

Oral History Interview
with
LIVINGSTON MERCHANT

With U.S. Department of State, 1942-62, assistant chief, Division of Defense Materials, 1942, chief, War Areas Division, 1945; counselor for economic affairs with rank of minister, American Embassy, Paris, 1945-46; chief of Aviation Division, 1946-48; appointed as Foreign Service officer, 1947; counselor of American Embassy, Nanking, China, 1948-49; deputy assistant secretary of State for Far Eastern Affairs, 1949-51, deputy for political affairs to United States special representative in Europe and alternate United States permanent representative to North Atlantic Council, Paris, rank of ambassador, 1952-53, assistant secretary of State for European Affairs, 1953-56, 1958-59; Ambassador to Canada, 1956-58, 1961-62; under secretary of State for political affairs, 1959-61; U.S. executive director of the International Bank for Reconstruction and Development, 1965-68.

Washington, D.C.
May 27, 1975
by Richard D. McKinzie, Harry S. Truman Library

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MCKINZIE: Mr. Ambassador, I think that a lot of historians are interested in the circumstances under which people came into Government service. When you were a young man at Princeton, did you intend a career with the State Department?

MERCHANT: No, I had no thought of it. My primary consideration then was to earn enough money to pay off my debts, support my mother, and get married. I had always had in the back of my mind a desire, if and when I could afford to, to in some capacity enter into public service.

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In any event, I graduated from Princeton and, in 1926, went into business. I was fortunate and was successful. When Pearl Harbor came, I was asked to come down and take a wartime job.

I was called by a friend who asked me if I was interested (the night of Pearl Harbor), and I came down to Washington the following week to the State Department for a wartime job. I took a wartime leave of absence from my partners in New York and never went back to private enterprise.

MCKINZIE: Mr. Ambassador, after you'd had a wartime assignment, you ended up in postwar France as a counselor for economic affairs with the rank of minister. Could you explain how that happened?

MERCHANT: Well, I guess the explanation really is that the old friend of mine, Harry [Henry

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Richardson, Jr.] Labouisse, who was responsible for asking me to come down to Washington in the State Department (he having gone down there about six months earlier, himself, from his law firm in New York), had been sent over to Paris as minister for economic affairs. He came back in the fall of 1946 and suggested my name as his successor. So, I went over there in October, I think it was, of '45.

MCKINZIE: Rather desperate times for the French.

MERCHANT: It was a very, very rough period for them, yes.

MCKINZIE: Until the spring of 1947 when there began to be some planning for the Marshall plan, the French economy had continued to downslide. The reconstruction that everyone anticipated would occur didn't. Do you recall discussions, either in Paris or in Washington, about the

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prospects of French recovery without aid? Was there, in your mind, hope that the French would be able to do it themselves?

MERCHANT: Well, I was only there about a year, when Will Clayton asked me to come back, in the fall of '46, I guess. I came back to Washington, worked for Will Clayton, and of course,

was intimately involved then in the economic problems of Western Europe and all aspects of possible assistance. That was after the Marshall plan had been conceived.

MCKINZIE: But so far as your own thinking while you were in Paris, did you believe that the French were somehow going to be able to do it, themselves, without American aid?

MERCHANT: No.

MCKINZIE: There was interim aid, a loan to France, and all of that.

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MERCHANT: Right. No, to me it was inconceivable that the French or the Western Europeans could, with the limited, temporary form of economic assistance that we were authorized to provide for them, achieve their recovery. It required not just a larger amount of assistance, but it required the assurance that for a stated period, extending over years rather than months, assistance would be made available, to give them the self-confidence to put in train the various projects and operations which led to the miraculous recovery which the Marshall plan was responsible for. It wasn't that the Marshall plan was the exclusive force responsible for the recovery. The effort of the Europeans themselves was more important in terms of magnitude, and probably more important in terms of psychology. But it was the Marshall plan that triggered it, gave it its underlying support, and represented a vote of confidence and continuing assistance

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from the United States. The combination resulted, I think, in the extraordinary result.

