

PSF

China

July-Dec.
1944

China folder
1-114

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

July 3, 1944.

MEMORANDUM FOR

ADMIRAL LEAHY:

FOR YOUR INFORMATION.

F.D.R.

Letter to the President from Shang Chen
Chief of Chinese Military Mission to the
U.S. dated July 1, referring to letter
of June 12

(3244)

hms

China folder
1-44

THE WHITE HOUSE
WASHINGTON

July 10, 1944.

MEMORANDUM FOR

ADMIRAL LEAHY:

FOR PREPARATION OF REPLY.

F.D.R.

Letter from Shang Chen, Chief of the Chinese Military Mission to the U.S.A., 7/10/44, to President, enclosing English translation of cable dated 7/9/44 received from President Chiang Kai-shek, in re the Airfield at Luliang.

China folder
1-44

July 12, 1944.

PERSONAL

My dear Generalissimo:

My very old friend, His Excellency, Most Rev. Francis J. Spellman, D.D., Archbishop of New York and also Chaplain Bishop of the Army and Navy, is about to leave for many of our various fronts. I much hope that when he comes to your area you will have a chance to have a good talk with him. He is doing a splendid piece of work.

With my warm regards,

Always sincerely,

Generalissimo Chiang Kai-Shek,
Chungking,
China.

Copy filed - Spellman folder, dr. 4-44.

China folder 1-44

file

THE WHITE HOUSE
WASHINGTON

July 13, 1944

MEMORANDUM FOR

ADMIRAL LEAHY

Can you get this to the
Joint Staff before we leave? There
is a good deal in what the Generalissimo
says.

F. D. R.

Translation of let to FDR from Chiang
Kai-Shek 7/8/44 re personal representative
to adjust relations between Chaing and
Gen. Stilwell

PSF: China from 1.44

file 

CHINESE MILITARY MISSION
TO THE UNITED STATES
MUNITIONS BUILDING
WASHINGTON, D. C.

July 17, 1944

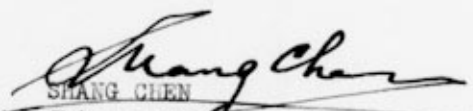
~~SECRET~~

My dear Mr. President:

In connection with the American Government's authorization to have 500 rocket launchers and 50,000 rockets made available for early shipment by air to China, to which reference is made in my letter of July 1st, may I report to you the receipt of a cable from my Government stating that the above-mentioned rocket launchers and rockets have already been shipped by U. S. Army planes from India to Kunming. These war weapons have been delivered to the authorized representatives of the Chinese Government and distributed to the different units for use.

My Government instructs me to express to you sincere appreciation for the promptness with which the rocket launchers and rockets were shipped.

Yours respectfully,



SHANG CHEN

Chief of the Chinese Military Mission
to the United States of America.

The President of the United States,
The White House,
Washington, D. C.

DECLASSIFIED
State Dept. Letter, 10-5-72

By R. H. Parks Date 10-10-72

filed 7/24/44

file
Personnel

This is the background of the accompanying cable from T. V. Soong:

T. V. Soong stands more than ever for the closest collaboration with the U.S.A., and is so regarded by both the civilian and military elements in China. In China he is doing all in his power to advance this trend. Moreover, he is working actively to bring about friendly relations with the U.S.S.R. and a progressive solution of China's internal problems. In fact the Generalissimo has recently indicated to T. V. that he was thinking of sending T. V. on a special mission to Moscow.

T. V. believes this object would be considerably advanced if he could have talks here in Washington under American auspices with the Soviet delegates to the August 3rd conference.

In connection with the accompanying cable T. V. has indicated that if you sent a message to the Generalissimo showing you felt it would be helpful to have the meeting attended by Foreign Ministers in person, Chiang would send T. V. to Washington to the August conference on a short mission. As the leader and symbol in China of the movement for international collaboration, his attendance might be most helpful.

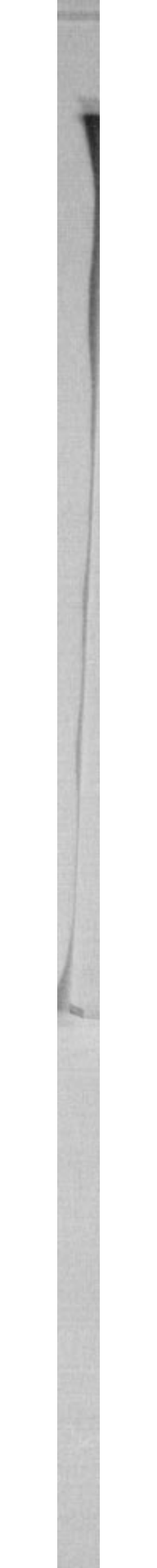
COPY OF TELEGRAM FROM DR. T. V. SOONG TO HARRY PRICE, A CONFIDENTIAL
AIDE IN WASHINGTON

IF IT IS CONVENIENT FOR PRESIDENT TO CABLE GENERALISSIMO SPECIALLY
INVITING ME TO ATTEND AUGUST THIRD U.S.A.--BRITAIN--CHINA CONFERENCE ON
POST-WAR SECURITY, THINK THERE IS GOOD CHANCE MY MAKING SHORT VISIT U.S.A.
ESPECIALLY IF IT IS POINTED OUT THAT THIS MAY BE GOOD OPPORTUNITY TO
EXCHANGE VIEWS ON CHINESE RUSSIAN PROBLEM.

Grace _____ Tom Corcoran

wants this to be put in
the Presidents hands _____

by



Chiang Kai-shek

羅斯福總統閣下

國民政府軍事委員會緘

中華民國三十三年六月十七日

濺用會員委事軍府政民國

之見解均請孔博士晉見閣下面述之在
瞭闕於我中國現時作戰之情況及余個人
國政治經濟及財政各方面之情形充分明
博士與余始終共事凡十六年於茲對於中
特行政院之院務此當為閣下所熟知孔
院院長多年而最近數年以來則代余主
前來訪問貴國孔博士曾任我國行政
羅斯福總統閣下茲特囑孔祥熙博士

陸軍委員會用牋

之代表請閣下予以最大之信任而與之
大之成就孔博士實為余個人最堪信託
余與閣下間之友誼合作深信必有重
命至為重要對於增強我中美兩國以及
故彼此時之前赴貴國訪謁閣下其使
孔博士留在國內事實上彼實不能遠離
閣下者亦將託其詳陳我中國此時需要
彼旅美期間余如有機密事項欲奉達於

陸軍委員會用牒

中華民國三十三年六月十七日

蔣中正

健康

台察為幸敬頌

代表商決一切敬祈

最有深切之瞭解余特授權於彼負責

開誠商討孔博士對我中國政府之政策

府 政 民 國

Translation

President Franklin D. Roosevelt
The White House
Washington, D.C.

My dear Mr. President:

As you probably know Dr. Kung was for years President of the Executive Yuan and for the past few years has been acting for me in the Executive Yuan. He has worked uninterruptedly with me for sixteen years and is fully versed in all matters political, economic and financial in China. I have asked him to lay before you certain aspects of the war situation as they exist in China and my reactions to them. During his visit to America I hope to send to you through him confidential telegrams as such necessity arises.

Much as Dr. Kung is needed in China I feel that his mission to you to America is of such importance to continued happy and closer collaboration between our two countries and between us that I take much pleasure in sending him as my personal representative in whom you may repose the utmost trust and confidence. As he knows so well to none my government's policy I have empowered him to consult to any and all decisions that you both may see fit.

With my warmest personal regards.

Yours truly,

(Signed by) Chiang Kai-Shek

China folder 1-44

file

H. H. KUNG
MINISTER OF FINANCE

August 2, 1944.

The Honorable Franklin D. Roosevelt
The White House
Washington, D. C.

My dear Mr. President:

On July 26 I received a telegram, dated Chungking July 23, for you from President Chiang but I was told that you were not in Washington. Since I do not know when you will be back I have now decided to send it to the White House with the hope that it will be forwarded to you, instead of waiting to deliver it to you in person.

I shall appreciate it if you would let me know when it will be convenient for you to see me. In the meantime I hope you have a pleasant trip, notwithstanding the heat.

With kindest regards.

Yours sincerely,

H. H. Kung

Enclosure: one

(TRANSLATION OF TELEGRAM FROM CHUNGKING)

July 23, 1944.

The Honorable Franklin D. Roosevelt
The White House
Washington, D.C.

My dear Mr. President:

I was in receipt of your telegram and I read with great care your suggestion which was made as a result of your great concern over the military situation in China. I fully realize the close friendship between China and America and also the mutuality of their interests. Accordingly I had given this matter my very careful consideration and I feel that I should tell you frankly the result of my study. I have given my views to Dr. Kung requesting him to convey them to you in person and I shall much appreciate if you would arrange for him to call on you at your earliest convenience so that he can report to you in detail.

With my kindest personal regards,

Yours sincerely,

signed by (Chiang Kai-shek)

China folder 1-44

file

MINISTRY OF FINANCE
NATIONAL GOVERNMENT OF CHINA

Washington, D.C.
August 13, 1944.

President Franklin D. Roosevelt
The White House
Washington, D.C.

My dear Mr. President:

I came here a few days ago hoping to have the pleasure of seeing you when you come back from the trip. But, as I need more time I was told that the pressure of work on your return may prevent you from seeing me earlier than August 23 or 24. I am therefore going to New York for a physical check-up and hoping to have the opportunity to call on you next week.

I have pleasure in enclosing a telegram which President Chiang has requested me to forward to you.

With best personal regards,

Yours sincerely,

H. H. Hsiang

TRANSLATION OF TELEGRAM FROM CHUNGKING DATED August 12, 1944.

President Franklin D. Roosevelt
The White House
Washington, D.C.

My dear Mr. President:

I am glad to receive your telegram dated August 10.

The views which I requested Dr. Kung to convey to you personally were reached after most careful and comprehensive consideration. Being anxious to effectuate your proposal regarding General Stilwell, I have already taken positive preparatory steps with the great hope that it can be expeditiously realised within a short period of time. However, as this proposal will not only involve the success or failure of the China War-Theater, both militarily and politically, but will have a far-reaching effect on the future course of Sino-American co-operation and the whole situation in the Far East, every effort must be made to ensure its being carried out without the slightest hindrance. It is, therefore, necessary to have first adequate preparation and thorough deliberation for the actual implementation of such a proposal in order that it will bring about substantial improvement to the entire war situation.

I learn with pleasure that you are sending General Hurley as your personal representative accompanied by Mr. Nelson. Both General Hurley and Mr. Nelson are men of high standing and proved ability and I extend to them my warm welcome.

I am deeply touched by the sympathetic concern you expressed in your telegram over China's war situation, and I wish to assure you that I will do my utmost in successfully fulfilling my responsibilities in the China Theater.

In regard to the many pending problems, I hope you will discuss thoroughly with Dr. Kung with a view to their early solution.

Please accept the sincerest assurance of my highest consideration,

Chiang Kai-shek

DEPARTMENT OF STATE
THE UNDER SECRETARY

china folder
1-44

file

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August 15, 1944

S
The Secretary:

Subject: Matters for the President to
Raise with Dr. Kung.

Mr. Grew has prepared the attached memorandum for the President covering a number of subjects which the President may wish to cover in conversation with Dr. Kung when he sees him.

I feel you may want to forward it to the President.





DEPARTMENT OF STATE
WASHINGTON

August 15, 1944

MEMORANDUM FOR THE PRESIDENT

SUBJECT: CONVERSATION WITH DR. H. H. KUNG.

It is probable that Dr. H. H. Kung will wish to call on you soon. There are suggested below certain topics which you may wish to discuss with Dr. Kung.

The Department has recently received a somewhat encouraging report that the Generalissimo has taken steps to form a committee of high ranking officials to study the Chinese Communist problem with a view to arranging a settlement. You may wish in this connection to mention your telegram of several weeks ago to Chiang in which, on the basis of Vice President Wallace's report of his conversations in Chungking, you telegraphed Chiang expressing satisfaction over his statement that only political means would be used to settle with the Communists and his statement that he desired a betterment of relations between China and the USSR. You may recall that you expressed the belief to Chiang that a settlement with the Chinese Communists might facilitate any move toward better understanding with the USSR.

In the foregoing connection it is believed that, not only a settlement with the Communists is urgently desirable but that the Chinese Government should take steps to broaden the base of its support by bringing into the government influential non-Kuomintang elements. Ambassador Gauss has suggested the convocation of a national convention, representative of all elements in the country, with broad powers to direct national policy and to achieve a greater degree of unity and popular support than now exists in prosecuting the war. It is not believed that such action would radically change the situation in China with respect to the prosecution of the war but it would probably prevent further deterioration in the situation and might in some degree strengthen Chinese military resistance.

Dr. Kung in recent addresses in this country adopted an

encouraging



an encouraging and liberal viewpoint with regard to post-war commercial relations between China and American business interests. You may wish to mention to Dr. Kung that reports from China indicate an unsatisfactory situation with regard to Chinese laws and regulations to govern foreign enterprise in China. Americans find the regulations unnecessarily restrictive and lacking in clarity. For instance, it is understood that contemplated regulations for the establishment of foreign banks are so restrictive that it is unlikely that American banking institutions will attempt to establish branches in China. Furthermore, regulations governing restriction of foreign firms are found to be complicated and onerous. There is also a seeming Chinese conception that the principal task of the Government is to regulate and control the flow of American capital to China rather than to encourage that flow. In this connection Dr. Kung might be reminded of the famous statement of Li Ping, the ancient Chinese who constructed the irrigation works at Kwanhsien, Szechwan, several thousand years ago. He said: "Keep your dikes low and dig deep your ditches". In general, you might wish to express the hope to Kung that China will at an early date initiate concrete measures to clarify to American businessmen the basis upon which they may be able to operate in China, pointing out that the breadth and liberality of the basis upon which they may be able to operate will have much to do with the degree to which economic collaboration in the post war period, so much desired by both Americans and Chinese, will develop in a mutually beneficial manner.

Dr. Kung may mention the discussions at Bretton Woods regarding accounting and settlement for our military expenses in China for the period February - June 1944. (Mr. Morgenthau sent you an account of the discussions). Kung was offered US\$25,000,000 a month for the five month period and told that, although we consider this amount covered all expenditures on our behalf (except those for troop maintenance which Kung said China wished to bear), he might feel free to include a disputed four billion Chinese dollars for air field construction in a reverse Lend-Lease agreement which China might wish to negotiate with us. The question of rates of exchange was avoided in the discussions. It is suggested that you inform Kung that we consider that the foregoing terms are generous and that they are the best we intend to offer.

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

China folder 1-44
DIVISION OF
COMMUNICATIONS
AND RECORDS

MS-52

This telegram must be closely paraphrased before being communicated to anyone. (~~SECRET~~)

Chungking via Navy

Dated August 16, 1944

Rec'd 9:55 a.m., 19th

Secretary of State,

Washington.

1416, August 16, 11 a.m.

~~SECRET~~

Timberman reports to HQ under date August 15 he and Ringwalt (our 1409, August 15) had "conference" of one hour with Marshall Li Chi Shen substantially as follows.

"Li was informed by Ringwalt of "Embassy's hands off policy". In answer to question of United States backing by Li I said I could not answer as this was question for decision in Washington. I said my presence here was solely in connection with military situation. Li said Chinese people are discouraged by corruption in administration and by Chungking's neglect of the Army and that movement was intended only to serve needs of Chinese people; that 60% of taxes collected in area by Central Government with no local benefits and that there was no desire to fight in the Army and that Tenth Army fought only at Hengyang. Li said Chungking afraid to fight Generalissimo had forbidden recruiting army up to strength

and during

DECLASSIFIED

State Dept. Letter, 1-11-72

By J. Schauble ~~SECRET~~ FEB 7 1972

-2- #1416, August 16, 11 a.m., from Chungking via Navy and during past year some 40% had disbanded under pretext of cutting down expenses. Li said that he himself controlled all troops this area through loyal leaders and he would re-arm them, feed them and recruit them to strength. In regard to west China communications he was vague but stated he could use better administration and improve them. He sees no reason for armed conflict as soldiers he desires would not be in opposition to his movement. He said he intended to carry out his plans irrespective of Jap moves but thought that Japs would not move further south and if they attempt further offensive it will be aimed at Chungking or Kunming. Ringwalt requested that we be kept informed of developments in view of our interest in rapid defeat of Japs".

Timberman commented that he believed Li's main purpose was concerned with south-eastern China only but movement might spread elsewhere because of general discontent: that he was refreshed by Li's enthusiasm and candor; and that while Li did not indicate when he would move openly Ringwalt concurred in feeling this would occur within thirty days.

Two. Ringwalt reports same date through army as follows "irrespective whether aid is rendered by United States or dissident leaders elsewhere in this country
leaders

-3- #1416, August 16, 11 a.m., from Chungking via Navy.

leaders will proceed with South China plans according to head of committee and Kukong will possibly be seat. The "powers" of Kwangsi Kwangtung, Fukien and Hunan will "absolutely" support movement. It was reiterated movement not to set up permanent dissident Government but that present Chungking Government will end with resignation of Generalissimo and cause establishment democratic capable regime for real prosecution war and good of China. Pai Chung Hsi said left for Chungking to confer with Generalissimo. Political rather than military considerations have dictated solidarity operations this idea principally by 79 army according to Z force officers. Units returning from front are well equipped and in good physical condition".

