

[REDACTED]  
[REDACTED]  
[REDACTED]

Dear [REDACTED]

You asked about the takeover of China. I am including a copy of the McCarran Committee Report which explains how the U.S. State Department brought communism to China. It was a social experiment.

You asked about the Korean War. When the U.S. Department ceded Eastern Europe and China to the communists after World War II, many people believed there must be communists working in the U.S. State department, so the Establishment decided to fight a no-win war in Korea. How did they get the war going? General MacArthur tells the story in his book, "Reminiscences." Dean Acheson announced Korea was outside our sphere of influence, so if South Korea was attacked, the U.S. wouldn't defend it, and the Joint Chiefs of Staff made a similar statement. Then, when North Korea attacked South Korea, the U.S. intervened, but didn't try to win the war.

I hope this answers your questions.

[REDACTED]

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INSTITUTE OF PACIFIC RELATIONS

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REPORT  
OF THE  
COMMITTEE ON THE JUDICIARY  
EIGHTY-SECOND CONGRESS  
SECOND SESSION

PURSUANT TO

S. Res. 366  
(81st Congress)

A RESOLUTION RELATING TO THE INTERNAL  
SECURITY OF THE UNITED STATES

HEARINGS HELD JULY 25, 1951-JUNE 20, 1952 BY THE  
INTERNAL SECURITY SUBCOMMITTEE



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Clearly this was calling for intervention. Clearly it was implying that the Chinese Communists were not really Communists. It went on:

The President has asked General Marshall to go to China \* \* \* for the purpose of bringing to bear the influence of the United States. \* \* \* Specifically General Marshall will endeavor to influence the Chinese Government to call a national conference of representatives of the major political elements, to bring about the unification of China and, concurrently, effect a cessation of hostilities, particularly in north China (p. 2201).

General Marshall was being sent as a special representative of the President for "bringing to bear" (p. 2201) upon the government of a sovereign country the influence of the United States toward achieving in that country objectives which the President and the Secretary of State of the United States had decided were desirable. The last paragraph of the memorandum of December 9 conveyed a request by the Department of State that the War Department arrange for directions to General Wedemeyer for action to be taken by him.

It is to be noted that the substance of the instruction which the Department of State in the memorandum of December 9 asked the War Department to give to General Wedemeyer was directly contrary to the recommendations which General Wedemeyer himself had submitted. Mr. Vincent, in his testimony, recognized this (pp. 2205-2207).

Thus the demand for support of the idea of a coalition government in China, made in May 1945 by Mao Tse Tung, taken up by the American Communist Party, and recommended to the President by Owen Lattimore, in his memorandum of July 3, 1945, was adopted and sponsored by Vincent; memoranda elaborating upon that idea were drafted by Vincent and were affirmed by the Secretary of State; these became the basis of the policy in relation to China which was announced by President Truman on December 15, 1945, and in pursuance of that policy General Marshall was sent to China to bring to bear upon the Chinese National Government the pressure of United States influence.

The subcommittee has obtained from the Department of State copies of a letter addressed by Dean Rusk, Assistant Secretary of State, to Dr. Stanley K. Hornbeck on May 19, 1950, respecting an alleged "turning point" and "change in policy" regarding China, and of the reply by Dr. Hornbeck, dated June 7.

Dr. Hornbeck served officially in connection with far eastern matters during most of the years from 1918 to 1944. He was Chief of the Division of Far Eastern Affairs of the Department of State from 1928 to 1937; was an adviser on political relations from 1937 to 1944, and was an Assistant of the Secretary of State in 1944, and was Ambassador to the Netherlands from 1944 to 1947.

In the course of his reply to Dean Rusk's inquiry, Dr. Hornbeck wrote:

It was then, in the year 1945—and not before then—that the Government of the United States, first having taken action inconsistent with tradition and commitment in regard to China, embarked upon what became a course of intervention in regard to the civil conflict, the conflict between the National Government and the Communists, in China. It was then that words and action of the Government of the United States began to be expressive of an "against" and a "for"

attitude; then and thereafter that the Government of the United States brought to bear pressures, pressures upon the National Government, pressures which were not "against" the Communists but were on their behalf, pressures not to the disadvantage of the Communists, but, in effect, to the disadvantage of the National Government.