MCKINZIE: Under Secretary Clayton had a view of what ought to be, if I can put it that way. He had the view that there ought to be, if not free trade, something fairly close to it, and more than that he was a strong proponent of European integration. Did you share his ideas at that time?

MERCHANT: Not totally. I don't think, at any point, I was a proponent of political integration. I was satisfied in my own mind that economical cooperation was essential, but, as best I can recall my attitude then, I was extremely dubious that political integration was achievable or, in terms of the ultimate result, necessarily desirable.

MCKINZIE: I gather, Will Clayton, at every opportunity, did push the idea.

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MERCHANT: He did. And I don't want to imply that I was a rebel, a subverter, or someone who was totally opposed to it, but I had my own interior doubts as to whether this was certainly feasible.

MCKINZIE: Did you think that the French could have been pushed into it? I talked to a Belgian economist once who said that if the United States had been tougher, the United States could have forced at least some kind of economic integration, if not political integration. Did you have the feeling that the French themselves were amenable to some move toward economic integration in order to receive U.S. aid?

MERCHANT: No, really quite to the contrary. I think the French were prepared to cooperate within economic limits, as indeed they did, for example, in the Schumann plan, under the

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Marshall plan, under the Common Market. In my judgment at the time, and in retrospect, what destroyed the very highly desirable movement to a closer economic integration was what seemed to me the unwise and abortive effort to create the EDC [European Defense Community]. Control of national armed forces, I felt then and I think now, is the real essence of national sovereignty, and the effort to combine the armed forces was, if not impossible in the first half of the 20th century, certainly grossly premature.

MCKINZIE: But did not the effort to create the EDC serve political rather than military purposes? The creation of the EDC would have been one more step towards the integration that the proponents of Will Clayton's ideas would have wanted.

MERCHANT: Oh, that's certainly true, but it would have involved taking that last and final bite of the cherry before you'd broken the skin on

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your first bite or your second bite, really.

MCKINZIE: In 1945 and 1946 while you were in Paris, the French representation in the United States, that is, the French Ambassador particularly, was trying to present a very dismal picture of life in France and the need for U.S. assistance. The story is told, for example, of the Ambassador's wife who wore the same dress throughout the social season and served at dinner parties that awful gray bread that was made out of some ersatz sort of material, at least not the traditional stuff. The implication was that the whole French system was on the edge of collapse and that if something wasn't done, there was going to be a social upheaval, a revolution of some sort. Were you concerned about this social situation in France, the possibility that the Communists might win at the polls? Or was that a major problem, so far as you were concerned? The Ambassador, at least,

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used that here in the United States.

MERCHANT: Yes. Well, I don't think, from my viewpoint in Paris, that the prospects were quite that alarming or dreary. Certainly, the economic situation and the prospects were dreary, but I never felt that the political risks were as high as what you suggest would indicate. I traveled through France a good deal in those days of '45 and '46. The economy was pretty dreary, that's certainly true, but France, of course, basically has always been and was even then a rich country (I mean economically). It's agriculturally a rich country, enormously rich soil, hard-working, skilled farmers. And when you got out of Paris into the countryside you found there was no shortage of such things as butter, for example, which were in terribly short supply in Paris and in the metropolitan areas of France.

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MCKINZIE: Did you, before you left Paris, think about the future of Europe and Germany's place in it? There was a feeling in '45 that Germany should be pastoralized, but then by '47 there was, for various reasons, the belief that Germany had become an integral part of a Western European system. Did those kinds of considerations come into your mind?

MERCHANT: Oh, yes. Anyone who lived there at the time was giving thought to the problems and was aware of the enormous vitality of the German people. Even though they'd been defeated and devastated and suffered grievous economic blows, the basic underlying strength of the German economy guaranteed that it was going to recover, and I think it recovered more rapidly than most people thought. I don't think any intelligent person that I talked to, French, British, or Belgian -- truly intelligent people

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with a knowledge of a history in economics -- felt that Germany would be held down; it was too powerful, too vital, too industrious. And those people were thinking in terms of how you can best knit Germany into a community where its capacity for dangerous independent action can be blunted; its absorption into a wider, broader community which would be inhibitory to independent action.

