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American Intelligence in China (1945-1956)

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This article is based mainly on declassified information from the American intelligence services and the State Department kept in the US National Archives at College Park (NARA). The author has also used several unclassified publications on this topic, which appeared at different times in the US, China, Japan, and the Soviet Union. Some of the information is taken from interviews the author had with former employees of the Office of Strategic Services, the CIA, and the KGB. This research study focuses only on 1945-1956, even though the CIA continued active subversive operations against the People's Republic of China (PRC) right up until American-Chinese diplomatic relations were established in 1973.

In 1941, when the Japanese attacked Pearl Harbor, American intelligence in China was represented only by the military and naval attaché services.¹ On the eve of Japan's capitulation in 1945, more than a dozen US intelligence and counterintelligence agencies operated in China.² The largest was the Office of Strategic Services (OSS).³ On August 20, 1945, it had as many as 1,957 employees working in China.⁴ Colonel Richard G. Heppner was the head of this Chinese intelligence office.⁵

But soon after Japan's capitulation, President Truman signed an executive order on September 20, 1945, pursuant to which the OSS was disbanded within ten days. As a result, 1,362 employees from its research, analysis and presentation branches were transferred to the State Department, and 9,028 operatives sent to the War Ministry,⁶ where they formed the backbone of a new intelligence office – the Strategic Services Unit (SSU).⁷

On October 21, 1945, the headquarters of the SSU in China was transferred from Kunming to Shanghai. At the same time, the bases in Changsha and Hengyang were closed. However, the bases in Canton, Hankow, Peiping, Tientsin, Tsingtao, Hong Kong, and Taiwan continued to operate, although with a cutback in staff.⁸ In November 1945, after Heppner was recalled to the US, his deputy, Lieutenant Colonel Robert J. Delaney, was appointed director of the SSU.⁹

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Soon after Japan's capitulation, the SSU base in China directed its main intelligence efforts at the Soviet Union as well as at the Communist Party of China it supported. For example, seven of the eight items in the SSU operational plan of April 20, 1946 concerned gathering information about the Soviet Union as far as the Urals. As for the counterintelligence department, its main target was the Soviet intelligence agencies in China.¹⁰

In February 1946, according to its table of organization, the SSU base in China had 260 employees. In addition, a significant number of posts (translators from Chinese, Japanese, and Russian, etc.), who did not need access to secret information, were filled by people hired on the spot.¹¹

After a new peace-time intelligence agency of the Central Intelligence Group (CIG) was created in the US in January 1946, a decision was made to transfer the SSU to it. And by September 1946, the CIG had come to an agreement with the US Navy that the 7th Fleet would assume the full logistic support of the Chinese branch of this unit.¹² It was called the External Survey Detachment 44 (ESD 44).¹³ In order to keep a low profile, this intelligence agency operated under the name "US Army Liaison Group."¹⁴ After the Central Intelligence Agency was founded in September 1947 in Washington on the basis of the CIG, all the employees of the latter became CIA agents.

The organizational structure of the External Survey Detachment 44 with its headquarters in Shanghai was essentially a miniature copy of the Central Intelligence Agency in Washington. It had an extremely impressive fleet of vehicles – more than 100 trucks and 12 airplanes.¹⁵

In May 1946, this detachment was headed by Lieutenant Colonel Amos D. Moscrip, Jr., who actually became the first CIA chief of station in China. He was an OSS veteran who previously headed the Indo-Burmese division of SSU with its headquarters in Singapore. He commanded the bases in Southeast Asia – in New Delhi, Calcutta, Bangkok, Rangoon, Saigon, Batavia, and Medan.¹⁶

Although the secret intelligence division of the SSU base in China was larger than the X-2 Branch (counterespionage), the latter was usually put in charge of the more delicate operations. The first chief of this branch was former FBI special agent Arthur M. Thurston. He was an experienced agent well-versed in all the subtleties of the profession of counterspy. In 1942-44, he was the first FBI representative in London and had extremely close contact with the X-2 Branch, in which Kim Philby occupied one of the top posts. Despite the fact that Philby was rather critical about most of the SSU counterspies who practiced in his branch, he called Thurston a high-class professional, with whom it was a pleasure to work.¹⁷

At first, the SSU headquarters in Shanghai was located in the massive five-story Hunt Building on Foochow Road not far from the Bund coastal district.¹⁸ During the first half of 1946, some of its services moved to the building complex on Petain Avenue, No. 841. This complex was surrounded by a three-meter-high brick wall topped with a meter-high barbed wire fence. By this time, the SSU X-

2 Branch was located on the three upper floors of the central 16-story tower of the US Consulate General building on Kiangse Road next to the Shanghai Police Department.¹⁹ Then the SI division also moved there, and soon the CIA headquarters in China took up residence on the upper floors of the American Consulate General.²⁰

Understanding the vulnerability of intelligence agents operating in a country in the throes of civil war and under cover of a fictitious war unit, in 1947 an agreement was reached in Washington with the State Department to give the CIG several posts in some of the US diplomatic representative offices in China. Primarily, a CIG agent was given the position of vice consul in the Consulate General in Shanghai. This occurred on March 20, 1947.

On April 28, American intelligence agents were given vice consul positions in such strategically important sites as Mukden in Manchuria, as well as in Peiping and Tsingtao in Northern China. In May 1947, a CIG agent appeared in the US consulate representative offices in Canton and Tihwa.²¹ In so doing, in contrast to the agents working in ESD 44 and engaged in the main operational work, the CIG agents acting under diplomatic cover were given strict instructions to exert every effort not to be decuded.

In their professional zeal some American intelligence agents in China occasionally violated the unwritten laws of operative work and international ethics, which led to conflict situations in relations with the Soviet representative offices. This aroused criticism from the State Department, which was also extremely displeased with the fact that employees of the recently created Central Intelligence Group did not consider it necessary to inform the heads of the US diplomatic representative offices about operations fraught with serious consequences if they fell through.