To the circumstances of the "change," to the content and purport of the policy devised in 1945, proclaimed on December 15, of that year, and given expression in word and in deed since then, and to the gross and the net consequences thereof, there is no need for attention in the present context. There is, however, in my opinion, great need that, in the context of present American involvement, as a leading participant, in a third global conflict, wherein "Communist" totalitarianism is making war, both "cold" and "hot," on all states, governments, peoples, institutions, organizations and persons disinclined to accept domination by it—there is urgent need that the Government of the United States give solicitous attention to the question: Must the United States follow to the bitter, tragic and discrediting end the downward path, in relations with China, on which its feet were set in the fateful year of military victories and diplomatic vagaries and vitiations, 1945?

#### DURING THE PERIOD 1945-49, PERSONS ASSOCIATED WITH THE INSTITUTE OF PACIFIC RELATIONS WERE INSTRUMENTAL IN KEEPING UNITED STATES POLICY ON A COURSE FAVORABLE TO COMMUNIST OBJECTIVES IN CHINA

##### A. IPR AGAINST AID TO CHIANG

Basically, the American Communist Party program for China for the period beginning with the Japanese surrender called for: (a) The discouragement of United States assistance to the Chinese National Government (p. 4602), and (b), encouragement of United States assistance to the Chinese Communists (pp. 4602-4604).

Dr. Max Yergan, who in 1945 had been present at the first two founding meetings of the Committee for a Democratic Far Eastern Policy (pp. 4600-4604), an organization set up by the Communists to influence American public opinion on China (p. 4599), stated that the leader at these meetings was Frederick V. Field (p. 4601) who held high positions in the Institute of Pacific Relations until that very year and was then a member of its executive committee (p. 4601).<sup>1</sup> Field had been instructed by Eugene Dennis, chairman of the American Communist Party, to set up this organization and to promulgate this policy (pp. 4600-4602). Maxwell Stewart, his wife Marguerite S. Stewart (pp. 4600-4601)<sup>2</sup> and Mrs. Edgar Snow, all of the IPR, were also present at one or both of the meetings (p. 4600).

Almost simultaneously another group of IPR persons, including Frederick V. Field, T. A. Bisson, Israel Epstein, Mrs. Edward C. Carter, Lawrence E. Salisbury, Mrs. Edgar Snow, and Ilona Rolf Sues, together with a group of others signed a letter to President Truman which appeared in the Daily Worker of August 17, 1945 (p. 622, exhibit 174). The letter urged the President to avert civil war in China by not turning over equipment to Chiang, and deplored the use of American planes and other military equipment which had been made available to the Chinese Nationalists by General Wedemeyer and Ambassador Hurley (p. 4605).

<sup>1</sup> Budenz and Elizabeth Bentley had testified that Field was the commissar for far eastern policy for the American Communist Party.

<sup>2</sup> Marguerite S. Stewart was by 1946 secretary of the American council of the IPR.

There are other instances of this broad trend but only these few are cited to give a political backdrop to the historical events being shaped by the Marshall mission which as we showed in the preceding section was set in motion, at least to some extent by Owen Lattimore and John Carter Vincent, both active and trusted members of the Institute of Pacific Relations. This section will relate how IPR people in and out of Government were instrumental in keeping United States policy on a course that was anti-Chiang and often pro-Communist in orientation.

#### B. GENERAL MARSHALL'S INTERVENES IN CHINA

At the end of 1945 when General Marshall left for China, the balance of power was with the Chinese Nationalists (pp. 313, 314, white paper), and remained so until at least June 1946 (*ibid.*). Chiang's divisions were chasing the Communists northward and the prospect of victory by Nationalist China was at its highest (testimony before the subcommittee on May 29, 1952). However, when General Marshall arrived in China, he undertook to bring about the coalition government which his directive demanded (pp. 1717, 2201, 2215-2217, exhibit 389). And he commenced to bring pressure on Chiang in order to force his compliance (p. 155 white paper, pp. 1498, 2216).

