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*July 1954*

Date: May 18, 1954

To: Assistant Chief of Staff, G-2  
Department of the Army  
The Pentagon  
Washington 25, D. C.

*SA*

From: John Edgar Hoover, Director  
Federal Bureau of Investigation

Subject: POTENTIALITIES OF CHINESE  
COMMUNIST INTELLIGENCE ACTIVITIES  
IN THE UNITED STATES

There is enclosed, as of possible interest,  
a monograph entitled "Potentialities of Chinese Communist  
Intelligence Activities in the United States."

This monograph primarily concerns the pattern  
and development of interrelationships between the  
United States and Chinese Communist elements in this  
country. These interrelationships are also considered  
in terms of their intelligence potentialities in the  
United States.

Copy No. 18 of this monograph is being made  
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Enclosure

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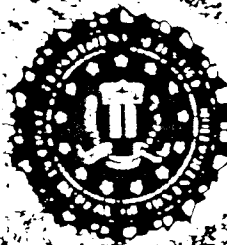
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FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE  
John Edgar Hoover, Director

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CHINESE COMMUNIST INTELLIGENCE ACTIVITIES  
IN THE UNITED STATES

May, 1954

Federal Bureau of Investigation  
United States Department of Justice  
John Edgar Hoover, Director

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## INTRODUCTION

The Union of Soviet Socialist Republics and its instrumentalities cannot be totally isolated from this study due to its conditioning and control of major forces involved. Soviet leadership took an early role in setting the formulas leading to Communist domination of China. This is exemplified by a pronouncement of Joseph Stalin, the former Soviet leader, while speaking before the Chinese Commission of the Executive Committee, Communist International<sup>1</sup> on November 30, 1926.

Stalin identified as a "peculiarity" of the revolution in China two phases of interest to this study:

- (1) "...a bourgeois-democratic revolution...";
- (2) and "...at the same time a revolution for national liberation with its edge directed against the rule of foreign imperialism in China...."

Stalin On China (People's Publishing House, Ltd., Bombay, February 1951), p. 2.

This "peculiarity" and subsequent formulas for the Communist domination of China supply a foundation for the interrelationships of forces which may mature into a Chinese Communist intelligence potential.

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I. PATTERN OF INTERRELATIONSHIPS  
BETWEEN UNITED STATES  
AND  
CHINESE COMMUNIST ELEMENTS

Stalin has described two general phases of the Chinese revolution into which the pattern of interrelationships involving the Chinese and United States' Communist movements may be included. The theoretical expression and practical application of these interrelationships may be set forth in the following pattern: (1) Chinese Communist action directed toward sympathetic or potentially sympathetic forces in the United States and similar U. S. elements in China; (2) U. S. Communist action directed against similar elements in the United States and China; and (3) the influence and direction supplied by the Communist Party of the Soviet Union, the Soviet Government and international Communist organizations in connection with directing, modifying or controlling items (1) and (2). Other ramifications of influence are not considered within the scope of this study.

This pattern of past realities involving the interrelationships between Communist forces in the United States and China supplies us with a framework upon which to build current and some future considerations. The application of the means for consummating these interactions may vary in scope, emphasis and interpretation, but the framework of interrelationships remains for our consideration in connection with the potentialities of these interrelationship patterns.

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## II. UNITED-FRONT PERIOD I

### A. BACKGROUND

The formal establishment of the Chinese Communist Party on July 1, 1921, did not mean the initiation of an organized revolutionary movement in China. Sun Yat-sen and his Kuomintang Party occupied the broad revolutionary role of this period. In a relatively brief span of time, the Communist International<sup>1\*</sup> and the Soviet Union had enticed Sun Yat-sen and his party into collaboration with them and the Communist movement.

The Fourth World Congress of the Communist International<sup>1</sup> held November 5--December 5, 1922, called for a Kuomintang-Communist alliance. On January 26, 1923, Sun Yat-sen and Adolph A. Joffe, Soviet Far Eastern representative, issued a joint declaration in Shanghai which gave the basis for the period of Kuomintang-Communist collaboration during the period 1924-1927. In part this joint declaration held that the Communistic order or the Soviet system could not actually be introduced into China due to the existence of improper conditions. Other events in 1923 leading to the period of collaboration between the Kuomintang and the Communist Party were the Chinese Communist Party's manifesto resolving to cooperate with the Kuomintang and the arrival in China of the Soviet advisor Michael Borodin.

\*See identification of this and other organizations in the Appendix.

At the First National Congress of the Kuomintang in January 1924, many Communists won positions in the Kuomintang and the Communist Party was able to carry on its activities within the framework of the Kuomintang. This boring from within tactic was now at work.

#### **B. COMMUNIST ACTIVITY IN THE UNITED STATES**

Study material issued by the National Education Department, Communist Party, USA<sup>2</sup>, indicated the year 1925 as the first significant date in the record of "progressive" support in the United States for the "Chinese people." It was during this period that the Workers Party of America<sup>3</sup> and its successor the Workers (Communist) Party of America<sup>4</sup> took a significant stand in the furtherance of the uneasy coalition involving Chinese Communist-Kuomintang forces.

The major effort in the United States was built around three organizations: (1) Workers Party of America<sup>3</sup> and its successor the Workers (Communist) Party of America<sup>4</sup>, (2) All-American Anti-Imperialist League<sup>5</sup>, and (3) Trade-Union Educational League<sup>6</sup>. A Workers Party of America<sup>3</sup> press release of July 2, 1925, illustrates the "united front" appeal to the "trade unions, the Socialist Party, and all other organizations sympathizing with the cause of the Chinese people and against 'oppression of the foreign imperialists.' "

The interrelation of the Party and the All-American Anti-Imperialist League<sup>5</sup> was indicated in various meetings of the Party secretariat. A meeting of the Workers (Communist) Party<sup>4</sup> political bureau in October 1925 considered the work of this League<sup>5</sup> and decided to continue Manuel Gomez as secretary of the League<sup>5</sup>. He was instructed to make immediate contact in the United States with various Chinese organizations. Later that month, the Party secretariat again considered the work of the League<sup>5</sup> in the presence of Gomez and he made the following recommendations:

"Instructions should be sent out to local units of the Party to arrange for conferences with officials of the Kuomintang or other resident organizations of Chinese to take up the question of joint attitude...."

"A national policy be adopted to not indiscriminately press the Chinese to become members of our Party at this time but instead work actively for the affiliation of whole organizations to the AAAIL (All-American Anti-Imperialist League)<sup>5</sup>."

This second recommendation was amended by Charles Ruthenberg, General Secretary of the Party as follows:

"That our policy at the present time shall be to endeavor to have Chinese organizations affiliate as bodies with the AAAIL<sup>5</sup> and only draw in selective Chinese into the Party."

A third major political factor was included in the Communist orbit for the formation of a "United Front" to support the Communist movement in China. This factor was the Trade-Union Educational League<sup>6</sup>. William Z. Foster, current Chairman of the Communist Party, USA<sup>2</sup>, former Chairman of the Workers Party of America<sup>3</sup> and one of the organizers and dominant factors in the Trade-Union Educational League<sup>6</sup>, identified the Trade-Union Educational League<sup>6</sup> as the American section of the R. I. L. U. (Red International of Labor Unions). Foster also stated that the T. U. E. L.<sup>6</sup> identified itself too closely with the Communist Party. In this connection Foster said:

"It adopted practically the whole program of the Party and in many cases its groups consisted entirely of Communists. It also merged its official organ, The Labor Herald, into the Workers Monthly, which then became the joint journal of both the T. U. E. L. and the C. P."

William Z. Foster, From Bryan To Stalin (International Publishers, 1937), pp. 166, 195.

William Z. Foster has more recently stated that the Party in the United States always fought against "American imperialist aggression in China," and did this for many years under the slogan, "Hands Off China." The political committee of the Party in the United States on

April 25, 1927, considered the matter of certain demonstrations in the names of "Hands Off China" committees and the All-American Anti-Imperialist League<sup>5</sup>.

The Comintern (Third Communist International)<sup>1</sup> also sanctioned this phase of activity carried on by the international communist movement, but emphasized that the "Hands Off China" activities were not enough:

"...The slogan, 'Hands Off China,' merely formulated a part of the duties that the Chinese revolution imposes upon the international proletariat. The other part is-- joint revolutionary struggle against the common class enemy."

"If the revolutionary movement of China were to become isolated from the international proletariat, and from the principal fortress of the proletarian revolution--the Soviet Union--this would disarm the revolution."

The Communist International, Official organ of the Executive Committee of the Communist International<sup>1</sup>, February 28, 1927, p. 29.

### C. ACTIVITY OF U. S. COMMUNISTS IN CHINA

An American Communist, Earl Browder, who professed to be representing the Trade-Union Educational League<sup>6</sup> in China in 1927 as a part of the International Workers delegation, was actively engaged in preventing the isolation of the Communist movement in China from

like forces in the United States. Browder's interests and objectives paralleled the Comintern<sup>1</sup> pronouncement of February 1927 and were well outlined in the following quotation from Browder's writings during the same year.

"It is in the interests of all workers in America to help the Chinese masses in this most difficult struggle. This means first of all, to understand their problems, to establish close connection with them and their organizations, to exert all efforts to prevent the Government of the United States from using its power to crush the Chinese revolution, and to work in all ways for assisting the Chinese trade unions and peasant unions.

"To the ruling classes of America we must say:  
'Hands off the Chinese Revolution.'

"To the American workers, the word is: 'Solidarity with the Chinese workers and peasants.' Solidarity with the Chinese revolution, as a most important step toward the world revolution."

Earl Browder, Civil War in Nationalist China (Labor Unity Publishing Assoc., Chicago, Ill., 1927), pp. 60, 61.

Under the date of April 2, 1927, the International Workers' delegation at Hankow, China, issued a statement addressed "To the Soldiers and Sailors of Great Britain, France and America." This statement described the addressees as exploited people who should not fight against the Chinese people, but on the contrary, these soldiers were

urged to fight those who exploit them. Earl Browder as a representative of the Trade-Union Educational League<sup>6</sup> in China was a signer of this statement.

A parallel for this activity appeared in the United States. During the course of the June 9, 1927, Political Committee meeting of the Party, Manuel Gomez, secretary of the All-American Anti-Imperialist League<sup>5</sup>, made a motion which was passed that the Party should issue a statement on the Chinese situation addressed to the American marines and naval forces in China. This statement was allegedly for the purpose of sowing disobedience among their ranks and to create a demand among them for the removal of American forces from China. It was intended to utilize the Kuomintang (possibly left-Kuomintang) to reproduce and distribute this statement among the American forces in China.

This coalition period between the Kuomintang and the Chinese Communists was full of dissension from the various tendencies within both parties. This year of 1927 featured several developments resulting in the termination of the united front and the development of a period of civil war. Among the important events were the anti-communist coup of Chiang Kai-shek on April 12, 1927; the raid of the USSR Embassy in Peking on April 28, 1927; and Joseph Stalin's announcement of the second

stage of the Chinese revolution.

This second stage of the revolution also was to affect the tactics of the Communist Party in the U. S. in its support of the Chinese Communist revolution.

### III. CIVIL WAR PERIOD I

#### A. BACKGROUND

During the course of a speech delivered at a Joint Plenum of the Central Committee and the Central Control Commission of the Communist Party of the Soviet Union (Bolshevik) on August 1, 1927, Stalin was quoted as follows:

"Let us now proceed to the second stage of the Chinese revolution.

"While the first stage was distinguished by the fact that the edge of revolution was directed mainly against foreign imperialism, the distinguishing feature of the second stage is that the edge of revolution is now directed mainly against the internal enemies...."

Stalin on China (People's Publishing House, Ltd., Bombay, February 1951).

This new formula for revolution in China concentrates the revolutionary blow in China. This may account for the actual presence



of American Communists in China to aid the Chinese Communist revolution. The operations of the Pan-Pacific Trade-Union Secretariat and its General Secretary Earl Browder supply us with some insight into the network of operations concentrated in this new tactic.

#### B. PAN-PACIFIC TRADE-UNION SECRETARIAT

Perhaps it is more than coincidental that the American Party's political committee and the International Workers' delegation at Hankow, China, both were involved in addressing seditious statements to American military forces involved in the Chinese problem. An understanding of the organizational effort involved may throw some light on the seemingly parallel efforts stemming from American Communist forces in China and like forces in the United States.

Earl Browder professed to be in China as a representative of the Trade-Union Educational League<sup>6</sup> of the United States. During 1927 in China Browder became the General Secretary of the Pan-Pacific Trade-Union Secretariat.

According to the November 1929 issue of The Pan-Pacific Monthly, official organ of the Pan-Pacific Trade-Union Secretariat (P. P. T. U. S.), this was an autonomous organization, separate from all other international organizations. It had established relations of "friendly

cooperation" with other international bodies which "stand against imperialism." Among these international bodies identified were:

(1) the Red International of Labor Unions (Profintern), "to which many of our affiliated organizations belong, and which is in full support of our work in the Pacific," and (2) the Anti-Imperialist League\*<sup>5</sup>, "which is a world federation of all anti-imperialist organizations and individuals, and with which our Third Plenum associated the P. P. T. U. S. , and to which many of our affiliated organizations are connected."

More specifically the program of action for the Trade-Union movement in China was described in late 1928 by the Pan-Pacific Trade-Union Secretariat in these terms. The plans regarding the organization of workers should be worked out with the Executive Bureau of the Red International of Labor Unions by the All-China Federation. In turn the All-China Federation should keep in fraternal contact and collaborate with the Pan-Pacific Trade-Union Secretariat. It was also indicated that contact should be established between the "revolutionary" trade-unions in China and other countries.

The need for a dependable channel of communication between Communist forces in China and other Pacific area countries was

\* According to reliable informants, the All-American Anti-Imperialist League<sup>5</sup> was affiliated with the International Anti-Imperialist League.

recognized by the Second Pan-Pacific Trade-Union Conference at Vladivostok, August 15-21, 1929. This conference adopted a resolution which in part urged the extension and improvement in the exchange of information and the development of joint actions in all countries of the Pacific. It is noted that Earl Browder attended this conference as General Secretary of the P. P. T. U. S.

Civil war conditions necessitated a phase of clandestine activity in non-Communist China. In addition to complicating the work of the Communist forces, the security and counterintelligence functions of anti-Communist forces were made more complex. Those who were in China in connection with the political tactics of the Chinese revolution might have been mistakenly identified with Soviet espionage operations of that period.

It has been reliably reported that during 1930 a large number of "Third International" (Comintern)<sup>1</sup> agents came into China and some were associated with the Pan-Pacific Trade-Union Secretariat. During the late 1920's and early 1930's several prominent American Party representatives were associated with the clandestine operations of the Pan-Pacific Trade-Union Secretariat or the Profintern in China. These included Charles Krumbein, Margaret Cowl, Earl Browder, Harrison George, James Dolsen and Morris Louis Appelman.

