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CENTRAL INTELLIGENCE GROUP  
INTELLIGENCE REPORT

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COUNTRY China

DATE: 25X1X6

SUBJECT Political Information: Speech of General FU Tso-yi, Kalgan

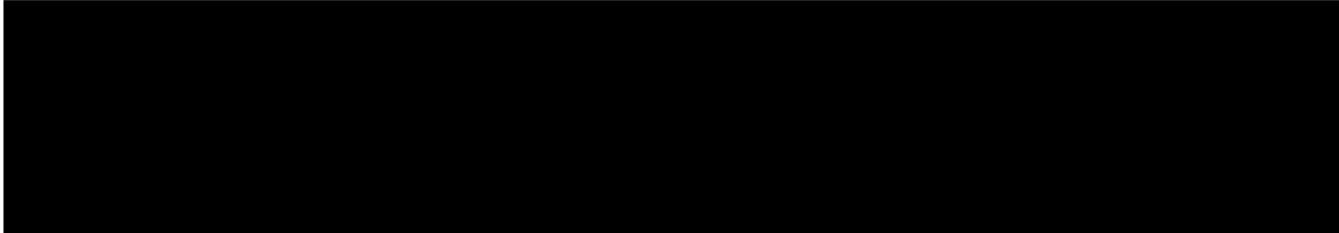
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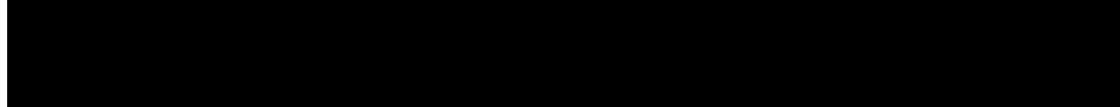


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[REDACTED] Note: After the fall of Kalgan General FU Tso-yi (傅作義) gave a speech and reception for the members of the press. The speech was interesting for the following reasons:

- a. He showed in his speech that he realized that the fall of Kalgan was partially because of the loss of political offensive by the Communists in Kalgan.
- b. General FU showed a familiarity with Communist administration beyond that of most Nationalist commanders.
- c. He used a propaganda line which closely paralleled that of the Communists - liberation of the people from maladministration and oppression.
- d. He handled the correspondents with the control usually exerted by Nationalist officials.

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1. General FU Tso-yi gave his Kalgan speech in a festive atmosphere at the opera house to an audience composed of two rows of correspondents and a predominantly military group of Chinese.
2. After describing the extensive fortifications of the Communists around Chining, Laohushan, and Tiehchunshan, General FU stated that the Nationalist victory was not because of superior troops and equipment. "The decisive factor is the people's will. Hence our victory is the victory of our people. The Communists have failed because their policies have been directed toward stirring up confusion and strife while all our people have been craving for peace and are still craving for it; their aims have diametrically run contrary to the will of the people."
3. The General then gave an account of the military action leading up to his entry into Kalgan. Again he emphasized the political defeat of the Communists. "The military failure of the Communists was anticipated by the general public. Although the Communists repeatedly proclaimed that they would defend Kalgan with their 500,000 troops to the last and would annihilate Government troops at Hailai, anyone with some military knowledge could judge that they were doomed to

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fail. Therefore, the military failure of the Communists is no wonder to us. What really astonished us was the political failure of the Communists."

4. The latter part of the general's speech was a "brief explanation on the political, economic, and educational failures of the Communists." The following are excerpts from his comments:

5. On political policies:

"The democracy advocated by the Communists is based upon their party. This is their explanation: "Democracy may not go beyond the limits of the people; but the people should not outshadow the party. The decisions of the party are to be made by the high-ranking officials, and the low-ranking members are only to execute them. This has made it clear that their democracy is nothing but a rule by a handful of leaders. We are of the opinion that democracy in China should be democracy among the people but not among the parties. In the so-called Communist liberated areas freedom of speech, one of the fundamental democratic rights, is non-existent."

