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IMPLEMENTATION OF SOVIET OBJECTIVES
IN CHINA

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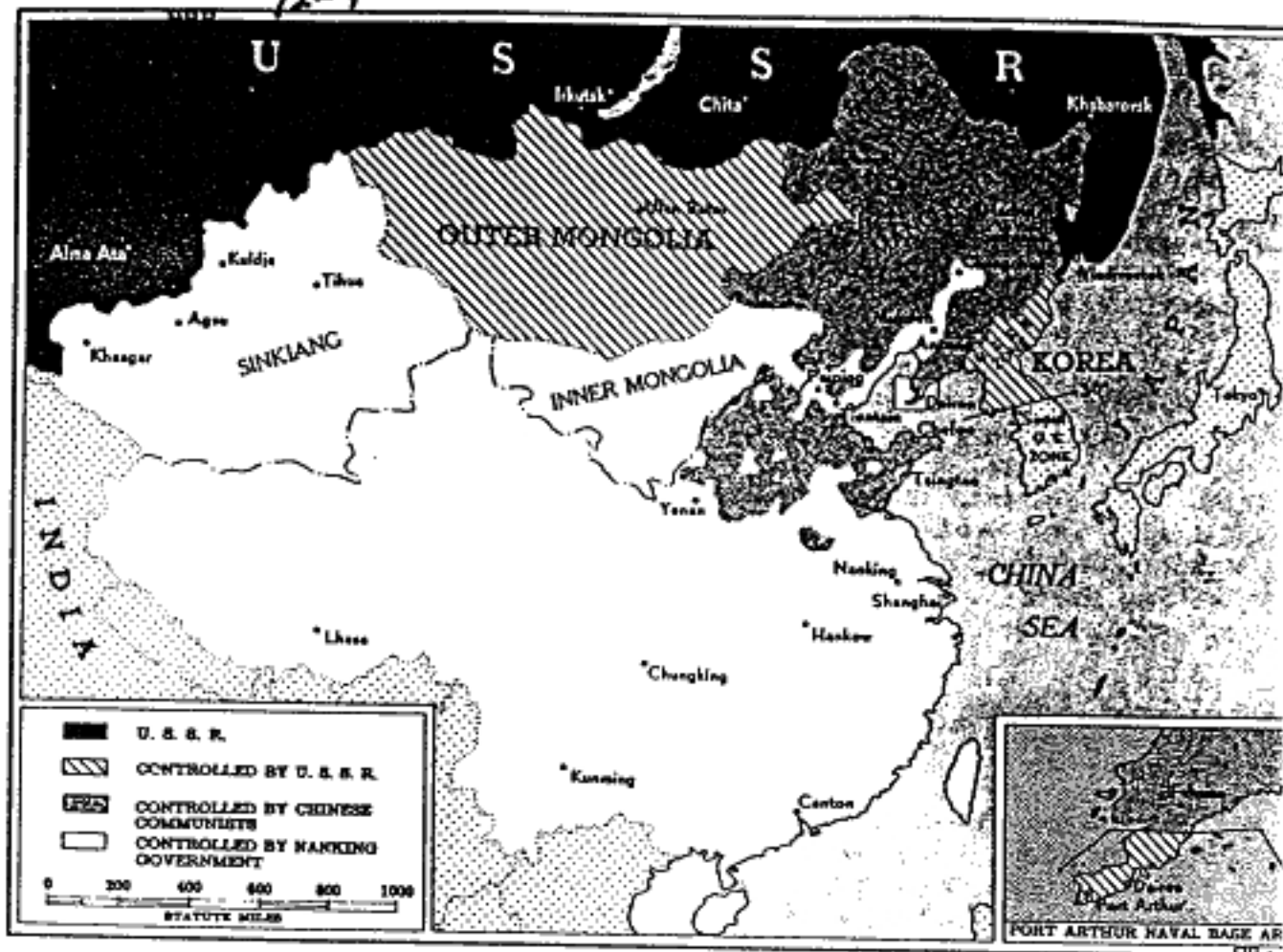
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IMPLEMENTATION OF SOVIET OBJECTIVES IN CHINA