This activity has a significant parallel in the United States. In 1929 Harrison George, charter member of the Communist Party in the United States, was assigned to the west coast to work with the Pan-Pacific Trade-Union Secretariat. George allegedly published the Pan-Pacific Monthly, official organ of the Secretariat in connection with this assignment. This date may be significant, inasmuch as in April 1929 the Pan-Pacific Monthly was published in San Francisco, California, for the Pan-Pacific Trade-Union Secretariat, Shanghai, China.\*

Harrison George claims that he subsequently returned to New York, but in 1932 was instructed by Earl Browder to proceed again to San Francisco, California, for the purpose of maintaining connections with Communists in the Oriental countries. This included carrying on correspondence and supplying propaganda and in general maintaining contact with the Oriental countries so that the Party in the United States would be cognizant of their activities.

\*According to information appearing in the Pan-Pacific Monthly, official organ of the Pan-Pacific Trade-Union Secretariat, this publication was the successor to the Far-Eastern Monthly and the Pan-Pacific Worker of Shanghai. The Pan-Pacific Worker was published in Hankow, China, from June 1927 until January 1928, and in Shanghai during February and March 1928. The name of this organ was then changed to Far Eastern Monthly "to protect its Chinese printers from danger of execution, and was published under its new name in Shanghai until March 1929." With the April 1929 issue it became the Pan-Pacific Monthly in San Francisco, California, for the Pan-Pacific Trade-Union Secretariat, Shanghai, China.

The assignment of Harrison George appeared similar to the program outlined by the Communist International (Comintern<sup>1</sup>) and considered at the Workers (Communist) Party<sup>4</sup> Political Committee meeting of November 23, 1928. This program provided for steps to be taken by a "Port Bureau" established in San Francisco, California. These steps included an organization for correspondence between Chinese revolutionists; matters regarding the sending of American Communists for special work in China; and the problem of setting up in the United States a Chinese printing press for printing revolutionary Chinese propaganda.

At the approximate conclusion of this clandestine civil war period Harrison George was relieved of this assignment by Rudolf Blum, better known as Rudy Baker or Ralph Bowman, an important figure in clandestine Party activity.

### C. INTERNATIONAL LABOR DEFENSE<sup>7</sup>

Another type of assistance was given the Chinese Communists during this period of civil war in China. This was known as the International Labor Defense<sup>7</sup> and received active support from American Communists, sympathizers and dupes.

The Labor Defender, organ of the International Labor Defense, the I. L. D.,<sup>7</sup> has reported that instant organization was established on

June 28, 1925, in Chicago, Illinois. What might be considered its counterpart in China, the First Congress of China Red Aid, was held in December 1926.

The International Labor Defense<sup>7</sup> had identified with it several prominent members of the National Committee of the Communist Party in the United States. This included William Z. Foster, Elizabeth Gurley Flynn, C. E. Ruthenberg and Harrison George. Its publication Labor Defender carried articles or writings of such well-known Chinese Communist apologists as Anna Louise Strong, Earl Browder, Manuel Gomez, R. Doonping (identified as Chi Chao-ting), Agnes Smedley and Philip Jaffe.

Although the Second World Congress of the China Red Aid was held in Shanghai, China, under secret conditions, the I. L. D.<sup>7</sup> openly supported the Chinese Communist revolution from the United States. Subsequent to this Second Congress of China Red Aid, the Labor Defender carried an article, "From the Appeal of the Red Aid of China to the workers and farmers of the entire world to support the Chinese Revolution." This was the strange companion to the line also promulgated, "no intervention in China."

Although the International Labor Defense\*<sup>7</sup> is not an example of an organization primarily engaged in Chinese Communist support, it assisted in some projects, such as the movement to free the "Rueggs" in China. Paul and Gertrude Ruegg were arrested in China during 1931 for "subversive" activities. Ruegg was allegedly connected with the operations of the Third International (Comintern<sup>1</sup>) and the Pan-Pacific Trade-Union Secretariat in China.

Harold Isaacs and Agnes Smedley were among those from the United States who were associated with the "Noulens Defense Committee" in China. This committee later became known as the "Committee for the Defense of Paul and Gertrude Ruegg (International)."

#### D. CHINESE NATIONALS IN THE UNITED STATES

We have noted examples of U. S. Communist representatives in China and Communist operations in the United States with targets in China and the United States. We should also consider whether the Chinese Communist activities extended to the United States.

A pamphlet allegedly written by Chi Chao-ting under the alias R. Doonping and published by the Chinese Vanguard Publishing Company, New York City, in January 1930, supplies us with some insight into this phase of our study. A foreword in this pamphlet by Earl Browder, who

\*The August 1930 issue of Labor Defender refers to M. O. P. R. (International Red Aid) as the I. L. D. (International Labor Defense) organization of the Soviet Union. The March 1932 issue refers to the International Red Aid and the International Labor Defense synonymously.

in June 1930 became General Secretary of the U. S. Party, authenticates the Party viewpoint of the pamphlet, parts of which were previously printed in the Daily Worker<sup>8</sup>, an east coast Communist publication.

Doonping indicated a parallel between the political strategy of the Chinese Communists operating in China and the Chinese "workers" operating in the United States. He stated that, when Chiang Kai-shek "betrayed" the Chinese revolution in April 1927, the Chinese "workers" in America led the fight against Chiang in the Kuomintang organization in America and consolidated the "left-wing-movement." He further indicated that after the "betrayal of the revolution" by left-Kuomintang elements, the Chinese "workers" in America openly denounced them and realized that the Kuomintang banner had turned into an emblem of counterrevolution. The "workers" dissolved the Kuomintang organizations under their control in many cities and led the sympathetic petty bourgeois elements into an independent united front organization, "The Alliance for the Support of the Workers' and Peasants' Revolution in China."

Doonping also indicated organizational parallels between the so-called Chinese "workers" in America and the American Party. This in itself is not unexpected in view of the common leadership indicated by Doonping in his statement: "During all these fights, militant Chinese



workers in America were struggling under the guidance of their only party organization, the Communist Party of America." On the one hand he designated The Alliance for the Support of the Workers' and Peasants' Revolution in China, which he described as an organization similar to the Anti-Imperialist League<sup>5</sup>. On the other hand, Doonping spoke of the "militant Chinese workers" who joined the "American Revolutionary Unions" organized under the leadership of the T. U. U. L. (Trade-Union Unity League)<sup>9</sup> and militant organizations of Chinese "workers" in America such as the Chinese Workers' Alliance.

Coming within the category of Doonping's first grouping in subsequent years were the All-American Alliance of Chinese Anti-Imperialists and the Chinese Anti-Imperialist Alliance. China Today<sup>10</sup>, publication of the American Friends of the Chinese People<sup>11</sup>, took note of these organizations. The November 1935 issue included a manifesto of the Central Bureau, All-American Alliance of Chinese Anti-Imperialists. The December 1937 issue included information identifying the Chinese Anti-Imperialist Alliance and its publication Chinese Vanguard as representing the split of the most militant members of the Kuomintang in America from the Kuomintang.

## E. AMERICAN FRIENDS OF THE CHINESE PEOPLE<sup>11</sup>

Still another vehicle for promulgating the aims of Communist China was the American Friends of the Chinese People<sup>11</sup> and its magazine, China Today<sup>10</sup>. According to an educational outline of the National Education Department, Communist Party, USA, starting in 1934 this organization and publication "educated and organized support for the Chinese democratic forces fighting against the vicious counter-revolutionary onslaught of Chiang Kai-shek."

A former official of the American Friends of the Chinese People<sup>11</sup> and its publication China Today<sup>10</sup> has stated that the original organizational meeting of the American Friends of the Chinese People<sup>11</sup> took place in the early 1930's.\* Chi Chao-ting, a Chinese national, was identified as a guiding factor in the founding of this organization. Chi, who more recently has been identified as a prominent official in Communist China, allegedly first interested a relative, Philip Jaffe, in this organization. Hsu Yung-ying, another Chinese national who has also reportedly returned to Communist China, was named as being present at this organizational meeting.

\* May 1935 issue of China Today<sup>10</sup> stated that the month of May 1935 marked the beginning of the third year of the organization, Friends of the Chinese People<sup>12</sup>.

This organization was originally called "Friends of the Chinese People<sup>12</sup>." The March 1935 issue of the organizational organ, China Today<sup>10</sup>, included an appeal from Madame Sun Yat-sen (Soong Ch'ing-ling) to the "American Friends of the Chinese People<sup>11</sup>," urging them to "start a vigorous campaign against American interference in China." Significantly the May 1935 issue of this publication carried an article regarding the growth of "Friends of the Chinese People<sup>12</sup>" and stated that the organization would henceforth be known as the "American Friends of the Chinese People<sup>11</sup>." The explanation for this change was based on a desire to dispel the misunderstanding that this was an organization of Chinese people living in the United States, as the Chinese had their own independent organizations. In addition this term "American" would distinguish this organization from fraternal organizations in other countries.

The staff of this organization and its publication China Today<sup>10</sup> has been well identified with the Communist cause in China. Not only through its program of lectures, conferences, demonstrations and writings, but also through the names identified with it. These include names such as Frederick Vanderbilt Field, Chi Chao-ting, Philip Jaffe, T. A. Bisson, Max Granich, Owen Lattimore, Anna Louise Strong, Grace Hutchins and others.

An indication of the "behind the scenes" manipulation by the Communist Party in the United States is given by Morris Louis Appelman. According to Appelman, in 1935, after returning from the Orient where he had been engaged in Communist activities possibly on behalf of the Profintern (Red International of Labor Unions), he resumed his membership in the American Party. He was then assigned by the Party to work with the American Friends of the Chinese People<sup>11</sup>. After serving with this organization for a brief period, Appelman claims that he was approached by Earl Browder and asked to go to China for the purpose of replacing Max Granich who was in Shanghai serving as editor of a Communist paper. Upon accepting this assignment, Appelman was told to destroy his Communist Party card and all Communist identification.

Max Granich and his wife Grace had allegedly arrived in Shanghai in January 1936 where they had established the Eastern Publishing Company for the purpose of publishing The Voice of China. A source in Shanghai contacted by Granich understood that Granich had been sent to China by the Communist Party of the United States to publish a Communist periodical. They returned to the United States and became actively associated with the publication China Today<sup>10</sup>. Since her return to the United States Grace Granich has been in intermittent communication with Madame Sun Yat-sen (Soong Ch'ing-ling).

#### IV. UNITED-FRONT PERIOD II

##### A. BACKGROUND

George Dimitroff, General Secretary of the Comintern<sup>1</sup>, in October 1936 stated that efforts of the Chinese Communist Party were directed toward ending the civil war in China and establishing collaboration with the Kuomintang and all other political groupings and armed forces in China in a united front to resist the invading Japanese. In addition Dimitroff stated:

"It is necessary that energetic measures be taken to influence public opinion and the governments, first and foremost in England, France and the U. S. A."

George Dimitroff, The United Front, (International Publishers, N. Y., 1938), pp. 193-196.

In an address delivered by Earl Browder, General Secretary of the Communist Party, USA<sup>2</sup> on September 2, 1937, he stated:

"We must make the American people understand that the cause of the Chinese people is our cause, the defeat of the Japanese imperialism is our concern."

Earl Browder, The People's Front, p. 318.

According to Browder, his stand was fortified with requests from Mao Tse-tung, Chou En-lai, and Chu Teh on behalf of the Chinese

Communist Party and the Chinese Red Army for American Party assistance. Of particular interest is a portion of a letter to Browder from Chou En-lai in which Chou stated:

"I fervently hope that you and the Party under your leadership will give us more support. I am also anxious to get your opinion on our united front work. I am confident that with our two parties on both sides of the Pacific working to overthrow the devil of aggression in the Pacific and later to overthrow all aggressors, we will surely succeed."

Earl Browder, The People's Front,  
p. 317.

Browder's speech of September 2, 1937, was of particular interest, not only because of the indicated liaison of ideas between Communist leadership in China and the United States but because of the way this liaison was effected.

Mao indicated in his communication to Browder that he was obtaining information regarding matters in the United States through "several American friends, and from other sources...." Mr. and Mrs. Philip Jaffe, T. A. Bisson and Owen Lattimore were in Yen-an in June 1937, and Jaffe, allegedly the only man immediately returning to the United States, brought these letters from the Chinese Communist leaders to Browder. These letters from the Chinese leaders to Browder were allegedly translated into English by Hsu Yung-ying.\*

\*Subsequently more fully identified with the Institute of Pacific Relations<sup>13</sup> and other "united-front" activity.

This incident may provide a pattern for operations of this period which will be more fully developed. This pattern appears in the terms of a "united front" bloc bridging and giving force to Communist Party efforts in China and the United States.

**B. COMMUNIST PARTY, USA<sup>2</sup>**

Earl Browder, who was General Secretary of the Communist Party, USA, <sup>3</sup> has described the "Party line" during the time approximating this united front period. According to Browder, the Party in the United States took the line of explaining as thoroughly as possible that the Chinese Communists were leading the military struggle of the Chinese people against the Japanese invasion; that they represented the fighting section of the Chinese people; and he urged the unity of Nationalist and Communist forces in China to resist the invading Japanese. In addition, Browder stated that the Chinese (Communists) were representative of certain fundamental agrarian reforms in China.

The Party press openly represented the vanguard forces in support of the Chinese Communist aims. These ideas found support in early phases of this period in the Communist front and infiltrated or dominated organizations and publications. Many Americans were

made increasingly conscious of Japan as a threat, not only to China but also to the United States. This simplified the Party's task in the United States. Some forces that were anti-Communist or apathetic to Communism, due to the circumstance of a common external enemy, enlisted in Communist fostered and controlled projects. In turn the Communists were in a position to pursue Chinese Communist aims in the name of American patriotism. This situation gave a common base for a broad united front prescribed by the international Communist movement.

This overt Party activity did not represent the complete effort of the Party apparatus. In approximately 1936 Rudy Baker (Rudolf Blum) allegedly succeeded Harrison George in the west coast apparatus dealing with Asiatic matters. Baker was identified with clandestine communications and transfer of information or propaganda between this covert apparatus and points in the Asiatic area. Steve Nelson, who openly operated as a Communist Party organizer in Alameda County, California, and who was in clandestine contact with Soviet officials in the United States, was identified with the operations of Baker. Baker was operating as "AL." Nelson indicated in early 1943 that China had been cut off from the apparatus.



### C. UNITED-FRONT ACTIVITY

During this new period of united front, the "American Friends of the Chinese People"<sup>11</sup> turned the sharp edge of its propaganda weapon China Today<sup>10</sup> against Japan. The previous attacks against Chiang Kai-shek and his Kuomintang forces were diminished to the point of seeking Kuomintang cooperation in the united front against Japan. In view of its prominent position in the united-front offensive, the publication China Today<sup>10</sup> may be considered an indicator of the political climate of the time.

The February 1938 issue of China Today<sup>10</sup> reported a broad coalition of forces was sponsoring a drive for medical supplies on behalf of China. Significantly, this coalition included such organizations as the American Friends of the Chinese People<sup>11</sup>, the Chinese Hand Laundry Alliance and the American League for Peace and Democracy<sup>14</sup>. Seemingly merciful and humane objectives might have blunted the political perception of some and duped others. United-front efforts in these terms appear to have reaped marked success. An outstanding example of this character was the China Aid Council<sup>15</sup>.