One such incident happened in April 1946 in Mukden.²² Soon after the Soviet troops had withdrawn from this city and it had been occupied by the Kuomintang, the SSU leadership decided to set up a large intelligence center there. A young and ambitious commando captain, John K. Singlaub, was appointed chief.²³ He began his activity in Mukden by demanding that the Soviet representative office of the China East Railroad vacate the building complex of the American Socony Vacuum Company within twenty-four hours, where he planned to set up his base. The Soviet representatives complained to local US Consul General O. Edmund Clubb, who had previously worked in Vladivostok. After some patient lessons in diplomacy by the experienced consul general, the American intelligence agent "agreed to a compromise" by giving the Russians one more day. Singlaub explained his aggressive attitude toward them by his desire to "get back" at the Russians for the fact that in October 1945 Soviet military commander in Mukden Major General Kovtun-Stankevich²⁴ demanded that the OSS group of agents who arrived in the city to organize evacuation of American prisoners-of-war (Operation Cardinal) leave Manchuria within 48 hours. (Our military commander was well aware that all the former American prison-

ers-of-war had been sent home by mid-September and that the OSS agents were engaged in espionage in Manchuria using Chinese agents sent there from Catholic Bishop Thomas Megan's group, who was working for the OSS.)²⁵

Proceeding from the information that arrived in Washington from the American Embassy in Nanking on "certain irresponsible" activity by the ESD 44, which was arousing the concern of the foreign policy department, on April 18, 1947, Ringwalt, head of the Chinese branch of the State Department, asked to see head of the CIG operative branch De Bardeleben²⁶ and reminded him that the American ambassador was responsible for coordinating the activity of all the US state organizations in China, including CIG representatives. He asked the American intelligence representative to ensure closer coordination with the embassy heads in Nanking, which would only be to the CIG's benefit. De Bardeleben promised to send relevant instructions to his representatives in China.²⁷

Since an increasing number of information assignments regarding the Soviet Union came to China from Washington every week, the local American intelligence base had to step up its recruiting work in various Soviet representative offices, as well as among local Soviet citizens and White Russian emigres. But in Shanghai and "in the field" there was a severe shortage of agents who had a command of Russian. Moscrip constantly raised this issue with the Center. For example, in July 1946, he explained in very emotional terms to his chiefs that if there were no agents who knew Russian when the base in Harbin opened, Washington would be deprived of information costing millions of dollars.²⁸

In addition to work in the "Soviet direction," a special place in the activity of American intelligence in China was assigned to gathering information on the Communist Party and the National-Liberation Army under its control.

The CIG leadership understood very clearly that the "hated, brutal, predatory and corrupt"²⁹ regime of Chiang Kai-shek had completely discredited itself, and in order to find a democratic alternative to communism in China, a "third power" had to be created. The Americans had their sights set on the leader of the left wing of the Kuomintang, Marshal Li Jishen,³⁰ as candidate leader of this alternative power. And since, as a member of the opposition, he had to hide from the Kuomintang killers in Hong Kong, American "diplomats" from Nanking were often there to negotiate with him. This mission was entrusted to Frederick D. Schultheis,³¹ an embassy "attaché" who had a good command of Chinese, and his Hong Kong colleague, "vice consul" L. Eugene Milligan, who came to the CIG from the FBI.³² But these intelligence agents were out of luck. Li Jishen turned down the "tempting" American proposal and, after declaration of the People's Republic of China, left for Peiping where he became a member of the new Chinese government.

The Communist Party of China (CPC), which had a wealth of experience in underground work and had successfully fought against Tai Li's counterintelligence and other Kuomintang special services, took active measures to curb the subversive activity of US intelligence. As subsequent events showed, CPC intel-

ligence managed to successfully implant their agents in the representative offices of many American institutions in China, including the intelligence agencies.

The CIA's first perceptible failure in China can be considered the hasty evacuation of the Mukden branch of ESD 44 due to the onslaught of the Chinese People's Liberation Army. On October 9, 1948, the last employee of this CIA branch left the city, and on November 1, Mukden was liberated by Lin Piao's troops.³³

The counterintelligence agencies of the national authorities immediately began neutralizing the huge agency left in the city by the three main Kuomintang special services.³⁴ From the Kuomintang agents arrested the thread led to CIA agents in Mukden and other cities of North and Northeast China. During interrogation of the American agents arrested, it was also discovered that some of the CIA employees used the offices of the US Consulate General to meet with their information sources. There were also other considerations which prompted the new Chinese authorities to erect the strictest blockade of the American Consulate General on November 20, 1948, in which a only a limited number of diplomatic and technical employees were allowed to remain. Among them were the consul general, as well as a CIA agent who used to work in the SSU in Tsingtao.³⁵

After enough information was gathered about the subversive activity of the Americans, on July 20, 1949, the local newspaper *Dongbeiribao* published an article accusing the US Consulate General and ESD 44 of supervising the activity of a spy network in Northeast China consisting of Japanese, Mongolians, and Chinese. The Consulate General sent the mayor of Mukden a note of protest the same day, refuting the accusations made in the article. But the Chinese authorities denied the protest, returning the note to the Americans.³⁶

On November 26, 1949, the CIA agents arrested were brought to court. Most of them were Japanese who used to work in the Japanese or Kuomintang secret service. The following incriminating documents figured in court: American-made radio transmitters, cipher notebooks, secret assignments, and so on. In court, the name of the chief of the local ESD 44 division, Singlaub, was made public, who was actually the main CIS chief of station in Manchuria, as well as several of his subordinates: chief of station in Changchun, Wayne H. Richardson, nisei Malcolm N. Nishida, who was responsible for communication with Japanese agents, and with agents Rutherford T. Walsh, John L. Chrislaw, and others.³⁷

