

DOCUMENTS
ON
DIPLOMATIC ASPECTS OF EFFORTS BY THE UNITED STATES TO
SUPPLY CHINA WITH MATERIALS OF WAR UNDER THE LEND-LEASE
ACT, 1940-1947
(IN FOUR PARTS)



PART I
(1940-1941)

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
Dept. of State letter, Aug. 10, 1972
By MLT-HK, NARS Date 6-25-73

SECRET

~~1945~~

This project was prepared for the Division of Chinese Affairs, Office of Far Eastern Affairs. The documents were compiled by John Gilbert Reid and edited by Gustave A. Nuermberger, Foreign Relations Branch, Division of Historical Policy Research, Office of Public Affairs.

April 18, 1949



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1941

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1941

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1940



TELEGRAM RECEIVED

JT

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

CHUNGKING VIA N.R.

Dated October 18, 1940

Rec'd 4:10 p.m.

Secretary of State,
Washington.

526, October 18, 2 p.m.

STRICTLY CONFIDENTIAL FOR THE SECRETARY.

My 524, October 17, 7 p.m.

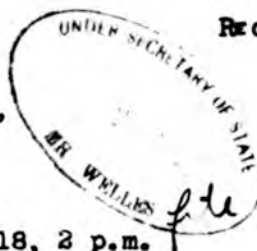
At the request of the Generalissimo I went to see him this afternoon and had a two hour conversation. The Minister for Foreign Affairs was present. After a preliminary conversation during which he inquired my opinion as to possible policy which Russia might follow and steps which the United States might take should Japan advance on Dutch East Indies, during which I referred to the President's Dayton speech as the latest authoritative statement on the subject of our policy the Generalissimo said that he had a message which he wished me to communicate in confidence to you and to the President.

He stated that he thought that Washington did not know the exact situation which faced the Chinese Government and that what he had to say represented the actual state of affairs. He said that he had not said this to anyone

1/ Not printed.

2/ On unity and defense of the Western Hemisphere delivered October 12, 1940; for text, see U.S. Department of State Bulletin of October 12, 1940, pp. 291-294, pp. 291-294.

793.94
note
793.24
793.51



793.94/16245

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-2- No. 526, October 13, 2 p.m., from Chungking

anyone else, but wanted you to know the facts in confidence. He asked me whether I had seen the British Ambassador. I said yes, that the Ambassador had told me of his conversation. Generalissimo asked my reaction to what he had said to the British Ambassador. I said that the point that impressed me was that China had reached a point where she must decide whether to carry on or not. He then said China faces two difficulties in her war of resistance. The first was the attitude of the communists and the second was the economic situation in the country. During the past three months the communists were making it more difficult

(END SECTION ONE)

JOHNSON

NPL



TELEGRAM RECEIVED

RDS

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

CHUNGKING VIA N.R.

Dated October 18, 1940

Rec'd 9:10 p.m.

Secretary of State,

Washington.

PRIORITY.

526, October 18, 9 p.m. (SECTION T-0)

Received 11/31/41
for the government
(T-1?) and were attempting to extend their field of influence. They were not carrying on a public campaign but were carrying on a whispering campaign and taking advantage of the economic situation in attacking the prestige of the Government. The result was that the morale of the people was very low. During the past week there was a noticeable improvement due to the opening of the Burma Road.

He stated that when the Burma road was closed all aid from Russia ceased. He thought that this fact might give me some clue to the attitude and the policy of Russia. With the opening of the Burma Road and the making of the loan from the United States a change had come and he thought that Russia's policy without doubt affected. But he was afraid that the Burma Road would be attacked by the Japanese and *if it was* ~~they~~ *they* successfully interrupted ~~the~~ influence of the Communists would grow and he thought they would receive help from Russia.

Therefore.

1-4
-2- #526, October 18, 9 p.m. (SECTION TWO) from Chungking
via N.R. 6

Therefore aid from the United States was imperative, both economic and military. Military help would consist of airplanes. He had telegraphed to T. V. Soong³ a plan for such aid outlining China's needs. If he could receive planes from the United States before the end of the year he thought that the mere knowledge of the arrival of these planes would help the morale of the people who were becoming discouraged because China's warplanes had been inoperative since August and the Japanese could bomb at will and the merchants were beginning to lose heart and to demand that something be done. He said that he alone was holding out for resistance but that unless he could get planes he would be helpless. It would be even better if he could have American volunteer fliers for with planes and volunteer fliers (it would take time for the Chinese to use the more up to date fighting planes) they could defend the Burma Road and restore confidence to the merchants and to the troops. This would turn the scale in the favor of the Government and he felt sure that it would influence Russia to give more help.

As to economic assistance he said that the Chinese were very grateful to the United States for what had been done. They had made three loans to the Chinese totalizing altogether 75,000,000. If a large loan could be made at once rather than divided in small ~~bits~~^{bits} over a period of time

3/ President of the Bank of China.

1-5 7
-3- #526, October 18, 9 p.m. (SECTION T O) from Chungking
via N.R.

time it would help enormously in raising the morale of the people.

Time was of the essence he said. If American planes could not arrive before the road was closed or before the Japanese stopped the sea routes by occupying Singapore it would be too late and China's position would be extremely if not hopelessly critical.

The above represents a summary of what the General-issimo said to me during two hours during which he repeated some of it over and over again to be sure that he had made his points clear. *Hallington Tong* ~~Hallington Tong~~ who acted as interpreter is coming over to the office in the morning and I shall have further details ~~in~~ *and* comment to follow.

(END OF MESSAGE)

Sent to the Department only.

JOHNSON



EMB

Repetition requested on above garbled groups.

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Department of State

Washington,

October 23, 1940

AMEMBASSY,

CHUNGKING (CHINA). *via N. R.*

10245
Your 526, October 18, 2 p.m.

STRICTLY CONFIDENTIAL FOR THE AMBASSADOR.

I desire that you call upon Chiang Kai-shek and that you make to him orally a statement along lines substantially as follows:

Both the President and I have examined attentively the message which Chiang Kai-shek communicated through you, and we are giving it our best thought.

We of course desire to see a durable and genuine peace reestablished in the Far East as soon as possible. We believe that such a peace can be restored only on lines which are consistent with principles of equity and justice in relation to all concerned. We would be lacking in candor if we did not repeat not state our view that the evidence available to us does not repeat not indicate that Japan's military leadership would be prepared at this time to enter into a settlement which would be fair to all concerned.

793.94
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Sent by operator _____

M.

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793.94/16245

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2-2
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Washington.

Both the American people and their Government are sympathetically aware of the internal as well as the external difficulties which have confronted and continue to confront China, and we have profound admiration for the way in which China has met and is continuing to meet those difficulties.

We are surprised at the statement in regard to the cessation of aid from Russia. The information which we had previously received from various sources has been to the effect that, although there has been no repeat no increase and perhaps somewhat of a decrease in supplies from Russia, the sending of such supplies has continued.

893.51
With regard to the question of economic aid from the United States, there is of course no repeat no need to recount the various steps which the United States has already taken which have had the effect of assisting China. Chiang Kai-shek is fully familiar with those steps. With regard to the current situation, the Federal Loan Administrator announced at his press conference on October 17 that he was conferring with T. V. Soong, President of the Bank of China, on the subject of further advances of credits to China in exchange for essential

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Washington,

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defense products needed by the United States. The matter of further credits or loans is thus receiving active attention at this time.

With regard to the making available to the Chinese Government of military supplies, especially airplanes, we have made a review of the record of exports of airplanes to China. This review shows that since July 1, 1937, licenses have been approved for the exportation from the United States to China of 279 airplanes; that the value of these airplanes, including parts, has amounted to approximately \$22,000,000; that during the calendar year 1937 China occupied first place among foreign purchasers of American aircraft and during the calendar year 1938 third place; and that, although China dropped to twenty-first place during the calendar year 1939, it occupied eleventh place during the first six months of 1940, third place during July 1940, and ninth place during August 1940. During the first eight months of 1940 applications were approved for licenses to export 115 airplanes to China. Of this number 48 airplanes had been exported as of October 1 and 67 had not been exported as of that date. It is understood that a considerable number of American airplanes are now en route to China.

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Sent by operator

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Washington,

793.24

With regard to Chiang Kai-shek's observations relating to Japanese air attacks upon the Burma road, it seems to us that there is serious question whether Japanese efforts to put the Burma road out of commission through bombing operations are likely to be substantially successful. Such bombing operations are, we understand, most difficult to carry out successfully. Certainly the fortitude, skill, and perseverance shown by the Chinese in keeping open the Canton-Hankow Railway in the face of repeated Japanese bombing attacks offer solid indications of the difficulties in the way of closing lines of communication.

With regard to Singapore, there of course exists danger that Japan may attack that place. Such danger does not repeat not seem to us immediately imminent. Japan must realize the serious difficulties, including factors of equipment and of supply, which would attend any such attack and would not repeat not, it is believed, lightly embark upon such a venture while Great Britain is still strong in Europe and the American fleet is at Hawaii.

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Washington.

It may be observed further that the situations in Europe and in the Far East are closely interrelated and that the Axis Powers of course desire to bring their plans to fruition before the accelerated rate of production in the United States of military supplies results in substantially increased output and before the re-armament program in this country reaches maximum capacity. This country has already put forth great efforts to accelerate and to expand production. These efforts are continuing and are receiving the Government's best attention. From the standpoint of prospective output and the ability not only to supply its own needs but also to supply the needs of other countries which are fighting for self-preservation, every month which goes by without the Axis Powers' having achieved their objectives is so much to the good. For this country's position and the position of like-minded countries may be expected to become progressively stronger. While the present may be and undoubtedly is an especially critical period, the prospects over a somewhat longer period appear brighter.

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Washington.

The Government of the United States has consistently endeavored in relations with the Far East, while serving the interests of the United States, to avoid and avert disservice to the interests of China. At the present moment we are in no repeat no way forgetful of either of these objectives and we are intent upon both. As Chiang Kai-shek is of course aware, it is a traditional policy of the United States, except when this country is at war, to avoid entering into alliances or entangling commitments, although we believe in cooperative effort with other countries by peaceful and practicable means in support of the principles to which this country is committed. Just as Chiang Kai-shek and other Chinese leaders have foremost in their minds the interests of China, so we have foremost in our minds the interests of the United States. We are fortunately situated in that our interests and those of China usually run along parallel lines. Both the United States and China believe in peace, and the United States desires to see China establish ^{and maintain} herself along the lines of the democratic ideals in which we believe. It has long been ^{a premise of American} ~~policy~~ ^{policy} ~~to rely on the belief~~ that the Chinese are capable of creating and maintaining a well-ordered state.

Enciphered by

Sent by operator M., 19

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Washington,

We offer the foregoing observations in regard to the subject matter of Chiang Kai-shek's communication. We are of course continuing to study the whole matter presented by him in a desire to be constructively helpful where it is appropriate and possible for this Government, acting within the framework of the established policies and laws of the United States, to be so. In our study and in our effort to be helpful we shall expect to confer on various points with the Chinese Ambassador here and with Mr. T. V. Soong.

Hues



CP
OCT 24 1940

FE:MMH:HES

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7.7.6.

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[Signature]

5

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Sent by operator _____ M., _____ 19 _____

4-1

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

November 12, 1940.

STRICTLY CONFIDENTIAL

In Ambassador Johnson's strictly confidential telegram no. 568, November 9, 5 p.m., there are set forth certain ideas and proposals of Chiang Kai-shek in regard to a "Sino-Anglo-American Plan of Cooperation". This plan may be divided into three parts:

(1) The making by the American, British, and Chinese Governments of a joint announcement relating to general principles;

(2) The negotiation of a treaty of alliance between the British and Chinese Governments, with regard to which treaty the United States should either adhere or indicate its support and approval of the fact that Great Britain and China have concluded such a treaty of alliance; and

(3) The working out by the American, British, and Chinese Governments of specific methods with regard to the granting of reciprocal aid. Under this heading Chiang Kai-shek desires for China the extension by the United States and/or Great Britain of a large currency credit, the furnishing by the United States of from 200 to 300 military airplanes to China before the end of this year, and the sale on credit of from 500 to 1,000 military aircraft per year. Chiang Kai-shek also suggests the sending by the United States and by Great Britain of military and economic missions to China. He also proposes that Chinese airfields should be made available to American and British forces and that, should hostilities break out between Japan on the one hand and Great Britain and/or the United States

711.93/467

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on the other, the Chinese army would engage in the conflict. Chiang Kai-shek also suggests that, when Chinese ports shall have been recovered from Japanese military control, the said ports would be made available for the use of the American and British navies for a period of from ten to twenty years.

With regard to the second point of Chiang Kai-shek's "Plan", namely, the negotiation of a treaty of alliance between the British and Chinese Governments, and to that part of Chiang Kai-shek's third point which relates to military cooperation between the United States and China, it is of course contrary to the traditional policy of the United States, except when this country is at war, ~~never~~ to enter into alliances or entangling commitments.

With regard to that part of the third point in Chiang Kai-shek's "Plan" which relates to the furnishing by the United States of financial and material aid to China, it is believed that renewed effort should be made to do whatever is practicable and appropriate in this field. It is suggested that the most feasible lines of action would be the extension of additional credit to China and the speeding of delivery to China of such airplanes as the Chinese Government may order.