1. China Aid Council<sup>15</sup>

The China Aid Council<sup>15</sup> was formed in December 1937 as a division of the American League for Peace and Democracy<sup>14</sup>. This organization was allegedly organized to raise funds for relief projects in China. Its officers and directors included a number of persons identified with other organizations and activities sympathetic to Communist China, i. e., Philip Jaffe and Chi Chao-ting of the Institute of Pacific Relations<sup>13</sup> and Amerasia<sup>16</sup>; Doctor Arthur Chung, Chairman of the Chinese Democratic League's chapter in the United States; and Mildred Price. Elizabeth Bentley, a professed Soviet agent in the United States, has stated that Mildred Price of the China Aid Council<sup>15</sup> gave her political information obtained through her knowledge of Chinese activities as well as information from her correspondence with Madame Sun Yat-sen (Soong Ch'ing-ling). It is noted that Madame Sun carried on a clandestine correspondence with Price and had relief dealings with her in view of Madame Sun's position with the China Defense League.

During the period of World War II, the work of the China Aid Council<sup>15</sup> was stimulated by its affiliation with United China Relief, subsequently known as United Service to China. With the end of the united-

front period and the beginning of the new civil war period in China, pressure was built up to disaffiliate China Aid Council<sup>15</sup> from United Service to China. Jaffe and Price allegedly opposed this step and were criticized by the Communist Party.

By the late 1930s it was increasingly difficult to separate pro-Chinese Communist organizations from those inspired by a feeling against an aggressive Japan and a humane feeling for its victims. The Communist press in the United States gave wide support to organizations participating in this united front against Japan. These organizations included names of a substantial number of prominent persons in the United States who were not identified with the Communist Party. A glance at the list of officers actually conducting the business of these organizations usually revealed an interlocking of official personnel who had been previously identified with Communist objectives.

Another aspect of aid to China was known as Indusco (American Committee in Aid of Chinese Industrial Cooperatives). This organization, founded in 1939 and under the leadership of Ida Pruitt, reportedly rendered valuable aid to the Chinese Industrial Cooperatives in their role of the "Anti-Japanese War of Resistance." Further

developments regarding this organization will be considered subsequently. It is being noted at this point as another counterpart in the United States to activity in China. This was promoted and developed by those sympathetic with Chinese Communist objectives in a climate of a united front against Japan.

## 2. Institute of Pacific Relations<sup>13</sup>

The life span of the Institute of Pacific Relations (I. P. R.)<sup>13</sup> would seemingly give it a place in all the periods considered in this study. Due to the broad scope of matters considered, the I. P. R.<sup>13</sup> is being viewed as a major factor only during this united-front period.

The Institute of Pacific Relations<sup>13</sup> was founded in 1925 in Hawaii as an organization engaged in research on the economic, political and social aspects of countries bordering on the Pacific Ocean. According to an official of this organization, the I. P. R.<sup>13</sup> developed into an association composed of national councils. Although each national council was described as autonomous, the organization scheme provided for international cooperation in programs of research, publications and conferences. This program of international cooperation was directed through a Pacific Council, in which

each national council had representation. In turn, this program was administered by an international secretariat located in New York.

This study is concerned primarily with the Soviet, Chinese and American Councils as well as the international organization, all of which provided the primary conditioning of relations between forces sympathetic to the Chinese Communist cause. These forces provided an international organizational base for personnel who interlocked the various Communist controlled, influenced or dominated organizations or publications in the United States, i. e., American Friends of the Chinese People<sup>11</sup>, its publication China Today<sup>10</sup> and the broad coalition of forces surrounding its activity i. e., China Aid Council<sup>15</sup>; the publication Amerasia<sup>16</sup>; and other organizations more concerned with the Soviet Union itself.

This interlocking personnel included such I. P. R.<sup>13</sup> officials as Edward Clarke Carter, former Secretary General of the International Secretariat; Thomas A. Bisson, Associate Editor of Pacific Affairs, international quarterly of the I. P. R.<sup>13</sup>; Frederick V. Field, Secretary of the American Council, I. P. R.<sup>13</sup>; Michael Greenberg, Managing Editor

of Pacific Affairs, Owen Lattimore, Editor of Pacific Affairs; Kate Mitchell, former private secretary to Carter; Catherine Porter, an Editor of the Far Eastern Survey, published fortnightly by the American Council of the I. P. R. <sup>13</sup>; and Harriet Moore, member of the Executive Committee of the American Council.

The efforts of these persons were aided by staff members and writers such as James S. Allen, Evans F. Carlson, Israel Epstein, Elsie Fairfax-Cholmeley, Miriam Farley, Philip R. Jaffe, William Marx Mandel, Ida Pruitt, Andrew Roth, Agnes Smedley, Edgar Snow, Nym Wales (Mrs. Edgar Snow), Guenther Stein, Maxwell Stewart, Anna Louise Strong, Ilona Ralf Sues, Mary Van Kleeck and Ella Winter. These persons, identified with the I. P. R. <sup>13</sup>, were also identified with other organizations or publications promoting Chinese Communist and/or Soviet united front interests in the United States.

These writers and executives in an allegedly objective I. P. R. <sup>13</sup> organization were able to corroborate each other's prestige to such an extent as to be recognized in many sources as specialists and well-grounded authorities in Chinese matters. Not only did this present a

situation wherein broad scholastic opinion was subjected to ideas compatible with Chinese Communists' aims, but it presented a means of orienting the thinking of U. S. Government officials. This could be accomplished through conferences with these officials in the guise of an objective and authoritative discussion of China; supplying selected research material to officials which might serve as a basis for their thinking on China problems; and the implementation and support of Chinese Communist objectives by I. P. R.<sup>13</sup> members and supporters actually in the employ of the United States Government. Not only were these persons in a position to orient official thinking in line with the Communist view, but they were also in a position, if required, to obtain vital intelligence information.

In 1934 a Soviet Council, known as the Pacific Institute of the USSR, was formally affiliated with the I. P. R.<sup>13</sup> Mr. A. Kantorovich was appointed General Secretary of the Soviet Institute. His special field of study was alleged to be American policy in China. G. N. Voitinskii (Voitinsky), a Vice-President of the Soviet Institute, had allegedly spent the period 1913-1918 in the United States and Canada as a student and worker. After returning to Russia he allegedly joined the Communist

Party and became involved in underground work and worked for a number of years in the eastern secretariat of the Comintern<sup>1</sup>. There he participated in Communist organizational work in China.

An investigation of certain phases of I. P. R. 13 activities revealed collaboration and exchange of information between I. P. R. 13 officials and persons in various departments of the United States Government. Conversely, the Soviet Union through the Soviet I. P. R. 13 officials was interested in harnessing the intelligence developing facilities of the I. P. R. 13. A former Soviet official has testified that some of these requests for information emanated from a Soviet intelligence organization.

Voitinsky of the Soviet I. P. R. 13 was interested in 1934 in obtaining through the I. P. R. 13 information regarding countries other than the United States. In 1936, Motiliev (Motylev), President of the Soviet I. P. R. 13, was allegedly interested in receiving from the United States more material on the economic geography of the country; of publications of the U. S. Government and particularly statistical. There were subsequent Soviet I. P. R. 13 requests for information publications.



In accordance with the established pattern, Chinese nationals sympathetic to the Chinese Communist movement also had a role in the L. P. R.<sup>13</sup> Most prominently identified with the L. P. R.<sup>13</sup> in this role were Chi Chao-ting, Chen Han-seng, and Hsu Yung-ying. These persons were also a part of the pattern of interlocking personnel connecting through personnel various organizations or publications sympathetic to the Chinese Communist cause.

Chi Chao-ting became active in the L. P. R.<sup>13</sup> in the United States during its early period of development; supplied writings for publication; and served on the International Secretariat. Chi's prominent part in the publications China Today<sup>10</sup> and Amerasia<sup>16</sup> gives some indication of the scope of his propaganda efforts. Chi's wife, Harriet Levine Chi, has testified that she was employed by the L. P. R.<sup>13</sup> as a secretary to Owen Lattimore in 1936.

In approximately 1941, Chi was replaced on the International Secretariat of the L. P. R.<sup>13</sup> by Hsu Yung-ying. A reliable informant has stated that Chi in 1937 recognized Hsu as the top Chinese Communist in the United States. Like Chi, Hsu worked closely with Frederick V. Field in connection with his writings and other propaganda work.

Hsu was very active in connection with the United Nations conference held during 1945 in San Francisco, California. Hsu discussed with Edward C. Carter the possibility of being sent to this conference as an I. P. R.<sup>13</sup> delegate. Hsu was reliably reported to have been instrumental in arranging a meeting between Earl Browder and the Chinese United Nations delegate, Tung Pi-wu, in early 1945 and was connected with the preparation of a propaganda pamphlet written by Tung Pi-wu for dissemination in the United States. Frederick Field allegedly indicated to Hsu his cooperation in calling attention to this pamphlet. Hsu allegedly returned to China the following year and assumed various leadership positions in the new Communist China.

Chen Han-seng, another Chinese national formerly in the United States and now in Communist China, supplied writings or information for the I. P. R.<sup>13</sup> during a long period of time. In the early 1930's Chen supplied articles for the Chinese Council of the Institute of Pacific Relations.<sup>13</sup> In the later 1930's his writings appeared in Amerasia<sup>16</sup> and the I. P. R.<sup>13</sup> publications Far Eastern Survey and Pacific Affairs. Chen was particularly noted for supplying Lattimore, Carter and the I. P. R.<sup>13</sup> with military information regarding the situation in China during the late 1930's. A recent New China News

Agency release described Chen Han-sheng as Vice-Chairman of the Chinese People's Institute of Foreign Affairs.

These writers and staff members of the L. P. R. <sup>13</sup> were useful for other purposes. In January 1940, Frederick V. Field supported the scheduled visit of Agnes N. Jaffe to China. According to Field, the L. P. R. <sup>13</sup> had requested Agnes Jaffe to look into the development of the Chinese Industrial Cooperatives. Field indicated that the arrangements for this visit had been made through Chen Han-seng, a former staff member of the L. P. R. <sup>13</sup> and Chairman of the Hong Kong Committee for the Chinese Industrial Cooperatives. In this connection it may be significant to note that also during January 1940 Edward C. Clark communicated with Theodore H. White in Chungking, China, and asked White to serve as a mail drop for a letter addressed to Carter from a "trusted member" of the L. P. R. <sup>13</sup> staff. It is noted that a Theodore White was employed as a correspondent in China and later wrote for the L. P. R. <sup>13</sup> publication Far Eastern Survey.

Two key persons during the most effective period of the L. P. R. <sup>13</sup> in the United States were Edward C. Carter and Frederick V. Field. Carter, who became Secretary to the American Council

of the I. P. R. <sup>13</sup> in 1926, has supplied information regarding a pertinent complement of the I. P. R. <sup>13</sup>

In 1950, Carter advised that for several years he had been a member of the Board of Directors, American Russian Institute for Cultural Relations with the Soviet Union (ARI)<sup>17</sup>. Carter stated that, although the aims and purposes of the I. P. R. <sup>13</sup> and the ARI<sup>17</sup> differ, the interests of the two organizations were complementary. As far as the differences were concerned, Carter stated that the I. P. R. <sup>13</sup> was interested in the Soviet Union as a Pacific power, whereas the ARI<sup>17</sup> was interested in the Soviet Union as an Asiatic and European power. Carter stated that Harriet Moore of the I. P. R. <sup>13</sup> was allowed to go to the ARI<sup>17</sup> on a full-time basis as Carter and his associates in the I. P. R. <sup>13</sup> thought she would be more useful there. Harriet Moore was also identified with the editorial board of Amerasia<sup>16</sup>. She was only one of a large group of writers identified with the Chinese Communist cause who were prominent in both the I. P. R. <sup>13</sup> and Amerasia<sup>16</sup>. Frederick V. Field is perhaps the most prominent of this group.

### 3. Amerasia<sup>16</sup>

Among the other bases for the Chinese Communist sympathizers in the United States was the publication Amerasia<sup>16</sup>. Many of those prominent in the group of individuals involved in the organizations American Friends of the Chinese People<sup>11</sup> and the Institute of Pacific Relations<sup>13</sup>, were identified with this enterprise. In addition there was a linking community of interest indicated by the publications involved. According to a notification dated in March 1942 on the letterhead of the American Friends of the Chinese People<sup>11</sup> addressed to the subscribers of its publication China Today<sup>10</sup>, the publication Amerasia<sup>16</sup> would replace subscriptions to China Today<sup>10</sup>. The last issue of Amerasia<sup>16</sup>, dated July 1947 included a notice to the effect that incomplete Amerasia<sup>16</sup> subscriptions would be filled by the I. P. R.'s<sup>13</sup> fortnightly publication Far Eastern Survey.

Guiding hands of the American Friends of the Chinese People<sup>11</sup>, the Institute of Pacific Relations<sup>13</sup>, and their publications took an early decisive role in the publication of Amerasia<sup>16</sup>. Amerasia<sup>16</sup> commenced publication in March 1937 with the editorial board including Frederick V. Field, Chairman, Philip J. Jaffe, Managing Editor, and editorial board members Owen Lattimore, Chi Chao-ting and Thomas Arthur Bisson.

Subsequent issues of Amerasia<sup>16</sup> carried such editorial board members as Harriet Levine, wife of Chi Chao-ting, Kate Mitchell who subsequently became coeditor of the publication with Jaffe, and Harriet L. Moore, identified as Editor of Bulletin on the Soviet Union and the American Quarterly on the Soviet Union<sup>18</sup> published by the American Russian Institute<sup>17</sup>. These persons were all prominently associated with the I. P. R.<sup>13</sup>

Amerasia<sup>16</sup> writers and staff members included many more I. P. R.<sup>13</sup> writers; prominent persons in the Foreign Policy Association, \* such as William T. Stone, David H. Popper and T. A. Bisson; as well as United States Government employees. Obviously the broad base of potentialities for securing information and providing propaganda and influence is evident in Amerasia's<sup>16</sup> staff, writers and collaborators.

After recognizing the similar personalities of influence in the American Friends of the Chinese People<sup>11</sup>, the Institute of Pacific Relations<sup>13</sup> and Amerasia<sup>16</sup> one must consider the intelligence potential. We are confronted with the proposition of organizations or personnel sympathetic to the Chinese Communist cause who, because of their collective positions, have many channels of receiving and disseminating information which might well be of interest to the Communist movement in China and their Soviet "Advisors."

\* The articles of incorporation of the Foreign Policy Association have reflected the purpose of this organization as "to carry on research and educational activities to aid in the understanding and constructive development of American foreign policy."

The most obvious intelligence potential of Amerasia<sup>16</sup> would be the appearance of intelligence material in its widely distributed issues. In July 1939 Edward Carter alleged that V. E. Motiliev (Motylev) of the Soviet I. P. R. <sup>13</sup>wished that Pacific Affairs carried as essential information as that which appeared in Amerasia<sup>16</sup> under the heading, "Economic Notes." This section of Amerasia<sup>16</sup> was handled first by Chi Chao-ting and later by Jaffe. An important factor in the Amerasia<sup>16</sup> case was the similarity between an article appearing in the publication and a "Secret" report of O. S. S. (Office of Strategic Services). Subsequent investigation led to the arrests of Philip Jaffe and Kate Mitchell, editors of Amerasia<sup>16</sup>, Lieutenant Andrew Roth of the Office of Naval Intelligence, Emmanuel Larsen and John Stewart Service of the Department of State and Mark J Gayn, a free-lance writer, charging them with conspiracy to violate Section 31-D, Title 50, U. S. Code. Jaffe subsequently admitted that he had printed in Amerasia<sup>16</sup> items from a number of classified documents.