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COPY NO. 12IMPLEMENTATION OF SOVIET OBJECTIVES IN CHINA1. Soviet Objectives in China

The long-range Soviet objective in China is believed to be identified with the Soviet objective in all areas adjacent to the USSR: to extend the control and influence of the USSR wherever and whenever possible by all means short of war, and to reduce the control and influence of other major powers in such areas. A more limited and more immediate Soviet objective -- reinforced by the urge to achieve security from foreign aggression -- aims toward continuing control over the resources and development of Manchuria, and the maintenance there of a regime sympathetic to the USSR. Manchuria forms a vital strategic link with Korea and the Soviet Maritime Territory, and possesses agricultural and raw material wealth that significantly complements the expanding industrial potential of Eastern Siberia. At the same time, denial to the Chinese National Government of Manchuria's substantial resources and industrial potential tends to weaken China's ability to offer effective resistance to further Soviet expansion. While Manchuria represents the major direction of current Soviet interests, the USSR will continue to exploit the opportunities for expanding its influence in other border areas of China: Inner Mongolia and Sinkiang Province.

2. Recent Actions by the USSR to Further Its Objectives

Certain measures which the Soviet Union has taken to further its objectives during the past two years are clearly evident. They include: (1) negotiation of the Sino-Soviet Treaty of 14 August 1945, whose terms assured the USSR a position of influence in Manchuria; (2) management of the Soviet occupation of Manchuria in the period August 1945 to late April 1946 so as to hinder the movement of Nationalist troops, facilitate the establishment of Chinese Communist control, and contribute substantially to the military potentiality of the Chinese Communist Party (CCP) by affording the latter an opportunity to "capture" a large volume of Japanese arms and equipment; (3) the stripping of Manchurian industries; and (4) effective denial of the Dairen area to the Chinese National Government through a legalistic interpretation of the Sino-Soviet Treaty. These measures, which are more fully described in Enclosure A, have had the effect of strengthening the potential of the CCP or of weakening that of the Chinese National Government. They have thus tended to promote a balance of power between the opposing Chinese forces, and to intensify the civil conflict and the attendant conditions of instability and chaos in China.

Although continuation of civil conflict and instability in China effectively serves Soviet interests and aims, there is little further action that the USSR need take to promote such conditions, so long as the Chinese Nationalist military administration remains in its existing state of incompetence and

disorganization. (Current Chinese Communist military successes appear to stem as much from the qualitative and quantitative decline in the Nationalist military potential -- attended by the Communist capture of substantial Nationalist military supplies -- as from Communist superiority in the employment of forces.) Nevertheless, the USSR may have found it desirable to extend some additional and inconspicuous aid to the CCP, if only to insure the security of Manchuria and to hedge against the possibility that the Nationalist potential might be increased by internal reform and by military aid from the US.

As set forth in Enclosure B, there is some evidence that supports, while it does not conclusively prove, the thesis that the USSR has been extending concealed aid to the CCP in recent months: additional supplies of munitions (probably of Japanese type), high-level technical assistance, North Korean troops (largely for non-combat employment), use of Dairen port facilities and of Soviet vessels to facilitate the movement of supplies between Communist-held areas in Manchuria and Shantung. The evidence includes reports from sources other than the Chinese National Government, which has been unrestrained in its charges that the USSR has currently been supporting the CCP.

Soviet aid in recent months does not appear to have been of major significance in Chinese Communist operations thus far, but may prove of greater benefit to the Communists in forthcoming operations.

3. Role of the CCP in the Implementation of Soviet Policy

Examination of the developments in China over a period of many years, and of the character of Soviet measures described above, leads inevitably to the conclusion that the most effective instrument of Soviet policy toward China is the CCP. The Chinese Communists are ideologically sympathetic with and oriented toward Moscow, and will continue to cooperate with the Soviet Union so long as the CCP itself is engaged in a struggle for power in China.