Court proceedings on the arrested American agents were also held in Tientsin, Peiping, and other Chinese cities after they had been freed by the People's Liberation Army. It is known that operational working over of the CIA secret service and its elimination in Tientsin was organized by an experienced CPC intelligence agent, Xu Janguo, who later became one of the deputy ministers of public security and then PRC ambassador to Rumania and Albania.³⁸

During World War II, Soviet foreign intelligence had legal bases in twelve Chinese cities. Taking into account the strategic importance of Xinjiang which bordered on the Soviet Union, eight of them were in this province.³⁹

By the beginning of 1947 the Americans succeeded in organizing a regular flow of information from the main regions of China embroiled in civil war. As early as 1946, the US opened its consulate in the ancient capital of Xinjiang, the city of Tihwa, but it still had a dearth of information about the situation in this vast western region of the country, which was rich in supplies of uranium ore, gold, and oil and had close ties with the Soviet Union. In this respect the CIG leadership made the decision to create its base under cover of the consulate in Tihwa.

Thirty-four-year-old Douglas S. Mackiernan, Jr. was appointed as chief of station in Tihwa, who had reached the rank of lieutenant colonel by the end of the war. He knew French, Spanish, and German since childhood and later also learned Russian and Chinese. At first, he worked in the US Weather Bureau, then was head of the cryptographic cryptoanalysis section in Washington, and from 1943 until the end of the war served in Tihwa, where Weather Station 223 of the US 10th Air Force Squadron in China was based. One of his main assignments was radio interception and deciphering of Soviet coded radio weather reports.

In May 1947 Mackiernan arrived in Tihwa, where he occupied the lowest technical post of consulate clerk, but immediately rented a luxurious ten-bedroom mansion from one of the white emigrants. He hired anti-Soviet white emigrants as cook, guard, and stable hand. Through his Russian assistants, he soon established contact with the leader of the local nationalistic Kazakh group headed by Wussman Bator.

In August 1949, due to the triumphant attack of the Chinese People's Liberation Army on all fronts, the US diplomatic institutions in China began closing in rapid succession. Evacuation of employees, including those operating under cover of CIA agents, went smoothly until it was the turn of the consulate in Tihwa.

The only way for CIA chief of station Mackiernan in Tihwa to escape the clutches of the Chinese Communist counterintelligence service was to flee to India through Tibet, since all other routes were cut off. But his arduous seven-month journey through the arid desert of Taklamakan and the snow-bound Himalayas ended tragically. On April 29, 1950, though Washington had informed Dalai Lama in Lhasa of his imminent arrival, the Tibetan border guards shot Mackiernan and his two Russian companions by mistake and then, according to local custom, cut off their heads.

Douglas Mackiernan was the first CIA agent killed in the line of duty.⁴⁰

As the Communist Party gained control over more and more of the country, such CIA divisions as ESD 44, the employees of which did not have diplomatic cover, were evacuated from China first. At the end of 1948, most of them left Shanghai in an organized manner on US naval ships. This division took up temporary residence in Taiwan at the former Japanese kamikaze base in Pingtung not far from the port of Kaohsiung.⁴¹ By mid-June 1949 there was not one CIA agent left on the mainland.⁴²

The CIA Far East department had prepared in advance for a situation when all bases under diplomatic and military cover would be closed in China and the burden of maintaining contact with the secret service was to be borne by intelligence agents working under so-called deep cover – businessmen, journalists, missionaries, and so on. One such agent was Hugh Francis Redmond, who was assigned to stay in Shanghai after the arrival of the Communists as an employee of the American Henningsen and Company.

But CIA counterspies clearly disdained the fact that Redmond had worked in Mukden, Beijing, and Shanghai under cover of the ESD 44 for two years after arriving in China. They most likely could not entertain the thought that Redmond might already be known to CPC counterintelligence as a spy. This fatal slip led to Redmond's arrest on April 26, 1951. In addition to him, the Shanghai security agencies also arrested seven of his Chinese agents. This was the first serious fiasco by an American spy under deep cover in the history of the CIA.⁴³

By September 1949 a new China Mission was established in Japan at the US Naval Base in Yokosuka, which was coded as the "Field Research Unit" (FRU).⁴⁴ It was headed by OSS veteran William E. Duggan. The backbone of this division comprised former ESD 44 employees and well as agents working in China under diplomatic cover.⁴⁵

On April 25, 1950, on the same day as the last US diplomatic representative office in China – the Consulate General in Shanghai – was closed down, President Truman signed National Security Council Directive 68, which set forth a US strategy during the Cold War with respect to "containing Communism." The main component of this "containment" strategy was "covert operations" to be carried out by the CIA. One of the main targets of these operations was the People's Republic of China.⁴⁶

This question became even more urgent for the CIA after the war in Korea began on June 24, 1950. The Office of Policy Coordination (OPC),⁴⁷ responsible for covert (meaning para-military, subversion, and so on) operations in the CIA, received additional millions of dollars and the opportunity to significantly increase its staff.

Since the unit in Yokosuka was subordinate to the CIA Office of Special Operations (OSA),⁴⁸ which was engaged in secret service work, a decision was made to also create an Office of Policy Coordination unit in Japan, which would organize covert operations against the Democratic People's Republic of Korea (DPRK) and the PRC. An American of Danish origin, Hans Tofte, was appointed head of this special CIA unit. Before the war, he served for ten years in a steamship company in Peiping and Manchuria, and then cooperated actively with the OSS in Europe. He was fluent in six foreign languages, including Chinese.

