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W. POST JULY 11 1963

Probe Reveals Foreign-Paid News Junkets

By Laurence Stern
Staff Reporter

A New York public relations firm arranged free red-carpet junkets for news executives who in turn distributed unlabeled foreign propaganda to American audiences, Senate investigators disclosed yesterday.

The trips were provided by the Hamilton Wright Organization, an international firm that was the subject yesterday of a Senate Foreign Relations Committee lobbying hearing.

It was also revealed that American film and news media used material produced by Hamilton Wright without notice to readers and viewers that it was paid for by foreign governments.

Committee Chairman J. William Fulbright (D-Ark.) sharply criticized the public relations firm for failing to report the expense-paid trips for editors to the Justice Department under terms of the Foreign Agent Registration Act.

No Source Indicated

" . . . These films, stories and photos reached the public for the most part with no indication of their source with the Wright Organization or of the Wright Organization's connections with the client country," he said.

Fulbright was also critical of the news media served by the Wright Organization for concealing the foreign source of the material.

Details of the firm's lobbying and publicity operations in behalf of foreign clients, such as Nationalist China, South Africa and Mexico, were disclosed during questioning yesterday of Hamilton Wright Sr., president, and his son, Hamilton Wright Jr., executive vice president. In addition, the Committee released a transcript of testimony given by the Wrights in closed session on March 25.

Proposed Contract

The Nationalist China account paid the Hamilton Wright firm as much as \$300,000 annually. In its proposed contract to the Nationalist government, the firm boasted that "in 75 per cent of the releases, neither the editor of the newspaper—nor the newspaper reader — HAS ANY KNOWLEDGE OF WHERE THE MATERIAL ORIGINATED. Only the editor of the syndicate knows."

To produce news and film material for American audiences, the Wrights testified, they assigned a \$25,000-a-year account executive, Don Frifield, to Taiwan. Frifield's material was accepted by the New York Herald Tribune News

See LOBBY, A9, Col. 1

LOBBY—From Page A1

Newsmen's Junkets Probed By Foreign Relations Group

and the North American Newspaper Alliance, the Committee was told.

Frifield was later succeeded by David Roads, who was paid \$20,000 annually to produce stories and photographs on Nationalist China for distribution to American press media.

Statement by Editor

In a statement issued yesterday, James G. Bellows, editor of the New York Herald Tribune, acknowledged that the news service as well as his newspaper used and paid for "a number of articles" by Frifield and Roads. He added, however, that "according to our correspondence, it was not known that Frifield and Roads were paid writers for a China Lobby firm."

Also yesterday, editor Sid Goldberg of the North American Newspaper Alliance issued a statement to the Committee acknowledging that the syndicate used stories written by Frifield from Taiwan. Goldberg said NANA knew at the time that Frifield "had a job with Hamilton Wright having to do with the Taiwan account." But the NANA editor said "all the stories were non-controversial and none were connected with the U. S. policy toward China."

The Committee also heard evidence that Frifield prepared statements for use by American Congressmen opposing admission of Communist China to the United Nations. One such statement was distributed over the signature of Sen. Paul H. Douglas (D-Ill.).

Douglas Letter

In a letter to the Committee, Douglas explained that he received the Hamilton Wright manuscript from the Committee of One Million Against the Admission of Communist China to the United Nations but was not informed that the public relations firm was on retainer from the Nationalist government.

The Committee further disclosed that Hamilton Wright paid \$3000 to "The New Leader" magazine to finance publication and distribution of an article favorable to Nationalist China.

"I got bamboozled on this one," the younger Wright told Fulbright. "The New Leader came to me and hit me up for a little money that this would be a great thing to have and I fell for it. They did the work, not me."

Executive Named

Among the news executives to whom the Wrights acknowledged that they dispensed free trips were:

Max Klein, identified by Wright as editor of Metro-Goldwyn-Mayer News of the Day; Louis Messolonghetis, editor, King Features Syndicate; Courtland Smith, editor of the Central Press Association, a division of King Features; Jack Woliston, a news editor of United Press International, and Harold Blumenfeld, UPI picture editor.

The Wrights also testified that they employed at salaries of \$250 to \$600 a week the freelance photographic services of

Tourist Department notifying it that "Mr. Jack Woliston, Feature Editor of United Press International News Service, New York City, is ready to accept an invitation from you to come to Mexico some time in July as guest of Turismo (the Tourist Department)."

"He edits the second largest newspaper syndicate that goes to 1500 newspapers throughout the United States . . . This man qualifies as a top V. I. P. in our books and I recommend that the Red Carpet be laid out for him as follows: 1) airplane fare New York to Mexico and return, 2) hotelrooms, 3) hotel meals . . . This man will pay 'big dividends to Mexico in publicity'."

Marked Confidential

Later, in a letter marked "strictly confidential" to another client, the South African Information Service, the elder Wright sought to arrange a government-paid trip to South Africa for Woliston.

Wright pointed out that on the Mexican trip Woliston "wrote five stories — used another five written by us and literally flooded the U. S. A. with excellent publicity about tourism in Mexico." However, the South African trip never materialized, Wright testified yesterday.

Also made public by the committee was a letter to Wright from Courtland Smith, of the Central Press Association, conveying thanks for a "terrific week in Mexico" and "lavish" hotel accommodations.

Signed for Everything

"You told me the Government would pick up the full

tab, so we signed for everything at the Hilton, including the Cook's tour," wrote Smith. He added in a P. S.: "You may be sure I spread the word far and wide, wherever I thought it might be helpful, that the Hamilton Wright Organization, from our standpoint, is doing a whale of a job in Mexico!"

The Wrights, in a prepared statement, said that material prepared by their firm "has always been accepted or rejected . . . strictly on its news merits. Publishing of this material has never been contingent on friendships, 'free trips' or favors."

They cited letters received from The Washington Post and The Washington Evening Star in 1961 thanking Hamilton Wright for film transparencies on an exhibition of ancient Chinese art at the National Gallery. Hamilton Wright had arranged to work with the National Gallery staff on publicity for the exhibit.

In Times, Geographic

Wright also noted that photographs taken by staff photographers had appeared in The New York Times and National Geographic magazine.

At the conclusion of the hearing, the senior Wright was asked by a reporter if he felt he had been unfairly dealt with by the Committee. He replied that he felt he had been "treated with a great deal of embarrassment."

"There's nothing sacred," he said, "It's like going into a man's drawer and reading his love letters."

cliff file China lobby

newspaper used and paid for "a number of articles" by Frifield and Roads. He added, however, that "according to our correspondence, it was not known that Frifield and Roads were paid writers for a China Lobby firm."

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The Wrights also testified that they employed at salaries of \$250 to \$600 a week the freelance photographic services of two sons of a Twentieth Century Fox newsreel executive, Jack Kuhne.

The Committee released one letter from the Wrights to a Mexican Tourist Department official urging that Klein, of MGM, be received as a guest of the government and that Mexican officials "lay out the red carpet and all the trimmings."

Wrote Wright: "Mr. Klein is perhaps the most outstanding and most important motion picture newsreel editor in America. He has used every single newsreel story we have sent to him on Mexico."

Free Lodgings

In the case of Blumenfeld of UPI, Wright wrote an associate that the publicity firm was paying round-trip first class fare to Mexico and had arranged for free lodgings and food at the Hilton Continental and Las Brisas Hotels.

And on March 27, 1961, the Wrights wrote to the Mexica

out for him as follows: 1) airplane fare New York to Mexico and return, 2) hotelrooms, 3) hotel meals . . . This man will pay 'big dividends to Mexico in publicity'."

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EVENING STAR
JULY 11, 1963

Lobby Probers Want Label On Inspired Foreign News

By MIRIAM OTTENBERG
Star Staff Writer

The Senate Foreign Relations Committee is trying to figure out some legislative way to make sure the public knows the actual source of stories and pictures provided by the agents of foreign powers.

The problem was pinpointed at a public hearing yesterday when the father-son team of the Hamilton Wright Organization acknowledged that the public did not know the actual source of some glowing material about Nationalist China, Mexico and South Africa—three clients of the firm.

Both Hamilton Wright, sr., and Hamilton Wright, jr., denied they were trying to deceive the public but suggested the Foreign Agents Registration Act was "a little bit loose."

Fulbright Critical

Chairman Fulbright charged that films, stories and photos reached the public from the Wright organization with no indication of their source.

At the same time, he acknowledged that this lack of identification "may not have been entirely the fault of the Wright Organization." He said the firm's records suggest that "a number of intermediaries in the journalistic profession and among film distributors co-operated in the dissemination of the firm's propaganda in return for various gratuities from the Wright Organization."

The "gratuities" brought out at both an earlier closed session and yesterday's open session took the form of "red carpet" trips to Mexico.

Recipients Listed

Letters put into the record named the recipients of the trips as Louis Messolongheis and Courtland Smith of King Features, the latter described as an editor for Central Press Association; Jack Woliston, a United Press International news editor; Harold Blumenfeld, executive photo editor of UPI; and Max Klein, described by Mr. Wright, sr., as editor of Metro-Goldwyn-Mayer's "News of the Day" newsreel and Telenews, television newsreel.

None of the trip recipients made any comment to the committee when the transcript of the closed testimony was sent to them.

The Wrights also acknowledged that they had supplied the National Broadcasting Co.'s "Monitor" program with a taped interview with National China Gen. C. S. Chen in 1957 and that "of course" NBC knew the Wright organization represented Nationalist China.

In New York, the Associated Press quoted an NBC spokesman as saying that the network's policy is not to accept material from outside sources

on matters of public issue, controversial matters or "hard news."

Supplied Art Pictures

Mr. Wright, senior in illustrating the culture nature of his public relations work, put into the record letters from representatives of the Washington Post and The Washington Star thanking him for supplying color pictures of Nationalist Chinese art treasures to be displayed at the National Gallery of Art.

(The Star asked the National Gallery for color transparencies of the Chinese art objects and the gallery arranged for Hamilton Wright to supply them. One color picture was used in The Star, on May 23, 1961, and the transparencies were returned to the gallery.)

A spokesman for the Washington Post issued a statement that the Post prepared a story on an exhibit at the National Gallery, that public relations officers of the National Gallery arranged to have pictures supplied to the Post through the Hamilton Wright firm and that the pictures were used and the negatives returned to the National Gallery.

Mr. Wright, during his closed session testimony, showed a picture page from The Star on South Africa picturing "big game, pineapples, ostrich farms, good roads, the city and the sheep farming and also the lobster industry." The photos were credited to Hamilton Wright.

(The South African pictures were received in routine mail to The Star from Hamilton Wright and seven of them were used to make up a picture page showing life and industry in the Union of South Africa. It appeared in The Star on December 13, 1962.)

Mr. Wright also showed a half page from the New York Times on a new railroad in Mexico with a picture credit to Hamilton Wright. He said that pictures distributed to the wire services do not credit his firm but go out as Associated Press or United Press International photos.

The committee questioned the Wrights about stories submitted to North American Newspaper Alliance, other dailies and directly to papers by Don Frifield, a \$20,000 writer for the Hamilton Wright Organization at The Wright, sr., said also that stories were sent to the Herald Service.

Sid Goldberger, NANA, wrote that Frifield for NANA in 1961.

his NANA writing, that he was primarily interested in establishing his byline in newspapers. We found his statement well-documented, accurate and objective."

James G. Bellows, editor of the New York Herald Tribune, said the newspaper's news service used a number of articles by Mr. Frifield and David Roads, another Wright organization writer. Mr. Bellows said both writers were paid by the news service and some of the articles were used in the New York Herald Tribune.

"The Herald Tribune staff," Mr. Bellows wrote, "is watchful at all times that unlabeled, sponsored material should not be handled as news in the newspaper and on the news service."

"Rave" Letter Cited

Senator Fulbright placed in evidence letters in which the committee asked Station WEDU in Tampa, Fla., how the station's management understood a travel film on South Africa was financed, and the station's reply that "in the process of gathering information in order to adequately answer our April 27 letter, we were advised that production costs (of the film) were paid by the South African Information Service." The station said the program was identified in its broadcast as "produced by Hamilton Wright Organization."

Excerpts of letters from the Wrights to Warner Bros., soliciting a "rave letter" about its service, to be shown to the South African government, and a note thanking Warners for the "rave" were read aloud by Senator Fulbright.

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The committee questioned the Wrights about stories submitted to North American Newspaper Alliance, other syndicates and directly to newspapers by Don Frifield, who was a \$20,000 writer for the Wright Organization at Taiwan. Mr. Wright, sr., said Mr. Frifield also sent stories to the New York Herald Tribune News Service.

Sid Goldberg, editor of NANA, wrote the committee that Mr. Frifield began writing for NANA in 1959, and continued sending in stories until 1961.

"We knew he had a job with Hamilton Wright having to do with the Taiwan account," Mr. Goldberg wrote. "In 1959, he wrote 11 stories for us, five of which were written from Taiwan. All the stories were non-controversial and none were connected with United States policy toward China."

Was Paid for Stories

Mr. Goldberg wrote that Mr. Frifield was paid for some of the stories he wrote but added that "Frifield had told us that he received a good salary from Hamilton Wright and that he was not primarily interested in the money he received for

the New York Herald Tribune, said the newspaper's news service used a number of articles by Mr. Frifield and David Roads, another Wright organization writer. Mr. Bellows said both writers were paid by the news service and some of the articles were used in the New York Herald Tribune.

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Hamilton
Wrights - (Star) '63
New Yorker article

Tom Connolly - Chiang Kai Shek deserted China.
1950 [Brown - Chou en-lai was Chiang's deputy supt. of
Nanking Milit Academy.]

Tachen Islands - Chiang withdrawn. - no DP drop needed for LBJ.
1960

Joe McCaul & soy beans.

~~CONFIDENTIAL~~

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ADMINISTRATIVE MARKING
NOT NAT'L SECURITY
INFORMATION, E. O. 12356,
SEC. 1.1(c).

BY Kf ON 12-26-89

Room 2535
One Wall Street
New York 5, N. Y.
July 22, 1951

File China lobby

Mr. Drew Pearson
Washington, D. C.

Dear Mr. Pearson:

I have read your column almost every day for a few ^{years} and, lately, I have been quite disappointed with your writings relative to Yangtze Trading Corporation and soya bean speculation which I have the first hand information whereas you have either twisted the facts or have been misinformed by your "leg" men. I would like to point out a few facts as follows:

With regard to Yangtze Trading Corporation, the said company has done practically no business since the Communists took over China in 1948. About 200 tons of tin plate which you purposely called tin was shipped by a N. H. Ting, a member of the said company in cooperation with a Communist agent in New York, by falsifying export license and exchanging license with another firm, a Communist purchasing agent, without the knowledge of other members of the company. Ting was deported in 1949. The Department of Commerce has all the details, and your leg man should have told you the facts. Steptoe & Johnson serves the corporation as lawyers on friendly basis at a nominal fee. If you knew the whole fact and blasted Col. Johnson for what Ting had done, a typical case of Communist infiltration to a well known company, you could not feel comfortable as far as your conscience goes. I hope that you have been misinformed.

Let us come ^{to} the next topic. My name is Soong and there are at least three million people in China, having Soong as their surname. How could you make me the son of Mr. T. L. Soong. I am 34 years old whereas Mr. Soong is around 45. We are not related at all. Your informer must have done a very poor job.

In connection with soya bean speculation, it was reported that a group of Chinese in Hongkong had cornered the supply. The Department of State has all the details, and why don't you ask your good friend Dean Acheson for correct information, instead of guessing.

As far as I am concerned, you have done a great disservice for your self. I am most disgusted that you blasted Col. Johnson whom I deeply respect for personal reasons. My purpose of writing this letter is to let you know that some body have sufficient grounds on account of your two statements to sue you for libel. This is not the way to make democracy live.

Yours sincerely,

Eugene Soong
Eugene Soong

The Washington Post rec'd the following letter from E. Y. Soong:

In Drew Pearson's column of July 2 in the Washington Post, he did not present but twisted the true facts relative to the Department of Commerce's order dated July 19, against the Yangtze Trading Corp.

The story dated as far back as March of 1949, when N. H. Ting, a member of this office in charge of exports, cooperated with C. F. Lee of the American Industrial Products Co. in shipping out approximately 200 tons of Tin Plate to Tientsin, China by falsifying and interchanging export licenses. These irregularities were not known to the other members of this office until the investigation staff of the Department of Commerce, with whom we cooperated wholeheartedly, came to see us in April, 1950. As a result, both Ting and Lee were requested to leave the country. They did.

The misconduct of an employee naturally reflects the name and reputation of the employer. Our firm is now paying dearly for this negligence on our part in the selection of personnel.

The law firm of Steptoe and Johnson acts as our counsel on a friendly basis and is in no way responsible for the activities of this office. It was most unfortunate that someone delved into the troubled waters and blasted the good name of Col. Johnson and his associates for selfish purposes. Neither Dr. H. H. Kung nor Dr. T. V. Soong have any interest whatsoever with regard to this office, and the undersigned is not related in any way to Dr. Soong.

In order to make Democracy live, freedom of expression should be confined to true facts alone.

E. Y. Soong

dated July 31-51

-- Soybean Speculation --

Ralph Moore, on June 17, 1950, bought 310,000 bushels of soybeans. This was just 12 days before the invasion of Korea and at a time when Chinese speculators were buying heavily. Moore is reported to have made other purchases and a total of \$342,000 on soybeans, most of the purchases having been through his broker, George Sirota.

Moore got tips on the commodity market from John S. Kloss, an employee in ECA's food division. He also traded under the maiden name of Mrs. Kloss, Alice Erickson, though significantly he did not list her actual address but that of an attorney friend of Mrs. Kloss, Karl Dollak.

Mrs. Kloss had been a part-time secretary for Ralph Moore and upon being interviewed, claimed that he owed her some back salary and was speculating in soybeans in order to compensate her for this back pay. She said she agreed to let him use the back pay to open an account in her name, and gave the alibi that she used her lawyer's address, not hers, because she wanted to keep it a secret from her husband.

Mrs. Kloss swears that she did not make a dime on the soybeans and strangely says she did not know what Moore did with her account. She claims she simply signed an authorization for him to open her account and doesn't know what he did about it.

When asked how much her back salary totalled she said about \$500. She found it difficult to explain why Moore had opened an account for several thousand dollars in her name, if he only owed her \$500. She also found it difficult to explain why she had made "no profit" at a time when the price of soybeans skyrocketed by 50 per cent.

Significantly, Mrs. Kloss at first stated that Senator McCarthy and Ralph Moore were good friends and that she had seen McCarthy in Moore's office. However, when further details were asked for, she immediately clammed up.

McCarthy admits that he did some speculating in 1947. It is reported that since then he has been speculating in Ralph Moore's name.

Memo to DP from JA:

July 21, 1951
file

Here is a sequel to our soybean story. The Chinese speculators had some help from your old friend, Ralph Moore, in pushing up the price of soybeans just before the Korean war. For example, on June 17, 1950, Moore bought 310,000 bushels of soybeans. That was just one day's trading, which we can document. However, Moore later reported to Dyke Cullum that he made \$342,000 on soybeans, and paid out \$34,160 just in commissions to his broker, George Sirota.

Cullum claims that Moore got inside tips on the commodity market from Rollis Nelson, then an investigator for the Senate Agriculture committee, and John S. Kloss, an employee ~~in~~ in ECA's food division.

Nelson was planted in his job by Moore through his ~~2~~ secukting friend, then Chairman of the Agriculture Committee Elmer Thomas. However, Nelson was housecleaned out of the committee after Thomas' ~~defeat~~ defeat at the polls. I understand Nelson is still in town, but I couldn't ~~locate~~ locate him.

However, I talked to John S. Kloss and his wife. They admitted that Mrs. Kloss had done some speculating in soybeans under her ~~maiden~~ maiden name, Alice Erickson. They also admitted that the address she listed was actually the address of an attorney friend, Karl Dollak. Furthermore, Mrs. Kloss had been a part-time secretary for Ralph Moore.

This certainly ~~looks like~~ looks as if the Klosses were trying to cover up their trading in soybeans. However, here is their version: Mrs. Kloss claims that Ralph Moore owed her some back salary, so she agreed to let him use the money to open an account in her name. She gave her lawyer's address, because she wanted to keep it secret from her husband and surprise him with a Christmas present. She used her maiden name because she happened to have a bank account still in her maiden name.

anderson, soybeans

222222

Mrs. Kloss swears that she ~~was~~ didn't make a dime on soybeans; in fact, didn't know what Moore did with her account. She ~~claims~~ she simply signed an authorization for him to open an account, and don't know what he did about it. She remembers getting some papers in the mail, but didn't understand them. I asked to see the papers, but she claims she no longer has them.

I ~~pointed out~~ that her account was a matter of record and asked whether she could remember how much it had amounted to. She didn't recall exactly, but said it was several thousand dollars. She had already told me her back salary totaled about \$500, so I asked how come Cullum opened an account for several thousand dollars in her name. She said that she had trusted Moore, and left it up to him. I also asked how come she made no profit ~~at~~ at a time when the price of soybeans skyrocketed up 50 percent. She said she didn't understand the market, but she believed Moore had used her account to trade on the short side of the market.

I asked whether she knew ~~Rollis~~ Rollis Nelson, and she confirmed that he used to hang around Moore's office at the same time he was on the Senate Agriculture committee payroll. I asked whether he had also been trading in soybeans at the time. She said she had been told by the ECA investigator that Nelson had ^{also} speculated in soybeans. ~~Mr. and Mrs.~~ Kloss ~~insisted~~ insisted that both ECA and the Agriculture department had made thorough investigations, and had given Kloss a clean bill of health. Kloss ~~admitted~~ admitted knowing Moore, but denied giving him market tips. He also denied knowing anything about his wife's soybean account, until ~~it~~ it came under investigation. He pleaded that he was just a small potato and would lose his job if we ~~gave~~ gave him any publicity.

I also asked Mrs. Kloss about Senator McCarthy. She

anderson, soybeans

333333

said McCarthy and Moore were good friends, that ~~McCarthy~~ she had seen McCarthy in Moore's office. She said McCarthy was usually accompanied by the girl he runs around with (presumably Jean Kerr.) However, she started backing down when I tried to pinpoint ~~any relationship between McCarthy and Moore~~ McCarthy's relations with Moore.

4

July 21, 1951

Memo to DP from JA:

It should be safe to say that the Agriculture Department is investigating whether a group of speculators are trying to corner the rye market. You can report that July futures have shot up 24 cents a bushel in less than a month, that the price sometimes jumped as much as five and seven cents ~~in one day~~ in one day.

I could not get any official information on ~~the~~ who is trading in the rye market. However, I think you can word it in such a way as to indicate that the Agriculture department is particularly interested in the trading of Dan Rice, who was charged with ~~cornering the~~ trying to corner the rye market once before, and Ralph Moore, the speculating partner of former Senator Elmer Thomas of Oklahoma.

You can also report that the Agriculture department was pressured into buying Canadian rye with ECA dollars. The pressure indirectly came from speculators who had invested in Canadian rye. However, you can report that the ~~late~~ Senator who pestered the Agriculture department the most about buying Canadian rye was none other than ~~Senator~~ Senator McCarthy. ||
The Senator from Wisconsin made several phone calls to the Agriculture department, urging the purchase of Canadian rye. ||

(2) I don't know how far you can go toward hinting that Ralph Moore is secretly ~~speculating~~ speculating for McCarthy on the commodity market. This much I know: McCarthy once told me that he had done some speculating in butter. Dyke Cullum won't let us quote him, but he claims Ralph Moore once told him ~~about~~ about handling accounts for McCarthy. Ralph Moore's former part-time secretary, Mrs. Alice ~~Kloss~~ Kloss, admitted to me that Moore and McCarthy were good friends, that she recalled seeing McCarthy ~~in Moore's office~~ in Moore's office. All this, plus McCarthy's great interest in Canadian rye, makes a circumstantial case anyhow. A

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div
Lobby

The Agriculture Department is now investigating for possible skulduggery, but Chinese speculators virtually cornered the soybean market and shot up the price of soybeans 49 percent on the eve of the Korean war.