MCKINZIE: Ambassador Merchant, did you attend at all the Paris Peace Conference in the summer of 1946?

MERCHANT: Just a very, very few sessions. I was an honorary member, I think, of the delegation, but I didn't serve on any of the committees or the subcommittees.

MCKINZIE: The reason I asked that question was to find whether or not that would have served in

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any instructive way to you about Soviet intentions in Western Europe at the end of the war. I'm interested in the evolution of your own thinking about the Soviets.

MERCHANT: Well, my underlying attitude in that period was one of suspicion as to Soviet intentions and their ultimate purposes. I'd read enough of not just [Karl] Marx but [Nikolai] Lenin to be aware of what their historic ambitions and hopes and intentions were. At the peace conference, this was not too overt; nevertheless, it was apparent what the Soviets were driving toward. I think anyone who had any knowledge of history and Marxism was, in 1945, '46, '47 alert to the quite apparent purposes of the Soviets.

MCKINZIE: Do I understand you correctly that Will Clayton asked you to come back to Washington from Paris?

MERCHANT: Yes.

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MCKINZIE: To what did he assign you?

MERCHANT: Well, it was a combination of two things. One was that I had an ill child, and the Paris climate was the worst thing for him. Will Clayton was aware of this, and he asked me to come back, knowing that I was dubious as to how much longer I could reasonably ask my family to stay there. And he asked me to come back to head the Civil Aviation Division, which was the negotiating arm of Civil Aviation in the United States Government. This was the fall or early winter, November, December of '47, when the United States had all the transport aircraft. Under the Bermuda agreements, we had all the routes and the landing rights on a worldwide basis, theoretically, but we didn't have any intergovernmental agreements as to the terms on which we could use those landing rights. So, he asked me back, really, to take on the

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negotiating job, which was to negotiate the air transport agreements with the countries which had granted us de jure landing rights but had not set or agreed to the terms on which they would be exercised. And I think I calculated once that, in 13 months, the relatively small team of negotiators that I assembled and had under me negotiated 33 bilateral air transport agreements with 33 nations around the world. So, this permitted our airlines to fly the routes which represent now our basic international air transport system. It was a fascinating job.

MCKINZIE: In regard to air transport, there are lots of people who are now very interested in that whole subject. There's a great deal of talk about open doors, access, and that kind of thing. Did you understand at the time that perhaps this is what these agreements were

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implementing, a broadening of U.S. participation in world affairs? Did it have any economic overtones for U.S. business, let's say, helpful in a conscious sense?

MERCHANT: Well, I think it had overtones, obviously, of business -- international trade, international relationships in the commercial and banking fields. More fundamentally, though, to me, it was the opening up of international relationships through the interchange of peoples, the transport of people from one country to another. Now, many of them were engaged in business and flying in pursuit of it.

MCKINZIE: How did you become a Foreign Service officer then in 1947? Was there a particular reason to go that route?

MERCHANT: Well, let me think now. I entered the Foreign Service, as I recall, in February '47

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or thereabouts. My first assignment, to my surprise (and dismay, in many ways), was to China, in the area of the world in which I had no previous connection or knowledge, and which presented certain problems in that my children were young and China was a distant place. I think that's what Mr. [Arthur Neville] Chamberlain said of Czechoslovakia; "It's a far away country of which people know little," or something of that sort.