A China completely dominated by the CCP, assuming that the latter remained closely allied to the USSR, would ideally serve long-range Soviet interests in China. However, it is doubtful that the USSR either expects or hopes for a completely communized China for several years to come. The Kremlin's machinery for asserting political control abroad is at present severely taxed by Soviet commitments in Europe. This strain would be vastly increased by the assumption of responsibility for supporting and directing a Communist regime for all of China. In addition, China as a whole can contribute little to Soviet economic needs in the near future. The USSR's foreseeable requirements can better be met by the more highly developed skills and industrial facilities of Europe. It is therefore unlikely that the USSR would wish to place this additional burden on the world Communist program until the situation in the West has become more stable.

It must also be considered possible that the USSR would actually prefer a continuation of instability and the development of regionalism in China --

conditions that would accompany the Chinese Communist struggle for power -- to the final achievement of central power by the CCP. Such a preference would be corollary to Soviet uncertainties about any strong central government in China. Over the period of some three centuries, Tsarist and then Soviet Russia's position in eastern Asia -- in terms of territory, political and economic influence -- has tended to expand with the weakening, and to contract with the strengthening, of a central political authority in that area. The USSR might logically believe that the CCP, once it achieves central power in China, will exhibit much the same degree of nationalism and xenophobia that characterizes the present Chinese Nationalist regime. Moscow may also entertain some misgivings as to whether the CCP would be able to achieve and retain supreme control throughout China without making fundamental adjustments and compromises with non-Communist elements within and outside China -- adjustments and compromises that might ultimately lead to a "Communist China" bearing little resemblance to the puppet governments found in European Communist satellites.

Whether by force of circumstances or by preference (or both), the USSR probably looks forward to a long period of instability in China. To intensify that instability, the Soviet Union will probably take at least inconspicuous steps in support of the CCP, whenever such support appears necessary.

4. Future Developments

Only tentative estimates can now be made of future Soviet actions to further its objectives in China. The character and timing of such actions will undoubtedly be closely associated with developments in US relations with both China and the USSR, and can also be expected to respond to political and economic trends in Europe as well as in Asia. The most natural point of departure for making tentative estimates of future Soviet action would appear to be the portrayal of conditions in China (1) if US assistance to the Chinese National Government is withheld, and (2) if US assistance is extended.

If the Chinese National Government does not receive early assistance from the United States, many months, and perhaps years, will elapse before the USSR is confronted with the necessity of supporting Chinese Communist forces beyond the limits of indirect or concealed aid of the type thus far extended.

It is conceivable, but not now considered probable, that Moscow will adopt a program of open and direct action in China before the necessity arises, in order to divert US attention from Europe and to induce the US to expend its efforts and resources on two major fronts. In June and July 1947, there were several assertions, largely by Soviet citizens in Shanghai and purportedly representing the views of Soviet officials there, that (1) the mid-1947 evacuation of Soviet citizens and recall of Ambassador Petrov from China marked the first steps in a "get tough with China" policy; (2) the

USSR has decided on a policy of counteraction vis-a-vis the Nanking Government and the US; and (3) the USSR will break off diplomatic relations with China in late 1947 or early 1948, and concentrate all its attention on Manchuria and Sinkiang. More recently, however, Soviet officials in China have reportedly predicted that Petrov will return to China, and that there will be no change in USSR policy toward China unless the US policy changes.

One of the controlling reasons why the USSR would tend to avoid direct action before the necessity arises is believed to be the mere expense of such a program. In addition, unconcealed intervention in China might also promote the danger of a collision with the US, and would undoubtedly weaken the Soviet position in international negotiations. The Sino-Soviet Treaty, for example, stipulates that the USSR shall respect Chinese sovereignty, shall not interfere in China's domestic affairs, and shall render moral support and military aid entirely to the Chinese National Government. Moreover, the Soviet Union may perceive certain broad advantages in not committing itself to a program of direct action against the Chinese National Government so long as Japanese peace treaty negotiations are in progress. By avoiding overt action that would intensify the Chinese National Government's fear of the USSR and destroy any Government hopes of gaining Soviet cooperation in Manchuria, Moscow would be in a more favorable position (1) to encourage Chinese Government opposition to any peace treaty proposals that would strengthen Japan's position in Asia, and (2) to assume a role as defender of Continental Asia against "US-supported Japanese imperialism".