Since this sudden, abnormal trading came after the seasonal peak, officials suspect that the speculators may have had advance knowledge of the Communist aggression which caught this country unprepared.

The names of the Chinese in the soybean market are not supposed to be made public except by Congressional edict. However, this column can reveal that one of the leading speculators was Chiang Kai-shek's brother-in-law, T. L. Soong, who held 500,000 bushels six weeks before the Korean invasion.

This is the same T. L. Soong who handled much of the \$3,408,200,00 in aid which the American taxpayers poured into the Nationalist government. In 1940, Soong was in charge of all war supplies coming into China over the Burma Road, which was then the only supply line to the beleaguered Nationalists.

~~He was in charge of all war supplies coming into China over the Burma Road, which was then the only supply line to the beleaguered Nationalists.~~
Soong hadn't been in charge long, however, before vast warehouses of war goods ~~had~~ mysteriously disappeared. An attempt was made to cover up the disappearances by a series of warehouse fires, which were officially blamed upon "sabotage." It is significant that Soong hastily left for America on a diplomatic passport immediately after the fires.

Yet in spite of this scandal, Soong actually moved into a juicier spot in 1943 and became Chiang Kai-shek's Washington representative in charge of all war supplies. Of the ~~the \$3,408,200,000 poured into China, only a paltry \$171,300,000~~ ^{ever} has been paid back. U. S. officials are convinced that ~~the~~ the lion's share of the unpaid balance went into the private pockets of prominent Chinese instead of into the Nationalists' war effort. Much of this money, they believe, has now found its way back into

anderson, soybeans

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this country in the form of private investments and speculation by wealthy Chinese.

~~_____~~ The Chinese soybean speculators bought up 6,986,000 bushels ~~_____~~ on the long side of the market just before the Korean war. In other words, they were betting that the price of soybeans would go up, which was a sure thing in case of war. For the soybean is not only an ingredient of chop suey but is also used as a wartime substitute in manufacturing plastics, paints and varnishes. It is also used in vegetable shortenings and salad dressings.

However, by virtually cornering the market, the Chinese traders caused the price of soybeans to soar from \$2.31 3/4 per bushel to \$3.45 1/2 per bushel even before the Korean war started. Though T. L. Soong was one of the largest individual speculators, the ~~_____~~ biggest bloc -- 2,565,000 bushels -- was purchased by Kai Ue Cheong, a Hong Kong commission house, ~~_____~~ representing 14 Chinese with Hong Kong addresses.

~~_____~~
(After) ~~_____~~ alarming reports that "the soybean futures market has been completely under the control of speculators," the Commodity Exchange Authority ~~_____~~ ordered an investigation. Here are its preliminary findings:

~~_____~~ "The continued growth in accounts with Chinese names in soybean futures led to a special investigation of such accounts at the end of May, 1950," the official report states. "This investigation of brokers known to have Chinese accounts disclosed 49 speculative accounts with Chinese names or with Chinese connections...." ~~_____~~ The survey of June 30 showed that the number of accounts with Chinese names and connections had increased. There ~~_____~~ were 56 accounts of this nature reported holding positions in soybean futures on June 30, 1950 (the week of the Korean outbreak).

"There is, of course, no ~~_____~~ prohibition against trading in

anderson, soybeans

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commodity futures on United States markets by foreign nations^{also} Such traders would be subject to sanctions only in the event that it could be proven that their activities were manipulative. From the investigation so far developed, such proof has not appeared," the report wound up the preliminary findings.

However, the Agriculture department is still suspicious and still investigating. Meanwhile, the United States has denied export licenses to Chinese who tried to collect their soybeans and ship them to China.

Note: This is not the ~~first~~ first example of Chiang Kai-shek's relatives putting profit ahead of patriotism. For example, while Chiang was crying for more aid ~~for~~ for the Nationalists, his relatives were actually selling precious tin plate to the Communists. This was done through the Yangtze Trading Company, which made out phony ~~licenses~~ licenses to sell strategic tin to the Communists. The Yangtze Trading Company is controlled by T. L. Soong's son, E. Y. Soong, and H. H. Kung's son, L. K. Kung -- both nephews of ~~Chiang~~ Chiang Kai-shek. What is even more shocking, several shares in the company are also owned by the law partners of ex-Secretary of Defense Louis Johnson, another great Formosa-first man.

JA

September 19, 1951

Memo to DP from JA:

China

Dyke Cullum told me in intimate detail about his association with L. C. (Louie) Kung. He pulled no punches, and his story gives us a couple valuable leads. However, I had to promise to keep his name out of whatever we write.....

Cullum met Louie Kung through J. Z. Wong, the same ubiquitous contact man who offered our Chinese friends a \$500,000 bribe and who boasts that he gambles with President Truman. Cullum got to know Wong around Senator Elmer Thomas' office. Wong used to supply Thomas with liquor, which Wong could get through the Chinese Embassy without paying U.S. taxes. (Presumably, Wong still does this for other Senators, though Cullum has no specific knowledge of it.)

At any rate, Wong got the impression that Cullum was an operator, and came around to his office and offered to introduce him to a man who could help him make money. This man, of course, turned out to be Wong's boss, Louie Kung.

7/3/51 Kung started out by offering to hire Cullum as a commodity market consultant. Kung played it coy at first, and insisted it was for a "friend." Cullum gave him a tip on ~~commodity~~ futures cotton market as a come-on, but refused to work for Kung unless a special account were opened, giving Cullum power of attorney. Kung dangled Cullum on the string for several weeks, but never went through with the deal. Meanwhile, Cullum heard that Kung had cleaned up \$70,000 on his cotton tip.

As Kung and Cullum ^{became} more friendly, Kung boasted how he had cleaned up in soy beans. However, Kung is careful never to use his own name, but trades in the names of Chinese friends.

~~Specifically~~ Later, Kung tried to bait Cullum into a shady

business partnership with a fat roll of thousand-dollar bills. Kung pulled this ~~bulging~~ roll out of his pocket and asked Cullum to keep the bills and cash them for him ~~for~~ from time to time. Kung explained that he didn't like to go to the bank personally. Cullum agreed to cash one bill, and ~~pulled~~ ^{scrapped} \$900 out of his safe. He handed the \$900 to Kung, and promised to ~~bring him~~ give him the remaining \$100 as soon as he cashed the bill. Kung told him to skip the \$100.

Out of curiosity, Cullum took the bill to a friend in the Treasury Department to see if it could be traced. Needless to say, it was a genuine bill, but there was no way of tracing it. However, the Treasury man ~~said~~ reported that the Chinese Nationalists had withdrawn part of their aid money in thousand-dollar bills, and presumably ~~had~~ ^{had} flown the bills to Formosa.

Later, after Cullum had time to reflect over the bulging bankroll, Kung invited Cullum to join in forming a Hong Kong corporation. Kung explained that its purpose would be to make money, that it would deal in any and everything. He specifically mentioned aluminum. Kung wanted Cullum to be the U. S. manager and help work out the deals. The reason for a Hong Kong corporation, Kung explained, was to avoid taxes. Kung said he paid taxes to no one. Cullum replied that he couldn't afford to get in trouble with the Internal Revenue people, and turned the deal down. However, Kung kept in close touch with Cullum, and either called or visited him ~~about~~ every three or four days.

Once in New York, Kung took Mr. and Mrs. Cullum and their lawyer, Roy St. Lewis, out on the town. Cullum estimates that Kung must have spent \$600 or \$700 on them that night. But most

anderson, kung

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significant, Kung brought along a young lawyer whom he introduced as his attorney. Cullum recalls that the lawyer was a young fellow, named Wyman, from New Hampshire. A young lawyer, named Louis Wyman, used to work in Senator Bridges' office. ~~He~~ He has now gone back to New Hampshire to join the law firm of his ~~father~~ father, Louis Wyman sr.

Cullum also recalls that Kung talked about a summer home he owns on a lake in New Hampshire. Kung talked as if he had been storing expensive foods at this place.

Cullum ~~also~~ had mentioned ~~in~~ ^{is} Kung's presence that his wife yearned for a Cadillac, which ~~was~~ difficult to get ~~these days~~ *these days*. One day, lo and behold, Kung calls and explains that he has a Cadillac for Mrs. Cullum.

Dyke picked up the Cadillac from Louie in New York, found that it was registered in someone else's name. When I pressed for details, Cullum pulled an envelope out of his files containing his Cadillac papers. The papers showed that the Cadillac was originally purchased March 16, 1951, by Walter Kwok, 969 Park Avenue, New York 28, N. Y. The envelope apparently was the same one that Kwok had breaking in turned over to Kung, for it contained some handwritten notes about the car, signed "Wally." These notes included this interesting line: "Essential that car be taken delivery of in my name only."

Kung said the car cost \$4,065, and was for Mrs. Cullum. Dyke said he couldn't accept it as a gift and offered to write a check. Kung laughed that he didn't mind the \$4,000, but the \$65 had put him out. Later, back in Washington, Cullum again insisted on paying for the car. Kung finally accepted, according to Cullum, but refused to take a check or to sign any papers or receipts. Cullum

anderson, kung

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claims he paid Kung for the car in twenty-dollar bills, but got no receipt.

Apparently, all this was added build-up to try to induce Cullum to join in the Hong Kong venture. When Kung invited Cullum again, Cullum refused. Finally, they broke up over the deal after Kung referred to Cullum's "two-bit office" and offered to set him up in grand style. This made Cullum sore, and he told Kung off. Kung left and has never returned. Cullum says he never gave him back the ~~the~~ \$100 still due from his \$1,000 bill. So Cullum wrote to him offering it. The letter was never answered.

I questioned Cullum ~~in detail~~ carefully to see ^{whether} he had picked up any more leads during his association with Kung.

Cullum says that Kung mentioned Senator McCarthy and ex-Senator Chan Gurney as close friends, ~~and associates~~. Kung never mentioned ^{as far as} Senator Bridges ~~that~~ Cullum can recall. ~~But~~ Kung didn't go into much ~~Kung~~ detail about either McCarthy or Gurney, but Cullum has the impression that McCarthy was ~~in touch with Kung getting information and doing some work for Kung, doing~~ working with Kung on his Communist charges, and also was mixed up with Kung on commodity deals.

Kung also mentioned to Cullum that the Treasury department had tried, but had FAILED, to get a statement of Kung's holdings in this country. Cullum recalls that Kung returned to Formosa once recently. Cullum also has the impression that Kung is widely acquainted on Capitol Hill.

97

C A B L E

September 1, 1945

FROM: Chinese Air Force Headquarters
TO: Air Attache, c/o Chinese Air Force Office in U.S.A.

Your cable received. You are instructed to continue search for information in regard to atomic bomb.

/s/ C. J. Chow

C A B L E

December 6, 1946

FROM: Chinese Air Force Headquarters
TO: Air Attache, c/o Chinese Air Force Office in U.S.A.

You are instructed to collect the information in regard to the report of the results of the Bikini atomic bomb tests in July and send back immediately for our study.

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C. J. Chow

NOTE: The cables of September 1, 1945 and December 6, 1946 were transmitted in code to the Washington office of the Chinese Air Force by the Commanding General of the Chinese Air Force, C. J. Chow. They were decoded by Captain Fang, the Code Officer. These translations were made from Captain Fang's original decoding memorandum.

I regret to ~~x~~ say that this is not the type of spying that one friendly government does against another friend, but rather what the Russians have been doing against us. And I strong ^{by} urge ~~that~~ Congress ^{to} investigate.

C A B L E

September 1, 1945

FROM: Chinese Air Force Headquarters

TO: Air Attache, c/o Chinese Air Force Office in U.S.A.

Your cable received. You are instructed to
continue search for information in regard to atomic
bomb.

/s/ C. J. Chow

The China Lobby is quietly lining up newspapers and radio stations, and building a propaganda network to channel Chiang Kai-shek's views to the American public. This is described with startling frankness ~~in~~ in a secret report by one of Chiang's hired American lobbyists, Norman Paige.

Reporting to his Chinese ~~bosses~~ ^(the results of) on a recent cross-country trip, ~~he~~ ^{Lobbyist Paige} explained that the purpose ~~of the trip~~ ^(trips) had been ~~"maintenance of~~ ^(the) contacts, and reorientation of editors, publishers and leaders of our 'feeder line.' Several valuable new additions have been made, and many new contacts made," he added jubilantly.

Paige, whose real name is James Black ~~de~~ dePuy, is registered as a foreign agent for the Chinese Nationalist government. His job is to line up newspapers and radio stations as propaganda outlets.

This column has obtained a copy of ~~his~~ ^{Paige's} latest secret report, dated January 29, in which he boasts of ~~several new~~ ^{several new} conquests. The one that caused him the most rejoicing was Gordon McLendon, young president of the Liberty radio network, whom Paige ~~claimed~~ ^{claimed} "is in full sumpathy with us and can be called upon for any future cooperation."

"The ~~Liberty Broadcasting~~ ^{networks} System, through its analyst-commentator, is carrying a steady plea for training and equipping 500,000

Chinese troops on Formosa, ready for use in all contingencies," Paige added.

~~It should be noted, however, that many a lobbyist will brag to his employer on the alleged basis of~~ ^{Paul Murray} ~~He~~ also reported triumphantly that Frank Gannett sr., ~~publisher~~ ^{a newsman} of the Gannett newspapers in upper New York and New England, "is a welcome addition to the main pipeline."

Paige also listed Sam Perkins, owner of ~~California's~~ ^{Washington States} Olympia Olympian, Bellingham Herald and the Perkins Press.

"He can be considered an addition to our pipeline. He will

not only influence his own newspapers, but also others," predicted the China lobbyist. He explained significantly that Perkins "is principal owner of the Bank of California and is a Republican leader throughout the West."

Paige also told about ^(tackling) ~~John~~ John Knight, powerful publisher of the Chicago Daily News, Detroit Free Press and other Knight papers. ✓

"I have managed recently to convince John Knight of the Knight Syndicate," boasted Paige. "Mr. Knight, in a recent conversation, told me he has come at last from a lethargic middle ^{road} ~~line~~ line to positive ~~belief~~ belief that a concrete plan of arming and training Formosa forces is ~~essential~~ essential."

Paige ~~listed~~ listed several more journalistic conquests, including the following:

→ "Richard Pollard, San Francisco Examiner feature writer --
an old Asia hand and one who goes to any lengths to write or plant stories
desirable.

"C. C. McLellan, editor of the News Publishing Company of
Galveston, Texas -- a new addition to the pipeline.

"Ronald Waggoner, West Coast manager of the United Press --
greatest value in passing ideas along to those who can and will use them.

"Dick Berlin -- Apparently groomed for top position in the
Hearst publications since demise of W. R. This is a new business contact.
I have another appointment with him next week.

"Richard Chase, feature writer of the San Francisco News --
He is regarded as dean of the staff and his personal opinions carry ~~weight~~
weight. ^{are} ~~He is~~ in full accord with us. //

"John Crider -- Just resigned managing editor of the ~~Boston~~
Boston Herald because of his recent editorial criticizing Robert Taft's new

anderson, propaganda

book. A young man, very firm in his beliefs and definitely slated for another important job in another newspaper, he will carry with him the ~~feel~~ feelings successfully instilled when I met with him last Spring."

Chiang Kai-shek can ask for more money from the American taxpayers. It wouldn't be so bad if the money went to fight Communists. But most of it slips through Chiang's fingers into the private bank accounts of his relatives and henchmen, or else goes to pay ~~their~~ lobbyists like Paige to build up more public opinion for ~~him~~ still more money.

Col. Roberts says the only Chinese millionaire who lives in Long Island who you could be referring to is: K.C. Li (Not Lee) - he is head of the Wa Chang Corp. and the Wa Chang Smelting Co. of America, Inc. 233 Broadway. Smelting Co. phone - Cortland 7-0896 Wa Chang Corp. phone and phone listed for K.C.Li: Cortland 7-0887.

WESTERN UNION PRESS MESSAGE

W. P. MARSHALL, PRESIDENT

1595

file
China Lobby

Dick Patterson - Jugo
Lee - Long Island

has \$50,000

Patterson wanted to take him out to hypnosis
to see how.

Matt Connelly said "he's a fine guy
I spent a weekend at his home"

Rund plan with Mon P.M. lost in \$41,000
very bad.

Only raised \$800,000 since copier
started.

AN Special - raised \$150,000
\$325,000
Abc Fairberg

ROBERT S. ALLEN
1204 NATIONAL PRESS BUILDING
WASHINGTON 4, D. C.

April 24, 1953

Dear Drew:

In connection with your smash column on the China lobby, you will be interested in the enclosed -- when you find the time to read the material.

It has to do with a story I wrote about an attempted shakedown by Chiang Kai-Shek that, somehow, didn't come off and the astounding aftermath in which the State Department, at Chiang's ukase, undertook to discipline me. Thanks to Mike McDermott, I was tipped off about the matter and with his help succeeded in prevailing on the powers-that-be in that goddamned garbage can to put out their statement thought the Syndicate rather than in the form of a general release. My primary purpose in doing that was to enable me to send out a simultaneous reply so that my editors would have both items before them at the same time. Mac got the idea and with the help of Leland King was able to put it over. Incidentally, King and Joe Phillips, according to Mac, were on my side all the way through on this issue. They were against any statement being issued but were overruled topside. Mac wouldn't say who that was but it must have been awfully high because he did tell me, off-the-record, that the demand for the blast came from Taipeh through our Ambassador there. In other words, Chiang himself demanded it and the Dulles cabal knuckled down to him.

This goddamned regime is smelling fouler and fouler all the time.

I've got a couple of lecture engagements down in West Virginia this week-end, but when I get back to town next week I want to tell you about an amazing story about Joe McCarthy that Walter Jones, Sacramento Bee, told me. I asked him if I could pass the information on to you and he said that would be all right, so I'll tell you the story as soon as I get back.

Your radio program was never better in our opinion, and I've heard some very nice comments about it.

All of the best.

Sincerely,



Robert S. Allen

Enc.

POST-HALL SYNDICATE
295 MADISON AVENUE
NEW YORK, N.Y.

By Robert S. Allen

Washington, April 16: Chiang Kai-shek has had a harrowing experience.

The Nationalist generalissimo was stopped cold in an attempt to raid the U.S. Treasury.

He tried to collect \$2,600,000 for property in Red China that the U.S. never got. But he was turned down flat.

The rebuff virtually unnerved his henchmen in the Nationalist embassy here. It was a new and shocking event for them, and they don't know what to make of it.

Following are the details of this unique affair:

In 1948, after lengthy negotiations, the U.S. finally arranged with the Nationalists to purchase a number of buildings and sites to house State Department offices in various Chinese cities. But before this property could be taken over, the Nationalist regime collapsed and Chiang decamped to Formosa.

The U.S. withheld payment for the property on the ground that it never got it.

But that little detail didn't stop Chiang. His Washington Ambassador presented a bill to the Truman Administration for \$2,600,000, claiming that was the amount due on the property sold to the U.S. — but which it never got.

The Nationalist dun got nowhere.

It was firmly rejected on the advice of Leland King, head of the State

POST-HALL SYNDICATE
295 MADISON AVENUE
NEW YORK, N.Y.

By Robert S. Allen

Washington, April 15:

The uproar over the ousting of Dr. Allen Astin, as director of the Bureau of Standards, is rapidly becoming a free-for-all.

At the rate the fray is mushrooming, a good part of the government may be embroiled by the time the Senate Small Business Committee opens its investigation next month.

Latest to become embroiled are Budget Director Joseph Dodge and the Federal Trade Commission.

Neither had anything to do with Astin's explosive dismissal. But the Trade Commission, which has close ties with the Bureau of Standards, is angrily accusing Dodge of "pulling an Astin" on it.

Reason for this unusual charge is a secret plan Dodge sprang on the Commission to slash \$1,000,000 from its budget.

That is a 38 percent cut, the heaviest so far reported in the proposed Eisenhower budget. It tops by more than 20 percent the previously ann

NEW YORK, N.Y.
562 MADISON AVENUE
LOEHL-REITZ SYNDICATE

Department's Division of Foreign Buildings Operations. He submitted a report that held the Nationalists' demand was unjustified. Nothing more was heard from them on this until recently.

Then, once again, Chiang tried to collect --- this time from the new Eisenhower regime.

But Chiang Had no better luck than before. King again advised rejection, and that's what happened. It was a big jolt to the Nationalists who thought they had a lot of open-handed friends among the GOP.

Note: Since 1949, the U.S. has spent upwards of \$500,000,000 in economic and military aid to the Nationalists. This year's expenditures are around \$100,000,000.

AMMO SHORTAGE

U.S. needs for

The committee headed by Senator Margaret Chase Smith, R., Me., isn't the only one that is probing ammunition shortages.

The Senate Foreign Relations Committee is also investigating along that line.

Mrs. Smith is checking up on the ammunition situation in Korea; the Foreign Relations' unannounced scrutiny deals with NATO.

This backstage inquiry is disclosed in the unpublished transcript of a Committee meeting with General Alfred Gruenther during his recent visit to Washington. The Chief of Staff of NATO was questioned about ammunition by Senator Alexander Wiley, R., Wis., Committee chairman.

Gruenther discreetly ducked outright admittance that NATO is experiencing shortages, but didn't deny they exist.

"Are you aware," asked Wiley, "that General Ridgway has sent word that arms and equipment supplies aren't coming through fast enough?"

POST-HALL SYNDICATE
295 MADISON AVENUE
NEW YORK, N.Y.

By Robert S. Allen

Washington, April 16: Chiang Kai-Shek has had a harrowing experience.

The Nationalist generalissimo was stopped cold in an attempt to raid the U.S. Treasury.

This has practically never before happened to him.

Chiang tried to collect \$2,600,000 for property in Red China that the U.S. never got

April 21, 1953

Mr. James Wechsler,
New York Post,
75 West Street,
New York 6, N.Y.

Dear Jim:

Thanks much for your kind note and the letter from Ku, which I am returning herewith.

Concerning him: He is one of the scummiest of the many jackals in the Chiang embassy here. He is pure rat and that's saying a lot because they are all of that breed. But he is one of the especially odious rodents; a pretentious hatchet-man. He poses as Counselor, but he is actually a thug.

His letter is of particular interest in view of what happened a few hours after it reached me. Ku's statement belaboring me for not "checking with the State Department" has a lot more behind it than is apparent on the surface. What is really behind this crack is the very interesting fact that the China lobby made the State Department issue a statement about my story. Chiang and his pack, including the congressional contingent, forced the State Department to put out a formal statement that denies my story -- although the published facts don't bear out the State Department's contention.

Following is a chronological account of what happened:

Around 3:00 p.m. today, Mike McDermott, veteran press chief of the State Department who, as you know, is being kicked upstairs, phoned me and after recalling that we have been friends for many, many years went on to say that he was confronted with a very disagreeable chore. He said that he was compelled to do something that was against his better judgment and sense of fair play and decency. He then told me, for my own information, that the Chiang government in Formosa had vehemently protested my story to our Ambassador there and that the latter had cabled the State Department strongly advising that an official statement be put out denying my story. McDermott then read me the proposed statement -- a copy of which I am enclosing herewith.

I pointed out to Mac that this was certainly an extraordinary piece of business for the U.S. government to officially undertake to denounce an American newspaperman at the behest of a foreign government. Mac agreed that it was "unusual." He also agreed to my contention that this sort of axing savored very strongly of the antics of the communists; that we were constantly pointing the finger of derision and condemnation at them for attempting to discipline foreign newspapermen who write critically about them, yet now the U.S. government, in the form of the State Department, was engaging in the same sort of contemptible and undemocratic action.

I said to Mac, "Can you recall any other instance where the State Department has attempted to crack down publicly on an American newspaperman at the behest of a foreign government?"