Tofte immediately proved to be a very enterprising employee from the start. When he came to Japan in 1950, he had only six people under him, and their office was in the room of a Tokyo hotel. Soon thereafter, however, more than

1,000 people worked in his branch at the Atsugi Naval Air Station, which occupied a fifty-acre tract of land.⁴⁹

Tofte's unit developed a broad network of intelligence schools and special training centers for Korean and Chinese agents and saboteurs to be dropped in Korea and China. Such intelligence schools existed in Taiwan, South Korea, Japan, and on the Pacific island of Saipan in Micronesia.⁵⁰

In November 1950, after China had sent its volunteers to help the remnants of the DPRK army trapped near the Yalu River on the Chinese border, the CIA Office of Policy Coordination received instructions to draw up a set of measures which would somehow distract the PRC's military efforts away from Korea. Two war colonels were appointed as the direct executors of this arch-important assignment – the head of the Far East branch of this Office, Richard G. Stilwell, and the head of the Chinese branch, William E. Dupuy.

Soon a large CIA branch appeared on the island of Taiwan under cover of a private export-import company, Western Enterprises Incorporated (WEI).⁵¹ A certain Frank Brick supposedly founded it in February 1951, who, upon closer inspection, turned out to be a former OSS employee who worked with General Donovan. The secretary-treasurer of this "company" was West Point graduate Colonel Edward S. Hamilton. Former FBI agent Charles S. Johnston was appointed president of WEI, who was engaged in training Tai Li's intelligence and counterintelligence agents in China during the war using American methods. And since the WEI headquarters were in Pittsburg, all its employees sent to Taipei went through preliminary registration with "Pittsburg Charlie." In March 1951 the first WEI employees representing the CIA Office of Policy Coordination appeared in Taiwan. (Due to opposition from the State Department, employees of the CIA Office of Special Operations were sent to the island under cover of civilian US Navy officers.) By 1954 this CIA unit in Taiwan had a total of 600 employees. At first, its chief was OSS veteran Colonel William R. "Ray" Peers, who headed the famous OSS Detachment 101 during the war in the Burmese jungle, and then Colonel Robert Delaney, who also previously occupied top posts in the OSS and SSU in China.⁵²

The CIA leadership gave its branch in Taiwan two main assignments:

(1) Using approximately 50 islands along the coast of continental China, mainly in the region of the Fukien and Chekiang provinces, which were under the control of Chiang Kai-shek's armed forces, for organizing attacks on the coastal regions of the PRC, distributing propaganda information, and sending subversive and intelligence groups.

(2) Rendering specific assistance to anti-government forces in the northwest provinces of China, consisting mainly of anti-communist and nationalistic Uigurs, Dungans, Kazakhs, Mongolians, Tibetans, and representatives of other nationalities.

The WEI employees, who had a wealth of experience in subversive activities in the OSS, got down to work. Operating in close contact with Taiwanese

intelligence Paomichu (PMC), headed by General Mao Jenfeng,⁵³ they established their bases on the main coastal islands where there were also garrisons of the Taiwanese regime.

Since as early as the time of the anti-Japanese war many residents of some of the coastal islands (traditionally engaged in smuggling and piracy) had been cooperating with the intelligence agency of General Tai Li,⁵⁴ it was not particularly difficult for his successor, Mao Jenfeng, to recruit these criminal groups to cooperate with the Taiwanese navy and commandos in raids on the coastal regions of the mainland as well as in seizing foreign cargo ships headed for China. Of course, most of these campaigns were masterminded and financed by the CIA.

Such psychological war operations as scattering anti-government leaflets and propaganda information over Chinese territory occupied an important place in the WEI's subversive tactics. Representatives of the Technical Services Division (TSD) set up in the CIA in 1951 were responsible for preparing these materials. Such acts were usually timed to coincide with red-letter days in the life of the PRC or in Chinese-Soviet relations. For example, in February 1954, on the fourth anniversary of the Soviet-Chinese Friendship Treaty, thousands of such leaflets were scattered over Shanghai and several other cities.⁵⁵

Taiwanese warships, along with professional pirates under the supervision of CIA agents, regularly attacked and seized foreign freighters bringing commercial and humanitarian cargoes to the PRC.⁵⁶

One such attack led by the Kuomintang intelligence service and the Navy involved participating in the CIA's Operation Stole. The purpose of this operation was to prevent India from giving the PRC humanitarian aid in the form of medication and medical equipment. A Norwegian ship was chartered to deliver this aid, which, in particular, included a full set of equipment for three field hospitals. The CIA ordered this cargo to be intercepted, allotting a million dollars to the conducting of Operation Stole. The PMC employees on the Taiwanese warships successfully carried out this daring act. American CIA advisers also participated in it, but they did not appear on upper deck.⁵⁷

British freighters taking commercial cargo to the PRC were most frequently the targets of attack in the Taiwan Strait. Whereby sometimes, on the flag pole of the pirate ships below the Taiwanese flag hung the Jolly Roger with skull and crossbones...⁵⁸

As the parliamentary deputy of the British Foreign Secretary told the House of Commons in November 1954, the Taiwanese Navy had made 141 attacks on British ships in this region since September 1949. As a result, the captain of one of the ships was killed, and a senior officer of another was wounded. The ship owners and freight recipients incurred vast material losses. The Royal Navy was forced to take measures to defend British ships.⁵⁹

In October 1953, the Taiwanese warships seized a Polish commercial freighter the *Praca*, and in May 1954, the *President Gottwald*.⁶⁰

In the early hours of June 23, 1954, two Taiwanese warships, destroyer No. 12 and corvette No. 21 detained a Soviet tanker, the *Tuapse*, in international waters under the threat of fire and took it to the port of Kaohsiung. Five years later, a two-serial film called "Emergency" was shown in Soviet cinemas based on this act by the Kuomintang and American intelligence agencies.