In any event, I think my assignment there was a little bit like what one recalls of hazing at a boarding school. I'd come into the Foreign Service in mid-career from a career in business, and I'd transferred laterally at a relatively high rank in the Service. The Service professionals themselves had started way down here and gradually worked up here, and I'd gone in like that. And I think most of my good friends then and now in the Service

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felt that it was quite fitting and rewarding that I should go to a hardship post as my first post -- particularly since I'd been in Paris as my first overseas assignment before I entered the Service. So, I went out there and had a fascinating time. I might say it was far more interesting, happy, and rewarding in retrospect than it necessarily was at the time. But I wouldn't give anything now for the experience.

MCKINZIE: You were there at a crisis time, of course, and you were in Nanking, I take it, up until the very end of the Nationalist regime.

MERCHANT: Right. Then I transferred and went over to Taiwan; and I left Taiwan when I was called back to Washington.

MCKINZIE: I wonder if we could talk a little about what was going on in China in the years that you were there. Again, there are some historians who take a dim view as to how American policy was

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conducted. In the best of cases, there's a lot of confusion about what was going on; maybe there was confusion in Government too. One historian says that there was never any hope in China of negotiating political settlements after the Marshall mission in January of 1947, which was a little bit before you went over there. When you went to China did you feel there was a possibility of a political settlement, a negotiated one?

MERCHANT: Oh, no. Absolutely not. First of all, with my experience in Europe, I had a very lively awareness, I think, of Communist regimes and of their "interest" in, by our standards, reasonable negotiated settlements. Lenin said, "I think agreements are like pie crust, made to be broken." It never occurred to me that arrangements satisfactory to us or to the non-communist Chinese could be worked out with the

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Chinese Communists. So, my basic recollections of that period is one of sadness. I've often said that there are very few times in a man's life where one can predict the future with reasonable confidence. I've been through two periods in my life where I was able at the time, not in retrospect, with confidence to predict what was ahead. One was in 1930, and this was the stock market. It was perfectly obvious that 1930 was a false blush of recovery from the crash of '29, and that what lay ahead was a chasm.

And the other was in 1948, in China. It was perfectly obvious that the existing government regime would not retain its position or its control of the country and that the Communists were going to overrun it and take commanding control of China.

To my mind, that at the time was perfectly clear. So, to me (as to most of us), considering

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it a tragedy if that occurred, it was a very sad and tragic time, because the future was clear.

MCKINZIE: There have been some writers who said that at various levels in the Department there was, for a while, a hope that a third force would emerge in China, not Communist and obviously not the regime of Chiang Kai-shek, but rather one which would include the "liberals" of China of the non-Communist variety. Do you recall that that was discussed at all, or was hoped for on post? Or is that something that historians just dredged up?

MERCHANT: I think it's something which writers and historians have maybe not "dredged" up, but have adopted as a theory in ignorance of the fact that there really was no third force in China, at that time, of any consequence, weight, or numerical strength. The Communists were a

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compact, powerful, well-organized group. The Nationalists were a well-organized and powerful group. The rest of China was really mush, politically. It was not comparable in any sense to the political situation in Europe, the United States, Canada, or even Latin America.

MCKINZIE: How did you feel about the charge that the government of Chiang Kai-shek was inefficient and in need of internal reform; that money spent in aid to that government was, as I think they said in Congress, "money down a rat hole?" Did you concur in that?

MERCHANT: I think in a sense I did, yes. There was great corruption in Chiang Kai-shek's political organization. It was increasingly dependent on cronyism, I think. There was no real vitality in the political organization of Chiang Kai-shek, of the Nationalist Party. The vital force, politically, was the Communist Party,

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unhappily.

MCKINZIE: Did you have any hope at all for development plans or aid programs which, with proper safeguards or proper administration, could have rebuilt the Nationalist image? Was there anything of an economic nature in which you placed a great deal of hope during the '47 and '48 period?

MERCHANT: Not really, because the economic dimensions of the problem were so great. The needs of the country, in terms of economic requirements, would have run into the trillions, really. There wasn't the infrastructure there, effectively, to use economic aid. No, I think we could have poured billions in there without necessarily affecting it greatly.