Mac replied, "No, I can't."

I further told Mac that it seemed most extraordinary to me that the State Department proposed to put out for general release a statement that dealt with a story which was published only in a relatively small number of papers. I held that if the Department was going to knuckle down to the China lobby and do this miserable thing, that at least the Department ought to have the slight degree of decency to limit its burp to my clients. I stated that I would be willing to send out the Department's statement with an accompanying reply from me. Mac readily agreed that this was fair and proper and said he would do his best to persuade the powers-that-be in the Department to accept my proposal. He phoned back later and told me that with the help of Leland King, whom I mentioned in my story, and Joe Phillips, on the China desk, he had succeeded in persuading "topside" to do as I suggested. Mac told me that both King and Phillips had vigorously sided with my view that this statement was outrageous and that the Department was going to extraordinary lengths in putting it out. But, obviously, the matter was being pushed by officials higher than them and all they could do was to back up McDermott in getting approval of my proposal.

I mention this because I know King and Phillips only casually and it is very gratifying to me that they showed themselves to be honorable, if helpless, gentlemen.

I am sending the Department's statement to the Syndicate with the request that it be sent out as a separate release with the copy that goes out tomorrow -- Wednesday. I am marking the statement "For Immediate Release" with an accompanying answer from me. I am doing that as a matter of fairness and also to stop any further yakking from these jerks.

However, just between us, I have already talked about this situation to a couple of good, tough, brawling Senate friends -- Neely and Morse -- and if the need arises, they say they are willing to take the Senate floor and raise hell with the State Department for assailing an American newspaperman at the behest of a foreign government. Neely, himself, pointed out that the State Department was going an axing job for Chiang. Neely said that the Nationalists had every right to deny or denounce my story; that this was a controversy between me and the Nationalists. But there was absolutely no ground for the State Department permitting itself to be used by the Nationalists for an axing job of this vicious kind.

I agreed with him 100 percent.

Best regards.

Sincerely,

Robert S. Allen

4/22/53

FOR IMMEDIATE RELEASE

NOTE TO EDITORS: The State Department (Tuesday, April 21) issued the following statement concerning the story published by Robert S. Allen on April 16 about a financial transaction involving the Nationalist government of Chiang Kai-Shek. The Department's statement is being sent to you for use as you see fit---with an accompanying reply from Allen.

Post-Hall Syndicate

A STATEMENT FROM THE STATE DEPARTMENT --

"The Department has noted an apparent misunderstanding contained in a syndicated article written by Robert S. Allen, which was published in a number of papers on April 16.

"Possibly on the basis of the recent Hearings before a Subcommittee of the Committee on Appropriations of the House of Representatives, the erroneous inference was drawn that the Chinese National Government unjustifiably endeavored to collect \$2,600,000 from the U.S. Government for properties on the Mainland of China sold to the U.S. Government, but allegedly not delivered as a result of the withdrawal of the Chinese National Government to Formosa in late 1949.

"A condensed description of the transaction by Mr. Leland W. King, Jr., Director of Foreign Buildings Operations for the Department, made on March 25 before the Subcommittee on the Departments of State, Justice and Commerce, is found on page 196 of the Hearings. The fact is that the properties in question were actually bought by the Chinese National Government from private owners, paid for in Chinese currency, and delivered according to agreement to the U.S. Government in 1948 and early 1949. The properties were occupied and used by the U.S. Government for some time, both before and after the withdrawal of the Chinese National Government from the Mainland. The U.S. Government arranged to pay for these properties by crediting their cost against the Chinese indebtedness to the U.S. under the Surplus Property Disposal Agreement.

(More)

The Chinese National Government never demanded payment in cash for these properties.

"The properties were not vacated by the U.S. Government until its Foreign Service establishments in Communist China were closed and all Foreign Service personnel withdrawn from Mainland China early in 1950. The properties were then left in the care of the British Government, which represents American interests in Communist China. Most of the properties were seized by the Chinese Communists late in 1950.

"The Chinese National Government at the request of the U.S. Government agreed in September 1952 to take back title to certain of these properties, thus releasing for use elsewhere the allotment earmarked by the Department of State for the purchase of these properties. Throughout these negotiations the cooperative action of the Chinese National Government has been evident."

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4/22/53

FOR IMMEDIATE RELEASE

ROBERT S. ALLEN'S REPLY TO STATEMENT ISSUED BY THE STATE DEPARTMENT --

"I am standing pat on my April 16 story.

"I do that because I see no reason to do otherwise. I am always more than eager to promptly and fully correct any error or inadvertence. Nothing has been shown me that causes me to feel that I was inaccurate in my original story.

"The State Department's extraordinary statement is completely refuted, in my judgment, by the statement that Leland King, director of Foreign Buildings Operations for the State Department, made before the House Appropriations Subcommittee that handles the Department's budget. The Department's statement refers to Mr. King's testimony but, very significantly, does not quote that testimony.

"His testimony is recorded on page 196 of the Subcommittee's published hearings. The Department notes that fact, but does not quote what Mr. King said. Well, here is what he said and which completely refutes the Department's allegations regarding my story:

"Mr. King: 'I would like to report to this Committee one transaction that the FBO (Foreign Buildings Operations) completed this year, which has returned to the Treasury as an asset of the American taxpayers some \$2,600,000.

'It came about in a very unusual way. We had, following the fall of the mainland of Nationalist China, not yet transferred to the Treasury the dollar offset to the properties turned over to the United States by the Nationalist Government, and in due course when they presented the bill I found myself extremely loath to certify over to the payment of the Nationalist Government debts on \$2,600,000 of property which the Communists in fact occupied.'

(More)

"That was the official explanation of Mr. King, who was in direct charge of this matter. That official explanation completely confirms my April 16 story. The disclaimers to the contrary are merely a lot of mumbo-jumbo double-talk that was obviously forced by the Nationalist government in Formosa.

"I want to emphasize that most extraordinary fact.

"At the behest of the Chiang government, and I make that statement advisedly on the basis of information from an unimpeachable source, the State Department is pursuing the amazing course of attempting to discipline an American newspaperman at the behest of a foreign government.

"American newsmen have come to expect that sort of thing from Communist regimes. But this is something new from the U.S. government. Never before in my more-than-25 years experience as a Washington reporter do I recall an instance of an agency of the government attempting to crack down on a correspondent at the demand of a foreign government. That is exactly what the State Department is doing in this affair.

"An official of the State Department frankly admitted that when I taxed him with it.

"He added the highly significant information that the Chiang Kai-Shek government made this demand through official channels, and that the State Department bowed to it over the protest of a group of officials who deemed this action extremely ill-advised.

"The Nationalist government has every right to challenge and criticize my story. But this is a controversy between the Nationalist government and me. I have yet to receive one word of complaint from that government. The State Department was not directly involved in this matter. Its intercession in behalf of the Nationalist government is a most extraordinary and disquieting development."

~~Confidential~~ Memo on the China Lobby BY lef ON 12/20/89 June 12, 1951

The most important information regarding the China Lobby is in the hands of the Treasury. Three months ago the Treasury froze all Chinese assets in the United States and required every bank to report upon those assets. Thus the Treasury knows the exact amounts held by every Chinese unless the accounts are protected by dummies.

The Treasury also has a full story on Chinese deposits in this country during the war, together with the income tax case of General Chennault. During the war, it was discovered the Chennault had a strong-box in or near New Orleans containing about \$250,000 in cash. However, the Treasury finally decided that since he had made this money in China, while he was a non-resident of the United States, it was not taxable.

Other highlights follow:

1. Louis Johnson - Johnson has informed me that he was the personal attorney of Dr. H.H. Kung, brother-in-law of Chiang Kai-Shek. He has been most active in working for Kung, and John Peurifoy, former Deputy Undersecretary of State, is authority for the statement that Johnson urged the State Department to transfer Myron Cowen from Australia to be Ambassador to the Philippines. Cowen is a law associate of Johnson who has helped in regard to Kung. Many of Kung's and the Soong's holdings are in the Philippines.

2. The Soong Dynasty - This includes not only Kung but T.V. Soong and Madame Chiang, all related. During the war there was some publicity regarding Madame Chiang's trip to Rio, where it was reported she made important deposits of the Soong fortune. T.V. Soong is represented in Washington by Thomas Corcoran. Soong is reported to be more scrupulous than his brother-in-law Kung.

3. Alfred Kohlberg - Importer of Chinese laces; does a \$1,500,000-a-year business with China, finances the American China Policy Association; publishes Plain Talk; contributed \$1,000 to Senator Bridges' campaign in 1948; also contributed to Wesley Powell's campaign in New Hampshire.

Kohlberg deluges various congressmen with propaganda, some of which appears in the Congressional Record. His open letter in August of 1949 regarding Ambassador Jessup appeared almost word for word in a Scripps-Howard editorial later.

4. William J. Goodwin - Registered as a lobbyist for the Kuomintang at \$25,000 annually. He ran for congress in 1936 from the Queen's District with Coughlinite support and was candidate for Mayor in 1941 with Christian Front backing. He is quoted by John Roy Carlson as saying: "There is nothing wrong with Fascism. Hitler has done a good job, in Germany."

Goodwin was taken on by Senator Taft to help him win the Catholic vote in Ohio. It is probably through Goodwin that Taft received campaign contributions from the China Lobby.

5. Ex-Senator Worth Clark of Texas - In the summer of 1948 Bridges, then chairman of the Senate Appropriations Committee, sent ex-Senator Clark on a committee mission to China. Clark was supposed to travel as a representative of a U. S. Senate committee but actually part of his expenses were paid by the Chinese Nationalists. Though the public did not know it, Clark had been the law partner of Tom Corcoran, chief representative of Chiang's brother-in-law. The man who sent Clark, Senator Bridges, had received a \$1,000 contribution from Alfred Kohlberg. Clark wrote a report white-washing the Nationalists and urged the 80th congress to vote an additional \$125,000,000 for China. The man who wrote the report for him was Eddie Lockett, then a public relations man. His expenses to China were also paid in part by the Nationalists.

6. Robert M. Harriss - New York cotton broker now under indictment for failing to register under the Lobby registration act; was financial adviser to Charles E. Coughlin, bought silver for Coughlin; is close to Goodwin, Sen. McCarran, Kohlberg et al. A pamphlet published by Kohlberg's American China Policy Association was dedicated to Harriss in 1949.

7. William C. Bullitt - Ex-Ambassador to Russia, makes various trips to China. Since Bullitt is personally wealthy, he probably is not subsidized by the lobby.

8. Undoubtedly investigation will show that Dr. H. H. Kung is the financial genius behind the China lobby. Kung made a killing when he was governor of the Central Bank of China during the war. His biggest profit was from the gold scandal of March 1944. Kao Ping-fang was executed for leaking information on the scheduled increase in the price of gold but the man who really leaked it was Kung. Henry Morgenthau, when Secretary of the Treasury, told me something about this. Kung also controlled the China Tea Company which was so corrupt that ~~Kung~~ Hyang Yen Pei, a member of the Peoples Political Council demanded the impeachment of the company. It is also reported the Kung bought into the Willys-Overland Company and as a result it was almost impossible to import any car into China other than a jeep. Kung is also reported to have ties with General Electric and some of his most trusted economists moved into General Electric's building at 570 Lexington Avenue where they worked on some kind of a post-war money-making scheme for Kung in China.

The Treasury report on Kung's holdings in this country should be most revealing.

Thursing
March 6, 1952

Mr. Drew Pearson,
Washington, D.C.

Dear Mr. Pearson:

My name is not important to you. I believe my facts are. You can get them yourself with very little trouble.

They involve a man by the name of William J. Goodwin. He has been a not infrequent subject in your column, although not of late.

This is the same Goodwin you exposed as being a member of the China lobby, so-called.

This same man has now bobbed up as an important factor in the Taft Campaign in the State of New York. He is Manager of the Volunteers For Taft Committee, which is presently quartered in the Hotel New Yorker. It is not clear whether this movement is sponsored by John D. M. Hamilton as Eastern Taft manager, but it is clear that Goodwin boasts of his close friendship with Taft and his close tie-in with the Taft Inner Circle--David Ingalls, Ben Tate, John Marshall et cetera. It is said by those who are in a position to know that Goodwin for a considerable period had a desk in John Marshall's office in Washington and still uses John Marshall's office as his Washington mailing address.

Where Goodwin is getting the money to run his headquarters (Volunteers For Taft) in the New Yorker is a mystery. The suspicion is that on his own he has pried funds loose from a group of Taft admirers on Long Island. It is said, too, that the man who is the chairman of the Volunteers for Taft Committee, District Attorney Lindsay R. Henry of Suffolk County, has been promised a Federal Judgeship in the event Taft is nominated and elected. Henry is at odds with the present Republican leadership of Suffolk County and cannot be nominated again for his present post.

Goodwin, as you may know, is a great promiser. Without doubt he is approaching men of means for financial support on the basis of ambassadorships if Taft becomes President.

Many friends of Taft's suspect strongly that Senator Taft does not know what Goodwin is doing. Certainly he cannot be familiar with Goodwin's background or he wouldn't permit him to assume any phase of leadership in his campaign--certainly not in New York City where Goodwin's past is a matter of record.

To refresh your memory, Goodwin was one of the leading spearheads for Father Coughlin in Coughlin's hey-day. He organized and directed a rump party called the "Hard Rock" party, in opposition to his own Democratic party (he has been

a lifelong Democrat until he "discovered" Taft). He ran in a city-wide campaign, which was centered principally in the Borough of Queens and of course ran a bad third in one of the winning La Guardia campaigns.

For years he was one of the sub-leaders of the Democratic party in Queens. He could not get along with Democratic County leader James Roe (still the leader and a one term Congressman) so he broke with him and was inactive until he bobbed up as a Taft advocate at the Republican convention in Philadelphia. His chief activity there seemed to be in trying to effect a working liason between the Taft and Stassen forces. He did not work among the New York State Republican delegation because he was identified to them as a working, lifelong Democrat and would have had no influence with any member of the delegation. But to Republicans from other states he posed as one of Taft's right hand men and a blown in the bottle, pure vintage Republican.

How Goodwin makes a livelihood is somewhat of a mystery. It is known that the China lobby money group paid him at least \$25,000. for his efforts with Senators. He admits that much. It was probably more. He has told numerous people of late that he narrowly missed being taken on by those interested in fostering good relations between India and the United States. As a long time enemy of Senator Benton's when Bowles went to India that apparently put the crusher on Goodwin's hopes of making a killing representing India.

There can be no question that Goodwin is damaging Taft. The real Taft oasis in New York State is Queens Borough, with its eight delegates. These delegates at the moment are strongly inclined toward Taft. Dewey cannot control them because none of them hold State jobs. So Dewey has no patronage whip. Goodwin is unfavorably known as a gutter type of Democrat to the QUEEN^{NA} Republicans and some of them who have gone into the Volunteers for Taft headquarters in the Hotel New Yorker have been shocked to find Goodwin in apparent full command there.

Every word I have stated as a fact is a fact. You know the China lobby record. To learn whether Goodwin is a Taft manager, or appearing to function as one, you merely need to call the headquarters at the New Yorker.

Whether John Hamilton has sanctioned the Goodwin-Henry setup I do not know. That is something you can easily determine for yourself if you are interested.

I have given you enough facts and background, I believe, for the exposure of a charlatan and political adventurer who chases money and influence wherever he can accumulate both. You can take it from there.

ONE WHO KNOWS

Levyford

June 9, 1951

Pable

Tom Conover

Memo to DP from JA:

~~Quesada~~ A key to the China lobby is H. H. Kung, the one-time obscure YMCA secretary who rose to become one of the world's wealthiest men. I suspect that Kung's millions, somehow, are behind the China lobby.

It is an open secret that Kung siphoned American aid into his own pocket, while he was in charge of the Chinese Universal Trading Corporation which handled ~~war~~ wartime American aid to China. Kung's past is also clouded by other scandals. For example, it seems more than a coincidence that Kung was ousted from Chiang Kai-shek's cabinet and lost his governorship of the Central Bank of China just before the gold scandal of March, 1944, was made public. Kao Ping-fang was executed for leaking information on the scheduled increase in the price of gold. He died shouting that he was the scape-goat for higher-ups who had grown rich on the scandal and were being protected.

Kung also controlled the China Tea Company which was so corrupt that a ~~bold, elderly~~ member of the People's Political Council -- Huang Yen-p'ei -- openly demanded the impeachment of the China Tea Company management. ~~He was the only member of the Council who dared to do so.~~

~~Through the China Tea Company, Kung established ties with the William Hunt and Company of New York, sole distributors of China Tea Company products in this country.~~

I also understand Kung ~~imported cars~~ bought into Willys Company near the end of the war. For awhile, it was practically impossible to bring any other car than a jeep into China. Another Kung tie was with General Electric. Some of Kung's most trusted economists -- Li Ming, K.P. Chen and Y. T. Miao -- moved into

anderson, kung

22222

GE's building at 570 Lexington Avenue and worked behind doors that had no names on. I am told this had something to do with a postwar scheme for China -- a money-making scheme for Kung, or he wouldn't have been mixed up in it.

In fairness to Chiang Kai-shek, he has made some attempts to clean house. In Shanghai's last days under the Nationalists, for example, Chiang appointed his ~~son~~ eldest son, Chiang ~~Ching-kuo~~ Ching-kuo, as mayor with instructions to houseclean. In rounding up the profiteers, ironically young Chiang caught young Kung (David Kung) in the net. It took some powerful wire-pulling from the Soong family to spare David's life, I understand.

This seems to me to be a good story to run down at this time in order to push the China lobby investigation. If you have any friends in the Treasury Department, a first step would be to get the Treasury's report on H. H. Kung's holdings in this country. I have made a couple of attempts, but have had no luck. These reports on alien Chinese holdings are as confidential as income tax returns.



China copy

1348 Columbia Road, N.W.
Washington 9, D.C.
June 19, 1951

Mr. Drew Pearson
The Washington Post
1515 L Street, N.W.
Washington, D.C.

Dear Mr. Pearson:

That was an excellent article you wrote on the China Lobby in the June 18 issue of The Washington Post.

You really hit the "jackpot" when you mentioned the Bank of China -- H.H. Kung really has connections there!

Hope you don't mind if I make a slight correction to one portion of your article - and that is in reference to T.V. Soong's new home - he just purchased a home with 12 acres of land in Westchester.

Also, here is another lead you can look further into - L.C. Kung (also referred to as Louie Kung) the second son of the "esteemed" H.H. - is the main figure for all contacting of persons in the China Lobby - he handles everything - personal contacts, money, etc. Saw him once at Harvey's entertaining some of them.

If there is any information you might like to ask of me, I would be most happy to do the best I can for you - on any phase in connection with the Chinese Nationalists - I worked with them for quite a few years - with the army and the air force. If you wish, you can contact Mr. Herbert Elliston, editor of the Post - he knows my background.

I always follow your articles and radio broadcasts with great interest. Keep up the wonderful work!

Sincerely,

Frances Yuan

Frances Yuan
(former secretary to the Chief
of the Chinese Ordnance Dept.,
and also, the Executive Officer
of the Chinese Air Force)

*D.P.
This is most interesting!
L.B.*

1848 Columbia Road, N.W.
Washington 9, D.C.
July 4, 1951

*Col 4046 - home office
246715*

Mr. Drew Pearson
The Washington Post
1515 L Street, N.W.
Washington, D.C.

Dear Mr. Pearson:

In your column of July 1, 1951, I noticed you had corrected your error about the location of T.V. Soong's palatial home, which, if you will recall I brought to your attention in my letter to you of June 19.

Now, I have some other interesting information, which though not complete, is definitely along the same line you have been following:

1. Fu Chung International Corporation, located at One Wall Street, New York City, was also organized by a brother-in-law of Chiang Kai-shek. This person is T.L. Soong, the younger brother of T.V. Soong.

At the end of World War II, Chiang gave an order to all Chinese firms and individuals, that jeeps were military vehicles, which could be owned and purchased only by the government. Meanwhile, he gave a green light to his brother-in-law, the owner of Fu Chung, to secure a special franchise from the manufacturer of jeeps, Willys Overland. Thus, Fu Chung would be the sole agent for distribution of jeeps in China, at a profit of 40 percent on every jeep to be sold to the Chinese government. Madame Chiang Kai-shek is the major stockholder of Willys Overland. Therefore, this company works hand in hand with her brother.

One of the Chinese government purchasing agencies in Washington, D.C. unknowingly "ruffled Madame Chiang's feathers" when it protested to Willys Overland about such an arrangement . . . that any purchase of jeeps and parts should go through Fu Chung. That Chinese government agency was under the impression that they were doing a great favor for their government in an effort to save money by doing business directly with the manufacturer, instead of going through a broker. On one occasion, the Washington representative of Willys Overland told a Chinese official of the abovementioned purchasing agency point blank

*talked to
Col 4046 - 7 Air Force
asking him to distribute jeeps
Having refused.
Air Force had not more*

Air Force

*local W.C.
man there
and there
in force*

Word Conveyed

that Willys Overland could not change their policy at all because the voice of the Board of Directors of Willys Overland is Chinese, hinting that this "voice" is Madame Chiang.

Despite these facts, Fu Chung always finds a way to make easy money by using influence under Chiang's power, but yet, did not give up the opportunity to make more money through deals with the Chinese Communists. Ironically enough, while Chiang tried desperately to blockade Shanghai with his worn and torn navy and air force, yet, his brother-in-law ran the blockade unscrupulously by using the Isbrandtsen Line for shipping a great quantity of machinery equipment to a Red-controlled company in Shanghai . . . the Ching Wei Textile Machinery Company. This happened during the latter part of 1949, and early part of 1950.

The question for you to find out is this: How could that company obtain an export license when the United States government morally condemned Isbrandtsen's activities in shipping commodities to Red China at that time?

2. During the early spring of 1950, while Louis Johnson was still Secretary of National Defense, he maintained a constant contact with Chiang's brother-in-law, H.H. Kung, . . . through a Chinese gambler, J.Z. Huang, who used to brag to all who would listen, about the many poker parties he played with Harry Truman, during which Huang would purposely lose enormous sums of money. J.Z. Huang's brother is General J.L. Huang, the Generalissimo's aide.

During February, 1950, Johnson informed J.Z. Huang about a plant located in Connecticut . . . by the name of MacArthur . . . which was formerly a feeder line for aircraft manufacturers during World War II, for the production of bucket seats for military transports. This plant was build by the United States government and leased to civilians, but was retrieved by the United States immediately after the war ended. Since that time, the plant suspended operations and awaited governmental disposal.

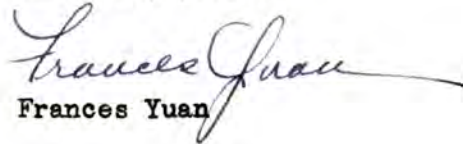
Johnson passed word through J.Z. Huang to H.H. Kung, that this plant was an excellent buy. He emphasized that the machinery itself was worth more than double the price the United States government asked for. Kung sent Huang and Dr. S.C. Wang, Counselor of the Chinese Embassy,

surreptitiously to Connecticut to make an inspection of the plant. But, unfortunately, their appearance aroused the antagonism of the residents in the vicinity of the plant. As a result of this incident, the deal was not satisfactorily concluded. However, the good intentions of Louis Johnson to make rich H.H. Kung richer, at the cost of the United States government was highly appreciated by Chiang's family forever!

These are just a couple of leads for you to follow up, and I am sure you can find out much more in detail.

Please let me know if there is any further assistance I can render to you.

Sincerely yours,


Frances Yuan

WESTERN UNION PRESS MESSAGE

W. P. MARSHALL, PRESIDENT

file
Chas lobby

Major L. C. Kung son of W. H. Kung
rents place on Reservoir Rd.
usually lives in hotel, but this camp he
moves into his place

All men would go with him, so he's going along

Kay Wallé
near Archel Wrasman

Four Agencies Probe Acts Of Chiang's U. S. Contractor

By Alfred Friendly
 Post Reporter

(The first article in a series)

Behind the Chinese Nationalist Government's recall of two of their air force officers in Washington on August 21 lies a morass of fraud, corruption and intrigue which four departments of the United States Government are now investigating.