With regard to the first point in Chiang Kai-shek's "Plan", namely, the making by the American, British, and Chinese Governments of a joint announcement relating to

general

-3-

general principles, it is believed that no definitive view need be expressed at this time. A joint announcement by the three Governments or a simultaneous and identic announcement by each Government would undoubtedly have a beneficial effect on Chinese morale. Any such announcement, however, would be open to substantial objection. It would be regarded in many circles as a step in the direction of or as akin to an alliance or an entangling commitment. This Government has already repeatedly made clear its belief in and adherence to the general principles outlined in Chiang Kai-shek's "Plan". The whole world knows the position of this country and of this Government in regard thereto. The making of a public announcement by the three Governments either jointly or individually would be likely to be regarded by Chiang Kai-shek and the Chinese people as a definite commitment on the part of the American Government. While this country and this Government have certain principles to which they are committed in relations with China, the American Government at the present time has to decide step by step what particular action it deems it advisable to take in the interests of the United States at any particular time. A joint or identic announcement by the American, British, and Chinese Governments would undoubtedly be misconstrued by the Chinese



-4-

Chinese Government and people and cause them to expect more from the United States ~~that~~ ^{than} it would be practicable or appropriate for this country to give. At this particular stage it would seem to be preferable to allow our actions to speak for themselves and not to make any such public announcement along the lines suggested in the plan under consideration. It is therefore recommended that, without necessarily ruling out this aspect of the plan, further consideration of it be held in abeyance.

In as much as Chiang Kai-shek has indicated to Ambassador Johnson that T. V. Soong has been authorized to discuss on his behalf in Washington ~~the~~ questions relating to the plan, it is suggested that Mr. Hornbeck or Mr. Welles ask the Chinese Ambassador and Mr. T. V. Soong to call together for the purpose of discussing with them in a preliminary way the "Plan" under consideration. In such discussion it is suggested that the attitude taken by Mr. Hornbeck or by Mr. Welles be as indicated in this memorandum and within the general framework of the Department's telegram to Chungking no. 181 of October 24, 5 p.m.

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

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12/14

November 12, 1940.

~~SA/H, Mr. Hornbeck~~

U, Mr. Welles

There is attached a brief telegram to Ambassador Johnson at Chungking in regard to the proposals made by Chiang Kai-shek. There is attached also a memorandum commenting briefly on the proposals and recommending that Mr. Hornbeck or Mr. Welles ask the Chinese Ambassador and Mr. Soong to call for the purpose of discussing the proposals along certain indicated lines.

3.3.4.

711.93

4-1



FE:MMH:HES

DECLASSIFIED
E. O. 11652, Sec. 3(E) and 5(D) or (E)
D-pr. of State letter, Aug. 9, 1973
By NLT-*tc*, NARS Date *6-25-75*

TELEGRAM SENT

TO BE TRANSMITTED
☒ CONFIDENTIAL CODE ☒
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

Department of State

Full letter
Day letter
Night letter
Charge to

1940 NOV 18 AM 11 06

Washington, *18* "A"
November 12, 1940.

AMEMBASSY, *COMMUNICATIONS*
NO RECORDS
CHUNGKING (CHINA) VIA NAVAL RADIO.

192

453

CONFIDENTIAL FOR THE AMBASSADOR/

Your 588, November 9, 5/p.m.

I desire that you convey to Chiang Kai-shek orally a statement of the President's appreciation of Chiang Kai-shek's kind comments in regard to ^{the President's} reelection; that you again call attention to the fact that it is a traditional policy of the United States ~~(except when this country is at war)~~ to avoid entering into alliances or entangling commitments; and that you state that the appropriate officers of this Government will expect to discuss with the Chinese Ambassador and with Mr. T. V. Soong ^{various features of} the QUOTE Plan UNQUOTE outlined in your telegram under reference, with a view to being constructively helpful where it is appropriate and possible for this Government, acting within the framework of the established policies and laws of the United States, to be so.



453

11.93/453

PS/MH

NOV 18 1940

Enciphered by FE:MMH:HES *K. H. G.*

VIA
FE *771*

PA/H *141*

Welby Acting

Sent by operator M., 19.

J-1

TELEGRAM RECEIVED



JR

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

FROM Chungking via N. R.

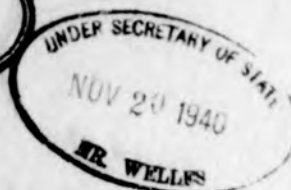
Dated November 20, 1940

Rec'd 5:25 a.m.



Secretary of State,

Washington.



PRIORITY.

577, November 20, 9 a.m.

STRICTLY CONFIDENTIAL FOR THE SECRETARY.

My 568, November 9, 5 p.m. ✓

Vice Minister for Foreign Affairs Hsiao called on me on the evening of the 19th at the request of the Generalissimo and stated that Generalissimo hopes to know reaction of the United States to his proposals, that he hopes that some kind of an arrangement might be reached by the end of the present month. (Department's 192, November 18, noon, received and decoded while this message was being enciphered. I shall take an early opportunity to communicate Department's reply to Chiang).

Generalissimo directed the Vice Minister to communicate to me the following for your information. Von Ribbentrop called the Chinese Ambassador at Berlin in to see him and in the presence of Stahmer, German representative understood to have been instrumental in negotiating tripartite pact with Japan, told the Chinese

1/ Not printed.

2/ Signed September 27, 1940; for summary, see Foreign Relations, 1931-1941, II, p. 165.

711.93/455

-2- #577, November 20, 9 a.m., from Chungking.

Chinese Ambassador that since the visit of Molotov, the German Government felt that it would be to the interest of China to bring to an end the conflict with Japan. He dwelt upon the European situation, saying that he felt certain that Germany had won hegemony in Europe and was certain that the European war would be terminated by end of year at the latest as (?) axis when Germany would unite Europe. When this was accomplished, China could no longer expect assistance from Great Britain or the United States. He expressed the opinion that this was China's last opportunity to come to terms with Japan; otherwise Japan would recognize the Wang Ching Wei regime. He said that Italy was all ^[to] already ~~(*)~~ recognize the Wang Ching Wei regime and that Germany being a member of the Axis would also recognize that regime. He expressed the hope that China would make terms with Japan and also that China would join the Axis saying that Germany would guarantee fulfillment by Japan of peace terms and that Japan would not go beyond terms agreed upon between the two countries.

Generalissimo wondered whether I had received any information regarding the Hitler-Molotov conversations ³ and said that in anticipation of the above report from

Berlin

3/ November 12, 13, 1940; U.S. Department of State, Nazi-Soviet Relations, 1939-1941 (Washington, Government Printing Office, 1948) pp. 226-247.

3-3

-3- #577, November 20, 9 a.m., from Chungking.

Berlin he wished to pass it on to you for your information.

The Vice Minister stated that the Chinese Government had made no (repeat no) reply to this German suggestion to Berlin nor had it yet considered what reply it should make.

Sent to the Department only.

JOHNSON

RR:WTC

(*) Apparent omission



3-1

TELEGRAM RECEIVED

HSM

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

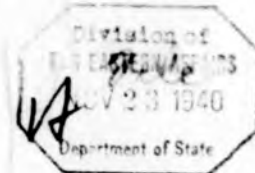
FROM

Chungking via N. R.

Dated November 22, 1940

Rec'd 7:35 a. m.

Secretary of State,
Washington.



580, November 22, noon.

STRICTLY CONFIDENTIAL FOR THE SECRETARY.

One. Yesterday evening after the coding of my 579, November 21, 3 p. m., Dr. Hollington Tong called at my residence saying he had come under instructions from the Generalissimo and handed me a document in English which he said was a translation of a message which General Chiang had prepared following his interview with me yesterday morning and which he desired transmitted to President and the Secretary of State. I said that I would of course be glad to forward the message as desired. A summary of that message is going forward in my 581, November 22, 1 p. m.

Two. The Department will note that the two "points" or "measures" mentioned in Chiang's message vary in important respects from two "remedies" reported in paragraph numbered two of my 579.

Three.

1/ Not printed.

Chinese Vice Minister of Information.

711.03/457

Three. I have endeavored on various occasions to impress on Chiang and the Foreign Minister that I doubt very seriously whether the American Government would be prepared to enter into advance commitments to China or any other country and I have also attempted to discourage Chinese hopes of the early delivery of any substantial number of planes to China. Nevertheless it seems that Chiang is still hopeful of obtaining an American commitment in respect of assistance to China in the maintenance of certain stated principles in relation to the Far East and American "support" or "indorsement" of a Sino-British alliance.

Four. In discussing this subject informally with Tong yesterday evening I learned that it is his private opinion that Great Britain's decision concerning support of and closer relations with China will be governed by developments in the American attitude vis-a-vis China.

Sent to the Department only.

JOHNSON

DDM



TELEGRAM RECEIVED

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
Dept. of State letter, Aug. 10, 1972
By ALY/K, NARS Date 6-25-74

Chungking via N.R.

Dated November 22, 1940

Rec'd 3:16 p.m.

Secretary of State,
Washington.

581, November 22, 1 p.m.

~~CONFIDENTIAL~~ FOR THE SECRETARY.

SUMMARY OF MESSAGE. Of the proposals which I advanced recently, the principal consideration is to formulate specific methods for giving assistance to China and of realizing the principle of cooperation for United States, China, and Great Britain. To the Government of the United States is left the decision of deciding the mode of procedure to be adopted.

Although we are cognizant of the policy of the United States to conclude alliances with no country, the existing Far Eastern situation calls for American reflection on these points: (one) American support of an Anglo-Chinese alliance and mutual assistance and, (two) issuance of a joint Anglo-American declaration assenting to willingness to grant China all possible aid and setting forth their vindicable position in relation to the Far East. If the menace with which China is now faced is to be safely passed, the foregoing measures should be carried out at the same time; otherwise our military



and economic situation, which is already very difficult, will worsen. Japanese recognition of the Wang Regime will tend to speed up the breaking down of our war effort.

If I failed to inform the United States of the foregoing, I would be lacking in candor. I trust that the Government of the United States will inform me at the earliest possible date whether it can support the proposals for assistance contained in my plan (see (D) paragraph numbered three, m 568, November 9, 5 p.m.) as well as the suggested Anglo-Chinese alliance (END OF SUMMARY).

Sent to the Department only.

JOHNSON



NOTE: Repetition requested on above garbled groups.

1/ Not printed.

PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED
☒ CONFIDENTIAL CODE ☒
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Collect (Full rate
Day letter
Night letter

Charge Department:

Full rate
Day letter
Night letter

Charge to AMEMBASSY,
\$

Department of State

Washington, 23
November 20, 1940

Naval Radio

This telegram is confidential code.
It should not be fully paraphrased before
being communicated to anyone. A-1

CHUNGKING (CHINA).

PRIORITY 196

Your 577, November 20, 9 a.m.

STRICTLY CONFIDENTIAL.

✓ We appreciate the thoughtfulness of Chiang Kai-shek
in having taken steps to communicate ^{to} ~~with~~ us the information
contained in your telegram under reference.

From the information in our possession it appears that
the recent Hitler-Molotov conversations at Berlin are one of
a series and that they will probably be continued in one or
more places; that the Berlin conversations ^{were} ~~have been~~ ar-
ranged at least in part for the purpose of their psychological
and propaganda effect upon various governments and peoples;
and that it may be expected that the Axis and associated
governments will endeavor to use the fact of the con-
versations to their advantage in diplomacy as well as in
propaganda. We have no repeat no reason to believe
that there have come out of the conversations any
definitive agreements, at least in so far as the
Far East is concerned. We have received no

793.94/16245
NS/FF

Enciphered by _____

Sent by operator _____ M., _____, 19____

2-2
PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

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TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Department of State

Washington.

-2-

Collect { Full rate
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Night letter

Charge Department:

Full rate
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repeat no indication that there occurred in the conversations any development that was intended to be inimical to China, or any concrete agreement in regard to matters relating to China. It is not repeat not to be doubted that Germany has been bringing diplomatic pressure to bear upon both Soviet Russia and Japan looking to a rapprochement between those two countries which might result in an agreement beneficial to the Axis powers in Europe. In this particular connection it is also to be expected that Japan will endeavor to use such Soviet-Japanese conversations as have taken place to Japan's diplomatic ^{and military} advantage. It is our belief, from the information we have received, that out of various German efforts to bring about a Soviet-Japanese rapprochement there has not repeat not yet occurred any ^{concrete} ~~potential~~ developments. That German-Japanese-Soviet conversations may result in an agreement in regard to the Far East which ^{would} ~~will~~ affect Chinese interests is, of course, a possibility, but we have no repeat no evidence to support an assumption that Soviet Russia contemplates an arrangement which would have as purpose sacrificing China to the advantage of Japanese and/or German imperialism. It seems axiomatic that Germany

Enciphered by _____

Sent by operator _____ M., _____ 19____

Full rate
Day letter
Night letter

-3-

Washington,

PLAIN

Charge to

2-5

Very much desires to see Japan freed from her present

30

PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED

Collect

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Day letter
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in China in order that Japan might be in a better position to further Germany's objective of

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PARTAIR

PLAIN

Department of State

Charge Department

Full rate
Day letter
Night letter

defeating Britain by taking military action against British territory and interests in general in the Far

-3-

Washington,

Charge to

\$

Very much desires to see Japan freed from her present involvement in China in order that Japan might be in a better position to further Germany's objective of defeating Britain by taking military action against British territory and interests in general in the Far East. Sent to Chungking only.

The Department suggests that unless you perceive objection you communicate the substance of the foregoing orally and in confidence to Chiang Kai-shek or other appropriate official of the Chinese Government.

Sent to Chungking only.

OR

NOV 23 1940

793.94/16245

6A

FE:GA:FRE/HES

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OR

NOV 23 1940

793.94/16245

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FE:GA:FRE/HES

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PA/H

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U

Enciphered by

Sent by operator M. 19

BRITISH EMBASSY,
Washington, D. C.



November 30th 1940.

Dear Mr. Hornbeck,

I enclose herein a copy of the telegram
from the Foreign Office which I read to you yesterday.

LOTHIAN



711.93/467

Dr. S. K. Hornbeck,
United States Department of State,
Washington, D. C.

Telegram from the Foreign Office to the
British Embassy in Washington, dated
November 21st 1940.