#### 4. Chinese Influence in the United States

Just as those in China, the Chinese nationals in the United States played a continuing part in the forces involved in the Chinese Communist revolution. An article appearing in the March 1936 issue of China Today<sup>10</sup> regresses a bit and reports the continuity of Chinese activity in the United States.

This article reported that after the Canton Commune was crushed, the most militant element of the Kuomintang in America split from that party and organized the Chinese Anti-Imperialist Alliance and published the Chinese Vanguard as its organ. In 1929 this Alliance sent a delegate to the World Anti-Imperialist Congress in Berlin. This Alliance fought against the policy of the Kuomintang and gave support to the "anti-imperialist" forces in China and endeavored to link up all Chinese issues closely with the struggles of the "American masses."

This article goes on to state that the attack of Japan on China led to the uniting of all Chinese to fight against Japanese imperialists. For the first time in the history of the Chinese movement in the United States, people of different political opinions began to unite and discuss the issues of China. Even the Chinese students who allegedly were inactive had been aroused. It was stated that the New York Chinese Student Alliance had joined hands with its countrymen in anti-Japanese activity.

There were reportedly other efforts to stimulate the youth in this period. The American Youth Congress<sup>19</sup> had a Far Eastern Commission engaged in promoting Chinese matters. On December 15, 1935, the Peiping Students' Union addressed a letter to the American



Student Union<sup>20</sup>, asking for a united front against "Japanese imperialism." On February 22, 1936, the National Salvation Association of Fuh Tan University in China appealed to the American Student Union<sup>20</sup> for unity and support "for the liberation of China."

The influence of some of the more prominent Chinese extended far beyond the Chinese organizations. From faraway China, Madame Sun Yat-sen (Soong Ch'ing-ling) and her China Defense League affected organizations in the United States that were sympathetic to her cause in China. Others in the United States who were particularly influential during this period were Chi Chao-ting, Hsu Yung-ying, Chen Han-seng and Chu Tong. These four Chinese gave a broad and significant representation to their ideas during this period in such organizations as the American Friends of the Chinese People<sup>11</sup>, Institute of Pacific Relations<sup>13</sup>, Chinese Hand Laundry Alliance, American League for Peace and Democracy<sup>14</sup>, American Student Union<sup>20</sup> and the publications China Daily News, Amerasia<sup>16</sup>, and China Today<sup>10</sup>.

The consistent pressing of the idea, united front against Japanese imperialism, allegedly had marked success in the Chinese communities in the United States. Perhaps as a fruit of this propaganda and organizational barrage, it was reported that in November 1937 traditionally antagonistic tongs and organizations formed a General Relief Fund Committee representing

every organization in New York City's Chinatown. Similar united fronts were reportedly formed in Chicago, Illinois, and San Francisco, California. Frederick V. Field gave this line support in the April 1941 issue of China Today<sup>10</sup>. He appealed for a united front by the Kuomintang, Communists and other political elements against Japan.

#### 5. U. S. Government Infiltration

This period of the second United Front was marked with significant infiltration and influence of the United States Government. Persons sympathetic to the Communist aims in China were found in positions and organizations where they could carry out Georgi Dimitroff's stated aim of influencing the United States Government. Regardless of whether this infiltration was accomplished through a formal intelligence apparatus or the work of stumbling idealists, the United States Government was infiltrated with persons sympathetic to Communist aims in China who were in a position to provide the structure for an intelligence apparatus.

A successful intelligence apparatus must have qualified sources of intelligence information. Elizabeth Bentley and Whittaker Chambers, professed Soviet agents, have identified a number of such sources in the United States Government. These allegations included persons interested in Chinese matters, i. e., Lauchlin Currie, an administrative assistant to

the President of the United States, and Currie's assistant Michael Greenberg; Harry Dexter White, an Assistant Secretary of the U. S. Treasury; and Solomon Adler, representative of U. S. Treasury Department in Chungking, China. These persons have been reliably identified with persons or organizations specifically interested in promoting conditions favorable to a Communist China.

Another potentiality as an intelligence source was the Amerasia<sup>16</sup> group which had access to United States Government documents of a classified nature. This is made more real with the close relationship between Jaffe and Chi Chao-ting.

Chi, while acting as an official for Chiang Kai-shek's Chinese Government during this period, had entrees with various high U. S. Government officials. Chi's potentialities were emphasized by his position with the monetary stabilization fund set up for China and his position on behalf of the Chinese Government at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, in July 1944.

The potentiality for espionage through Government channels or sources close to these channels also existed in China. During this second United Front period, John Stewart Service and Solomon Adler

shared an apartment in Chungking, China. Service admittedly on various occasions discussed with the Soviet press attache in Chungking the situation in China. Another employee of the U. S. Embassy in Chungking during the early 1940's admitted supplying information from Embassy files to an official of the Soviet Embassy.

Other potentialities for intelligence from U. S. Government agencies in China are evidenced in Chinese nationals such as Liu Tsun-chi allegedly the Chief of the Sino-Division of the Office of War Information in Chungking during World War II. Liu subsequently became associated with propaganda activities of the Chinese Communist regime.

U. S. Government employees sympathetic to the Chinese Communist cause were in a position to carry messages to and from Chinese principals. An example is Frederick T. Douglas who in 1945 allegedly brought Grace Granich communications from Madame Sun Yat-sen (Soong Ch'ing-ling) which were addressed in care of Mildred Price. Douglas was allegedly employed in 1944-45 by the U. S. Government in China.

## V. CIVIL WAR PERIOD II ("LIBERATION") - CONSOLIDATION

### A. BACKGROUND

On April 24, 1945, Mao Tse-tung delivered a report to the Seventh National Congress of the Chinese Communist Party, in which he spoke of eliminating the Japanese aggressor externally and the Kuomintang Government internally. To accomplish this Mao stated:

"...we must join hands with any individual or social group who favors the defeating of the Japanese aggressors and the building up of a new China, irrespective of class or political affiliation."

Mao Tse-tung, The Fight for a New China (New Century Publishers, New York, December, 1945), p. 80.

Mao also warned of the danger of another civil war with the Kuomintang after the Japanese were driven out of China.

During the last days of the Sino-Japanese War, the Chinese Nationalist and Communist representatives negotiated for a means of achieving national unity in China. United States representatives took part in these negotiations. These efforts to unify China were unsuccessful and the civil war (or in Communist terminology, "liberation war") was resumed.

In an article written by Mao for the 28th anniversary of the Communist Party of China he describes it in this manner:

"Under the leadership of the Communist Party of China the Chinese people, after driving out the Japanese imperialists, waged a people's liberation war for three years and achieved a smashing victory."

Mao Tse-tung, On People's Democratic Rule, p. 4.

On October 1, 1949, the Chinese Communists established a Central People's Government of the People's Republic of China. This was done after the meeting of the "People's Political Consultation Conference."

#### B. COMMUNIST PARTY, USA<sup>2</sup>

The termination of the war against Japan did not end the continuous parallel of assistance rendered the Chinese Communists by the Communist Party, USA<sup>2</sup>. According to an educational outline of the Party it had to assume special responsibilities:

"To fully grasp the magnitude and deep significance of the great victories of the Chinese people, to imbue the whole labor and progressive movement with this understanding, to arouse the people to render direct and determined support to the liberation movement of the oppressed peoples against the imperialism of 'their own country,' is in the first place, the special responsibility of the vanguard party--the Communist Party of the United States."

"Whereas many progressive organizations take part in the analysis of current news developments in China, it is the special responsibility of the Communist Party to clarify the basic nature of the present Chinese revolution, its 'new democratic' character, its perspectives for socialism, and the effects of the great victories of the Chinese revolution on the world struggle between the camps of reaction and of the democratic forces of the world...."

("World Significance of the Events in China--Discussion Outline and Material for Classes," Issued by National Education Department, Communist Party, 35 East 12th Street, N. Y. C.)

In addition to direct action, the Party also supplied guidance or discipline to collateral efforts assisting the "liberation" of China. Prominent among these organizational vehicles was the Committee for a Democratic Far Eastern Policy<sup>21</sup>.

C. COMMITTEE FOR A DEMOCRATIC FAR EASTERN POLICY<sup>21</sup>

In August 1945 this organization was reliably reported as operating in New York City under the name Committee for a Democratic Policy Toward China. In December 1945 this organization registered a change in its name to the Committee for a Democratic Far Eastern Policy<sup>21</sup>. This organization worked in close cooperation with the Communist Party, USA<sup>2</sup>, and spread its influence on a broad front throughout

the United States. Its publication was successively known as the Information Bulletin, Spotlight on the Far East<sup>22</sup> and Far East Spotlight.

Maud Russell became the Executive Director of this organization and the indicated officials of the organization and publication included many persons prominently identified with other organizations or programs in support of the Chinese Communists. These included Frederick V. Field, T. A. Bisson, Talitha Gerlach, Mr. and Mrs. Edgar Snow, Anna Louise Strong, Chu Tong, Israel Epstein, Elsie Cholmeley, Gunther Stein and Philip Jaffe.

Through both written and oral propaganda this organization spread its program. In early 1949 at an Action Conference on China Policy sponsored by the Committee a program of objectives was formulated. In general terms this policy was to attack the forces sympathetic to Chiang Kai-shek; to demand an end to American "intervention" and aid to the Kuomintang; to prepare the United States Government for the recognition of the forthcoming Chinese Communist regime; to urge genuine cooperation with this new regime including friendly trade relations; and to get information regarding the Government's China policy to the American people.



A form letter on the letterhead of the Communist Party of the State of New York dated March 1, 1949, enclosed a Program for Action on China Policy as adopted by this Action Conference on China. This communication also referred to a special outline issued by the National Education Committee on Communist Policy in China. This letter referred the addressee of the letter to make any further inquiry to the Committee for a Democratic Far Eastern Policy<sup>21</sup>.

On November 20, 1952, Maud Russell as Executive Director indicated "The Committee for a Democratic Far Eastern Policy<sup>21</sup> is no longer in existence, after completing seven full years of activity geared to informing and mobilizing American public opinion. . . ." "Its work has served to prepare the way for the current emphasis on Far Eastern policy which many organizations now make a major part of their action program." Russell stated that she would continue to make available "specialized Far Eastern material." In addition she stated that all paid-up subscriptions to Far East Spotlight will be honored as subscriptions to Far East Reporter. She indicated that she would be available for talks on the Far East.

D. CHINA WELFARE APPEAL, INC.<sup>23</sup>

The China Welfare Appeal<sup>23</sup> was incorporated in New York State in May 1949. This was allegedly formed to replace the China Aid Council<sup>15</sup> which had been born of the previous united front period. This Council<sup>15</sup> allegedly followed the policies of Earl Browder, deposed Communist Party official, instead of cooperating closely with Madame Sun Yat-sen (Soong Ch'ing-ling) in China. In December 1949 Gerald Tannenbaum, associated with the work of Madame Sun Yat-sen in Shanghai, China, authorized the transfer of funds of the China Aid Council<sup>15</sup>-China Welfare Fund in the United States to the China Welfare Appeal<sup>23</sup>.

The parallel in China for these activities was the China Defense League founded in 1938. After "V-J Day" it became the China Welfare Fund. It is now known as the China Welfare Institute. This Institute became affiliated with the People's Relief Administration in new Communist China.

Madame Sun Yat-sen's official collaboration with the new Chinese Communist Government, on the one hand, and her long period of liaison in the United States with Communists and

those sympathetic to her work in China, on the other hand, present a continuing threat to our internal security.

E. INDUSCO (AMERICAN COMMITTEE IN AID OF CHINESE INDUSTRIAL COOPERATIVES)

Another organization carrying on similar supporting functions with the China Aid Council<sup>15</sup> and the China Welfare Appeal<sup>23</sup> was Indusco. Indicative of new tactics and the relationships of Indusco was an item appearing in a report of the China Welfare Appeal<sup>23</sup> in late 1952 which stated that Indusco's work had been successfully completed. This organization founded in 1939 under the leadership of Ida Pruitt had rendered valuable aid to the Chinese Industrial Cooperatives in their vital role of the "Anti-Japanese War of Resistance." This announcement went on to state that Miss Pruitt was continuing her activity as Chairman of China Welfare Appeal<sup>23</sup>. At the June 1952 meeting of Indusco it was stated that Indusco's mailing list would be turned over to China Welfare Appeal<sup>23</sup>. An invitation was extended to Indusco board members to join the China Welfare Appeal<sup>23</sup> board, which was described as the only link with "People's China."

A New China News Agency Bulletin\* of March 7, 1951, in an item with a date line at Peking, March 4, (1951), stated that the International Committee for Chinese Industrial Cooperatives has decided to wind up its work. Ida Pruitt was identified with this work. This organization, in announcing its dissolution, was quoted by this bulletin as follows:

"We are proud to have been associated, even in a small way with the early development of what has now, under the People's Government, become a great people's movement."

New China News Agency, Daily  
Bulletin No. 235, dated March 7, 1951.

#### F. UNITED NATIONS

Although the People's Republic of China has not gained membership in the United Nations organization, the potentialities of Chinese Communist membership in this organization should not be disregarded. These potentialities are not in terms of conjecture but are indicated by past brief experiences with Chinese Communist representatives in the United States under the "official cover" of the United Nations.

\*New China News Agency is the Communist official news agency.  
(Political Handbook of the World 1953, p. 41)

Chinese Communist participation in the founding conference of the United Nations organization held April 25 to June 26, 1945, at San Francisco, California, supplied an early opportunity for a sampling of their activities in the United States under a United Nations cover. These representatives in the United States pertinent to this sampling were the Chinese Communist delegate Tung Pi-wu and his secretaries Chang Han-fu, editor of the Chinese Communist Party publication, New China Daily News in Chungking, China, and Chen Chia-kung, secretary to Chou En-lai, current Premier, Government Administration Council, People's Republic of China.

Tung and his two secretaries took full advantage of their visit to the United States. Both United States citizens and Chinese nationals in the United States assisted them in their efforts to make contacts and carry on propaganda activities. These contacts included contacts with the China Daily News, Jefferson School of Social Science<sup>24</sup>, Southern Conference for Human Welfare<sup>25</sup>, Institute of Pacific Relations<sup>13</sup>, Indusco, Inc., Protestant Digest<sup>26</sup>, China Aid Council<sup>15</sup>, Veterans of the Abraham Lincoln Brigade<sup>27</sup>, and top Communist Party<sup>2</sup> (and Communist Political Association<sup>28</sup>) officials in the United States.

Grace Granich, who represented the Daily People's World<sup>29</sup>, a west coast Communist newspaper, at this conference of the United Nations worked in close collaboration with the Chinese Communist representatives. Grace Granich and her husband Max Granich have been identified with Chinese Communist activities for many years. They were identified with Chinese Communist publications in China and the United States and have been in communication with Madame Sun Yat-sen (Soong Ch'ing-ling) over a long period of years.