These inquiries already have disclosed machinations of one American company so unscrupulous and unethical that other agencies of the Government have been warned to be on the alert in all dealings with it. The firm is Commerce International Corp. Its principal operating subsidiary, Commerce International (China), Inc., is a designated contractor for the Board of Supplies, Executive Yuan, Republic of China.

Efforts of the Chinese air force officers—Lieut. Gen P. T. Mow and Col. Hsiang Wei Hsuan—to frustrate this company lie behind their repudiation by the Formosa regime and by Chiang Kai-shek, who ordered them home.

Started a Year Ago

Colonel Hsiang took evidence of CIC's irregular operations to the staff of the Senate Preparedness subcommittee about a year ago, on the urging of newspapermen to whom he told his story. He then cooperated with the subcommittee in developing the case, allowing himself to be used as a decoy to obtain further information.

The inquiry has disclosed that in its operations in the United States, Chiang Kai-shek's official contractor has been involved in:

1. Forgery.
2. Fraudulent execution of Civil Aeronautics Administration aircraft inspection reports.
3. Smuggling airplane parts out of the country without an export license.
4. Repeated misrepresentation of the facts to the American and British governments to obtain export licenses.
5. Promiscuous slander of a large number of high Army and Air Force officers, and high civilian officials—including two departmental undersecretaries—with utterly false stories that some were accepting CIC bribes and that others accorded it special, extra-legal favors.

To Seek Asylum Here

Neither General Mow, head of the Chinese air force mission here, nor Colonel Hsiang, his executive officer, will return voluntarily to Formosa, since they anticipate certain "liquidation" if they did. Apparently they cannot be extradited. They will probably seek official asylum here.

Whatever view they and American governmental agencies may hold about the company they have been fighting against for the last 18 months, it enjoys the role of fair-haired boy on Formosa. Commerce International (China), or CIC, appears to be the pet of what is known on the island as the "Chou Dynasty," which is in virtual control of the Nationalist government. As successor to the "Soong Dynasty," it is the pow-

Hsiang Commanded Flying Tiger Depot

Col. Hsiang Wei-Hsuan, the Chinese Air Force officer who cooperated with the American Government in helping disclose unscrupulous and dishonest practices of the American company serving as the Nationalists' supply contractor, is 42 years old and a graduate aeronautical engineer.

Born in Ningpo and educated at the Chinese National University in Shanghai, he was one of 25 Chinese selected by national competition in 1934 to join the Air Force and complete his studies at the Royal Institute of Technology at Turin, Italy. He received his doctor's degree in aeronautical engineering there in 1937.

Returning then to China at the outbreak of the Sino-Japanese War, he served as a depot commander for his country's air force, and in the same capacity for General Chen-nault's Flying Tigers. He came to the United States in 1944 as a group leader for the Chinese postwar aviation industry program.

In 1947 he was transferred to Washington and the next year became the chief executive officer of the Chinese Air Force mission.

erful organization of Formosa's strong-man, Gen. C. J. Chou, the Generalissimo's chief of staff and head of the air force.

CIC established its connections in Formosa as early as the summer of 1949, apparently selling millions of dollars worth of munitions, some for cash and some in exchange for a miscellany of junked American equipment in the Pacific which was acquired by the Chinese. The material was refurbished and sold elsewhere through CIC's world-wide chain of branches, subsidiaries and affiliates.

Arranged for Fee

By the spring of 1950, the company had made arrangements through the Generalissimo and Madame Chiang Kai-shek to obtain a service fee from the Nationalist government of \$750,000 a year. It also organized what is called the "American Technical and Military Advisory Group" to the Chinese government. The outfit is headed by a retired American admiral.

The advisory group consists of about 30 people, with another retired admiral, three retired Marine Corps generals, a host of lesser officers and noncoms and civilians. They are all on CIC's payroll.

The set-up is a handsome one for CIC. The men it pays are the technical consultants to the Nationalists' armed forces, in a position to feed supply contracts

See FORMOSA, Page 8, Col. 1

Four Agencies Probe Acts of Chinese Nationalist Contractor in U. S.

FORMOSA—From Pg. 1.

to CIC and to permit it to by-pass official Chinese procurement offices abroad.

In Washington, Colonel Hsiang heard unflattering reports of the company from friends in Formosa as early as February and March of last year.

On April 10, 1950, he and General Mow cabled C. J. Chou that they had been approached here by many American businessmen who tried to impress them by claiming that they had huge quantities of munitions and aircraft at their disposal, to fill Chinese needs.

Never Succeeded

"They attempt to get our advance payments and commitments even before it can be found out whether the materials are actually in existence," a paraphrased translation of the cable reads. "On investigation, their representations are found to be baseless and their attempts have never succeeded.

"We have ascertained that these same groups of dealers have teamed up with Americans in Formosa and, to expand their activities, have organized a company named Commerce International of China. . . . It would appear that they are trying to take advantage of the opportunity of the direct approach on Formosa.

"It is suggested that such precautionary measures as are necessary be taken."

But by this time, CIC was apparently already set, its letterhead carrying its official designation as contractors for the Nationalists' Board of Supplies.

As if in deliberate disregard of their comments, Chou cabled Mow and Hsiang a month later

with instructions to enter into negotiations with CIC officials here for the purchase of "a large quantity of bombs located by CIC in Europe."

By May 18, CIC's president, Miran Apprahamian, was discussing the bombs with Hsiang. This first contact and others that followed were not the sort that tended to allay Hsiang's suspicions.

The bombs, it turned out, had been surplus American property, sold to a private firm in Italy under the stipulation that they be used for civilian purposes only—the shells as scrap metal and the explosive for processing into fertilizer. If China were to buy them for military use, Hsiang realized, a clearance from the American Government would have to be obtained and much reconditioning accomplished.

Figured at Double

Later, when Apprahamian quoted a price, Hsiang calculated that it was double that at which new bombs could be bought directly from the United States under the China Aid Program. The proposal was therefore rejected.

But in the course of the discussions, Hsiang became convinced that CIC had, to say the least, a shady way of operating. He detected open and blunt invitations to him to play along, to use a free hand in awarding contracts to CIC and then to split the booty, via kick-backs.

There and then, he decided to play-act and, by pretending a certain degree of complaisance, to see what would happen and how much he could learn of CIC's way of doing business.

He did not have long to wait.

Contract Was Ordered

In June and early July, Hsiang had attempted to obtain 25 much desired F-51 airplanes, Mustang fighters, for the CAF by direct application to the State Department. He was given a flat refusal. Then, on July 14, he received a cable from Chou ordering him to enter into a contract

one of special influence in Washington, intimate personal contacts with the higher-ups, and no end of palm-greasing and bribery of State and Air Force officials.

Considered Plausible

In the light of his own failure to obtain the planes directly, his knowledge of CIC's reputation for shady operations and its successes on Formosa, Hsiang considered Fassoulis' descriptions of his operations as plausible, if dreadful.

Wisely or foolishly, Hsiang determined to portray himself as being interested in graft in order to see what sort of a deal would be proposed, who in the American Government was involved, and what the method was. Meantime, he would stall on completing an actual deal.

There followed for at least five months a fantastic game of double double-cross, or reciprocal trickery and trap-setting, the details of which will be told in subsequent articles. They would seem to be more suitable for enactment in a Steve Canyon comic strip than in the rooms of the Shoreham hotel and the offices of the Chinese Air Force here, where they actually took place.

Entirely Mythical

By early September, Hsiang had heard enough from Fassoulis of his alleged methods of operation—the supposed (but, as it turned out, entirely mythical) wining and dining and entertainment of high officials, intricate bribery, pull and special influence—to believe he could reveal the shocking story and obtain remedial action.

Just at this time, a matter arose demanding utmost speed. Hsiang found out that CIC was making an air shipment from San Francisco of several thousand dollars worth of P-38 airplane parts. No export license had been obtained for the shipment.

Hsiang reported the situation to The Washington Post. He had all the details: the name of the CIC employee who was carrying the material as if it were



THE SHOREHAM - WASHINGTON, D.C.

50% each
CIC and
other direction (U.S.)

basic cost airplane
including commission

reconditioning according
CAF - USAF standard

crating insurance ocean
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contingencies

total CIF
selling price

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36,400

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Hsiang made a report of this conversation on the day it happened. He described the meeting with Fassoulis in the first paragraph. This is the text of the rest of it:

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r Agencies Probe Acts of Chinese Nationalist Contractor in U. S.

THE WASHINGTON POST
Sunday, September 9, 1951
8M

-From Pg. 1.

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ne, CIC was ap- set, its letter-official designa-ors for the Na-of Supplies. erate disregard ts, Chou cabled g a month later

with instructions to enter into negotiations with CIC officials here for the purchase of "a large quantity of bombs located by CIC in Europe."

By May 18, CIC's president, Miran Apprahamian, was discussing the bombs with Hsiang. This first contact and others that followed were not the sort that tended to allay Hsiang's suspicions.

The bombs, it turned out, had been surplus American property, sold to a private firm in Italy under the stipulation that they be used for civilian purposes only—the shells as scrap metal and the explosive for processing into fertilizer. If China were to buy them for military use, Hsiang realized, a clearance from the American Government would have to be obtained and much reconditioning accomplished.

Figured at Double

Later, when Apprahamian quoted a price, Hsiang calculated that it was double that at which new bombs could be bought directly from the United States under the China Aid Program. The proposal was therefore rejected.

But in the course of the discussions, Hsiang became convinced that CIC had, to say the least, a shady way of operating. He detected open and blunt invitations to him to play along, to use a free hand in awarding contracts to CIC and then to split the booty, via kick-backs.

There and then, he decided to play-act and, by pretending a certain degree of complaisance, to see what would happen and how much he could learn of CIC's way of doing business.

He did not have long to wait.

Contract Was Ordered

In June and early July, Hsiang had attempted to obtain 25 much desired F-51 airplanes, Mustang fighters, for the CAF by direct application to the State Department. He was given a flat refusal. Then, on July 14, he received a cable from Chou ordering him to enter into a contract

one of special influence in Washington, intimate personal contacts with the higher-ups, and no end of palm-greasing and bribery of State and Air Force officials.

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home office of the Swiss Bank Corp. in Switzerland, then, it will be routed back to the New York office of the Swiss Bank Corp. From there, notification will be given to the recipient at a given address, or held until being requested by the recipient, all according to the wishes of the recipient in order to keep the transaction in tip-top secrecy. "According to Fassoulis, this

is the safest way devised by man to keep money, because the United States authorities have no jurisdiction to even make any inquiries about such matters."

Three days later the bank notification was written to Hsiang. It is reproduced with this article.

(Tomorrow: Forgery in the F-51 Deal)

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to The Washington Post. He
had all the details: the name of
the CIC employe who was carry-
ing the material as if it were
his own excess baggage; the num-
ber of containers and addresses
on them; the airport, the flight,
the time of departure. The plane
was to leave the next day, Sep-
tember 9.

Treasury Was Notified

The Post notified the Treasury
at once. The information was
relayed to San Francisco, where
it checked out to the last detail.
The CIC employe was picked up
and the illicit shipment stopped.
Colonel Hsiang then accepted
the suggestion that he take his
case to the general counsel of
the Senate Preparedness Sub-
committee, Donald C. Cook, who
is also vice chairman of the Se-
curities and Exchange Commis-
sion. He immediately caused an
exhaustive and expert inquiry
to be made. By the end of last
September, Hsiang was in al-
most daily contact with him,
bringing in reports and docu-
ments on the F-51 deal, then in
full swing.

One of the climaxes of the
affair came on October 24, when
Fassoulis told Hsiang he would
receive a bribe of almost \$8000
for each of the 25 F-51's to be
purchased, for a prospective
total of almost \$200,000.

Fassoulis has since claimed,

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CAF - USAF standard
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SWISS BANK CORPORATION

NEW YORK AGENCY
BANK OF SWITZERLAND - SOCIÉTÉ GÉNÉRALE DE BANQUE SUISSE
SOCIÉTÉ DE BANQUE SUISSE
BANK
BUREAU: 15, RUE DE LA PAIX - 1001 GENEVE
LA CHAMBRE DE COMMERCE - NEUCHÂTEL - SCHAFFHAUSEN - BASEL
LONDRE - NEW YORK
CHAMBER - NEW YORK - LE LOBLE - NYON
SIBYL - DISCHENFELT - MÜNCHEN
HAMBURG - SÖFINGEN
CAPITAL AND SURPLUS SWISS FR. 200,000,000

Secretariat
15 NASSAU STREET
NEW YORK N.Y.
October 27th, 1950

Mr. V. S. Hsiang
410 Cedar Street
Apt. 2
Washington D.C.

Dear Sir:

It gives us much pleasure to confirm to you that
Mr. S.G. Fassoulis, President of Commerce International Company,
Inc., 19 Rector Street, New York, has advised us of your desire
to open a Dollar Number Account with our Geneva Office.

We have therefore written today to our said Office in
order to obtain from them on your behalf the forms necessary for
the constitution of the account and also to ascertain the Number
which will be assigned to such account.

We shall communicate with you again as soon as we are
in receipt of a reply from our Geneva Office. In the meantime we
thank you for having given preference to our Institution for the
conduct of your account.

Very sincerely yours,
SWISS BANK CORPORATION
New York Agency
S.G.F.

A notification to Hsiang that representations had been made
by Fassoulis to open a numbered bank account for him. It
was to receive the "graft"—which Hsiang had no intention
of accepting and which Fassoulis, apparently, had no intention
of giving.

and has letters written at the
time that seem to substantiate
his contention, that he was sim-
ply trying to trap Hsiang and had
no intention of paying any bribe.
He wrote his colleagues on For-
mosa that Hsiang was a crook
and that he was trying to get
evidence to prove it. In that
way, the man who was standing
in the way of his contracts
would be removed by the Na-
tionalists. He reported how he
was setting up a Swiss bank ac-
count for Hsiang and as soon as
money was deposited in it, his
proof would be complete.

He might, of course, have
adopted the method Hsiang
himself chose, which was to re-
port to the American Govern-
ment what looked to him to be
graft and corruption. His ex-
planation of why he did not was
that he did not wish to give the
Government more evidence of
crookedness on the part of Na-
tionalist officials.

Fassoulis has claimed that
from the beginning it was not
he who offered Hsiang graft, but
Hsiang who demanded it. But
the fact remains that Fassoulis
wrote out in his own hand the
document illustrated herewith,
purporting to show Hsiang what
his share of the booty would be.

Intricate Arrangement

Fassoulis told Hsiang that the
money would be paid him
through an intricate arrange-
ment, in which both the begin-
ning and end of one of the in-
dividual transactions would take

for instructions from Formosa,
Hsiang denied giving power
of attorney immediately, and
switched the conversation to a
discussion about how the money
would be distributed if the con-
tract is signed. See Exhibit I,
which is in Fassoulis' own hand-
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est himself in any airplane sales
or releases.]

"According to the breakdown
of the costs, the minimum net
profit on each airplane will be
\$17,900 each. When Hsiang
asked how much Commerce In-
ternational would take as their
share, Fassoulis wrote down the
answer on the right-hand corner
of Exhibit I. He also promised
to sign a personal contract with
Hsiang on the basis outlined in
Exhibit I, as soon as the main
contract is signed.

"Fassoulis has already applied
for a number account [i.e., one
in which the depositor would
remain anonymous, identified
only by a number] for Hsiang,
two weeks ago, at the Swiss
Bank Corp., New York City.
They in turn have requested
their home office in Switzerland
to forward all necessary forms
to be filled by Hsiang. This mail
has not reached Hsiang as yet.
Fassoulis said it will only be a
matter of days.

"Fassoulis explained how the
money would be routed to
Hsiang's account: Immediately
after the contract is signed, and
payment is made, then, Fas-
soulis will authorize Overseas
Engineering Corp. [a CIC sub-
sidiary] to remit the money to
Compania Commercial Mun-
dial, 4 Tivoli Avenue, Ancon,
Panama. This Panamanian com-
pany is also owned by Commerce
International. From there, the
money will be remitted to the

file China Lobby
(CHINA LOBBY)

WASHINGTON--(UNITED PRESS-WCNS)--THE STATE DEPARTMENT HAS ASKED THE JUSTICE DEPARTMENT TO INVESTIGATE DOCUMENTS WHICH ALLEGEDLY REVEAL HIGH-POWERED OPERATIONS AMONG TOP GOVERNMENT OFFICIALS BY THE SO-CALLED "CHINA LOBBY."

IT WAS LEARNED TODAY THAT UNDERSECRETARY OF STATE DAVID BRUCE HAS ASKED THE JUSTICE DEPARTMENT TO LOOK INTO THE CASE AND "TAKE APPROPRIATE ACTION."

SEN. WAYNE MORSE (R-ORE.) IN APRIL MADE PUBLIC A SERIES OF DISPATCHES FROM NATIONALIST CHINESE OFFICIALS IN THIS COUNTRY TO GENERALISSIMO CHIANG KAI-SHEK. THE MESSAGES PURPORTEDLY REVEALED HOW THE CHINESE SOUGHT A "SECRET" PIPELINE TO HIGH DEMOCRATIC OFFICIALS IN 1950.

MOST OF THE DISPATCHES WERE SIGNED BY CHEN CHI-MAI, NOW MINISTER COUNSELOR AT THE CHINESE EMBASSY HERE. CHEN HAS DENIED THE AUTHENTICITY OF THE CONTROVERSIAL MESSAGES.

7/14--TS917A

ADD CHINA LOBBY, WASHINGTON

MORSE ASKED THE STATE DEPARTMENT LAST MONTH TO FIND OUT WHETHER THE DOCUMENTS WERE FALSE OR WHETHER THE CHINESE EMBASSY OFFICIALS WERE LYING.

"I AM CONVINCED THAT THE CABLEGRAMS WHICH I INTRODUCED INTO THE (CONGRESSIONAL) RECORD ARE AUTHENTIC," MORSE SAID. "IF THEY ARE, THEN THESE CHINESE OFFICIALS HAVE LIED TO ME."

"IF THEY HAVE LIED TO A UNITED STATES SENATOR, WHETHER IT IS I OR ANY OTHER SENATOR, THEN THEY SHOULD BE RECALLED BY THEIR GOVERNMENT."

BRUCE, REPLYING TO MORSE, SAID THE STATE DEPARTMENT LACKED FACILITIES FOR DETERMINING WHETHER THE DOCUMENTS WERE FALSE. BRUCE SAID HE WAS ASKING THE JUSTICE DEPARTMENT TO TAKE ACTION ON MORSE'S REQUEST.

MORSE WROTE BACK TO BRUCE, CHARGING THAT THE STATE DEPARTMENT WAS "DUCKING" THE CHINA LOBBY ISSUE.

"YOU PEOPLE IN THE DEPARTMENT OF STATE HAVE DUCKED AND EVADED THIS MATTER," MORSE TOLD BRUCE, "WITH THE RESULT THAT YOU HAVE LEFT THE IMPRESSION WITH MANY PEOPLE THAT YOU ARE AFRAID OF THE ISSUE, BECAUSE A THOROUGH INVESTIGATION OF IT MIGHT PROVE EMBARRASSING TO THE DEPARTMENT OF STATE, AS WELL AS TO OTHERS IN THE ADMINISTRATION, PAST AND PRESENT."

MORSE LAST MONTH INTRODUCED INTO THE CONGRESSIONAL RECORD MORE MESSAGE ALLEGEDLY REVEALING THAT NATIONALIST GENERAL C. J. CHOW HAD SENT WHAT MORSE CALLED "ELABORATE INSTRUCTIONS FOR ESPIONAGE" TO HIS MEN HERE TO GET U.S. ATOMIC SECRETS IN 1948. THE MESSAGES ALSO ALLEGEDLY DISCLOSED THAT CHOW REQUESTED HIS AGENTS TO LEARN ABOUT MILITARY TARGETS IN THE UNITED STATES.

7/14--JR1013A

(CHINA LOBBY)

WASHINGTON--(UNITED PRESS-WCNS)--THE STATE DEPARTMENT SAID TODAY IT HAS CALLED FOR AN INVESTIGATION INTO CHINESE EMBASSY MESSAGES WHICH ALLEGEDLY REVEALED A PLOT TO STEAL U.S. ATOMIC SECRETS.

IT SAID THE JUSTICE DEPARTMENT HAS AGREED, AT ITS REQUEST, TO TRY TO DETERMINE WHETHER THE CABLES ACTUALLY WERE SENT BY THE EMBASSY OR WHETHER THEY WERE FORGERIES.

SPOKESMAN LINCOLN WHITE SAID THE DEPARTMENT REVEALED ITS ACTION IN A LETTER UNDERSECRETARY OF STATE DAVID BRUCE SENT SEN. WAYNE MORESE (R-ORE.) ON JUNE 24.

MORSE INTRODUCED THE MESSAGES INTO THE CONGRESSIONAL RECORD RECENTLY AND IN A LETTER JUNE 9 ASKED THE STATE DEPARTMENT TO DECIDE WHETHER THEY WERE AUTHENTIC.

WHITE SAID THE JUSTICE DEPARTMENT WOULD MAKE HANDWRITING COMPARISONS IN ATTEMPT TO IDENTIFY THE AUTHORS OF THE MESSAGES. HE EMPHASIZED, HOWEVER, THAT THE CHECK WOULD BE RESTRICTED TO THIS QUESTION AND WOULD NOT INCLUDE A LOOK INTO THE SO-CALLED CHINA LOBBY.

-0-

NOTE: EARLY STORY MOVED AT 917A AND 1013A.

7/14--TS220P

ALFRED KOHLBERG INC.

Chinese Textiles

1 WEST 37TH STREET  JUST OFF FIFTH AVE.

NEW YORK 18, N. Y. April 5, 1950

TELEPHONES
WISCONSIN 7-1847
7-1848
7-1849

TO THE EDITOR:

Your issue of March 28th reported that Asst. Secretary of State Butterworth had been shifted to direct General MacArthur on a Japanese peace treaty; that Deputy Under-Secretary Rusk would replace Butterworth as head of the Bureau of Far Eastern Affairs; that Ambassador Jessup had been named top advisor to Secretary Acheson.

The next day Messrs. Acheson, Jessup and Rusk told the Senate Committee that we should aid Korea and the nations of Southeast Asia (called by Jessup "weak sisters", according to Time). They recommended no assistance to Nationalist China.

Yet Chiang Kai-shek still commands larger fighting forces than the governments of Korea, the Philippines, Indo-China, Burma, Hongkong, Siam and Malaya combined. A fraction of the hundreds of millions our Government plans for its give-away program in Korea and Southeast Asia, could, under the direction, supervision and control of General Douglas MacArthur, still save China. Saving China would automatically save the rest of Asia from Communist conquest, and change the whole strategic situation in the Pacific.

It is difficult to believe that Secretary Acheson seriously hopes to save Asia from Communism. In a hitherto unpublished letter to Senator George of Georgia, dated April 18, 1947, he stated his position that it was:

"... unsound to invest private or public capital in countries where there is wide-spread corruption in business and in official circles; where a government is wasting its substance on excessive armament, where the fact or trend of civil war exists."

In short, said Mr. Acheson, it is unsound to send aid to any Government where Communist revolution exists or threatens. There is a Communist "civil war" in Burma, Indo-China, the Philippines, Malaya and Korea. There is a "trend" to such "civil war" in Indonesia and India. By his policy statement, put forward as the excuse for the abandonment of China to Communism, all Asia must fall behind the Iron Curtain.

The attached background material on Messrs. Acheson, Rusk, Jessup and Butterworth helps explain their thinking or lack thereof.

