u>		<u>Assignment</u>	
	<u>M.</u>	<u>F.</u>	<u>Non- resident</u>	<u>Resident</u>	<u>Attached to China Office</u>	<u>On Loan as "Program Personnel"</u>
Armenia	1	-	-	1	1	-
Austria	9	2	2	9	10	1
Australia	98	54	145	7	84	63
Belgium	3	-	3	-	2	1
Brazil	2	-	2	-	1	1
Britain	216	98	234	80	216	98
Canada	51	34	84	1	59	26
China	671	96	3	764	767	-
Colombia	1	-	1	-	-	1
Cuba	-	1	1	-	-	1
Czechoslovakia	15	3	5	13	16	2
Denmark	28	5	26	7	22	11
El Salvador	1	-	1	-	1	-
Fiji	-	1	1	-	-	1
France	21	7	15	13	27	1
Greece	9	1	4	6	9	1
Haiti	1	-	1	-	1	-
Holland	20	3	18	5	11	12
Honduras	1	-	1	-	-	1
India	18	1	18	1	15	4
Iran	4	-	1	3	3	1
Iraq	-	5	-	5	5	-
Latvia	1	-	-	1	1	-
Mexico	-	1	-	1	1	-
New Zealand	22	12	34	-	16	18
Norway	14	3	10	7	12	5
Panama	-	1	-	1	1	-
Philippines	8	1	2	7	8	1
Poland	23	11	10	24	26	8
Portugal	3	-	1	2	3	-
Romania	1	-	-	1	1	-
South Africa	1	1	2	-	1	1
Stateless	155	27	15	147	147	15
Sweden	2	-	2	-	-	2
Syria	1	-	-	1	1	-
Trieste	1	-	-	1	1	-
U.S.A.	839	282	1094	7	603	498
U.S.S.R.	292	41	7	326	329	4
Yugoslavia	4	3	1	6	7	-
<u>Total</u>	<u>2487</u>	<u>694</u>	<u>1744</u> 6/	<u>1447</u>	<u>2408</u>	<u>783</u>
	3,191		3,191		3,191	

Source: UNRRA, UNRRA, in China.

TABLE 25

UNRRA Personnel Transferred to Successor
Agencies in China

<u>Agency</u>	<u>No. of persons transferred</u> <u>32/</u>
U.N. Economic and Social Council (for welfare service with Ministry of Social Affairs) (ECOSOC)	7
U.S. Relief Mission (among initial personnel)	3
International Children's Emergency Fund (ICEF)	1
Preparatory Commission of the International Refugee Organization (PCIRO)	19
World Health Organization (WHO)	24
U.N. Educational, Scientific and Cultural Organization (UNESCO)	1
U.N. Food and Agriculture Organization (FAO)	35 <u>33/</u>
Chinese Government Rehabilitation Commission and Board of Trustees	96 <u>34/</u>
	—
Total:	186

32/ Figures include only non-resident or so-called "Class I" employees with permanent domiciles abroad; a considerable number of resident UNRRA personnel, Chinese and foreign, with domiciles in China, were also engaged by the successor agencies.

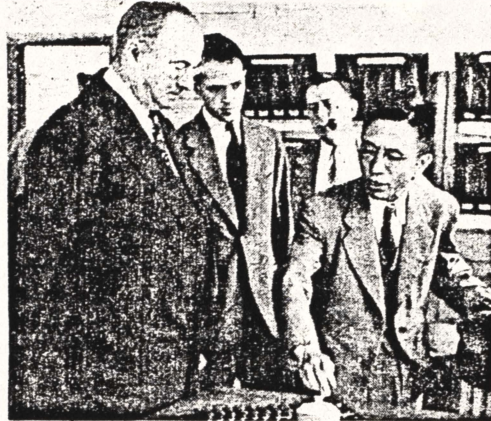
33/ Including a number to be "seconded" by the FAO to the long-term projects.

34/ In addition, special "contract personnel" for the fisheries and shipping programs, about 100 in number, were expected to be taken over from UNRRA for limited periods of time.

Source: UNRRA, UNRRA in China.

APPENDIX B

WITH NELSON IN CHINA: Eddie Locke and James A. Jacobson, assistant cashier at Chase before joining WPB as special assistant to Nelson in June 1942, are in the center of the photo at right and are seen below during a visit of the Nelson party to the Chinese government's agricultural experiment station near Chungking.



Source: Box 1, AWPM in China. Locke, Special Report of Press, Truman in China, 1945. Harry S. Truman Library, Papers of Edwin A. Locke, Jr.

TO WIN THIS VICTORY . . .