In a recent series of telegrams repeated to you Sir A. Clark Kerr has transmitted an appeal by Chiang Kai-shek for closer Anglo-Chinese-American cooperation and help in his country's resistance to Japanese aggression. In a preliminary reply he has been told that his request is being sympathetically considered, and that we are ready to discuss with him and with United States Government the whole problem of our mutual interests.

2. We understand a similar appeal has now been addressed to United States Ambassador in China. When United States Government has had time to consider the proposals made by Chiang Kai-shek, we shall wish to discuss them with them. Particulars of our provisional reactions are as follows.

3. We assume that we cannot expect that United States will take a definite commitment at this stage and that a full-blown alliance is ruled out. An Anglo-Chinese alliance would not serve the same purpose and its effect on Japan would be out of proportion to its utility. It may be possible to make some declaration on the lines suggested by Chiang Kai-shek either by parallel or joint action, but as the declaration proposed, except in regard to giving utmost help to China, covers ground already covered by various statements made by United States Government and ourselves, we think it better to work out in the first place such concrete help to China as may be feasible.

4. So far as we are concerned we have to consider the matter in the light of our own war effort and risk of provoking of Japan unnecessarily or prematurely into war. We think that our help should be as extensive as may be compatible with these two considerations, which however make it necessary to proceed carefully and by stages.

5. Loans as large as those mentioned by Chiang Kai-shek are out of the question. The Treasury's view is that since China is long of sterling at present, to give her more sterling unconditionally would result in increased sales of sterling on Shanghai market and a fall in sterling-U.S. dollar rate there, which would result in

1/ Sir Archibald John Clark Kerr, British Ambassador to China.

-2-

increased evasion of our control in case of Shanghai to the detriment of our exchange position. This would also react on Chinese dollar.

6. The Treasury therefore contemplates making in agreement with the Chinese government, arrangements under which sterling held by Chinese residents will be available only for expenditure in sterling area. If this can be done, financial assistance could be given to China without weakening our exchange position. Subject to this condition, the idea we have in mind is to make a further advance to stabilise the fund, not exceeding £5,000,000 and to agree to export credits for Chinese requirements in sterling area within a maximum (according to the extent to which they can be met) of £5,000,000.

7. It had been suggested by Chinese Ambassador that T. V. Soong should visit London to discuss the consequences of currency stabilisation semi-officially and also (as Chairman of the Chinese National Resources Commission) the needs of China for commodities available in sterling area. We are now informed by Chinese Ambassador that Chinese Government wish T. V. Soong to remain in United States for the moment. But a visit by T. V. Soong would, we think, be very valuable and we propose discussion of this point further with Chinese if Sir A. Clark Kerr concurs.

8. If financial assistance is granted to China, we may be prepared to consider sending an economic mission or appointment of individual technical experts but do not think this should precede concrete help.

9. We are [? "not" omitted] likely to be able to furnish any Chinese requirements in armaments but we are examining this point, and we do not consider it desirable to despatch a full military mission at this time. We are however preparing plans for one in the event of hostilities and are proposing as an immediate step to replace our present military attache in China by a more senior officer and to expand his staff.

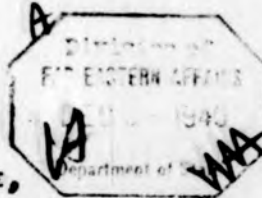
10. With a view to detailed discussion with United States Government as soon as they are ready, you should inform State Department of our general views as outlined above. Dominions are being consulted and until their views are known the above represents only our tentative opinion and you should make this clear. Financial Adviser should take an opportunity to explain the position to the Secretary of the Treasury as regards financial assistance and particularly the condition which we attach.

TELEGRAM RECEIVED

34

HSM
This telegram must be
closely paraphrased
before being communi-
cated to anyone. (Br.)

FROM Chungking via N. R.
Dated December 2, 1940
Rec'd 6:20 a.m.



Secretary of State,
Washington.

598, December 2, 1 p.m.

One. The Chief of the Chinese General Staff, General Ho Ying-chin, recently approached our Assistant Military Attache informally, saying that he had heard that following the World War France had sent a quantity of artillery to the United States in partial payment of the French war debts and that he therefore desired to ascertain whether it would be possible for China to purchase some of this artillery, particularly 75's and mountain guns, the number of pieces to be purchased, if available, being dependent on the price at which they could be obtained.

Two. When I saw General Ho about three weeks ago he mentioned that the Chinese Army is in urgent need of the types of artillery referred to above.

Three. I assume that if the Chinese authorities are serious.

893.24/979

PS/FF

FILED

DEC 2 - 1940



hsm -2- No. 598, December 2, 1 p. m., from Chungking

seriously interested in the purchase of artillery equipment in the United States they will instruct their representatives in Washington to approach the appropriate American quarters in the matter. However, if the Department could see fit to ascertain whether equipment of the types mentioned is in fact available for sale to China, I should be glad to communicate that information to General Ho.

PEG



JOHNSON

DECLASSIFIED

E.O. 11652, Sec. 3(E) and 5(D) or (E)

Dept. of State letter, Aug. 10, 1972

By NY 46, NARS Date 6-25-75

~~SECRET~~

4-5 Left with Mr. Hornbeck
by T.V. Soong Dec 4, 1940.
77H.

38

1. During her war with China Japan has already lost 1,100,000 soldiers through deaths and invalidation by battle and disease. She is obliged to keep about 1,250,000 soldiers in China, exclusive of Manchuria. Chinese success in resisting the vastly superior equipment and resources of the Japanese army has been due to deliberate strategy of yielding ground whenever unavoidable but without ever allowing the army to break, and the employment of intensive guerilla warfare so that the enemy is bogged down in China. DCK
file

2. Japan now realizes that it is not possible to crush the Chinese armies, and is withdrawing troops from China for her southward advance into Indo-China, the Dutch East Indies, and Malaya. She is more than anxious to conclude an "easy" peace with China, because in the event of final victory over the British Empire any favorable peace terms with China could be renounced. Germany is of course trying to mediate between China and Japan.

3. After three and a half years of destructive warfare Chinese people and army are feeling the exhaustion because (1) with the loss of their richest territory and sources of revenue, and being obliged to keep in the field a regular army of 2,500,000 men with 2,000,000 guerrillas, their financial and economic situation is rapidly growing worse. Internal prices have risen seven or eight fold and uncontrolled inflation is directly upon China, unless substantial outside assistance is immediately forthcoming; (2) Chinese national resistance has been sustained under greatest adversities due to belief that the democracies will eventually win the war. The collapse of France, the surrender of the little countries by default, and the continued success of German arms tend to shake this belief. (3) In the air the Chinese army in the beginning relied on American machines, and in the second and third years of the war on Russian planes.

711.93/467



These were well handled and with the manifest advantages of interior lines, despite overwhelming superiority of the Japanese air force in numbers some resistance in the air had been maintained. Russia has stopped sending planes, and since September this year Japanese planes are much superior in quality as well as in absolute numbers, so that today no existing Chinese planes could take the air. The effect of constant bombing on the Chinese troops, and especially on the civilians in the principal cities, without the possibility of any defence, is telling on the general morale.

4. In the present military situation by concentrating on a few strategic centers in China the Japanese could withdraw a large portion of their army and transports, because the hardy and seasoned Chinese army could not counter-attack well fortified areas without air-support. With air-support on a moderate scale they could easily recapture Canton and Hankow, and oblige the Japanese to retain their forces in China. As experience has shown, operating on interior lines an air force of say 500 planes will certainly contain an enemy air force of four times their number. In addition, the presence of this striking force, which could be based on Chinese air fields near the coast would, by its threat to Japan proper, Formosa, and their newly acquired base in Hainan, act as a most effective deterrent to Japanese designs on Singapore and Dutch East Indies.

5. This Special Air Unit need not exceed 200 modern bombers and 300 pursuits but must be adequately manned and staffed, and above all serviced by requisite mechanics and ground organisation. While Chinese pilots and mechanics are available in part, it is clear that for the greatest efficiency personnel from the British and American Training Centers should be drawn upon, these foreign pilots forming a special Air Unit. Special consideration must be given to the status of this force, according to the political development of the situation in the Far East.



This air force should be created at once so as to be assembled in China ready to operate before the start of the Japanese Spring offensive on Singapore.

6. Planes could be assembled in Rangoon or India and flown to airbases in China, or transported by water from Rangoon to the Chinese frontier and assembled there. There are 136 airfields[§] available in China, more than half of which are in excellent condition, and all serviceable for both bombers and pursuits. Several of these airfields are within 650 miles from Japan; and they are so located that they are not easily vulnerable to army attacks. Japanese garrisons are nowhere in proximity and land attacks would require in most cases the concentration of several divisions over extremely difficult terrain without communications, thus leaving adequate time for defence or for transfer of menaced airbases.

The Special Air Unit could operate in conjunction with the Chinese army which so supported could effectively take offensive actions against Canton, to relieve Hongkong; against Hankow to clear the Yangtse Valley; or again the Unit could operate independently in attacking Japan proper, Formosa and Hainan.

According to the political strategic necessities of the war in Asia and Europe it will be possible to take a decision as to the advisability of carrying the air war into Japan proper. One should not be dogmatic as to the reaction bombing will have on Japanese psychology but every day evidences accumulate of growing internal dissensions in Japan and the severe strain and privations the Japanese people are put to by the prospect of a war without end, when at the beginning of their Chinese adventure they were told that hostilities would only last a few months.

§ If desired a confidential map could be furnished showing the location of these airports.



4-8

7. The organization and equipment of this Special Air Unit would require fully some three months of intense effort on this side as well as in China. The decision to create the Unit should therefore be taken within the next two weeks if operations are to start in the critical Spring of 1941.

General Chiang Kai-shek is laying all the relevant considerations before the British and the U. S. A. Governments as frankly as the gravity of the situation and his responsibility make it incumbent upon him, and he most earnestly renews his request for prompt decision; in this he is of course animated by complete identity of purpose in the common struggle for independence and democracy.



PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED
CONFIDENTIAL CODE **XXX**
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

Collect Full rate
Day letter
Night letter

Charge Department:

Full rate
Day letter
Night letter

Charge to

\$

Department of State

1940 DEC 7 PM 2 51

Washington,

December 7, 1940.

4pm

Naval Radio

AMEMBASSY,

CHUNGKING, CHINA.

201

Your No. 598, December 2, 1 p.m.

The War Department has, during the past year, declared surplus and sold to foreign purchasers all of the artillery referred to in your telegram which is fit to be used.

All of the interested authorities of this Government are endeavoring to facilitate in every way compatible with our own defense needs purchases of armament in this country by the Chinese Government and will endeavor to assist that Government to purchase artillery here when and if the question is raised by the Chinese representatives in Washington.

This cable was sent in confidential code. It should be kept confidential and not be communicated to being communicated to.

893.24/979

Hull

and



DEC 7 1940

[Handwritten initials]

893.24/979
Co: GWY:HJG

VAA
FE

[Handwritten signature]

PA/H

[Handwritten signature]

Enciphered by _____

Sent by operator _____ M. _____ 19 _____

PS/D

TRANSLATION OF CHINESE TELEGRAM DATED DECEMBER 12, 1940,
FROM GENERAL CHIANG KAI-SHEK TO PRESIDENT ROOSEVELT. ✓

Mr. President:

At this crucial moment for China when Japan formally recognized its puppet organization in Nanking, your generous and timely announcement of a substantial loan to China has infinitely increased China's powers of resistance, strengthened its social and economic structure, and enhanced the confidence of the army and people in its final victory over the aggressor.

It is the deep and widespread conviction of my countrymen that the solution of the Far Eastern situation and the establishment of lasting peace could only be brought about by the pursuit of the far-sighted policy and lofty ideals in which the world has looked upon you as its great leader. Peace and reconstruction in the Pacific will require the cooperation and common endeavor of the United States and China, and it is my sincere hope that you will constantly give us your counsel and guidance.

In connection with the proposals for an air force for China to prevent the spreading of the war to Southern Asia, and to accelerate its termination, which I entrusted to Dr. T. V. Soong to communicate to you, I should be grateful if in view of the urgency of the situation you could indicate to him your views on these grave matters as soon as possible.

Please accept Mr. President, my sincerest thanks and highest esteem.

(signed) Chiang Kai-shek

1/ No record of President Roosevelt's reply to General Chiang Kai-shek found in Department files.

2/ For text of statement (November 30) extending credit to China, see U.S. Department of State Bulletin of December 7, 1940, pp. 521f.

TRANSLATION OF CHINESE TELEGRAM FROM GENERAL CHIANG
KAI-SHEK TO SECRETARY MORGENTHAU, DATED CHUNGKING,
DECEMBER 16, 1940.

Most grateful for your message. Although the Italians are hard pressed we have information from sources of proved reliability that the Axis Powers are going through with their plan of synchronized attempts to take Gibraltar, the Suez and Singapore in the Spring.

In order to cope with the threat on Singapore it is necessary for us to carry the war into Japan proper. For that purpose I am most anxious to acquire as many of your latest Flying Fortresses as you could spare, which from our air bases could effectively bomb all the vital centers of Japan, and harass their fleet and transports. The effect of this upon the Japanese people who are already much divided and dispirited will certainly be far reaching.

The Flying Fortresses should be complemented by a proportionate number of pursuits and medium bombers, so that the air force thus constituted could also support the counter-offensive which I am preparing with a view of retaking Canton and Hankow, and of forcing the Japanese to recall their troops, transports and airplanes from the contemplated attack on Singapore, the safety of which is as vital to us as to the British.

I earnestly hope you will support me in presenting these views to President Roosevelt so that a decision will be made in time for us to block the Japanese move.