Very truly yours,

Alfred Kohlberg

Background - Official Far East Policy Makers

Secretary of State Acheson - never visited Far East.

Deputy Under-Secretary of State Dean Rusk - Professor at Mills College for Women, California prior to 1940; U. S. Army 1940-1946; Deputy Chief of Staff with rank of Colonel in New Delhi headquarters of General Joseph Stilwell. Never connected with China headquarters. Entered State Department in 1946 in the Division of International Security Affairs under the Office of Special Political Affairs, of which Alger Hiss was Director. The work of that Division was to service our representatives on the Security Council of the United Nations. Several breaches of security were traced to that Division, including one so serious as to call for protest by Secretary of War Patterson. Investigation of the leaks was opposed by both Alger Hiss and Professor Joseph E. Johnson, head of the Division. Later Professor Rusk was reported to have succeeded Alger Hiss as Head of the Office of U. N. Affairs, the new name of the Office of Special Political Affairs.

Ambassador Philip C. Jessup - made his first trip to the Far East last December. Ambassador Jessup's record was covered in a letter from me to the Ambassador on December 8, 1949, of which a copy was sent you. As a result of that letter the law firm of Sullivan & Cromwell of New York wrote me on behalf of Ambassador Jessup and the Trustees of the Institute of Pacific Relations demanding retraction of my statements. This I refused in a letter of January 18, 1950, to which I have not had a reply.

Asst. Secretary of State W. Walton Butterworth - First Far East experience 1946, as Minister-Counsellor of Nanking Embassy for about 1 year. Visited Far East on brief trips 1949 and 1950. Recent press statements attribute to General MacArthur the remark that no one could possibly be as stupid as Mr. Butterworth seemed. Both Mr. Butterworth and Mr. Rusk were Rhodes scholars.

Combined length of stay in Far East of all four of the above policy makers: 1 year and 6 months.

Before Under-Secretary Acheson cleaned out the old top Far Eastern advisers in 1944-45, they were Under-Secretary Grew, Stanley Hornbeck, Joseph Ballantine and Eugene Dooman. These four had a combined length of stay in the Far East of over 60 years.

April 5, 1950

"SEEDS OF TREASON"

The millions of words of evidence introduced in the two Hiss trials, the background of the principals, the decision of the jury, were widely covered in the press. So long did the trials last, so multitudinous were the details, that almost no one but those who sat through the trials could have completely understood this case in all its complexities.

This book, "SEEDS OF TREASON", by Ralph de Toledano of Newsweek and Victor Lasky of the World Telegram, published by Funk & Wagnalls Co., April 3, 1950 (\$3.50) simplifies the mass of evidence, of charge and countercharge. For anyone who wishes to write about or discuss the Hiss case, and to understand the network of treason in Washington, this is a must.

One of the most interesting of its footnotes (p. 254) is the full text of the notes made by Asst. Secretary of State, A. A. Berle, on Sept. 3, 1939, when Chambers confessed to him. Headed by Berle, "Underground Espionage Agent", they reveal what Mr. Berle overlooked before the Un-American Activities Committee.

The following clipping gives the flavor of the book:

EAST SIDE, WEST SIDE

Conniff Recommends "Seeds of Treason"

By FRANK CONNIFF

I'M just after reading one of the most exciting books to hit this desk in years, a taut and crisp "meller" that mounts in tension from the opening chapters to its inexorable climax, a finale that is none the less effective because the reader knows it is fore-ordained from the first page.

The hoary cliché about not-being-able-to-put-it-down fits this new effort exactly, for I went through its 270 pages at one sitting and never did my interest flag for a moment. And it has depth and perception, too, elements usually lacking in the fast-reading novel. From the stuff of living history, its authors have woven together a non-fiction work which eclipses for sheer readability anything I have gone against in a long, long time.

It is the remarkable achievement of Ralph de Toledano and Victor Lasky, two capable newspapermen, that they have so organized the dramatic features of the Hiss-Chambers affair that the finished product is more than just a case history of a famous incident.

"Seeds of Treason" will appeal to circles far beyond the students and observers who try to nuzzle all the available material on the great Communist conspiracy against our way of life. The general reader and those who seek lighter and frothier fare will

find themselves riveted by the tense unfolding of this gripping drama.

We have become so accustomed to absorbing the disclosures of the Hiss case in day-to-day gulps, details rushed piping hot into print from the hearing room or the courthouse, that "Seeds of Treason" performs a badly needed function. It is this achievement that gives dimension to the swift pace of its journalism. So skillfully has the material been co-ordinated that you understand more than ever before the great human drama represented by the treachery of Alger Hiss and exposure by Whittaker Chambers.

It is a brilliant accomplishment. The authors, having themselves long pondered the available evidence, have endorsed the jury's verdict that Alger Hiss was indeed guilty as charged.

I am writing these lines of endorsement because I hope as many Americans as possible will read "Seeds of Treason" and ponder the lesson implicit in its pages. I am particularly hopeful that the fuzzy "Liberal" fringe, the splinters always willing to apologize and condone our Communist termites, will take the warning of "Seeds of Treason" to their bosoms and reflect on it hard and long.

Miss Dorothy Kenyon, for one, may draw some enlightenment

from the marshaling of the evidence against Alger Hiss. Miss Kenyon has been galumphing around the country asserting that Hiss couldn't get a fair trial, and that he was merely a "sacrifice to hysteria."

As I said earlier, only in an extended treatment such as this could you get a full perspective of the Hiss case. Long excerpts of Hiss' and Chambers' testimony that ordinarily might prove boring are wedged so artfully into the text that they have the urgency of dialogue from a Broadway melodrama. Never until reading "Seeds of Treason," for instance, did I realize how often Hiss contradicted himself, how he had shifted, wavered and veered in his explanation as each new chunk of evidence arose to trap him.

The Alger Hiss of "Seeds of Treason" emerges, in fact, as a hard and cunning man whose intellectual grasp of Stalinist Communism prepared him long in advance for his late exposure as a traitor. Hiss' intellectual brilliance enabled him, I think, to grasp just what might be expected of the dedicated Communist before his race was run.

If being exposed as a traitor was one of the ordeals, well, Hiss always understood that such might be his lot. Lenin would have appreciated a man like Hiss. He knew what the Old Man was talking about.

Two Men Named as 'Dupers' of McCarthy

Two key figures in the propaganda campaign for more United States aid to Nationalist China were named yesterday by Owen



Goodwin

Lattimore as responsible for the "venomous" attacks against him by Senator Joseph McCarthy (R., Wis.).

One is William J. Goodwin of Roslyn, N. Y., a registered lobbyist and foreign agent with a stormy background of Wall Street finance, Christian Front activity, Tammany Hall politics and big time public relations.

The other is Alfred Kohlberg, wealthy New York textile importer with a \$1,500,000 yearly stake in China, and financial angel of the American China Policy Association.

Lattimore described them yesterday as members of a "bitter and implacable and fanatical group of people who will not tolerate any discussion of China which is not based upon absolute, total, and complete support of the Nationalist government," a group of which McCarthy "has been and is the instrument or dupe."

Goodwin admits sending McCarthy his lobbying letters which are on file with the Justice Department. Although McCarthy denied yesterday to a Post reporter even knowing Goodwin, the latter said McCarthy has been his guest at dinner.

McCarthy admitted yesterday he knew Kohlberg but refused either to confirm or deny that Kohlberg had supplied him with material. Kohlberg also refuses to say that he has or has not given McCarthy material, but Kohlberg was reported to have told an asso-

ciate that he has supplied the Senator.

Justice Department records show that Goodwin has contracted for \$65,000 in less than two years from the Chinese Nationalists "to explain to leaders of thought in the United States, including members of Congress . . . the danger of the Communist movement" and to seek for China "large measures of American support and material aid."

With this money Goodwin gives intimate dinners—some of them costing as much as \$640—for Congressmen. Senator McCarthy has been at the dinners when the Far Eastern situation was discussed, Goodwin's attorney, J. Paul Marshall disclosed yesterday.

Last September, when the mainsprings of the China lobby were first revealed by The Washington Post and the St. Louis Post Dispatch, Goodwin described the number one item on his agenda as a campaign to "get Acheson—kick him upstairs or out."

Goodwin ran for Congress from New York in 1936 and was supported by the Christian Front movement of Father Charles E. Coughlin, "a very fine organization of which I have never been ashamed," according to Goodwin.

In 1941 Goodwin incorporated the American Rock Party in New York City and ran for mayor as its "dove of peace" candidate, his candidacy indorsed by Coughlin.

In 1944 Goodwin became treasurer of the American Democratic National Committee, a "beat-Roosevelt" organization which was later investigated by the House.

He is currently working for the Chinese News Service.

Kohlberg has been an importer for 34 years, specializing in embroidered articles. He is a regular visitor to China and stayed with

Generalissimo Chiang Kai-shek in Formosa last July.

In an interview last September he admitted that the American China Policy Association is "my baby," and that its literature was printed on the presses of Alfred Kohlberg, Inc., and paid for by it.

Kohlberg said he was "intimate" with such pro-Nationalist figures as Senator Styles Bridges (R., N. H.), General Claire Chennault, the Chiangs, Mme. Chiang's brother-in-law, H. H. Kung, and Senator William F. Knowland (R., Calif.) for whom he said he once worked.

Kohlberg said that he had contributed \$1000 to Senator Bridges' 1948 campaign.

After his most recent trip to China, Kohlberg said he made a report which was published from Bridges' office, at Bridges' request.

He is the publisher of Plain Talk magazine, and in that position said he "sat on the Hiss story" for two years.

Kohlberg describes his position on China as "very simple."

"Either we are against the Communist government in China, or 108,000 Americans died in vain during the last war in the Pacific."

Kohlberg could not be reached last night for comment.

Goodwin, in Washington since Tuesday, left the city yesterday at 5 p. m. Through his attorney he said he would be "most happy" to testify before the subcommittee of the Senate Foreign Relations Committee hearing McCarthy's charges. He said he "believes he will be helpful in bringing out the true facts in this entire situation."

ALFRED KOHLBERG INC.

Chinese Textiles

1 WEST 37TH STREET JUST OFF FIFTH AVE.

NEW YORK 18, N. Y.

Kohlberg
HAND MADE IN CHINA
SILKS LACES LINENS
GLOVES
AFFILIATE
HAND MADE
HANDKERCHIEFS, LTD.
LONDON, ENGLAND

FOREIGN OFFICES
SWATOW
SHANGHAI
CHEFOO
CABLE ADDRESS
"ALKOHL" NEW YORK
ALL CODES
TELEPHONES
WISCONSIN 7 { 8477
8478
8479

April 4, 1950

Mr. Drew Pearson
Station WJZ
New York, N. Y.

Dear Sir:

Sunday night I heard you ask on the radio "How much has Alfred Kohlberg contributed to the campaign funds of certain Senators from the millions he made in China? The American people have a right to know." I agree with you and if you had telephoned me would have been glad to answer your question. I know, however, that you never check anything, so in order to let you and "the American people" know, I am going to tell you now.

I have made no contribution to any campaign fund or to any Senator since the 1948 campaign, at which time I chipped in to help defeat the psychologist in the White House who referred to you as an "s.o.b."

Now that you know this, I expect to receive an Adam hat from you just like the one you gave Senator McCarthy the week before last. My size is 7 1/4.

Your broadcast suggested that Senator McCarthy has been put to heavy expense in his patriotic work of exposing the traitors who have controlled our policy in Asia. I think Americans should join in helping pay some of Senator McCarthy's expenses, so I am going to send him a small check today and hope others do likewise.

I think the American people are also entitled to know who has contributed to have you denounce the Nationalists and constantly play up the Chinese Communists as the only Simon pure friends of America in China? Who pays for this? You've been at it ever since 1944. See enclosed clipping.

In the N. Y. TIMES of March 30th you say: "I only wish this country had more patriots like Owen Lattimore." If I get that hat, I'll nominate you for #2 on the Lattimore patriots parade.

As you say, the American people have a right to know and you should be assisting Senator McCarthy, instead of presenting him with a hat privately, and lambasting him publicly.

Very truly,

Alfred Kohlberg

WASHINGTON

MERRY-GO-ROUND

By Drew Pearson

7/10/44

(The author of this column is given the widest latitude. His views do not necessarily reflect those of The Mirror.)

WASHINGTON.—Vice President Wallace won't say, but from diplomatic reports and those who accompanied him, it seems China continues Allied Problem No. 1, tougher than we realize.

Millions of Chinese have never heard of its President, Chiang Kai-shek. Many consider Madame Chiang an American upstart, educated in this country. The people of North China have to use pidgin English to converse with the people of South China. Chiang's first wife was Japanese, his son was educated in Germany.

So, here are facts Wallace (and the rest of us) have to face.

Strictest censorship in the world exists in China. U. S. newsmen are virtual prisoners.

U. S. relations with China were bad...U. S. Ambassador Clarence Gauss long was not received. Chiang was "busy."

Palace politics are intense, Chiang in the middle, control of China the stake. The war lords jockey for control...They don't like Madame—too pro-American...For a time, China was run by students who had studied in the U. S. on the Boxer indemnity educational fund...Now, the East is win-

ning over the West. Warlords are reverting China to type.

Madame Chiang has hard sledding. She is childless, sentiment is with the General when he goes to another wife...Madame Chiang is his third and, for a time, Chiang went back to No. 2. That was one reason she came to the U. S. ...Now there is talk of a girl, 16, in the palace, the niece of a war lord who wants to get Chiang away from American ideas.

American munitions were chief weapon of Madame. She was expected to deliver. For a while she did deliver. Then we woke up to the fact that U. S. weapons were used not against the Japs, but against the Chinese fighting the Japs...This is the so-called Communist Army.

Chinese war lords are concerned over Allied victories in the Pacific. The war is getting close to them...Many, educated at Japan's West Point, would prefer first to fight the Russians, second the British, third the U. S. least of all the Japs...When Wendell Willkie was in China, he had difficulty getting to the front. The General put him on his private train, sent him to the front. Last lap was a hand car...He was greeted with thousands of little paper American flags which Chinese troops got from nowhere. On the Jap side was a big sign, "Welcome, Willkie" ...There wasn't much fighting.

THE REAL PEOPLE OF CHINA can fight—when they are fed. Chinese troops are never fed, must forage and loot. Gen. Chennault's job is organizing them. Chief U. S. problem is to reach the people.

(Copyright, 1944 by United Feature Syndicate)



MADAME CHIANG KAI-SHEK
She is childless. Chiang is no monogamist.

(ACHESON)

SECRETARY ACHESON DENIED SEN. JOSEPH MCCARTHY'S STATEMENT THAT OWEN LATTIMORE WAS THE "ARCHITECT" OF AMERICA'S FAR EASTERN POLICY.

3/31--N1201P

ADD 2 COMMUNISTS

MCCARTHY'S OFFICE SAID THE SENATOR HAS HANDED THE FBI DOCUMENTS WHICH HE SAYS WILL PROVE LATTIMORE A COMMUNIST AND A SOVIET AGENT.

MCCARTHY IS IN A LOCAL HOSPITAL FOR SINUS TREATMENT AND NO DETAILS WERE AVAILABLE ON WHERE, WHEN OR HOW THE MATERIAL WAS GIVEN THE FBI. THE FBI WAS SILENT TOO.

3/31--S&JR1203P

ADD 1 ACHESON

ACHESON TOLD A NEWS CONFERENCE THAT HE HAD NEVER MET LATTIMORE PERSONALLY, AND THAT THE DEPARTMENT HAD NOTHING TO DO WITH LATTIMORE'S RECENT APPOINTMENT TO THE UN MISSION TO AFGHANISTAN.

ACHESON ALSO DENIED MCCARTHY'S CHARGE THAT UNTIL RECENTLY LATTIMORE HAD A DESK IN THE STATE DEPARTMENT AND ACCESS TO DEPARTMENT FILES.

ACHESON REITERATED THAT LATTIMORE'S ONLY CONNECTIONS WITH THE DEPARTMENT WERE: (1) HE SERVED AS ECONOMIC ADVISER TO A U.S. REPARATIONS MISSION TO JAPAN IN 1945; (2) HE DELIVERED A LECTURE AT THE DEPARTMENT'S FOREIGN SERVICE INSTITUTE JUNE 5, 1946; (3) HE ATTENDED A ROUND TABLE ON U.S. POLICY IN CHINA AT THE DEPARTMENT OCT. 6-8, 1949.

ACHESON DESCRIBED AS QUITE UNTRUE, MCCARTHY'S CHARGE THAT AMBASSADOR -AT-LARGE PHILIP C. JESSUP ORIGINATED A "SMEAR CAMPAIGN" AGAINST CHINESE NATIONALIST LEADER CHIANG KAI-SHEK.

ACHESON SAID THAT IN AS MUCH AS LATTIMORE HAD NOT BEEN AN EMPLOYEE OF THE STATE DEPARTMENT SINCE THE DEPARTMENT'S LOYALTY PROGRAM WAS INSTITUTED IN 1947, THERE WAS NO LOYALTY FILE IN THE DEPARTMENT ON LATTIMORE.

3/31--JR1208P

March 31, 1950

General Conrad E. Snow

Mr. Penfold x 5301 (Press
Information)

Gen. Snow is with the Legal Division of the State Department permanently
(in the office of the Legal Adviser here)

Mr. Reap x 5301

According to Mr. Reap the Loyalty Board meets "as often as is necessary." This might be very frequently or not for a long period - depending on when the need arises. They have no regular meeting periods.

The Seth Richardson Loyalty Review Board is the big one set up by the President to give overall coverage. In any case of a person being summoned before the State Department's Loyalty and Security Review Board, a post audit on the case is made by the Richardson Loyalty Review Board. They have the final look at the case, give the final clearance ok., etc., usually concurring with the findings of the State Department Board

WESTERN UNION PRESS MESSAGE

JOSEPH L. EGAN
PRESIDENT

Kerster 316- Commercial Hotel
200 phone calls

bills being paid by McCarty checks
written - all his interestings being paid.

Kerster asked Kerster McCarty

Hughes asking same mess questions

Hamm's grandfather settles in Sparta. Wis
would Wiley.

Bumblers & Co. not yet bill sent

" objects - to unanimous consent - So nearly then
gave it him

WESTERN UNION PRESS MESSAGE

JOSEPH L. EGAN
PRESIDENT

Joe Kamp - close connections
| close Hoffman
| Church.
| Rankin

"Chiang's Washington Front"

By Malcolm Hobbs

When Secretary Acheson ridiculed the idea that the United States was "losing face" in Asia as the result of State Department policy toward China, he was taking a slap at the Chinese Nationalist lobby here. It seemed to be permissible, Mr. Acheson observed, to lose wars, to lose honor, to lose anything but "face"; but this was a peculiar form of orientalism of which he was not guilty.

He had ample justification for his ire. The Chinese lobby not only compounds the Administration's difficulties in handling the Far Eastern crisis but is behind a whispering campaign against Mr. Acheson and some of his principal lieutenants. A drive for his removal, it hopes, will be inaugurated by a series of Congressional investigations early next year. Meanwhile it is trying to build a fire under him by circulating the rumor that he is on the way out.

One of the lobby's sparkplugs is a New York importer named Alfred Kohlberg. Operating through the American China Policy Association, Kohlberg is a fount of propaganda for the Nationalist cause, sending masses of material to a list of 2,000 editors. The association is housed in Kohlberg's offices in New York, and at least some of its expenses are charged off to his import business. Clare Boothe Luce is a past president, and Representative Walter Judd, Minnesota Republican, one of Chiang Kai-shek's most active supporters on Capitol Hill, is on the board. Kohlberg works closely with William C. Bullitt, Henry Luce, and General Claire Chennault in asking for more military and financial aid for the Nationalists. He has connections also with H. H. Kung, the Chinese financier and brother-in-law of Mme. Chiang Kai-shek, who now lives in a New York suburb.

Kohlberg was the publisher of the anti-Communist magazine "Plain Talk," edited by Isaac Don Levine. His income is derived from a \$1,500,000-a-year-gross business in Chinese textiles, which provides him with an economic, as well as ideological, motive for backing the Nationalists. Even if he were willing to do business with the new regime in China, the Communists might not approve of his operations. One of his affiliated concerns employs what is known as the "cottage system," under which peasant women do work at home at lower rates than those paid in factories.

Though Kohlberg is not registered as a Congressional lobbyist, Capitol Hill is flooded with his pro-Nationalist material. Handouts of the American China Policy Association turn up in the Congressional Record through the intercession of such Senators as Styles Bridges, William Knowland, and Pat McCarran. Kohlberg's relations with Bridges were cemented last year by a \$1,000 contribution to the Senator's campaign for reelection. It was Bridges who in 1948, while chairman of the Senate Appropriations Committee, sent former isolationist Senator D. Worth Clark on a committee mission to China. Clark's report whitewashing the Nationalists spurred the Eightieth Congress to vote an additional \$125,000,000 for China. It was revealed subsequently that the Nationalists footed part of the bill for the Clark mission.

Typical of Kohlberg's activities is his attempt to pin the Communist label on Philip C. Jessup, the State Department's ambassador at large, who now heads the official policy group on the Far East. In an open letter last August he connected Jessup with Alger Hiss, the Institute of Pacific Relations, and opposition to Franco in an effort to question Jessup's loyalty. This material appeared almost word for word in a recent Scripps-Howard editorial attack on Jessup.

*Mr. Jessup's resignation, announced on Dec. 16, obviously had no connection with this attack.

Turning up as lobbyists for Chiang Kai-shek are former Christian Fronters, American "nationalists," and other rabid rightists. One of these is a Texas and New York cotton broker, Robert M. Harriss, who before the war was financial adviser to Father Charles E. Coughlin, according to the files of Friends of Democracy. In 1944 Harriss, together with former Secretary of War Harry Woodring, was an organizer and financial backer of the rightist American Democratic National Committee, a racist pressure group which includes in its ranks Gene Talmadge and "Pappy" O'Daniel. He is now under indictment, in connection with his cotton lobbying, for failure to register under the Congressional Lobby Act. He is not registered as a lobbyist for China either, although as a trustee of the Institute of Chinese Culture, headed by the Catholic Archbishop of Nanking, Paul Yu Pin, he is a key operative for the Nationalist cause. One of the institute's recent pamphlets, containing articles by Mrs. Luce, Patrick J. Hurley, Senator McCarran, and Kohlberg, is dedicated to "Robert M. Harriss, staunch friend of China."

Registered with the Justice Department as a paid agent of the Chinese Nationalist government is an old Harriss associate, William J. Goodwin. The fact that Goodwin, a former Christian Fronter, draws \$25,000 a year from the Nationalists was revealed recently by Edward A. Harris, Washington correspondent for the St. Louis Post-Dispatch. Goodwin ran for Congress from a Queens district in 1936 with Coughlinite support. In 1941 he was the American Rock Party candidate for Mayor of New York, with Christian Front backing. He was quoted by John Roy Carlson in "Under Cover" as saying: "There's nothing wrong with fascism. Hitler has done a good job in Germany. The corporate state of Franco would be a perfect system for our country."

Goodwin has not always been so enthusiastic for the Kuomintang as he is today. In 1941 he wrote in praise of Japan and criticized beleaguered China. Yet he is now on the Nationalist pay roll "to influence leaders of United States thought" for the purpose of obtaining "larger measures of American support and material aid," according to his contract. He does this mainly by entertaining impressionable Congressmen at Washington's Metropolitan Club. He works closely with Kohlberg and distributes his literature in Congress.

The China lobby's glamour is provided by General Chennault of the Flying Tigers - to his backers, Chennault of China, a sort of present-day equivalent of Lawrence of Arabia. As owner of Civil Air Transport, a Nationalist-licensed company, the General has a sizable economic stake in China. He operates here from a plush office in the Washington Hotel. His lawyer, also an active China-lobby operative, is the erstwhile New Dealer Tommy Corcoran. For several months earlier this year Chennault conducted a series of briefing sessions for Congressmen and Senators on aid to China. He is not registered as a lobbyist.