GAUSS

EEC

WFS

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

China folder, 1-44
DIVISION OF
COMMUNICATIONS
AND RECORDS

SFG-392

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (~~SECRET~~)

Chungking via Navy

Dated August 17, 1944

Rec'd 1 p.m.

Secretary of State

Washington

DECLASSIFIED

State Dept. Letter, 1-11-72

By J. Schauble Date FEB 7 1972

1424, August 17, Noon

~~SECRET~~

According to reports from United States Military groups at Yen-an received by United States Army HQ here, Service has had repeated conversations with Chouco Lai and other principal Communist leaders and as result of endeavors to direct conversation to Marshal Li Chi Shen's movement, both Service and Barret believe that Communists here are ignorant of or not interested in his plans. They are also of opinion that Hu Tsung Nan and his group are so firmly loyal to Generalissimo that they were not even approached by Li.

HQ also states, presumably on basis of local information, that Lin Tsun Han who is still in Chungking professes that Communists are not participating with Li and that Mme Sun Yat Sen has refused to associate herself with movement after being approached by representatives of Li although she had stated that if movement were aimed at unification and reform and would guarantee minority rights both she and Lin Han would support it.

JJM NPL

GAUSS

"Personal"

August 19, 1944.

My dear Generalissimo:

This will introduce to you my two very good personal friends, General Hurley, former Secretary of War, and now a Major General; and Mr. Donald M. Nelson the head of the War Production Board.

General Hurley is to be my personal representative on military matters and you can talk to him with the utmost freedom. His principal mission is to coordinate the whole military picture under you as Military Commander-in-Chief -- your being, of course, the Commander-in-Chief of the whole area -- to help to iron out any problems between you and General Stilwell who, of course, has problems of his own regarding the Burma campaign and is necessarily in close touch with Admiral Mountbatten.

Mr. Nelson was, as I have written you, the head of Sears Roebuck Company, the largest distributing company for all manner of goods -- farm goods, industrial goods and household goods -- the greatest business of that kind in the United States. As soon as we got into the war he came to the Government in charge of the War Production Board and has made a splendid record in multiplying American production many fold, so that it has arrived at the point where we are talking not only of keeping the present production up, but of making plans for the restoration of this production to terms of peace. I think that you will find him extremely understanding and sympathetic.

(Copy of this letter filed - "Gen Cones "H" dr. 3-44 and Donald Nelson folder, dr. 2-44.)

- 2 -

He does not, of course, supersede the Secretary of the Treasury in matters of finance, but he has many original ideas and will quickly understand your economic policy.

In the case of both of them, I want you to feel free to talk to them frankly, as they are both literally my personal representatives.

Good luck -- and keep up the good work.

Always sincerely,

FRANKLIN D. ROOSEVELT

Generalissimo Chiang Kai-shek,
President of the Republic of China,
Chungking, China.

August 18, 1944.

Dear General Hurley:-

You are hereby designated as my personal representative with Generalissimo Chiang Kai-shek, reporting directly to me. Your principal mission is to promote efficient and harmonious relations between the Generalissimo and General Stilwell to facilitate General Stilwell's exercise of command over the Chinese Armies placed under his direction. You will be charged with additional and specific missions.

In carrying out your missions it is desired that you maintain intimate touch with the U. S. Ambassador to China, keeping him advised of your actions.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

Major General Patrick J. Hurley,
War Department,
Washington, D. C.

(copy of this letter filed - Gen Corres "H" ds. 3-44.)

August 18, 1944

Dear Don:

There is attached a formal letter authorizing your mission to China.

I consider the whole question of our economic relations with China to be one of utmost importance to this country. I am particularly anxious that the Generalissimo and his advisers in the economic field understand that we are not going in there as exploiters and yet I feel sure that we have a proper function to perform to help to put China on its feet economically.

I want you to extend to the Generalissimo my warmest personal regards.

I wish you great luck and will be anxiously waiting to get your observations and views.

Sincerely yours,

FRANKLIN D. ROOSEVELT

encl.

Mr. Donald M. Nelson, Chairman
War Production Board,
Washington, D.C.

(copy of this letter filed - Donald Nelson folder, dr. 2-44)

August 18, 1944

Mr. Donald W. Nelson, Chairman,
War Production Board,
Washington, D.C.

Dear Mr. Nelson:

I wish that you, acting as my personal representative, would go to China at once. Your mission will be as follows:

1. To secure from Generalissimo Chiang Kai-shek and his advisers their own estimate of the existing economic situation and what they think can be done about it.
2. To give the President and other appropriate government officials your own independent judgment as to the immediate economic situation with particular emphasis on the effect of China's present economy on her ability to continue prosecution of the war.
3. To make a study and analysis, with recommendations, of China's postwar economic conditions and with particular reference to the relationship of the United States Government to China's postwar economy. Proper consideration should be given to an exploration of what part of Japan's pre-war industrial exports could appropriately be utilized to foster China's economy.
4. To assure the Generalissimo and his advisers that this nation does not wish to dominate China's internal economy, but rather to take an appropriate economic interest with the full knowledge that China is a sovereign power, and that, in the long run, the Chinese people should dominate their own internal economy.

(copy of this letter filed - Donald Nelson folder, dr. 2-44.)

5. The mission should be concluded with a report and recommendations as to this government's economic policy toward China, with an indication as to what parts of their industrial economy would require public or underwritten loans on the one hand, and what parts of the economy could be assisted purely by private American capital, and the restrictions which should be placed on those investments by American citizens.

6. The American Ambassador to China should be kept fully informed by you.

7. The mission should be accomplished in from four to six months.

Sincerely yours,

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE
WASHINGTON

file

September 6, 1944

MEMORANDUM FOR THE PRESIDENT

Dear Mr. President:

Here is a copy of Mr. Jack Service's preliminary report on the Communist situation in North China.

Service is a member of the State Department Staff. He certainly makes some interesting observations.

H. L. H.

H.L.H.

encl.

China folder 1-44

Report No. 1

U. S. Army Observer Section
APO 879
July 28, 1944

Subject: First Informal Impressions of the North Shensi Communist Base

To: Commanding General, Fwd. Ech., USAF CBI, APO 879

Although I have been in Yen-an only 6 days, it seems advisable, in view of the availability of mail facilities and their future uncertainty, to try to record a few general first impressions of the Communist Border Region.

In spite of the shortness of the time we have been here, I have had opportunities to meet and talk to a number of Chinese friends, to meet three foreigners who have been resident in the Communist area for some time, and to meet most of the important Communist leaders. In addition I have had the chance to draw on the experience, impressions and notebooks of several foreign correspondents who have spent more than 6 weeks in Yen-an, during which time they have been given every sort of facility to interview personages and collect information.

My own experience is that one enters an area like this, concerning which one has heard so many entirely good but second-hand reports, with a conscious determination not to be swept off one's feet. The feeling is that things cannot possibly be as good as they have been pictured, and that there must be a "catch" somewhere.

It is interesting, therefore, that my own first impressions -- and those of the rest of the Observer Group -- have been extremely favorable. The same is true of the foreign correspondents, at least two of whom (Votaw and Forman) could not by any stretching of the term, have been called "pro-Communist" before their arrival. The spell of the Chinese Communists still seems to work.

All of our party have had the same feeling -- that we have come into a different country and are meeting a different people. There is undeniably a change in the spirit and atmosphere. As one officer, born and brought up in China, put it: "I find myself continually trying to find out just how Chinese these people are."

This difference in atmosphere is evident in many ways.

There is an absence of show and formality, both in speech and action. Relations of the officials and people toward us, and of the Chinese among themselves, are open, direct and friendly. MAO Tse-tung and other leaders are universally spoken of with respect (amounting in the case of Mao to a sort of veneration) but these men are approachable and subservience toward them is completely lacking. They mingle freely in groups.

Bodyguards, gendarmes and the claptrap of Chungking officialdom are also completely lacking. To the casual eye there are no police in Yen-an. And very few soldiers are seen.

DECLASSIFIED
State Dept. Letter, 1-11-72
By J. Schauble Date FEB 7 1972

There

There are also no beggars, nor signs of desperate poverty.

Clothing and living are very simple. Almost everyone except the peasants wear the same plain Chungshan type uniform of native cotton cloth. We have seen no signs of ostentation in dress, living, or entertaining.

Women not only wear practically the same clothes (trousers, sandals or cloth shoes, and often a Russian type smock), they act and are treated as friendly equals. Their openness and complete lack of self-consciousness is at first almost disconcerting. This does not mean familiarity: the spooning couples seen in parks or quiet streets in Chungking would seem as out of place as long gowns, high heels or lipstick.

There are a great number of young people, both men and women. This is natural with the universities and various Party training schools. But there is generally an air of maturity and seriousness about these students. They have little time, one learns, for loitering and they have most of them earned their higher training by hard work, generally for the Party. Those who are here are here because they want to be, and they expect work and a very simple life.

These students from all over China, many from the forward bases in the guerrilla zones, and the fact that one meets Government and military officials from all over North China, gives the feeling that this is a sort of nerve center of important happenings. Students continually talk of going back to the villages or the front to carry on their work.

Morale is very high. The war seems close and real. There is no defeatism, but rather confidence. There is no war-weariness. One gets a feeling that everyone has a job. The program to make every person a producer has a real meaning. Those who do not grow crops, work at something like spinning. Each morning we see our co-ed neighbors at the university at their spinning wheels outside their caves.

At the same time there is time for a great deal of talk and discussion. There are continual meetings.

This leisure is notable in the case of the Party leaders. One learns that they stay completely out of the Government and hold no routine tasks of this time-consuming character.

People do not talk of "going back to Shanghai" as soon as the war is over. People have made themselves at home here.

Toward the rest of China, the attitude is one of interest in conditions there but a sort of detached sympathy because they know that conditions are so much worse than here.

There is everywhere an emphasis on democracy and intimate relations with

DECLASSIFIED
State Dept. Letter, 1-11-72

By J. Schauble Date _____

the common people. This is shown in their cultural work which is taken very seriously. Drama and music have taken over the native folk forms of the country people of this area. Social dancing includes dancing of the local folk dance.

People are serious and tend to have a sense of a mission. But recreation is encouraged. One form of this, just mentioned, is social dancing. At the dinner given for us after our arrival, all the most important leaders joined in the dancing in the most natural and democratic manner.

There is a surprising political consciousness. No matter who one questions -- barber or farmer or room attendant -- he can give a good description of the Communist program for carrying on the war. We notice that most of the coolies waiting on us read the newspaper.

There is no tension in the local situation -- no guards when one enters the city, no garrisoned blockhouses on the hills (as were apparent in Lanchow in 1943). One hears nothing of banditry or disturbances in the country.

We saw a group of men marching down the road with no armed escort in sight. We were told they were new recruits.

There is no criticism of Party leaders and no political talk.

At the same time there is no feeling of restraint or suppression. Foreigners notice this particularly after they have traveled in Kuomintang North China. We are not burdened with people trying to question us under the guise of making friends. Our interpreters are available when we want them. No one bothers to lock their rooms. We walk freely where we wish. The correspondents have had no censorship.

The leaders make excellent personal impressions. The military men look and act like capable military men. Mao has more warmth and magnetism than would be expected from the generally poor pictures of him.

The general feeling is of calm self-confidence -- self-respect. General YEH laughed about the weapons of the Communist armies. "But," he said, "I won't apologize. It was all we had, and we fought with them." Things happen pretty well in a business-like way.

To the skeptical, the general atmosphere at Yen-en can be compared to that of a rather small, sectarian college -- or a religious summer conference. There is a bit of the smugness, self-righteousness, and conscious fellowship.

I had a little bit of this feeling during the first few days. Later I found myself agreeing with one of the correspondents, a man who has been long in China, when he said: "We have come to the mountains of North Shensi, to find the most modern place in China."

I think now that further study and observation will confirm that what is seen at Yenai is a well integrated movement, with a political and economic program, which it is successfully carrying out under competent leaders.

And that while the Kuomintang has lost its early revolutionary character and with that loss disintegrated, the Communist Party, because of the struggle it has had to continue, has kept its revolutionary character, but has grown to a healthy and moderate maturity.

One cannot help coming to feel that this movement is strong and successful, and that it has such drive behind it and has tied itself so closely to the people that it will not easily be killed.

John S. Service

Approved for transmission:

David D. Barrett
Colonel, G.S.C.

China folder - 44

DEPARTMENT OF STATE

THE SECRETARY

*Hull
Confidential*

September 9, 1944

MEMORANDUM FOR MISS TULLY

Attached are papers relating to a telegram to Ambassador Gauss in China, which Secretary Hull inadvertently brought back with him from the White House this morning. It is understood that the President indicated to the Secretary his approval of the telegram, and it has been sent.

C. W. Gray
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September 9, 1944

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C. W. Gray



DEPARTMENT OF STATE
WASHINGTON

September 7, 1944

MEMORANDUM FOR THE PRESIDENT

SUBJECT: DRAFT OF TELEGRAM TO AMBASSADOR GAUSS.

There is attached the draft of a telegram which it is proposed to send to Chungking authorizing Ambassador Gauss to make a serious approach to Chiang Kai-shek in regard to conditions in China.

Following is a brief of portions of the telegrams mentioned in the attached draft:

1159. The Ambassador suggests that it would be helpful if the Generalissimo called all factions (including the Communists) into a military council and appealed to them to accept with him joint responsibility for military operations, giving them assurances that he wished to eliminate from the military scene all internal political maneuvers.

1205. Ambassador Gauss feels that the situation can only be held together by radical measures to effect a united front in China representative of all parties and elements to share with Chiang the responsibility for renewed resistance. This would require a complete about face on the part of Chiang and the Ambassador does not know that other elements could be brought in even if Chiang agrees. He believes, however, that the step is worth trying and that it should be on the Presidential level through diplomatic channels.

1480. Chiang informed the Ambassador at some length of his feeling regarding Chinese Communists. His attitude was characterized by the same prejudice and distrust as he displayed in talking with the Vice President. He suggested that we tell the Communists to settle their differences with and submit to the National Government. Ambassador Gauss informed Chiang that we were not interested in the cause of the Chinese Communists; that we were interested in an early solution of the Chinese internal problem; that the Chinese Communists were reported to be supporting and following Kuomintang principles; and that there were many who believed that the Kuomintang had not kept its principles first and foremost in mind with the result that there was disaffection

in



in both military and other circles. The Ambassador then suggested to Chiang the formation of a responsible war council which might be effective in dispelling mistrust.

1373. Atcheson, Counselor of Embassy, in speaking to Dr. Sun Fo regarding a war council, said that the United States Government had been striving to build up China as one of the Big Four; that the United States wanted China to exert effective influence in the Far East for post-war stability and political and economic collaboration with the United States and other nations; but that China, which should actively help itself, was allowing the prospects for a great future to be jeopardized by deterioration not only in the military field but also in the domestic and international political scenes.

The Department agrees with Ambassador Gauss that the situation in China is very serious, that the suggested approach is worth trying, and that the approach should be on the Presidential level. With this idea in mind the attached draft telegram has been prepared for your approval. We have examined the matter from all angles. We are not, of course, convinced that the approach will obtain the desired results but we are convinced that no avenue of approach should be left unexplored which might prevent a further deterioration in the situation in China with resultant adverse effect upon our military operations.

There are attached two memoranda on China which I believe you will find very helpful in your consideration of the draft telegram.

DEPARTMENT OF STATE
DIVISION OF CHINESE AFFAIRS

August 28, 1944

S
Mr. Secretary:

Hereunder is a summary of a despatch (no. 2733) from Chungking transmitting and discussing a memorandum prepared by John S. Service, Second Secretary of Embassy. Mr. Service outlines, with competence and insight, the causes and character of the current weakness of the Chinese Government and makes recommendations with regard to United States policy to meet the situation. If you can spare the time, the covering despatch and memorandum will well repay a reading.

The Chinese National Government -- the instrument of the Kuomintang (National People's Party) -- having during its lifetime (i.e. since 1927) failed to adopt political measures to broaden its base of support or to institute economic reforms (largely in the field of land tenure and taxation), has under the stress of 7 years of war and in the face of growing popular opposition become progressively "narrow" in personnel and viewpoint and self-preservative in politics.

Today although there is widespread dissatisfaction with the Government, there is no well organized opposition unless the Chinese Communist group in north China can be so described. There are liberal groups, dissident military elements, and selfish provincial interests, but they lack cohesion and strong leadership. Restrictive measures of the Kuomintang have concentrated power in the hands of the ruling reactionary cliques.

The Kuomintang Government was able to accomplish a degree of unity in the country during the period 1930-1940 largely through the concentration of the taxing power in its hands and the use of the national revenues in obtaining the support of provincial military and political leaders. During this process of unification there continued to exist, in addition to the Chinese Communists, a widespread but unorganized liberal opposition to the undemocratic policies of the Kuomintang. The military blockade and economic deterioration (inflation) during the war have greatly reduced the Government's effective source of revenue and concomitantly its ability to retain provincial loyalty. The Government faces a threat arising from disintegration of authority due to political and military sectionalism and to popular unrest caused by economic stresses and dissatisfaction with restrictive political policies.

Resistance

Resistance to Japan now constitutes the Government's strongest, if not sole, claim to loyalty and cement for unity.

