

*Statement by  
The Honorable John Foster Dulles, November 5*

Executive Order 10450, issued pursuant to the Act of August 26, 1950, became effective May 27, 1953. It deals with "Security Requirements for Government Employment." It establishes new criteria for continuing employment by the United States. These criteria related not only to loyalty, but also to reliability and trustworthiness. The new security program which this order establishes provides for various procedures culminating in a final determination by the head of the Department as to whether continued employment "is clearly consistent with the interests of the national security." If not, the head of the Department is required to terminate the employment.

The Executive Order requires that the cases of all Departmental and Foreign Service employees who had been investigated under the provisions of the old loyalty program should be readjudicated under the new security standards established by the new Executive Order. Accordingly, the case of John Paton Davies, Jr., previously so investigated, came on for readjudication.

On December 29, 1953, the Department's Office of Security concluded that Mr. Davies should be suspended and processed under the new security program.

On January 20, 1954, I directed that a statement of charges be submitted to Mr. Davies with a view to obtaining his sworn answers prior to my determination with reference to his possible suspension. This was done and Mr. Davies made his sworn answers.

I thereupon made a careful examination of the charges, the answers and the information upon which the charges were based. I concluded that the matter required further inquiry. In this connection it might be noted that Mr. Davies had previously told me that he would welcome whatever further examination I deemed appropriate. Accordingly, on March 23, 1954, I asked that a Security Hearing Board be designated to consider the case. Mr. Davies voluntarily accepted the jurisdiction of the Security Hearing Board, and was not then suspended as would have been the normal procedure. I agreed to non-suspension because I concluded that under the circumstances then prevailing the interests of the United States would not be prejudiced thereby.

On May 14, 1954, a Security Hearing Board of five persons, drawn from other agencies, was duly designated and convened for the purpose of conducting a hearing according to the statute, the Executive Order above referred to and Departmental Regulations. After the Board had studied the complete record, it held hearings throughout the latter part of June and the first half of July.

Throughout these proceedings Mr. Davies had the benefit of able counsel. Mr. Davies testified and called six witnesses who testified on his behalf. Five witnesses who had furnished derogatory information appeared and testified under oath; all but one did so in Mr. Davies' presence and subject to cross-examination by his counsel.

On August 30, after consideration of all the available information and the entire record in the case, the Security Hearing Board reached a unanimous decision. It was that

the continued employment of Mr. Davies is not clearly consistent with the interests of the national security. The Board accordingly concluded that his employment in the Foreign Service of the United States ought to be terminated.

Following receipt of the Security Board's decision, I have, as required by the Statute and the Regulations, reviewed the entire case, and I now make my determination as to its disposition.

My determination accords with that of the Security Hearing Board; and is that the continued employment of Mr. Davies is not clearly consistent with the interests of the national security and it is advisable in such interests that his employment in the Foreign Service of the United States be terminated.

The reasons given by the Security Hearing Board for its decision are that Mr. Davies demonstrated a lack of judgment, discretion, and reliability. The Board emphasized that it defended Mr. Davies' right to report as his conscience dictated, but found that he made known his dissents from established policy outside of privileged boundaries. The Board also emphasized that its decision stemmed preponderantly not from derogatory information supplied by others but from its own thorough and exhaustive analysis of Mr. Davies' known and admitted works and acts and, in connection therewith, his direct admissions and deficiencies as a witness before the Board.

The Board found that Mr. Davies' observation and evaluation of the facts, his policy recommendations, his attitude with respect to existing policy, and his disregard of proper forbearance and caution in making known his dissents outside privileged boundaries were not in accordance with the standard required of Foreign Service Officers and show a definite lack of judgment, discretion, and reliability.

The Security Hearing Board did not find, nor do I find, that Mr. Davies was disloyal in the sense of having any Communistic affinity or consciously aiding or abetting any alien elements hostile to the United States, or performing his duties or otherwise acting so as intentionally to serve the interests of another government in preference to the interests of the United States.

Under the present Executive Order on Security, it is not enough that an employee be of complete and unswerving loyalty. He must be reliable, trustworthy, of good conduct and character.

The members of the Security Hearing Board unanimously found that Mr. Davies' lack of judgment, discretion, and reliability raises a reasonable doubt that his continued employment in the Foreign Service of the United States is clearly consistent with the interests of national security.