It should be noted that the seizure of the *Tuapse* really was an emergency for the Soviet leadership. And it was not so much the loss of the tanker and the fuel it was carrying as the fact that due to the skilled psychological manipulation and brutal physical measures carried out by their captors, 20 of the 49 crew members became "irretrievable." Those who returned to the Soviet Union a year later related that in addition to Chiang Kai-shek's agents, who had a good command of Russian, well-known NTS and OUN officials took an active part in working over the sailors, as well as an American intelligence agent who was a former Soviet citizen. An agent of the "Soviet department" of the CIA, Alexander Sogolov, who frequently supported the lack of arguments with threats accompanied by the brandishing of a pistol, directly supervised the interrogation of the tanker crew.⁶¹

The CIA had rendered assistance to Moslem and other ethnic groups waging a partisan war against the central government in the northwestern provinces of China just when the multi-thousand mounted army of the former governor of Tsinghai Province, General Ma Pufang, and his cousin, General Ma Hungkuei, the ruler of Kansu, was actively operating in these parts. In May 1949, the army of the Ma brothers, along with units of Kuomintang General Hu Tsungnan, even managed to defeat divisions of the People's Liberation Army under Peng Dehuai near Lanchow. But in August 1949, the People's Liberation Army ultimately routed their adversaries, and the Ma brothers were forced to flee abroad. Ma Pufang, after seizing \$1.5 billion in gold bars, set off first for Mecca on a Civil Air Transport (CAT) airplane⁶² belonging to the CIA, and his cousin left immediately for southern California. Some of the Moslem generals' destroyed army found refuge in Pakistan and Afghanistan, and the rest continued their armed resistance in inaccessible regions of their native provinces. One such partisan group was commanded by Ma Hungkuei's son, Ma Chihua, with whom Paomichu was in contact.

After obtaining information from Mao Jenfeng that the Moslem partisans operating in the northwestern provinces of the PRC were in urgent need of weapons, ammunition, liaison means, etc., the CIA decided to help them. For starters, a group of radio operators was formed at one of the special CIA bases north of Taipei from natives of this region of China. And since there were plans to organize regular flights of CIA airplanes to this regions if this group of agents was successfully dropped, its main assignment was to provide the WEI with timely information about the weather conditions at the site.

In March 1952, a WEI C-54 airplane with no identification marks dropped the first group of agents and a batch of military hardware for partisan Ma Chi-

hua. The CIA continued its operations with respect to dropping agents, weapons, ammunition, and other military cargoes for Moslem insurgents in the provinces of Kansu and Tsinghai until 1954. At the concluding stage of this operation, the CIA used the US army B-17 airplanes allotted for this purpose, which flew at a high altitude, thus ensuring increased safety of the flights.

But, despite the CIA's help, the anti-government armed groups in Northwest China were destroyed by 1955.⁶³

In 1954, a new CIA unit was created in Taiwan to replace the WEI under cover of the US Naval Forces. As usual, its name had nothing in common with the CIA – US Naval Auxiliary Communication Center.⁶⁴ William Duggan, who had been transferred from Japan, was appointed its chief.

At approximately the same time as Western Enterprises, Inc. was established in Taiwan, another CIA unit appeared under the fictitious cover of a private company called SEA Supply Corporation (SSC).⁶⁵ It was headed by the former head of the OSS intelligence branch in China, Colonel Paul L. E. Helliwell.

In early February 1951, the SSC launched Operation Paper. Its main CIA actor was the former commander of Chiang Kai-shek's army in Central China, General Li Mi who, after the defeat of his units by Chinese People's Liberation Army troops, found refuge with the remnants of the 97th and 193rd divisions, in the mountainous regions of Burma and north Thailand, which bordered on the Chinese province of Yunnan. At the beginning of 1951, Li Mi had about 4,000 soldiers who were mainly engaged in manufacturing and smuggling opium. According to Operation Paper, the CIA intended to reinforce Li Mi's army properly by equipping it with contemporary weapons, and then using it to invade Chinese territory.

Soon after, Civil Air planes, carrying Li Mi's bands equipped with parachutes began to drop modern weapons from the US army warehouses in Okinawa, and American advisers began to arrive. The CIA started transferring an additional military contingent from Taiwan using airplanes from the same air company. Not long after, "General Li Mi's division" already numbered 12,000 soldiers. The number of SSC employees in Thailand also grew. At the end of 1953, there were approximately 200 of them. In addition, 76 CIA agents worked under cover of the US embassy as "advisers" under the supervision of the veteran of the OSS Burmese campaign, Sherman B. Joost. Alfred T. Cox, chief of station of the CIA Office of Policy Coordination in Hong Kong, was placed in charge of coordinating Operation Paper. Cox was also an experienced veteran of the OSS "para-military" operations in China.

In April 1951, a large contingent of General Li Mi, 2,000 men strong, in two columns made its first invasion of Chinese territory. It managed to penetrate 60 kilometers into the heart of the Yunnan Province. But a week later, this contingent was destroyed by units of the People's Liberation Army; those who remained fled to Burma. In July of the same year, Li Mi instructed his deputy Liu Kuochuan to carry out another invasion. But this raid into Chinese territory was

also a complete fiasco. In 1951-53, the CIA organized a total of seven attempts at armed invasion by Li Mi's units of Chinese territory.

The military activity of General Li Mi directed from Burma against the friendly People's Republic of China and his close contacts with the separatist mountain tribes of Karens and Kachins, as well as with the contingents of one of the Burmese communist parties waging a partisan war against the government forces, prompted the Burmese government to launch an attack on Li Mi's reinforced camp in the north of the country. Despite the documentary proof on the Burmese side about the CIA's involvement in the criminal activity of the remnants of the Kuomintang army in Burma, the US government stubbornly refused to acknowledge it. This led to a serious deterioration in American-Burmese relations, which was expressed in a decision by the Burmese government to unilaterally curtail all American aid programs in the country.