Chiang Kai-shek is, in the minds of the mass of Chinese, the personification of the spirit of resistance to Japan. For some years now Chiang has been able to retain his popularity in the face of the growing unpopularity of his Government. However, during the past year there has been a noticeable decrease in his popularity and he has come more and more to be associated in the minds of the critics with the shortcomings of his Government. By character and training Chiang shares the illiberal outlook of the cliques that surround him but he has in the past shown himself blessed with a degree of political acumen and flexibility which he may again employ to institute reform measures to broaden the base of the Government. There are no insuperable obstacles to the adoption of such measures. Settlement of the differences with the Chinese Communists, which now enervate political and military activity, could be reached if only there was a will on the part of Chiang to do so. A coalition national council, representative of all elements in the body politic, including the Communists, could be convened and given real authority. Such a council would have the immediate effect of broadening the base of popular support for the Government.

It is not anticipated that there will occur in the near future a political crisis in the Chinese Government or an economic collapse. It is anticipated that there will be gradual deterioration in the political and economic situations. The United States Government is confronted with the question, not whether it should do something, but what it should do. We cannot simply hope for improvement in China; we must work for it. We do not wish directly and actively to interfere in the internal affairs of China but we should overlook no opportunity to indicate to the Chinese Government the line of action we think it should take to strengthen itself and discharge its obligations now and in the post-war period. We should make clear our conception of the type of Chinese Government which we believe will make possible our close collaboration with China in military, political, and economic matters. In short, we should use our influence judiciously and consistently, bearing in mind Chinese nationalist susceptibilities, to guide China along democratic, cooperative paths.

DEPARTMENT OF STATE

DIVISION OF CHINESE AFFAIRS

August 9, 1944

Chungking's attached despatch no. 2733 of July 1 transmits a memorandum prepared by John S. Service, Second Secretary of Embassy detailed to General Stilwell's staff. The memorandum, together with the despatch, deserve careful attention as a timely and valuable discussion of the vital question: To what is Kuomintang incompetency leading and what may be done to save the situation?

Mr. Service's memorandum is well worth a full reading. It is summarized briefly in the Embassy's despatch.

The Embassy finds no reason to anticipate an "early" collapse of the Chungking regime or its negotiation of a compromise peace with Japan. It agrees with Mr. Service that "there is little more that we can now expect from China under present conditions", but adds that this statement is "to be qualified if there could be effected a complete change of heart in the Generalissimo, in the other leaders of party and government and in the important military generals who have in the past considered it necessary to coordinate their military operations with political maneuvers as a means of retaining their personal influence".

The Embassy reiterates its previously expressed views that our pressing Chinese problems are: (1) To increase our aid to China so that she might in time take an active rather than a passive role in the war; (2) to induce the Chinese to make such affirmative contribution to the war effort now as is in their capacity; and (3) to divert the Chinese Government from its Fascist-like tendencies into the direction of democracy to an extent that will make it easy and natural for us to cooperate with China after the war. With regard to (1), the Embassy feels that -- apart from possible further Japanese successes -- the Chinese military debacles in Honan and Hunan "have eliminated any strong possibility that China can be expected seriously to take up the offensive against the Japanese without a complete revitalization of the Chinese armies and their command". As regards (2), the Embassy feels that the Chungking Government's recent degree of cooperation in the construction of airfields and other American military projects and its consent to an American military mission to Yen-an are about all that can be expected "in the way of major cooperation in the prosecution of the hostilities against the enemy

unless---

unless....the Generalissimo would and could reorganize the political and military establishment into effective instruments devoted whole-heartedly" to the war effort.

In the opinion of the Embassy, "of incalculable long-range importance is the task of influencing the Chinese leaders into political and economic paths that will lead to Sino-American collaboration and mutual benefit in the kind of post-war world for which we are striving. The Generalissimo is the only instrument by which the present military and political situation can be improved; he is the principal instrument by which a change in present Chinese anti-democratic internal tendencies and illiberal international commercial and political tendencies can be effected. There is no one around him or in the Chinese Government who has the courage to talk honestly with him, to argue with him or openly to oppose him. A direct American approach would appear to be the only means open to us having possibility of quick success. If such approach should be decided upon it should, of course, be made not only in the plainest and frankest of terms (and in all friendliness) but must purport to issue from the highest American authority and to have unequivocally the fullest backing of the President and the American Government."

While Ambassador Gauss has already been holding conversations looking toward persuasion of the Generalissimo to reorient his policies along the general lines indicated by the Embassy in despatch 2733, it is believed that this despatch provides a helpful basis for further study of our policies with particular reference to the possible advisability of recommending specific measures such as those suggested by Mr. Service.

Summary of Memorandum by John S. Service,
Second Secretary of Embassy

(Submitted with Chungking's Dispatch No. 2733,
of July 1, 1944)

The situation in China is rapidly becoming critical. The Japanese gamble that slow strangulation would not force the Kuomintang to fight a people's war has been successful. The position of the Kuomintang and the Generalissimo is weakening and there is taking place a progressive internal breakdown. The Kuomintang is not only proving itself incapable of averting this debacle but its policies--internal, economic, foreign and military--are precipitating the crisis. The fundamental cause of this short-sighted bankruptcy of the Kuomintang policies is that, lacking the broad base of popular support, it is allowing the maintenance of its power to overrule all other considerations.

We must be concerned because these policies, unless checked by the internal opposition they evoke and by friendly foreign influence, seem certain to bring about a collapse which will be disastrous to our immediate military plans and our long-term interests in the Far East. We cannot afford to sacrifice our interests and withdraw from China.

China is dependent on the United States, and as the crisis deepens the Kuomintang must appeal to us for aid. It will be useless to continue giving this aid in the past haphazard manner. The crux of all important Chinese problems--military, economic, and political--is democratic reform. We must therefore base our support on a positive policy of attempting to further this democratic reform. Such a policy will benefit both ourselves and China, and will be welcomed by a majority of the Chinese people.

Successful democratization must be brought about by the latent forces within China. The implementation of our policy depends on close coordination of our activities in China, the tactful, indirect exertion of suggestive pressure on the Kuomintang, and the careful encouragement of these democratic forces.

September 7, 1944

MEMORANDUM FOR THE PRESIDENT

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CA:Vincent:MS

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

JCW

FEM-864

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (~~SECRET~~)

Chungking via War

Dated September 16, 1944

Rec'd 2:23 p.m., 17th.

Secretary of State,
Washington.

1567, September 16, 4 p.m.

~~SECRET~~ FOR THE SECRETARY AND THE PRESIDENT

One. I called on the Generalissimo accompanied
by Acheson afternoon fifteenth by appointment,
pursuant to our 1196, September 9, 4 p.m., and had
friendly conversation of almost hour and half. His
attitude was agreeable throughout and he obviously
strove to give appearance of being receptive to
suggestion and comment and even of ready, or
theoretical, concurrence. But I do not feel that
there has been any fundamental change in his attitude
toward the communist problem or that he has acquired
any realization that it would be practicable or
desirable to work for unity in China by other than
the means he has pursued through the years of disposing
of opposition and recalcitrance. There is reason to
believe that in the light of his limited background
experience

DECLASSIFIED

State Dept. Letter, 1-11-72

By J. Schauble Date

FEB 7 1972

-2- #1567, September 16, 4 p.m., from Chungking via War

experience and training, he does not have any realistic conception of either the character or uses of democracy.

As regards suggestion that I talk with the communist representative Lin Tsu Han he at first seized upon it as a springboard to ask that as a first essential I impress upon Lin that the Chinese communists must submit unconditionally to the principle of unified military command under the Generalissimo and to the political control of the National Government. I stated that while I could not of course mediate between the Kuomintang and the communists, I could appropriately express to Lin the views of the American Government in general in regard to the need of Chinese unity and the achieving wholehearted unity with the Kuomintang both for the sake of defending China from the Japanese and of China's future. The Generalissimo later raised question whether if proposed conversation with Lin should take place, communists might not publicize it for their own purposes perhaps to indicate that American Government was countenancing or supporting them or at least was mediating between them and National Government. I said that of course matter rested with the Generalissimo.

I would

-3- #1567, September 16, 4 p.m., from Chungking via War

I would undertake to talk with Lin only if Chiang so wished, and would await further word from him in the matter.

Two. As regards question of coalition war council or similar arrangement Chiang said he was already considering steps looking to that end but changed immediately to a dissertation on the Peoples Political Council now in session. Upon my mentioning that Peoples Political Council was purely advisory body he said he assumed that our suggestion did not contemplate change in government structure, something which should not be attempted at this time. I replied that I looked upon participation of minority parties in government as desirable; that a National Government is frequently resorted to in times of crisis; but my suggestion did not contemplate immediate reorganization of government but rather setting up of a War Council on which civilian and military leaders of other parties or groups would participate to face the problems of the present situation, and to share responsibility. I hoped that in this manner the distrust now so evident between KML and communist could gradually be dissipated and from

-4- #1567, September 16, 4 p.m., from Chungking via War

and from there on the unification of China could go on to a more satisfactory basis in due course, but the Council should in my opinion have both authority and responsibility, responsibility being the sobering element in a council of factions established to meet a crisis. Chiang said again that he was "considering steps" and expressed hope that "time would come" when representatives of parties other than Kuomintang could be taken into the government.

Three. Whether expected early fall of Kweilin will result in crystalization of so called southeast joint defense movement is unknown. Meantime our impression from Chiang's remarks is that he is not actually taking any steps to bring the dissident military and other elements into line with the government except as subordinates to himself who must unquestionably obey his orders. From our various sources we have had no indication that anything constructive is being attempted or accomplished except that the Lim Hi Sen group in the southeast is reported to have been persuaded not to make an open break with the government at this time for the

sake of

-5- #1567, September 16, 4 p.m., from Chungking via War
sake of China's interests as a whole and that as the
Japanese campaign progresses they may move eastward
and in their isolation merely set up some kind of
autonomous organization without publicizing it.

Hurley and Nelson were informed of your 1196.
Stilwell was absent from Chungking.

GAUSS

NPL

file

Chungking, September 18, 1944.

President Franklin D. Roosevelt,
The White House,
Washington, D.C.

My dear Mr. President,

The visit of Major-General Patrick Hurley and Mr. Donald Nelson to China has not only been of great benefit to my country in the spheres of military affairs and economic reconstruction but will also lay a firm foundation for military, economic and political cooperation between China and the United States in the future.

I am most grateful to you, Mr. President, for having sent Major-General Hurley and Mr. Nelson to China. I have already had many talks with them during which views have been frankly exchanged, and in addition I have instructed my colleagues to hold conferences with them at which many problems were discussed in detail. In spite of the pressure of my work, I have been able to arrange to confer with them from time to time. The important contributions they have made to China have caused me to feel that China's military and economic situation would be far better today if they had come to this country one or two years earlier.

The proposals which Mr. Nelson has made for China's economic reconstruction meet with my full endorsement. Although Mr. Nelson is returning to the United States, I hope you will send him back to China again as soon as possible, preferably within one month, to work together with me in order to plan for China's reconstruction in various fields both during and after the war.

I beg to inform you that I propose to invite Mr. Nelson to serve as chief adviser to China's War Production Board and I earnestly hope that you will kindly consent to this arrangement.

I am still continuing to confer with Major-General Hurley concerning military cooperation. I can assure you that I shall lose no time in discussing with Major-General Hurley all plans and measures which are calculated to strengthen our war effort against Japan and I shall put them into speedy execution in accordance with your wishes.

Other matters will be reported to you personally by Mr. Nelson upon his arrival in Washington. Hoping that this letter will find you in the best of health, I remain,

Sincerely yours,

(Signed) CHIANG KAI-SHEK

China press 1-44

EXECUTIVE YUAN
NATIONAL GOVERNMENT OF CHINA

file

September 19, 1944.

My dear Mr. President:

I am glad to learn that you have returned from Quebec. We of East Asia, especially China, have followed with particular eagerness your conference with Prime Minister Churchill, for it is upon the momentous decisions which you reached that the people of Asia place their hopes of swift victories over the common enemy. I would venture to add a few observations which I trust may be helpful at this stage when those decisions are awaiting implementation.

You have undoubtedly been informed of the latest developments in the China theatre, especially with regard to the Japanese advance on Kweilin. It is obvious that the present determined and intensified drive of the enemy is calculated on the one hand, to boost the morale of the Japanese home front by fresh military operations, and on the other hand, to complete a direct line of communication from Manchuria down to Singapore, with a view to ensuring the uninterrupted flow of supplies. Finally, the enemy seeks to render ineffective the American air bases in China and prevent the possibility of allied forces landing on the China

coast.

At this time when world attention is focused on the sweeping victories of Allied forces in Europe, the Chinese Army, its strength having been severely drained after more than seven years of continuous warfare, is battling on desperately, with flesh and blood, against greater odds than ever before.

After Pearl Harbor, when the Japanese war machine was at its height of triumph, the Chinese Army inflicted heavy defeats on the enemy and successfully defended strategic cities like Changsha for years against repeated assaults. Up to the present the Japanese have been prevented from establishing a single continuous line of communication from north to south which would have been of great strategic advantage to Japanese operations in the Southwest Pacific. At the same time the bogging down of a million Japanese soldiers in China made it impossible for the Japanese to push on to India after their conquest of Burma and Malaya, or move against Soviet Russia following the initial successes of the Nazis.

These facts are well known to you, though their significance is not generally realized by others. I have ventured to recapitulate them briefly because I feel they have to be borne in mind in order to have a proper estimate of China's contribution to the global

war effort and of the fighting strength of the Chinese Army. The military reverses which China has suffered in recent months are accounted for by the lack of supplies in materiel in the face of reinforced enemy operations and can in no way be attributed to any weakening of morale. These setbacks, however, speak sufficiently of the gravity of the situation which calls for immediate and effective assistance from China's allies.

The Chinese people have held on throughout the severest trials to wait for the day when the arsenal of democracy, which has hitherto abundantly supplied other allied powers, can equally furnish China with the necessary weapons of war. I understand that at the Cairo Conference plans were already laid for operations against Japan which were to be put into effect simultaneously with the opening of the front in Western Europe. Now with the imminent defeat of Germany, it is submitted that the time has come for the carrying out of the plan without further delay. If the present Japanese advances in China are not effectively checked and the enemy is allowed to entrench himself more firmly on the Asiatic mainland, the war in the Far East may be prolonged unnecessarily at the cost of inestimable sacrifices.

I have no doubt, Mr. President, that you have reached great decisions with Prime Minister Churchill concerning the phase of the war against Japan, but being aware of your constant concern about developments in the Far East, I have not hesitated to submit these observations for your consideration in the hope that we may have your assurance of immediate measures for meeting the grave situation now confronting us in the China theatre.

With high esteem and best regards,

I am, Mr. President,

Yours sincerely,

A handwritten signature in dark ink, appearing to read "H. H. King". The signature is written in a cursive style with a long, sweeping tail that loops back up towards the main body of the signature.

President Franklin D. Roosevelt
The White House
Washington, D.C.

China
~~Per~~ TST

September 24, 1951

Dear Herman:

I am enclosing two copies of
White House press releases containing Henry
Wallace's letter to the President on the
subject of his mission to China in 1944.

Sincerely yours,

GEORGE M. ELSEY
Administrative Assistant
to the President

Mr. Herman Kahn
Librarian
Franklin D. Roosevelt Library
Hyde Park, New York

HOLD FOR RELEASE

HOLD FOR RELEASE

HOLD FOR RELEASE

CONFIDENTIAL: The following correspondence from the President to the Vice President and attachments thereto are for automatic release at 7:00 p.m., E.D.T., Sunday, September 23, 1951. No portion, synopsis, or intimation may be published or broadcast before that time.

PLEASE GUARD AGAINST PREMATURE PUBLICATION OR ANNOUNCEMENT.

JOSEPH SHORT
Secretary to the President

September 22, 1951

Dear Mr. Vice President:

I am sending you a copy of a letter, together with certain documents, which I recently received from Mr. Henry A. Wallace.

These papers deal with the facts of Mr. Wallace's trip to the Far East in 1944, and the part played by his advisers on that trip. These papers deal with certain matters which may be of interest to the Senate and its Committees. I am therefore making Mr. Wallace's letter available to you for use in such ways as you deem appropriate.

Very sincerely yours,

HARRY S. TRUMAN

The Honorable
The Vice President of the United States,
Washington, D. C.

Farvue,
South Salem,
New York.
September 19, 1951.

Honorable Harry S. Truman,
President of the United States,
Washington, D. C.

Dear Mr. President,

During the last three weeks there has been considerable newspaper and radio controversy as to what part John Carter Vincent and Owen Lattimore played in my trip to the Far East in 1944. This controversy arose from certain testimony before the Senate Committee on Internal Security during August. Therefore I have decided to make available to you for what disposition you care to make of it the complete file of my reports to President Roosevelt on my Far Eastern trip in 1944. Parts of these reports were at one time looked on as secret but with the situation as it is today there is no reason why these reports should not be made available to the public. I shall, of course, take no steps to publish this letter myself but I wish you to feel completely free to handle it in any way which you deem will best minister to the welfare of the United States.

The following comments as well as the documents themselves should clear up any confusion as to what I was trying to do in China. The part of various individuals in my trip will also be made more clear. In March of 1944 I wrote Secretary Hull asking him to designate someone to accompany me on the projected trip and the State Department named John Carter Vincent, then Chief of the Division of Chinese Affairs. The OWI sent Owen Lattimore to handle publicity matters in China. I passed through Soviet Asia on my way to China but China where the situation was critical, formed the sole subject of my recommendations to President Roosevelt. These recommendations were contained in two related documents:-

First, a message drafted in Kunming, China on June 26, 1944 but which because of difficulties of communication from Kunming, was cabled to the President from New Delhi on June 28, 1944. This was divided into two parts, the first part being a quick resume of the political situation in China and of my talks in the days immediately preceding with Generalissimo Chiang Kai-shek; and the second part, a resume of the military situation, its implications and requirements.