If, on the other hand, the Chinese National Government receives US assistance tending to strengthen the Nationalist potential for waging civil warfare, it is believed that the Soviet Union will weigh alternative lines of action more in terms of the security of its position in Manchuria than in terms of the position or fate of Chinese Communist forces in China proper. So long as the National Government appears incapable of re-establishing control in Manchuria, it is anticipated that the Soviet Union will continue to avoid open action against that Government. But in the event that a very substantial US military aid program to China and a major reform in the Nationalist administration increased the Nationalist potential to the point of threatening the status quo in Manchuria, it is considered possible that the USSR might resort to direct action to counter that threat.

At any time in the future the USSR may also find it opportune to increase its emphasis on other border areas of China: Inner Mongolia and Sinkiang Province. In these regions, the Soviet Union possesses the special advantages of geographical position, actual local influence, and a "national minorities" policy that strongly attracts the Mongol and Turki peoples of eastern Central Asia. The USSR is, therefore, in a highly favorable position to capitalize upon the principal causes of unrest among these large and widespread non-Chinese groups: deep-rooted dissatisfaction with Chinese rule, and appreciation of the relatively better circumstances of the Mongol-Turki populations in adjacent Soviet or Soviet-controlled territory. Soviet influence is discernible in the encouragement which Chinese

Communist and Outer Mongolian elements have given to Inner Mongolians in the latter's attempts to create an autonomous government. It is also apparent that the USSR has played an indirect, but effective, roll in similar autonomous movements by native groups in Sinkiang Province, and in the Outer Mongolia-Sinkiang border disputes.

KNOWN ACTIONS TENDING TO PROMOTE SOVIET OBJECTIVES IN CHINA1. Sino-Soviet Treaty of 14 August 1945*

The basis for the Sino-Soviet Treaty was laid at the US-UK-USSR Conference in Yalta. The Treaty itself was negotiated at a time when the USSR was in an extremely strong bargaining position, with Soviet occupation troops due to establish effective control throughout northeastern China, and with the Chinese National Government faced with the possibility that too vigorous objections to Soviet demands would result in Soviet support of the Chinese Communists. The USSR was thus able to obtain important special rights in Manchuria for a period of 30 years, including: (1) joint use with China of the Port Arthur Naval Base Area, which encompasses most of the former Kwantung Leased Territory; (2) lease of one-half of all port installations in Dairen (which the Chinese Government agreed to declare a free port); and (3) joint ownership and operation of the "Chinese Changchun Railway", comprising Manchuria's two main trunk lines--the Chinese Eastern and South Manchurian railways--that join at Harbin and link Central Siberia, Vladivostok, and Dairen. Auxiliary rail lines, subsidiary enterprises, and lands directly serving the main trunk lines, if built or acquired during Russian or Sino-Soviet administration, were also to be jointly owned and operated.

It is obvious that even if Manchuria were under actual control of the Chinese National Government, the Soviet Union would still be assured of a strong position in that area, economically and strategically. However, other actions taken by the USSR, which have helped prevent Nationalist re-entry into Manchuria, and generally weakened the Nationalist potential relative to that of the CCP, indicate that Soviet objectives in Manchuria extend well beyond the above-named Treaty rights.

2. Soviet Occupation of Manchuria (August 1945 to late April 1946)

During the Soviet occupation, the Chinese National Government attempted to move troops into Manchuria to re-establish Chinese control, but was hampered and delayed not only by local volunteer forces in the area, but also by Soviet occupation authorities. Nationalist freedom of movement and

* As used here, the "Sino-Soviet Treaty" includes: (1) the basic Treaty of Friendship and Alliance; (2) the separate Agreements on Port Arthur, Dairen, the Chinese Changchun Railway, and the presence of Soviet troops in the "Three Eastern Provinces" (Manchuria); and (3) the separate Notes on Soviet Aid to the Central Government of China and Chinese sovereignty over Manchuria and Sinkiang, and on Outer Mongolia.

activity was severely restricted and Manchurian port facilities were denied to the Government. On the other hand, the movement of Chinese Communist troops into Manchuria apparently was permitted with freedom. It is known, for example, that several thousand Chinese Communist soldiers arrived in Mukden on 6 September 1945, by rail from North China.