MCKINZIE: Did the division in the Foreign Service, which was destructive to the China Division, affect you at all? That is, the divisions

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between some old China hands and other people who were in the Far Eastern Division; John Stewart Service versus his opponents in the Department, etc.

MERCHANT: I don't think so. Fundamentally, I moved into the Far Eastern area in the Service and in the Department from a background rooted in business and finance and exclusively, as far as Service experience abroad was concerned, in Western Europe. My boss was Walt [W. Walton] Butterworth, and I became his deputy when I was Deputy Assistant Secretary in the Far Eastern. His background was much like mine; he was not an old China hand. He had one tour of duty out there under General George Marshall, and the rest of his duty has been in Europe and in Washington.

I had great respect and affection for many of the old China hands that I came to know, but I

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felt that they were men of very limited perception of the world as a whole, with total ignorance of communism in the sense that I had come to learn about and understand communism in Eastern Europe and Russia. And I found many of them, from my position of inexperience, somewhat quite politically naive, with a very widespread, genuinely held belief that the Communists in China were reformists, an agricultural movement. There was a very widely-held and well-justified belief that the regime of Chiang Kai-shek was corrupt, inefficient. And the combination of disrespect for the Nationalists at that stage of the game, respect for what the Communists had achieved in the backward countryside, and what, I think, was generally conceived to be incorruptible honesty in the Communists' form of government, I found extraordinary, really. The people who had this attitude weren't pro-Communist, or they weren't Communist themselves.

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The last thing you'd say was that they were pro-Russian or Marxists. But they just saw the China which they loved being corrupted by a regime, a dynasty, which was declining in capacity and in decency. And they saw a movement, coming from the countryside, of a people who were hard-working and honestly working, apparently, to improve the lot of the people. They didn't understand and didn't recognize any ideological element in the situation.

I'm exaggerating a bit, but you see what I mean.

MCKINZIE: Mr. Ambassador, until the case of the Chinese Communists arose, it was a traditional belief in the State Department that any Communist party in the world was directed to some degree by the Soviet Union. Then there was, of course, as you've indicated, this wide dispute about just exactly what Mao was; was he a Communist

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or was he an agrarian reformer? Did you believe, as ultimately happened, that this would mean Russian influence in the areas as Mao pushed further and further south?

MERCHANT: Yes, I did. I felt that Moscow was the "Jerusalem of the movement," so to speak. The movement in China might have a different emphasis, more on agriculture than Marx's original emphasis on industry and so forth, but nevertheless, it was communism, and the relationship with Russian communism was a very close and intimate one.

MCKINZIE: Could you describe what happened in Nanking as the end approached? Did your family stay with you until the end, or did they leave earlier?

MERCHANT: Now, let me get my dates straight. We sent our children home in the fall of '48, November. Mrs. Merchant left when all the wives left, in December of '48. I was transferred to Taiwan in,

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I guess it was, January of '49.

MCKINZIE: Nanking actually fell in April of that year.

MERCHANT: That's right. I came back in early April, I think (just a couple of weeks before Nanking fell), to Nanking. The Embassy staff, most of it, had moved to Canton when the Nationalist Government moved there. Leighton Stuart, our Ambassador, insisted on remaining in Nanking, and he did, with just a handful of people in the Embassy. The poor dear man had a concept that he could serve as an effective negotiator with the Communists because he'd known many of the leaders, talked with many of them in Yench'i. And he was bottled up as a prisoner in the Embassy in Nanking for months. And I went back into Nanking from Taiwan in April, just a week or so before the city fell. In fact, I got out the day the first units crossed the Yangtze. I had had

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instructions from Washington, under no circumstances to allow myself to be caught, when I'd been transferred over to Taiwan. And I had then flown back to see the Ambassador. I spent two nights there with him just as the city was about to fall. That was the weekend, as I say, that the Communists crossed the Yangtze, and I remember I could see the fires that they'd set when they burned the central railroad station as I left on one of the last two, three, or four planes, I guess, that got out of the Nanking airport.