*the nations that composed UNRRA chose an American,
Herbert H. Lehman, as Director General . . .*

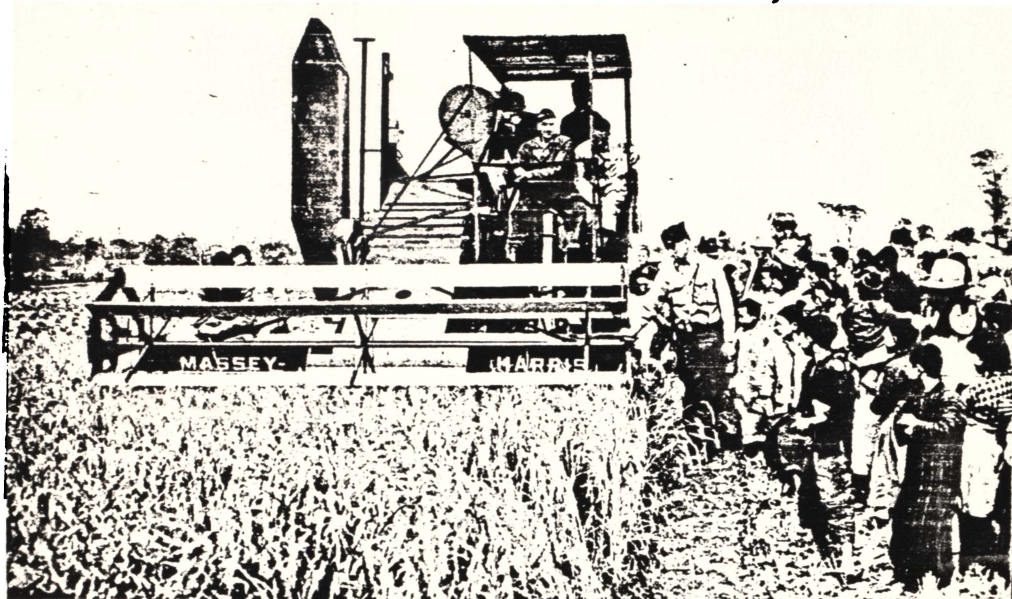
*then succeeded him by the
late F. H. La Guardia . . .*



*and, in January, 1947, by Major
General Lowell W. Rooks . . .*

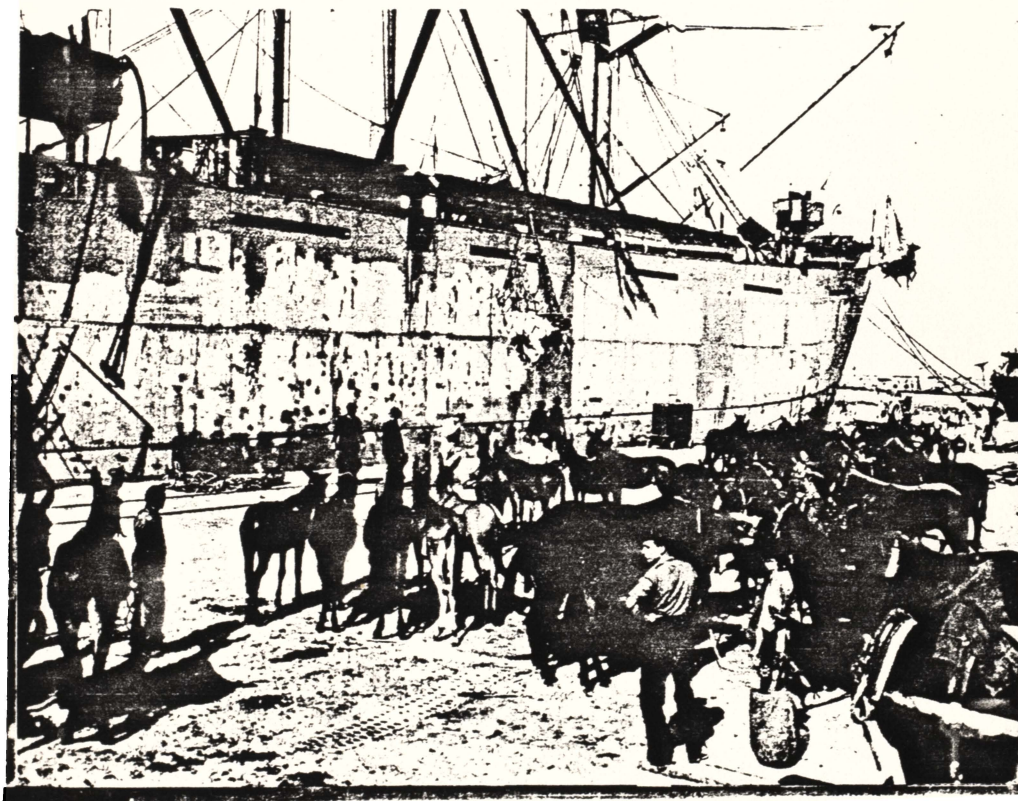
Source: UNRRA, The Story of UNRRA.