6. On economic policies:

a. "Distribution of lands and reduction of taxes and interests as advocated by the Communists are received with welcome by the progressive elements in China and do conform with the principle of democracy. But what they are carrying out have run contrary to the true principle of democracy.... Whatever economic plans they contrived are but methods to collect funds. If they had actually adopted an economic policy which aimed at relieving the poor at the expense of the rich they might have the sympathy of the poor. But, in fact, the poor only bear the name of conducting the 'liquidation struggle' but draw no real benefits from it. As we know, thirty percent of the exploits of liquidation goes to the families of the armed forces, fifty percent to the capital of the cooperatives (this really means confiscation by the government) and only the remaining twenty percent goes to the poor."

b. "The Communists also talk much on their policy of production. The army, the Government organs, the schools all carry on trades of their own. Taking advantage of their power, they monopolize all the business transactions. There is not one way of making money that was left unnoticed by them. All the gain goes to the party and not to the people, and the consequence is universal reduction of production."

7. On labor:

"It is sound and reasonable that the Communists should be more beneficial to the laborers, but according to what the laborers said in the tea party last night, the Communists appeared to be very treacherous. Maybe they will promote the welfare of the laborers in the future, but anyhow at the present they are utilizing the Laborers' Union, the Laborers' Pickets, the Laborers Self-defense Corps and other organizations, and they want to convert the productive laborers to fighting units."

8. On officialdom:

"I did not think at first that there was any corruption in the top level of the Communist party, but upon my arrival in Kalgan I found that I was wrong. Some

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of the Communist officials were very poor when they first came to Kalgan, but were richer when they retreated from the city. I have received many complaints from the people against the extortion of the Communist authorities. I was at first very much in doubt as to the authenticity of these complaints, but now I am inclined to believe them."

8. Conclusion:

"... I am of the opinion that the Communists should look forward to their future and try to build a prospective party by political means and not by armed forces. Should they continue to resort to arms, not only will they fail but a political debacle will surely ensue....."

Although we have entered Kalgan victorious, I myself do not entertain any feeling of joy. I sincerely crave for peace and unity in my heart. As soon as peace and unity is achieved, I will tender my resignation as I stipulated in my telegram addressed to MAO Tse-tung last winter, so that my intentions may be understood by all and my wishes realized. I have no personal grudge against anyone, and nothing is farther from me than to strive for personal power and to attain supremacy over certain territories. My aim is simple enough - to accomplish peace, unity, and democracy in our country, the same aim as has been announced by Mr. MAO Tse-tung."

9. At the reception after the speech of General FU, representatives of various groups in the city spoke "extemporaneously". General FU said that he wanted the correspondents to get an impression of the people from the group assembled. 25X1X6 [REDACTED] felt that the speakers were selected for type and their "confessions" prepared speeches.

10. Among those who spoke were the following:

- a. A school teacher told of the torture and death of his grandfather because the Communists suspected him of being a secret service agent of the Kuomintang.
- b. A member of the Nine-Member Committee of the Border Region Government under the Communists said that laborers were forced at the point of a bayonet to work for the Communists on the railroad and that the Communists never fulfilled their promises to promote the welfare of workers.
- c. A doctor told of the Communists taking away his daughter as a leader of a singing group, and his son as a group leader although he was only sixteen years old.
- d. A Catholic Father showed that the Communists claims of increase in production were falsification of facts.
- e. A junior-high school student of sixteen told of the political propaganda students were given instead of lessons. He said that education under the Communists was merely party education.
- f. An eye specialist told of the sale of UNRRA supplies by the Communists.
- g. Another Catholic Father told of the Communist mistreatment of the Fathers and church property.

11. Correspondents were offered the opportunity of questioning any of the assembled group after the meeting. 25X1X6 [REDACTED] felt that this procedure was a device for keep the correspondents away from the actual representatives of the citizenry. The length of the meeting exhausted everyone and few people detained the speakers for questioning.

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