After a delay of several months, the USSR decided to withdraw its forces completely from Manchuria by the end of April 1946. Partial evacuations from certain areas had taken place earlier, with little or no prior notification to the Chinese National Government. The latter did obtain, on 22 March 1946, a Soviet note giving the target date for complete withdrawal, but that note contained no area-by-area schedule for evacuation. Chinese Communist forces were thus placed in a highly favorable position to replace the departing Soviet occupation forces, thereby gaining physical control over most of Manchuria.

Intelligence reports correctly emphasize the importance of the "capture" of great supplies of Japanese arms and equipment by the Chinese Communist forces after they replaced the Soviet troops in Manchuria. Somewhat less well known is the fact that at least part of such Japanese supplies fell into Chinese Communist hands even during the Soviet occupation. A trained US observer personally saw unarmed Communist troops enter the Japanese arsenal in Mukden while it was completely under Soviet control and Soviet guard, and subsequently saw those troops emerge fully armed. (Other sources, including a Japanese, a Manchurian ex-puppet officer, and a Czech refugee in Dairen, cite similar episodes in Soviet-controlled areas containing Japanese Army materiel.)

3. Soviet Stripping of Manchurian Industries

The selective removal of industrial machinery from Manchurian factories by Soviet forces as "war booty", and the subsequent looting of such installations by local mobs and later by Chinese Communists, cut the heart out of Manchuria's highly developed industrial structure. Soviet forces apparently made no attempt to preserve order. Soviet removals provided the USSR with substantial quantities of carefully chosen equipment, and the stripping and looting made certain that Manchurian industry could not be reconstructed quickly or without large capital outlays.

The Soviet action in removing key equipment from Manchurian industry, effective Soviet retention of Dairen as a closed port (described below), and credible reports that substantial quantities of soybeans, grains, and coal have been moving to Siberia from Communist-controlled areas in Manchuria, all support the belief that Soviet policy is aimed at making Manchuria a de-industrialized source of food and raw materials for the Soviet Far East. A de-industrialized Manchuria, of course, also presents a minimum military threat to the USSR.

4. Denial of Dairen to the Chinese National Government

The USSR has consistently refused to allow the Chinese National Government to send troops to the port of Dairen. Chinese Government objections have been countered by legalistic Soviet claims that the USSR has the right to extend to Dairen its military jurisdiction over the Port Arthur Naval Base Area until the Japanese peace treaty is signed." In taking this attitude, the USSR has been fully aware of the Chinese National Government's unwillingness to assign a civil administration to the area without military support, an unwillingness resulting from the virtual land blockade of the Dairen-Port Arthur area by Chinese Communist forces and from the presence within that area of Soviet and Soviet-puppet troops.

By its effective denial of Dairen to the Chinese National Government the USSR greatly hindered that Government from supplying the rest of Manchuria with "take-over" troops and supplies during the period of Soviet occupation and withdrawal. Since the spring of 1946, the Chinese Government has been similarly impeded in its efforts to reestablish control in Manchuria.

Relevant sections of the Sino-Soviet Treaty are: (1) "The Chinese Government entrusts to the Soviet Government the defense of the (Port Arthur) Naval Base"; and (2) "In peace time Dairen is not included in the sphere of efficacy of the (Port Arthur) Naval Base regulations...and shall be subject to to the military supervision or control established in this zone only in case of war against Japan." The Soviet argument that the "war against Japan" will not end until the Japanese peace treaty is signed has been bitterly attacked by the Chinese National Government.

ENCLOSURE BEVIDENCE OF RECENT SOVIET AID TO THE CHINESE COMMUNISTS

The elimination of most means of direct observation at logical Soviet-Chinese Communist points of contact has made it increasingly difficult to establish proof of the extent of current Soviet aid to the Chinese Communists. An attempt has been made here to present, where possible, evidence from sources other than Chinese National Government officials. Indications of recent Soviet aid which has been of some significance to the Chinese Communists and which has strengthened the position of the USSR, particularly in Manchuria and Korea, are set forth in following paragraphs.