To help hungry countries produce more of their own food
UNRRA sent . . .



mechanical equipment . . .

livestock . . .



APPENDIX C

Uncle's Mr. Fixit

Nelson's China Role Is Co-ordinator

Editor's Note—Randall Gould, editor of the Shanghai Evening Post and Mercury (American edition), who recently returned from Chungking, discusses the role in China of Donald Nelson, former chairman of the War Production Board. Gould is an acknowledged authority on China and Japan.

BY RANDALL GOULD.
Written for NANA.

Chinese industry earned great and deserved praise for its magnificent achievement in shifting many tons of machinery into the remote interior just ahead of enemy clutches.

This machinery went up the Yangtze past Nanking, past Hankow, past Icheng and the treacherous Gorges to be set up at last in the Chungking vicinity and elsewhere. Those of us who were visitors to the new capital in those early days of 1939 and 1940 were amazed by the way great new mills and factories, often crude in construction yet workmanlike in operation, were starting to fill China's supply needs.

Yet, currently it has been reported that the average output of Free China industrial establishments was around 10 to 20 per cent of capacity. Some were below that, or idle entirely. At the same time, China was asking for American lend-lease material which in many cases she could herself supply.

IS IT SABOTAGE?

Was this sabotage?—was it an effort to rob a too-good-natured ally? Hasty and cynical replies



SCROLL FROM CHIANG • Donald M. Nelson.

overlooked certain solid, unhappy facts about what happens to any nation in time of war. China has now suffered over seven and a half years of war. Grant every element of staunchness to the Chinese and you still can't exempt them from the operation of inexorable laws.

Clear back in the Hankow days of 1938, as I recall the incident, I asked then (and for a total of 11 years) Finance Minister H. H. Kung whether China would suffer currency inflation. At that time, only the early signs of Chinese inflation were in evidence and it was a touchy question. But Dr. Kung accorded me a fair answer, saying: "No nation involved in a long war can escape inflation."

That was the truth and it has proved to be such. Everything presses toward inflation in wartime as we can easily enough see in America. Yet America is a wealthy land of great resources (which China never has been despite unfortunate though unfriendly ballyhoo). And America isn't even thrown back on her own vast resources by blockade, where as for several years now China has been more or less blockaded—more now, rather than less—and compelled to rely on a primitive though agriculturally rich interior.

NO SANTA CLAUS.

Troubles multiply to such a degree that almost inevitably the manufacturer is soon operating at a fraction of earlier, and potential, output. That is what is happening in China. That is why Donald M. Nelson was called in as an outside expert, a Mr. Fixit.

What could Nelson do that the Chinese themselves couldn't? From the outset, he made clear that he wasn't to be confused with Santa Claus. He had not come to speed up lend-lease supplies to China, for example. On the contrary, he and his associates were well aware that from whatever motives, the Chinese were asking in some cases for things they formerly had made for themselves, or at any rate could make for themselves.

For one thing (Nelson told correspondents in an early informal chat), he ran into the despondent argument that it was a mistake for Chinese industry to try to produce more—that only added to inflation, in the

view of some Chinese. Nelson's comeback to that was instantaneous and devastating.

"We'll cure the inflation in a hurry if that is the case," he said. "All we have to do is stop all Chinese industrial production!"

So, we returned to the question—what could Nelson do for the Chinese that they couldn't do for themselves?

If the answer is to be put in a single word, let it be "co-ordination."

LAID DOWN RULES.

Nelson lost no time in making the rounds of everybody interested. When he found the Chinese army asking for some simple type of goods, and wanting them on U. S. lend-lease, he made pointed demand that some Chinese industrialists be given a chance. And when the industrialists showed what an almost impossible situation they were up against on the rising costs cycle, Nelson went to the bankers and the ministry of finance.

Everyone was willing to "play ball," he found. What they needed was somebody to lay down a few new wartime rules and make the game's complex parts fit together.

The rules which Nelson evolved seem to me to be best described by the formula "cost-plus," though I don't recall that he himself applied the term and perhaps it doesn't fit exactly. At any rate, he got banking and finance ministry support assured, and guaranteed Chinese manufacturers that if their agreements didn't pan out for a living income there would be subsequent readjustments. He also hustled around like a commercial drummer looking for (and getting) orders.