Second, a formal report to President Roosevelt covering whole trip, including also certain longer term proposals about American policy in China which I presented in person at the White House on July 10, 1944.

These were the only documents originated by me and contained all recommendations of mine resulting from the trip. Mr. Vincent, of course, transmitted to the State Department the detailed, reportorial account of my conversations with the Generalissimo which have already been published in the State Department White Paper.

There has been testimony before the Senate Internal Security Committee that Messrs. Vincent and Lattimore were members of the Communist Party at that time and were relied on by the party leadership to "guide" me along the party line. Hence it is important to specify the parts that these two men took in the recommendations that I presented to President Roosevelt. As to Mr. Lattimore, he had no part whatever. He did not contribute to and to the best of my knowledge knew nothing about either the cable from New Delhi or the formal report to the President delivered in Washington. He offered me no political advice at any time sufficiently significant to be recalled now, and when we were together, he talked chiefly about scholarly subjects of common interest such as the history of Chinese agriculture and the relationship of the nomadic tribes with the settled peasantry.

Mr. Vincent as the designated representative of the State Department was naturally consulted by me when we were travelling together. Aside from serving as reporter at the meetings with Chiang Kai-shek, his most important part was his assistance in the preparation of the two-part cable sent from New Delhi. In Kunming, the knowledge I had already gained in Chungking of the urgency of the Chinese situation, and of the grave dangers of the Japanese offensive then going on in East China was heavily underlined by General C. L. Chennault's presentation to me of the current military picture. In the light of this presentation and in response to Chiang Kai-shek's request made of me on June 24 I decided to cable President Roosevelt on June 26. Mr. Vincent joined in the advance discussions of the projected cable, was present while it was drafted and concurred in the result. The finished cable was, of course, mine but I was disturbed by the fact that I was making far-reaching recommendations without having had an opportunity to consult the Theater Commander, General Joseph Stilwell. My recommendations were so drastic that Vincent would certainly have urged that I get in touch with General Stilwell if he (Vincent) had had objections. Instead Vincent concurred in the cables of June 28.

On the other hand, as both Mr. Vincent and Secretary of State Dean Acheson have stated, Mr. Vincent took no part in the preparation of my formal report to President Roosevelt on July 10 and to the best of my knowledge was not aware of its contents. I wrote the July 10 report myself and went alone to the White House to present it to the President. In doing the work of writing I made use of various memoranda which had accumulated during the journey, some no doubt from Vincent. However, the strongest influence on me in preparing this final report of July 10 was my recollection of the analyses offered me by our then Ambassador to China, Clarence E. Gauss, who later occupied one of the Republican places on the Export-Import Bank Board.

With regard to the two-part Kunming-New Delhi cable of June 28, it should be said that the military recommendations contained therein were the most important contribution I made while in China. These recommendations were that China be separated from the command of General Stilwell, that General Wedemeyer should be considered in the choice of a new military commander in China, and that the new commander should be given the additional assignment of "Personal representative" of the President at Chungking. The name and record of General Wedemeyer are enough to indicate that the purport of these recommendations was the opposite of pro-communist.

Some months later the change of military command I proposed to the President was carried out at the most urgent plea of Chiang Kai-shek. History suggests that if my recommendations had been followed when made, the Generalissimo would have avoided the disasters resulting from the Japanese offensive in East China later that summer. And if Chiang's government had thus been spared the terrible enfeeblement resulting from these disasters, the chances are good the Generalissimo would have been ruling China today.

The political section of the Kunming-New Delhi cable of June 28 should be read with the atmosphere of that time in mind. Much emphasis had been placed from the very beginning of the war on the primary importance of "beating the Japs", and by the spring of 1944 even the most conservative American publications were urging that the Chinese communists could contribute substantially to this end. Roosevelt talked to me before I left, not about political coalition in China, but about "getting the two groups together to fight the war". Chiang Kai-shek for internal political reasons had, on his own initiative so I was informed, opened talks between the Nationalists and the Communists but, so he told me, with no prospect for success. When I cabled the President that "the attitude of Chiang Kai-shek towards the problem is so imbued with prejudice that I can see little prospect for satisfactory long term settlement" I was referring not to "political coalition" but to this "military problem" of "getting the two groups together to fight the war." On the other hand, when I said that the disintegration of the Chungking regime will leave in China a political

vacuum which will be filled in ways which you will understand", I was, of course, warning against the possibility of a Communist political triumph in China.

The July 10 report does not recommend any political coalition between the government of Chiang Kai-shek and the Chinese communists. It was written, however, against a Chinese political background which is still quite unknown to most Americans. In brief, one of the worst of several ills from which the Chungking government was suffering at the time, was the absolute control of all positions of political, military and economic power by an extreme pro-Asian, anti-American group within the Kuomintang. This was much emphasized by Ambassador Gauss who plainly stated that this group in Chungking was doing the Chinese communists' work for them. The more Western-minded, more efficient and more pro-American Chinese Nationalist leaders had been so completely driven from power that Dr. T. V. Soong's appearance as interpreter at my talks with the Generalissimo was authoritatively reported to be his first emergence from a sort of informal house arrest, while the most highly praised of the Chinese Generals, General Chen Cheng, now Prime Minister in Formosa, had been dismissed from all command some months before. These facts are hinted at in my report to Roosevelt on July 10 in which it is noted as "significant" that "T. V. Soong took no part in the discussions (with the Generalissimo) except as interpreter", while General Chen Cheng is mentioned along with Generals Chang Fa-kwei and Pai Chung-hsi as the sort of men who might rally the Chinese armies to greater efforts.

In this concluding section of this final report to President Roosevelt on July 10, a coalition is in fact suggested but not with the Communists. Instead President Roosevelt is urged to use American political influence to "support" the "progressive banking and commercial leaders", the "large group of western trained men", and the "considerable group of generals and other officers who are neither subservient to the landlords nor afraid of the peasantry." In short I urged President Roosevelt to help the Generalissimo's government to help itself, by bringing back to power the better men in the Chinese Nationalist ranks. These better and more enlightened Nationalists, being more able to stand on their own feet, were somewhat more independent of the Generalissimo than the extreme pro-Asia groups. Hence it was necessary to point out to President Roosevelt that if the desired changes were made in the Chinese Nationalist government, the Generalissimo's future would depend on his "political sensitivity", and his ability to make himself the real leader of the reconstituted administration. Internal reform at Chungking was, in short, my proposed means of avoiding the "revolution" and insuring the "evolution" that are referred to earlier in this report of July 10. It is worth noting that the Generalissimo must have been thinking along parallel lines, since the extremists began to lose their control and Dr. Soong and General Chen Cheng were brought back to power by the Generalissimo himself during the same month that I rendered my report to President Roosevelt.

Such were the recommendations, such was the direction of the influence of my trip to the Far East in the spring of 1944. During the years immediately following the end of the war my thinking about Chinese problems underwent a sharp change. My views during this later period are known as are now my views in 1944. Recent events have led me to the conclusion that my judgment in 1944 was the sound judgment. I append herewith a copy of the two-part Kunning-New Delhi cable of June 28 in the War Department paraphrase given to me when I returned to Washington and of the final report to President Roosevelt of July 10 as presented by me to him.

Wishing you health and strength in shouldering
the tremendous burdens ahead,
Mrs. Wallace joins me in asking you to
convey to Mrs. Truman and Margaret
our best regards,

Sincerely yours,

HENRY A. WALLACE

July 10, 1944

The President

The White House

Dear Mr. President:

I am handing you herewith a report on my trip to the Far East.

Sincerely yours,

H. A. Wallace

- - -

10 July 1944

SUMMARY REPORT OF VICE PRESIDENT WALLACE'S VISIT IN CHINA

Our first stop in China was at Tihua (Urumchi), capital of Sinkiang province. The Governor, General Sheng Shih-tsai, is a typical war-lord. The Government is personal and carried out by thorough police surveillance. Ninety percent (90%) of the population is non-Chinese, mostly Uighur (Turki). Tension between Chinese and non-Chinese is growing with little or no evidence of ability to deal effectively with the problem. General Sheng, two years ago pro-Soviet, is now anti-Soviet, making life extremely difficult for the Soviet Consul General and Soviet citizens in Sinkiang.

There seems little reason to doubt that the difficulties in the early spring on the Sinkiang-Outer-Mongolia border were caused by Chinese attempts to resettle Kazak nomads who fled into Outer-Mongolia, were followed by Chinese troops who were driven back by Mongols. The Soviet Minister in Outer-Mongolia stated that Mongolian planes bombed points in Sinkiang in retaliation for Chinese bombings in Outer-Mongolia. He did not appear concerned regarding the situation now.

Soviet officials placed primary responsibility on General Sheng for their difficulties in Sinkiang but our Consul at Tihua and our Embassy officials felt that Sheng was acting as a front for Chungking, willingly or unwittingly. Sinkiang is an area which will bear close watching.

Due to bad weather at Chungking, we stopped for two hours at the large 20th Bomber Command (B-29) airfield near Chengtu. The first bombing of Japan had taken place only a few days before. We found morale good but complaint was freely made of inability to obtain intelligence regarding weather and Japanese positions in north China and leak of intelligence to the Japanese.

Summary of conversations with President Chiang Kai-shek is contained in a separate memorandum. Principal topics discussed were: (1) Adverse military situation which Chiang attributed to low morale

due to economic difficulties and to failure to start an all-out Burma offensive in the spring as promised at Cairo; (2) Relations with the Soviet Union and need for their betterment in order to avoid possibility of conflict (Chiang, obviously motivated by necessity rather than conviction, admitted the desirability of understanding with USSR, and requested our good offices in arranging for conference); (3) Chinese Government-Communist relations, in regard to which Chiang showed himself so prejudiced against the communists that there seemed little prospect of satisfactory or enduring settlement as a result of the negotiations now under way in Chungking; (4) Dispatch of the United States Army Intelligence Group to north China, including Communist areas, to which Chiang was initially opposed but on last day agreed reluctantly but with apparent sincerity; (5) Need for reform in China, particularly agrarian reform, to which Chiang agreed without much indication of personal interest.

It was significant that T. V. Soong took no part in the discussions except as an interpreter. However, in subsequent conversations during visits outside of Chungking he was quite outspoken, saying that it was essential that something "dramatic" be done to save the situation in China, that it was "five minutes to midnight" for the Chungking government. Without being specific he spoke of need for greatly increased United States Army air activity in China and for reformation of Chungking government. He said that Chiang was bewildered and that there were already signs of disintegration of his authority. (Soong is greatly embittered by the treatment received from Chiang during the past half year.)

Conversations with Ambassador Gauss and other Americans indicated discouragement regarding the situation and need for positive American leadership in China.

Mr. Wallace and Mr. Vincent called on Dr. Sun Fo and Madame Sun Yat-sen. Dr. Sun had little to contribute. He was obviously on guard. Madame Sun was outspoken. She described undemocratic conditions to which she ascribed lack of popular support for government; said that Dr. Sun Fo should be spokesman for liberals who could unite under his leadership; and advised Mr. Wallace to speak frankly to President Chiang who was not informed of conditions in China. Madame Sun's depth and sincerity of feeling is more impressive than her political acumen but she is significant as an inspiration to Chinese liberals. Dr. Sun Fo does not impress one as having strength of character required for leadership but the fact that he is the son of Sun Yat-sen makes him a potential front for liberals.

Mr. Vincent talked with Dr. Quo Tai-chi, former Foreign Minister and for many years Ambassador in London, and to K. P. Chen, leading banker. They see little hope in Chiang's leadership. Dr. Quo spoke in support of Sun Fo under whom he thought a liberal coalition was possible. Quo is an intelligent but not a strong character. K. P. Chen said that economic situation had resolved itself into a race against time; that new hope and help before the end of the year might be effective in holding things together.

Conversations with other Chinese officials in Chungking developed little of new interest. The Minister of Agriculture (Shen Hung-lieh, who incidentally knows little about agriculture) showed himself an outspoken anti-communist. General Ho Ying-chin, Chief of Staff and Minister of War, also an anti-communist, is influential as a political rather than a military general. Dr. Chen Li-fu, Minister of Education, a leading reactionary party politician, also had little to say. Ironically, he took Mr. Wallace to visit the Chinese Industrial Cooperatives which he is endeavoring to bring under his control to prevent their becoming a liberalizing social influence.

Conversations with provincial government officials were also without much significance. As an indication of political trends, there were unconfirmed reports that the provincial officials in Yunnan, Kwangsi, and Kwangtung provinces were planning a coalition to meet the

situation in the event of disintegration of central government control. In Szechuan province the Governor, Chang Chun, is a strong and loyal friend of President Chiang. The loyalty of military factions, however, is uncertain. In Kansu province the Governor, Ku Cheng-lun, is a mild appearing reactionary who, during his days as Police Commissioner in Nanking, earned the title of "bloody Ku."

Developments subsequent to conversations with Generals Chennault and Vincent in Kunming and Kweilin have confirmed their pessimism with regard to the military situation in east China. There was almost uniform agreement among our military officers that unification of the American military effort in China, and better coordination of our effort with that of the Chinese, was absolutely essential. It was also the general belief that, the Japanese having during recent months made China an active theatre of war, it was highly advisable to take more aggressive air action against such Japanese bases as Hankow, Canton, Nanking and Shanghai. However, the factor of loss of Chinese life at those places was recognized as an important consideration. It was the consensus that Chinese troops, when well fed, well equipped, and well led, can be effectively used. A number of Chinese generals were mentioned as potentially good leaders. Among them were Generals Chen Cheng, Chang Fa-kwei and Pai Chung-hsi.

In Outer-Mongolia there is considerable evidence of healthy progress, military preparedness, and nationalistic spirit. Soviet influence is without doubt strong but political and administrative control appear to be in the hands of capable Mongols. Any thought of resumption of effective Chinese sovereignty would be unrealistic. On the contrary, it is well to anticipate considerable agitation in Inner-Mongolia for union with Outer-Mongolia after the war.

Specific conclusions and recommendations regarding the situation in China were incorporated in telegrams dispatched from New Delhi on June 28 (copies attached).

We should bear constantly in mind that the Chinese, a non-fighting people, have resisted the Japanese for seven years. Economic hardship and uninspiring leadership have induced something akin to physical and spiritual anemia. There is wide-spread popular dislike for the Kuomintang government. But there is also strong popular dislike for the Japanese and confidence in victory.

Chiang, a man with an oriental military mind, sees his authority threatened by economic deterioration, which he does not understand, and by social unrest symbolized in Communism, which he thoroughly distrusts; and neither of which he can control by military commands. He hoped that aid from foreign allies would pull him out of the hole into which an unenlightened administration (supported by landlords, warlords and bankers) has sunk him and China.

Chiang is thoroughly "eastern" in thought and outlook. He is surrounded by a group of party stalwarts who are similar in character. He has also, reluctantly, placed confidence in westernized Chinese advisers (his wife and T. V. Soong are outstanding examples) with regard to foreign relations. Now he feels that foreign allies have failed him and seeks in that and the "communist menace" a scapegoat for his government's failure. His hatred of Chinese communists and distrust of the USSR cause him to shy away from liberals. The failure of foreign aid has caused him to turn away from his uncongenial "western" advisers and draw closer to the group of "eastern" advisers for whom he has a natural affinity and for whom he has been for years more a focal point and activating agent of policy than an actual leader.

At this time, there seems to be no alternative to support of Chiang. There is no Chinese leader or group now apparent of sufficient strength to take over the government. We can, however, while supporting Chiang, influence him in every possible way to adopt policies with the guidance of progressive Chinese which will inspire popular support and instill new vitality into China's war effort. At the same time, our

attitude should be flexible enough to permit utilization of any other leader or group that might come forward offering greater promise.

Chiang, at best, is a short-term investment. It is not believed that he has the intelligence or political strength to run post-war China. The leaders of post-war China will be brought forward by evolution or revolution, and it now seems more likely the latter.

- - -

POSSIBLE POLICY LINE RELATIVE TO LIBERAL ELEMENTS IN CHINA

Our policy at the present time should not be limited to support of Chiang. It is essential to remember that we have in fact not simply been supporting Chiang, but a coalition, headed by Chiang and supported by the landlords, the warlord group most closely associated with the landlords, and the Kung group of bankers.

We can, as an alternative, support those elements which are capable of forming a new coalition, better able to carry the war to a conclusion and better qualified for the post-war needs of China. Such a coalition could include progressive banking and commercial leaders, of the K. P. Chen type, with a competent understanding both of their own country and of the contemporary Western world; the large group of western-trained men whose outlook is not limited to perpetuation of the old, landlord-dominated rural society of China; and the considerable group of generals and other officers who are neither subservient to the landlords nor afraid of the peasantry.

The emergence of such a coalition could be aided by the manner of allotting both American military aid and economic aid, and by the formulation and statement of American political aims and sympathies, both in China and in regions adjacent to China.

The future of Chiang would then be determined by Chiang himself. If he retains the political sensitivity and the ability to call the turn which originally brought him to power, he will swing over to the new coalition and head it. If not, the new coalition will in the natural course of events produce its own leader.

PARAPHRASE OF VICE PRESIDENT WALLACE'S
MESSAGE TO THE PRESIDENT
DRAFTED IN KUMMING JUNE 26
AND DISPATCHED FROM NEW DELHI
ABOUT JUNE 28.