1. Additional Supplies of Munitions:

Additional supplies of munitions may have been made available by the Soviet to the Chinese Communist Forces since the Soviet evacuation of Manchuria in April 1946. Although no US observer has yet ascertained that any Soviet-made materiel has been used by Chinese Communists in current offensives, there is some evidence that the Soviets have made available additional supplies of Japanese Kwantung Army stocks which they removed from Manchuria and which they are now returning in exchange for foodstuffs. Reports since January 1947, largely from Nationalist sources, have indicated that the USSR has revived rail traffic between Harbin and the USSR under a barter trade agreement with the Chinese Communists. This trade had reportedly reached an export rate of 180,000 tons monthly or over 2 million tons annually. Manchurian exports have consisted of soybeans, wheat, beef, pork, kaoliang, millet, and furs, which have been exchanged for imports of coal, kerosene, perfume, matches, cigarettes and other commodities. It has been suggested that the "other commodities" include military supplies. One Chinese observer reports that in June or July 1946 he saw cases marked "grenades" and "artillery snells" in one car of a heavily guarded train returning from the USSR.

The increased firepower of the Chinese Communists during the mid-1947 battle for Ssupingkai, which has been confirmed by US observers, may indicate the acquisition of new supplies of munitions by the Communist forces. The editor-in-chief of the independent Ta Kung Pao, however, has made the logical point that this is not necessarily proof of Soviet aid, but may simply denote a more active employment by Chinese Communist forces of the large supplies abandoned earlier by the Japanese and of supplies captured from Nationalists in current campaigns. General Sun Li-jen, Deputy Commander of the Nationalist Forces in Manchuria during the mid-1947 Communist offensive, has made no claim other than that the Communists were using captured Japanese materiel.

Outside of Manchuria there have been continuing reports, some from neutral observers, that Soviet small arms and Japanese machine guns, carbines, mortars

and artillery have been transported in Soviet vessels from Dairen to the Chinese Communist forces in Shantung through the Communist-held port of Chefoo. No evidence is yet available from Shantung which confirms the use of this materiel.

No other evidence has yet been secured which would suggest or confirm the fact that Chinese Communist successes or advantage in any area can be attributed to any large-scale current receipt from the USSR of Soviet-made or Japanese materiel. It should be noted, however, that appropriate lines of communication from the USSR to Manchuria and from Dairen to Shantung still exist and that Soviet movement over these lines of communication has been confirmed.

2. High Level Liaison and Technical Assistance

Liaison between the Soviets and the Chinese Communists at a high level undoubtedly exists. However, no proof of its actual implementation has yet been authenticated by US observers. Prior to the Soviet withdrawal from Manchuria, US observers transmitted reports of several conferences between high-ranking Chinese Communists and Soviet military commanders, but these reports emanated originally from Chinese National Government sources. The latter claimed, for example, that: (1) Lin Piao, Chinese Communist Commander-in-Chief in Manchuria, and two other Chinese Communist commanders, were seen in Mukden where they attended a conference with local Soviet commanders on 30 January 1946; (2) other Chinese Communist conferences were held in Kirin, Antung and Tung-Hua, the latter ones attended by the Soviet Commander of the Mukden area.

In addition, a document containing an agreement allegedly reached between Chinese Communists and Soviet officials at Red Army Headquarters in Mukden on January 9, 1946 was made available in May 1946 to American correspondents by "a high Chinese official". The US Consul General at Mukden, in commenting on this document, conceded that the Soviets "are hardly innocent of involvement in Manchurian affairs" but observed that the document itself seemed to indicate that it might be something "invented after the fact" to incriminate the USSR and aimed at enlisting US sympathies on the side of the Chinese National Government against the USSR and the Chinese Communists. US Embassy Nanking concurred with these observations, and was of the opinion that the document constituted a "Kuomintang plant".