There was a plan in 1946 approved by General Marshall that called for the reduction of the Chinese Nationalist Army to 50 divisions and the incorporation into that army of 10 Communist divisions all of which would have been armed by the United States. This plan failed when coalition failed (p. 3407, and pp. 141-143, white paper).<sup>4</sup>

Marshall was empowered to grant a \$500,000,000 loan to the Chinese. This was withheld pending the establishment of the coalition government; it was in fact, never granted (p. 3709, p. 691 white paper).

General Wedemeyer's mission to bring assistance to the Chinese Government was conditioned, by the terms of General Marshall's directive (pp. 2206-2207) on the outcome of Marshall's negotiations, the purpose of which was to bring about a coalition government (p. 2206).

Marshall instituted truce teams, each made up of one Chinese Nationalist, one Communist, and one American, who undertook to enforce truces between the (then) winning Nationalists and the losing Communists (p. 1717, pp. 690, 691 white paper). It was testified that the Communists, when sore beset, would agree to discuss a truce, and then, instead of coming to terms, would simply regroup, recover their strength and prepare for new offensives (pp. 1503, 3709).

The parallel between this procedure and the tactics of the Communists in Korea today was called to the attention of the subcommittee (pp. 1501, 3994).

<sup>1</sup> General Marshall is listed as a member of the board of trustees of the Institute of Pacific Relations in 1951 (p. 588) even though he was not in 1946.

<sup>4</sup> It is interesting to note that John Carter Vincent acknowledged before the subcommittee that the Communists never seriously intended to enter into a coalition with the Chinese Government (p. 2011).

## C. AMERICAN ASSISTANCE TO CHINESE GOVERNMENT STOPPED IN 1946

When the Chinese government did not effect coalition, by the summer of 1946 United States military assistance to China was brought to an end. Not only did the United States stop sending military supplies to the Chinese Government; the shipment of war materials actually purchased by the Chinese also was halted (pp. 1498; 1962; see hearings of May 29, 1952, transcript pp. 8006, 8007).

The Chinese also had purchased surplus equipment that remained on Okinawa and other Pacific Islands. Even the shipment of this was banned, according to General Chennault's testimony May 29, 1952. A complete embargo took effect in the summer of 1946 (p. 1498).<sup>6</sup> It was maintained at least until May 1947 (p. 1498).<sup>7</sup> General Chennault testified that the first shipment arrived in Shanghai in December 1948 (transcript p. 8020). Chennault further stated that the war material sent to China after the embargo did not arrive in time to aid the Chinese Nationalists in the field (transcript p. 8020).<sup>8</sup> Admiral Cooke who commanded the United States Seventh Fleet in Chinese waters in 1945-46 (p. 1496), testified that the Chinese had a number of divisions equipped with American arms (pp. 1494, 1495, 1496). When the flow of American ammunition was stopped, these divisions lost their fire power and were defeated. Even after the Eightieth Congress appropriated \$125,000,000 for aid to the Chinese (pp. 1504, 3711), shipments were delayed and when the guns finally reached the Chinese general in north China they were without bolts and therefore useless (p. 1504).

An official compilation prepared by the Department of Defense (exhibit 1344) showed that from June 30, 1946, the approximate time when the embargo went into effect, there was no appreciable assignment of arms to China until the authorization by the Eightieth Congress for arms aid of \$125,000,000 (pp. 1504, 3711). This report shows that only \$17,900,000 (exhibit 1344) in lend-lease aid was supplied between June 30, 1946, and the time the China Aid Act of 1948 became effective, many months after its enactment. In addition, the value of certain ammunition left behind by the Marines and which was picked up by the Chinese was given as \$4,300,000. The Library of Congress Legislative Reference Service has estimated the cost of the Korean War at \$7,931,000,000.

Admiral Cooke testified that while he was in China in 1946, in charge of United States naval forces, General Marshall said to him during a conversation that the United States had armed the Chinese but then was disarming them (p. 1495).

<sup>6</sup> John Carter Vincent testified that this occurred earlier.

<sup>7</sup> Testimony of Gen. George C. Marshall before the Committee on Foreign Affairs, House of Representatives, February 20, 1948.

<sup>8</sup> Mr. VORYS. . . . As I understand it, we had an embargo for 10 months on shipment of arms to China and then the ammunition that we did authorize to be shipped, which they purchased, has not gotten to the troops yet. Now, why is that?