This is a conclusion which I am also compelled to reach as a result of my review of the case.

I have reached my determination, as the law requires, on the basis of my own independent examination of the record. One of the facts of that record is the unanimous conclusion of the members of the Security Hearing Board that the personal demeanor of Mr. Davies as a witness before them, when he testified on his own behalf and was subject to examination, did not inspire confidence in his reliability and that he was frequently less than forthright in his response to

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questions. Conclusions thus arrived at by an impartial Security Hearing Board are, I believe, entitled to much weight, particularly when those conclusions are consistent with the written record which I have examined.

**Statement by John Paton Davies, Jr., November 5**

**Davies Statement**

Naturally, I cannot say that I am happy about the Secretary's decision. Nor can I say that I feel that there are adequate grounds for such a judgment. But the Secretary of State has more important problems on his hands than the reputation and future of one civil servant.

As a professional diplomat of some twenty-three years' standing, I am perhaps more aware than most of the magnitude of his problems. And with this awareness comes a determination not to add to them.

There has been enough recrimination. I am not prepared to add to it and thereby detract from the strength of my country in its mortal struggle with the Communist enemy.

So I shall not contest the Secretary's decision nor seek to compare my record with those of others. I must be content to let history be my judge. And to that end I have informed the Secretary that I would, personally, welcome release to the public of the whole record of my case, including my 1950 recommendations that we seek a preventive showdown with the Soviet Union.

I can hope that my departure from its ranks will add to the American people's confidence in their Foreign Service, which has been so unjustly undermined. If this is the practical result of my separation, I can have no real regrets over what is for me, personally, a melancholy outcome.

*Following is the text of a letter to Lieut. Gen. Daniel Noce, chairman of the security hearing panel,\* from John Paton Davies, Jr., explaining his views and activities while stationed in China a decade ago:*

Embassy of the United States of America, Lima  
Nov. 2, 1954

Dear General Noce:

I have had, amidst my regular duties, an opportunity to read the unclassified portions of the transcript sent me by the Security Council of the Department of State on Sept. 16, 1954. There were, of course, the expected stenographic errors. There were also certain obscurities regarding important issues. I shall attempt in this letter to comment on some of them.

What was American policy with respect to China during 1944 and the first nine days of 1945? This question, to which the board sought an answer, seems to have stemmed from the first broad accusation made against me in the Department's letter of charges—that I "actively opposed and sought to circumvent United States policy toward China." The answers that the board got from me and a number of witnesses do not appear on the record as coherent. There was confusion as to what was being discussed

\*The other four members of the board were: Henry F. Hurkley, Deputy to the Director for Plans and Readiness in the Office of the Defense Mobilization; Robert M. Koteen, legal assistant to the Federal Communications Commission; Floyd Springer, Jr., assistant to the Director of the Foreign Operations Administration; and Theodore G. Waale, Director of the Office of Procurement and Technical Assistance of the Small Business Administration.

—national policy formally enunciated in documents, directives issued to the theater commander, expressions of policy personally formulated by the Ambassador, directives issued by the theater commander, and the wishes of the Ambassador or theater commander regarding certain matters. My impression from reading such of the transcript as is available to me is that these various expressions of intention were not sorted out, with the result that the discussion was confused and sometimes at cross-purposes.

**He Outlines Policy**

In an effort to clarify this issue, I would say that, up to the time of my departure from China, I understood the national policy of the United States in respect to China to be the traditional policy developed over 100 years—embracing such doctrines as the equality of commercial opportunity, the "open door," and the preservation of China's territorial and administrative integrity—plus the wartime additions: That we should induce China to make a maximum contribution to the war against Japan and try to help China to come out of the war strong, independent, and on our side. I was, of course, heartily in accord with this national policy.

Implicit in our recognition of the National Government of China was a subsidiary policy of support of that Government and its leader, Chiang Kai-shek. I do not remember any explicit statement issued by the United States Government to the effect that its policy was to support the National Government of China and Chiang Kai-shek. At the same time, I do not believe that the board will find in any of my papers of the period under consideration any recommendation that the United States Government should withdraw support from the National Government of China or Chiang Kai-shek. I did believe, however, that the power relationship among the various Chinese factions was radically changing, that the National Government was steadily declining, that the Communists were steadily gaining, and that this trend was not likely to be reversed by anything we would be willing to do. Holding inflexibly to a policy that seemed doomed to collapse, I thought, would lead to serious damage to American national interests.