During the course of the United Nations conference it was reported that Tung Pi-wu was preparing a propaganda pamphlet on the "liberated" area of China. Grace Granich and Hsu Yung-ying allegedly helped with the publication of this pamphlet in the United States. Frederick V. Field allegedly stated that he would help by drawing attention to it after publication.

In April 1945, Hsu Yung-ying arranged a meeting with Earl Browder, General Secretary of the American Party, at the home of Philip Jaffe. In addition, the Chinese Communists were in contact with Agnes Smedley, identified with the Richard Sorge espionage apparatus; Maxim Lieber, identified with Whittaker Chambers'

intelligence activity; and John Abt, identified with Miss Elizabeth Bentley's intelligence activity.

Tung Pi-wu and Chen Chia-kang in the company of Max and Grace Granich during late 1945 visited at the apartment of Aube Tzerko. Tzerko was in clandestine contact with Sam Carr while Carr was a fugitive from Canadian authorities during 1946-1949. Carr was identified with Soviet intelligence operations in Canada and national organizer of the Labour-Progressive (Communist) Party of Canada.

In June 1945, Lawrence Lowe who has been identified with Communist activities in California allegedly held a meeting in his apartment in San Francisco, California. The Chinese Communist delegate to the conference allegedly addressed a select group of San Francisco Chinese at this meeting. Lowe acted as interpreter for the speaker.

A reliable informant advised that Tung Pi-wu also attended a meeting of New York area Communist leaders in August 1945. This meeting was reportedly held so that Tung could discuss with those present conditions and future plans of Communist China. At this meeting Tung also allegedly announced that the

Committee for a Democratic Policy Toward China was being organized in New York City to criticize conditions under the Nationalist Government of China.

Perhaps another avenue of Communist cooperation was indicated through the activities of Charlotte Honig, who was identified as a member of the Communist Party<sup>2</sup> for many years. These Chinese Communist representatives allegedly utilized an apartment for their living quarters which had been leased in the name of Charlotte Honig.

Another experience with Chinese Communists with official cover in connection with United Nations matters took place in 1950. The Chinese Communist Government sent a delegation of nine members to the United Nations on November 24, 1950. They departed December 19, 1950, but not without attempting to collect a marked amount of publications regarding scientific, political and national defense matters.

Prominent in the collection of this material was Mme. Kung Pu-sheng. She was identified as Deputy Director, International Division, Ministry of Foreign Affairs, and an alternate member representing the All-China Federation of Democratic



Women, Chinese People's Political Consultative Conference. She was also identified as the sister of Kung Peng, who headed the Intelligence Division of the Foreign Affairs Ministry. Mrs. Kung Pu-sheng also had been previously employed at the United Nations, New York City, during the period 1946-48.

Others connected with collecting this material were Pu Shan, Chiao Kuan-hua and An Tung. Pu Shan received his higher education in the United States, specializing in economics. Chiao Kuan-hua, in addition to his governmental and party positions, was editor of People's China. An Tung was listed as Technical Counselor to the delegation.

The remaining vehicle for potential intelligence activities in the United Nations is employment by the United Nations or affiliated agencies on the one hand or by infiltration of the existing governmental delegation. There are indications that these avenues have been utilized by persons sympathetic to the Chinese Communist regime.

## G. OVERSEAS CHINESE IN THE UNITED STATES

### 1. Overseas Chinese Affairs Committee

An unsigned letter on the letterhead of the Overseas Chinese Affairs Committee of the Central Government dated February 1, 1950, told of the formation of this committee for the purpose of helping overseas Chinese. This help was described in terms of protecting their rights; helping them make arrangements to return to China; relief, etc. This letter also requested that papers and magazines make this known and that they send reports on their articles to the Committee office.

A letter dated February 3, 1950, from Szeto Mei-tong, indentified with the Chih Kung Tang in China, stated that the Overseas Chinese Affairs Committee had been set up to protect the interests of all loyal overseas Chinese. The letter indicated that overseas branches would be established. Those who had matters to take up with instant committee were urged to communicate with representatives designated for this purpose. This letter further stated that China needed the help of every Chinese, whether at home or abroad.

2. Overseas Chinese in San Francisco, California

a. Overseas Chinese Representatives in the United States

The new Communist regime in China brought about a new phase in the historic relationships of overseas Chinese with revolutionary forces in China. The professed benevolence of the new regime and apparent opportunity for material gain caused many "fence sitting" Chinese to cast their lot with the Communist forces. This situation is well exemplified by the enthusiastic reaction of certain Chinese in San Francisco, California. This program allegedly was to be given guidance by two members of the Committee for Overseas Chinese Affairs in San Francisco. These two members were reportedly Joe Yuey and Dear Kew Yuen. This committee was to become operative in the event the United States Government recognized Communist China.

Joe Yuey was identified as president of the On On Company, and a director of the Chung Wah Corporation, both in San Francisco, California. It is noted that both of these business ventures were initiated in 1949, the formulative year of the new Communist Chinese Government.

It has been reliably reported that certain other Chinese in San Francisco, California, have been in communication with Hong Kong firms identified as having Communist connections. These firms have

been identified as the Tai Tung Company, the Ching Fung Chong Company and Life Reader Sinzh Joint Publishing Company, Hong Kong.

Still other Chinese in the United States have been the addressees for material from the Life Reader Sinzh Joint Publishing Company. In addition, on one occasion a Chinese of the student-scientist category requested this firm to receive and retain for him certain material. This was done by the Chinese to avoid carrying this material in his luggage when he returned to China. Another Chinese identified with Communist activities in California unsuccessfully attempted to return to China with several hundred pounds of technical papers.

b. Chung Wah and the Chung Sai Yat Po

Chung Wah was incorporated for the alleged purpose of handling and improving property at 716 Sacramento Street, San Francisco, the address of the Chung Sai Yat Po newspaper. Directors of this corporation included other Chinese identified with the Chinese Communist program in San Francisco, such as Leong Thick Hing and Francis Leong. Chung Wah allegedly leased the newly purchased Chung Sai Yat Po newspaper to a group headed by Dear Kew Yuen. This newspaper was published under this management until early 1951.

Reliable informants stated that, while owned by the Chung Wah corporation, the Chung Sai Yat Po was a supporter of the People's Republic of China. Its managing editor, Dear Kew Yuen, has admitted that this publication was pro-Chinese Communist.

c. China Weekly

Another publication should be mentioned in connection with the support to the new Chinese Communist regime in San Francisco. This weekly Chinese language newspaper was organized under the name of the Golden Gate Publishing Company in May 1949. This publication was allegedly described as an all-Chinese Communist weekly newspaper by a Communist Party, USA, functionary in San Francisco, California. Dear Kew Yuen, managing editor of the Chung Sai Yat Po newspaper in San Francisco, identified the China Weekly as truly a Communist newspaper. It may be of interest to note that the editor of the China Weekly recommended the Chung Sai Yat Po as a daily newspaper in answer to a reader's request. The last issue of the China Weekly, also known as Chin Men Chiao Pao, appeared December 13, 1950.

d. General Activity

Francis Leong may be exemplary of some of the Chinese in San Francisco who, during the period of 1949-51, openly identified

themselves with the new Communist regime in China. In early 1949 they participated in celebrating the victories of the "Army of New China" and propagating the propaganda line of Communist China. Leong has stated that, with the advent of Communist China, a great many of the overseas Chinese felt that the Communists would be better for China than the Nationalist Government had been. According to Leong, since the Communists have become more entrenched, stories emanating from China concerning the harsh treatment of the people have turned the overseas Chinese against the Communist Government.

Another factor which might have influenced Leong was the Party's urging of trade with Communist China. Leong, proprietor of the Royal Cathay Trading Company in San Francisco, also admitted that he felt that certain of his political activities in support of the new regime would help his business.

The basically Chinese organizations in San Francisco did not represent the whole effort in the Chinese support of the new China. It was reliably reported that on June 5, 1950, a meeting was held in San Francisco under the auspices of the Committee for a Democratic Far Eastern Policy<sup>21</sup> and the Chinese Workers' Mutual Aid Association. Speeches delivered at this meeting concerned the

resumption of trade with China, soliciting support of the new Chinese regime and calling for help in the development of China.

The Chinese Workers' Mutual Aid Association is reportedly known as an organization of a pro-Communist nature composed largely of Chinese seamen, cooks and restaurant workers in San Francisco. Informants have reported that, due to the opposition of Chinese anti-Communists in San Francisco, this association has not been able to extend its influence.

### 3. Overseas Chinese in New York Area

#### a. Chinese Hand Laundry Alliance

The Chinese Hand Laundry Alliance in New York City was chartered in 1933 as a membership organization founded to render legal and protective services to its members engaged in the laundry business in the New York area. In approximately 1934 a dispute arose between members of this organization, resulting in a split in the organization and the formation of the Chinese Hand Laundry Association. Subsequent to this split, the Alliance was alleged to be under Communist control.

This Alliance is of particular interest because of the reported interrelation of members of the Alliance with stockholders of the China Daily News. An officer of the China Daily News has

stated that there were a large number of stockholders of this publication who were also members of the Alliance. In addition it was reliably reported that the Committee to Support the China Daily News is usually composed of stockholders of the publication and members of the Alliance.

It was reliably reported that on October 9, 1949, at the headquarters of the Alliance in New York City, a celebration of the Chinese Communist "liberation" of China took place. Other support was reportedly shown the Chinese Communist regime at a Quon Shar banquet in January 1950. Elder members of the Quon Shar, allegedly a social club within the Alliance, were reported to have advocated the buying of "victory bonds" issued by the new Communist regime.

b. China Daily News

The China Daily News is a Chinese-language daily newspaper published by the China Daily News, Incorporated, New York City. It was incorporated under New York State laws on May 17, 1940. As indicated previously, members of the Chinese Hand Laundry Alliance had an active interest in this publication. An additional influence from this direction might be indicated through Chew Sick Hong, with alias Chu Tong. He served as secretary of the Chinese Hand Laundry



Alliance during 1937-39 and then became editor of the China Daily News.

A former official of the Communist Party, USA, has advised that the Party was cautious in its dealings with the China Daily News, but its former editor, Chu Tong, was considered to be one of the Party's experts on Far Eastern matters.

The China Daily News, its president Eugene Moy, and its former managing editor, Albert Wong, were indicted on April 28, 1952, in the Southern District of New York for violation of the Trading with the Enemy Act. This involved publishing advertisements for the following designated (blocked) nationals:

Nanyang Commercial Bank, Ltd., Hong Kong, China;  
Bank of China, Overseas Chinese Service, Hong Kong,  
China; and  
People's Bank of China, Toishan, China.

In part this involved making available financial facilities to Chinese residing in the United States to make unlawful remittances to China. It has been reliably reported that since the boycott of this publication by the Chinese in New York City, newsstands generally in Chinatown refuse to handle the paper.

c. China Tribune

The New York area included another Chinese newspaper which, during the approximate period of 1946-1950, was reportedly

fostering Communist aims. This was allegedly due in some part to financial assistance from General Feng Yu-hsiang who came to the United States in 1947 and became an agent of the Revolutionary Committee of Kuomintang of China. In 1950 this publication was allegedly taken over by pro-Kuomintang interests.

Yee Yen-shan, former editor and president of the China Tribune, stated that this publication was critical of the Nationalist Government of China. Yee stated that, in addition, he was a friend of General Feng and was sympathetic with his cause. According to Yee, Lai Hsing-chih, secretary to General Feng during his stay in New York City, wrote editorials for the China Tribune.

d. Kang Jai Association

This has been identified as a Chinese seamen's organization located in Brooklyn, New York. It was reliably reported that this organization was dominated by a small group of outspoken Communists. This domination was allegedly due to the illiteracy of the membership and the fear of retaliation to relatives in China by the membership. The control of the Communist element was allegedly given a serious blow by the arrest in the United States of a number of aliens identified with the Communist leadership.

e. Fay Chow Merchants Association

This is reportedly an ancestral tong which draws its membership from those Chinese who can trace their ancestry from the Fay Chow District in Kwantung Province. Most of the members were allegedly former seamen who are now engaged in business. Its headquarters has been located at New York City. A small group of members led by Yim Ching-wing, a former president of the organization, were allegedly in support of the Chinese Communist cause.

f. Chinese Youth Club

There have been in existence various Chinese Youth Clubs in the United States which claim not to be political. Probably the best known of these clubs is the Chinese Youth Club in New York. The constitution of this organization, however, has included political aims, "to support the movement for a united, democratic, independent and free China." In addition, this constitution calls for liaison with the youth movement in China as well as other youth organizations in the United States and throughout the world.

There have been allegations identifying some members of the New York club with Chinese Communist aims. In the late 1930s and early 1940s this club allegedly cooperated in public events sponsored by

the American Friends of the Chinese People<sup>11</sup> and the American League for Peace and Democracy<sup>14</sup>. There have been unsubstantiated reports identifying this club with the Chinese Hand Laundry Alliance and the China Daily News. In this connection it is noted that the Chinese Youth Club has occupied headquarters space in the building occupied by the Chinese Hand Laundry Alliance in New York City and reportedly had as an advisor, Chu Tong, who was editor of the China Daily News.

#### 4. General Activity

##### a. China Democratic League

In China the China Democratic League is a collaborating party in the Central People's Government of the People's Republic of China. In 1946 Percy Chen, son of Eugene Chen\*, helped build up the China Democratic League in Shanghai. In late 1946 Percy Chen came to the United States and allegedly canvassed support for this League.

The Committee for a Democratic Far Eastern Policy<sup>21</sup> announced through its publication that a chapter of the "Democratic League of China" had been founded in the United States and its initial statements were issued in January 1947. In a letter to the Editor of this publication dated February 25, 1947, signed by Arthur W. Chung,

\*Eugene Chen was allegedly a collaborator of Michael Borodin during the 1920s in China and reportedly took refuge in the Soviet Union with his children and Borodin in 1927.

Chairman, U. S. Chapter, Chinese Democratic League, it was stated that Percy Chen was not an authorized Chinese Democratic League representative. Chen had allegedly held a press conference in January 1947 and claimed to be an authorized spokesman for the League. When requested to register this organization under the terms of the Foreign Agents Registration Act of 1938, as amended, Chung stated on May 27, 1947, that the U. S. Chapter had been dissolved.

Chung served on the Board of Directors of the China Aid Council, Inc.<sup>15</sup>, served also as a sponsor for the Committee for a Democratic Far Eastern Policy<sup>21</sup> and was a Director for China Welfare Appeal<sup>23</sup>.

The "China Welfare Appeal<sup>23</sup> Report" in the "Winter, 1950" issue stated that Dr. Chung, China Welfare Appeal<sup>23</sup> Board member, accompanied a cargo of medical and hospital supplies consigned to Madame Sun Yat-sen (Soong Ch'ing-ling), China Welfare Fund Chairman in China. It was also reported that Dr. Chung was writing to the China Welfare Appeal<sup>23</sup> from China.

b. Hung Mon Min Chih Tang (Masonic Order People's Rule Party)

The Hung Mon Min Chih Tang had its origin in the year 1674 and was a popular revolutionary organization. Sun Yat-sen allegedly stated that the overseas Chinese were the mother of the Chinese revolution (in 1911) but it was the members of the Hung Mon that were the leaders of the revolutionary movement among the overseas Chinese.