At the time I left China, a few days before Nelson himself left, it was still too early to judge results. But things looked promising to me. Nelson's ideas made a lot of sense, he seemed to have support for them.

The generalissimo is behind all this. Everybody, except probably the speculators, hope for success. To me Free China's economic problem is entering just such a period of constructive change as I have already indicated to be in process elsewhere in the world, strained but by no means hopeless Chinese war machine.

Nelson Leaves Government

Locke Gets China WPB Job; War Crimes Post Is Filled

By James E. Chinn

President Truman yesterday allowed Donald Nelson, former War Production Board head and later a personal representative of Franklin D. Roosevelt, to leave the Government service, but he did so "reluctantly."



Locke
Edwin A. Locke, jr., who has been associated with Nelson throughout the course of the war.

To finish the job that Nelson undertook for the late President Roosevelt—establishment of a Chinese WPB for Chiang Kai-shek's gov-

Almost simultaneously with announcement of his acceptance of Nelson's resignation, the President filled the long vacant post of United States Commissioner on the United Nations Commission for Investigation of War Crimes with the appointment of Lieut. Col. Joseph V. Hodgson.

Colonel Hodgson has been functioning as the American representative on the commission since January as successor to Herbert C. Pell.

Pell's services on the commission were discontinued by the State Department with the explanation that the failure of Congress at that time to appropriate funds for this country's delegation had left it without means of keeping him on the job. Pell, however, charged that the explanation was "damned non-

sense," and said he was dropped by the State Department because he advocated punishment of Nazis for their crimes against German Jews as well as for atrocities against citizens of invaded nations.

Correspondence made public at the White House showed that Nelson submitted his resignation April 16, and asked that it become effective May 1. At the request of the President he agreed to remain until May 15.

Tribute to Nelson

In accepting Nelson's resignation, Mr. Truman wrote:

"Ever since May of 1940 you have been in Washington, at great personal sacrifice, rendering patriotic and effective service in helping to build the vast war machine which has finally spelled victory in Europe for the cause of decency. That same armed might which you did so much to help forge now will be concentrated on the other side of the world to bring the Japanese to unconditional surrender."

The President told Locke that in appointing him successor to Nelson "I want to make sure that the work of his office in directing and servicing the mission which he established in China is carried on."

The work of the mission, Mr. Truman said, should be completed in from three to six months, and

he wanted Locke to assume responsibility and direction of it until the end. He will be paid on the basis of a salary of \$10,000 a year. Successor a Bostonian

Locke, a 34-year-old native of Boston, came to Washington in 1940 after working for the Chase National Bank in Paris, London and New York, and has shared with Nelson the vital role he played in the Nation's war effort from its very inception. He was Nelson's assistant in the priorities division of the National Defense Advisory Council, pioneer defense agency, and later in the supplies, priorities and allocations board and the WPB when Nelson headed that agency. He also accompanied Nelson on missions to Russia and China.

Friends of Nelson, former executive of Sears, Roebuck & Co. at Chicago, understood he has no plans for the immediate future, except to be on call if the President needs his services again.

Hodgson, 46, is a native of Boyne Falls, Mich., and was Attorney General of Hawaii until 1942 when he entered Army service as a major. In 1943 he came to Washington and entered the Judge Advocate General's office, and the following year moved to the European theater of operations.

For the first time since Mr. Tru-

man became President a month ago he had no engagement yesterday—no visitors or anything to disturb him. White House attaches said he wanted to devote as much time as possible to his 92-year-old mother, Mrs. Martha Ellen Truman, who flew here Friday from Missouri to spend Mother's Day with her distinguished son.

Instead of visitors, the President took time out to receive a huge three-tiered fruit cake, bearing 61 candles, which was intended for his birthday anniversary last Tuesday.

Produced in the cafeteria of the Border Star Elementary School in Kansas City, Mo., it was sent to Mr. Truman by the pupils to symbolize their purchase of \$27,587 in war bonds. They had sent the President a photograph of a cardboard cake they used in the bond-selling drive, but somebody suggested they could please him even more with the real thing.



9 to 4:30

China's WPB Boosts War-Weary Nation's Production to Normal

By ALLEN J. GREEN

China's War Production Board, patterned last fall after our war agency as a by-product of ex-WPB Chairman Donald Nelson's mission, boosted the war-weary nation's production from 55 per cent of maximum back to 100 per cent in 30 days and is now shooting for another 100 per cent increase by March 30.