"Secretary MARSHALL. Do you mean the original embargo and then the later developments?"

"The embargo was in August 1946, and the release was in May of 1947.

"Mr. VORYS. That is about 10 months.

"Secretary MARSHALL. Yes" (U. S. Foreign Policy for a Post-War Recovery Program, The First Step Being Consideration of Proposals For a European Recovery Program, Including H. R. 4840, H. R. 4579, and Similar Measures, pt. 2, p. 1550).

<sup>9</sup> Chennault was in Shanghai at that time, when that city was the principal port of supply.

While this process of disarming China was under way and while the source of ammunition of the Chinese Nationalists was drying up, the Communists were arming themselves with Japanese arms which were turned over to them by the conquering Soviet army in Manchuria (p. 1496).

#### D. UNITED STATES POLICY DISCOURAGES AID TO CHIANG

Prof. William McGovern went to China in 1947 as a consultant to the Congressional Committee on Foreign Affairs. In China he was briefed by Raymond Ludden, who was the ranking United States Foreign Service officer in China. He stated that the briefing was favorable to the Communists and presented a dim picture of Nationalist prospects (p. 1026).

Professor McGovern further testified that while in China he was told by General Lucas, head of the United States Army Mission in China, that the Army mission was not allowed to give any effective aid or tactical assistance to the Chinese in their fight against the Communists (p. 1026). McGovern quoted General Lucas as saying he acted not from "personal choice" but by directive of the Defense Department (p. 1027).

When the Marines were being reduced in force in 1947, Admiral Cooke sought to have their obsolescent equipment dumped so as to allow the Chinese Nationalists to obtain it (pp. 1498, 1499). He testified that John Carter Vincent, then head of the Far Eastern Division of the State Department opposed this, but that General Marshall overruled Vincent (p. 1499). This testimony was contradicted by Vincent (pp. 1905, 2012).

#### E. JOHN CARTER VINCENT AGAINST CHIANG

John Carter Vincent acknowledged (pp. 2253-2254) having drafted in the fall of 1946, a memorandum that became a Presidential message to Chiang Kai-shek transmitted on August 10, 1946, wherein Chiang was charged with using force against Chinese "liberals" and with failure to understand the "liberal trend of the times" (pp. 2253-2254, white paper, p. 652). The letter threatened that unless the Chinese came to terms with the Communists it would become necessary "to redefine and explain the position of the United States to the people of America" (white paper, p. 652). Chiang's reply was to the effect that the Chinese were making every effort to come to terms with the Communists but that the latter kept breaking the truce to suit their own purposes (white paper, p. 653).

During the 1946-47 period John Carter Vincent was head of the Far Eastern Office of the State Department (p. 519, State Department Biographical Register) and as such was regarded as an official spokesman on United States foreign policy.

On November 12, 1946, speaking before the National Foreign Trade Council, and knowing that he would be understood as speaking of China trade (p. 2256), Mr. Vincent said:

What is unsound for private capital is unsound for government capital. It is unsound to invest private or public capital in countries where there is widespread corruption in business and official circles, where a government is wasting its substance on excessive armament, where the threat or fact of civil war exists,



where tendencies toward government monopolization exclude American business, or where undemocratic concepts of government are controlling (p. 2256).

Mr. Vincent's testimony respecting this statement, its validity, and its motivation, is extremely interesting (pp. 2260-2265).

On January 21, 1947, Mr. Vincent made a speech at Cornell University, which was reported in the press in part as follows:

John Carter Vincent declared tonight that the United States should avoid relying on the preservation of the status quo in China and other areas and that for the United States to throw its weight on the side of the status quo was short-sighted because it would fail to encourage progressive elements (p. 2255).

Though the news reports of his speech mentioned China, Mr. Vincent contended before the subcommittee that his reference was to Asia in general rather than to China in particular (p. 2255).

#### OTHER IPR LEADERS AGAINST CHIANG

During this period Mr. Philip C. Jessup expressed to Admiral Cooke opposition to United States aid for the Nationalist Government (p. 1506). General Chennault testified that he urged Jessup not to release the white paper as it would undermine the Nationalist Government (see hearings of May 29, 1952, transcript, p. 8021). The white paper was nevertheless released.