(signed) Chiang Kai-shek



DEPARTMENT OF STATE
RECEIVED
DEPARTMENT OF STATE
Memorandum of Conversation

OCT 20 PM 2 19

DATE:

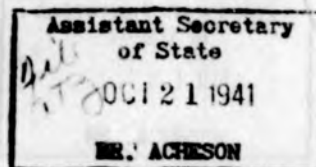
March 27, 1941.

893.24/1041 1/2

SUBJECT: AID TO CHINA

PARTICIPANTS: General Burns, War Department
Mr. T. V. Soong and his assistant, *Mr. C. S. Lin*
Mr. Edminster

COPIES TO:



By pre-arrangement I attended the conference called by General Burns in his office (Room 2050, Munitions Building) at 3 p.m. today at which Mr. T. V. Soong, purchasing agent for the Chinese Government, was scheduled to present the needs of the Chinese Government for supplies from this country which might be furnished under the Lend-Lease Act. I may say, parenthetically, that Harry Hopkins had requested General Burns, acting on his behalf during his absence, to get in touch with the Chinese to see what their needs were; and that General Burns had suggested that I be present from the State Department in my capacity as liaison officer for the Department in connection with the working out of detailed plans for the administration of the Lend-Lease Act. ✓

OCT 22 1941

FILED

PS/MF/M

General Burns

1-2

General Burns had also invited Lauchlin Currie, the President's assistant, to attend the meeting in order that the views resulting from his recent trip to China and his study of the Chinese situation might also be made available to the group. Mr. Currie was detained, however, and was not present during the discussion.

General Burns asked Mr. Soong what the Chinese needed most at this time. Mr. Soong had not brought a detailed list with him, stating that he would submit the complete list later. He stated orally, however, that they were in great need of planes, arsenal materials (steel, etc.), ordinance, signal equipment, motor transport, cargo transport for the Burma Road, and shipping space on American ships plying directly to Rangoon via the Pacific. In connection with shipping, Mr. Soong pointed out that the planes now being shipped to China are now going on Norwegian vessels via the South Atlantic, the Cape of Good Hope, etc., to Rangoon, and that this involves, among other obstacles, fully two weeks' delay as against the other route. Moreover, it is becoming increasingly difficult to get foreign shipping space. His suggestion is that planes and materials desired should be shipped directly on American boats across the Pacific.

While the group was waiting for Mr. Currie, who had telephoned that he would be late arriving, General Burns

asked

- 3 -

asked Mr. Soong a great many questions with regard to the whole strategic situation in China and in the Far East generally. In answer to specific questions, Mr. Soong said that, whereas most of their munitions and military supplies had come originally from Germany with considerable additional supplies from Russia, those from Germany were now cut off on account of Japan's joining the Axis, but that considerable supplies were still coming in from Russia, some munitions and also some airplanes of very good quality. He said that, whereas Chinese losses during the early part of the hostilities with Japan had been in the ratio of about 3 to 1, they were now about on an even basis, owing to the long line of communications which Japan had to defend and the greater hazards all around which they confronted as a result of the present strategic situation. He said that Japan had lost about 1,000,000 men, China about 2,000,000. He said that it required about 1,000,000 Japanese soldiers to maintain the present lines of Japan in China, an additional 200,000 or 300,000 soldiers on the Russian border, and a great many more in Korea and various other areas that Japan had to police, all in addition to the maintenance of a considerable reserve force at home.

Asked by General Burns whether he thought that Japan wanted to fight the United States, Mr. Soong replied that she did not want to do so under present conditions but

that,

that, if Britain should be defeated or British defeat be so imminent as to warrant the gamble, Japan would, in his opinion, immediately undertake to capture Singapore, even if it meant war with the United States. He said that Japan would almost certainly conclude that, with Britain defeated or near defeat, the United States would be so concerned with the protection of the Atlantic approaches to this hemisphere that it would not feel that it could risk involving its fleet in war with Japan for the protection of Singapore. He stated most emphatically, in reply to a question from General Burns, that, in his opinion, Japan's capture of Singapore would be a fatal blow to American, British, and Dutch interests in the Far East and that, once established there, it would be next to impossible to dislodge her.

In thus calling attention to some of the high points in the conversation which took place between Mr. Soong and General Burns, I am merely setting them down as a matter of record. No doubt this is all very familiar to those who have specialized on Far Eastern questions.

When it appeared that Mr. Currie was not going to arrive in time to join in the discussion, General Burns suggested that we meet again at 11 a.m. on Monday, March 30, at which time Mr. Soong would present the detailed list of the items which China would like to have furnished to her for the prosecution of her war efforts. As we were coming

out

- 5 -

1-5
out of the building, we encountered Mr. Currie just going in, but we did not return to General Burns' office with him. Mr. Currie stated that he would endeavor to be present at the meeting on Monday.



SA/E:Edminster:BJA

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
Dept. of State letter, Aug. 10, 1972
By ALITAC, NARS Date 6-25-75

TELEGRAM RECEIVED

JR

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



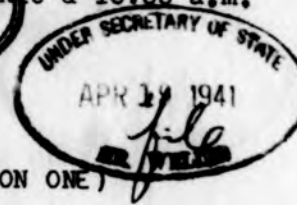
Chungking via N. R.

Dated April 17, 1941

Rec'd 10:55 a.m.

Secretary of State,

Washington.



140, April 17, 11 a.m. (SECTION ONE)

CONFIDENTIAL FOR THE SECRETARY.

Generalissimo asked me and McHugh to visit him

last evening and during long conversation asked me to communicate to you and to the President the following as his comments on developments in relation to American aid to China. He began by remarking that a month and a half had passed since Mr. Currie's ~~article~~ ^{visit} without concrete results and that while China was grateful for the friendly attitude and sympathy of the United States he had suffered no little embarrassment due to constant inquiries from Chinese press for details aid to be granted. He remarked that Russian Ambassador frequently inquire as to what materials were being made available and said that his officers reported sarcastic remarks made by Russian advisers to the effect that when the war was over supplies would be available from the United States. He stated that he had been reluctant to discuss these matters with me except that the understanding that signing

of

1/ Major James M. McHugh, Naval Attaché and Naval Attaché for Air in China.

893.24/1047

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PS/LB

CONFIDENTIAL FILE



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-2- #140, April 17, 11 a.m., from Chungking, (SECTION ONE)

of the neutrality agreement between Russia and Japan² had caused a good deal of feeling among intellectuals and it was his hope that something concrete might be done to make evident that American aid was of a concrete nature. The Generalissimo asked me to state that up to yesterday at least Russian aid was continuing and I gathered that he did not expect it to cease although it was evident from his remark that he was watching that situation closely.

The Generalissimo stated that the Chinese Ambassador and Soong would be seeing the President shortly and that in connection with that interview he wanted to make two points to me which he hoped I would *report*

JOHNSON

WSB

2/ Signed at Moscow on April 13, 1941 by Japanese Minister for Foreign Affairs Matsuoka and Soviet People's Commissar for Foreign Affairs Molotov.

2-3

51

TELEGRAM RECEIVED

JT
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (A)

FROM

CHUNGKING VIA N.R.

Dated April 17, 1941

Rec'd 6:15 p.m.

Secretary of State,
Washington.

140, April 17, 11 a.m. (SECTION TWO)

First. As regards military supplies. He stated that he hoped that the American Government would prepare a schedule of materials to be made available over a period of time which the Chinese could count upon, a schedule which would indicate what materials would be first made available. He hoped that planes for instance would be among the first.

Second. As regards economic aid. He reminded me that last December ³the Government of the United States expressed that it was granting a 50 million dollar currency stabilization loan to China. While there had been considerable negotiation in the course of which it appeared that the Treasury Department ^{instead of} ~~was~~ making the full amount of fifty million available offered an arrangement whereby the sum would be doled out in lots of first 20 million and then 5 million periodically. He stated that he had instructed Soong not to accept this arrangement

as
3/ November 30, 1940; see Department of State Bulletin
of December 7, 1940, p. 521.

2-4
1-4
-2- 140, April 17, 11 a.m. (SEC TWO) from Chungking

as it indicated lack of confidence in China. He pointed out, ~~that~~ ^{that [he?]} ~~four~~ had accepted the American requirement that K. P. Chen should be Chairman of the Currency Board and the deposit of the money in American banks. It was evident that his pride had been hurt in this matter. He said over and over that the full amount should be made available thereby showing confidence in China and in the Chinese Government at this time when such confidence would do so much in the government's war of resistance. It was especially important just at this time following the Russo-Japanese agreement. He expressed the hope that I would make clear these points and his hope that the American Government would carry through its promise of last December and make the whole of the 50 million currency stabilization fund available.

I gained the distinct impression that the Generalissimo's pride has been deeply hurt because his confidence of the reality of American aid has been questioned not only among his own people but evidently from Russian sources. I venture to express the hope that steps can be taken to meet this confidence with confidence. There is a deep Chinese feeling that China has won a right to be treated as an equal among the nations fighting for their rights. (END MESSAGE)

JOHNSON

WWC



CABLE FROM GENERALISSIMO CHIANG KAI-SHEK TO LAUCHLIN CURRIE
April 25, 1941.

Despite your departure you seem still to be remaining with us. Your friendliness and good will as expressed during your stay here will forever be remembered. Following is a personal message to the President which I hope you will be kind enough to transmit:

"President Franklin D. Roosevelt. Since publication of Soviet-Japanese Pact, our people and army, ever pledged to resist till victory is won, have been as bitterly infuriated as disappointed. They unanimously consider serious changes in Far Eastern situation impending. It is reported that the Soviet Far Eastern army will soon be recalled to Europe. This, together with Allies' reverses in Balkans inevitably affected our troops' morale too much, so that our present war efforts along the Fukien-Chekiang coast suffer setbacks. Moreover, in attacking said coast provinces Japanese have thrown in crack divisions they have so far refrained from using unless absolutely necessary. At this crisis our government and people hope more than ever for speedy positive decisive manifestation of American aid to China policy so as to reinforce confidence of people and army and strengthen resistance to aggression. I appreciate profoundly your declaring positive aid to China constitutes an integral part of the lend-lease bill. I earnestly hope that you, Mr. President, will soon announce total amount of war implements assigned to be lent us with reference to comprehensive list of articles we have submitted. This generous and timely assistance will more than anything else encourage and gratify our people and troops and prove an extremely wholesome influence on entire Far Eastern situation. I hope this urgently requested announcement may be made in the very near future. Your response to my appeal will be equally appreciated."

Chiang Kai-shek

✓ Neutrality agreement signed at Moscow, April 13, 1941.

(U. S. Department of State, Nazi-Soviet Relations, pp. 322f.)



893.24/1056

PREPARING OFFICE
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Department of State

"A"

NAVAL RADIO

Washington
April 24, 1941

893.24/1047

Full rate
Day letter
Night letter

Charge to

AMEMBASSY,

CHUNGKING (CHINA).

STRICTLY CONFIDENTIAL

Your 140, April 17, 11 a.m. Reference that portion relating to schedule of materials to be made available to the Chinese Government.

Please call on General Chiang and inform him that with reference to his conversation with you on April 16 you have been instructed to communicate the following statement to him:

One. The Generalissimo's comments have been communicated to the President who desires that the Generalissimo be informed that the schedule of items desired by the Chinese Government under the lease-lend program which was submitted by Mr. Soong early in April has had prompt examination.

Two. The President is desirous that General Chiang understand the procedure applicable to the lease-lend program. Schedules of requested articles are upon receipt by this Government distributed among technical committees charged with coordination of specific fields of this country's armament program. In order to expedite action, these committees select as promptly as possible lists of those articles which can be made immediately available or the production of

Enciphered by _____

Sent by operator _____ M., _____ 19 _____

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Department of State

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Washington,

Charge to

which can be immediately authorized.

Three. The first of these lists has just received the President's approval. He has ~~authorized~~ authorized that steps be taken immediately to arrange for the procurement of the following items for China in the amounts and to the estimated values stated:

Railway equipment for Nanta-Siangyun Railway	\$15,000,000
Communications equipment (telephones, switchboards, and wire)	\$1,000,000
2000 Military trucks	\$6,000,000
2000 Commercial trucks	\$6,000,000
Gasoline (5,000,000 gallons aviation and truck)	\$1,000,000
5000 tons Diesel oil	\$50,000
2500 tons Lubricating oil	\$250,000
Raw materials for arsenals	\$10,000,000
150 Light Caterpillar tractors	\$300,000
300 Light passenger cars	\$300,000
3,000,000 Cotton blankets	\$4,500,000
10,000,000 yards Gray sheeting	\$700,000

The estimated values include cost of freight to Rangoon.

Four. The items listed represent merely the first list of articles and quantities which after preliminary and rapid examination could be approved promptly. Further study will undoubtedly result in determination that larger quantities of the articles listed above can be approved and additional lists of other articles will be forthcoming in the near future as the reports of the various committees, including ordnance and

Enciphered by

Sent by operator M., 19

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8-3

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Department of State

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Washington,

Collect Full to
Day letter
Night letter

Charge Department:

Full rate
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Charge to

\$ aircraft, are received.

Five. As to some of the articles listed above, exact specifications and other details have not yet been supplied by the Chinese representatives but Mr. Soong and his associates are taking immediate steps to provide these.

Six. In addition to the articles listed above, British representatives have indicated the willingness of their Government to release to the Chinese Government ³⁰⁰ ~~250~~ military two and one-half ton six-wheeled trucks which are available for immediate delivery and which were to go to England.

Seven. We shall be glad to inform the Generalissimo promptly as new lists are authorized.

Eight. The President desires that the Generalissimo be assured that he will expedite the procurement and shipment of every item in the Chinese schedule that can be prepared. He has directed Mr. Currie to assist Mr. Hopkins in insuring prompt attention to China's needs.

Sent to Chungking only.



Hall
JH

FE:CA:HNS

FE

Enciphered by

Sent by operator M.,

, 19

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

April 24, 1941.