When a Foreign Service officer concludes that a policy is likely to betray our national interests, he can reason to himself that, as ultimate responsibility for policy rests with the top officials of the department, he need feel no responsibility for the course upon which we are embarked; furthermore, his opinions might be in error or misunderstood or misrepresented—and so the safest thing for a bureaucrat to do in such a situation is to remain silent. Or, a Foreign Service officer can speak out about his misgivings and suggest alternative policies, knowing that he runs serious personal risks in so doing. I spoke out.

**On Arming the Reds**

Subsidiary to the policy of inducing China to make a maximum contribution to the war against Japan was, as I recall and has been indicated, the policy of activating and supporting the maximum Chinese force, including Communist. If I am not mistaken, the Chinese Communist regulars carried the designation of Eighteenth Group Army of the Chinese National Forces. During my final months in China, the question was not whether the Communists should be armed but in what context. General Hurley's initial effort in this direction was in September and October, 1944, in the

framework of a united command. When that failed, he sought to create a coalition so that the Communists would be enabled to fight the Japanese more effectively—with our aid. The arming of the Communists was, I gather, also involved in a proposal advanced by General Wedemeyer's Chief of Staff, as a result of which General Hurley denounced that honorable officer to the President as disloyal. The board is familiar with my suggestion that the Communists be armed and is aware that it was so heavily qualified as to be, in retrospect, nonoperative.

As for directives issued to General Wedemeyer, I was not informed of any that he might have received, did not consider it proper that I should make inquiries on the subject, and did not do so.

By December, 1944, as I remember, General Hurley began to assert, without confirmation from Washington, that American policy was one of unqualified support of the National Government of China and the Generalissimo. This was a policy which, as I have said, seemed to me to be full of danger to American interests. In a sense, General Hurley was simply articulating a hitherto accepted assumption. On the other hand, it could be said that he was enunciating a policy just at the time its validity, its basis in the realities of a rapidly shifting situation, had become questionable.

General Wedemeyer assumably issued various directives to those under his command during the period I served him. I recall none.

I know that General Wedemeyer wished to improve relations between the American headquarters and the Chinese

military and civilian authorities. I was warmly in accord with this new approach, but I did not think that an essentially superficial change of this character would check the organic decay of the Nationalist position. While I was in full agreement with General Wedemeyer's wishes, I did not understand that they were meant to stop me from continuing to speak frankly in my contacts with American press representatives. I did not believe in misleading the American press—and through it the American public—nor do I think General Wedemeyer would have wished me to do so.

So much for "policy" from October, 1944 to Jan. 9, 1945, the period in which the board seemed to be most interested. I need not here touch upon the uncertainty regarding policy in Washington at this juncture—I mentioned it in my testimony.

#### *Separability of Communists*

May I turn to the question of whether I was the leading proponent in the department (presumably 1947-51) of the separability of the Chinese Communists from Moscow? This is a serious question. It touches upon one of the most important, if not the crucial problem confronting American diplomacy. If in our struggle with the Soviet world we are to win out without resort to war, a split in the Soviet-Chinese bloc would seem to be an essential prerequisite. Short of the overthrow of the Soviet regime, the most devastating political defeat that the U.S.S.R. could suffer would be Peking's defection from Moscow's camp. And if war were to occur, it can scarcely be denied that to have China standing aside from the conflict would be of considerable help to us.

Ten years ago, I believed that it was essential to our national interests to prevent the creation of a Soviet-Chinese bloc. After the bloc was formed, I believed—and continue to believe—that one of the major objectives of American grand strategy should be the fission of the Soviet-Chinese structure.

But the domestic political agitation over the "loss" of China, the understandable public shock over the discovery that there had been Soviet penetration of the American Government, and the defeatist assumption that the Communist camp is indivisible meant that the question of separating Peking from Moscow was explored only skittishly and no effort was made to bring about a separation. Perhaps it is fortunate that such was the case. Or, perhaps, we lost an opportunity to bring about a massive defection in the Soviet empire which would have shaken the Kremlin to its foundations and immeasurably improved our power position.