As the Americans themselves admitted several years later, the Kuomintang battalions in Burma brought the US nothing but problems since they were unable even to pin down large forces of the Chinese Communists.⁶⁶

In the summer of 1952, the CIA Offices of Policy Coordination and Special Operations were merged into the Directorate for Plans (after 1974, the Directorate for Operations). In every country where essentially two CIA bases had previously existed, a head chief of station was appointed. In Japan, this was Rear Admiral Harvey Overish.⁶⁷ The appointment of this 59-year-old naval officer as CIA regional chief of station responsible for American intelligence operations against China from Japan, Korea, Hong Kong, Thailand, and Taiwan puzzled many intelligence professionals. It was a well-known fact that the only time Overish had anything to do with the secret service was in 1937-40, when he was naval attaché in Peiping. For the past six years, after his retirement, he was first vice president of a Hawaii company trading in pineapples, and then director of a large insurance company in Chicago. Nevertheless, the CIA continued its operations to drop agents in China under his supervision. What is more, Overish's deputy was Lloyd George, who previously headed the CIA Far East department.

But just as Soviet counterintelligence managed to plant their people in several German intelligence schools for training agents to be dropped behind Soviet lines during the Great Patriotic War, and after the war do the same with the American and British secret services, the PRC security agencies successfully penetrated the key departments of the Kuomintang special services which supplied staff for the CIA intelligence schools, as well as penetrating American training centers themselves. It was for this reason that most groups of agents dropped by the CIA in China and Korea were almost immediately rendered harmless by local security agencies or began working under their control.

In November 1952, as a result of one such operation game with Americans in the Liaoning Province, Chinese counterspies managed to bring down a CIA airplane which was to take an American agent on board with the aid of a special device at hedge-hopping flight. During the emergency landing, two American

pilots were killed, all seven Chinese members of the agent group were shot, and two of the CIA agents accompanying them from the Astugi Naval Air Station – John T. Downey and Richard G. Fecteau – were taken prisoner. This was a serious CIA failure which made the USA suspend such operations in North and Northeast China.

After many months of interrogation, during which Chinese counterintelligence obtained a sufficiently extensive knowledge of the structure, staff, work methods, and other interesting aspects of the CIA's subversive activity against the PRC, Downey was sentenced to life imprisonment and Fecteau to 20 years. The latter was released in 1971 as a goodwill gesture by the Chinese government on the eve of President Nixon's visit to China. Downey was pardoned by the Chinese in 1973, after which Nixon openly admitted that this man was a CIA agent.⁶⁸

One of the CIA's priority assignments during the 1950s was the physical removal of the leaders of the CPC, the People's Liberation Army, and the PRC – Mao Zedong, Zhu De, Zhou Enlai, and others. But the CIA was unable to carry out these plans. On September 26, 1950, the Chinese security agencies arrested a group of foreigners in Beijing, who had been living in China for a long time and who confessed that on October 1, 1950, during the celebration of the first anniversary of the People's Republic of China, the American secret service was planning to assassinate the Chinese leaders by firing at the government rostrum on Tiananmen Square from a mortar.

On August 17, 1951, the tribunal of the military-revolutionary committee under the chairmanship of Minister of Public Security Luo Ruiqing sentenced the main agents accused in this case, Italian Antonio Riva and Japanese Yamaguchi Ryuichi, to death.⁶⁹

In 1950-54, the PRC leadership took several tough measures aimed at waging a more efficient struggle against American and Kuomintang agents sent to the country.

Taking into account many failures of the CIA in China, in 1956 the CIA leadership entrusted the inspection division with finding out the cause. After carefully analyzing all the information of the China Mission, which was first located in Japan, and from 1955 at the Subic Bay base in the Philippines, the inspection division came to the conclusion that all its activity was a simple waste of time and money.⁷⁰

Information leaks in the American press indicated that the Chinese special services had managed to plant their agents in key CIA structures involved in operations against the PRC.

For example, it was revealed in particular that "Li Mi's radio operator at the Sea Supply Corporation in Bangkok was an agent of the Chinese Communists, who periodically informed Beijing about the whereabouts of Li Mi and his army."⁷¹

It turned out that Downey and Fecteau had not planned to fly on that CIA C-47 airplane to the Liaoning Province, where the ambush awaited it. But for

some reason on the eve of the flight, two American Chinese agents from the Atsugi Naval Air Station had suddenly fallen ill, who were supposed to carry out a purely technical function during the “lifting” of the CIA agent from China by that plane.⁷²

The chief-of-staff of the Taiwan garrison on the island of Paichuan and the personal friend of the local CIA chief of station turned out to be a Chinese spy.⁷³

In 1951 to 1953 alone, 212 CIA agents were dropped in the PRC. One hundred and one of them were killed on the spot by “enraged peasants” and 111 were arrested by Chinese counterintelligence.⁷⁴

In the summer of 1956 the CIA decided to close the China Mission in the Philippines.⁷⁵ This can be assessed as a failure of US policy aimed at organizing an overthrow of the PRC government and creating reliable sources of information in China.