Message No. 1.

The discussions between the representative of the Chinese Communists and those of the Chinese Government are taking place in Chungking but the attitude of Chiang Kai-shek toward the problem is so imbued with prejudice that I can see little prospect for satisfactory long-term settlement. Chiang has assured me that only "political" measures will be used to reach a settlement.

Chiang expressed a desire for an improvement in relations with Russia and for our assistance in bringing about a meeting of representatives of China and Russia. I emphasized to him the importance of reaching an understanding with Russia.

The economic, political and military situations in China are extremely discouraging. The morale of the Chinese is low and demoralization is a possibility with resulting disintegration of central authority. With regard to the economic situation, there is little that we can do, and the Chinese appear incapable of coping with it. However, a general collapse does not seem imminent. Instability and tensions characterize the political situation with a rising lack of confidence in the Generalissimo and the present reactionary leadership of the Kuomintang. With regard to the military situation, I can only say that it might be worse. It is critical in Hunan Province. Potentialities and plans are in existence for stiffening China's defense south of the city of Hongyang but there is a serious threat that east China may be severed from contact with west China. Morale in remaining free China would of course be affected by such a development.

Prior to the receipt of your message of June 23 on the subject of a U. S. Army observer group proceeding to north China to obtain military intelligence, Chiang had informed me of his agreement to the dispatch of the group as soon as it could be organized. After receipt of your telegram I again discussed the matter in detail with Chiang. General Ferris, Chief of Staff in charge of General Stilwell's Headquarters at Chungking, was present and we obtained what should prove to be the full cooperation of Chiang in arranging for the early dispatch and effective operation of the group.

Chiang Kai-shek seems to be unsure regarding the political situation; bewildered regarding the economic situation, and, while expressing confidence in his army, distressed regarding military developments. Current military reverses are attributed by him to low morale caused by economic difficulties. He is convinced that a general offensive in Burma early this year would have bolstered the Chinese will to resistance and have prevented military reverses. He has assured me that the Chinese will continue to resist to the limit of their ability but he displays discouragement rather than optimism.

Our need is vital for a more vigorous and better coordinated United States Government representation in China. In its military and related political aspects our effort in China requires more positive direction and closer cooperation with the Chinese if this area is to be an effective basis of operations against the Japanese.

Message No. 2.

There is a strong probability that east China will be severed from west China in the near future. It is the general opinion that such a development can only be prevented by unforeseeable chance.

There are various estimates with regard to the rapidity with which the Japanese may be able to carry out their intentions. Although the time factor may be longer than most people seem to expect, I feel that we should be prepared to see all of east China in Japanese hands within three or four weeks.

The loss of east China will nullify our military effort in this area. It will also prove a violent political and economic shock to the Chungking regime.

China may be rendered almost valueless as an Allied military base unless determined steps are taken to halt the disintegrative process. Popular and military morale, both seriously impaired already, must somehow be strengthened. A new offensive effort must somehow be organized, primarily guerrilla in character probably.

It is necessary also to consider political factors. Disintegration of the Chungking regime will leave in China a political vacuum which will be filled in ways which you will understand.

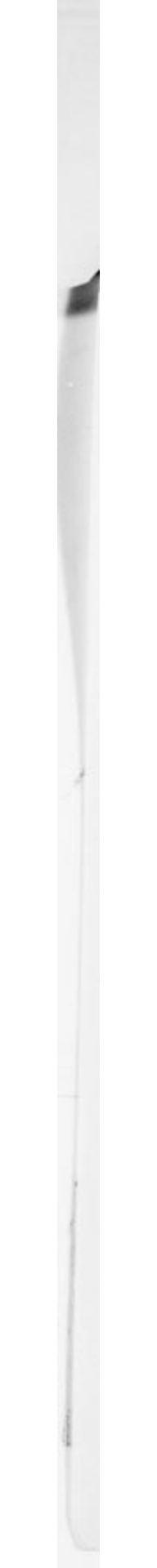
The foregoing picture has been drawn on the basis of the best available information to show you how serious is the situation. However, the situation is far from hopeless and may actually be turned to both military and political advantage if the right steps are taken promptly. The Generalissimo is alarmed, anxious for guidance, and, I believe, prepared to make drastic changes if wisely approached. Insecurity has undermined vested interests in the Government. It should be possible to induce Chiang to establish at least the semblance of a united front necessary to the restoration of Chinese morale and to proceed thereafter to organize a new offensive effort.

As I took leave of Chiang, he requested me to ask you to appoint a personal representative to serve as liaison between you and him. Carton de Wiart occupies somewhat the same position between Churchill and Chiang. In my opinion a move of this kind is strongly indicated by the politico-military situation.

An American General officer of the highest caliber, in whom political and military authority will be at least temporarily united, is needed. It appears that operations in Burma make it impossible for General Stilwell to maintain close contact with Chiang. Furthermore, Chiang informed me that Stilwell does not enjoy his confidence because of his alleged inability to grasp overall political considerations. I do not think any officer in China is qualified to undertake the assignment. Chennault enjoys the Generalissimo's full confidence but he should not be removed from his present military position. The assignment should go to a man who can (1) establish himself in Chiang's confidence to a degree that the latter will accept his advice in regard to political as well as military actions; (2) command all American forces in China; and (3) bring about full coordination between Chinese and American military efforts. It is essential that he command American forces in China because without this his efforts will have no substance. He may even be Stilwell's deputy in China with a right to deal directly with the White House on political questions or China may be separated from General Stilwell's present command.

Without the appointment of such a representative you may expect the situation here to drift continuously from bad to worse. I believe a representative should be appointed and reach Chungking before east China is finally lost so that he can assume control of the situation before it degenerates too far.

While I do not feel competent to propose an officer for the job, the name of General Wedemeyer has been recommended to me and I am told that during his visit here he made himself persona grata to Chiang.



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State Dept. Letter, 11178
FEB 7 1972
By J. Schambie Date _____

PSF: China folder 1-44

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DEPARTMENT OF STATE
WASHINGTON

September 25, 1944

MEMORANDUM FOR THE PRESIDENT

SECRET

SITUATION IN CHINA

The sum and substance of Chungking's attached telegram no. 1567 is (1) that Chiang Kai-shek deferred decision on the suggestion that he arrange for Ambassador Gauss to speak to the Communist representative in regard to the need for Chinese unity; (2) that Chiang, in response to the suggestion that he establish a coalition military council, replied that he was "considering steps"; but (3) that Gauss feels there has been no fundamental change in Chiang's attitude toward the Communist and related problems of unity.

The impression which Ambassador Gauss received of Chiang's reaction to our approach is not encouraging. However, it is believed that the approach was worth while. It put on record with Chiang our feeling with regard to the political situation in China. At the same time it may serve to influence him to make changes which by conviction he would never make, but which he may nevertheless make as a matter of expediency in response to advice from us.

During past months, although there has been a deterioration in the situation in China, some developments are encouraging: American press representatives were allowed to visit Communist areas in north China; an American military intelligence group has also been allowed to enter that area; press censorship has been relaxed; there has been an unusual degree of open discussion at the present session of the People's Political Council; and there is evidence that Chiang is taking steps to reform his Army. These developments have occurred largely as a result of American press criticism and friendly official approaches.

There is therefore reason to believe that a firm and consistent exertion of influence upon Chiang may be effective in at least bringing about an amelioration of unsatisfactory conditions in China. While no early and general improvement is anticipated, it may be possible to arrest further deterioration and prepare for more effective Chinese cooperation in future American operations in China and for cooperation between China and the USSR in the event of Soviet military action against Japan.



Enclosure (to original only):
Chungking's no. 1567.

CH

PSF: China

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NSD DIR. 5200.9 (9/27/58)

Date- 12-15-64

Signature- Carl F. Spicer

HEADQUARTERS FOURTEENTH AIR FORCE
A. P. O. 627, C/O POSTMASTER
NEW YORK CITY, NEW YORK
OFFICE OF THE COMMANDING GENERAL

In reply
refer to:

27 October, 1944.

The President,
The White House,
Washington, D. C.

Dear Mr. President:

Your kind letter of 2 October greatly encouraged me, as your letters always do. I am entirely confident that you will find a sound solution for the problem in China, complex and difficult though it is. Without wishing to be presumptuous, I would urge you not to lose heart by reason of what has occurred here to date. No doubt the situation is critical. No doubt strong measures are called for. Yet all my long experience in China is on the side of the conclusion that we still have it in our power to achieve all the aims of American policy in this area.

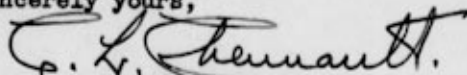
I have just heard, unofficially, from Chungking that General Wedemeyer is shortly to assume command of the China Theatre. In my judgment, you could have chosen no better man. He has vision, tact, generosity and strength of character--all the qualities needed to establish a good working relationship with the Generalissimo. I need not add that, for what it is worth, he will have my unqualified support. I predict that you will see signs of real progress before very long.

Since I suspect you may share my pleasure in Japanese shipping sinking and sunk, I inclose some photographs of the results of our Hong Kong raid on October 16, which we timed to follow up Admiral Halsey's great Formosa operation. A tabulation of the results is attached. In our small way, we also made them suffer.

In closing, if you will permit a personal word, I should like to say that I and all of us out here are inspired by the leadership which is carrying us from victory to victory in every quarter of the globe. We rely on it.

With warm personal regards, I am

Very sincerely yours,


C. L. CHENNAULT,
Major General, U.S.A.,
Commanding.

Incl:
Photographs
Tabulation of results

China folder 1-41

~~TOP SECRET~~

[Handwritten signature]

WAR DEPARTMENT
THE CHIEF OF STAFF
WASHINGTON

13 November 1944

MEMORANDUM FOR ADMIRAL LEAHY:

I believe it would be of interest to the President to read the attached message from Wedemeyer as he had a previous message from Hurley on this matter.

[Handwritten signature]
Chief of Staff.

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DDO DIR. 5200.9 (9/27/58)

Date- 6-22-66

Signature- *Carl L. Spicer*



~~TOP SECRET~~

TOP SECRET

10 November 1944

To: General Marshall

From: General Wedemeyer

CFB 25886 Eyes Alone for General Marshall from General Wedemeyer

1. There can be no doubt that the immediate situation in China is serious and continues to deteriorate. Kweilin is practically surrounded and the fall of Liuchow is imminent and the disorganization and muddled planning of the Chinese is beyond comprehension. We are taking steps to stabilize the situation and are striving to collect and dispose appropriate forces for that purpose. We have emphasized to the Generalissimo the serious implications of the loss of the Kunming area pointing out that we would lose important air bases and vital supply terminal. What I did not tell him but presume he realizes, and what we must bear in mind, is the fact that the loss of the Kunming area may result in the disintegration of China politically and militarily. If this should come to pass the approximate 25 Japanese divisions as well as massing air formations now contained in central and south China might be released for employment elsewhere including the Philippines and SEAC areas.

2. I agree in general with Hurley's message to the President relative to the existing situation in China, however, desire to submit the following specific comments on points raised in that message.

(A) The statement that the Chinese armies have the manpower but lack equipment and supplies should be considered in cases of following:

Back in the States one visualizes greatest reservoir of manpower available in China for military service. This should be so in a population of approximately 420,000,000 people. The fact that the country is not highly industrialized results in the use of a disproportionate number (by our standards) of able-bodied men in agriculture, industry and communications, all of which absorb enormous numbers of men. The enemy controls vast areas of China precluding altogether or restricting recruitment in such areas. Malnutrition, lack of hygiene, poor sanitation and deplorable medical service all contribute to reduce the number of men physically able to perform military service. Finally a sound replacement program simply does not exist for there are so many officials involved with their narrow and unscrupulous self interest that it has not been possible to mobilize forces in an efficient manner. General Hurley is correct when he states that the present Chinese military forces lack equipment and supplies. I should also add training.

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DDO DIR. 5200.9 (9/27/58)

- 1 -

Date- 6-22-66

TOP SECRET

Signature- *Carl L. Spicer*

TOP SECRET

(B) With reference to allocation of tonnage to the 14th U.S. Air Force and the role of air in the theater, I desire to state the following:

(1) The 14th U.S. Air Force has been allotted 14,170 tons for this month (November). Past allocations allowed:

October	11,876
September	8,426
August	10,456
July	12,180
June	12,537

It is not correct that VLR has received bulk of tonnage. General Hurley's suggestion to abandon all VLR operations here is too drastic. I suggest that theater commanders should be directed to make recommendations in the premises.

(2) Experience in China and other battle areas proves irrefutably that air operations strongly assist but do not stop enemy advances unless the conditions created by such air effort are promptly and vigorously exploited by Ground Forces.

(3) Allotment of tonnage to VLR bombing for month of November is 7,197 tons. Before recommending abandonment of all VLR operations in this theater, I should like to give the subject further study.

3. I would like you to consider the employment of VLR against less remote objectives for example 100 VLR's carrying maximum load could practically destroy and certainly seriously disrupt the focal point of Jap communications in Hankow. A similar strike might very profitably be directed against Shanghai and yet another feasible objective would be Canton.

4. I agree with General Hurley that we must bring about concerted effort by Nationalized Communist troops and believe that we should include the special Provincial Armies and prima donna war lords and governors of provinces. Whether this can be accomplished I am not now in a position to state. You may be sure the effort will be made to cut through red tape, circumvent intrigue and bring about the effective and concerted employment of any and all available means. We must not only stabilize the present situation and insure the retention of effective air bases remaining in areas under our control but we will plan operations air and ground that will contribute to our Pacific effort in consonance with my directive.

Franklin D. Roosevelt Library

DECLASSIFIED

DDI DIR. 5200.9 (8/27/56)

- 2 -

CM-IN-10154 (11 Nov 44)

TOP SECRET

Date- 6-22-66

Signature- *Carl L. Spicer*

PSF: China

~~Evans - C~~
3-44

File
Personal

November 15, 1944.

Dear Evans:-

I am delighted to see those letters. Things in Chungking look a little better, and I am hoping and praying for a real working out of the situation with the so-called Communists.

Take care of that arm. I hope to see you some day soon.

With my best wishes,

Very sincerely yours,

Lieutenant Colonel Evans F. Carlson,
R.F.D. Route #2, Box 353 E,
Escondido,
California.

PSF: China

Personal and Confidential

RFD Route #2, Box 353 E
Escondido, California
28 October 1944

Dear Mr. President:

The immediate occasion of this letter is to tell you how gratified I am over the news that an American military mission is actually working with the Chinese 18th Group Army at Yen-an. I realize that any effort to influence the trend of internal affairs of another country is an extremely delicate matter. In the case of China I have felt that there was some justification on the grounds that internal friction would impair China's war effort against Japan. I believe that the members of our military mission will become convinced, as I am convinced, that the leaders of the so-called Communist Armies of China are more trustworthy than are those of most of the Kuomintang units, and that they will be more useful in bringing to us the cooperation of the people when we commence military operations on the Asiatic mainland.

I enclose for your information a copy of a letter which I recently received from four of the top ranking officers of the 8th Route Army. Chu Teh is the Commander in Chief, and Yeh Chien-Yin is his Chief of Staff. Chow En-lai was formerly representative at Chungking. Nieh Yung-chen commands the Wutai Shan area of Shansi province.

Your speech at Chicago tonight was magnificent. The human mind is a fickle article and you reminded a lot of people of many of the accomplishments of the past twelve years which they are too prone to forget. In these past twelve years the cause of democracy under your leadership has made tremendous strides but at no time has your leadership been more sorely needed than it will be in the days when peace is being formulated.

I appreciated more than I can express your visit to me at the San Diego Naval Hospital. I am sorry that I have been unable to return to active duty before this, but a siege of malaria followed by jaundice retarded the healing of my arm. The medicos plan to do a bone graft in about a month, and I should be able to get back into the fray by the first of March.

With affectionate personal regards, I am,

Sincerely,

Evans F. Carlson
(My best left hand
signature!)

The Honorable Franklin D. Roosevelt,
President of the United States
The White House
Washington, D. C.

PSF: China

HEADQUARTERS OF THE EIGHTH ROUTE ARMY

Yenan
Shenkanning Border Region
China
August 14, 1944.

Colonel Evans F. Carlson
United States Marine Corps

Dear Colonel Carlson,

It is a long time since we have communicated and in the meantime the United States has gone to war against our enemy, you yourself have distinguished yourself repeatedly in action at the head of a force trained in partisan tactics and the spirit of the democratic people's war and finally, within the last few weeks, the first American officers have been coming to Yenan as Allies to work out ways of cooperation against Japan. It is with an American airplane that we send you this letter.

The coming of our American friends is an important and long desired event. We always knew, as you and other true friends of the Chinese people knew, that if we and our allies fought together and coordinated our activities our struggle would be more effective, that of our allies would become easier and the victory of our common cause would be accelerated. We were confident that nothing could keep the fight of our forces in the rear of the enemy and that of our allies apart indefinitely, and one of the causes of our confidence was the knowledge that friends like you, true representatives of American democracy, were speaking, writing and working to make the truth about our struggle and the opportunities for cooperation evident to all honest people who desire the defeat of Fascism.