In at least one instance the Chinese embassy itself has lobbied against a Presidential appointment. Last July a high embassy official met secretly with a group of ten Senators in a hotel room to urge the defeat of W. Walton Butterworth as Assistant Secretary of State for the Far East. And in September, C. M. Chen, the embassy counselor, told a private dinner group of legislators that the State Department White Paper on China was "not a fair and honest record."

The China lobby's effectiveness is measured by the \$2,000,000,000 appropriated since the end of the last war. China aid has been such a huge financial operation that American racketeers have tried for a cut. A Chinese embassy source has admitted that an influential New Yorker repeatedly tried to get a secret contract from the Chinese which would have given him 1 per cent of all appropriations obtained for the Nationalist regime.

Today the China lobby's activities have hardly more than a nuisance value. Official circles are concerned about them simply because they may increase the hostility of the Chinese Communists toward Americans in China.

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Chinese Communist Strategy in Foreign Relations

By O. EDMUND CLUBB

IN any study of Chinese Communist strategy in foreign relations, it is basic to note that the Chinese Communists are true Communists, and are guided by Communist tactics and strategy alike. Mao Tse-tung, speaking even in the wartime period when he found himself, after a fashion, in a united front operation involving both Communists and non-Communists, stated categorically:

From the very beginning [1921], our [Communist] Party has based itself on the theories of Marxism, because Marxism is the crystallization of the world proletariat's most impeccable revolutionary scientific thought. The universal truth of Marxism, once wedded to the practice of revolution in China, has given birth to the present stage of new democracy.¹

The Chinese Communists, that is, claim orthodoxy, have been accepted as orthodox since their entrance into the Comintern (1923), and can and should be accepted at their own face value.

THE COALITION

Since the Chinese Communists follow the way of Communist orthodoxy, the Marx-Lenin-Stalin line is accepted by them as their own. In the year the Chinese Communist Party (CCP) was founded, the Baku Conference of Oriental peoples forecast the revolution of all Asia. The CCP, with the weakness of all new-born organisms, turned to another newcomer to the political field, the Kuomintang (KMT), for an alli-

ance to enable it to begin its work. The coalition of those two revolutionary groups began with the meeting in Shanghai, in 1923, of Soviet envoy Adolf Joffe and Dr. Sun Yat-sen. They agreed that China was not yet ripe for communism, and Joffe opined further that China's paramount problem was the achievement of national unification and independence. In 1923, also, the CCP was affiliated with the Comintern. In 1924 it participated in the First National Conference of the Kuomintang as convoked by Sun Yat-sen, on the basis of the policies: (1) alliance with the Union of Soviet Socialist Republics, (2) alliance of the KMT with the CCP, and (3) assistance to the peasants and workers.² Soviet aid, Soviet advisers, and Soviet advice began to flow in. The Chinese Communists had their start.

The basis for the coalition was set forth in a CCP manifesto of April 1, 1926, stating:

The Nationalist Government is recognized by the Communist Party as the basis for the nationalist revolution and as the headquarters of anti-imperialism in China. Therefore we have gathered the workers and peasants to do their best to help the Nationalist Government in its consolidation and development. . . . we must unite in a common struggle for the common object of overthrowing imperialism and militarism and establishing a United Nationalist Government of all China.³

According to an undated instruction of the same period purported to have been sent to the Soviet Military Attaché in China by Moscow,

¹Mao Tse-tung [Mao Tse-tung], *The Fight for a New China* (report of April 24, 1945 to the Seventh National Congress of the Chinese Communist Party) (New York, 1945), p. 76.

²Mao Tse-tung, *op. cit.*, p. 13.

³*The Nation*, Vol. 122 (June 9, 1926), p. 636.

file chas lony

ROBERTS & MCINNIS

MEMORANDUM

April 24, 1952

TO: The Files
FROM: Warren Woods
SUBJECT: Mow and Hsiang

S T R I C T L Y
= = = = = = = =

~~C O N F I D E N T I A L~~
~~ADMINISTRATIVE MARKING~~
~~NOT NAT'L SECURITY~~
~~INFORMATION, E. O. 12356,~~
~~SEC. 1.1(c).~~

BY *WJ* ON *12-27-80*

I was advised by Colonel V. S. Hsiang several weeks ago that at the time Mr. MacCracken took over the premises at 2110 LeRoy Place, N. W., there was a top secret file jacket containing instructions from Formosa to all Chinese Air Force Personnel to obtain and report as much information as possible regarding secret United States atomic energy and military installations. This file jacket was located in the top drawer of the middle file case in a bank of three file cases along the northwest wall of the main second floor office.

I understand Colonel Roberts brought this information to the attention of representatives of CIA and the FBI, but was told that these agents considered the information of political rather than security importance.

Accordingly, on Saturday, April 19, I made arrangements with the custodian, Mr. MacCracken, to inspect the premises and the files at 2110 LeRoy Place at 10:00 a. m. Wednesday, April 23. The time was later changed to 10:30. Colonel Hsiang, who was to act as translator, was late and did not reach the office until 11:00.

At 11:00 a. m. on April 23 Colonel Hsiang, Mrs. Grabill and I accompanied by Mr. MacCracken, his agent Mr. Satler, and

April 24, 1952

Major Shah of the Chinese Embassy proceeded to the second floor office, and after inspecting certain irrelevant files, Colonel Hsiang and I went over to the bank of files in the northwest corner of the room. I asked Major Shah if any files had been removed. He said that no files had been removed from the building but that some current correspondence on procurement matters had been placed in another room to facilitate working access to them. Hsiang and I opened every drawer in the three files cases in the northwest corner of the room and went through the contents of each drawer very carefully. As to the particular drawer which was supposed to contain the instructions about atomic energy installations, Colonel Hsiang went through every document filed in the drawer page by page. He did this three times. He found a top secret folder on certain activities within Communist China, but did not find next to this folder another top secret folder which was supposed to have contained the espionage instructions.

We did not reveal the object of our search. After going through the file drawers to which some material had been transferred, according to Major Shah, I then inspected every room and every floor of the building, leaving the building about quarter to one.

Later in the day Colonel Hsiang told me that he was absolutely certain that the folder was in the file when the premises were vacated by his officers. He remembered its contents very clearly, stating that he and Mow and several other officers had protested to Formosa that they should not be required to perform espionage functions against a friendly country. He said he had

April 24, 1952

obtained the text of the instructions from an independent source and that he knew from reading the instructions that the text was identical with that which had been in the files at 2110 LeRoy Place.

I asked Colonel Hsiang to translate the text in his possession and then arrange to have Colonel Ting and Major Liu give me an affidavit stating the last time that they saw the folder. Ting and Liu are to meet me in my office Sunday morning for this purpose. Colonel Hsiang says that both have already told him that the folder was in the file as late as November 29, when Mr. MacCracken assumed control of the premises.

Last night at about 10:00 p. m. I related the foregoing facts to Ivar Peterson, ex-Administrative Assistant to Senator Morse. Mr. Peterson said that he would like for me to report these facts to Senator Morse and that he would try to arrange a conference with the Senator for Friday afternoon, April 25.

Warren Woods

WW:rpp

April 24 - 10:15 p.m. - Tonight
Hsiang says Ting + Huang don't
want to make affidavits - but
Hsiang dictated to me a translation of
the original document - Col Tseng,
Air Force ^{attache} gave it to him. WW

(Not printed at Government expense)



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 82^d CONGRESS, SECOND SESSION

Allegations About China Lobby Should Be Investigated

STATEMENT

BY

HON. WAYNE MORSE

OF OREGON

IN THE SENATE OF THE UNITED STATES

April 10 and 16, 1952

April 10, 1952

Mr. MORSE. Mr. President, I had intended to address myself to another subject tonight, but I shall not do so, if I may have unanimous consent to have the speech I intended to make printed in the body of the RECORD. I ask unanimous consent to have printed at this point in the RECORD a brief statement by me pertaining to Senate Resolution 170, which I offered on July 6, 1951, for myself and the senior Senator from Connecticut [Mr. McMAHON], together with certain documents and comments bearing upon the same subject matter.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement, with accompanying documents and comments, was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MORSE ON CHINA LOBBY DOCUMENTS

Today I am placing in the CONGRESSIONAL RECORD excerpts of documents which I believe are not only pertinent and relevant to the resolution (S. Res. 170) introduced on July 6 last by myself and the senior Senator from Connecticut [Mr. McMAHON], but also indicate a real need for a reappraisal of our far-eastern policy.

In my opinion these documents, and others that I expect to reveal in due time, warrant prompt action by the Foreign Relations Committee of the Senate on Senate Resolution 170. It is my considered opinion that the Senate and the Foreign Relations Committee should forthwith authorize the investigation proposed in Senate Resolution 170, and pursue it in a thorough and vigorous fashion.

The translations of the documents I am now placing in the RECORD are, in my opinion, authentic. Photostatic copies of certain originals will be reproduced in a reliable and reputable publication. The originals are not being placed in the RECORD because of the general policy against reproducing in the RECORD writing in a foreign script. I invite those who may be skeptical about the authenticity of the documents or who question the veracity of the sources, to verify these photostatic copies with the asserted authors of the originals. In this connection, I would observe that, according to my understanding, official and unquestioned specimens of the handwriting of the authors of these documents are available.

The translations of the documents dated August 24, 1949, September 23, 1949, May 3, 1950, June 14, 1950, June 17, 1950, June 30, 1950, and September 30, 1950, were made by two experts in the Legislative Reference Service of the Library of Congress, at my request, from photostatic copies of alleged originals. Certain of these original documents have been inspected, and I am satisfied that the photostats of those as well as the remaining photostats are authentic.

As to the remaining documents, I think it advisable to state that they have been reliably represented to me as being accurate translations of excerpts from original cable messages sent—as were the documents referred to above—through the physical facilities of the Republic of China's Air Force Office in the United States to Generalissimo Chiang Kai-shek. These translations were not made by the Legislative Reference Service, but I hope in the next few days to have copies of the originals translated by that Service for purposes of verification.

The words of the English text in brackets are portions of the original documents that were shown as deleted on the originals at the time of our translation. Words or phrases in parentheses are necessary explanatory matter supplied by the translators.

JUNE 14, 1949.

General Wedemeyer gave me a letter during the early part of this month which was addressed to you. I have already forwarded it to you by a special envoy to be presented to you personally. Wedemeyer wanted to introduce to you his closest friend—a writer by the name of Taylor, who will call upon you in Formosa. Please interview him upon his arrival.

CHEN CHIH-MAI.

JUNE 22, 1949.

Goodwin has commenced with his work already, which he pushes ahead feverishly. The leaders of both parties—Republicans and Democrats—are all supporting him. He also expressed his willingness to study further on how to get further aid for China.

CHEN CHIH-MAI.

JULY 21, 1949.

As far as our activities in the United States are concerned, it seems that we should cover the administration, as well as the legislative branch, we should especially strive for a closer relationship with the latter. There is no danger at all if our procedure strictly follows the laws of the United States, but Dr. Hu Shih is opposed to getting in touch with the legislative branch. His opinion is off the beam.

CHEN CHIH-MAI.

AUGUST 1, 1949.

Goodwin and Miller are both working in an effort to disillusion the leaders of the Democratic Party about the Chinese Communists.

We are being very careful to avoid a partisan conflict and emotional attacks.

The American Government has already forwarded to Congress a military aid bill for the Atlantic Charter countries. We should submit a comprehensive project for military aid. Ambassador Koo has already summoned all officers stationed in Washington for discussion of a half-year military-aid program totaling \$200,000,000.

At the same time Madame Chiang prepared another project to submit to Marshall. After discussion we merged the two programs into one. After receiving your approval Madame will use her influence to feel out Marshall's opinion; then the same program will be forwarded officially to the Department of State. This method seems to be the best. However, Congress will only be in session for three or four more weeks. Therefore it would be wiser not to make a complete program which would take too much time to prepare. We had better submit what we have as soon as possible.

CHEN CHIH-MAI.

AUGUST 24, 1949.

3. The New York Times reported on the loss of Foochow (a city in Fukien Province). It said that four army corps offered no resistance and that only a regiment, consisting of recruits with 3 months' training sent from Taiwan, fought bitterly for 8 days. This has created a bad impression. [Since it substantiates the accuracy of the statement in the white paper that we have no will to fight, I think that we should have fought for Fukien Province.]

All of our American friends are of the opinion that General Marshall invited Madame Chiang to his villa for a rest immediately after publication of the white paper—such action has been considered definitely as an insidious and malicious gesture. We have been patient and tolerant to the extremity with General Marshall for years, but he hasn't changed in the least regarding his attitude toward us.

4. [For example, he told Hu Shih that he has never interfered with the policy of the State Department. This is like saying that he and Acheson never conferred on the white paper. He seems to be secretive and designing. Therefore, there is no hope of our obtaining any sympathy from him.]

However, in order to avoid direct conflict with the administration, we should not have a head-on collision with that man. So, we suggest it would be better not to attack him openly.

T. K. PEE.

SEPTEMBER 10, 1949.

Subordinate Tsung Kan met Admiral Badger on the 7th and delivered your personal letter to him. He expressed his regret that we are unable to defend south China along the Yangtze River. He also said, "If Formosa is defensible, therefore, the Yangtze River is also defensible. Of course, it is

only possible if the three forces work together with the will to fight, and if they are led by capable leaders, military or political."

Admiral Badger pretends to advocate aid for China while testifying before Congress, but actually he bitterly criticized the Chinese Government. His attitude is hypercritical; apparently he did it with the intention of pleasing his fellow Americans.

CHEN CHIH-MAI.

SEPTEMBER 15, 1949.

Yesterday, my humble self, Chen Chih-mai, met Gen. Albert Wedemeyer. General told me that an aluminum magnate, Mr. Reynolds, relayed a message to him that the Chinese Government intended to hire him at \$5,000,000 if he would give up his military career in the United States Government to go to China to assist us in the anti-Communist activities.

General Wedemeyer said he always has great sympathy toward our anti-Communist policy, and especially holds you in great esteem as a leader. He is willing to try his best whenever possible, if he finds himself in a position to be of service to you as an individual.

However, his opposition to the present United States foreign policy is a well-known fact. Therefore, if he comes to China as a private citizen in a private capacity, it will be certain that he would not be supported by the United States Government. So nothing can be accomplished. He also said he could get by financially. If we have such a large sum of money, private or public, it should be used for the welfare of the people in order to enhance the force against the Communists.

CHEN CHIH-MAI.

SEPTEMBER 23, 1949.

Last week the Washington Post attacked us on its front page for hiring Goodwin to work on the Members of Congress for aid.

[The United States Department of State, after its publication of the white paper noted that the reaction was not good and that Congress has appropriated \$75,000,000. The head] of the Democratic Party in Congress, "Tydings" (?) took the State Department to task [and the latter was quite disturbed].

Referring to the above (the attack on the hiring of Goodwin) it appeared to be inspired from some (unnamed) source.

[The press attack distorted facts and the contents of conversations. It concentrated on Goodwin and sought to inspire newspapers of rightist leanings to investigate our activities in this country.]

But Goodwin has been legally hired in accordance with the regular practice followed by other foreign countries. He has been registered with the Department of Justice. After due explanation of this hiring, public reaction has been fair and reasonable.

[As to our difficulties, the American Government does not want to help. This is public knowledge at this moment. It seems that we should continue our efforts and should not show weakness.]

I will report fully later.

CHEN CHIH-MAI.

NOVEMBER 22, 1949.

Subordinate Wei Kuo (W. K. Li, Chinese delegate to the Far Eastern Commission) met Congressman Judd. He said the American Navy is very interested in defending Formosa, and considers Formosa as a link in the chain of American defense in the Far East. However, if any drastic reforms are made in Formosa, such as assigning Gen. Sun Li-jen to take charge of military affairs, and K. C. Wu to take charge of administrative affairs—it would give Marshall a chance to turn about,

and then the American policy toward China can be pushed with less difficulty.

CHEN CHIH-MAI.

NOVEMBER 28, 1949.

Congressman Judd gave us secret information by saying that the State Department may give Kan Chieh-Hou (President Li's personal representative) the following promise—if Li (Li Tsung-jen) were capable of getting rid of the old feudal system of evil forces and could succeed in obtaining military and political power, then aid from the American Government will be forwarded immediately. The intention of the United States Government is to deal a blow at you.

CHEN CHIH-MAI.

DECEMBER 21, 1949.

Pressure on Johnson is mounting. He might resign soon. This rumor has been heard for quite a long time. But, today, it was broadcast over the radio. It sounds to us as if the case is coming to a show-down stage. However, Johnson is the only one who is friendly to China in Truman's Cabinet.

CHEN CHIH-MAI.

JANUARY 12, 1950.

All American aid bills for China were initiated by the Republican Party without any exceptions. The United States State Department never handled Chinese cases as they have European bills which were based on the bipartisan policy, because, for execution of China aid bills, the State Department always tries to give all sorts of excuses, either to delay, or reduce the amounts. For instance, this time we negotiated for aid directly with the State Department—at the first stage it was as if we had succeeded somewhat—then, gradually, it was reduced to nothing. This is proof that the State Department has no sincerity toward us at all. Admiral Badger and Senator FERGUSON, who just returned from a trip to Formosa, reported that the final decision about China aid still depends on General Marshall.

CHEN CHIH-MAI.

APRIL 6, 1950.

Subordinate Chen Chih-mai had a long talk with KNOWLAND and JUDD. They both said Mr. Acheson was strongly prejudiced against China to a most unreasonable degree, President Truman's ability is limited, and he is influenced by Acheson all of the time. Therefore, there is no chance for a change of China policy as long as Acheson is in power. However, Congressman Judd felt that our continuous air raids on the cities only killed many innocent people. He asked us to reconsider the military necessity of such action.

CHEN CHIH-MAI.

APRIL 7, 1950.

Lattimore is being questioned at a congressional hearing, and he produced two letters, one from you addressed to President Roosevelt and one from Mme. Chiang addressed to Lattimore, wherein you both commended him highly. As a matter of fact, Lattimore in recent years has attacked our Government viciously, and has opposed any aid for us; he especially despises you very much. Now, he has used the above-mentioned two letters for his own defense. But, we are in quite a bit of doubt about the existence of these two letters. Last night, Congressman Judd intended to call Mme. Chiang by long distance in order to "debunk" Lattimore. After a discussion, the Congressman preferred that the report be relayed to you by a cable from us instead.

CHEN CHIH-MAI.

MAY 3, 1950.

3. The Sunday issue of the New York Times published a special article entitled "The Chinese Lobby." The article mentioned Ambassador Koo, Chen Chih-mai, the Kung and Soong families, as being active.

The Lattimore affair is an instrument of political contention between the two political parties in the United States. But Lattimore and the Democratic Party intentionally involved us, thinking that we are attacking the State Department and (General) Marshall. This is not good for us. Chen Chih-mai knows this situation very well. Please ask him about it.

T. K. PEE.

JUNE 3, 1950.

Your subordinate, Chen Chih-mai, had a long talk with Congressman Judd, after he had shot a series of questions at Acheson today. After talking it over with others, the following conclusions were drawn: United States aid for China mainly depends on the outcome of General MacArthur's visit to Formosa. The most convenient formula for us to apply is to use the Japanese Peace Treaty, which is not signed as yet, as an excuse to work out with General MacArthur a so-called Formosa defense bill. Congress will support such a bill.

CHEN CHIH-MAI.

JUNE 14, 1950.

4. We have secured evidence that official American reports from Taiwan frequently distort facts in order to please certain parties. Visiting correspondents feel the same way. They believe that in our publicity work we should take the initiative and be more active in supplying them with accurate news. Senator KNOWLAND said that there were sufficient strategic and economic reasons for our retreat from Hainan but in our publicity we failed to make them clear. [Therefore, our enemies made use of this incident; so please be more careful.]

On May 5 we announced that Chow Shan and Taiwan (Formosa) are equally important at the present moment. Subsequently, we withdraw voluntarily (from Chow Shan). This seems contradictory, so please be more careful.

The above is reported for your information.

CHEN CHIH-MAI.

JUNE 17, 1950.

Many people who have approached us are willing to be hired as our lobbyists with the condition that we should give them gratuities after they succeed in doing something for us. After carefully screening and rejecting many, we have found an attorney by the name of Hanlon, who was once a law partner in a firm with William Boyle, Chairman of the National Committee of the Democratic Party. The relationship between Boyle and Hanlon is extremely close. Therefore, the latter is capable of reaching the highest levels of the proper authorities. Mr. Hanlon was introduced to us by our American friend and he is willing to be hired by us under the capacity of a legal advisor with annual salary of \$30,000.

After careful scrutiny we reached the decision that such a rare opportunity should not be missed. At least we could use him for establishing friendships and relationships with the Democratic Party. We could also receive secret information from him. With this information we could build a direct route for our ultimate aim. However, Mr. Hanlon expressed that he desired our approval very urgently, as he hinted that for the time being if he could establish relationship with the military authorities in Japan, then close coordination between here

and abroad would facilitate us in reaching our goal a great deal.

Therefore, the time factor is very important. In order to save time, a preliminary agreement has been already discussed. If this meets with your approval, please instruct us by cable immediately and furthermore an appropriation of \$30,000 is required, so please remit this sum to us as soon as possible. We will pay him in turn.

In regard to the detailed arrangements, we have decided to report to you in writing and it will be brought to you by a special reliable messenger to Formosa so the secret can undoubtedly be kept.

CHEN CHIH-MAI.

JUNE 23, 1950.

The new post of W. Averell Harriman in the White House is liaison work with all Government departments in regard to foreign policy. His position is very similar to that of Mr. Hopkins when Roosevelt was President. It is quite an important assignment indeed. However, Harriman is a rich man's son, and also, he is very scrupulous. His attention is mostly centered on Europe, but fortunately, he does not have too much prejudice against the Far East. Mr. Bullitt recommended that we should get in touch—close and often, with Harriman and the newly appointed Chief of the Far Eastern Division, and the Assistant Secretary of the State Department—Dean Rusk. We are endeavoring toward this direction.

CHEN CHIH-MAI.

JUNE 30, 1950.

5. American friends generally consider that liaison between the guerrilla forces (on the mainland) and us is most effective propaganda material. We should publicize this fact continuously. The statement of Minister Shen (Minister of Publicity) has won favorable comment. American correspondents should be invited to report on the local elections in Taiwan. The election of native Formosans who are members of our party will attract a great deal of attention.

CHEN CHIH-MAI.

JULY 28, 1950.

Senator TAFT, leader of the Republican Party, was immensely interested in the problem of Formosa. He at one time even advocated last January to send the United States Fleet to defend Formosa. Your humble subordinate, Chen Shih-mai, gave TAFT the following idea: We Chinese are willing to share the responsibilities along with General MacArthur in a fight against Russia and communism; however, the economical strength in Formosa is weak and the source of manpower is limited—whereas, the mainland of China is teeming with guerillas and a practically inexhaustible source of recruits. What they need is a proper leader and a proper organization. Your career in the racial revolutionary campaign, antiaggression, anti-Japan, and anticommunism, is brilliantly recorded in history, and you are the most natural leader of Asia and the best partner of the United States as well.

The above idea will be used by TAFT either in his forthcoming speech which will in turn sell the same idea to the United States authorities.

CHEN CHIH-MAI.

AUGUST 16, 1950.

The Republican Senators in the Senate Foreign Relations Committee jointly attacked the blunders in the far eastern policy formed by the Democratic administration. However, the Democrats also diligently prepared a counterattack in which many points are related with our country (Nationalist China) if the Korean war cannot be concluded before the elections—then it would

be a very critical issue in the political fight. It would seem wiser if we Chinese are not involved in the internal fights of the Americans. However, when the counterattack is launched by the Democratic Party, it is inevitable that they will attack our Government and Your Excellency. Therefore, many American friends have advised us that we should prepare to deal a counter blow at such an unreasonable attack in order to avoid misunderstanding toward us by the American people. It will not be very perfect, either, if we only let the Republicans fight all our battles for us. Besides, we can correct the mistakes (of the administration) by utilizing some Americans who are not working officially for the United States Government—then our voice for a counterattack can be sharper and stronger.