NOTES:

1. Maochun Yu, “OSS in China: Prelude to the Cold War,” New Haven, 1996, p. 53.
2. *Op. cit.*, p. 199.
3. Office of Strategic Services (OSS) – American subversion-intelligence body during World War II. It was founded on June 13, 1942 on the order of President Roosevelt, in accordance with which the Coordinator of Information (COI) was divided into the Office of War Information (OWI) and the Office of Strategic Services (OSS). Colonel William Donovan, who previously headed the COI, was appointed OSS director.
4. Office of Strategic Services, China Theater, Strength Report as of August 20, 1945. NARA, Records Group (RG) 226, Entry 168, Box 7, Folder 113.
5. Richard G. Heppner (1909-1958) - graduated from the law departments of Princeton and Columbia universities. Before the war, he was junior law partner in William Donovan’s law office in New York. In 1942 he occupied a leading post in the OSS representative office in London, and in 1943, in India and Ceylon. On December 9, 1944, he was appointed director of the OSS in China.
6. Thomas F. Troy, “Donovan and the CIA: A History of the Establishment of the Central Intelligence Agency.” Frederick, MD, 1981, pp. 284, 302-303.
7. Strategic Services Unit (SSU) – US intelligence office, which existed from October 1, 1945 as part the War Ministry. On July 8, 1946, it was transferred to the Central Intelligence Group (CIG).
8. SSU CT Operational Report from 12.00 Thursday 18 October to 12.00 Thursday October 25, 1945; October 25, 1945. CIA Electronic Document Release Center, Case Number: F-1990-00680, Document # 109823, p. 1.
9. Maochun Yu, *op. cit.*, p. 252; Robert J. Delaney – 1940 graduate of West Point Military Academy. In 1943-44, battalion commander of the OSS’s legendary 101 Detachment which fought against the Japanese army in the Burmese jungle. In 1945 – deputy head of the OSS in China, from November 1945 to June 1946, director of the SSU in China. In December 1946, appointed as special representative of the CIG in the staff of General MacArthur in Japan. In 1951-52 – deputy chief of station, in 1952-54 – CIA chief of station in Taiwan.
10. Revised Plan for Continued SSU Operations. Delaney to Director, SSU, 20 April, 1946. NARA, RG 226, M1642, Roll 47.
11. Table of Organization, SSU CT. 25 February, 1946. NARA, RG 226, M1642, Roll 47.

12. Cable, Secret IVI, Priority, Commander, 7th Fleet to Chief of Naval Operations, 28 September, 1946. NARA, RG 226, E. 90, B. 3, F. 34.
13. External Survey Detachment #44 (ESD 44).
14. US Army Liaison Group (US ALG).
15. Tentative plan for the limited control and full logistic support of SSU, China, by 7th Fleet. NARA, RG 226, M1624, Roll 47.
16. Maochun Yu, *op. cit.*, p. 260; Interview with Mr. Gilpatric of Staff Division II, 6 March, 1946. NARA, RG 226, M1642, Roll 47.
17. History of X-2 Branch, CT. 2 January, 1946. NARA, RG 226, Entry 182, Box 36, Folder 195; Kim Philby. "My Silent War." UK, 1976, p. 78.
18. Interview with former OSS agents.
19. Lt. Col. Delaney to Col. Little. 6 May, 1946. NARA, RG 226, M1642, Roll 47.
20. Interview with former CIA agents.
21. Department of State Foreign Service List, October 1, 1948, pp. 11-12.
22. John K. Singlaub. "Hazardous Duty." NY, 1991, pp. 126-128.
23. John K. Singlaub – born in 1921, in 1942 was transferred to the OSS from the commando contingent. Took part in OSS operations, first in Europe, and then in China. Showed his capabilities as a bold and decisive special agent. In 1946-48, SUU-CIA chief of station in Mukden. In 1949, headed the Chinese department of the CIA. In mid-1949, returned to serving in the US Army. In 1952, deputy CIA chief of station in Korea. From 1953, served once more in the special services of the US Army. Took part in military operations in Vietnam and Laos. Achieved the rank of major general. After retirement, was elected president of the World Anti-Communist League. Was one of the main personages in the Iran-Contras scandal.
24. Major General Andrei Kovtun-Stankevich (1900-1986) – in 1945-46 was military commandant of Mukden. It should be noted that in the OSS documents, he is erroneously named Kavqun Stankevich.
25. Top secret cable. Commanding General USF CT, Chungking, to War Department, 5 October, 1946. NARA, RG 226, Entry 90, Box 3, Folder 36.
26. Daniel De Bardeleben – born in 1899. In 1923, graduated from the US Military Academy, served in the army. In 1943-45, in the OSS, then in the CIG and the CIA. From November 1949, CIA chief of station in England.
27. Top secret memo of conversation. CIG activities in China. 18 April, 1947. NARA, RG 59, Entry 1561, Box 7.
28. Lt. Col. Moscrip to Col. Quinn. 17 July, 1946. NARA, RG 226, M1642, Roll 47.
29. Evan Thomas, "The Very Best Men," NY, 1995, p. 274.
30. FRUS, VII, pp. 10, 248-250, 259; Li Jishen (1885-1959). Native of the province of Guangzhou. In 1925, chief of headquarters of the Kuomintang national-revolutionary army, deputy head of the Wampu military academy. In 1927, participated in Chiang Kai-shek's anti-communist overthrow. After the beginning of the Japanese aggression against China, participated in creating the "national-revolutionary government of the Chinese Republic" in 1933 in Fuzhou for fighting against the Japanese and Chiang Kai-shek. Later he called on the Kuomintang to join forces with the Communist Party of China in the anti-Japanese struggle. In 1948, he headed the Revolutionary Committee of the Kuomintang party which split off from the Kuomintang. After declaration of the PCR, he became one of the vice chairmen of the Central People's Government.
31. Frederick D. Shultheis – born in 1907. Specialist on China and the Chinese language, who studied at Washington and Columbia universities, then in Beijing. In 1942-46, worked in military intelligence and the OSS in China. In 1947-49, under diplomatic cover in Nanking, in 1949-51, in Hong Kong, in 1951-52, in Manila and from December 1952 in Tokyo.