MCKINZIE: Do you have any idea why Ambassador Stuart wasn't ordered to leave?

MERCHANT: For all practical purposes, he was ordered to leave. He was a dear man, a saint really, as innocent of politics as a newborn babe. I don't think he'd ever spent a day of his life in Washington. He was a missionary and an educator. If the Secretary of State told him to

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leave Nanking, he would accept this as a serious suggestion that he should give thought to. It wasn't necessarily an instruction, but something that he had to weigh with other factors. He was an old, close friend of Chou En-lai, and I think he felt that he could do more to protect

Americans, American property, and America's relations with China under the new regime by capitalizing on his relationship with Communist leaders, staying in Nanking to be available to talk to them.

But, of course, they insulted him. They raided his bedroom there, which never would have happened without, in my judgment, the explicit instruction or authority of the Communist leaders. Soldiers with bayonets burst in on him at 7 o'clock in the morning when he was in bed, got him up, and prodded him around the room; it was just a tragic situation. He was a wonderful man, but he was an unborn babe in the world of politics.

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MCKINZIE: What were your responsibilities in Taiwan? Obviously, the island was filling up rapidly when you were there.

MERCHANT: Yes. My original instructions, which sent me over there and were top secret, were to establish a personal relationship with the Taiwanese underground, the belief in Washington (with reasonable justification) being that the Nationalists would not be able to get over there in sufficient force and power to dominate the island. The island, being strategically of great importance, would be run by the native Taiwanese leaders unless and until the Communists were able to mount an invasion. And my original instructions were go get over there and meet the local leaders and establish a relationship of mutual confidence with them.

MCKINZIE: That was no small job, because there was some resentment in there. How long were you in

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that work?

MERCHANT: Not very long. I went over there in February of '49, it seems to me, and I was called back in the end of June.

MCKINZIE: Did you believe that the Nationalists would be secure in Taiwan, when you left?

MERCHANT: I wasn't sure. I was frankly amazed at the number of troops and the amount of military equipment and materiel they were able to move from the mainland, from Chinchow and from Shanghai, and get on the islands. The island was loaded with the best units of the Chinese Nationalist Army, and ample materiel -- artillery, munitions, aircraft, and so forth. And the morale with the Chinese Nationalists was surprisingly good. They felt that at least they had put a 90-mile moat of water between them and the Communists. And the Taiwanese, who had been up to that point an uncertain element, had

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no thought for trying to buck the Nationalists; they were docile, easily controlled, managed, and so forth.

So, when I left, it looked really as though the Nationalists were organizing, pretty effectively, Taiwan as a fortress. And with the Communists having had no experience in amphibious landings, it looked as though Taiwan would be an awful tough nut for the Communists to take. So, when I left I was reasonably satisfied that the Nationalists were going to be able to hold out for a very considerable period of time on Formosa.

MCKINZIE: Just about the time you were called back or shortly thereafter, there was a special committee appointed, headed by Philip Jessup, which was to reconsider U.S. policy in the whole of the Far East in the light of recent developments. Were you aware that this committee was

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being formed, and did you have anything at all to do with the people who were on it?

MERCHANT: I don't know whether I was aware of its formation before I left, or, in fact, whether it had been actually formed before I left. I was aware of it when I got back there. I knew Phil Jessup, Ed Case, and one or two other people on the committee, and they asked me to come and talk to them, which I did at some length for a day and a half or something like that. So, they were really interested. As I say, I knew them and we had a very good, I thought, helpful discussion.

MCKINZIE: At what point, and in what form, did the discussions take place about whether to continue commitments to Chiang Kai-shek as opposed to recognizing, if not the de jure, the de facto existence of the Mao Tse-tung government? In August, 1949, the State Department announced that it would continue to recognize the Nationalists as the Government of China, and it would seem that this Jessup Committee and the other people

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that would have to make those kinds of difficult decisions. Could you talk about that for a little bit?