There continues to be a great deal of speculation but no confirmation as to the nature of possible high-level liaison undertaken from Manchuria by Li Li-san. Li Li-san, who fled to Moscow after a split with Mao Tse-tung in 1931, returned to Mukden in Manchuria in July 1946. If it is established that Li actually is an effective political adviser to the Chinese Communist military forces and that he is a part of or the leader of a strong pro-Soviet clique within the CCP, it is probable that Li personally provides a significant channel for Chinese Communist-Soviet liaison.

Although Chinese Nationalist claims of Soviet participation in battle have not been substantiated, there has been some indication of Soviet training and technical assistance which may have been of direct help to Chinese Communist forces. In June 1946 the US Consul General Dairen reported that the morale and efficiency of the Chinese police in Dairen had visibly increased and that "it is obvious that they are carefully and systematically trained". Again in September 1946, he reported that the Soviet military in Dairen were training the Chinese police in the use of the rifle and bayonet. Although the movement from Dairen of these trained Chinese has not been confirmed, Chinese Nationalist sources have indicated that these trainees in groups of several hundreds have been sent to Chefoo and Antung for service under the Chinese Communists. A US oil company official, who left Dairen in July 1947, reports that the transfer of trainees to Chinese Communist forces is "generally known". As yet there has been no conclusive proof that Soviet-organized training centers for Chinese Communist forces are maintained in Northern Manchuria and Siberia, as reported by Chinese Nationalist sources and by repatriated Japanese. These reports include claims that: (1) twelve Soviet training centers for Chinese Communist Forces, including a Soviet-organized aviation school headed and conducted by Soviet-trained Chinese, Koreans and Japanese, are located in Northern Manchuria; (2) Soviet military training centers for Chinese Communist Forces are located at Chita, Siberia and near Lake Khanka, about 125 miles north of Vladivostok.

3. Employment of Korean Troops

During the past several months, US observers in China and Manchuria have been unable to substantiate Chinese National Government charges that many North Koreans are engaged in actual combat in Manchuria on the side of the Chinese Communists. These charges include: (1) an assertion that more than 100,000 Koreans trained in Northern Korea were recently in action with the Chinese Communists in Manchuria; (2) a statement by General Chen Cheng, Nationalist Chief of Staff, that it was "a universally acknowledged fact that Russian-trained Korean Communists are fighting on the side of the Communists in Manchuria".

However, US observers in South Korea, particularly those with the G-2 section of the XXIV Corps, have transmitted sufficient evidence to justify the conclusion that some form of aid is being provided by North Koreans in Manchuria. Determination of the extent and character of such aid is difficult because (1) Manchuria itself has a large Korean population--1,400,000 Koreans were reported in Manchuria in 1944--and (2) it is possible that some units of the Korean Volunteer Army (formed from Korean anti-Japanese guerrillas under the auspices of the CCP during the Japanese occupation of Korea) are still with the Chinese Communist forces. The available evidence from all sources suggests that the North Korean elements that have joined with Chinese Communist forces in Manchuria have thus far been kept in the background and away from the fighting fronts. Presumably, they have been engaged in training and in performing garrison and service functions.

Indications of possible cooperation between the Chinese Communists and the Soviets in North Korea date back to the fall and winter of 1946-1947. After the surrender of Antung to the Chinese Nationalists in October 1946, the presence of Chinese Communist troops in North Korea was frequently reported. In March 1947 the XXIV Corps estimated that there were from 50,000 to 75,000 Chinese Communist troops in the Soviet Zone. Usually reliable sources indicated that North Korean railroads were used for transporting these troops during December 1946 and January 1947 and that the functions of billeting and supply were shared by the Soviet Army Command and the North Korean Peoples Committee. Although the nature of Chinese Communist activities in North Korea during this period has not been definitely established, it was reported that they were in training and that they were using the area as a base for operations against Chinese Nationalists in eastern Manchuria.