32. Leroy Eugene Milligan – born in 1919. After graduating from college in 1941-45 served in the FBI, and from 1947 in the CIA. In 1948-51 – under diplomatic cover in Canton and Hong Kong. Then until 1955, in Japan. From 1955 to 1970, headed the CIA base in Pakistan, Egypt, Ceylon, and other countries. Occupied a leading post in the CIA.
33. Singlaub, *op. cit.*, pp. 148-149.
34. In 1948, there were three main special services in China's Kuomintang: (1) the Secret Protection Division of the Defense Ministry ("Baomiju") (cf. No. 53); (2) Information Department of Party Members under the Kuomintang Central Executive Committee ("Dantungju"), created in April 1947 on the basis of the Department of Investigation and Statistics under the Kuomintang Central Executive Committee, which existed since 1938 ("Zhungtungju"); (3) the Second (intelligence) Division of the Defense Ministry Headquarters.
35. Fred E. Hubbard – born in 1914. A degree in law. In 1942-46, served in the OSS-SSU-CIG in China. From April 1947, under cover of the consulate general in Mukden. In 1951-63, in Nairobi, Ankara, Lisbon. In 1965-69, CIA chief of station in Oslo. Then served in a top post on the CIA Counterintelligence Staff.
36. To the Secretary of State from the US Consul General, Mukden. Possible Communist Motives for the Confinement of the Consulate General. 11 May, 1949. NARA, RG 263, Murphy Collection, Box 29, Folder 44.
37. Dongbeiribao, December 2, 1949.
38. Sung Lin, "The Reds Take Power," Beijing, 1998, pp. 492-526; Roger Faligot & Remi Kauter, "The Chinese Secret Service," London, 1990, p. 480.
39. "Excerpts from the History of Russian Foreign Intelligence," Vol. 3, Moscow, 1997, p. 210.
40. Ted Gup, "The Book of Honor," NY, 2000, pp. 9-35.
41. Interview with former CIA agents.
42. Memorandum Howe to Butterworth. 22 June, 1949. NARA, RG 59, Entry 1561, Box 7.
43. Maury Allen. China Spy. NY, 1998; Gup. *Op. cit.*, pp. 43-66; John K. Singlaub, *op. cit.*, pp. 157-8.
44. Field Research Unit (FRU) – from 1949 CIA division at the US Naval Base in Yokosuka.
45. Matthew M. Aid, "US HUMINT and COMINT in the Korean War. Intelligence and National Security," Vol. 14, 1999, #4, pp. 20, 22; CIA Staff Conference Minutes, 10 Dec. 1951. NARA, RG 263, Entry 36, HRP 89-2/00443, Box 8, File: 725 DCI Staff Meetings.
46. Ted Gup, *op. cit.*, p. 33.
47. Office of Policy Coordination (OPC) – CIA Covert Operations Service created on June 18, 1948 pursuant to a National Security Council Directive. In 1952, as a result of its merge with the Office of Special Operations, the Directorate of Plans (Directorate of Operations) was set up.
48. Office of Special Operations (OSO) – an operational division created in the CIG on July 20, 1946. Existed in the CIA under this name until 1952 (cf. No. 47).
49. Joint Technical Advisory Group (JTAG) – CIA branch at the naval air station in Japan which organized the sending of American agents to the PRC, DPRK, and USSR during the 1950s.
50. John Prados, "President's Secret Wars," NY, 1988, pp. 71-72.
51. Western Enterprises Inc. (WEI) – CIA unit in Taiwan under private commercial cover in 1951-54.
52. Frank Holober, "Raiders of the China Coast," MD, 1999, pp. 11-19.
53. Mao Jenfeng (1898-1956) – after the establishment of a new special service in June 1946 – the Secret Protection Division of the Ministry of Defense – was appointed first its deputy, and at the end of 1947, its chief. In March 1955 headed the Taiwan Intelligence Department of the Ministry of Defense set up on the basis of PMC.

54. Tai Li (1897-1946) – from 1931 until he died in an airplane crash – director of the main special service of the Kuomintang China – Department of Investigation and Statistics (DIS). Was well-known for his devotion to Chiang Kai-shek and hatred of the Communists.
 55. Frank Holober, *op. cit.*, p. 187.
 56. *Op. cit.*, p. 104.
 57. John Prados, *op. cit.*, pp. 69-70.
 58. Frank Holober, *op. cit.*, p. 105.
 59. *Pravda*, November 4, 1954.
 60. *Vodny transport*, August 10, 1954.
 61. Interview with former crewmen of the tanker *Tuapse*.
 62. Civil Air Transport (CAT) – an airline company founded in 1946 in China by General K. Chennolt and W. Villauer at the 14th US air base (Flying Tigers). From October 1949, was actually transferred under the control of the CIA.
 63. Frank Holober, *op. cit.*, pp. 172-176, 208.
 64. US Naval Auxiliary Communications Center (USNACC) – from 1954 the CIA division in Taiwan operated under this cover for several years.
 65. SEA Supply Corporation (SSC) – a CIA unit under private commercial cover in the early 1950s.
 66. John Prados, *op. cit.*, pp. 73-77.
 67. *Op. cit.*, p. 71; Who's Who in America. 1960; Haruna Mikio. "The Secret Files." Tokyo, 2000, Vol. I, pp. 210-211. Vol. II, pp. 27, 35.
 68. Evan Thomas, *op. cit.*, p. 52; Wendell L. Minnick, "Spies and Provocateurs," Jefferson, NC., 1992, p. 57; William M. Leary, "Perilous Missions," 1984, pp. 130-131.
 69. *Renmin ribao*, August 18, 1951.
 70. Evan Thomas, *op. cit.*, p. 157.
 71. *Op. cit.*, p. 56.
 72. Bina Kiyonaga. "Remembrances of a CIA Wife." *The Washingtonian*, March 1985, p. 161.
 73. Frank Holober, *op. cit.*, p. 93.
 74. Evan Thomas, *op. cit.*, pp. 52-53.
 75. *Op. cit.*, p. 157.
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