The overseas organizations of the Hung Mon have been popularly known as Chih Kung Tang. Conventions of the American constituents of the organization caused the name to be finally changed to Hung Mon Min Chih Tang of China or more popularly the Min Chih Tang.

Szeto Mei-tong, identified as a leader in the Min Chih Tang, allegedly attempted to influence the overseas Chinese in the United States to support the Chinese Communist united front in China. He reportedly had some success in approximately 1945 in getting the Min Chih Tang to support a popular-front statement including the Chinese Communists. Szeto Mei-tong was allegedly unsuccessful with subsequent efforts to align this organization with the program of the Chinese Communists and returned to China. There he was reported to have attended the Chinese People's Political Consultative Conference held by the Chinese Communists and their allies in China in September 1949.

In November 1952, the Chih Kung Tang in China reportedly held its fifth national conference. A central committee was elected with Chen Chi-yuan as chairman. Resolutions were adopted to further strengthen solidarity with Chinese residents abroad and returned overseas Chinese; to continue to take active part in the movement against "U. S. aggression"; to consolidate Sino-Soviet friendship; to support people of the world striving for lasting peace; and to make preparations for the coming economic construction of China.

The Chih Kung Tang has been reliably identified as a minor party in China which lends its support to the Central People's Government. Although informants state that the Chih Kung Tang of China wields no influence over the Min Chih Tang in the United States, this organization among others may again be the target for infiltration by elements sympathetic to the Chinese Communists.

c. Revolutionary Committee of Kuomintang China

General Feng Yu-hsiang, who has been previously mentioned, arrived in the United States in September 1946, allegedly to study water conservation for Chiang Kai-shek's Nationalist Government. After he arrived in this country, he openly broke with Chiang and made several public appearances on behalf of the Committee for a Democratic Far

Eastern Policy<sup>21</sup> and other front groups attacking Chiang. While in the United States in January 1948, Feng was elected chairman of the Political Committee of the Revolutionary Committee of Kuomintang of China. He registered as an agent of this committee in the United States under the terms of the Foreign Agents Registration Act of 1938, as amended. General Feng allegedly departed from the United States in July 1948 en route to China, but was killed in an "accident" on a Russian vessel on the Black Sea.

The Committee for a Democratic Far Eastern Policy<sup>21</sup> sponsored a memorial meeting on December 3, 1948, to honor Marshal Feng. Miss Agnes Smedley made an address at this meeting. Chu Tong, Editor of the China Daily News, also made some remarks. The sponsors of this affair included many identified with Communist objectives in China, i. e., Chen Han-seng, Dr. Arthur W. Chung, Israel Epstein, Philip J. Jaffe, Miss Mildred Price and Miss Maud Russell.

## 5. Chinese Student-Scientist Groups

### a. Student Organizations Generally

A large number of Chinese student organizations have reportedly existed throughout the United States. Some of these organizations have been infiltrated, others dominated by the Communists. In still other



instances, a pro Communist wing of a student organization has broken away to form its own organization. These organizations vary from the more influential student organizations which will be mentioned subsequently to short-term organizations which have a limited membership, scope and objective.

One form of student organization was the Reading Club which met regularly to study Marxism in New York City. A member of this club edited the bulletin, News Agency of Chinese Students in America. This bulletin included material requesting Chinese students in the United States to return to China.

At Columbia University, a group from the Chinese organization called the Chinese Club reportedly formed the Chinese Students Association. This association allegedly solicited members by stating that, since the prospective member ultimately expected to return to China, it would definitely be to his advantage to affiliate himself with an organization which was sympathetic with the new regime in China.

Another example of a youth group allegedly identified with the Chinese Communist front in the United States is the San Francisco Chinese-American Democratic Youth League. Although some of the

members of this club have denied pro-Communist activity on the part of the organization, members of this organization have allegedly exhibited a sympathy for the current regime in China and like sentiments are allegedly reported in the organizational bulletin, Youth League Bulletin.

This pro-Communist activity among the Chinese students was given some impetus and direction by communications from China. These sometimes were printed in the Chinese student publications or brought forth at meetings. Some of these letters came from the Ministry of Education, Peking, China. They spoke of new China's need for personnel in the fields of medicine, physics, chemistry, engineering and mechanics.

In September 1950, a letter was received by a Chinese student in Madison, Wisconsin, from the Ministry of Education, Peking, China. This letter enclosed a questionnaire to be executed by the Chinese students in the United States in connection with an alleged survey to determine the identity of students wishing to return to China. According to this letter, the survey was being conducted by the "special section for overseas students" of the Ministry (Department) of Education and all students were requested to keep in regular contact with the source of the letter

in China. It is noted that a similar questionnaire was distributed at a meeting of the Chinese Students Club at the University of California, Berkeley, California.

Reliable informants advised in early 1952 that Chinese student organizations and their activities had decreased to a point of little activity. Most of the openly pro-Communist students who perhaps were giving the necessary leadership to these organizations had returned to China. Others, because of the circumstances of the Korean War and legislation regarding subversive matters, abandoned open Communist activity. Although these students may shrink from overt pro-Communist activity, their attitude toward covert activity is a matter to be considered.

b. Chinese Students Christian Association in North America

A reliable informant has advised that, when the Committee on Friendly Relations of the Young Men's Christian Association (Y. M. C. A.) was formed in 1909, a number of students' groups were in existence. One such group was the Chinese Students Christian Association which was continued under the Y. M. C. A. auspices.

It has been reliably reported that this organization has disseminated propaganda favorable to the Chinese Communist Government

and that members of the organization have been urged to return to China to work for the Communist Government there. Some conferences and retreats held by this organization during 1950 and 1951 emphasized the necessity for returning to China to serve the new regime and the necessity for taking scientific books to China. Although there was no information developed indicating persons responsible for getting information to China, a general discussion was held of ways to transmit books and scientific data to China.

The Committee on Friendly Relations Among Foreign Students of the Y. M. C. A. voted to cease support of the Chinese Students Christian Association by June 30, 1951. At a meeting of the C. S. C. A. executive committee on June 3, 1951, it was voted to dissolve the organization by June 30, 1951.

c. Chinese Learned Society of America

Chu Chi-hsien, former chairman of the Chinese Learned Society of America, identified this organization as a composition of students at Columbia and Harvard Universities. Chu stated that, although the membership was composed of students of various political beliefs, in his opinion a large percentage of the students were in favor of the Chinese Communist Government.

In early 1950 Chu and this society waged a campaign "One Dollar Every Person" for the relief of Chinese Communist soldiers. Approximately \$1200 was collected and the names of the donors were allegedly sent to Cho Yet-chung, a professor at the University of Hong Kong.

Chu, his wife and certain other members of the Learned Society returned to Communist China in 1949 and 1950, resulting in the organization's becoming inactive. This organization or the personnel of this organization was reportedly taken over by the Chinese Association of Scientific Workers.

d. Association of Chinese Scientific Workers in U. S. A.  
(Chinese Association of Scientific Workers)

This association was originally called "Chinese in U. S. Science Association" and was formed in Chicago, Illinois, in January 1949. The official handbook of the association dated March 1950 stated the following purposes:

1. To unite and cooperate with scientific workers in China in an effort to advance the work of scientific development (in China).
2. To encourage the best use of scientific skill.
3. To work for improvement in working and living conditions of scientific workers.

A resolution of this association during 1949-1950 stated that the heart of their work was concentrated in the study of scientific techniques in order to prepare for their return to China.

An organizational report of November 1949 stated that groups (affiliated) in China were making preparation to collaborate on material to be published and all other informational matters. Subsequently members who had returned to China were requested to keep members in the United States informed of developments there.

At a conference of the organization held in March 1950, it was noted that the Chinese Association of Scientific Workers in China on January 27, 1950, had sent a letter requesting U. S. branch members to return to China and aid in the reconstruction. This was endorsed by the U. S. branch. This letter indicated that the Chinese Government had set up a special committee to handle arrangements for their return to China and a reception center in Peking.

The branch association in the United States allegedly had an elaborate table of organization including liaison officers for geographical locations as well as for various work committees and science branch organizations.

The National Secretary of the Association at the time of its dissolution in September 1950 stated that there were approximately 500 members in the United States at that time.

It was reliably reported that Dr. Ts'ao Jih-ch'ang, associated with Hong Kong University, Hong Kong, in October 1949 sent an article entitled "A Joint Manifesto of the Chinese Cultural and Students Organizations in the U. S. A." to the Kuo Sin News Agency and which appeared in the Ta Kung Pao, a Chinese language newspaper published in Shanghai, China. This article stated that cultural and student organizations announced their rejoicing over the establishment of the People's Republic of China and the Central People's Government Council and that the majority of Chinese students in the United States wished to return to China at an early date to follow the leadership of the People's Government. This announcement was allegedly signed by twenty-one organizations in the United States. Subsequent inquiry indicated that a number of the endorsers of this statement were mere "paper organizations." It was noted, however, that the Association of Chinese Scientific Workers in America was a prominent endorser of this statement.

Ts'ao Jih-ch'ang was identified as secretary of the Hong Kong Branch of the Chinese Association of Scientific Workers. Ts'ao was allegedly designated by the Chinese Communists to handle contacts with all Chinese students returning from overseas.

e. Chinese Students Service Committee

This organization was created in approximately March 1950 at the University of California, Berkeley, California. It was allegedly organized by representatives of the Chinese Students Christian Association, the Chinese Association of Scientific Workers, and the Chinese Students Association of the University of California. The purpose of this organization, as stated by persons associated with it, was to aid Chinese students who desired to return to China. It was felt that this organization would play a part in this program due to its geographic proximity to the port of San Francisco.

In addition to this alleged service to returning Chinese students, this committee published a bulletin urging the return to China of specialists and publicizing the good reception afforded returning Chinese students by the Communist regime. Lo Ying yung, identified as perhaps the most active leader of the committee and outspoken in his sympathy for the Chinese Communist Government, returned to China in November 1950. The last issue of the bulletin was distributed in February 1951. In June 1951 this organization was reportedly dissolved.



f. Chinese Student-Scientist Groups Generally

This category presents a dilemma insofar as security and counterintelligence functions are concerned. If the scientific workers and students are allowed to return to China, many may be conscripted to stabilize and develop a Communist China. Others may be suitable material to return to the United States on technical and scientific espionage assignments. On the other hand, among those remaining in the United States, some may be fertile espionage recruits for Communist China. They present excellent potentialities for espionage recruits and other subversive activity, because of their strategic location in centers of research and learning; their knowledge of conditions and customs in the United States, and their susceptibility to coercion and intimidation because of the presence of their families in China and their adherence to family traditions.

Another Government agency advised that as of September 1, 1953, there were 4,877 Chinese students in the United States. Of that number 1,043 have completed their educational objectives. Another census published by the Institute of International Education indicated that, during the period 1952-53, 2,352 students were registered from China and an additional 226 were registered from Hong Kong and Formosa.

Numerically half of the students registered from China were allegedly pursuing courses of study in engineering, or physical or medical science. This would provide them with scientific or technical training.

## VI. UNITED FRONT FOR PEACE

### A. BACKGROUND

Although the groundwork for the current international peace tactic of international Communist forces was laid at the Cominform (Information Bureau of the Communist and Workers' Parties)<sup>30</sup> meeting in September 1947, Communist China's role was not prominent until the advent of the Korean conflict. In its warlike role in the Korean conflict, China made the most of the tactic "peace."

Following the North Korean invasion of the Republic of Korea in June 1950, the National Committee, Communist Party, USA,<sup>2</sup> stated that the Party's peace plan remained its central task and focused its propaganda guns on the Korean conflict. The October 15, 1953, issue of Party Voice, issued by the New York State Communist Party, reiterated this tactic as the central task of the Party and identified some of the "transitional forms" leading to peace. Some of the "transitional forms" directly concerned relationships between the United States and Communist China. These were the advocacy of trade with Communist China; bringing Communist China into the United Nations; and generally having a friendship with Communist China. Around these general themes we will detect in the pro-Communist press continuing support of these ideas and perhaps

collecting collaterally additional support from dupes and opportunists for the Chinese Communist designs against the United States.

**B. PEACE CONFERENCE OF THE ASIAN AND PACIFIC REGIONS**

Insofar as the scope of this study is concerned, the Peace Conference of Asian and Pacific Regions held during October 1952 in Peking, China, was a milestone in the peace tactic. After some preliminary preparations in China, a group of members or former members of the Communist Party, USA<sup>2</sup>, Communist fronts, particularly newly formed peace fronts, and Communist propagandists formed a committee to assure United States participation in this conference. This has been known as the United States Sponsoring Committee for Participation in the Peace Conference of the Asian and Pacific Regions. This committee included such representation as Ida Pruitt, formerly identified with Indusco, and Maud Russell, formerly identified with the Committee for a Democratic Far Eastern Policy<sup>21</sup>.

The delegates to the conference in China included Communist Party members, persons associated with peace fronts and others who had previously been influential in Chinese matters. Among those veterans of Chinese activities was Talitha A. Gerlach who allegedly

held official positions with the Committee for a Democratic Far Eastern Policy<sup>21</sup>, China Welfare Appeal<sup>23</sup>, and the Institute of Pacific Relations<sup>13</sup>. Among those who had actually worked in China were Walter S. Ilesley, John W. Powell and his wife Sylvia, and Gerald Tannenbaum. Ilesley and Sylvia Powell were formerly employed by the United Nations Relief and Rehabilitation Administration (UNRRA) in China. Ilesley was later employed by the Chinese Industrial Cooperatives. Until his return to the United States in August 1953, John W. Powell was editor and publisher of China Weekly Review, a magazine published in Shanghai, China, under the Communist regime. During World War II, he was allegedly employed by the Office of War Information (OWI) in Chungking, China.

A significant member of this peace delegation was Gerald Tannenbaum. Tannenbaum did not return to the United States but continued his residence in China, aiding Madame Sun Yat-sen (Soong Ch'ing-ling) in her China Welfare Institute, Shanghai, China.

These delegates have provided a large contribution to the propagandizing of the peace tactic in the United States. In addition, the Chinese and U. S. Communist press have fully exploited the various experiences of these delegates to China, not only in behalf of peace and to glorify Communist China, but to attack the Government of the United States.

Mrs. Schnur and her son Paul Frederick Schnur, Jr., allegedly provided a communication medium for pro-Chinese Communist propaganda. Paul Schnur, Jr., the POW, allegedly circulated a petition to be sent to his mother, endorsing her peace activities. Mrs. Schnur's letters to her son were allegedly given publicity among the POWs. These letters expressed the peace views of Mrs. Schnur. The Schnurs' correspondence gave the basis for several articles in the Daily People's World<sup>29</sup>, a west coast Communist newspaper. Mr. and Mrs. Schnur, the parents of the POW, were identified with Communist Party activities in California for several years.