Behind the agency is a group of U. S. experts, including former Government officials. Here is a first-hand account of the birth of the new agency, in the form of excerpts of a letter from Howard Coonley, former WPB official and ex-president of the National Association of Manufacturers, now official adviser to the Chinese WPB:

Set Legislative Record

"The top official of the Chinese WPB had been appointed before our arrival. Dr. Wong Wen-Hao, the chairman, is also minister of economics and chairman of the National Resources Committee. He is less than five feet tall and slight, but a human dynamo, and has the confidence of everyone. I believe no better man could have been chosen. The heads of departments, however, are not of the same caliber and on this I am working. Our first job was to assist Dr. Wong to write a law (organic law as they call it) to establish the WPB and define its powers. We did it in the first three days. It was approved by the Generalissimo immediately, sent to and passed by the executive yuan and later by the legislative yuan in three weeks, cutting any previous record by 75 per cent. In the meantime we sent our specialists to the factories (mostly government owned) to estimate their production capacities. We called on the Minister of War for his total 1945 requirements and also obtained estimates from other ministers such as Communications, Aeronautics, Economics, Agriculture, Liquid Fuels, etc. These we assembled and used as a basis for planning increased production.



Mr. Coonley

Only Central Heating Plant

"Here in Chungking we are housed most comfortably. A property belonging to the government banks (as most do) and originally built for Dr. T. V. Soong, the foreign minister, has been turned over to be furnished, provisioned and servanted, with two modern sedans for our exclusive use. The approach leads thru a roofed gate with the keeper's cottage at the right. There a soldier stands on guard and salutes as we pass. The road swings up around a circular garden with a pool in the center. You climb two stone stairways to a broad terrace that looks out over the well planted gardens about the grey stone house. To the left of the hall inside is a large living room with open fireplace, over which hangs an excellent oil painting of the President, Prime Minister and Generalissimo. Back of the living room is a good sized dining room to the right, and a comfortable office to the left. There are two large and two small bedrooms with two big baths on the first floor, and upstairs two large dormitories and bath. The servants' rooms are in the rear and the kitchen in the basement. Hacked out of the rock below, down several flights, is a commodious bomb-proof room. Besides all these conveniences and exceptionally attractive appointments, we have a central heating system (the only one in Chungking, I believe), which takes off the edge of the winter chill. We're certainly being cared for royally.

"In the Chinese WPB building, a quarter of a mile away, I have a pleasant corner office with good-sized desk and chair and two large arm chairs with small table between. An efficient little stove in the corner keeps me warm. My assistant has a similar adjoining office.

More Guns

"All this is background. We came here to assist the Chinese in co-ordinating and increasing production for immediate war purposes. Don Nelson, from the first, has preached the gospel of licking the Japs first by building more guns and ammunition now and, thru doing that efficiently, provide a basis for post-war prosperity and for co-operation from the United States."

SOCIAL NOTE: When Donald Nelson was in China he and his aide, Edward Locke, lived at the home of a wealthy Chinese. Their beds were covered with netting, as protection against insects, scorpions, etc. One morning Locke reported that during the night he found a large rat in his room, chased it, and bashed its head with a club. "Then I took it outside, and gave it to the soldier-guard," Locke told Nelson. "He patted its head until it was revived, and set it loose. He said when a rat comes to a man's house that's a sign that the man has food, and therefore wealth and distinction."

Leonard Lyons
"The Lyons Den"
April 12, 1945

Source: Papers of E. A. Locke, Jr. Box 1. A WPM in China.
Locke, Special Report of Press, Truman in China,
1945. Harry S. Truman Library.

Ten little Nelson boys were getting on fine,
But Hill talked back to Wilson, and then there were nine.

Nine little Nelson boys said the spot order couldn't wait,
Nelson stuck by his little boys, and then there were eight.

Eight little Nelson boys, no longer in heaven,
Noyes said so frankly, then there were seven.

Seven little Nelson boys in a pretty fix,
Carr wouldn't write another speech, and then there were six.

Six little Nelson boys hardly still alive,
A fat man sat on Candee, and then there were five.

Five little Nelson boys, trying to keep the law,
Locke got insubordinate, and then there were four.

Four little Nelson boys, feeling ominously free,
A lady fair caught Whitney, and then there were three.

Three little Nelson boys in the WFB zoo,
A Navy bear hugged Earley, and then there were two.

Two little Nelson boys just sitting in the sun,
Which made Rudd too conspicuous, and then there was one.

One little Nelson boy, by loneliness undone,
Went and got incorporated, and then there were none.

Ernest F. Dineen
1945

Apologies to
"And Then There Were None"
by Agatha Christie

Source: Box 1, A WPM in China. Locke Special Report of Press,
Truman in China, 1945. Harry S. Truman Library, Papers
of Edwin A. Locke, Jr.