Subordinate Chen Chih-mai had a long talk yesterday with Mr. Bullitt, he said:

1. He feels very pessimistic about the Korean war.
2. The best way to help Indochina is to help us attack South China.
3. Averell Harriman is a cowardly type person and is very concerned about his personal success or failure.
4. Activities of Nehru of India are quite worrisome.
5. Our offer of troops to the Korean war is a wonderful act.
6. The general situation toward us is turning to the direction which is favorable to us. We must be patient, but must not miss our chance—such as a fight in U. N. as well as propaganda and other activities in this country.

CHEN CHIH-MAI.

SEPTEMBER 30, 1950.

2. Yesterday, Chang Mien, the Korean Ambassador to the United States, said that his Government will send troops across the thirty-eighth parallel in order to complete the unification of Korea. The American authorities also express the view that if General MacArthur considers it militarily necessary (his forces) can also cross the thirty-eighth parallel.

[But the public is divided on this issue. There is no clear-cut view.]

From our standpoint, if the American troops cross the thirty-eighth parallel and if the Chinese Communists send troops to the aid of North Korea, our position will become very important. Friends here believe, however, that we should not make commitments lightly. If the United States requests our cooperation and facilities, they should be given only on a clear quid pro quo basis. [We should get written commitments from Washington before we cooperate.]

CHEN CHIH-MAI.

Mr. MORSE. Mr. President, I yield the floor.

April 16, 1952

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, a letter which I received under date of April 11, 1952, from the Chinese Embassy. The letter is signed by Chen Chih-mai and Peter T. K. Pee. I also ask unanimous consent to have printed at this point in the RECORD, following the letter I have just submitted, a letter which I received under date of April 12, 1952, from William A. Roberts, commenting on the letter I received from the Chinese Embassy.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

CHINESE EMBASSY,
OFFICE OF THE MILITARY ATTACHE,
Washington, D. C., April 11, 1952.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MORSE: We are writing in connection with your speech in the Senate on April 10, 1952, introducing a total of some 22 documents attributed to either one of us in the form of alleged cabled reports supposedly addressed to Generalissimo Chiang Kai-shek.

We note, however, that in the presentation of these so-called documents, you did not reveal how you came in possession of these alleged cabled reports. We wish to point out that, whoever supplied them to you, he has kept from you the vital information that all these cabled reports, and many more, were sent by Gen. P. T. Mow, when he was in charge of the Chinese Aeronautical Commission in Washington. The cabled reports you introduced were all from Gen. P. T. Mow to Mr. H. T. Chou, secretary of the office of the president of China, although from time to time General Mow had made use of information which we had given him, sometimes verbally and sometimes in pencilled notes. We wish also to point out that these cabled reports were all signed by General Mow himself before they were despatched, as the unexpurgated copies of the originals will undoubtedly show. With regard to the cable of June 17, 1950, concerning Hanlon, we wish to state that General Mow's recommendation to employ Hanlon's legal services was promptly rejected by Taipei. We have a full file of these cabled reports, and we would be glad to let you examine them if you so desire in the interest of truth.

In view of the above, we are obliged to point out that the person or persons who so gratuitously supplied you with the materials, have sought to mislead you regarding the authorship of these cabled reports. They have absolutely nothing to do with the Chinese Embassy, which possesses established channels of communication of its own, without having to make use of the facilities of the Chinese Air Force under General Mow, which was independent of the Chinese Embassy altogether.

We are sure that you are aware that the Republic of China brought suit against Gen. P. T. Mow, and his executive secretary, Col. V. S. Hsiang, for failure to account for some \$7,000,000 of public funds placed under their custody, and for their refusal to turn over to the proper authorities the documents and papers belonging to the Chinese Government. The district court has already handed down a judgment by default against the defendant, General Mow, who had reportedly escaped to Mexico. The family of Col. V. S. Hsiang had reportedly gone back to Communist China. The district court had also issued an order compelling General Mow and Colonel Hsiang to turn over the documents and papers to the court-appointed custodian pending the outcome of the lawsuit.

The papers which you introduced in your speech on April 10, 1952, on the floor of the United States Senate are a portion of the documents and papers which the district court had ordered General Mow to turn over to the court-appointed custodian. It is a mystery how these documents should come into your possession and the possession of what you call "a reliable and reputable publication."

Since your speech was reported in the newspapers and picked up by the wire services, we are making this letter available to

them as soon as sufficient time is allowed for its delivery to you.

Sincerely yours,

CHEN CHIH-MAI.
PETER T. K. PEE.

ROBERTS & McINNIS,
Washington, D. C., April 12, 1952.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: In a communication dated April 11, 1952, Chen Chih-mai and Peter T. K. Pee, political and military personnel of Chiang Kai-shek connected with the Chinese Embassy in Washington, have written you concerning the documents which you placed in the CONGRESSIONAL RECORD on April 10, 1952. Certain of the statements in the letter are false, and others are misleading.

The statement that all of the cabled reports were sent by Gen. P. T. Mow when he was in charge of the Chinese Aeronautical Commission in Washington, is a deliberate and apparent lie. Not only do the original cables relate to matters wholly outside of the functions of the Chinese Aeronautical Commission, but they bear the signatures and are in the writing of Chen Chih-mai and of General Pee, were in part upon the stationery of the Chinese Embassy, and in their contents show that the information originated with Chen Chih-mai and includes his recommendations. The servile tones employed make it clear that these are communications addressed to Chiang Kai-shek and the nature of the contents shows that they couldn't conceivably have been correspondence by Lt. Gen. P. T. Mow to a secretary in the office of Chiang Kai-shek.

The suggestion on page 2 of the letter that the district court had issued an order compelling General Mow and Colonel Hsiang to turn over the documents and papers to the court-appointed custodian pending the outcome of a civil-law suit, is most revealing as to the true purposes of this law suit. It is quite true that such a suit was commenced against General Mow and Colonel Hsiang after they had brought to the attention of the Department of State and other congressional and administrative officials of the United States, conclusive evidence of fraud and of double-dealing relating to the military and other aid which the United States had advanced to the Chinese Nationalist Government through Chiang Kai-shek. Under the guise of this accounting for the funds under the control of General Mow for the procurement of military equipment for Nationalist China, a special mission sent by Chiang Kai-shek from Formosa to discredit Mow and Hsiang, procured

through American lawyers by false representations made in chambers and without opportunity for defense, an order which compelled Mow and Hsiang to turn over to a United States citizen for the benefit and use of Chiang Kai-shek's commission, all documents related to the operations of the Chinese Air Force Office in the United States.

This injunction, which is presently awaiting determination on appeal, was extremely wide and was intended to divest Mow and Hsiang not only of the proofs of their stewardship, but also of all the evidence which they desired and intended to place before congressional committees in support of their charges. The order did not, and could not, relate to espionage reports of confidential agents of Chiang Kai-shek covering propaganda and subversive activities in the United States. Absolutely no information as to the existence of these secret coded reports made by Chen Chih-mai, Peter T. K. Pee, and other Chinese representatives of Chiang Kai-shek, was disclosed to the court, nor did it have any relationship with the legitimate and approved activities conducted by General Mow and Colonel Hsiang in the Chinese National Air Force Office.

Contrary to the voluminous and expensive propaganda which has been issued by the China lobby and inspired by the secret representatives of Chiang Kai-shek, General Mow has disclaimed in writing, any personal interest in any of the funds well known by the Chinese Embassy to have been held and expended for the actual benefit of the Chinese Nationalists on Formosa. The court record contains direct and specific military orders to General Mow from the constitutional President of Nationalist China, General Li Tsung-jen, requiring him to withhold from illegal diversion to private hands, these sums of money. He has denied the jurisdiction of the United States District Court in a suit between an unlawful and discredited alien regime and an alien military officer relating to the propriety of the military duties of that officer, and both General Mow and Colonel Hsiang have consistently and for many months, held themselves available without limitation or qualification, to full cooperation with the Department of State and any designated congressional committee to supply in full information as to the propriety and good faith of their actions.

The steps initiated by Chen Chih-mai, Peter T. K. Pee, the Chiang Kai-shek delegation and their associates and affiliates, by the use of physical force and threats against General Mow and Colonel Hsiang and their relatives and by legalistic strategy to conceal and smother this information of vital importance to the interests of the United States, has resulted in General Mow leaving

the jurisdiction of this cause and in a threat of a default judgment whenever the Chiang Kai-shek forces can prove the truth of their affirmative allegations. Col. V. S. Hsiang has never left the jurisdiction of the court and has constantly been available, and is now available in Washington, to implement prior charges and prove the truth of his allegations. He has submitted to exhaustive depositions before counsel for Chiang Kai-shek. Numerous quantities of accounting and other information, and the entire contents of the Chinese Air Force Office in Washington, as well as possession of those premises, have been turned over to the court-designated custodian and made available for the representatives of Chiang Kai-shek.

In their letter, these Chinese say: "We have a full file of these cabled reports, and we would be glad to let you examine them if you so desire in the interest of truth." It should also be apparent that the signers of the letter have access to the code replies from Chiang Kai-shek and his instructions and his directions to his agents in the United States with respect to his propaganda strategy. We are advised that Mackay Radio handled this code correspondence, and I strongly recommend that you procure immediately, by resolution of the Senate pending the grant of power of subpoena to a congressional investigating committee, an instruction to that company to safeguard and prepare for the production to Congress of the entire correspondence. By similar action, assurance should be had that neither Chen Chih-mai, Peter T. K. Pee or any others of the Chiang Kai-shek agents escape from this country with documents vital to our national defense. Already, one of the Chinese delegation has evaded service of subpoena and returned to Formosa.

It is my sincere belief that when the full truth is disclosed to Congress, there will be such a revulsion of congressional opinion over the financial and propaganda activities of the China lobby that it will be possible to develop a plan of cooperative action with the honest and capable Chinese Nationalists who are determined in their effort to restore China to democratic government. Under such a plan, adequate provision can be made for the care, training, and education of the legitimate refugees on Formosa, and by official cooperation with the United Nations, the looting of the United States Treasury for private purposes in the name of the fight against communism can be terminated. At that time you may get your reward in public understanding and appreciation for your courageous position.

Respectfully yours,

ROBERTS & McINNIS,
By WILLIAM A. ROBERTS.

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Type of Material: Magazine

Author(s): Charles Wertenbaker

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AFFIDAVIT OF CAPTAIN T. C. FANG (FANG TIEN-CHEN)

DISTRICT OF }
COLUMBIA } SS.

The undersigned on oath, deposes and says:

(1) I am Captain T. C. Fang, and I formerly served on the personal staff of Lieutenant General Pang-tsu Mow as a captain in the Air Force of the Republic of China. I have resided in the United States for the last several years, and my current address is 2111 18th Street, N.W., Washington, D.C.

(2) I have read the affidavit of Mrs. P. T. Mow, which was executed by her in my presence today, and I hereby affirm that the statements made in her affidavit are true and correct, and that I have independent personal knowledge and recollection of the accuracy and veracity of each statement.

(3) Since Mrs. P. T. Mow is not familiar with the English language ^{her son} ~~I~~ have truthfully and accurately translated the English version of the affidavit to her *in my presence.*

T.C. Fang
方天政

T.C. Fang
方天政
Fang Tien-chen

Fang Tien-chen
(Captain T. C. Fang)

Subscribed and sworn to before me, a Notary Public this 11th day of June, 1952.

Vera B. Hopkins

Vera B. Hopkins
Notary Public

My Commission Expires My Commission Expires Oct. 14, 1956

XEROX MADE FROM QUICK COPY

AFFIDAVIT OF MRS. PANG-TSU MOW (MOW, WANG A-CHUEN)

DISTRICT OF)
COLUMBIA) SS.

The undersigned on oath, deposes and says:

(1) I am the lawful wife of Lieutenant General Pang-tsu Mow, Deputy Commanding General of the Chinese Air Force in charge of its office in the United States and serving concurrently as Delegate of the Republic of China on Formosa to the Military Security Committee of the United Nations. For the last several years I have resided with my husband and my children in Washington, D.C. at 2718 32nd Street, N.W.

(2) On the evening of March 27, 1952 between the hours of 10 p.m. and 1 a.m. I attended a conference in the apartment of J. Z. Huang at the Quebec House in Washington, D.C. for the purpose of discussing a possible solution of my husband's controversy with Chiang Kai-shek. With me was Captain Tien-chen Fang who served on the personal staff of my husband. Present with Mr. Huang was W. K. Lee, Chinese Nationalist Delegate to the Far Eastern Commission.

(3) During our three hour talk on March 27, Mr. Huang told me:

"These truce talks must be concluded before the China Lobby articles are published. After they are published there can no longer be any truce talks. I will not come to your (Mrs. Mow's) home any more."

I understood that Mr. Huang referred to the articles on the China Lobby which Reporter Magazine had advertised an intention to publish during April. Mr. Lee then said:

"After the China Lobby articles are published, P. T. Mow will no longer be my friend, but you will still

remain my friend. The China Lobby articles will involve many Chinese and Americans . . . then, the lives of Mow and Hsiang will be in danger."

(4) During the evening our talk turned to Colonel Hsiang's position. Mr. Huang told me:

"There are untruths in Colonel Hsiang's deposition. The attorneys of our government are looking for them. Within three to six months Hsiang will be thrown into jail. Colonel Hsiang has offended too many Chinese, as well as Americans. It will be a cinch to murder him, - for, in this country there is Murder Incorporated We should leave Colonel Hsiang out of this truce talk. You may volunteer your deposition to double-cross Hsiang then, P. T. Mow can return to the United States to finish the suit. We can guarantee his life, but not the consequences of the suit."

I told Mr. Huang that:

"It is absolutely impossible to leave Colonel Hsiang out of the truce talks. All problems should be solved once and forever if you want a truce talk."

(5) The conference broke up at approximately 1 a.m. and Captain Fang and I left Mr. Huang's apartment and returned to our own homes. I delayed telling Colonel Hsiang about this conversation until Monday, June 9, 1952. At his request Captain Fang wrote in Chinese a statement giving our recollection of the comments of Mr. Huang and Mr. Lee on March 27, and after reading over the statement Captain Fang and I signed it.

(6) This affidavit has been translated to me by ^{my son, C. C. Mow} Captain Fang and ^{C.C. Mow}

毛子雲

毛王翁
C.C.M

~~General Huang~~, and it correctly and truthfully represents my recollection of our March 27 meeting with Mr. Huang and Mr. Lee.

毛王翁 翁

Mow, Wang A-chuen
(Mrs. Pang-tsu Mow)

Subscribed and sworn to before me, a Notary Public this 11th day of June, 1952.

Vera B. Hopkins

Vera B. Hopkins
Notary Public

My Commission Expires

My Commission Expires Oct. 14, 1956

June 11, 1952

I C.C. Mow son of General and Mrs P.T. Mow
Certify that I ~~actual~~ accurately and truly translate
the within affidavit to my father Mrs P.T. Mow

C.C. Mow

Susan H and subscribed the undersigned
This 11th day of June, 1952.

Vera B. Hopkins
Notary Public

My Commission Expires Oct. 14, 1956

M A I L G R A M

TO ALL CHINESE AIR FORCE PERSONNEL IN THE UNITED STATES RE: INSTRUCTIONS REGARDING METHODS AND INCENTIVES FOR COLLECTING INFORMATION FOR CHINESE AIR FORCE INTELLIGENCE

I. Reason for Introducing This Plan:

Many intelligence reports in the past could have been obtained from private individuals but because we lacked a comprehensive incentive plan or method much precious information, although known to individuals, was not submitted to the government authorities for its proper use. This is a waste and inefficient. The present instructions are particularly designed to inspire individuals having valuable information to help their Government to collect and investigate all kinds of information needed for Intelligence purposes.

II. Scope of These Instructions:

The purpose of these instructions is to place on all Air Force personnel (and non-Air Force personnel) in groups or as individuals the duty of collecting information for Intelligence. This is to be done in addition to the work already being done by those individuals who are directly in charge of Intelligence work. The purpose is to have everybody work on collecting valuable information so that the Intelligence Area covered can be broadened and the work of the Intelligence Service itself reinforced.

III. Area to be Covered:

A. Intelligence Report on Technical Material:

1. The latest type of design or model and information in regard to all types of aircraft, such as specifications of material, performance of airplane, etc.
2. The latest type of design or model and information in

4. Information in regard to production methods for rockets, and their improvement.
 5. All information with regard to the production method and improvement of atomic bombs.
 6. Production method of variable types of timing detonators, and their improvements.
 7. New inventions of aerial and anti-aircraft weapons, and their improvements.
 8. Any useful information regarding strategic war material and resources.
 9. Information regarding aircraft carriers.
- B. Intelligence Report on Military Photographic Methods
1. General information on military photography, including camera and camera gun.
 2. Equipment for night photography.
 3. Organization chart for a photographic team or unit, and its equipment and procedures.
 4. General information in regard to secret photographic intelligence methods.
 5. Distribution of work within a photographic unit and its working procedures.
 6. All books regarding photographic techniques.
 7. All information available regarding color photography and television.
 8. Information in regard to picture reading and analysis.
 9. All equipment for picture reading and analysis, and its operation.
 10. Organization chart for a picture reading group and its distribution and system of work.
 11. Training program of photo intelligence officers.
 12. Information regarding surveying of military maps.
 13. All kinds of tables for geodetic maps.

C. Intelligence Report on Training Program

1. System of recruiting and training (including newly recruited and inexperienced personnel).
2. The acceptable qualifications, traits and abilities required for being an intelligence officer.
3. Organization chart of intelligence school and its equipment.
4. Material for training intelligence officers and new types of equipment for that purpose.
5. Disposition of intelligence officers and system of commissioning, decommissioning, and transferring such officers.

D. Intelligence Report on Censorship and Interrogation

1. Organization chart of interrogation unit and its duties in counter-intelligence.
2. General method of interrogation.
3. Method of special interrogation.
4. Interrogation procedures.
5. General concept and practice of interrogation group.
6. Relationship between intelligence reports and the interrogation unit.
7. Security devices.

E. Intelligence Report on Preserving Armaments

1. Organization chart of counter-espionage and its practice.
2. Practice and method of security control.
3. Interrelated methods of preserving armaments.
4. Presently employed methods of decoy and camouflage.
5. Use of codes in counter-espionage and other security devices.

/NOTE: This section can only be explained in terms of Chinese military experience. There is no exact English translation available for the ideograph signifying roughly "preservation of armaments." The Chinese term refers to a military concept for the protection of armaments against surrender

to the enemy by deserting soldiers. This concept calls for a manning table which puts a reliable soldier together with an unreliable soldier as a team. On the march the reliable soldier carries the cartridges and the stock of a rifle, and the unreliable soldier carries the barrel. The Chinese have very careful plans for carrying out this type of procedure to the minutest detail; I doubt if there is a counterpart of the procedure in the American Army.]

F. Intelligence Report on Military Targets

1. Power plants.
2. Aircraft plants.
3. Arsenals and their power plants.
4. Steel plants and oil refineries.
5. Airports and air bases, and equipment and supply depots.
6. Railway system stations and bridges.
7. Highway system, highway bridges, important highway hubs.
8. The inland waterway system and its control points.
9. Harbor equipment, docks, piers, and warehouses.
10. Navy bases.
11. Military depots.
12. Harbor defense.
13. Distribution of anti-aircraft batteries.
14. Water Supply.
15. Any other important installations (It will be much better if the information described above can be given along with photographs of the targets.).

G. Daily Intelligence Reports [Apparently this is intended to apply in the event of active war.]

1. Air combat results.
2. Location of aircraft and equipment or armament.

3. Information on location of air squadrons.
4. Newly employed methods of decoy and camouflage, and their improvement.
5. Air tactics and their application and improvement.
6. Secret code for friend and foe signals.
7. Air defense, such as warning system, location of anti-aircraft, spot lights, obstacle balloons, radar and its performance.
8. Anti-aircraft fire for Army and Navy units and their air defense arrangements.
9. The fire power and blind angle of all types of military aircraft.
10. Vulnerability of all air defense arrangements.

H. Intelligence Report on Communications

[First two subdivisions are indecipherable as a result of dampness of air.]

3. Information on Air Force procedures and regulations.
4. Organization chart of air squadron, including parachute and glider groups.
5. Emblems of different squadrons and their station or location.
6. Educational program of Air Force, such as training program for pilots and specialists, including training program and training material, educational background of instructors, and location of equipment and schools.
7. The condition of supplies, including system of maintaining aircraft and spare parts.
8. Training program for commercial air lines.
9. Organization of civil air defense and its operation.

(All above mentioned material and information not only should be submitted in writing, but should be accompanied with drawings, tables, pictures or models, etc.)

IV. Method of Relating Information:

1. Any unit or individual or branch of a unit which is assigned to this headquarters should relay immediately the information obtained to its headquarters unit or direct superior, and from there the information should go to the A-2 of the Chinese Air Force.
2. The Commanding Officer of any unit which receives the information should take immediate action to expedite. No delay should be allowed.

V. Method for Providing Incentive:

- a. Whenever any Air Force personnel (regardless of group or individual), except those who are directly in charge of Intelligence work, succeed in submitting intelligence reports directly or indirectly to headquarters, then headquarters will examine the report and will recognize the value of the information by giving to personnel submitting such information a citation or commendation or other material reward. The reward given will also be counted as a part of the officer's annual efficiency report.
- b. If the person collecting the information and submitting the report incurs expense in obtaining the information, this headquarters will reimburse for the expense.
- c. Non-Air Force personnel, whether individuals or groups in another governmental unit, or just a civilian or foreigner who can supply valuable information recognized as important by headquarters will also be subject to the provisions of this regulation.

VI. These instructions are published as an order or command to all personnel.

P. S. If you find this method is not perfect you can submit your opinion to headquarters. Any amendment will be published also as a command.

[NOTE: The original document from which this translation is made consists of four double sheets of rice paper bradded together in two places on the left-hand margin. The original document is mimeographed in Chinese language except for various letters of the alphabet and Arabic numerals indicating subdivisions. I am told by Colonel V. S. Hsiang that identical instructions were received by the Chinese Air Force Office in U.S.A. sometime during 1948, with a covering mailgram of transmittal from C. J. Chow, Commanding General, Chinese Air Force, and marked "Top Secret." The document from which this translation was made was given to Colonel Hsiang by Colonel C. L. Tseng, Air Attache of the Chinese Embassy. So as not to expose himself to retaliation, he refused to turn over the transmittal jacket which names him as addressee and Chinese Air Force Headquarters as the sender. The instructions received by the Chinese Air Force Office in U.S.A. were left behind in a file cabinet in the offices at 2110 LeRoy Place, N. W., when they were vacated on November 29. A recent inspection of the 2110 LeRoy Place offices developed that the file was missing from its usual location. Colonel Tseng tells Colonel Hsiang and he independently remembers that the instructions were issued in 1948. Colonel Hsiang is endeavoring to obtain from Colonel Tseng the exact date of transmittal which appears on the transmittal jacket retained by Colonel Tseng.]

C A B L E

September 1, 1945

FROM: Chinese Air Force Headquarters

TO: Air Attache, c/o Chinese Air Force Office in U.S.A.

Your cable received. You are instructed to continue search for information in regard to atomic bomb.

/s/ C. J. Chow

C A B L E

December 6, 1946

FROM: Chinese Air Force Headquarters

TO: Air Attache, c/o Chinese Air Force Office in U.S.A.

You are instructed to collect the information in regard to the report of the results of the Bikini atomic bomb tests in July and send back immediately for our study.