The indoctrination of the POWs by the Chinese Communists and the future potentialities of this factor must not be disregarded. This indoctrination had varying degrees of success. Some of the indoctrinated POWs reportedly were convinced that they would return to the United States in a few years and become a part of the Communist revolution. Others gave consideration to espionage assignments in the United States.

#### D. CHINESE COMMUNIST PUBLICATIONS

The ingenuity displayed by the Chinese Communists in connection with ways and means of getting their propaganda into the

United States deserves some consideration. This material has been mailed to the United States from a wide variety of addresses including Communist China proper, Hong Kong, Czechoslovakia, and England. Addressees in the United States have included Communists and anti-Communists, either of whom may or may not have requested the publication. (This propaganda material was also sent to commercial firms handling imported publications.) Investigation indicated that name lists and directories have been sought by the Chinese in connection with the mailing of these Chinese Communist publications.

Among the most prominent English language propaganda periodicals and publications received in the United States have been: China Pictorial, People's China, Chinese Workers' Pictorial\*, Chinese Literature, and China Reconstructs\*\*. The Foreign Languages Press, Peking, China, has reportedly published or supervised the publishing of this propaganda material. The International News Service Bureau reportedly administers the Foreign Languages Press.

The Chinese Communists enlisted the sponsorship of numerous organizations whose names might influence particular groups. On the one hand they distributed propaganda under the auspices of the

\* Published by Chinese Workers' Publishing Agency.

\*\* Published by China Welfare Institute.

Red Cross Society of China which might have a respectable connotation to some. On the other extreme they distributed propaganda under a more obvious propaganda sponsorship, the Chinese People's Committee for World Peace and Against American Aggression.

This propaganda material was also forwarded to concerns handling the importation or retail sale of Communist literature from foreign countries, some of which were registered under the terms of the Foreign Agents Registration Act of 1938, as amended. A sampling of the bookstores receiving propaganda direct from China included the International Bookstore and Oasis Bookstore in San Francisco; Progressive Bookstore, Detroit; Modern Bookstore, Chicago; Universal News Agency and the Smith News Agency, Los Angeles; and Imported Publications and Products, Four Continent Book Corporation and the Jefferson Bookshop, in New York City. It is noted that some of the retail outlets were billed for the Chinese Communist propaganda material by Imported Publications and Products and Universal Distributors, New York City. Some exceptions to this procedure were carried out by the Oasis Bookstore which dealt directly with Hong Kong firms. As an example, People's China and China Pictorial were obtained from Life Reader Sinzh Joint Publishing Company, Hong Kong. The Jefferson Bookshop, in April 1952, paid for a shipment of China Reconstructs by



check to the International Cooperative Trading Society, Limited,  
Hong Kong.

The China Welfare Institute and its publication China Reconstructs should not be considered strictly a propaganda medium. It also presents a medium for the clandestine transfer of funds and clandestine communication as indicated by past events.

Theodore Herman and Evelyn Herman nee Chen of Logan, Utah, have been in communication with Tan Jih-ming, identified as treasurer of China Reconstructs. This communication resulted in funds directed to the International Cooperative Trading Society, Hong Kong, by the Jefferson Bookshop, New York City, coming into the possession of Herman in the United States for the personal purposes of Tan Jih ming.

Herman allegedly is well acquainted with other officials of China Reconstructs, as he worked under their supervision in connection with the Chinese Cooperatives.

The Life Reader Sinzh Joint Publishing Company, reportedly a Communist firm in Hong Kong, has also indicated interests beyond the scope of a conventional publishing house.

## E. INTERNATIONAL TRADE AND FINANCE

### 1. Background

Mao Tse-tung as Chairman, Central Committee, Communist Party of China, wrote an article in connection with the Twenty-eight Anniversary of the Communist Party of China (July 1, 1949), in which he made comments pertinent to the trade and economic phases of this study. In connection with the subject of international aid generally, Mao stated:

"In the epoch of imperialism a real people's revolution in any country cannot be victorious without different kinds of assistance from international revolutionary forces; it is also impossible to consolidate victory even if it has been won."

Mao Tse-tung, On People's Democratic Rule (New Century Publishers, New York City, 1950), p. 6.

Mao goes on to state that China did not need the aid of the British and American Governments, as they were ruled by "imperialists" who were not prepared to lend China money on mutually advantageous conditions. He stated that the Communist Parties as well as the progressive parties and groups in these two countries were campaigning for the establishment of trade and diplomatic relations with China. Mao indicated that this activity should not be placed on a par with the actions of the "bourgeoisie" in these countries, as it was well intended and a "help to us."

Those groups advocating trade and diplomatic relations with Communist China received a setback shortly after the entrance of Communist China into the Korean conflict. On December 17, 1950, the United States Treasury Department put into effect against China a foreign assets control program. This provided for the regulation and control of financial transactions involving Communist China. On June 29, 1953, new regulations were issued relating to trade with Soviet bloc countries for the regulation and control of purchases and sales of strategic commodities designated for Communist China. The efforts of some elements in the United States to reap financial or political gain by commercial transactions with Communist China were thus subjected to regulation and control.

## 2. Trade

Parallel efforts for a common cause which continued for many years between Frederick V. Field and Chi Chao-ting in the United States continued even with the advent of the new Communist regime in China and Chi's presence in China. Both have been advocating the Communist political tactics of "peace" and "international trade." In late 1953 Chi Chao-ting was identified as the General Secretary of the China Committee for the Promotion of International Trade, Secretary General of the Chinese Delegation to the Moscow International Economic Conference,

delegate to the Peace Conference of the Asian and Pacific Regions in Peking, 1952, and a member of the Board of Directors and Assistant General Manager of the Bank of China. Field has maintained his identification with the Communist movement in the United States, its "peace" offensive, and has been identified as President of the American-Chinese Export Corporation, New York City.

The American-Chinese Export Corporation was chartered under the laws of the State of New York in 1946 to engage in a general import and export business. After the new Communist regime in China was established, Field and this corporation soon became official representatives for various Chinese principals. On September 19, 1950, Field registered under the provisions of the Foreign Agents Registration Act of 1938, as amended, as attorney-in-fact for the Bank of China, the China National Aviation Corporation, Directorate General of Postal Remittances and Savings Bank, Peking, and the Chinese Postal Remittances and Savings Bank, Hong Kong. The American Chinese Export Corporation subsequently filed a registration as purchasing and sales agent for eleven foreign principals in China, including the Chinese Industrial Cooperatives, Peking, China.

Others were also interested in trade with Communist China for perhaps different reasons. Investigation has indicated that some in the United States who in the past had been sympathetic with the work of the China Welfare Appeal<sup>23</sup> (Joe Tannenbaum and Victor Hicks) and the Chinese Industrial Cooperatives in China attempted to develop export and import business with Communist China, perhaps exploiting their political contacts in China for personal gain.

Obviously the prospect of trade with Communist China would entice some unethical opportunists in the United States to do business with China. This was given support by the Chinese who attempted to induce others to circumvent controls. This was attempted by suggested methods of transshipment of strategic cargo and the use of Soviet satellite shipping facilities. Shao Ti-hsu, President of the Pacific Trading Corporation, which was formerly located in Boston, was convicted of violating export laws. He reportedly wanted to transship steel to Communist China via Argentina.

### 3. Finance

In addition to international trade, Communist China indicated a need of funds from abroad to bolster its domestic economy and to provide a medium of financing its trade with the United States. The United States Treasury Department controls provided for the regulation of funds transactions between the United States and Communist China.

The Chinese Communist regime did not restrict to political fields their utilization or attempted utilization of overseas Chinese. United States Treasury Department controls did not at first deter Chinese attempts to secure remittances to Communist China by extortion or "legal" transactions. Perhaps the best known of these attempts were the attempts reportedly made to extort funds from overseas Chinese in the United States to "aid" their families in Communist China and to invest in the enterprises of Communist China.

Even prior to the implementation of United States Treasury Department controls against Communist China, efforts were allegedly made to collect funds for the Chinese forces by the sale of "People's Victory Bonds." In 1951 the previously identified China Daily News became involved in matters relating to these unlawful financial transactions with Chinese Communist banks.

Another more specific example of attempts to siphon funds from the overseas Chinese was the activity of Szeto Mei-tong allegedly representing the South China Industry and Enterprise Corporation, Canton, China. Szeto identified this firm as organized under the direction and guidance of the People's Government on February 24, 1951. Thirty per cent of the firm's capital was held by the Government and seventy per cent by the public. Szeto indicated that this firm was especially interested in the investments of overseas Chinese and, in addition to providing interest and an annual bonus for the shareholder, it would be helpful to the families of overseas Chinese that remained in China.

Szeto stated that these remittances could be sent to the Bank of China, Tang Man-tin or Tai Shing-hong, all of Hong Kong, China. According to a reliable source, the South China Industry and Enterprise Corporation was allegedly formed with the express purpose of attracting investment from overseas Chinese. The indicated branch of the Bank of China was reliably identified as having an overseas department through which the Chinese Communist Government collected foreign exchange and was a suspected cover for clandestine activities. Tang Man-tin was identified as the owner

of the Goodwill Import and Export Company, Hong Kong. He reportedly had been a Communist since 1946 and had a brother who was the Deputy Commissioner of Trade at Canton, China. Tai Shing-hong was identified by a reliable source as a Communist firm working in the interests of the Chinese Communist Government. This firm was allegedly interested in importing illegally to China scientific instruments, scientific apparatus and metal goods.

The "freezing" of Chinese funds in the United States and the general international transfer of funds for the establishment of credit has been another problem of the Chinese Communist Government. Of particular interest to us are the various methods utilized by the Chinese Communists to accomplish international fund transfers in an apparent attempt to evade regulation and control. These methods may be a means for financing intelligence activity against the United States.

Reliable informants familiar with Soviet bloc countries, including Communist China, have stated that these countries did not allow large funds to accumulate in United States accounts. Large banking deposits were almost invariably followed immediately by large transfers to the accounts of large Swiss banks. This activity



was verified by transactions of the various branches of a Chinese Communist bank in the six-week period immediately preceding the implementation of Treasury Department controls affecting China on December 17, 1950. Shortly after the implementation of these controls, the Shanghai Commercial and Savings Bank, Ltd., Peking, China, instructed a bank in the United States to collect certain accounts and credit the proceeds to the Union Bank of Switzerland, Zurich. This was to be done without passing the entry through the Chinese account.

A reliable informant familiar with international transactions of this nature indicated the possibility of Switzerland and other "neutral" countries handling negotiations of letters of credit for Communist China in a parallel manner with the previously mentioned transshipment device of international trade.

Another device reportedly in use concerns the transfer of funds to the United States from one personal account of an individual in a non-Communist bloc country to another personal account of another individual in the United States. This was reportedly attempted by the wife of a Chinese Communist diplomat assigned to a non-Communist bloc European country.

## VII. CONSIDERATION OF POTENTIAL INTELLIGENCE CATEGORIES

A consideration of various reports, allegations and potentialities in terms of intelligence categories may serve to orient our thinking so that we will recognize Chinese Communist intelligence operations, although they may be visible to us only in a fragmentary form.

### A. TRAINING

Several reports have been received about espionage training schools in Communist China. Some reportedly supply the more elementary training, others the more advanced. In late 1953, ten international espionage training centers were reportedly on the Chinese mainland, including training for overseas youths.

Other specialized intelligence training has been reported. Certain Chinkiang fishermen were reportedly trained in espionage techniques. Another class was reported trained in marine sabotage and naval intelligence. More recently a more informal but specialized training was allegedly given a POW of the Korean conflict prior to his return to the United States.

The identity of these schools may change; they may increase or decrease in number; but the existence of these schools

indicates an intelligence organization with trained personnel. This provides a foundation for a more formal Chinese Communist intelligence apparatus in the United States.

## B. RECRUITMENT

The potentialities for ideological recruits by the Chinese Communists at first would seem almost boundless in view of the extensive influence of sympathetic elements in the United States evidenced over a period of many years. A large portion of these persons may not be indoctrinated to the point of consciously committing espionage against the United States, although they might be occupied with political activities. While we may recognize this limitation, ordinarily conclusive information regarding a person's willingness to cooperate in Chinese intelligence activities will not be known to a security or counterintelligence agency.

There are incidents of a more specific nature which do indicate more conclusive potentialities. On the one hand we may have persons who have previously cooperated with the Chinese Communists with no evidence of defection. Some of these may be in a position to supply a specialized assistance, such as Margaret Krumbein of Imported Publications and Products.

Others may have the apparent willingness but feel incapable of supplying a specialized service. Indicative of this type is Anna Louise Strong who in February 1949 communicated with a contact in China (Lu Tsui) and asked intercession with Mao Tse-tung. Strong indicated that she would be of no use to her Chinese "friends" for some time, but offered her continued services to the "great Chinese revolution."

There may be other special categories to consider. One includes those who have been previously involved in Soviet or Soviet satellite intelligence activities or clandestine Communist Party affairs. Another more recent category may be the Communist indoctrinated POWs who have been repatriated from the Korean conflict. Americans who have been recently repatriated from Communist China after having lived in a Communist China without evoking disfavor of the Chinese Communist regime would represent still another category for careful scrutiny (e.g., John W. Powell).

Another specialized category for inspection comprises the Chinese groupings in the United States. They must be considered carefully not only from the viewpoint of ideological indoctrination, but also from the viewpoint of opportunism or subjects of duress.

The opportunist may feel a necessity for seeking favor with the new regime in China in anticipation of returning to China or as a defensive measure to protect family or temporary economic interests in China.

Some Chinese in the United States may represent a highly desirable recruitment target for the Chinese Communists. Some of the most desirable may be identified with the Chinese student-scientist groups, publications and propaganda groups, the United States Government and the United Nations. These and similar categories which may represent a specialized service of potential interest to the Chinese Communists should be carefully regarded.

#### C. FUNDS

The exchange of funds between the United States and Communist China has been modified by the lack of official or diplomatic cover for these transactions. This is of particular importance in view of the regulations governing funds and transfers of funds involving Communist China. This creates circumstances which promote the evasion of regulation and detection.

The clandestine transfer of funds has been suggested or attempted by transfer of Chinese Communist banking funds to accounts in neutral countries without entering the transaction in the United States account of the Chinese principal; handling letters of credit through neutral countries; transferring personal funds through a neutral country; and the use of the mails via Hong Kong.

The more obvious methods for transferring funds are through the diplomatic and official cover of Soviet bloc countries, Chinese Communist agents employed by international organizations such as the United Nations, and the international Communist movement generally. Domestic Chinese organizations, individuals sympathetic to the new Chinese Communist regime and the forces of the Communist Party, USA<sup>2</sup>, represent an obvious potentiality for funds within the United States.

#### D. COMMUNICATION AND TRAVEL

Although interest has been indicated in radio communication between the Chinese Communists and points in the United States, the actual unofficial or nondiplomatic communications have centered in the use of the mails and personal couriers. Reportedly one instance of travel was to be accomplished by Soviet submarine. Travel for the

most part has been accomplished by those legally entitled to enter the United States or China. This would include employees of international organizations such as the United Nations,\* students, correspondents and personnel of the United States Government, whether they be Government representatives abroad or the more recently repatriated POWs.

