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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

7 OCT 1958

MEMORANDUM FOR: The President

SUBJECT: Alleged Chinese Communist Offers To
Negotiate With the Chinese Nationalists

1. Between 28 September and 5 October 1958 CHIANG Ching-kuo [redacted]

[redacted] three letters written to officials of the Chinese Nationalist government, one to himself and two to HUANG Shao-ku, the Foreign Minister, setting forth Chinese Communist conditions for a peaceful settlement of the Taiwan problem with the Chinese Nationalists. All of these letters were written from Hong Kong by TS'AO Chu-jen, a Chinese newspaperman active in leftist Hong Kong news circles who frequently travels to the China mainland.

(b)(1)
(b)(3)

2. The letters, which were written on 25, 28, and 30 September, proposed direct negotiations between the Chinese Nationalists and the Chinese Communists publicly in the framework of the Warsaw talks or privately between designated representatives. In the first two letters TS'AO said that Communist China proposed the inclusion of Taiwan as an autonomous area, similar to Tibet, under the Chinese Communist government and, among other concessions, would allow CHIANG Kai-shek to remain in full control of the military and civil government on Taiwan. To prove his status as a representative of the Chinese Communist government, TS'AO said he could guarantee that if the Chinese Nationalists would stop using United States Navy vessels to convoy resupply missions to Chinmen between 6 and 13 October, the Chinese Communists would not interdict the supply attempts. In the third letter TS'AO said that the Nationalists could indicate their willingness to negotiate by stopping the use of United States naval convoys during this period. Some of the conditions in the letters parallel

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 (EVERETT REGENCY FILE *White House*)

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the conditions for a cease-fire publicly announced by the Chinese Communists on 5 October 1958. Specifically, the dates of the cease-fire and the conditions under which it would be maintained are the same. Other than these facts we have no evidence of the authenticity of TS'AO's offers.

3. This recent series of letters marks the third time that TS'AO has represented himself as an intermediary between the Chinese Communist government and the Chinese Nationalists. He made similar offers in the summer of 1955 and in 1956;

[redacted] CHIANG Ching-kuo [redacted] he has received and ignored correspondence from TS'AO since 1949.

(b)(1)
(b)(3)
(b)(3)

4. [redacted] CHIANG Ching-kuo stated that the Chinese Nationalists would not dignify the letters by replying to them and would under no circumstances enter into direct negotiations with the Chinese Communists. The Chinese Nationalists have never accepted TS'AO as being trustworthy. They believe that TS'AO is a Chinese Communist political action agent, and refuse to engage in discussions with him. They say TS'AO has associated with anti-Chinese Nationalist elements and does anti-Chinese Nationalist propaganda work in Hong Kong.

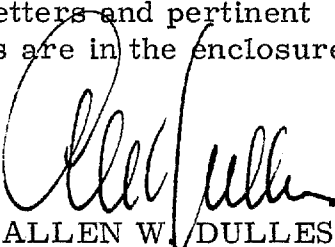
(b)(1)
(b)(3)

5. CHIANG Ching-kuo was first associated with TS'AO Chu-jen during World War II, and the latter eventually became chief editor on a newspaper owned by CHIANG; at that time, CHIANG was Administrative Commissioner for southern Kiangsi Province. When TS'AO arrived in Hong Kong in 1952, he associated himself with Third Force and leftist journalists; his reputation among Third Force persons is poor. His newspaper and other writings are anti-Chinese Nationalist, and CHIANG Ching-kuo is often a target.

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6. A summary of the TS'AO letters and pertinent excerpts from the texts of the letters are in the enclosure.



ALLEN W. DULLES
Director

1 Attachment

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~~SECRET~~Summary and Excerpts from TS'AO Chu-jen's Letters

1. On 28 September 1958, CHIANG Ching-kuo [redacted]

[redacted] a letter from TS'AO Chu-jen in Hong Kong which was dated 25 September and was addressed to Chinese Nationalist Foreign Minister HUANG Shao-ku. The letter contained a personal note from TS'AO stating that TS'AO had been to Peiping from 20 August to 13 September 1958 and had obtained from the Chinese Communist Government its conditions for a peaceful settlement with the Chinese Nationalist Government. The letter also contained a paper outlining Chinese Communist conditions for a settlement and how negotiations should be conducted. The letter was sent through the regular mail. The following are the significant portions of a translation of TS'AO's first letter.

(b)(3)

(b)(3)

a. The personal note pleaded for "negotiations" and decried the "resort to force" to resolve the present situation. The note added "I am forwarding "Peiping's conditions" and asked HUANG Shao-ku to "send a representative to get in touch with me". TS'AO's note stated, "I have been to Peiping five times; I have seen more and therefore I know more than anyone else."

b. The four-page letter, which included "Peiping's conditions", stated that TS'AO had visited "every part of the country" in the past two and a half years and had "observed the life of the farmers and workers and the status of industrial reconstruction". "Intellectuals today cannot deny progress." "Our generation must be responsible to the next generation." "We must sacrifice ourselves for peace." As a non-Kuomintang and non-communist Chinese, TS'AO said, "I shall work for the coalition." There is "no other way to peace except that the Chinese Communists and the Chinese Nationalists should work together again." The letter continued that, "since the 4 May movement our generation has the following objectives":

(1) "Free from imperialist's yoke. Fight for China's liberty and equality."