U
 Mr. Welles: ✓



The underlying telegram was drafted by Mr. Currie on the basis of conversations with the President and with Mr. Hopkins. With regard to the statements in the message which mention the President, Mr. Currie tells me that he is sure, on the basis of his conversations with the President, that the statements accurately reflect the President's views. Mr. Currie asked whether the President would be informed of the text of the message, as set forth in the attached telegram. I told Mr. Currie that the normal procedure was for copies of telegrams to be sent, after the telegrams were despatched, to the President for his information. Mr. Currie said that he thought that that procedure would be entirely satisfactory in this case.

m. m. h.

FE:MMH:HES



893. 24/1047

The Secretary of State to the Ambassador in China (Johnson)

Washington, April 28, 1941-- 8 p.m.

93. Reference your 140[✓], April 17, 11 a.m. (that portion relating to economic aid.)

The Department requests that you call on General Chiang and, referring to the Generalissimo's comments in regard to the proposed terms of the fifty million dollar stabilization loan to China, state that this Government has endeavored fully to meet the wishes of the Chinese Government in regard to this matter and that testimony to that effect is found in the terms of the final agreement signed by Dr. Soong and the Secretary of the Treasury on April 25 (see Radio Bulletin No. 98, April 25). You may add that it is a matter of regret that there should have arisen any misunderstanding in regard to the meaning of a stipulation appearing in earlier drafts of the agreement, to which the Generalissimo took exception; that a similar stipulation is found in a comparable agreement with Argentina, [✓]the only other agreement of this type which has been entered into by the United States with a foreign country; that from our point of view the question of confidence in China did not at any time arise; but that the question having arisen in the Generalissimo's mind we have sought to allay it in the most effective way possible, namely, by omitting the stipulation from the agreement as signed. In conclusion you may convey appropriate assurances of our continued high regard for and confidence in the Chinese Government.

Sent to Chungking only.

HULL

✓ Stabilization agreement with Argentina was signed on December 27, 1940.



TELEGRAM RECEIVED

GMW

This telegram must be closely paraphrased before being communicated to anyone.

FROM

Chungking via N. R.

Dated May 1, 1941

Rec'd 9:40 a.m.

COPY IN PARAPHRASE
SENT TO Mr. Currie
1. 5/2/41 REK

Secretary of State

Washington

157, May 1, 1941

STRICTLY CONFIDENTIAL.

One. I called on General Chiang yesterday afternoon and communicated to him the substance of the Department's 91, April 26, 11 a.m.; and 93, April 28, 8 p.m. He replied that he was very grateful to the American Government and people and asked that I convey his deep appreciation to the President, the Secretary of State and the Secretary of the Treasury. With regard to the stabilization loan proposals previously advanced by the American Government, he said that they could not be regarded as unusual in ordinary times but that these were "extraordinary times". He went on to say that the United States is China's best friend and that he therefore felt it was best to be frank when misunderstanding arose. He expressed appreciation of the statements which he said Mr. Morgenthau had made to the Chinese Ambassador and Mr. Soong and of speed with which the Secretary of the Treasury had signed the stabilization

893.24/1051

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62
10-2
-2- 157, May 1, 10 a.m. from Chungking via N. R.

stabilization agreement. He concluded this phase of the conversation by saying that the Chinese people and army are gratified at this manifestation of American aid and confidence and that they will strive to the utmost to carry out the heavy tasks before them.

Two. Referring to press reports of calls by the British Ambassador on the Japanese Vice Minister for Foreign Affairs, General Chiang said that there are rumors to the effect that Japan had offered to refrain from attacking British possessions in the Far East in return for an engagement on the part of Great Britain to close the Burma Road and recognize Indochina and Thailand as within the Japanese sphere of influence. He said that he did not believe these rumors but it was apparent that they had perturbed him (this is merely another manifestation of the distrust in which Great Britain is held in most Chinese circles). I replied that I had no information on recent Craigie-Ohashi conversations adding that I thought it was extremely unlikely that Great Britain would undertake to close the Burma Road under present conditions.

HTM



JOHNSON

May 2, 1941.

Generalissimo Chiang Kai-shek:

I greatly appreciate your expression of confidence. My thoughts are with you and Madame Chiang constantly.

The following message is from the President.

In reply to your personal message of April 25, let me be perfectly frank in outlining the situation as I see it. We here are confronted with a tremendous number of urgent demands and at the moment our production capacity has not reached the point where we can meet them all fully. Our defense program is developing rapidly, but many of our new plants for aircraft and ordnance will not come into production until late this summer and fall. We have undertaken to supply both Britain and China. We are keeping for ourselves the barest practicable minimum of aircraft and guns. For the balance of this year there will have to be rationing of supplies on the basis of meeting the most urgent needs. I will make every effort to have released to you the items of ordnance and aircraft you request, but it will probably be possible to meet your needs for those items only in part this year. The situation will be much easier next year.

There is another difficulty of a technical nature standing in the way of an immediate approval of the whole Chinese program, extending over the next eighteen months. Congress allocated the appropriation for lease lend aid among various categories and the amount allotted to some crucial categories is insufficient to permit me to approve long range programs. More money for these categories will, I am sure, be made available later by Congress.

1/ Ante, p. 53



893.24/1122

Confidential File

7-2
-2-
You have already been informed of my approval of a first list of items amounting to 45 million dollars. As money not already earmarked for other purposes becomes available and as materials are produced, I expect to approve additional individual items as rapidly as they are cleared by the technical committees. I hope that it may even prove possible, in collaboration with the British, to divert some items to China from goods which have been promised to the British.

I understand fully and I share your solicitude regarding Chinese morale. I might make a strong statement couched in general terms, but while considering such a step, I think that we should give thought to the possible effect outside of China. A strong statement implying that we are on the point of sending to China a huge amount of materials might cause Japan to move faster and more intensively than would otherwise be the case. We are refraining, for military reasons, from making public the amounts and the types of aid that we are sending to Great Britain.

I assure you that we intend and expect to give to China as rapidly as is humanly possible substantial amounts of what China needs. The conclusion of the Russo-Japanese pact adds to our determination.



Lauchlin Currie

THE WHITE HOUSE
WASHINGTON

May 3, 1941.

MEMORANDUM FOR THE SECRETARY OF STATE:

Re: Communications with Chungking.

In accordance with your suggestion, I discussed this matter with Dr. Hornbeck. With reference to communications by private code between the President and Chiang Kai-shek, we decided that although it would be preferable to have all messages go through regular diplomatic channels, still, in this instance, it seemed advisable to reply to Chiang Kai-shek's message in his code through commercial channels. Otherwise, he might feel rebuffed and embarrassed. Dr. Hornbeck assisted in the drafting of the attached message which was coded in the State Department's code room and approved by the President. If there should be any further messages, I shall show them to you immediately and consult you on any replies.

With reference to my own communications with Major McHugh, Naval Attache at Chungking, on matters pertaining to lease-lend aid for China, we decided that for the time being I might continue to use naval radio, but that messages to and from should be immediately communicated to you at this end, and to Ambassador Gauss at the other. I think it would be desirable for you to inform the Ambassador of this arrangement if you approve.

Lauchlin Currie
Lauchlin Currie



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Department of State

Washington,

May 22, 1941

Naval Radio

AMEMBASSY,

CHUNGKING (CHINA). via N.R.

105

Your 157, May 1, 10 a.m., Paragraph 2.

The Embassy at Tokyo has reported that the British
Embassy there has characterized the rumors described to
you as QUOTE entirely without basis in fact UNQUOTE.

Hull
SKH



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Confidential File

Enciphered by

Sent by operator M., 19

14-1
June 11, 1941

In reply refer to
893.24/1060

Dear Mr. Hopkins:

There is enclosed for your information a copy of a note of May 24, 1941 from the Chinese Ambassador in which request is made that the appropriate authorities of this Government be informed that "pursuant to the authority vested in him by the Government of the Republic of China Dr. Seong has caused a corporation known as China Defense Supplies, Incorporated, to be created and organized under the laws of the State of Delaware and that such corporation has also been duly appointed and designated and is acting as an agent, representative and attorney-in-fact of the National Government of the Republic of China with full power of substitution and delegation, to act, either through its own corporate officers or through any other corporation or individual designated

The Honorable

Harry Hopkins,

The White House.



893.24/1060

-2-

designated by it for that purpose, on behalf of the Government in securing and receiving aid from the United States of America or any agency or instrumentality thereof, under the Lease-Lend Act of March 11, 1941."

In this connection, your attention is invited to my letter of May 5, 1941 in regard to the appointment and designation of Dr. Soong as agent, representative and attorney-in-fact of the National Government of the Republic of China to act on behalf of his Government in securing and receiving aid from the United States of America or any agency or instrumentality thereof under the Lease-Lend Act of March 11, 1941.

This Department has no information, other than is contained in the Ambassador's note, in regard to the authorization for the creation of the corporation or the extent of its powers.

Sincerely yours,

For the Secretary of State

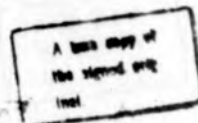
DEAN ACHESON

Enclosure:

Note of May 24, 1941
from Chinese Ambassador.

10 1941

1/ Not printed.



June 17, 1941

My dear Mr. Secretary:

As of possible interest in connection with this Government's aid to China under the so-called Lease-Lend Act, there is enclosed a copy of a strictly confidential memorandum prepared in this Department entitled, "The American Policy of Aiding China and Technical Problems of Methods and Means".

Sincerely yours,

For the Secretary of State



(s) Sumner Welles
Under Secretary

Enclosure:

Department of State
memorandum, May 29, 1941.
(same as memorandum given
to Mr. Currie except last two
pages. See blue attached to
similar letter to Sec. of Navy.)

The Honorable

Henry L. Stimson,
Secretary of War.

10-2
May 29, 1941

THE AMERICAN POLICY OF AIDING CHINA AND
TECHNICAL PROBLEMS OF METHODS AND MEANS

There has recently been brought informally to the attention of the Department a letter addressed on May 8, 1941 by the Assistant Director of Purchases of the Office of Production Management to the Director of Procurement of the Procurement Division of the Treasury Department. In this letter certain observations are offered upon practical problems in connection with the transportation of American aid to China (including reference to the asserted inadequacy of the Burma Road for the transit into China of more than about 9,000 tons of goods per month), China's alleged failure in the past to repay loans is mentioned; reference is made to the possibility, which it is said is understood to exist, that goods sent by this Government to China might be diverted to Japanese forces; and the conclusion is reached that this Government should weigh these circumstances carefully before disturbing in behalf of China this country's normal economy or its military program.

Observations upon certain of the assertions contained in this letter and upon the general policy toward aid to China suggested by this letter are offered as follows:

It is the deliberate and declared policy of this Government--publicly announced by responsible officials and supported and implemented by the Congress--to extend material aid to Great Britain, China and other nations who are resisting armed attack. On December 29, 1940 the President in a radio address said:



"Democracy's fight against world conquest is being greatly aided, and must be more greatly aided, by the re-armament of the United States and by sending every ounce and every ton of munitions and supplies that we can possibly spare to help the defenders who are in the front lines. . .

"We are planning our own defense with the utmost urgency; and in its vast scale we must integrate the war needs of Britain and the other free nations resisting aggression."

On January 15, 1941 the Secretary of State, in a statement before the Foreign Affairs Committee of the House of Representatives, said:

"On no other question of public policy are the people of this country so nearly unanimous and so emphatic today as they are on that of the imperative need, in our own most vital interest, to give Great Britain and other victims of attack the maximum of material aid in the shortest possible space of time."

On January 30, 1941 the Under Secretary of State in an address said:

"If we desire to insure that the control of the Atlantic Ocean shall not pass to unfriendly hands, and that other friendly nations like China and Greece can continue successfully to withstand the forces of world enslavement, the American people must be prepared in their own self-defense, to render all necessary assistance which America can produce."



-3-

On March 15, 1941 the President in an address said:

"There is no longer the slightest question or doubt that the American people recognize the extreme seriousness of the present situation. That is why they have demanded, and got, a policy of unqualified, immediate, all-out aid for Britain, Greece, China and for all the governments in exile whose homelands are temporarily occupied by the aggressors.

"From now on that aid will be increased--and yet again increased--until total victory has been won. . .

"China likewise expresses the magnificent will of millions of plain people to resist the dismemberment of their nation. China, through the generalissimo, Chiang Kai-shek, asks our help. American has said that China shall have our help.

"Our country is going to be what our people have proclaimed it must be--the arsenal of democracy.

"Our country is going to play its full part."

On April 24, 1941 the Secretary of State in an address said:

"Events have shown beyond possible question that the safety of this hemisphere and of this country calls for resistance wherever resistance will be most effective. In my judgment our safety and security require that, in accordance with the declared policy of the Legislative and Executive branches of the Government, aid must be supplied without hesitation to Great Britain and those other countries that are resisting the sweep of the general conflagration. This policy means, in practical application, that such aid must reach its destination in the shortest of time and in maximum quantity. So--ways must be found to do this."



On May 27, 1941 the President in an address said:

" . . . We have doubled and redoubled our vast production, increasing, month by month, our material supply of tools of war for ourselves and Britain and China--and eventually for all the democracies.

"The supply of these tools will not fail--it will increase."

The Congress through legislation has made provision so that such aid may be extended. The President's assurance has been given to General Chiang Kai-shek that a wide category of goods has been allocated for shipment to China to meet China's needs and that henceforth shipment of all such goods which can be made available will be expedited.

It is in the light of this established policy of this Government that the technical problems of methods and means in connection with sending aid to China should be viewed by all officials of the United States Government.