Jessup acknowledged before the Foreign Relations Committee that he edited the white paper, which was released July 30, 1949 (Jessup nomination hearings before the Senate Foreign Relations subcommittee, p. 646).

A letter written by Edward C. Carter to Little, Brown & Co. in connection with Israel Epstein's book, *The Unfinished Revolution in China*, shows how Carter sought to use this book to influence the leaders of the State Department and Congress (pp. 452, 464-465).<sup>9</sup> Carter and Epstein were associated in the IPR. Carter was questioned at length about this letter, as was John K. Fairbank (p. 3738).<sup>10</sup> The letter, written June 12, 1947, is as follows:

[Private and confidential]

MISS ANNE FORD,

Publicity Director, Little, Brown & Co.,  
Boston, Mass.

DEAR MISS FORD: This is to acknowledge Epstein's *The Unfinished Revolution in China*, which you so kindly sent me a few days ago. I have already read two-thirds of it and hope to complete it within a few days.

I think it's of the utmost importance that you devise some means of getting it read at an early date among others by Secretary of State George Marshall, Senators Vandenberg, Morse, and Ives, John Foster Dulles and John Carter Vincent of the State Department. You will know better than I how to make certain that they read it in the near future. A letter from me on the subject might lead a few of them to think that I was recommending it because I was an admirer of Epstein's and for that reason they might slightly discount my recommendation.

I have another suggestion to make. The book is so full of profound understanding and admiration of the Chinese people that I think it is equally important to find ways and means of getting a wide circulation in China. Have you thought of a Chinese edition? In the past there has been a tendency for Shanghai publishers to get out pirated editions in English. This would be all to the good if the printing was done accurately and the full text was reprinted. Sometimes, for mercenary reasons, they make substantial cuts.

Would it be out of the question for you to consider at an early date printing a cheap paper-cover edition for maximum circulation in India, the Philippines, and

<sup>9</sup> Epstein has been identified as a Communist agent (pp. 590, 634, 3829, 3834). The book is strongly anti Chiang Kai-shek and strongly in favor of the Communists (pp. 454, 458).

<sup>10</sup> Epstein was reported in Red China during the hearings.

China with the expectation that some orders would come in from Indochina, Siam, Burma, and the Netherlands East Indies?

The book combines in one volume several books. It is a penetrating history of China during the war years. It is a sociological document of importance, and it is a military handbook that might have been of enormous value to the Maquis in France and even to the little handful of anti-Hitler Germans in Germany. It might become a military and political handbook for Viet-Nam and in other Asiatic areas if the imperialist powers try to reassert their pre-Pearl Harbor domination.

The book is not so much needed in the Communist areas in China as it is in the Kuomintang areas where its authoritative accounts would give new hope, as well as new methods, to the millions of Chinese who are dissatisfied with the right wing Kuomintang domination. You have only to read the newspapers to discover what a large potential market for Epstein's book there is amongst non-Communist professors and students in the Chinese universities. The history of the last few decades proves conclusively that the Chinese student movements are far more influential in China than in many other countries in startling new and creative political and social movements.

More than at any other time in recent years, there is a large British public both in the United Kingdom, Canada, and also in Australia and New Zealand which would find the book illuminating, not only with reference to China, but in their thinking with reference to a great many movements in the Continent of Europe and elsewhere.

I congratulate Little, Brown & Co.'s unerring wisdom in deciding, not only to publish this book, but in leaving no stone unturned in getting a very wide circulation.

Sincerely yours,

EDWARD C. CARTER.

P. S.—I have not consulted Epstein with reference to this letter. I hope, however, that it may meet with his approval and elicit further concrete suggestions from him. To that end I am taking the liberty of sending him privately a copy.

P. S. 2.—Referring to General Marshall, I wish you could find someone who would get him to read the book from start to finish and not simply the end with Epstein's analysis of Marshall. It seems to me he would need the cumulative effect of the preceding chapters to make him reassess objectively his own role.

I assume that John Carter Vincent would read the book with a very open mind. Probably he is generally acquainted with most of the material, but he has probably never seen it organized so logically. If he were sold on the book he might persuade General Marshall to read it from cover to cover.