We have had Americans in our regions before the arrival of the present American Observer Section under Colonel Barrett. Several of the brave pilots of the Fourteenth Air Force were forced down in our areas, six in the East River district of Kwangtung after bombing Hongkong, two in our Honan-Hupeh-Anhwei region after bombing Hankow, and one in the Wutai-shan region after attacking the Japanese on the Chengtai railway, and our army and people's forces were able to save all of them from the enemy and send them back to their base. Now we have the Observer Section, consisting of eighteen officers, here our mutual impression has been very good. After seeing the disintegration and defeat of Chinese forces elsewhere as a result of reactionary leadership they will be able to go to our fronts and see the situation when the people are given an opportunity to fight for themselves. Although the blockade continues and the disastrous policy of trying to fight the enemy by passively waiting for someone else to destroy him while actively struggling against the Communists and the Chinese people has not been abandoned, the facts of the war have brought about a first contact between us and America.

Many of your friends are now gathered in Yenan. We were proud of your successes and distressed to hear of your wound, from which we hope you have now fully recovered. We were happy to hear of your marriage which we hope will bring you joy. We have long wanted to send you a word of greeting and comradeship in the anti-Fascist struggle and now the opportunity has come. Please write and tell us of your life and work.

With warm friendship,

Chu Teh
Yeh Chien-yin

Chow En-lai
Nieh Yung-chen

Certified A True Copy:

Evans F. Carlson
EVANS F. CARLSON
Lt. Col., USMCR

PSF:China

RFD Route #2, Box 353 F
Escondido, California
28 October 1944

Dear Miss Tully:

I would appreciate it if you would hand the enclosed to the President. I believe contents may be of interest to him.

I hope all is well with you. The additional work and worry incident to the campaign certainly has not lightened your burden at a time when matters related to functional administration are so numerous and pressing.

It was awfully good to see the Boss when he visited me at the Naval Hospital in July. I thought he looked awfully well.

I am recuperating on a ranch some forty miles north of San Diego. Am feeling fit though my right arm still has to undergo a bone graft.

With kind regards, I am,

Sincerely,

Evans J. Carlson

Miss Grace Tully
The White House
Washington, D.C.

China folder 1-4-4
~~TOP SECRET~~

THE UNDER SECRETARY OF STATE
WASHINGTON

November 16, 1944

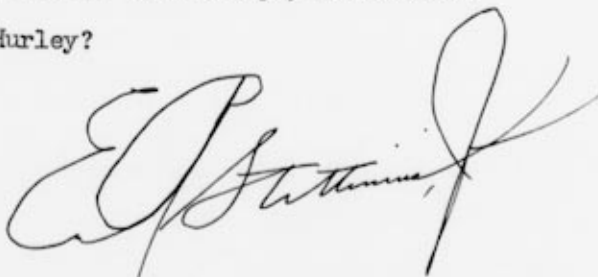
MEMORANDUM FOR MISS GRACE TULLY

Subject: Major General Patrick J. Hurley

Attached is a draft of a wire to go from the President to General Hurley, which I have prepared at the President's request.

If the President approves the wire I feel it should be sent through the map room, but it would be helpful if you could let me have a copy of the message as sent.

Would you please be good enough to ask the map room to notify me when a reply is received from General Hurley?



DECLASSIFIED

State Dept. Letter, 1-11-72

By J. Schauble Date _____

FEB 7 1972

~~TOP SECRET~~

DRAFT WIRE TO MAJOR GENERAL PATRICK J. HURLEY

If agreeable, would like to appoint you as Ambassador to China. Your intimate knowledge of the situation there, both from the military and diplomatic standpoints, I feel eminently qualifies you for this important post during these present critical times.

DECLASSIFIED

State Dept. Letter, 1-11-72

By J. Schauble Date FEB 7 1972

3714

hms

PSF China folder

1-44

THE WHITE HOUSE

WASHINGTON

November 20, 1944.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

Dr. Kung gave me the enclosed.

The letter from the Generalissimo of last January takes up specifically the Army expenditures but the memorandum of January 8, 1944 does seem to make it clear that General Marshall said the United States would bear the cost of labor and material of the Chengtu airdrome construction.

Will you take this up with Dr. Kung?

F. D. R.

(over)

THE WHITE HOUSE

Copy of telegram from the President to President Chiang Kai-shek, 1/28/44, etc. in re military expenditures in China.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

Dr. Kung gave me the enclosed.

The letter from the Generalissimo of last January takes up specifically

the Army expenditures but the memorandum of January 8, 1944 does seem

to make it clear that General

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material of the Chengde airbase

construction.

Will you take this up with

Dr. Kung?

F. D. R.

(over)

dent
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China folder 1-44

MEMORANDUM FOR THE FILES:

Letter from H. H. Kung, Executive Yuan, National Government of China, 11/16/44, to the President, in re U.S. Army expenditures in China and the Chengtu airfields, sent to the Secretary of the President as per notation "Secretary of Treasury - To read & return for my files. FDR".

11/28/44
hms

3727
lms

China folder 1-44

THE WHITE HOUSE
WASHINGTON

November 22, 1944.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE
TO DO THE NECESSARY

F. D. R.

Confidential letter from H. H. Kung, 11/19/44,
to the President, stating that President Chiang
would welcome General Patrick Hurley should he
be appointed Ambassador of the U.S.A. to China.

China folder 1-44

file →

~~SECRET~~

DEPARTMENT OF STATE
WASHINGTON

December 6, 1944

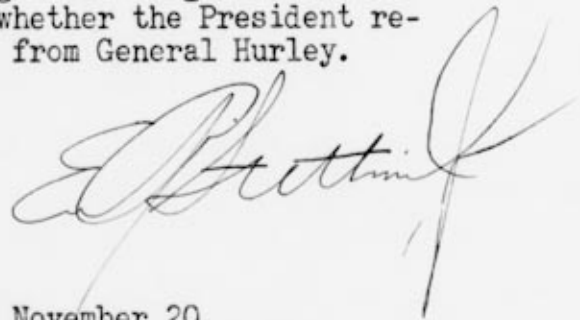
MEMORANDUM FOR MR. HOPKINS

Subject: Resignations of Dr. Kung and
other Chinese Officials

I am attaching copies of two memoranda which may be of interest to you in the light of your conversation of a week or two ago with Dr. Kung.

The memorandum on the Chinese Cabinet changes was written directly after the announcement but still represents in summary our best estimate of the development.

The other memorandum concerns the Generalissimo's objection to Dr. Kung's resignations from his other posts. You will note that the Generalissimo is reported to have asked General Hurley to advise the President of his continued confidence in Dr. Kung. Dr. Kung is said to be very curious to know whether the President received such a message from General Hurley.



Enclosures:

1. Memorandum of November 20.
2. Memorandum of December 4.

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State Dept. Letter, 1-11-72

FEB 7 1972

Page 1, Signature 17-

~~SECRET~~

November 20, 1944

SIGNIFICANCE OF RECENT CHINESE
CABINET CHANGES.

Chinese Cabinet changes are significant primarily as indicating that Chiang considers it necessary to make at least a gesture responsive to criticism of Government administration in the recent People's Political Council and throughout the country. Only time will tell whether he really means to effect reforms. It is our belief that he will, but that the reforms will not be far-reaching.

Encouragement with regard to the appointment of General Chen Cheng as Minister of War is modified by the retention of General Ho Ying-Chin as Chief of Staff. If Chiang supports Chen there should be reform in military administration in spite of probable friction between Chen and Ho. He is very much persona non grata with the Russians.

O. K. Yui, succeeding H. H. Kung as Minister of Finance, has integrity but no great ability. He is close to Chiang, in a subordinate manner, having at one time been Chiang's personal representative at Hong Kong.

The appointments of General Chen and O. K. Yui may have the effect of bringing military and financial administration more directly under Chiang, a development which in a way is not encouraging. Further concentration of control in Chiang's hands would have obvious drawbacks.

Dr. Wang Shih-chieh as Minister of Information brings to that office a man of ability who, if he is given a free hand, should do something toward relaxing press censorship and whose general influence in the Government should be beneficial. Wang has conducted the negotiations with the Chinese Communists in recent months and, subject to the limitations placed upon him by Chiang, has worked sincerely for a settlement.

Other appointments have no great significance.

T. V. Soong's appointment as State Councillor has no significance.

~~SECRET~~

-2-

It is believed that Chiang, in making the changes, has been more responsive to internal than to external criticism (I am stressing this in press interviews). The changes are not simply a "reshuffle". Good men have come into the Government who, if backed by Chiang, should be able to effect improvements in administration.

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State Dept. Letter, 1-11-72
By J. Schauble Date FEB 7 1972

December 4, 1944

RESIGNATION OF DR. H. H. KUNG

~~SECRET~~

Mr. J. Carter Vincent of the Department of State lunched with Dr. H. H. Kung today. Dr. Kung read aloud from recent telegrams exchanged between himself and the Generalissimo, which were primarily concerned with Kung's continuance as Vice President of the Executive Yuan. Dr. Kung had resigned, but Chiang had rejected his resignation. In his last telegram of November 30, Kung had again requested acceptance of his resignation.

During the meeting, a telegram was delivered to Kung from the Chinese Minister of Food in Chungking, informing him that T. V. Soong had been appointed Acting President of the Executive Yuan. Kung had, of course, heard the reports of Soong's appointment, but the telegram was apparently the first official information on the subject. This would indicate that he is not being kept informed in advance of what transpires in Chungking.

In one telegram to Kung, the Generalissimo had suggested the appointment of Kung as Ambassador to Washington, but Kung had replied that he did not wish to become Ambassador, and advised Chiang, if he wished to remove Wei, to appoint someone else and suggested T. V. Soong.

According to one of the telegrams, Chiang had requested General Hurley to inform the President that he (Chiang) wished Kung while in America to be regarded as his special representative. Chiang had explained that he wanted Kung to handle economic and financial matters of current and future concern in American-Chinese relations.

Soong's

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State Dept. Letter, 1-11-72

By J. Schauble Date FEB 7 1972

~~SECRET~~

Soong's appointment will place at the head of the Cabinet a man generally regarded as more progressive and more competent than Kung. Although he is not considered a liberal and is viewed by both right and left elements with suspicion because of personal ambition unidentified with principles, Soong is believed to have the enlightenment and political acumen to perceive that concessions to dissident liberal and Communist elements in the country and reform in the Government administration are essential if Chiang's leadership is to survive. Furthermore, his appointment keeps "the family" in a position of high influence.

DECLASSIFIED
State Dept. Letter, 1-11-72
By J. Schauble Date FEB 7 1972

3876

*Original returned to Mr. Sumnerlin 12/16/44.
China folder 1-44*

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GREY - RESTRICTED

EMBASSY,

CHUNGKING (CHINA).

Please communicate to Generalissimo Chiang Kai-shek the following message from the President:

QUOTE I have received through Ambassador Wei your message of December 6, 1944, in which you state that, although Dr. H. H. Kung, your personal representative, has resigned from his concurrent post of Minister of Finance, Dr. Kung still holds the important positions of Vice-President of the Executive Yuan and the Governor of the Central Bank of China; that you yourself and the National Government of China still have the fullest confidence in him and have authorized him to continue his work in the United States with which he has been entrusted by the Chinese Government; and that in all affairs - financial, monetary and economic - which he is handling in the United States, Dr. Kung still has full power to represent the Chinese Government.

In compliance with your request I have taken due cognizance of Dr. Kung's continuing official status and powers as thus defined and the concerned American agencies are being appropriately informed. Franklin D. Roosevelt. UNQUOTE

893.002/12-844

"OK FDR"

CA:ASC:ALN

CA

FE

PR

Original returned to Mr. Sunmolin for
delivery 12/16/44.

December 15, 1944

My dear Mr. Ambassador:

I have received your letter of December 7, 1944, in which you convey a message from the President of the Republic of China informing me in regard to the official status and powers of Dr. H. H. Kung.

An appropriate acknowledgment of this message is being made through the American Embassy at Chungking.

I am, my dear Mr. Ambassador,

Very sincerely yours,

FRANKLIN D. ROOSEVELT

His Excellency
Dr. Wei Tao-ming,
Chinese Ambassador.

CHINESE EMBASSY
WASHINGTON 9, D. C.

December 7, 1944

My dear Mr. President:

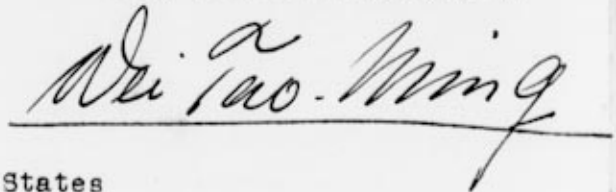
I have the honor to forward to you the following message, dated December 6, 1944, addressed to you by the President of the Republic of China:

"PRESIDENT ROOSEVELT:-

"I BEG TO DRAW YOUR ATTENTION TO THE FACT THAT ALTHOUGH DR. H. H. KUNG, MY PERSONAL REPRESENTATIVE, HAS RESIGNED FROM HIS CONCURRENT POST OF MINISTER OF FINANCE, HE STILL HOLDS THE IMPORTANT POSITION OF VICE-PRESIDENT OF THE EXECUTIVE YUAN AND THE GOVERNOR OF THE CENTRAL BANK OF CHINA. I MYSELF AND THE NATIONAL GOVERNMENT STILL HAVE THE FULLEST CONFIDENCE IN HIM AND HAVE AUTHORIZED HIM TO CONTINUE HIS WORK IN THE UNITED STATES WITH WHICH HE HAS BEEN INSTRUCTED BY THE GOVERNMENT. IN ALL AFFAIRS - FINANCIAL, MONETARY AND ECONOMIC - WHICH HE IS HANDLING IN THE UNITED STATES, DR. H. H. KUNG STILL HAS FULL POWER TO REPRESENT THE CHINESE GOVERNMENT. YOU ARE KINDLY REQUESTED TO TAKE COGNIZANCE OF THIS FACT AND ALSO TO INFORM ALL MEMBERS OF YOUR GOVERNMENT CONCERNED TO THE SAME EFFECT IN ORDER TO FACILITATE THE CLOSE COOPERATION BETWEEN OUR TWO COUNTRIES." CHIANG KAI-SHEK"

I am, my dear Mr. President,

Very respectfully yours,



The President of the United States

Washington, D. C.



DEPARTMENT OF STATE
WASHINGTON

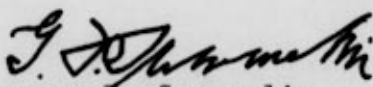
December 13, 1944.

MEMORANDUM FOR MISS TULLY

The White House

I am enclosing for the President's approval a telegram acknowledging the receipt of a message from Generalissimo Chiang Kai-shek defining Dr. H. H. Kung's official status and powers. The Department is addressing letters to the Treasury, War, Navy, Commerce, Interior, Agriculture and Labor Departments and to the Foreign Economic Administration, informing those agencies of the substance of the Generalissimo's message.

There is also enclosed for the President's signature a draft acknowledgment to the Chinese Ambassador.


George T. Summerlin
Chief of Protocol

Enclosures:

1. Draft telegram to American Embassy, Chungking.
2. Draft letter to Chinese Ambassador.
3. Letter from Chinese Ambassador, returned.



December 13, 1944.

MEMORANDUM FOR MISS TULLY

The White House

With reference to the attached draft of a telegram acknowledging the receipt of a message from Generalissimo Chiang Kai-shek defining Dr. H. H. Kung's official status and powers, the Department is addressing letters to the Treasury, War, Navy, Commerce, Interior, Agriculture and Labor Departments and to the Foreign Economic Administration, informing those agencies of the substance of the Generalissimo's message.

George T. Summerlin
Chief of Protocol

Enclosures:

1. Draft telegram to American Embassy, Chungking.
2. Draft letter to Chinese Ambassador.
3. Letter from Chinese Ambassador, returned.

3820

THE WHITE HOUSE

WASHINGTON

December 8, 1944.

MEMORANDUM FOR

THE STATE DEPARTMENT

To prepare a reply for
the President's signature if
one is necessary.

Grace G. Tully
PRIVATE SECRETARY

Ltr of 12/7/44 to the President from
Wei Tao Ming, Chinese Embassy, City;
transmitting message from Chiang Kai-
shek, that altho Dr. H. H. Kung has
(Enclosure) resigned as his personal
representative, he still
has full power to repre-
sent the Chinese Govt in all financial,
monetary and economic affairs.

(Copy filed - Nelson folder, 2-44) China folder 1-44

file
Confidential

THE WHITE HOUSE
WASHINGTON

December 23, 1944

Dear Miss Tully:

Mr. Nelson would very much appreciate your handing to the President the attached secret report on China which they discussed yesterday.

Sincerely yours,

Gene J. Thornton

Secretary to
Donald M. Nelson

Miss Grace G. Tully

Personal Secretary to the President

~~SECRET~~ ~~SECRET~~

THE WHITE HOUSE
WASHINGTON

December 20, 1944

My dear Mr. President:

This is my report to you on my work in China this autumn. As I cabled you from Chungking on November 22, the situation there has undergone marked improvement, particularly with respect to the cooperation between the Generalissimo and our military forces. It is clear, however, that China is passing through her greatest crisis of the war. Most of our military authorities in China believe that if the Japanese are able to press their drive through Kweiyang, they will direct their next thrust against Kunming, rather than Chungking. If Kunming were to fall, it is generally agreed that China would cease to be an active belligerent. Under those conditions, there is no doubt in my mind that at least an additional year and possibly several additional years of warfare, with an expenditure of many American lives, would be required to beat Japan and liberate China.

Fortunately, the Generalissimo is working energetically with General Wedemeyer to halt the Japanese advance. If they are successful--and I think they will be--steady progress from defensive to offensive warfare should follow in the China theatre.

