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INFORMATION REPORT

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DATE DISTR. 7 July 1950

SUBJECT Reactions of Various Chinese Elements to U.S. Far Eastern Policy

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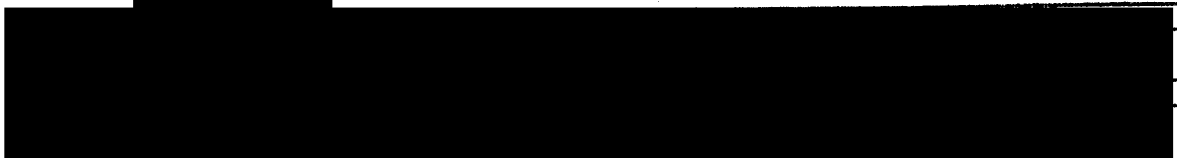
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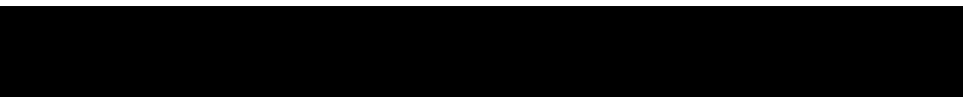


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1. The new U.S. Far Eastern policy has the enthusiastic approval of the Chinese people. The fact that U.S. soldiers are being killed in Korea has given the lie to the Communist propaganda line that the U.S. expects the people of Asia to fight their battles for them.
2. Canton Communist newspapers were silent on the Korean war and the Truman statement until 29 June, when they printed CHOU En-lai's blast against "armed aggression in Chinese territory" and the 28 June Moscow statement of neutrality.
3. Macao Communists expressed a belief that South Korea started the war at the instigation of the U.S. after the Johnson-Bradley visit to Japan.
4. Chinese independent groups interested in forming a so-called third force welcome the U.S. decision to prevent the Communist invasion of Taiwan and approve of its long-range implications.
5. Die-hard Kuomintang groups on Taiwan are chiefly concerned over the effect the Truman statement will have on Nationalist sovereignty. About the end of May, CHIANG Kai-shek told a group composed of members of the Legislative Yuan and the Kuomintang Central Executive Committee that the Nationalists are fighting the U.S. as well as the Soviet Union. The U.S. decision has caused these Nationalist reactionaries to intensify their activities against independent groups in Hong Kong (see paragraph 4) and to accuse them of welcoming the U.S. betrayal of the Nationalist Government on Taiwan.
6. The lessening of the invasion threat to Taiwan makes likely an open manifestation of bitter rivalries among Kuomintang leaders and increases the possibility of a military coup. The following rivalries may intensify: CHEN Cheng and CHIANG Kai-shek versus CHANG Chun, and the CHEN Cheng Whampoa Clique versus the CHEN Li-fu CC Clique. It is rumored that K. C. WU and SUN Li-jen are hoping to head an independent Taiwan government supported by the U.S.

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