With reference to the question of the capacity of the Burma Road over which American supplies to China now pass, information presently available indicates that there has been a marked increase in the total monthly tonnage reaching Kunming in Yunnan Province over the road since its re-opening in October 1940. In the month ending April 17 more than 10,500 tons of goods reached Kunming over the Burma Road. This figure does not measure, however, the total capacity of the road, for the volume of traffic has been restricted by a lack of trucks and spare parts and a lack of efficient management. The first need--for trucks and parts--this Government can meet and steps have already been taken in this direction. The second need--for efficient management--the Chinese Government is meeting through



-5-

10-6

the appointment to superintend transport over the road of Mr. John E. Baker, an American with practical experience of transport problems and an intimate knowledge of the Chinese and of conditions in China. With the aid of trained American assistants, Mr. Baker, it is understood, is taking steps to improve both the physical condition of the road and the organization of the transport system. According to the press, Mr. Baker has estimated that the road's potential capacity is 30,000 tons a month and that this total, if adequate supplies of trucks, et cetera, are made available, can be reached. Although the Japanese have succeeded in damaging certain of the bridges over the Burma Road from time to time through bombing operations, statistics of traffic over the road show that the bombings have not seriously interrupted the flow of goods, owing apparently to the success of the Chinese in developing a ferry system and in repairing the bridges. According to reliable technical opinion, installation of an improved ferry system will ensure that despite damage to bridges, virtually normal traffic over the road can be maintained. It is likely that the volume of American aid reaching China may be increased in the near future through the development of alternate sections of the Burma Road or alternate routes and also through the use of airplanes as freight carriers under a plan now receiving active consideration by the China National Aviation Corporation, a joint enterprise of the Chinese Government and Pan American Airways. It would seem from the information now available that material assistance to enable the Chinese effectively to assist themselves can reach the Chinese Government in steadily increasing amounts.



-6-

10-7

With regard to the suggestion that freight charges might be reduced by shipping oil to China from the Netherland East Indies rather than from the United States, the question arises whether the saving in freight rates which might be effected thereby would be worth the possible final cost of such a course of action. Since the military occupation of the Netherlands by Germany in May 1940, the Netherland East Indies have been subject to strong economic pressure from Japan, which has been seeking to free itself from dependence upon American oil markets by obtaining from the Netherland East Indies larger supplies of oil. It is understood that the oil companies in the Netherland East Indies, while agreeing to increase the quantity of oil exported to Japan, have successfully declined to comply fully with the Japanese demands. If large quantities of oil were now to be sent to China from the Netherland East Indies while Japanese demands were refused, the possible adverse effects upon the security of the Netherland East Indies and upon the stability of the Far Eastern situation as a whole would have to be considered.

Reference is made in the letter to China's alleged failure to meet indebtedness in the past. Although, as the President indicated at his press conference on December 17, 1940, one of the objects of the extension of aid upon a lend-lease basis was to eliminate the "dollar sign" from the transaction, and although it had not been understood that the repayment of past indebtedness was a prerequisite for obtaining such aid, it may be of interest to note China's record for the repayment of foreign obligations. With regard



10-2

to foreign obligations of the Chinese Government other than obligations to foreign governments, under a program followed by the Chinese Government under General Chiang Kai-shek's leadership, settlement of arrears in service payments were negotiated with practically all the creditors prior to the outbreak of hostilities in July 1937, and service payments were resumed and were continued during nearly two years of hostilities. In 1939, as a result of seizure by the Japanese of the major sources of revenues upon which the foreign obligations were secured, the Chinese Government suspended full service but has since been setting aside for partial servicing of these obligations, funds equivalent to the proportion of customs, salt and railway revenues now collected in areas of China remaining under the effective control of the Chinese Government. With regard to the loans and credits which this Government has extended to China, Mr. Jesse Jones as Federal Loan Administrator was able to make the following statement on September 25, 1940:

"Of all loans heretofore authorized to China, both by the R.F.C. and the Export-Import Bank, \$43,824,520 has been disbursed and \$13,160,253 repaid, with nothing past due."

On November 30, 1940 in a letter to the President, which was made public, Mr. Jones stated:

"You will be interested to know that China is up to her schedule in deliveries of wood oil and tin to the United States through which method she is making payments on previous loans made against her commitment to sell us these essential materials."



-8-

10-9

From the record, China's performance in repaying foreign obligations will be found to compare favorably with that of other countries including those of more advanced economic development.

With regard to the hypothetical charge that supplies for China might be diverted to the Japanese forces, mention may be made that under the terms of the Lend-Lease Act, each foreign government receiving aid undertakes that it will not, without the consent of the President, transfer title to or possession of any articles or materials received from this Government or permit the use of such articles or materials by anyone not an officer, employee or agent of such foreign government. The Department is aware of no evidence tending to indicate that the Chinese Government has violated this obligation or would be likely so to do.

Certain of the other questions raised by the letter (such as the possibility of shipping oil* to China from the West Coast instead of the East Coast of the United States, and the advisability of meeting the Chinese Government's desire that oil be shipped to China in returnable steel drums) would not seem to present serious difficulties, if approached in a spirit of friendly accommodation of the needs of the two Governments. In connection with the question of China's desire for returnable drums, it is understood that these containers afford a means by which tung oil in repayment of American credits is shipped to the United States. The situation with regard to zinc and lead supplies may raise special problems owing to domestic defense needs. These problems will have to be met as they arise.



-9-

10-10

It is evident that the extension of American aid to China, as to other countries resisting armed attack, involves certain technical and other problems which should be solved in the best practical manner in the light of the long-run interests of this Government. Unlike the situation with regard to the shipment of supplies to Europe, the supply of materials to China has not been subject to loss by belligerent action while crossing the ocean. As this circumstance cannot be counted upon to endure indefinitely, it would seem to be the part of wisdom to proceed as rapidly as possible with the sending of such aid to China as shall insure capacity on China's part to continue to assist itself. The probable adverse consequences--political, military, economic, moral--of a failure on the part of this Government to live up to the pledges that it has given to China cannot be overestimated.

At present, the list of those countries outside of the Western Hemisphere which can be counted upon to resist effectively the spread of Axis forces is very brief: the British Empire, the Netherland Indies, China and possibly one or two other countries. This Government should not lightly turn aside the needs of that country which has already resisted with nearly four years of fighting and has kept Japan from giving effective assistance to her Axis allies.

In summation, it would appear that many of the assertions in regard to particular problems which are made in the letter referred to above are based on erroneous or inadequate information. The policy suggested in the letter is in direct contradiction to the policy of this Government as made known clearly and repeatedly by those officials who have authority to declare and have declared the policy of this Government.

FE:BAcon:MHP/MDW



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TELEGRAM RECEIVED

Moscow



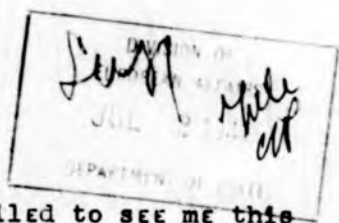
KD
This telegram must be
closely paraphrased be-
fore being communicated FROM
to anyone. (D)

Dated June 25, 1941

Rec'd, 10:20 a.m., 26th

Secretary of State,
Washington.

1219, June 25, 10 p. m.



The Chinese Ambassador called to see me this morning and expressed great satisfaction with recent international events. He said he had feared that the Soviet Union might be driven into the Axis, in which event the position of Chiang Kai Shek would have been hopeless. Now, however, Japan is surrounded by the British, Australians and Dutch on one side, the Chinese and Russians on another and the United States on the least ~~west~~ and must shortly decide between attacking the Soviet Union and abandoning Central and Southern China, or refraining from such an attack and thereby impair the Axis.

The Ambassador said that he had been assured by the Soviet authorities that deliveries of war materials to China now en route would not be stopped but that he had gained the impression that no further deliveries would be made.

He also stated that he had recommended to his government

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Confidential File
P/L/E

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-2- #1219, June 25, 10 p. m., from Moscow.

government that steps be taken immediately for cooperation between the Chinese and Soviet Russian armies in the west ^[case?] of a Japanese attack on the Soviet Republic and that he understands that the chief Soviet adviser in Chungking already had adequate authority to make any such arrangements.

STEINHARDT.

WSB



12-1

79

DEPARTMENT OF STATE
ADVISER ON POLITICAL RELATIONS

June 25, 1941.

Statement has emanated from the War Department that "China is being aided to the extent justified by the general situation. The Joint Board now has under consideration the desirability of augmenting aid to China."

On the subject of aid to China, especially of aid under the Lease-Lend Act, and as regards volume, variety, priority, et cetera, "justified by the general situation", there are a variety of opinions. In some quarters there prevails an impression that the aid which this country has already given to China has been substantial in amount and that the current flow is substantial.

In that connection, certain figures are of decided interest.

The United States has during the past four years bought silver from China, thus affording China "exchange". This has been done, however, for the most part not in pursuit of this Government's ultimately adopted policy of "aid to China" but in pursuit of this Government's general silver purchasing policy, the pursuit of which policy at the outset injured rather than aided China but which in later stages became of substantial assistance to China.

This

835.24/1104

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25 / 21

This Government has also during the past three years given China loans and credits aggregating \$175,000,000, \$50,000,000 of which stands as a stabilization fund. However, the thing which counts most in the field of aid to China is receipt by China of goods--especially arms, munitions and war materials in general.

Examination of trade figures brings to view certain very interesting and pertinent facts, as follows:

a. During the years 1938-40 the total U.S. exports to China amounted to \$168,289,000; to Japan \$699,050,000. This indicates that during the three full years of the Japanese-Chinese hostilities this country supplied to Japan approximately four times as much goods as we supplied to China. In the same period U.S. exports of petroleum and petroleum products to Japan amounted to \$151,076,000. This indicates that during the period under reference the dollar value of petroleum and petroleum products that we supplied to Japan was almost equal to the total dollar value of all products that we supplied to China.

b. In the year 1940 total U.S. exports to China amounted to \$77,956,000; to Great Britain (United Kingdom alone) \$1,009,600,000. This indicates that during this one full year of Japanese-Chinese hostilities and German-British war, we supplied to Great Britain (the United Kingdom) approximately thirteen times as much goods as we

supplied

supplied to China. During the months January-March 1941, total U.S. exports to China amounted to \$19,988,000; to Great Britain (United Kingdom) \$289,393,000. This indicates that during those three months we supplied to Great Britain (United Kingdom) approximately fourteen times the amount of goods that we supplied to China.

Recent news items are to the effect that as of May 31, 1941 more than \$4,000,000,000 have thus far been allocated under the Lease-Lend Act.

According to the best information available to the author of this memorandum, the allocations made up to and as of May 31 to China under the Lease-Lend Act amounted to only \$24,000,000--although various additional items were as of that date and have since been under consideration.

The logical inference from this is that at the present moment the score on Lease-Lend aid stands at somewhere between 98 and 100 units for other countries, principally the British Empire and particularly the United Kingdom, to each one unit for China.

Opinion is held and has repeatedly been expressed by the undersigned that, toward serving the general objectives of United States foreign policy and the particular objective of restraining Japan from new courses of or steps of

aggression,

- 4 -

aggression, investment in aid to China will give greater return on small outlay than will any other investment. The Chinese have been making comparatively effective resistance to Japan for four years: they have the man power and the will to continue this resistance. Aid from the United States, small though it has been in amount, has contributed materially toward maintenance of their will and their capacity to resist thus far. The American Government, especially the President, has given them emphatic assurance of this Government's intention to continue and to increase in amount the aid which this country has been giving them. The Chinese rely on those assurances. They are in considerable measure dependent, for capacity to continue their resistance, upon fulfillment of those assurances. They desperately need many of the items for which they have officially made specific requests. It is greatly to the interest of the United States (and of Great Britain) that the Chinese continue their resistance (keep Japan involved in the China effort). Toward ensuring maintenance of the Chinese will and capacity to continue their resistance, it is, in the opinion of the author of this memorandum, not only desirable but essential that the flow (deliveries) of materials from this country to China be rapidly increased in amount.

TELEGRAM RECEIVED

OFFICE OF THE ASSISTANT
SECRETARY FOR EASTERN AFFAIRS
JUL 19 1941
DEPARTMENT OF STATE

TK
This telegram must be
closely paraphrased be- FROM
fore being communicated
to anyone. (br)

Rangoon

Dated July 7, 1941

Rec'd 3:40 p.m.

7/9/41 3D
Secretary of State

Washington

July 7, 3 p.m.

Reference my despatch of June 14, 1941. Proposal

to collect revenue on transit cargo for China at a
determined rate per ton instead of at present one per-
cent ad valorem duty has been agreed to by custom and
port authorities and Chinese interests here, and Chinese
Vice Minister for Foreign Affairs has asked Chungking
for authority to submit it for the approval of Burma
Governor and Ministry. It would have the advantage of
doing away with customs formalities that now delay
clearance of shipments but would not be a step toward
the waiver of transit charges. Proposal contemplates
a tonnage tax that would give Burma approximately the
same rate of income as results from the transit duty.

Henry Crow, Senior Counselor to the Governor of
Burma and head of the Defense Department will serve as
the British member of recently formed Transport and
Engineering Commission for the supervision of traffic on
the Burma Road in China. He will go to Kunming late
this

note
873.154
DIVISION OF
COMMERCIAL AFFAIRS
JUL 18 1941
Department of State

note 645 C. 11251

1/ Not printed.

893.24/1143-1/11
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JUL 25 1941 PS/LD

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-2- July 7, 3 p.m., From Rangoon.

this month for a meeting of the Commission at which it is hoped American transport experts and automotive engineers engaged for work on the highway will be present. Plan is for close cooperation between Burma and China for traffic control and improvement in transport and road facilities.

WWC



BRADY

July 7, 1941

Dear Harry:

I know that you are keenly interested in seeing that the assistance we are rendering China under authorization of the Lease and Lend Act of March 11, 1941, shall be as prompt and effective as possible. It is also clear that numerous causes over which you can have no control, including imperative needs in other parts of the world, are constantly operating to obstruct the shipment of supplies to China.