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By Deputy Archivist of the U.S.

By W. J. Stewart Date FEB 7 1972

My main effort in China to date has been concentrated on measures of immediate benefit to the war effort. During my visit to Chungking in September, I was disturbed by the widespread postwar thinking in official circles, and by a relative lack of constructive war effort. This situation, I am glad to report, has been largely corrected. China's government is now throwing its weight into the job of winning the war. In my many talks with Chinese leaders in November, postwar questions were put aside by mutual agreement. With your approval, I shall reserve postwar discussions in China until the Chinese war effort is farther advanced.

Findings on China's War Effort

China's ability to wage war, as I found it in my September visit to Chungking, was deteriorating rapidly. General Wedemeyer has no doubt reported the tragic defects in the leadership, training, equipment, and supply of the Chinese armies. The long persistence of these defects was due in large part to the attitude of the Ministry of War, which clung to traditional practices in the face of imminent disaster.

Prior to the cabinet changes in November, this attitude was characteristic of most of the Generalissimo's cabinet. The chief officials surrounding him rested on the assumption that the United States would defeat Japan, and

that China could do little to help. Attempts to bring about cooperation between the National Government and so-called Communist China were sternly resisted by certain key ministers. Although these ultra-conservative officials were obedient to the Generalissimo, their influence upon him was profound. Most of the news that reached him was filtered through their offices.

While the Chinese government persisted in a stand-pat military and political policy, her war economy steadily disintegrated and production declined. Chinese arsenals have been operating in the midst of war on only 55% of capacity. Operating rates of most other industries have been even lower. The steel industry has been operating at less than 20% of capacity.

Another factor undermining China's war effort has been her vicious price inflation. It has made hoarding profitable and production unprofitable. To meet swiftly rising costs of raw materials and labor, factories were forced to raise prices, and China's war procurement agencies were unable to meet those prices. The bad price situation has been further aggravated by uneconomical production practices in key industries.

Moreover, the Chinese Ministry of Finance and the four government banks had established an excessively "tight" policy. Funds allocated for Ordnance Procurement were

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By Deputy Archivist of the U.S.

By W. J. Stewart Date FEB 7 1972

insufficient to keep arsenals and other war plants operating at full capacity. The government banks had established interest rates of over 40% per annum, together with certain outmoded practices which made it virtually impossible for war industries to borrow.

On another side, China's feeble war production effort was handicapped by her unbelievable transportation difficulties. As you know, there are only 6,000 trucks in China and those old and in bad condition. Free China is also desperately short of planes, liquid fuel, usable rolling stock for the country's few small and unconnected railroads, and spare parts.

The economic war effort of the nation was poorly planned and entirely uncoordinated. Chinese Ordnance procurement officers made little use of plants owned by other agencies of the government and by private sources. Government departments had no mechanism for cooperation with each other or with private industry in the war effort. Procurement was piece-meal. Statements of requirements by government departments were non-existent or completely unrealistic. No system of priorities existed, nor any mechanism to subsidize high cost production of essential materials such as iron and steel.

Along with the military and economic vitality of the nation, the morale of the Chinese people was being drained away.

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By Deputy Archivist of the U.S.

By W. J. Stewart Date FEB 7 1972

In September, I found the civilians of China wavering between resigned reliance on the United States to defeat Japan, and bleak pessimism. Their will to victory withered for lack of strong moral leadership. In the educated, salaried middle class, which has been nearly ruined by the inflation, resentment of hoarding and speculation by the wealthy, and of official corruption had been steadily growing.

In recent years, leaders of the country, from the Generalissimo down, have been unable effectively to rally the people to the war effort. It must be kept in mind, too, that the civilians of China receive little war news, largely because of lack of communication. For the most part, they have no feeling of participation in the war. The lack of an army postal system and prevailing illiteracy virtually prevent communication between civilians and soldiers.

Although the Generalissimo is highly respected and widely regarded as the one man capable of holding China together, there are many rumors of disaffection among powerful provincial leaders. For example, the allegiance of the Governor of important Yunnan Province, General Lung, is reported to hang by a thread. Such rumors, whether true or not, depress morale.

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By Deputy Archivist of the U.S.

By W. J. Stewart Date FEB 7 1972

Action Taken

It was clear to General Hurley and to me, as we faced the situation in September, that if China was not to drop out of the war as a belligerent, she had to move rapidly. Swift action by the Generalissimo was the goal of the talks which we had with him in September. Such action obviously required the closest cooperation with the representatives of this country. Your appointment of General Wedemeyer to the command of the China Theatre, your subsequent appointment of General Hurley as Ambassador, and the arrival of the American war production mission in China, laid the ground work for a number of significant measures, since put into effect:

1. Active steps were taken to check the Japanese advance. The diversion of Chinese troops from the border of Yenan Province to the fighting zone in Kweichow suggests a shift in attitude of the National Government toward the Communists; while the movement of Chinese troops from Burma to Kweichow was the work of the newly established military command in China. The latter development was made possible only by close cooperation among the Chinese, Americans, and British.

In talks which I held at General Wedemeyer's

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By Deputy Archivist of the U.S.

By W. J. Stewart Date

FEB 7 1972

request with ranking American and British commanders in Calcutta and Ceylon, I found a healthy understanding of the Chinese military situation, and a willingness to make far-reaching changes in campaign plans, so as to give full cooperation to General Wedemeyer. Of great importance also is the fact that the Chinese Service of Supply has now been put under the command of General Wedemeyer.

2. The Chinese War Production Board was established and is functioning. In September, I obtained the enthusiastic agreement of the Generalissimo to create an agency in the Chinese government to plan and coordinate Chinese war production and related economic activities. Following your approval in our Washington conversation of November 2, I returned to China with a small group of men who have had long experience in American war production. Our first step was to work with a group of Chinese officials headed by Dr. Wong Wen-Hao, Minister of Economics, to draft the basic law for a Chinese War Production

Board. This law, which grants very wide powers, was immediately approved by the Generalissimo, and has since been passed by the Executive and Legislative Yuans. We worked closely with Dr. Wong on organization and policy, participated in working up firm ordnance requirements for the Chinese Army, and aided in winning cooperation for the Chinese War Production Board from all Ministries of the Chinese government and from leading financial and industrial groups.

For the first time, the Chinese economic war effort is now coordinated. Two members of the staff of the American War Production Board have remained in Chungking to act as my deputies in further advising the Chinese War Production Board on problems of policy and operation. Excellent arrangements also have been made for close liaison between the Chinese War Production Board and U. S. Army Ordnance, represented in Chungking by officers of high ability.

DECLASSIFIED

By Deputy Archivist of the U.S.

By W. J. Stewart Date FEB 7 1972

- SECRET
3. An American technical production mission has begun work in China. By arrangement with the Foreign Economic Administration, on my return to China in November, I brought with me six American production specialists, five of whom are experts in steel production, one in alcohol production. These highly qualified men immediately began to visit Chinese industry and to study production methods there. They will work with Chinese plant managers and government officials over a period of three months with a view to increasing output, improving quality, and reducing costs. Attention was focused at once on measures to obtain immediate increased production of entrenching tools, small arms, trench mortars and ammunition needed by the Chinese Armies.
4. War production requirements have been financed. The four Chinese government banks have contracted to lend 10 billion CNC to the Chinese War Production Board to finance essential production. The urgent need for additional working capital

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By Deputy Archivist of the U.S.

By W. J. Stewart Date FEB ~ 1972

in many Chinese industries also made it necessary that China's government banks reduce interest rates for war production to a point where management would once more find it possible to borrow capital and borrow it quickly. With the approval of the Generalissimo I put the issue before the newly appointed Minister of Finance and participated in negotiations among the Chinese War Production Board, the Ministry of Finance, and the four government banks. The bankers agreed to reduce interest rates on loans for war production purposes to 20% per annum, or less than half the previous customary rate. The time necessary to negotiate a loan has been reduced from four or five months to a few days. Complicated red tape in granting and servicing loans has been sharply cut.

5. Additional transportation facilities have been allocated to China. On October 19, after my return to the United States from my first visit to China, I recommended and you approved the production of 10,000 additional trucks for China, now scheduled

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By Deputy Archivist of the U.S.

By W. J. Stewart Date FEB 7 1972

for production in 1945. At the same time you approved my negotiating with General Arnold for 30 C-46 cargo planes for use of the Chinese National Aviation Company; and General Arnold agreed to this proposal, deliveries to begin in January or February, 1945.

6. Shifts were made in the Chinese Cabinet with a view to strengthening the war effort. On November 27, the Generalissimo announced a number of important cabinet changes, in which new ministers were appointed for War, Finance, Education, and Information. While these changes by no means mark a new era in the government, yet they certainly represent a step toward a more aggressive war policy. Following on the heels of the cabinet reorganization, and closely related to it, came important changes in the Chinese system of military supply and far closer cooperation between the Chinese and American High Command. Conversations between the National Government and Communist leaders looking toward war co-operation were also benefited.

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7. Moves have been made to bolster Chinese civilian morale. The establishment of the Chinese War Production Board and the arrival of the technical mission had an immediate effect on the morale of the Chinese civilian. These were the first constructive economic achievements which the country had seen for a long while. During November, I discussed the morale problem with the Generalissimo, and he stated that he would personally assume responsibility for strengthening morale. With the same purpose, I accepted an invitation to address the Praesidium and Resident Members of the People's Political Counsel in Chungking-- China's nearest approach to a representative legislative body. Taking the need for co-operation within China as my theme, I also talked before the China-American Institute of Cultural Relations, as well as to leaders of Chinese industry and finance. Before I left Chungking, I attended a joint meeting of the Chinese War Production Board, the Ministry of Information, and the American OWI, to discuss the possibility of reaching

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Chinese workers with inspirational and educational material. A cabled report from Chungking states that such material is beginning to be actively used in factories.

Results

The Kweiyang-Kungming-Chungking triangle, with its great agricultural wealth, and the possibility of driving the Americans out of China, may prove an irresistible temptation to the Japanese. Apparently, they have men and supplies available, should they decide on another offensive aimed at Kweiyang. In that event, the crisis would arise again. The morale of the Chinese armies in Kweichow, even as now reinforced, is still a doubtful factor. Fortunately, the recent close cooperation between the Chinese and American military may make a profound difference in the near future. On the whole, time is now working for the Chinese--a new development.

In addition to the improvement in the military situation, we can look for far-reaching gains on the economic front, as a result of action taken this autumn in China. The 1945 schedule of the Chinese WPB for production of entrenching tools and trench mortar shells is double the program previously prepared by China's Ordnance Department, and increased production rates will be felt within the next few weeks on the fighting fronts of China. Alcohol schedules are similarly double rates planned prior to the arrival of

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our mission. By spring of 1945, I expect the rate of China's total war production should be at least double the November rate.

The expected opening of the Ledo-Burma road in February for one-way traffic, and the opening of the Calcutta-Kunming pipeline--which will be the longest in the world--will greatly strengthen the supply situation. The Ledo-Burma road should carry about 30,000 tons, and the pipeline should deliver some 17,000 tons per month when they are operating smoothly. In November ATC and CNAC flew over the Hump 37,000 tons of cargo--a record figure. Indications are that next summer we should be getting into Kunming around 75,000 tons per month of cargo from all sources. This compares with 25,000 tons in September, 1944.

Increased and coordinated production, plus improved transportation will make itself felt in an accession of strength to the entire Chinese economy. Better distribution of regional and local production, and less scarcity of manufactured products will be forces operating to check the inflation. Over a period of time, technological improvement in an expanding economy will mean greater productivity of industrial workers, higher real wage levels, larger purchasing power and tax returns, and more government funds with which to tackle urgent problems such as increasing per capita agricultural output in China.

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The feeling that China's economy is being strengthened and that the country's productive ability is growing will do more than any amount of propaganda to raise the morale of the Chinese people and hearten them for a sustained and intensified war effort. Growing confidence in the national future will make for greater governmental effectiveness and stability, as will experience gained in war production planning, which is teaching the advantages and techniques of cooperation.

The government should also benefit from its closer relations with industry. At the same time, the heightened status of Chinese industry under the War Production Board will tend to exert a liberalizing influence. Under that influence, there is more likelihood that moderate elements in the Kuomintang will continue to gain power, adding to the chances of genuine cooperation between the national government and the Communists. Such cooperation, if attainable, will be of historical importance both in speeding the progress of the war and in strengthening the bases of the peace.

The success of China's venture in planned war production, if properly followed up through American government and business channels, will make for close postwar economic relations between China and the United States. China has the capacity and the desire to develop herself industrially with American aid. If that aid is realistically planned, and if

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By W. J. Stewart Date FEB 7 1972

through usual channels did not accord with the facts as General Hurley and I had learned them. Accordingly, I suggested to Admiral Nimitz that arrangements be made with General Hurley to transmit to him and to General MacArthur regular reports on the Chinese situation, as viewed by General Hurley and General Wedemeyer.

In the same conversation with Admiral Nimitz, we discussed the importance of Chinese waterways for military transport, especially in the event of a coastal invasion of China. Proper use of the waterways for war purposes would undoubtedly require special river boats and equipment, and the Admiral was deeply interested in this aspect of the matter.

If the Chinese war effort progresses well, I believe that the spring of 1945 would be a good time to begin work on a postwar program of Chinese-American economic cooperation. I recommend that at that time, the military situation permitting, a seven-man American mission be appointed to go to China to work with the Chinese Government in planning the progressive expansion of Chinese-American trade on a realistic business basis. In my judgment, this Commission should comprise business men of wide experience, high standing, and awareness of America's stake in expanding foreign trade. To obtain the kind of aid implicit in such a mission, the Chinese government, I feel sure, would make strenuous efforts to meet all pre-requisite conditions.

In the interest of healthy diplomatic relations, I believe it would be advisable to keep the governments of Russia, Great Britain, Australia, and New Zealand informed of the measures we have taken and may hereafter take, in aiding China to develop her economy. During my return trip from China, I stopped at Canberra and at Wellington to talk with members of the Australian and New Zealand governments both on the Chinese situation, and on postwar trade problems. Together with Mr. Nelson Johnson, your Minister to Australia, I also visited Prime Minister Curtin at Melbourne, where he is convalescing in a hospital from a recent serious illness, and discussed with him the American and Australian positions in postwar foreign trade.

I found the views of Prime Minister Curtin and of Dr. Evatt, the Australian Minister for External Affairs, particularly satisfying from an American standpoint. Prime Minister Fraser of New Zealand and Mr. Nash, the Minister of Finance, were also sympathetic to the expansionist viewpoint on foreign trade. I believe that both governments felt pleased at having been given direct information on developments in China; and they show keen interest in the considerably enlarged potentialities of postwar trade between their countries and the United States.

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By Deputy Archivist of the U.S.
By W. J. Stewart Date FEB 7 1972

~~SECRET~~

- 19 -

~~SECRET~~

As reports reach me on the progress of Chinese war production, I shall, of course, keep you informed of salient points.

Respectfully,



Donald M. Nelson

The President

The White House

DECLASSIFIED
By Deputy Archivist of the U.S.
By Date FEB 7 1972

RA-1009
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (██████T)

Chungking via Navy
Dated December 24, 1944
Rec'd 12:10 p.m.

Secretary of State

Washington

TOP SECRET

FOR SECRETARY OF STATE ONLY.

Replying to your number 1681, December 20th.

In all my negotiations it has been my understanding
that the policy of the United States in China is:

- (1) To prevent the collapse of the national govern-
ment
- (2) To sustain Chiang Kai Shek as President of
the Republic and Generalissimo of the armies.
- (3) To harmonize relations between the Generalissimo
and the American Commander.
- (4) To promote production of war supplies in
China and prevent economic collapse and
- (5) To unify all the military forces of China
for the purpose of defeating Japan.

This is a broad outline of my mission. When
I arrived in China relations between the Generalissimo
and General Stilwell had approached a deadlock.

Battles were

-2- Unnumbered, December 24, from Chungking via Navy

Battles were being lost the Chinese Government was facing collapse. Stilwell was recalled. The American General Wedemeyer was appointed to succeed Stilwell as Chief of Staff to the Generalissimo and Commander of American forces in China. The China theater was separated from the India-Burma Theater. With the cooperation of the Generalissimo General Wedemeyer has reorganized the United States Army Staff in China by:

(1) Relieving and replacing several high officers and adding competent personnel.

(2) Under the direction of Chiang Kai Shek Wedemeyer has effected some drastic changes in both the Chinese General Staff and Field Commands and has also regrouped armies and changed both tactics and strategy.

(3) Wedemeyer has placed an American General in command of the service of supply and

(4) For the first time the American and Chinese military staffs are coordinated and functioning together in a manner that is having a splendid effect upon the morale of the armed forces.

During the period of military reorganization I

was also

-3- Unnumbered, December 24 from Chungking via Navy

was also discussing with the Generalissimo changes in the administration of the civil government. China is a republic in name only. It is a personal government. Perhaps it might be called a benevolent dictatorship. The avowed purpose of Chiang Kai Shek and his government is to make China a united independent democracy. A government of the people, for the people, and by the people, to promote the progress of democratic processes in administration. As you will note later these are also the avowed objectives of the Chinese Communist Party. The critics of Chiang Kai Shek especially among Americans condemn him for not being able to create a democracy in China during the war and at once. It should be apparent to men of understanding that the creation of a democracy in China is to be a long and difficult undertaking and cannot be fully achieved until the masses of China have been educated. The Generalissimo has since our arrival made certain drastic changes in the members of his cabinet and the administration of the civil government. The critics say he has not gone far enough which of course is true but he has gone quite a distance for a first step. He will go further. The present

members

-4- Unnumbered, December 24, from Chungking via Navy

members of the civil administration are cooperating with the American Embassy, the American military establishment and all the American agencies. There was in the past a tendency in the government to bypass the Embassy on some matters and deal through the army and a corollary tendency to bypass the army if it was thought that dealing through the Embassy would be more expeditious. We have no desire to fix responsibility for that situation on the Embassy the army or the Chinese Government. We are happy to report that the Generalissimo, the Foreign Office, the National Government of China, the Chinese military officials, the American military officials and the Embassy are cooperating and the results of the United effort is beginning to show in the military situation.