The Chinese student-scientist category in the United States deserves special consideration as a means of liaison with Communist China. In early 1950, it was reliably reported that the Chinese Association of Scientific Workers advocated a liaison with like elements in China by its specialized learning and talent "sub-departments." In addition, it was stated that a list should be compiled of whatever scientific publications were needed in China. The association would then collect and send books back by mail or returning members.

Unsubstantiated information which allegedly concerned more recent intelligence recruits involved more explicit instructions. One individual, who was allegedly given an intelligence assignment by the Chinese, was to develop his own mail drop in Hong Kong through which he could forward information to Peking. Another was allegedly instructed to set up a mail drop in the United States through which messages could be forwarded.

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The international Communist movement has historically presented an organization for communication. Mildred Price, Grace Granich, Anna Louise Strong, Agnes Smedley and other contacts of Madame Sun Yat-  
\*This potentiality would deserve increased vigilance in the event Communist China had a delegation accredited to the United Nations.

sen (Soong Ch'ing-ling) in the United States presented a medium for clandestine communication. More recently publishing houses distributing Chinese Communist propaganda out of Hong Kong have been used as a mailing address for communications to persons in Communist China proper. Prominent among the addressees in Hong Kong has been "J. M. Tan."\*

Recently it was reliably reported that an organized communication system existed between Chinese in San Francisco, California, and the Communist firm, Life Reader Sinzh Joint Publishing Company, Hong Kong. These Chinese have also allegedly been in contact with two other Hong Kong firms known for their Communist connections. They were identified as the Tai Tung Company and the Ching Fung Chong Company. This organized communication system has reportedly utilized indirect mailing methods through other neutral countries.

Chinese returning to Communist China have attempted to take information with them. One Chinese attempted to take several hundred pounds of technical papers with him. Another planned to transmit certain material to a Communist publishing house in Hong Kong to avoid carrying this material in his luggage. Still another Chinese national, a professor of aerodynamics in the United States, attempted to forward to China what has been described as a well-organized collection of material relating to the atomic energy program in the United States.

\*Tan Jih-ming, who has been identified with China Reconstructs and the International Cooperative Trading Society.



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E. TARGETS

The Chinese Communists have had an opportunity to be apprised of the accessible intelligence material in the United States. The Chinese leaders have had access to the potentialities of this intelligence through sympathetic elements in the United States and returned Chinese who had received education and training in the United States. This potential perhaps has been activated by the interest of the United States and the United Nations in matters affecting Communist China, e. g. , the Korean conflict, Chiang Kai-shek's Government of the Republic of China, and other Communist aggression in the Far East.

A reliable assessment of Chinese Communist intelligence targets in the United States may be more feasible with the development and subsequent identification of more formally organized Chinese Communist intelligence operations. In the coming months, the edge of the Chinese Communist intelligence operations may be directed toward fulfilling requirements of international military and political tactics or it may be directed toward stabilizing the Chinese Communist revolution and the development of a more satisfactory transitional domestic economy. In either event, the United States as a potent foe of world communism possessing highly developed technology will continue to be a tempting target for Chinese Communist intelligence activities.

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## APPENDIX

### 1. Communist International (Comintern).

"The Third or Communist International was organized by Lenin at Moscow in March 1919 to carry out the revolutionary purposes of the Communist Party and the Soviet Union.... (It) has ever since been the medium of instigating class warfare and social revolution in all countries, in order to establish a world Soviet Union, with the capital at Moscow.... The Communist International is dominated by the Russian Communist Party and Soviet officials."

(Special Committee on Un-American Activities,  
Report, January 3, 1939, p. 15)

### 2. Communist Party, USA (1930-44, 1945 to date).

Its subdivisions, subsidiaries and affiliates have been designated by the Attorney General of the United States pursuant to Executive Order 10450.

### 3. Workers Party Of America (1921-24: Designation of the Communist Party of America at time indicated).

"In December 1921 the Workers Party of America was formed as a camouflage for the real Communist Party of America which maintained its existence underground. In 1925 the official name was changed to Workers (Communist) Party of America, and at a convention held in March 1928, the Communists finally threw off all camouflage and boldly came out into the open as the Communist Party of the United States of America."

(Special Committee on Un-American Activities,  
Report, January 3, 1939, p. 17.)

4. Workers (Communist) Party Of America (subsequent to 1925-29) (successor to Communist Party of America and preceding the formation of the Communist Party of the United States.)

Cited as a subversive and Communist organization which seeks "to alter the form of government of the United States by unconstitutional means."

(Attorney General Tom Clark, Letters to Loyalty Review Board, released December 4, 1947, and September 21, 1948.)

5. All-American Anti-Imperialist League (AAAIL).

Cited as a Communist enterprise.

(Special Committee on Un-American Activities, Report, March 29, 1944, p. 76.)

6. Trade-Union Educational League (TUEL).

"Zinoviev, Losowsky, and Lenin proceeded during the next 12 months to organize the Trade-Union Educational League. This project was put under the control of and made amenable, as far as its work was concerned, to the central executive committee of the Communist Party of America, and it remains so today. William Z. Foster was selected to lead this movement. In the spring of 1921 he went to Russia, and the understanding was that he went there to get his instructions for the organization of the Trade-Union Educational League, gather facts about the Communist work in Soviet Russia, the functioning of Communist ideas and theories, and learn how the officials of the Communist International wanted these ideas and theories applied in America through the Trade-Union Educational League."

(Special Committee on Un-American Activities, Report, January 3, 1939, pp. 47 and 48.)

7. International Labor Defense has been designated by the Attorney General of the United States pursuant to Executive Order 10450.

"The International Labor Defense... was part of an international network of organizations for the defense of Communist lawbreakers." At a conference held in Detroit, Mich., April 27-28, 1946, the International Labor Defense and the National Federation for Constitutional Liberties merged to form the new front, Civil Rights Congress.

(Congressional Committee on Un-American Activities, Report No. 1115, September 2, 1947, pp. 1 and 2.)

8. Daily Worker.

"The chief journalistic mouthpiece of the Communist Party... founded in response to direct instructions from the Communist International in Moscow.... The first issue of the Daily Worker appeared on January 13, 1924.... No other paper or publication of any kind in all American history has ever been loaded with such a volume of subversive, seditious, and treasonable utterance as has this organ of the American Communists."

(Special Committee on Un-American Activities, Report, March 29, 1944, pp. 59 and 60; also cited in Reports, January 3, 1939, p. 30; January 3, 1940, p. 7; January 3, 1941, p. 14; and June 25, 1942, p. 4)

9. Trade-Union Unity League (TUUL).

Cited as a Communist front directly controlled by the Communist Party. It was headed by William Z. Foster, national chairman of the Communist Party, U. S. A. ; was composed of some 20 Communist unions and was affiliated with the Red International of Labor Unions of Moscow.

(Special Committee on Un-American Activities, Reports, March 29, 1944, pp. 94 and 124; also cited in Reports January 3, 1939, p. 63, and January 3, 1940, pp. 8 and 9.)

10. China Today

Cited as a magazine "published by the Communist front, Friends of the Chinese People, at 168 West Twenty-third Street, New York City."

(California Committee on Un-American Activities, Report, 1948, p. 198.)

11. American Friends Of The Chinese People.

Cited as a Communist front.

(Special Committee on Un-American Activities, Report, March 29, 1944, pp. 40 and 147.)

12. Friends Of The Chinese People.

Cited as a Communist front to support the Chinese Communist thrust against the National Chinese Government.

(California Committee on Un-American Activities, Report, 1948, pp. 142 and 143.)

13. Institute Of Pacific Relations (IPR).

"The Institute of Pacific Relations was founded in 1925 in Hawaii as an organization engaged in research on the economic, political, and social aspects of countries bordering on the Pacific Ocean. As a result of documentary evidence and testimony from witnesses who appeared during 1951 and 1952 before the Subcommittee on Internal Security of the United States Senate Committee on the Judiciary, this Committee concluded in its report dated July 2, 1952, that while most members of the Institute of Pacific Relations (including the American Council of the Institute of Pacific Relations, succeeded by the American Institute of Pacific Relations, Inc.) and its Board of Trustees were inactive and without any influence over the policies of the organization, and while the names of eminent individuals were by design used as a responsible and impressive screen for the activities of the Institute of Pacific Relations inner core, the activities, administration and policies of the Institute of Pacific Relations were controlled by a small core of Communists or pro-Communist personnel; that the Institute of Pacific Relations was considered by the American Communist Party and by Soviet officials an instrument of Soviet policy, propaganda and military intelligence; that the IPR was used as a channel for Communist and Soviet propaganda and its leadership used Institute of Pacific Relations prestige to promote the interests of the Soviet Union; that the Institute of Pacific Relations had for its chief function the influencing of United States public opinion and was a vehicle used by the Communists to orientate American Far Eastern policies; and that persons associated with the Institute of Pacific Relations were instrumental in keeping United States policy on a course favorable to Communist objectives in China."

American Council, Institute Of Pacific Relations.

Cited as a Communist front which received funds from the American People's Fund, another front organized and directed by Frederick V. Field as a repository for funds

to be distributed to Communist enterprises.  
(Summary of conclusion of July 2, 1952, reached by the  
Internal Security Subcommittee; Committee on the  
Judiciary, U. S. Senate.)

14. American League For Peace And Democracy has been designated  
by the Attorney General of the United States pursuant to  
Executive Order 10450.

15. China Aid Council.

A "subsidiary" of the American League for Peace and Democracy.

(Special Committee on Un-American Activities,  
Report, June 25, 1942, p. 16.)

16. Amerasia.

Among publications which "the committee has found... to be  
Communist initiated and controlled, or so strongly influenced  
as to be in the Stalin solar system."

(California Committee on Un-American Activities,  
Report, 1948, p. 224.)

17. American Russian Institute For Cultural Relations With The  
Soviet Union has been designated by the Attorney General  
pursuant to Executive Order 10450.

"A direct agent of the Soviet Union, engaged in traitorous  
activities under the orders of Stalin's consular service in the  
United States... Founded in 1926... the semiofficial status of  
the American Russian Institute is established...."

(California Committee on Un-American Activities,  
Report, 1948, pp. 169 and 327.)

18. American Quarterly On The Soviet Union

Cited as the name under which the American Review on the Soviet Union, official organ of the American Russian Institute, was previously published.

(California Committee on Un-American Activities, Report, 1948, p. 169.)

19. American Youth Congress has been designated by the Attorney General of the United States pursuant to Executive Order 10450.

"It originated in 1934 and . . . has been controlled by Communists and manipulated by them to influence the thought of American youth."

(Attorney General Francis Biddle, Congressional Record, September 24, 1942, p. 7685; also cited in re Harry Bridges, May 28, 1942, p. 10.)

20. American Student Union

Cited as a Communist front which was "the result of a united front gathering of young Socialists and Communists" in 1937. The Young Communist League took credit for creation of the above, and the Union offered free trips to Russia. The above claims to have led as many as 500,000 students out in annual April 22 strikes in the United States.

(Special Committee on Un-American Activities, Report, January 3, 1939, p. 80; also cited in Reports January 3, 1940, p. 9; June 25, 1942, p. 16; and March 29, 1944, p. 159.)

21. Committee For A Democratic Far Eastern Policy has been designated by the Attorney General of the United States pursuant to Executive Order 10450.



The Communist Party line shifted after VJ-day and Communist fronts started pressure on the administration in reference to its foreign policy in China in order to clear the way for Soviet expansion. A "new front" in this field is the Committee for a Democratic Far Eastern Policy.

(California Committee on Un-American Activities, Report, 1948, p. 198.)

22. Spotlight On The Far East.

Official publication of Committee for a Democratic Far Eastern Policy, which was cited as Communist by Attorney General Tom Clark.

(Attorney General Tom Clark, letter to Loyalty Review Board, released April 27, 1949.)

23. China Welfare Appeal, Inc., has been designated by the Attorney General of the United States pursuant to Executive Order 10450.

24. Jefferson School Of Social Science, New York, N. Y., has been designated by the Attorney General of the United States pursuant to Executive Order 10450.

"At the beginning of the present year, the old Communist Party Workers School and the School for Democracy were merged into the Jefferson School of Social Science."

(Special Committee on Un-American Activities, Report, March 29, 1944, p. 150.)

25. Southern Conference For Human Welfare.

Cited as a Communist-front organization "which seeks to attract southern liberals on the basis of its seeming interest

in the problems of the South" although its "professed interest in southern welfare is simply an expedient for larger aims serving the Soviet Union and its subservient Communist Party in the United States."

(Congressional Committee on Un-American Activities,  
Report No. 592, June 12, 1947.)

26. Protestant Digest.

"A magazine which has faithfully propagated the Communist Party line under the guise of being a religious journal."

(Special Committee on Un-American Activities,  
Report, March 29, 1944, p. 48.)

A "Communist publication" later known as The Protestant.

(California Committee on Un-American Activities,  
Report, 1948, pp. 93, 225, and 320.)

27. Veterans Of The Abraham Lincoln Brigade has been designated by the Attorney General of the United States pursuant to Executive Order 10450.

"In 1937-38, the Communist Party threw itself wholeheartedly into the campaign for the support of the Spanish Loyalist cause, recruiting men and organizing multifarious so-called relief organizations." Among these was the above.

(Special Committee on Un-American Activities,  
Report, March 29, 1944, p. 82.)

Cited as a Communist-front organization "serving the objectives of the Communist Parties in the United States and Spain. Earl Browder boasted that 'over 60 percent of the Lincoln Battalion members were members of the Communist Party.' "

(California Committee on Un-American Activities,  
Report, 1948, pp. 94 and 382.)

28. Communist Political Association, 1944-45 (formerly the Communist Party of the United States), its subdivisions, subsidiaries and affiliates, including Alabama People's Educational Association, Florida Press and Educational League, Oklahoma League for Political Education, People's Educational and Press Association of Texas and Virginia League for People's Education, have been designated by the Attorney General of the United States pursuant to Executive Order 10450.

"...after assuming the name of the Communist Political Association on May 20-23, 1944, for strategic reasons, the party resumed the name of the Communist Party of the United States on July 26-28, 1945."

(Congressional Committee on Un-American Activities, Report No. 209, April 1, 1947, p. 29.)

29. Daily People's World.

"West Coast mouthpiece of the Communist Party... published by the Pacific Publishing Foundation, Inc., in San Francisco.... The San Francisco office is located at 590 Folsom Street and the Los Angeles office is at 206 (524 in 1954) South Spring Street."

(California Committee on Un-American Activities, Report, 1948, p. 342.)

30. Information Bureau Of The Communist And Workers' Parties (Cominform).

"Open above-ground activity by the Communist International was resumed in September 1947 as a result of a meeting of European Communist leaders in Poland. It comes as no surprise that this new version of the Comintern, which is called the Communist Information Bureau or Cominform, has openly enrolled the Communist Parties of Bulgaria, Czechoslovakia, Rumania, Poland, and Hungary where the old Comintern officials are in command. Also avowed members of the Cominform are the Communist Parties of the Soviet satellite, Yugoslavia, and of

France and Italy. Master of the international alliance,  
however, is the Soviet Union...."

(Congressional Committee on Un-American  
Activities, Report No. 1920, May 11, 1948,  
p. 83.)