Nevertheless, the situation in the Far East is causing us anxiety, and I venture to suggest that if anything further can be done to increase the speed and the volume of munitions and supplies going to China it would appear highly advisable to make additional effort to that end.

The fact is that the German invasion of Russia may very possibly serve to cause Japan to take some further aggressive

The Honorable

Harry L. Hopkins,

The White House.



857.24/41520

113-20

aggressive action. Among the obvious possibilities are: (1) invasion of Siberia; (2) expansion to the southward; and (3) intensification of Japanese military operations in China.

It seems to me that German successes against Russia and the opportunity which Japan may consider is afforded her by those successes to take further aggressive action constitute a factor which increases the importance of this country's rendering effective aid to China in the shortest possible time. It is essential that this country take all practicable steps to avert a possible serious weakening of the morale of the Chinese Government. The surest means of averting such a possible development is to do all we can to make available to China urgently needed supplies and to see that those supplies reach China promptly.

I am sending copies of this letter to General Marshall and to Admiral Stark and I am sure that all of you will do your utmost in reference to this very important aspect of our self-defensive effort.

Sincerely yours,

Sumner Welles

GR

JUL 7 1941

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S. K. H.



PREPARING OFFICE
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Collect Full rate
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Night letter

Charge to

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Department of State

Washington, D.C.

July 11, 1941

11 P.M.

AMERICAN CONSUL,

RANGOON, (BURMA).

This cable was sent in Confidential Code.
It should be carefully detached before
being communicated to others.

With reference to your telegram of July 7, 3 p.m.
the Department desires an expression of your opinion on
the three following questions which should not repeat not
be discussed with the Government of Burma. *which might*

One. Is it likely that the Burmese Ministry could
be induced to consent to a complete abolition of the
transit tax on Chinese Government war materials or at
least on American QUOTE aid-to-China UNQUOTE supplies?

Two. If the Governor of Burma were to abolish the
tax on the basis of his jurisdiction over external affairs
would his action be likely to precipitate a serious
domestic political crisis disproportionate to the advan-
tages gained?

Three. Could the Government of Burma compensate for
the loss of this abnormal source of revenue by an earnest
endeavor to effect economies in the governmental establish-
ment?

NE:WLP:JBJ

Enciphered by

Sent by operator

M.

19

Acting

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893 24/1143-1/11

PS/PLS

PS/MFM

BS

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

Rangoon

Rec'd. 4:42 p.m.

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS

SEP 2 1941

DEPARTMENT OF STATE

Secretary of State,
Washington.

FROM

DEPARTMENT OF STATE

JUL 22 1941

Division of
FAR EASTERN AFFAIRS

JUL 24 1941

Department of State

ADVISED ON POLITICAL RELATIONS
MR. HORNBECK
JUL 29 1941
DEPARTMENT OF STATE

July 21, 3 p.m.

CONFIDENTIAL.

In reply to Department's telegram of July 16,
11 p.m.

One . It is not likely that Ministry could
be induced to abolish transit charges on materials
regardless of nature or source except under pressure
by the British Government.

Two. Governor would consult London before
taking action in an administrative matter of this
kind a decision to act regardless of opposition by
Ministers might not cause a political crisis but
it would result in political feeling and a reaction
unfavorable to the Chinese.

Three. Ministers would probably regard as
unreasonable any suggestion that they economize in
Burma in order to compensate for loss of revenue
sustained by granting concessions to the Chinese.

Present situation is as follows: British
head of Defense Department is endeavoring to have
tonnage tax accepted by Ministry in place of ad
valorem duty, and acceptance appears probable, he
is

SEP 24 1941

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DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
Dept. of State letter, Aug. 10, 1972
MARE Date 6-25-75

AE
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893.24/1143-2/11
893.841/26

845C-841/11
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ADVISED SERVICE

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~~10-5~~
89
-2- # July 21, from Rangoon

is also seeking to have rate of collection during at least six months based on past rate of income. Finance and commerce Ministers desire that rate should be determined from time to time on the basis of prevailing increased values of materials. It is estimated that if this were done rate of income from China would be more than doubled and that payments for transit of materials now expected would reach a very large total. It appears that British interests would not permit increased rate of income.

BRADY

KLP



17

22-1



90

CABLE TO LAUGHLIN CURRIE FROM MADAME CHIANG KAI-SHEK

FE

CHUNGKING, July 22, 1941.

FOLLOWING IS FROM GENERALISSIMO TO THE PRESIDENT

"DR. LATTIMORE YESTERDAY PRESENTED LETTER OF INTRODUCTION
CONTENTS OF WHICH IS MUCH APPRECIATED. RECEIVED VERY
FAVORABLE IMPRESSION OF DR. LATTIMORE DURING INTERVIEW.
OWING TO RAINY SEASON AND REORGANIZATION, TRAFFIC ON
BURMA ROAD WILL NOT APPRECIABLY INCREASE UNTIL OCTOBER,
BUT UNREMITTING EFFORTS CONTINUING"

CHENNAULT PLANS START OPERATIONS IN KUNMING BY OCTOBER
FIFTEENTH. MEANWHILE HOPES TO ENFORCE COMBAT TRAINING
IN BURMA IF LOCAL AUTHORITIES CONSENT. WILL YOU PLEASE
TRY EXPEDITE BOMBING PLANES SO NECESSARY IN COUNTER
OFFENSIVE. YOUR LETTER SENT THROUGH DR. LATTIMORE
RECEIVED. WARM THANKS FOR YOUR EFFORTS IN CHINA'S
BEHALF.

✓ Owen Lattimore, Political Adviser to Chiang Kai-Shek

693.24/1121-1/2

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note
93,249



TELEGRAM SENT

Department of State

Washington.

July 23, 1941

TO BE TRANSMITTED
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RECEIVING OFFICE
WILL INDICATE WHETHER

By cable
By letter
By night letter

By Department

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Night letter

Charge to

NO DISTRIBUTION

AMERICAN EMBASSY

CHUNGKING

161 RUSH

This cable was sent in confidential Code.
It should be carefully paraphrased before
being communicated to anyone. SC

1 pm

CONFIDENTIAL FOR MADAME CHIANG KAI-SHEK FROM
LAUCHLIN CURRIE *PGH*

I am very happy to be able to report that today
the President directed that sixty-six bombers be made
available to China this year with twenty-four to be
delivered immediately. He also approved a Chinese
pilot training program here. Details through normal
channels. Warm regards.

24

Acting



303.24/1111A

Confidential File

PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

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Collect (Full rate
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Department of State

Washington,

August 25, 1941.

AMERICAN EMBASSY

LONDON

3017

The Department desires that you seek an early opportunity to discuss with the appropriate British authorities the question of the transit duties now being levied by the Government of Burma on shipments of American materials consigned to the Chinese Government or its agencies and passing in transit through Burma. These shipments now consist principally of "lend-lease" materials and supplies purchased upon the basis of credits extended by the Government of the United States.

The Department considers that the application of these duties to such cargoes is inconsistent with the coordinated policies of the United States, the British Empire and China in meeting Axis aggression in the Orient as well as in the Occident. Although the transit duties are paid by the Chinese the ultimate burden of their payment must be borne by the United States Government because of the dependence of the Chinese Government upon the United States for financial support being rendered in the form of loans. The collection of these duties also results in administrative delays in the clearance of such shipments at Rangoon.

Enclosed by _____

Sent by operator _____ M., _____, 19____

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845C.84171

893 24/1143/11

PS/PLS

PS/MDA

19-2
PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

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TO BE TRANSMITTED
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Collect { Full rate
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Charge Department:

Full rate
Day letter
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Department of State

Washington.

- 2 -

and at the border.

For the reasons stated above this Government considers that shipments of American materials consigned to the Chinese Government should be totally exempted from the 'Burma/transit' duties and desires that necessary steps be taken to that end.

In making your representations you may point out that these duties constitute a recent and abnormal source of revenue, the loss of which would not deprive Burma of other substantial economic and financial benefits, such as greatly increased Government-owned railway revenues, accruing from the China transit trade.

Please report the results of your representations to the Department by telegraph.

NE:WLP/GC
893.841/

AUG 7 1941

Enciphered by _____

Sent by operator _____ M. _____, 19 _____



94

COPY IN PARAPHRASE
SENT TO TREASURY
and Mr. Curren
IN CONFIDENCE
4/15/41 R&K

COPIES IN PARAPHRASE
SENT TO M.I.D. AND
M.I.D. IN CONFIDENCE
4/15/41 R&K

SAVE

TELEGRAM RECEIVED

TEM
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (br)

FROM London

Dated September 7, 1941

Rec'd 2:24 p.m.

Secretary of State,
Washington.

DIVISION OF
FAR EASTERN AFFAIRS

SEP 11 1941

Department of State



131, September 7, 6 p.m. (SECTION ONE)

Department's 3017, August 7, 8 p.m.

The Foreign Office states Burmese transit duties
have been abolished on all Lend-Lease goods for China
landed in Rangoon after September 3, 1941. *Paraphrased to War Liaison Committee 9-12-41*
Announcement to this effect will be made by the Governor of Burma
on Tuesday September 9 and the Department *U-2:54*
to keep the information confidential until then.

The Far Eastern Department of the Foreign Office
explained that to compensate in part for loss of transit
duties the British Government has agreed to pay the
Government of Burma ten rupees a ton on Lend-Lease
goods, which will cover administrative expenses in
connection with the shipments, including upkeep of the
road and payment of guards beyond the railroad. Con-
sidering all the facts and in view of its internal pol-
itical and economic problems they feel that the Burmese
Government has shown a reasonable attitude towards this
question.



893.24/1143-5/11

PS/PLS
8-20-41

PS/MS

SEP 22 1941

-2- 4131, September 7, 6 p.m. (SECTION ONE)

question. They therefore read with regret a recent press despatch from Chungking quoting remarks which Currie is alleged to have made disparaging to the Government of Burma.

WINANT



MR

TELEGRAM RECEIVED

TEM

London

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

FROM Dated September 7, 1941

Rec'd 2:25 p.m.

Secretary of State,
Washington.

4131, September 7, 6 p.m. (SECTION TWO)

The Foreign Office is disturbed because the road through China is unable to carry the increasing volume of traffic, and thinks that the unsatisfactory volume is due as much to Chinese inefficiency as to Japanese bombs. The British would therefore, welcome and support a control commission with executive authority in American hands.

Following the abolition of the transit duties better identification of Lend-Lease shipments arriving in Burma is desired. Details will be communicated to the Department through the British Embassy in Washington.

(END OF MESSAGE)

WINANT.

RR



21-1

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Left with Mr. Adams
on Sept 24, 1941, by Mr.
Nanning, of the British
Embassy

97



MEMORANDUM.



October 6, 1941

Memorandum to Mr. Clegg
from Mr. [illegible]

893.154

no to
893.24

One of the difficulties likely to arise over the despatch of lease-lend goods to China via Burma is that they may arrive in Burma faster than they can be forwarded to China owing to the limited carrying capacity of the Chinese section of the Burma road. Under present conditions the carrying capacity of the road is estimated at not more than about twelve to fifteen thousand tons a month on an average. This limitation is due to interruption on the Chinese side of the frontier, caused partly by bombing and landslides and partly by mismanagement. There has been no breakdown on the Burma side either by road or rail, and the maximum capacity of the Burmese transport system far exceeds that of the Chinese section of the route.

There is in consequence of these prevailing conditions a danger that the port and warehouse facilities at Rangoon may become seriously overcrowded. As Rangoon, in the event of war with Japan, would be a bombing target, it is essential that such congestion should be avoided.

It is therefore urgently desirable that steps should be taken to regulate the flow of lease-lend goods from the United States in accordance with the capacity of the Chinese section of the road to carry such goods. It is suggested that the United States authorities should, in consultation with the Chinese authorities, themselves devise suitable arrangements for this purpose, and for

/s/deciding

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deciding questions of priority.

In order to facilitate the turn-round of shipping and to avoid congestion at wharves, it is desirable that ships should arrive at Rangoon at more or less regular intervals, and that the authorities in Rangoon should be notified well in advance, both of the nature of the goods intended to be transported to China, and of arrival dates at Rangoon. This could be done through Sir Ashley Sparks, the Representative in New York of the British Ministry of War Transport.

The authorities at Rangoon could similarly notify the United States authorities through the Ministry of War Transport of the current transport situation in order that shipment and handling capacity could be kept as far as possible in equilibrium.



THE BRITISH LEGATION,
WASHINGTON, D.C.

September 23rd, 1941.

October 8, 1941

AIR MAIL

No. 31

The Honorable

Clarence E. Gauss,
American Ambassador,
Chungking.

Sir:

Reference is made to your telegrams numbers 349, August 15, 11 a.m. and 363, August 24, noon, in regard to various matters relating to the Burma Road and especially transportation problems.

The British Embassy has raised with the Department the question of regulating the shipment of Lease-Lend supplies for China via Burma in such manner that the warehouse and port facilities at Rangoon may not become seriously overcrowded and has pointed out that it is essential to avoid congestion not only because of the resulting delays in the forward movement of goods over the Chinese section of the Burma Road but also because of obvious reasons arising out of the uncertainties of the political situation in the Far East. The British Embassy estimates that the average monthly carrying capacity of the Chinese section of the Burma Road is at present limited to between twelve to fifteen thousand tons because of interruption in transportation due in part to landslides and bombing, and in part to mismanagement of transportation. The British Embassy states that the maximum capacity of the Chinese section of the route is far exceeded by that of the Burmese transport system.

It is suggested that, in your discretion, without mentioning that the British have suggested that this Government regulate the flow of Lease-Lend supplies to China via Burma, you seek a suitable opportunity to mention to General Chiang Kai-shek the problems in connection with delivery of Lease-Lend supplies to Rangoon which may be created by congestion of supplies there and the definite relationship which unavoidably exists

1/ Not printed.