At the time I came here Chiang Kai Shek believed that the Communist Party in China was an instrument of the Soviet Government of Russia. He is now convinced that the Russian Government does not recognize the Chinese Communist Party as Communists at all and that

(1) Russia is not supporting the Communist Party in China.

(2) Russia does not want dissensions or civil war in China and

(3) Russia

-5- Unnumbered, December 24, from Chungking via Navy

(3) Russia desires more harmonious relations with China.

These facts have gone far toward convincing Chiang Kai Shek that the Communist Party in China is not an agency of the Soviet. He now feels that he can reach a settlement with the Communist Party as a Chinese political party without foreign entanglements. When I first arrived it was thought that civil war after the close of the present war or perhaps before that time was inevitable. Chiang Kai Shek is now convinced that by agreement with the Communist Party of China he can

(1) Unite the military forces of China against Japan and

(2) Avoid civil strife in China.

I might add here that Chiang Kai Shek has requested permission from the Soviet Government to send a personal representative to confer with Marshal Stalin. For this mission he has chosen the present acting President of the executive Yuan who is concurrently Minister of Foreign Relations, Doctor T. V. Soong. The Soviet Foreign Office has advised that they will receive

-6- Unnumbered, December 24, from Chungking via Navy

receive Dr. Soong the latter part of February or the first part of March. This mission is intended to establish closer and more harmonious relations between Russia and China.

With the consent advice and direction of the Generalissimo and members of his cabinet and on the invitation of the leaders of the Communist Party I began discussion with the Communist Party and Communist military leaders of China for the purpose of effecting an agreement to regroup coordinate and unite all the military forces of China for the defeat of Japan. The defeat of Japan is of course the primary objective but we should all understand that if an agreement is not reached between the two great military establishments of China civil war will in all probability ensue. I received cordial cooperation from the Communist leaders. They submitted through me to the national government a plan for a coalition government and the unification of the military forces. The Communists also acknowledge the leadership of Chiang Kai Shek and pledged themselves to support the establishment in China of a government "of the people, for the people, and by the people". They pledge themselves

-7- Unnumbered December 24, from Chungking via Navy

themselves also to support all the individual rights of man and to promote the growth of democratic processes in government. The Kuomintang and the national government then had an opportunity to make a settlement with the Communists. They neglected or did not choose to do so at that time. They said the Communist plan was not acceptable to the national government. The national government did however submit a counter proposal which was not acceptable to the Communist leaders. We are in daily conferences with the Generalissimo and members of his cabinet endeavoring to liberalize the counter proposal made by the national government to the Communists. We are having some success. The Generalissimo states that he is anxious that the military forces of the Communist Party in China and those of the national government be united to drive the invader from China. The Communist leaders declare this is also their objective. I have persuaded Chiang Kai Shek and others in the national government that in order to unite the military forces of China and prevent civil conflict it will be necessary for him and the Kuomintang and the national government to make liberal political concessions to
the Communist

-8- Unnumbered, December 24, from Chungking via Navy

the Communist Party and to give them adequate representation in the national government. Chiang Kai Shek has appointed a new committee which is now working out a plan that he believes will be feasible and on which he hopes a working agreement can be reached with the Communists. The Kuomintang is trying to avoid the use of the word "coalition". They do not want to admit that they have formed a coalition with the Communists. The Kuomintang still hopes to keep China under one party rule. Notwithstanding all this you should bear in mind that the Communists have acknowledged the leadership of Chiang Kai Shek and have accepted nearly all of his avowed principles. There is very little difference if any between the avowed principles of the national government the Kuomintang and the avowed principles of the Chinese Communist Party.

There is formidable opposition to the unification of the Chinese military forces and the coalition of the Chinese political parties. We find some opposition to the unification of China among the diehards of the Kuomintang and of the Chinese Communist Party. The greatest opposition to the unification of China comes from

-9- Unnumbered, December 24, from Chungking via Navy

comes from foreigners. There is a great current of public opinion in China that is directed by those who believe that their interests in Asia will be more definitely safeguarded if China is divided against herself than there would be if China should establish herself as a free united Democratic nation. Generally speaking the opponents to unity in China are the imperialist nations who are now fighting for the reconquest of their colonies in Southeast Asia and for the reestablishment of imperialist colonial governments in the colonies. All of this group try to convince the Chinese that everything America does to unite and strengthen China is interference in Chinese internal affairs. Each of these nations and some of their dominions have Embassies in Chungking and wield some influence not only with the government but through their agents among the people of both free and occupied China. The agencies that are working along these lines are:

- (1) The Embassy of the Netherlands
- (2) The French Embassy
- (3) The British Embassy
- (4) The Canadian Embassy
- (5) The Australian Legation and
- (6) The office of General Carton de Wiart

personal

-11- Unnumbered, December 24, from Chungking via Navy

matters. The final argument that is intended to convince us is that America's policy to unite the military forces of China, to help China win the war, to prevent civil war in China and to establish a free United Democratic Chinese Nation is detrimental if not completely destructive to the position of the white man in the Orient. Nearly all of the arguments against the unification of China should generally be classed as the stock arguments of the imperialists and of all others who oppose the principles of the Atlantic Charter.

This is a quick reply to your message which I received late yesterday. I am sending it by Navy Radio as I have found that to be more expeditious as well as more competent than commercial radio.

HURLEY

Lt.deB

China folder 1-11-44

file → ~~SECRET~~

DEPARTMENT OF STATE
WASHINGTON

December 26, 1944

MEMORANDUM FOR THE PRESIDENT

Subject: Chinese Political Situation

You will be interested in the enclosed
exhaustive report on the Chinese situation from
Ambassador Hurley.



Enclosure:

Copy of unnumbered
telegram from Chungking,
December 24, 1944.

DECLASSIFIED
State Dept. Letter, 1-11-72
By J. Schauble Date FEB 7 1972

3938

hms

*Carbon of this memorandum returned to the
Secy. State 12/30/44.*

~~SECRET~~

China folder 1-44

"ERS JR
OK
FDR"

DEPARTMENT OF STATE
WASHINGTON

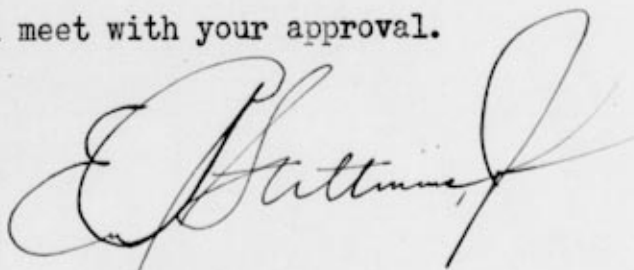
December 27, 1944

MEMORANDUM FOR THE PRESIDENT

Subject: General Pat Hurley

Senator Tom Connally told me during the hearings that he felt Pat should get out of uniform now that he is an Ambassador.

That is in conformity with our general practice and I have told him that statutory requirements made it necessary for him to be transferred from the Army to our State Department rolls as of the date of his appointment. I also told him that as soon as convenient, he should put on civilian clothes. I trust this will meet with your approval.



DECLASSIFIED

State Dept. Letter, 1-11-72

By J. Schaeble Data FEB 7 1972

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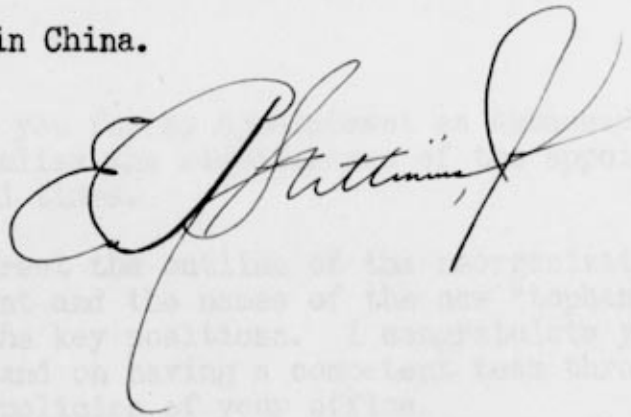
DEPARTMENT OF STATE
WASHINGTON

December 28, 1944

MEMORANDUM FOR THE PRESIDENT

Subject: Letter from General Hurley

You will be interested in the attached letter which I recently received from General Hurley on conditions in China.



Enclosure:

Letter from General Hurley.

DECLASSIFIED
State Dept. Letter, 1-11-72
FEB 7 1972
By J. Scheable Data

DEPARTMENT OF STATE
WASHINGTON

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

PERSONAL

Chungking, China
6 December 1944

Honorable Edward R. Stettinius,
Secretary of State,
The State Department,
Washington, D. C.

Dear Ed:

I am grateful to you for my appointment as Ambassador to China. I fully realize the significance of the appointment in these critical times.

I read with interest the outline of the reorganization of the State Department and the names of the new "tophands" who have been given the key positions. I congratulate you on your own appointment and on having a competent team through which to execute the policies of your office.

I will not attempt to give you a complete outline of the situation here. The constant failure of the Chinese Army to stop the enemy drive is creating a degree of consternation. We are not pessimistic about the final results in China. If Wedemeyer is permitted to use all, or as much as he needs, of the Chinese and American forces now in Burma along with the forces he has in China, I am confident that he will stop the Japanese drive on Kunming. All of the things Wedemeyer is doing now should have been done six months or a year ago. It was quite apparent to me when I first arrived that the Japanese objective was our base at Kunming and this was also the opinion of the Generalissimo. The American military officials, however, were not convinced that Kunming was the objective.

DEPARTMENT OF STATE
WASHINGTON

- 2 -

I am familiar with the British forces that are in North Africa, Egypt, Palestine, The Lebanon, Syria, Iraq, Iran and India. I know that Lord Mountbatten has sufficient forces to replace anything that Wedemeyer may take out of Burma. Our situation here is desperate and if we do not stop the Japs before Kunming all the protestations we may make will have no effect on the verdict of history. America will have failed in China. For that reason I think that you should use all of your power to give Wedemeyer what victory requires. I think you know Wedemeyer. I have been working in rather intimate relation with him. I think he has what the prize fighters call the "wallop". Up to this time, in my opinion, he has not made a single mistake which in itself is unusual. We should always give a soldier the regular percentage for "overs and shorts". If we give him adequate power he will stop the Japs.

As the Embassy has telegraphed to you, we are quietly suggesting the departure of non-essential American civilians from China but are not officially advising Americans to withdraw although we are, of course, keeping our plans up to date as a precautionary measure.

I had intended to make a quick trip home for conferences with the State and War Departments and the President and to put some of my personal affairs in order. If the situation here continues to deteriorate, however, I will not leave at this time. We figured that nothing final would happen until sometime in February. That would have given me an opportunity to go home and return here for the decisive battle. Uneasiness is increasing so it may be desirable for me to remain here.

George Atcheson, Charge d'Affairs, wired you under date of December 1st, message No. 1927, requesting that my credentials be telegraphed and reporting that the Chinese Government was agreeable to accepting them by telegraph.

DEPARTMENT OF STATE
WASHINGTON

- 3 -

He suggested that this be done because of the critical situation now existing and in order to avoid delay. I agree with him that it would be well for me to become Ambassador at the earliest possible time. However, no reply has been received from the Department.

Notwithstanding our present difficulties both the Embassy and Army Headquarters are functioning efficiently. Today we had a meeting of representatives of all of the official American Organizations, Committees, Missions and Delegations in Chungking. We stated that the Embassy did not wish to interfere with any organization or any individual whose mission has been defined by constituted authority of the United States Government. The purpose of the Embassy is to coordinate the operations of American organizations, commissions and individuals to avoid overlapping or conflicts. The meeting today was the first called by the Embassy of all the American agencies and was heartily approved by all attending. We will have regular weekly meetings in the future. An official report of the meeting will go to you later.

We are all working well together. We have no conflicts now between the Army and the Embassy nor between either of them and the Chinese authorities. We are at last one team with one objective.

With kind regards and best wishes for your health and success, I am

Your friend,

/s/ PAT

PATRICK HURLEY

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

EOC
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (SECRET)

Chungking via Navy

Undated

Rec'd December 30, 1944
1458

Secretary of State;
Washington.

PRIORITY

~~SECRET~~

FOR SECRETARY OF STATE ONLY

As the Department is no doubt aware we receive :
from time to time reports and rumors of Sino-Japanese
peace negotiations and/or "military understandings".
Rumors and reports of that nature have been quite fre-
quent during the past seven years. There is now widely
current among both foreign and Chinese observers a
rumor or report that recent Jap withdrawals from Kwei-
chow was a result of an arrangement between high Chinese
Government officials and the Japanese. The same rumors
state that the quid pro quo that China gave to Japan
was an agreement that China would obstruct the American
military effort and other promises in connection with
Jap and Jap puppet post war position in China. Finally
the rumors say that officials of the Chinese National
Government have agreed with Japan not to make any agree-
ment with the Chinese Communists.

Our diplomatic

DECLASSIFIED
State Dept. Letter, 1-11-72

By J. Schauble Date FEB 7 1972

-2- Unnumbered and undated from Chungking via Navy

Our diplomatic representatives attached to our military mission in Yen-an report that the Communist leaders there professed to believe the report that the Chungking Government has reached some kind of an understanding with Japan. They also say that the Chinese liberals in Chungking are considerably worried by the persistency of the rumor or report. It is also asserted by our own diplomatic representatives that a number of foreign observers military and diplomatic are inclined to give credence to the report that some kind of an agreement has been reached between the National Government of China and the Japanese and that Japanese forces are now being withdrawn from the Chinese front in considerable numbers.

I am presenting to you all of the points that are covered in the reports of our own diplomatic representatives. Again I must say to you that I am presenting them merely for what they are worth. I am skeptical of all such rumors and reports. They all emanate from persons organizations or foreign governments who have predicted or who desired the collapse of the Chinese National Government. The supposed agreement between the National Government and Japan would be unreal. The practical basic substances for such an agreement do not exist.

1. The Chinese

-3- Unnumbered and undated from Chungking via Navy.

1. The Chinese leaders and Government officials we believe are convinced that the Allies will win the war. If we are to believe that China is attempting to effect peace with Japan we must also believe that China desires to be on the losing side of the war.

2. China is dependant upon the United States for military as well as civilian Lend-Lease supplies. Without American equipment China could neither stay in the war now nor be prepared to defend herself after the war. China is also depending on the United States for postwar economic aid.

3. The Chinese National Government has in the United States foreign exchange to the amount of almost one billion United States dollars. All of this would be immediately frozen if the United States had any reason to suspect the rumor or reported agreement between Japan and China.

In addition to all this we do know:

1. That the Chinese National Government is at this moment attempting to reach an agreement with the Chinese communists.

2. That the Chinese National Government officials and the Chinese Army officers are cooperating with our military establishment in China and that the degree of

cooperation

-4- Unnumbered and undated from Chungking via Navy.

cooperation has increased in the past two months and is still increasing.

3. That even if some Chinese officials had made the offer of the ephemeral quid pro quo that is described men who are realists know that on such a basis Japan would never voluntarily withdraw their threat to the capital of China or the Chengtu superfortress base area or to Kunming terminus of the air supply route from India and the nerve center of our air attacks on the Japs in China, and

4. We have the word of the highest authorities in China the Generalissimo and Dr. Soong that the rumors and reports are absolutely and unequivocally false.

In my opinion the rumors and reports are false. However it should be borne in mind that all military action undertaken recently jointly by Americans and Chinese has been defensive. The ultimate proof of the truth or falsity of the rumors and reports will not come until the American military commander orders an attack. If the Chinese civil and military authorities cooperate in and support the attack then the rumors and reports will have been definitely proven false. We are watching the situation closely.

HURLEY

EMB

Brief Translation
Re 200 million Gold.

China folder 144
file
personal

We had requested U.S. Treasury to transfer and earmark the whole amount of \$200 million gold to The Central Bank account with the Federal Reserve Bank. In a recent wire from Messrs. Soong and Hsi stating that Dr. White explained the difficulty in making a big transfer of gold because it might cause questioning in Congress and require borrowing from the market and suggested maintaining all the time a revolving sum of 10 million gold in account with the Federal Reserve Bank available for shipment only.

We wish to have the whole amount of gold credited to us with the Federal Reserve Bank for the following reasons:-

1. Since U.S. Government has nationalized gold in America, this can, therefore, be done by book transfer and does not involve borrowing from the market.
2. In order to save the trouble of negotiating with the Treasury every time a gold shipment is made.
3. To avoid the possibility of devaluation of U.S. Currency after the war.
4. To make use of this gold as quota when participating in both the International Stabilization Fund and the United Nations Bank.
5. As transportation is so difficult we can save a great deal on transportation expenses. Once the gold is credited to the Federal Reserve Bank, the Central Bank can issue gold certificates and custody receipts to sell to the public.