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EO 12958, 25X
IP2/CR/IR by PA. HENRY

Date: 3-17-09

JUL 8 1949

MEMORANDUM FOR THE SPECIAL ASSISTANT TO THE SECRETARY OF STATE

Attention: Mr. Fisher Howe

SUBJECT: Comments on the Chinese Communist Radio Broadcast.

In reference to your letter of June 28 asking for comments on Nanjing 1341 dated June 21 (Control 9057), particularly the first paragraph, the following appears to be in point:

1. That "there is some element of truth in Chinese Communist allegations re espionage ring in Manchuria, at least formerly", is of course true, because the ESD 44 unit at Mukden was performing intelligence activities prior to the evacuation of Mukden by the Nationalists and coincidental the ESD 44 unit in October 1948.

2. The next two sentences in paragraph one of subject cable are puzzling in their intent because they express an opinion of outside observers in China as to what may have happened. To us there is no question of withdrawal or termination of activities because Chinese Communists broke up ESD activities. ESD withdrew from Mukden because it was the semi-overt intelligence representation in Mukden of the militarily responsible U. S. Commander in China, and was in Mukden in direct liaison with the Chinese Nationalist forces. Therefore when the Nationalists withdrew, it was only natural that ESD withdrew.

3. The last sentence of the paragraph refers to the arrest of five ESD agents in Peiping last February. The complete facts of this incident are not known to us, but it is known that some of them were formerly ESD agents. It is believed that at least one of them was arrested in the Fall of 1948 in Changchun. As in the case of the so-called agents arrested in Mukden the Changchun agent was one left behind with the equipment he had been using. In neither the Changchun case nor the Mukden case had there been any contact with the left-behind agent since the withdrawal of ESD 44 from Mukden. It is our belief that the arrests of agents took place in all instances.

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directly following the Chinese Communist take over in the cities respectively of Changchun, Mukden and Peiping and that the arrests in Peiping were led up to by the arrest in Changchun of an agent who formerly had some association with those arrested in Peiping. It is our belief that although these arrests were made much earlier than any time immediately prior to the release of the Chinese Communist broadcast, the Chinese Communists have saved and distorted the incidents in order to afford them a defensive position in any discussion of restrictive treatment given the Consulate General establishment in Mukden.

It should be pointed out that the association of ESD 44 with the Consulate General in Mukden was close during the period when Mr. O. Edmund Clubb was Consul General in Mukden, when Mr. Clubb was in Changchun and when he finally went to Peiping. This close association was required by directive from General George Marshall for the Consul General to coordinate intelligence in the area. That this physical association between ESD 44 and the Consulate General may have led to statements tying intelligence activities to Consulate General activities in Mukden and might again be referred to at any time when there may be negotiations or incidents involving the Consulate General in Peiping.

4. As the cable from Nanking very pertinently points out, ESD 44 activities were not directed against the Chinese. In fact they were to some extent generally known to Chinese Nationalists and probably the Chinese Communists as being directed against non-Chinese targets.

ROBERT A. SCHOW
Assistant Director

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