MERCHANT: Well, there were different views in the State Department and in the U.S. Government -- the Defense Department and Congress -- as to the essential nature of the Communist Government and its purposes; its relationship, if any, to the form of communism in Russia, which we recognized as a threat. And of course, there was also a very widespread disillusionment with the Nationalist Government, the government of Chiang Kai-shek -- a belief that we had granted his regime massive military and economic financial assistance and that that had been ineffectively utilized. I think, basically, it came about from an acceptance with the United States Government of the essential nature of communism and an acceptance of the fact that you could not distinguish fundamentally between communism as a political force in Asia and in Russia (though there were differences and there were difficulties between Peking and Moscow).

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MCKINZIE: Having that as a basic reason, the fact that it would be impossible to deal with Communists and that the ideology itself made satisfactory relations impossible, did anyone anticipate, in 1949, that the United States might have some future influence in mainland China,

even if Chiang Kai-shek did not regain that? That the United States might have some regularized relationship with the government of Mao Tse-tung?

MERCHANT: Yes, I think there was with some people in the Government, in Congress, and certainly in the press who thought that it was in our national interest to come to a working relationship with Mao Tse-tung and the Communist regime as the effective leaders of mainland China.

MCKINZIE: What was your own position on that?

MERCHANT: Well, my position I remember quite

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clearly. First of all, I was under no illusion that Chiang Kai-shek was going to invade the mainland or find an uprising which he could capitalize on to regain control of mainland China. I felt at that time, and I still do, that the Chinese Communists were birds of the same feather as the Russian Communists, though they had had a different meter in which they'd come to power. Mao Tse-tung embellished Lenin, to adapt it to the Chinese countryside, traditions, culture, history, and so forth. But basically, the Communists in the Communist regime in China had the same anti-Western attitude as the Russians; it was anti-American, anti-European, and anti-European Russian, too.

MCKINZIE: After all that there comes the problem of how the United States was to form a new Far Eastern policy out of this tragic loss. As a whole, as I understand it, the Far Eastern

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policy of the United States since World War II, had been based upon the idea that there would be a strong, increasingly industrial, and commercially successful China. Now there was no China. When you came back then and served in the Office of Assistant Secretary for Far Eastern Affairs, obviously this is a time when it was back to the drawing board for policy, and obviously the place to go was to Japan. How did you feel about the rearmament of Japan so soon after the cessation of World War II hostilities?

MERCHANT: I favored the rearmament of Japan and its economic reconstruction as a counterbalance to China, which I felt at the time was going to be anti-Western, pro-Communist (Communist in the modified form that China modifies all ideologies and Western concepts). It was essential for our national interest and

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security that we rebuild bridges to Japan and encourage its rejuvenation as a great power, as counter-ploys to what I felt China was going to develop into, which pretty well has been the case. I mean, China certainly has developed into a major power.

MCKINZIE: Were you aware of the feeling of General [Douglas] MacArthur on that subject?

MERCHANT: Oh, yes, yes.

MCKINZIE: He was for a very careful and orchestrated growth of Japan, was he not?

MERCHANT: Yes, very limited growth.

MCKINZIE: Did you get involved, by necessity or choice, in the long post mortem that occurred after the fall of China? There were all the congressional hearings, production of the white paper, and difficulties that General MacArthur

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had with Senator [Joseph R.] McCarthy. What was your own position in all that?

MERCHANT: Well, let's see, that was in '49. I frankly was always surprised that I came out, you might say, unscathed in the McCarthy episode. I did a good bit of testifying on the Hill in various episodes and occasions at various times. But I left the Far East arena in '49, I guess, so I was there for only a limited part (although the most active part) of the post mortems and recriminations.

MCKINZIE: You never got called up to testify?

MERCHANT: Yes. Yes, I did. I remember at least once, I think twice, testifying before Senator McCarthy and before the House and the Senate Foreign Relations Committee. So, I had my share of time on the Hill, which is one of the least attractive aspects of a Government servant, I think.

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