835.154/389-1/2

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-2-

exists between those problems and the limited carrying capacity of the Chinese section of the Burma route, pointing out to him that a satisfactory solution of the road transport problem is therefore obviously of vital importance. In this connection you may also mention to General Chiang that, according to estimates compiled by officials of this Government who have been studying this question, there are now at Rangoon over 79,000 tons of materials for China, including some 33,000 tons of "dead storage" (described as heavy equipment from Haiphong and Hong Kong and as steel rails), over 12,000 tons of reserve stocks of various kinds, over 22,000 tons of supplies in transit and some 12,000 tons of general supplies including several thousand bales of blankets which have been in storage for a very long period. It is our opinion that the making of effective arrangements to move this cargo forward would seem to be an important step in relieving present, and preventing future, congestion at Rangoon.

Very truly yours,

For the Secretary of State:

Sumner Welles



*Received in my
Mr. Curran
GA*

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October 6, 1941

MEMORANDUM

593.154
71
593.24

Careful consideration has been given by the Department to the proposals contained in the British Embassy's memorandum of September 23, 1941 in regard to the dispatch of Lend-Lease supplies to China via Burma.

As the British Embassy is aware, the demands upon this Government for supply of Lend-Lease aid to countries resisting armed attack is so extensive and so varied, and the facilities for delivery are so limited, that one of the major problems confronting the concerned American authorities has been that of coordinating the available supply of goods with the availability of transportation facilities. The shortage of shipping in the Pacific has indeed been so acute that those authorities have had no option but to dispatch materials for China at irregular intervals when and as it has been possible to obtain shipping space therefor on vessels of varying capacities and

speeds.



593.154/389-1/2

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-2-

speeds. Under the circumstances it will be readily realized that it is not possible at present to arrange for the shipment of goods from the United States to Burma in regular amounts and at regular intervals.

It may be added that the conditions which have delayed the forward movement of goods on the Chinese section of the Burma Road have been the subject of close attention by this Government as well as by the Chinese Government. American transportation experts have recently visited China for the purpose of studying transportation problems on the Burma Road and have made recommendations looking to the solution of those problems. As a result, steps are now being undertaken by General Chiang Kai-shek to reorganize the Burma Road transport system. It is accordingly to be hoped that within a short time marked improvements will have been effected and that as a result Lease-Lend supplies for China will move more rapidly over the Burma Road. In this connection

11



it may be stated, for the British Embassy's confidential information, that the Department is bringing to the attention of the American Ambassador at Chungking the considerations raised in the British Embassy's memorandum and is requesting that the Ambassador take occasion, without mentioning that the British Embassy has suggested regulation of the shipment of Lease-Lend supplies transiting Burma, to emphasize to General Chiang Kai-shek that accomplishment of the hoped-for improvements in transportation over the Burma Road would seem to be of vital importance.

The Department has taken note of the suggestion of the British Embassy that congestion at wharves in Rangoon might be lessened and use of shipping facilitated through the giving of advance notification to the representative in New York of the British Ministry of War Transport of the nature of the goods being shipped to Rangoon and the arrival dates. According to information recently received from Rangoon, there has been established there by the local authorities an official Transport Coordination Board headed by the former British Home Secretary of the Burma Government.



-4-

Government. It is understood that shipping, port, road, rail, and river interests are represented in the membership of the Board and that the Board will coordinate all transport activities in Burma in regard to the movement of both transit and domestic cargo. As there is no single organization or authority in the United States in a position to furnish the desired information, and as American shipping interests and China Defense Supplies, Incorporated, are represented at Rangoon, it is suggested that the new Transport Coordination Board at Rangoon is in the best position to obtain the information in question from the local representatives of the agencies and interests concerned, which agencies and interests we are confident would be glad to cooperate in every feasible way.

Department of State,

Washington,

October 6, 1941

*Forwarded in
by Mr. Curran*

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24-1 13-1

TELEGRAM RECEIVED

DES

GRAY
FROM Tokyo



105

Dated October 31, 1941

Rec'd 8:55 a.m.

Secretary of State,
Washington.

COPIES SENT TO
O.N.I. AND M.I.D.

1723, October 31, 7 p.m.

893.24

The Japanese TIMES and ADVERTISER this morning publishes a leading editorial which charges that in return for the Lease Lend aid to Chungking the United States has demanded what amounts to a "mortgage" on the Chinese Republic, specifically (1) the exclusive rights to maintain and utilize four unnamed naval bases in China to be retained in the post-war period, and (2) the adoption by China of economic measures such as removal of trade restrictions, nondiscriminatory use of raw materials, et cetera, which would result in the virtual economic domination of China by the United States. The editorial states that these "demands" which were presented at pistol point by the Magruder Mission have been accepted in principle by the Chungking Government as a basis for discussion.

After pointing out that the Chungking Government is not China and contrasting these alleged "demands" on the part of the United States with the "cooperative" and "reciprocal"

893.24/1186

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~~13-2~~
-2- 1723, October 31, 7 p.m. from Tokyo

and "reciprocal" nature of Japan's program in respect to China, the editorial concludes: "Now it can be seen that the Lend Lease aid to Chungking was not to help 'poor China' but to expand rich America."

GREW

WSB



PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED
X CONFIDENTIAL CODE X
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Collect { Full rate
Day letter
Night letter

Charge Department:

Full rate
Day letter
Night letter

Charge to

\$ AMEMBASSY,

Department of State

This cable was sent...
It should be carefully...
being communicated to...
C-1

Washington,

November 1, 1941

3pm

TOKYO (JAPAN).

707 ✓ / 893.24/1186

Your 1723, October 31, 7 p.m., and 1724, October 31,

8 p.m.

We appreciate the restraint you have exercised in ignoring attacks upon the United States and false statements in the Japanese press. In regard to the specific matter under reference, you are authorized, in your discretion, to issue a simple denial.

For your information, during my press conference on October 31 a correspondent mentioned the report of October 31 in the Japan Times alleging that the United States had requested of China the use of four bases in Chinese territory and asked me for comment or information. I replied that I knew nothing about it. ~~and knew nothing of that sort~~

Hirel

893.24/1186

PS/EJM

NOV 1 1941 PM



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Enciphered by _____

Sent by operator _____ M., _____ 19 _____

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PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED
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Department of State

Washington.

November 6 1941.

Collect Full rate
Day letter
Night letter

Charge Department

Full rate
Day letter
Night letter

Charge to

\$

AFRICAN EMBASSY

LONDON

5011 ✓

Your 4131, September 7, 6 p. m.

Mr. Currie has been informed that the Government of Burma is exacting payment of full Burmese import duties (as distinguished from transit tax) on lend-lease equipment to be used in Burma for the assembly of lend-lease material for China and on lend-lease trucks imported into Burma for use in Burma in the transportation of lend-lease material for China.

A specific instance has arisen with regard to the importation of a portable lend-lease assembly plant which arrived in Rangoon on the steamer WARRIOR to be set up in Rangoon for the exclusive purpose of assembling lend-lease trucks to be shipped to China.

Please take this matter up at your earliest opportunity with the appropriate British authorities with a view to securing customs exemption on such lend-lease materials. Please inform the Department promptly by telegraph of the results of your representations.

2.8/1/42

NE:WLB/CC
Enciphered by

Sent by operator

M.

19



003.44/1223A
B4TC.B41/4
PS/715
(20)

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
Dept. of State letter, Aug. 10, 1972
By NZK NARS Date 6-26-75

NOVEMBER 17, 1941

SEAC
CHUNGKING
CHINA

FOR CHITA. PRESIDENT HAS CABLED GENERALISSIMO. I AM
PERSONALLY SATISFIED THAT REAL CONSIDERATION IS NOW
BEING GIVEN TO CHINA'S NEEDS AND THAT FLOW OF LEND-LEASE
WILL HENCEFORTH INCREASE. ALSO THE AIR PROGRAM WILL BE
MUCH BETTER ORGANIZED. HAVE MADE RESERVATION BUT REGRET
YOU WILL BE AWAY SO LONG. C.

(To be charged to Lend-Lease Administration)



~~SECRET~~

033.24/1221

27-2

THE WHITE HOUSE

DEPARTMENT OF THE ARMY

RECEIVED

NOV 19 1941 November 17, 1941.

DIVISION OF
COMMUNICATIONS AND RECORDS

~~FE/A~~
~~DCR~~

To: Dr. Hornbeck

From: Lauchlin Currie

R.C.

Attached is copy of my reply
to Owen Lattimore.



NOV 21 1941

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RS

TELEGRAM RECEIVED

London



Dated December 14, 1941
FROM
Rec'd 5:45 p.m.

Secretary of State,
Washington.



6050, Fourteenth.

Our 5743, twenty-eighth.

Following informal Foreign Office note dated
December 13th., received today:

"On 8th November you raised with me the
exemption from import duty of Lend-Lease equipment
imported into Burma for the assembly of Lend-Lease
materials for China and also of Lend-Lease trucks
imported into Burma for the transport of Lend-Lease
materials to China.

I am now glad to be able to inform you that
arrangements have been made to exempt such materials
from duty on importation into Burma. There remains
the question of how these materials are ultimately
to be disposed of, but this I suggest can be left
for discussion at a later date."

WINANT

GW

1/ Not printed.



DEC 23 1941

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28

10th Rangood meeting

HP file

Copy to Dickson 12/15/41

DEC 18 1941

1216a

1215

1215

TELEGRAM RECEIVED

THIS
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (C)

Chungking *12/29/41*
FROM
Dated December 29, 1941

Rec'd 2:49 p.m.

Tel. to Chungking

Secretary of State,
Washington.

543, DECEMBER 29, noon

General Magruder has reported to the War De-

partment on the recent military conference at Chungking. Recommendations adopted had Chinese concurrence but there is nothing as yet to indicate that we may expect early Chinese military activity against the Japanese in China.

It is particularly unfortunate at this time that as reported by Magruder to War Department the British in Rangoon, apparently acting with unauthorized agreement of United States Army officers on the spot, [have?] navy impounded certain land lease supplies consigned to China. Notwithstanding that these supplies maybe needed by the British this was an arbitrary and obtuse action which aroused deep resentment on the part of Chiang against both America and Britain. We may be certain that the incident will become known perhaps in distorted form. With tact the desired release could probably have been obtained and China made to feel

satisf. ction

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7/20/50
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~~30-2~~
-2- #543, December 29, noon, from Chungking.

satisfaction that he had contributed something to allies in arms at a difficult time. I believe that everything possible should be done by the British to make amends for their action. While Magruder appears to have convinced Chiang that the action at Rangoon was unauthorized and contrary to policy of American Government I feel that it should be made known to Chiang that the matter has come to the attention of the President who confirms the position as stated by Magruder and who at the same time has learned with gratification of the broadminded attitude of Chiang in overlooking the incident and agreeing to the release to the British at Burma of the immediately available supplies in question much needed by them in the present situation.

I have carefully refrained from intruding on operations of our military mission but in view of the political angles of the incident I cannot pass it without foregoing comment and recommendation.

GAUSS

CSB



PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED
X CONFIDENTIAL CODE X
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Department of State

Washington, SC

December 30, 1941
8pm

Collect Full rate
Day letter
Night letter
Charge Department
Full rate
Day letter
Night letter
Charge to
\$

AMERICAN EMBASSY

33/ CHUNGKING.
Your 543, December 29, noon.

A telegram has been sent to General Magruder by the Secretary of War to the effect that the Secretary of War approves the attitude adopted by General Magruder in regard to the sequestration of Lend-Lease materials by the British without General Chiang Kai-shek's assent, and that without General Chiang's consent the Secretary of War does not support any such sequestration. Please ask General Magruder for details.

Your recommendation has been brought to the President's attention.



GA
FE:GA:ALM

FE
m/h

NE *Rea*

Enciphered by _____

Sent by operator _____ M., _____ 19 _____

807.24/1276

CONFIDENTIAL FILE

PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED
X CONFIDENTIAL CODE X
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Department of State

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Day letter
Night letter

Charge Department

Full rate
Day letter
Night letter

Charge to

AMEMBASSY,

Washington.

December 30, 1941

Midnight

CHUNGKING (CHINA).

This cable was sent in confidential code.
It should be carefully safeguarded before
being communicated to anyone.

336
Your 543, December 29, noon.

Please convey immediately to General Chiang Kai-shek
a message from the President along lines as follows:

The President has given his personal attention to reports
of the recent incident involving the question of disposal to
the British authorities in Burma of Lend-Lease materials con-
signed to China and awaiting onward shipment in Burma to their
destination. The President wishes to assure General Chiang Kai-
shek that the action taken was contrary to the policy of the
Government of the United States which is directed toward
furnishing all possible aid to China. The President wishes to
give General Chiang Kai-shek further assurances that it is not the
policy of the Government of the United States to transfer material
consigned to China under the Lend-Lease program except upon the
basis of prior conference and consultation with the Chinese
Government. In sending General Chiang these assurances, the
President desires at the same time to express his deep

Enciphered by _____

Sent by operator _____ M. _____ 19 _____

PREPARING OFFICE
WILL INDICATE WHETHER

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TO BE TRANSMITTED
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PARTIAL
PLAIN

Department of State

-2-

Washington,

Collect Full rate
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Night letter

Charge Department:

Full rate
Day letter
Night letter

Charge to

\$

appreciation of the statesmanlike and unselfish attitude of
the Generalissimo in agreeing in the interests of the common
cause to which all of us are dedicated, to the release to the
British in Burma of certain items ^{apparently} much needed ~~for~~ for
defense in that area.

Full

OK
JBR



*Approved by
Mr. Currie
C.A.*

*Cleared with Col.
Wyman of War Dept.
C.A.*

GA
FE:GA:HNS

FE

Enciphered by _____

Sent by operator _____ M., _____, 19____