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(2) "Improve production technique. Modernize our country."

(3) "Eliminate economic classes. Put socialism into effect."

(4) "These objectives have been realized by the People's Government. Although CHIANG Kai-shek accomplished a lot, he came out second best on these objectives." "Over 50 percent of former Kuomintang military officials have come over to work for New China."

c. "Two years ago there were many problems on the mainland." "Today all contradictions have been removed, especially food and farmers' livelihood problems." To verify, "you may send a private representative to Hong Kong and I shall accompany him" on a mainland trip "to observe conditions".

d. Because the mainland is strong it can afford to "extend a hand to peace." "Peace conditions transmitted by me before and now are all true" and are negotiable. Because of the Chinese Communists' military strength, "Taiwan's fate is unthinkable..... if peace is not possible." The Chinese Communists are unwilling to adopt "drastic measures" if any hope of peace exists. "This is my purpose in writing you again." "The question of war or peace is in your hands." If Taiwan discards the "psychology of relying on United States military strength, Peiping will not use force."

2. TS'AO's 28 September letter suggested that the Chinese Nationalist Government first organize an unofficial group to visit the mainland, observe conditions and then make a decision on negotiating. If the group preferred, it could travel to Amoy via Chinmen. HUANG was asked to send a letter to TS'AO identifying the members of the delegation and their point of arrival on the China mainland. TS'AO said that the Chinese Communists did not want to fight the Chinese Nationalist Government and that there was "no other way to peace except for the Chinese Nationalists and the Chinese Communists to work together again." To prove his bonafides, TS'AO said that he could guarantee that if the Chinese

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Nationalist Government would stop using United States Naval vessels to protect supply convoys between 6 and 13 October, the Chinese Communists would not interdict the supply of Chinmen and Matsu, regardless of the number of ships. TS'AO also "guaranteed" that Chinese Nationalist soldiers could be withdrawn from the offshore islands without harassment; however, if United States Naval vessels were used in convoys or the Chinese Nationalists shelled the Chinese Communist batteries, then the guarantees would be void. If Nationalist China was agreeable to this test of bonafides, TS'AO directed that HUANG should send him a cable saying "Okay".

3. The letter then gave these terms and conditions for a settlement:

a. The military and civil government of Taiwan would still be under full control of CHIANG Kai-shek, but the Chinese Communists hoped that CH'EN Ch'eng and CHIANG Ching-kuo would work together for the reconstruction of Taiwan.

b. The southern part of Lushan and Lake Poyang, Kiangsi, would be designated as a retirement area for CHIANG Kai-shek, and MAO Tse-tung would send a message welcoming CHIANG Kai-shek to return to Lushan as a state guest.

c. After the troops were withdrawn from Chinmen and Matsu, Chinmen would be used as a trading area for the exchange of mainland and Taiwan goods, and the Chinese Communist authorities would be agreeable to an eight-to-one monetary exchange.

d. Effective as of the "signing of the peace treaty", the Chinese Communists would shoulder part of the Taiwan military and civil government budgets.

e. Taiwan would become a part of the Chinese Communist Government under an autonomous regional setup similar to that of Sinkiang and Tibet and would send a representative group to Peiping to participate in the Chinese People's Political Consultative Conference and the National People's Congress.

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f. The Chinese Communist Government was agreeable that the Kuomintang remain as an independent political party on Taiwan, not to be combined with the Kuomintang Revolutionary Committee.

g. If Taiwan was agreeable that negotiations be opened to the public, TS'AO would suggest to the Peiping authorities that the Warsaw talks be moved to Geneva where George YEH or HSIEH Shou-kang [redacted] the Chinese Nationalist Ambassador to the Vatican, could attend. (b)(3)

4. TS'AO suggested that, after the settlement, the Peiping delegation be headed by SUNG Ch'ing-ling and include CHANG Chih-chung and SHAO Li-tsu. Madame SUNG is the widow of SUN Yat-sen and sister of Madame CHIANG Kai-shek. CHANG and SHAO are former Chinese Nationalists who are now members of the Chinese Communist Kuomintang Revolutionary Committee. TS'AO also suggested that CHU Wu [redacted] and HSU Tan-lu [redacted] be included in the "Peiping Delegation in Taipei". (b)(3)
(b)(3)

5. On 5 October, CHIANG Ching-kuo delivered two more letters received in the past few days from TS'AO Chu-jen, urging peace negotiations between the Chinese Nationalist Government and the Chinese Communist regime.

6. One of these letters, addressed to CHIANG Ching-kuo and dated 28 September, was almost identical with the earlier letter to HUANG Shao-ku on 25 September.

7. The second letter, addressed to HUANG Shao-ku and dated 30 September, urged the Chinese Nationalist Government to acknowledge its willingness to negotiate by:

a. Stopping the American convoys on 6 October, whereupon the Chinese Communist shelling would stop for one week.

b. Sending a diplomatic representative to participate in the Warsaw talks or conduct bilateral negotiations with the Chinese Communists.

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF THE DIRECTOR

7 October 1958

FOR: Brig. Gen. Andrew J. Goodpaster
Staff Secretary
The White House

The Director asked me to forward
the attached to you and believes you may
wish to show it to the President.

*E/R
file.
grz*

[Redacted]
J. Earman
Executive Officer

(b)(3)

*reference to
CIA*