The answer to the original question is that I was not the leading proponent in the Department of State of the separability of the Chinese Communist. I knew no proponents of such a dogma. I did believe, however, that certain factors suggested such a possibility and that the question should be examined. I am not surprised that I have been denounced for this.

On the question of my reporting about China, I was asked whether some of my estimates were based on insufficient evidence. I agreed that they were.

#### *'Harsher Toward Myself'*

In so answering, I was applying perfectionist standards to myself. I was harsher toward myself than I think I would be toward others. It is true that, ideally, a Foreign Service officer should wait until all of the evidence is in before

making a judgment. But it is often the case, as in a battle, that to wait for all of the intelligence to come in is to be paralyzed while decisive events pass one by.

I felt that the board was troubled by the estimate I made of the Chinese Communists, politically and militarily. While the evidence was inadequate, it was all that I had. The urgency and gravity of the crisis which I believed to be descending upon us caused me to come to conclusions more quickly than I would have, had I not felt that time was so short. For the same reason, I stated my position more flatly than I otherwise would have.

Had I been more deliberate, had I waited for all the evidence to come in, I would not have made some of the errors evident in my memoranda. Nor would I have predicted well ahead of the event that, for example, the U.S.S.R. would move into Central Europe, that it would enter the Pacific war for its own strategic purposes, that a Soviet-Chinese bloc would ensue, that our strategic position in the Pacific would be critically affected when we again found ourselves at war in the Far East—when none of these ideas were finding general acceptance at that time among most other Americans. Instead, I would have, along with my compatriots, watched events overtake evidence.

In short, there do occur situations in which, if one is to anticipate events (which is expected of Foreign Service officers) and not function as a historian, one must speak up on the basis of inadequate evidence.

The board also seemed to me to be concerned over my submission of unevaluated reports, what is now termed raw intelligence, without labeling them as such or otherwise warning the department that I was not underwriting all that was reported. This concern, I neglected to observe in my testimony, seemed to me to be based on unfamiliarity with the traditional form of reporting in the Foreign Service. This reporting was a development of the classical diplomatic correspondence, which was often personal and discursive. The traditional exchanges between officials abroad and officials in the Department of State were between men who were often personally as well as officially acquainted with one another and who, therefore, were able to communicate back and forth with great intelligibility, yet without categorizing and labeling every paragraph. And each tended to make mental adjustments in his evaluations of what the other wrote, on the basis of his familiarity with the correspondent.

My contacts with the press during the war years in Chungking were largely confined to the American representatives of the American press. I saw them regularly. The theory given circulation in recent years that they were a clique is, in my opinion not valid, excepting as their living in the Chinese Government's press hostel forced them to reside together. Most were, so far as I could tell, able, well informed, individualistic, patriotic Americans. That they came to the conclusion that things were going badly in China was no more than recognition of facts that confronted one at every turn.

#### *Remembers No Leaks*

These press representatives were well aware of not only the situation which confronted American officials in China but also the issues of American policy. This situation was not unique in Chungking—I subsequently found it to be the case elsewhere in the world. In my relations with the

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American newsmen in Chungking I therefore did not insult their intelligence nor provoke their contempt for official American understanding by pretending that the situation was other than it was. My comments to them were, I believe, sober, discreet and moderate.

And, as the board knows, this briefing was not on my own initiative but on standing instructions. Thinking back over this relationship, I remember no leaks of official secrets from me. When one looks over the Washington scene, this is not an inconsiderable record.

Next—my relations with the Chinese Communists. I cultivated them. I did so for a purpose—to obtain information. I did so with the knowledge of my superiors and my American colleagues. It was an open relationship.

I hope that the trouble I have gotten into on this account will not deter other Foreign Service officers from developing and working Communist contacts. If they fail to do so, we shall have by our own action closed our eyes to close inspection of the enemy. The risks are real—not only that the Communist contacts play their practiced role of provocateurs—attempting to compromise the officer in the eyes of his own colleagues and superiors—also that he is misinterpreted and denounced by ignorant or unscrupulous fellow-countrymen. But these are risks that must, in the national interest, be taken—with the support of the top officials of the department.