Of course, many will say that Epstein is a special pleader. I think this is probably true, but I think he is pleading for a more sound analysis of the world than many of the other current special pleaders. I hear that the New York Times has asked Owen Lattimore to review the book. I hope other publications will make as wise a choice.

I imagine the Kuomintang government will put the book on the "forbidden" list for import in China. I would hope that you could get it into the hands of Ambassador Leighton Stuart and some of the American correspondents like Benjamin Welles, Christopher Rand, and Arch Steele, Sun Fo, Madame Sun Yat-sen and a few others, before the bronze curtain falls (exhibit 116, p. 464).

#### F. ELEANOR AND OWEN LATTIMORE

Both Owen and Eleanor Lattimore also were active during this period (pp. 327, 750, 996, 3053, 3585, 4591, 4592). Eleanor Lattimore was a staff worker and for a period ran the Washington Office of IPR (p. 996). In a pamphlet entitled "China Yesterday and Today," published by the Institute of Pacific Relations in 1946, she wrote:

When we speak of the Chinese Communists, we should remember that they stand for something rather different from what is ordinarily meant by the word "Communist." They are not advocating the Russian system for China, and, unlike the Russians, they maintain the rights of private property and enterprise in the areas under their control. Because their chief interest at the moment is in improving the economic conditions of the Chinese farmer and in increasing the number of people capable of taking part in political life, they are often described!

as a peasant party. They have established a system of popular elections in the regions under their control; they favor extending the vote to the people of the rest of the country; and they have long declared that they would support a democratic republic in which not only they themselves but all other Chinese political parties would be represented.

At the time this is being written, negotiations are being carried on between the Chinese Government and the Communists which, it is hoped, will result in a more democratic government. For not until China achieves a government in which the Chinese people are adequately represented and which brings about agricultural reforms designed to give her farmers enough to live on will the underlying causes of communism be removed (p. 886).

Such representation that the Chinese Communists were not real Communists was paralleled in the memorandum setting forth United States policy for China, signed by the Secretary of State in December 1945, which referred to the Chinese Communists as "so-called Communists" (exhibit 389, p. 2201).

The record abounds with evidence of the fact that the Chinese Communist Party was at all times a full-fledged member of the Communist international organization directed from Moscow (pp. 867, 2726-2830, 2406, 2694 ff., exhibits 1392, 1360A, 1360B). There was testimony that Chinese Communists were trained in Moscow at the rate of between one thousand and twelve hundred per year, over a period of many years (p. 867). This training was supervised by Mao Tse-tung and leaders of the Chinese Party (pp. 2694, 2695). The Institute of Pacific Relations was officially aware of this relationship of the Chinese Communists to Moscow (exhibits 1360A, 1360B, 1363, and 1392). One document was found in the IPR files initialed for T. A. Bisson, Catherine Porter, Philip Jaffe, W. L. Holland, and the file, and which showed the tie-in between the Chinese Communist Party and the Comintern (exhibit 1392).

The Library of Congress received its copy of Owen Lattimore's book *Situation in Asia*, in March 1949. What he wrote—obviously at some time prior to that date—necessarily antedated the utterances and recommendations expressed at the round-table conference which was held in the fall of 1949 to review the policy for the United States State Department (p. 1551 ff.). The suggestions made by Lattimore in *Situation in Asia* proceed on the premise that China already had fallen and that a new direction was to be given to policy (*Situation in Asia*, p. 151): His recommendations are directed to a new situation calling for a new policy in view of the collapse of Nationalist resistance to the Communists on the Chinese mainland. Lattimore's comments on policy are set forth at some length below because they will appear again hereinafter, as expressed by advisers to the United States State Department.

In *Situation in Asia*, Lattimore wrote: that the Communists had conquered China; that one of the factors in this conquest was the spirit of revolutionary nationalism—a surge toward independence that the peoples of colonial Asia were inevitably experiencing (supra, pp. 160, 161); that the resulting government could not be a "Communist" government; that it would have to be a coalition government; that this coalition, unlike the one sought by General Marshall when the balance of power was on the non-Communist side, would be rather one with the balance of power on the Communist side (supra, p. 152); and that it was "imperative for the Communists, in order to consolidate their power, to give at least relative peace, order, and prosperity as a contrast to the long nightmare of war" (supra, p. 155).