Recently the XXIV Corps has secured information, chiefly from interrogations of refugees from the North Korean Peoples Army, which tends to establish that North Korean troops have been moving into Chinese Communist-controlled areas of northeast Manchuria. (The USSR has not admitted that there is a North Korean Peoples Army, but considerable reliable evidence of its existence and development is available.) XXIV Corps reports include: (1) a statement from a former officer of the North Korean Peoples Army that battalions of the Army had been fighting together with the Chinese Communists along the Manchurian frontier; (2) a statement that Peoples Army forces stationed in North Korea were sent to fight off Nationalist troops along an east Manchurian rail line; and (3) claims that liaison between the North Korean Peoples Committee and the Chinese Communist forces in Manchuria was established in the fall of 1946 to control the assignment of North Korean troops to the Chinese Communists. The fact that no trained tactical units of the North Korean Peoples Army have as yet been located in North Korea itself appears consistent with several reports that upon completion of prescribed training in North Korea, Korean troops are transferred to Manchuria and absorbed into the Chinese Communist forces.

Such transfers would logically serve to further Soviet aims in several ways: (1) they would provide some assistance to the Chinese Communist forces; (2) they would give the North Korean troops experience in or near actual areas of combat; (3) they would alleviate the problem of supplying food to troops from the food-deficit areas of North Korea. In connection with the North Korean food shortage, a small number of Koreans captured by Nationalist forces in the mid-1947 Manchurian operations have told a US Assistant Military Attache that they had joined the Chinese Communists voluntarily and only for "economic reasons, such as unemployment, inadequate food, etc." However, it should be noted that the North Korean food situation itself is partly the result of Soviet withdrawals of food from that area, for shipment to Vladivostok and Dairen.

It would obviously be to Soviet advantage if the transfer of North Koreans to Manchuria had the character of a natural and voluntary movement, rather

than one forced upon the North Koreans. However, in view of the intense nationalism of the Korean people, and their traditional unwillingness to cooperate with neighboring countries, considerable indoctrination would be necessary to encourage Korean-Chinese Communist cooperation. There is evidence that Soviet authorities in North Korea have been engaged in just such an indoctrination effort. The XXIV Corps has transmitted reports that Koreans along the Yalu River (separating Korea from Manchuria) have been told that General Hodge, Rhee Syngman and Chiang Kai-shek--all extreme reactionaries according to Soviet propaganda--have actually agreed to attack North Korea in the near future.

4. Use of Dairen Port Facilities and Soviet Vessels

It is evident that the Chinese Communists have derived some advantage from the active junk trade carried on between Chinese and Korean ports and Soviet-controlled Dairen. An even more important form of assistance, at least to the Chinese Communists in Shantung Province, appears to have been provided by the movement of Soviet vessels between Dairen and the Shantung port of Chefoo.

The US Consul General Dairen has reported that on 23 June a Soviet vessel left Dairen for Chefoo (normally a one-day trip) with trucks, tires, and auto parts on board. One day later, CNRRA and UNRRA personnel at Chefoo noted the arrival of a Soviet vessel at that port with a cargo which included trucks as well as Chinese passengers. According to the Chefoo sources, the same vessel had also put in there on 7 June, and on that trip had carried pig iron and "wooden cases". Unloading on both trips was reportedly carried out at night by Chinese Communist soldiers "with the utmost secrecy". It was further claimed that the Soviet vessel apparently had timed its arrivals at Chefoo so as to take advantage of the presence of a CNRRA vessel as security from Chinese Nationalist air attacks.

There is no doubt that the Chinese National Government has been deeply concerned about the Dairen-Shantung traffic. In connection with this movement, the Nationalist commander in Shantung Province has stated that if Dairen were restored to the Nanking Government, the war in Shantung could be shortened by 6 months. Further indication of the importance which the Chinese National Government attaches to the Dairen-Shantung traffic is found in that Government's order of 20 August 1947, which declares that the port of Dairen is closed to foreign shipping. This order was issued despite the fact that: (1) in the Sino-Soviet Treaty the Chinese Republic agrees "to declare Dairen a free port open to the commerce and shipping of all nations" and (2) the US had sent a note to the Soviet Government on 14 August again calling attention to the Soviet delay in opening Dairen to international commerce as a free port.

There has been a reported increase in Soviet shipping on the Dairen-Vladivostok route, a route which may be a channel of direct assistance to the Chinese Communists. However, this increase may represent only the normal shipping requirements of the Soviets in the Dairen area and the normal increase which could be expected during the months that Vladivostok is an ice-free port.