The final issue regarding contacts is that raised by the list of names which, in my letter of charges, I was asked to speak to. It is an issue which has become vital—although not fully recognized—in our national life. Simply stated, it is the issue between the judgment of the individual citizen and that of the Government on whether certain of his contacts may be, in varying degrees, pro-Communist.

Now a number of people on the list presented to me are known Communists. Others were open fellow-travelers.

But some are persons who, aside from being listed as suspect or worse, I have no reason to believe are disloyal. Everything I personally know of these individuals indicates that they are decent, patriotic Americans.

Furthermore there are reasons based on my own experience over many years that cause me to hesitate to accept the derogatory assumptions at face value. I know that it takes misrepresentation or defamation by but one person to start governmental suspicion and mistrust. I know that denunciation inspires denunciation. I know that a grotesquely sinister picture of a man can be developed by this process. I know that the individual accused, especially if he is a private citizen, does not realize, until he is formally charged, the full scope of the accusations against him. I know that the accused is not told who all of his accusers are. (I am aware of who one of mine was only because, by accident, I saw him slinking in to testify "confidentially" about me.) I know that not all investigators are qualified for their jobs. And I know that easily disprovable derogatory material is without apparent check introduced into a man's file, that he can be charged on that basis, and that it is up to him to disprove the calumny.

So I may, perhaps, be forgiven if, when I am questioned about some of my contacts, I hesitate to agree that because there is derogatory information about them in the security files they are automatically to be regarded as pariahs. And when I am pressed to declare more positively under oath

my uncertain misgivings about a man, it is perhaps understandable that I have come to be squeamish about leveling the finger of accusation at, and thereby gravely injuring, one who may be blameless.

But this is only one side of the dilemma—the side of traditional American belief in friendship, fair play, and Christian respect for the individual.

On the other side is the necessity that a free society protect itself against the Communist conspiracy. This necessity I recognize and strongly believe in—the more so because of my first-hand experience in observing and reporting on it from our embassy in Moscow. The subtlety of this conspiracy and the subversion that it induces in our own society require, in my opinion, extraordinary measures to combat them. It is because I consider the Communist menace to be more subtly sinister than is generally recognized that I welcome the searching examination of my case made by the board.

As I have testified, I believe that, as a Government servant, I must subordinate my judgment about my contacts to that of the Government. I may not agree with the security agents of the Government that certain of my contacts are not suitable, but if the decision is that they are—then, so long as I am an employee of the Government, I accept that decision.

One of the difficulties for a Foreign Service officer in the present system is, as I inadequately explained in my testimony, that he is not officially informed what contacts are unsuitable. A Foreign Service officer can be, until he is suddenly accused, unaware that certain of his contacts are regarded by the Government as unsuitable, and he does not know with what degree of disfavor, if any, certain people who have been publicly attacked are viewed by the security officials. For if a Foreign Service officer must sever connections with everyone, American and foreign, about whom there has been or may be a derogatory report, then he will, of necessity, live in a useless vacuum. This additional occupational hazard to a Foreign Service officer and his family needs to be seriously studied and a solution sought.

Finally, I would like to say that I regret that so much of the testimony on the record is recriminatory. Particularly is this true of statements made about General Stilwell, a deeply patriotic and selfless soldier who, like all of us, had his failings and made his mistakes but whose contribution to his country was great. As I testified, I would not wish my case to be regarded any more favorably on account of any ill spoken of this man, no longer with us and unable to answer his detractors.

Surely, one of our greatest needs now in this time of peril is that Americans stand together. And while we must be vigilant and stern in defense of our security against the wiles and violence of the enemy, it seems to me that we must also remember and nourish the diversity and spontaneity which have made us inventive, productive and strong. For it is in this flux of freedom that our creativeness—and thus our positive security—has resided.

So we have a precarious balance to maintain—between restraint and liberty. The maintenance of this balance is a problem we have always had, but never in such crucial terms. For to lower our guard is to expose ourselves to infiltration and subversion, while to make restraints on liberty the main objective of security is to risk sterilization of our creativity and to pattern ourselves on the enemy—thus ceding him the easiest victory of all.