/s/ C. J. Chow

NOTE: The cables of September 1, 1945 and December 6, 1946 were transmitted in code to the Washington office of the Chinese Air Force by the Commanding General of the Chinese Air Force, C. J. Chow. They were decoded by Captain Fang, the Code Officer. These translations were made from Captain Fang's original decoding memorandum.

FROM THE BELL SYNDICATE, INC.--RELEASE MONDAY, MARCH 7, 1955.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

(COPYRIGHT, 1955, BY THE BELL SYNDICATE, INC.)

DREW PEARSON SAYS: (CAPS) CHURCHILL UNWITTINGLY AIDS REPUBLICANS; ON-AGAIN, OFF-AGAIN STATE DEPARTMENT DOESN'T KNOW WHAT WE'RE DEFENDING; IKE WANTS TO BENCH SOME REPUBLICAN SENATORS WHO WON'T PLAY BALL. (END CAPS)

WASHINGTON.--PRIME MINISTER CHURCHILL HAS SECRETLY REQUESTED THE STATE DEPARTMENT NOT TO PUBLISH ITS DIPLOMATIC CORRESPONDENCE REGARDING THE YALTA CONFERENCE UNTIL 10 YEARS HAVE PASSED.

THIS WILL BE A BAD BLOW TO REPUBLICAN POLITICIANS WHO HAVE HAD THEIR TONGUES HANGING OUT WAITING FOR THE SECRET YALTA RECORD TO BE PUBLISHED SO THEY COULD CHARGE ALLEGED ROOSEVELTIAN GIVE-AWAYS TO THE KREMLIN.

HOWEVER, WHEN CHURCHILL'S REQUEST WAS RELAYED TO JOHN FOSTER DULLES, HIS REACTION WAS: SINCE EDEN AND CHURCHILL RISKED THEIR POLITICAL NECKS FOR US ON THE FORMOSAN CRISIS, WE OUGHT TO ADHERE TO WINSTON'S WISHES.

SO THE YALTA PAPERS, THOUGH ALREADY IN GALLEY-PROOF FORM, WILL BE SUPPRESSED.

CHURCHILL BASED HIS REQUEST ON THE FEAR PUBLICATION WOULD HARM AMERICAN-BRITISH RELATIONS.

--GOP DISAPPOINTMENT--

THIS PROBABLY ENDS AN ATTEMPT BY GOP SENATORS TO PRY THE YALTA RECORDS LOOSE. SENATORS KNOWLAND OF CALIFORNIA AND BRIDGES OF NEW HAMPSHIRE HAD CONTINUED AN APPROPRIATION OF \$112,000 A YEAR FOR FOUR YEARS TO PUBLISH DOCUMENTS PERTAINING TO BOTH YALTA AND U.S.-CHINESE RELATIONS. TERRIFIC PRESSURE WAS APPLIED TO THE STATE DEPARTMENT LAST OCTOBER TO GET PUBLICATION BEFORE THE NOVEMBER ELECTIONS, AND BILL REED, REPUBLICAN SENATE SECRETARY, EVEN WENT DOWN TO THE STATE DEPARTMENT TO PROD HISTORIAN ROBINSON MCILVAINE--TO NO AVAIL.

GOP SENATORS DON'T KNOW IT YET, BUT ACTUALLY THE YALTA RECORDS ARE DISAPPOINTING FROM A POLITICAL POINT OF VIEW. THEY CONTAIN ALMOST NOTHING ABOUT ALGER HISS, LONG SUSPECTED OF SELLING THE USA SHORT AT YALTA.

THEY DO CONTAIN ONE TYPICAL ROOSEVELTIAN WISE-CRACK TO THE EFFECT THAT "MAYBE WE SHOULD SELL LONG ISLAND TO STALIN."

BUT ON THE WHOLE, REPUBLICAN POLITICIANS ARE PROBABLY BETTER OFF HAVING THE DOCUMENTS SUPPRESSED FOR 10 YEARS. THIS WAY THEY CAN TALK ABOUT THE YALTA "GIVE-AWAYS" WITHOUT ANYONE BEING ABLE TO DIG UP CONFLICTING FACTS. SO PERHAPS WINSTON CHURCHILL DID THE GOP A GOOD TURN.

(MORE)

MERRY-GO-ROUND--MONDAY, MARCH 7--PAGE 2.

NOTE--IN 1943 THE STATE DEPARTMENT PROPOSED PUBLISHING THE SECRET RECORD OF THE VERSAILLES PEACE CONFERENCE, WHEREUPON CHURCHILL PROTESTED. AT THAT TIME IT LOOKED AS IF THE ALLIES WERE LOSING THE WAR AND HE WAS AFRAID THE GERMANS WOULD HAVE A PUBLISHED RECORD TO SHOW HOW TOUGH THE ALLIES WERE ON THEM AT VERSAILLES. THE STATE DEPARTMENT ACCEDED TO CHURCHILL'S WISHES IN 1943, BUT PUBLISHED THE FULL CONFERENCE RECORD IN 1945 WHEN THE TIDE OF WAR HAD SHIFTED AND THE ALLIES WERE CONFIDENT OF WINNING.

--DULLES VS. CHIANG--

HERE IS THE INSIDE REASON WHY SECRETARY OF STATE DULLES SUDDENLY WENT TO FORMOSA FOR AN UNSCHEDULED CONFERENCE WITH GENERALISSIMO CHIANG KAI-SHEK.

DULLES FLEW TO TAIPEH AFTER CHIANG VIRTUALLY DEMANDED THAT HE SHOW UP TO DISCUSS SOMETHING HE SAID WAS EXTREMELY CRITICAL TO THE FREE WORLD. WHEN HE GOT THERE, DULLES FOUND THAT CHIANG WAS HOPPING MAD BECAUSE HE THOUGHT FOREIGN MINISTER ANTHONY EDEN HAD PERSUADED DULLES DURING THE BANGKOK CONFERENCE TO ABANDON ANY IDEA OF DEFENDING QUEMOY AND MATSU.

DULLES ASSURED CHIANG THE U.S. 7TH FLEET WILL HELP DEFEND BOTH ISLANDS AGAINST RED CHINA--IF IT LOOKS AS IF AN INVASION IS THE PRELUDE TO AN ATTACK ON FORMOSA. CHIANG ANSWERED THAT HE HOPED THIS WAS TRUE BECAUSE, IF NOT, HE WOULD HAVE TO ORDER HIS OWN FORCES TO ATTACK THE MAINLAND, EVEN IF IT MEANT EVENTUAL SUICIDE FOR HIM AND ALL HIS ARMY.

DULLES WOUND UP THE CONFERENCE BY URGING CHIANG TO KEEP CALM AND TRUST THE UNITED STATES NOT TO DESERT HIM.

NOTE--THERE HAVE BEEN SO MANY CONFLICTING STATEMENTS ON QUEMOY AND MATSU THAT SOME PEOPLE EVEN INSIDE THE STATE DEPARTMENT DON'T KNOW WHETHER THEY'RE GOING TO BE DEFENDED.

--IKE'S POSSIBLE PURGES--

DDE IS BEING CAGIER ABOUT IT THAN FDR, BUT HE'S QUIETLY ARRANGING FOR SOME SENATORIAL PURGES TOO. INSTEAD OF GOING OUT TO CAMPAIGN OPENLY AGAINST GOP OPPOSITION SENATORS, HOWEVER, EISENHOWER IS CAREFULLY BUILDING UP CANDIDATES TO RUN AGAINST THEM.

FOR INSTANCE, HE'S BROUGHT EX-GOV. HOWARD PYLE OF ARIZONA INTO THE WHITE HOUSE AS ONE OF HIS SPECIAL ASSISTANTS IN ORDER TO GIVE HIM A SPRINGBOARD TO RUN AGAINST GOP SEN. BARRY GOLDWATER OF ARIZONA, ONE OF THE MOST RAUCOUS MCCARTHYITES ON CAPITOL HILL.

(MORE)

MERRY-GO-ROUND--MONDAY, MARCH 7--PAGE 3.

GOLDWATER, OF COURSE, HAS GOT WIND OF THIS, WHICH EXPLAINS HIS RECENT PESSIMISTIC STATEMENT ABOUT THE RE-ELECTION OF REPUBLICAN SENATORS. SENATOR GOLDWATER, IRONICALLY, IS CHAIRMAN OF THE 'GOP COMMITTEE CHARGED WITH RE-ELECTING SENATORS, SO HE SERVED INDIRECT NOTICE ON THE WHITE HOUSE THAT SOME OTHER REPUBLICANS MIGHT HAVE A TOUGH TIME.

ANOTHER GOP SOLON THE WHITE HOUSE WOULD LIKE TO SEE BENCHED IS JOHN MARSHALL BUTLER OF MARYLAND, ELECTED BY JOE MCCARTHY AND TEXAS-CHICAGO TRIBUNE MONEY IN 1950.

IN ORDER TO BENCH HIM, IKE IS BUILDING UP GOV. THEODORE ROOSEVELT MCKELDIN OF MARYLAND, WHICH WAS ONE REASON WHY SIMON SOBELOFF, IKE'S SOLICITOR GENERAL, RECENTLY STAGED A BIG DINNER FOR MCKELDIN. THE DINNER, INCIDENTALLY, WAS NOT PAID FOR BY SOBELOFF. HE WAS JUST DOING HIS BEST TO COOPERATE WITH TOP REPUBLICAN STRATEGY.

NOTE 1--GOLDWATER GOT INTO THE SENATE ON SOMETHING OF A FLUKE, DEFEATING SEN. ERNEST MCFARLAND, DEMOCRAT, WHO HAD DONE A GREAT JOB FOR ARIZONA BUT, AS SENATE MAJORITY LEADER, HAD TO SPEND MUCH TIME IN WASHINGTON. NOW MCFARLAND HAS STAGED A COMEBACK, LAST FALL WON THE GOVERNORSHIP FROM GOP GOVERNOR PYLE.

NOTE 2--IT'S A PARADOX OF POLITICS THAT, THOUGH FDR INVADED MARYLAND TO PURGE SEN. MILLARD TYDINGS, DEMOCRAT, MCCARTHY 12 YEARS LATER MANAGED TO DO THE PURGING. NOW DDE, WITH DIFFERENT TACTICS, WANTS TO PURGE THE MAN MCCARTHY ELECTED. TYDINGS, WHO WAS DEFEATED, HASN'T DECIDED YET WHETHER TO RUN AGAIN. HE'D LIKE TO FOR VINDICATION PURPOSES, BUT ON THE OTHER HAND HE'S REALLY ENJOYING PRIVATE LIFE.

(END MERRY-GO-ROUND RELEASE MONDAY, MARCH 7, 1955) 3/3/55 MG525P

FROM THE BELL SYNDICATE, INC.--RELEASE WEDNESDAY, DEC. 23, 1953.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

(COPYRIGHT, 1953, BY THE BELL SYNDICATE, INC.)

DREW PEARSON SAYS: (CAPS) NIXON DID GOOD JOB FOR U.S.A. AND FOR HIMSELF ON WORLD CRUISE; CHINA LOBBY WOULD DISOWN DICK IF THEY KNEW WHAT HE TOLD NEHRU; VICE PRESIDENT FAVORS RECOGNIZING RED CHINA -- IF. (END CAPS)

WASHINGTON.--THOUGH VICE PRESIDENT NIXON'S TOUR STARTED AS A PURE AND SIMPLE POLITICAL JUNKET TO OFFSET ADLAI STEVENSON'S PILGRIMAGE, AND, SECOND, BUILD UP NIXON, EVEN HARD-BOILED DIPLOMATS ADMIT THAT IT WAS A SUCCESS. NIXON HANDLED HIMSELF WELL AND WON A LOT OF GOOD WILL FOR THE U.S.A.

WITH POSSIBLY THREE EXCEPTIONS, THE HANDSOME, 40-YEAR-OLD V.P. DID THE RIGHT THING AT THE RIGHT TIME, AND GENERALLY DISPELLED THE IDEA THAT THE UNITED STATES IS AN IMPERIALISTIC WARMONGER.

WHETHER HIS RIGHT-WING GOP COLLEAGUES BACK IN THE SENATE WOULD APPROVE OF WHAT THEIR FRIEND SAID IN DISTANT COUNTRIES IS ANOTHER MATTER. BUT THERE IS NO QUESTION THAT THE ORIENTALS LIKED IT. IN INDIA, FOR INSTANCE, HE TOLD PRIME MINISTER NEHRU THAT THE UNITED STATES WOULD RECOGNIZE RED CHINA, IF CHINA IN TURN TOOK A MORE REASONABLE ATTITUDE TOWARD THE WEST. RED CHINA, HE SAID, WAS PROBABLY HERE TO STAY AND IF THE REDS WOULD BRING ABOUT A PERMANENT PEACE IN KOREA, WE WOULD BE WILLING TO REVISE OUR PRESENT DIPLOMATIC BOYCOTT.

PREMIER NEHRU WAS SO IMPRESSED THAT HE IMMEDIATELY WIRED THE INFORMATION TO HIS AMBASSADOR IN PEIPING, URGING THAT HE USE IT TO PROMOTE PEACE IN KOREA.

--CHINA LOBBY SHUDDERS--

TO CERTAIN SENATORIAL COLLEAGUES OF DICK NIXON, RECOGNITION OF RED CHINA IS RANK HERESY AND JUST THE SAME AS EMBRACING COMMUNISM. KNOWLAND OF CALIFORNIA, BRIDGES OF NEW HAMPSHIRE AND MCCARTHY OF WISCONSIN WOULD HAVE MADE THE SENATORIAL WELKIN RING IF A DEMOCRAT HAD SAID ANYTHING LIKE THIS. IN FACT, NIXON HIMSELF, ELECTED TO THE SENATE WITH THE HEAVY SUPPORT OF THE CHINA LOBBY, INCLUDING THE PERSONAL, ON-THE-SPOT BACKING OF LOUEY KUNG, NEPHEW OF CHIANG KAI-SHEK, SHARED THEIR SENTIMENTS ONLY A FEW MONTHS AGO.

HOWEVER, NIXON HELD OUT THE SAME VIRTUAL PROMISE OF RECOGNIZING RED CHINA IN RETURN FOR KOREAN PEACE WHEN HE TALKED TO BURMESE AND INDONESIAN LEADERS. FURTHERMORE, HE WAS TALKING WITH THE COMPLETE APPROVAL OF THE STATE DEPARTMENT, WHICH MADE THIS FACT ALL TOO CLEAR WHEN NIXON WAS IN FORMOSA.

MORE

THIS WAS ONE TIME THE VICE PRESIDENT GOT HIS WIRES CROSSED. VISITING WITH CHIANG KAI-SHEK, WHO STILL CHERISHES THE AMBITION OF RETAKING THE CHINESE MAINLAND, NIXON STATED PUBLICLY THAT THE UNITED STATES WOULD NEVER DESERT CHIANG, WOULD NEVER RECOGNIZE RED CHINA.

AT THE AIRPORT, AS HE WAS LEAVING FORMOSA, A NEWSMAN HANDED THE VICE PRESIDENT A STATEMENT BY NO LESS THAN SECRETARY OF STATE JOHN FOSTER DULLES, FLATLY CONTRADICTING HIM. THE UNITED STATES, DULLES HAD ANNOUNCED PUBLICLY, WOULD KEEP AN OPEN MIND REGARDING RED CHINA, MAY SOME DAY RECOGNIZE HER.

THE VICE PRESIDENT FLUSHED, MURMURED SOMETHING ABOUT SOMEBODY GETTING THEIR WIRES CROSSED, CHANGED HIS STATEMENTS FROM THEN ON.

--KISSING BABIES--

IN JAPAN, NIXON GOT OFF TO A BAD AND SEMIHUMOROUS START WHEN HE STOPPED A LONG, 100-CAR PARADE THROUGH THE STREETS OF TOKYO TO KISS A COUPLE OF CUTE JAPANESE BABIES. HE DIDN'T KNOW THAT IN JAPAN KISSING IN PUBLIC IS FORBIDDEN, IS CONSIDERED SO SEXUAL THAT ALL LOVE SCENES ARE CENSORED FROM AMERICAN MOVIES.

YOUNG RICHARD LATER ENDEARED HIMSELF TO THE HEARTS OF THE JAPANESE BY SAYING THAT THE UNITED STATES HAD MADE A MISTAKE BY FORCING A TOUGH DISARMAMENT TREATY ON JAPAN. THE STATE DEPARTMENT FELT HE WENT A LITTLE TOO FAR ABOUT ADMITTING THE AMERICAN ERROR, BUT VIEWING THE TRIP AS A WHOLE, THEY THINK YOUNG RICHARD DID A PRETTY GOOD JOB.

NOTE--ADMINISTRATION LEADERS MADE A SPECIAL POINT OF GETTING THE THREE BIG NEWS SERVICES TO SEND SPECIAL REPRESENTATIVES WITH NIXON ON HIS TRIP. ORDINARILY, SPECIAL NEWS COVERAGE IS NOT GIVEN A VICE PRESIDENT. WHEN VICE PRESIDENT BARKLEY VISITED AMERICAN TROOPS IN KOREA HE RATED NO SPECIAL PRESS COVERAGE. NOR DID VICE PRESIDENT HENRY WALLACE WHEN HE TOOK A GOOD-WILL TRIP TO LATIN AMERICA. WENDELL WILLKIE AND ADLAI STEVENSON, BOTH IN THE LIMELIGHT AFTER THEIR RACES FOR THE PRESIDENCY, GOT NO SPECIAL PRESS COVERAGE. HOWEVER, DESPITE ECONOMY BUDGETS AND HIGH CABLE TOLLS--IN SOME CASES \$1 A WORD--THE PRESS ASSOCIATIONS AGREED TO SEND SPECIAL NEWSMEN WITH NIXON. PUBLICITY-WISE, IT WAS WHAT MADE THE TRIP FOR HIM.

--TENNESSEE COATTAILS--

HANDSOME SEN. ALBERT GORE OF TENNESSEE PUT ON HIS CUTAWAY COAT THE OTHER DAY TO OFFICIATE AT THE WEDDING OF HIS COUSIN, MARY GORE, AND HIS OLD FRIEND, GORDON DEAN, EX-CHAIRMAN OF THE ATOMIC ENERGY COMMISSION. SWALLOW-TAILS ARE SELDOM SEEN AROUND THE GORE FAMILY HOUSEHOLD AND THE SENATOR'S SIX-YEAR-OLD SON, ALBERT, WAS INTRIGUED.

"HOW DO I LOOK?" SENATOR GORE ASKED THE BOY.

MORE

MERRY-GO-ROUND--WEDNESDAY, DEC. 23--PAGE 3.

ALBERT, JR., WAS AS DELIBERATE AS IF HE WERE VOTING ON AN AMENDMENT TO THE CONSTITUTION.

"YOU'D LOOK BETTER," HE SAID, "IF YOU HAD A MUSTACHE."

AT THE WEDDING LATER, SENATOR GORE TOLD HIS TENNESSEE COLLEAGUE, SEN. ESTES KEFAUVER, ABOUT HIS SON'S REACTION.

"SERVES YOU RIGHT FOR LETTING HIM SEE SO MANY PICTURES OF TOM DEWEY," ADMONISHED THE SENIOR SENATOR FROM TENNESSEE.

--DULLES' LAW PARTNER--

SECRETARY OF STATE JOHN FOSTER DULLES WAS BURNED UP AT HIS LAW PARTNER, ARTHUR DEAN, FOR ABRUPTLY LEAVING THE KOREAN PEACE TALKS AND FLYING BACK TO THE U.S.A. FOR CHRISTMAS.

DEAN HAD INSTRUCTIONS NOT TO COME HOME WITHOUT CONSULTING WASHINGTON. THE LAST THING HIS LAW PARTNER WANTED WAS TO GIVE THE REDS AN EXCUSE TO SAY THE UNITED STATES WAS WARMONGERING, THAT WE WOULDN'T SIT DOWN AT THE CONFERENCE TABLE. FURTHERMORE, THE REDS HAVE HURLED A LOT OF ACCUSATIONS AT US MUCH WORSE THAN THE ONE DEAN USED AS AN EXCUSE TO GET HOME--NAMELY, THAT WE HAD CONSPIRED WITH SYNGMAN RHEE TO RELEASE THE WAR PRISONERS.

STATE DEPARTMENT OFFICIALS SUSPECT THAT WHAT DEAN REALLY WANTED WAS TO GET HOME FOR THE MARRIAGE OF HIS SON AT HANOVER, N.H., LAST WEEK AND TO SPEND CHRISTMAS WITH HIS FAMILY.

NOTE--ONE GROUP THAT DISTINCTLY DID NOT WANT DEAN TO COME HOME IS THE OIL COMPANIES. DEAN IS COUNSEL FOR STANDARD OIL OF NEW JERSEY IN THE BIG ANTITRUST SUIT BROUGHT AGAINST THEM BY THE JUSTICE DEPARTMENT. AS LONG AS HE WAS IN KOREA, THE OIL COMPANIES HAD BEEN ABLE TO HOLD UP LITIGATION.

(END MERRY-GO-ROUND RELEASE WEDNESDAY, DEC. 23, 1953)

MM 634P12/20/53

FROM THE BELL SYNDICATE, INC.--RELEASE MONDAY, MARCH 14, 1955.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) IKE FACES DECISION TO USE A-BOMB IN CHINA; DULLES SWINGS OVER TO KNOWLAND'S SIDE FOR DEFENSE OF QUEMOY-MATSU; CHINA REDS LAUGH AT DULLES'S "'STAND FIRM' STATEMENTS."

(END CAPS)

WASHINGTON.--THE BURMESE GOVERNMENT HAS GIVEN A CONFIDENTIAL, HIGHLY IMPORTANT REPORT TO THE STATE DEPARTMENT REGARDING AN EXCHANGE BETWEEN CHINESE FOREIGN MINISTER CHOU EN-LAI AND BURMESE PREMIER U NU. IT SHEDS SHOCKING LIGHT ON HOW OUR POLICY OF WAVING THE BIG STICK HAS FAILED IN THE FAR EAST.

THE BURMESE PREMIER TOLD CHOU QUITE RECENTLY THAT HE WAS CONVINCED THE UNITED STATES MEANT BUSINESS AND WOULD NOW FIGHT TO DEFEND FORMOSA AND THE SURROUNDING AREA.

CHOU EN-LAI'S REPLY WAS A HEARTY LAUGH.

HE SAID THE UNITED STATES HAD BEEN CUTTING ITS MILITARY BUDGET AT THE SAME TIME IT WAS SHAKING THE BIG STICK AND HE JUST WASN'T WORRIED A BIT.

PREMIER U NU ARGUED THAT HE WAS CERTAIN THE UNITED STATES, DESPITE VARIOUS OTHER RETREATS, WAS NOW READY TO STAND PAT.

BUT THE CHINESE FOREIGN MINISTER CONTINUED TO LAUGH.

LATER THE BURMESE PASSED THIS ON TO US FOR WHATEVER IT WAS WORTH.

--"MASSIVE BLUFF"--

WHAT CHOU EN-LAI HAD IN MIND, OF COURSE, WAS THE LONG SERIES OF "MASSIVE WARNINGS" GIVEN BY SECRETARY OF STATE DULLES, VICE PRESIDENT NIXON, AND THE PRESIDENT HIMSELF WHICH IN THE ORIENT HAD BEEN TABBED "MASSIVE BLUFF." EVERY TIME WE HAVE WARNED WE HAVE BACKED DOWN IN INDO-CHINA OR WITHDRAWN FROM THE TACHEN ISLANDS OR CUT THE BUDGET FURTHER--AS DETAILED IN THIS COLUMN LAST WEEK.

ALL THIS IS PARTLY WHY SECRETARY DULLES HAS BEEN POUNDING CONFERENCE TABLES BEHIND CLOSED DOORS IN THE FOREIGN RELATIONS AND FOREIGN AFFAIRS COMMITTEES AND STATING WITH MORE VEHEMENCE THAN EVER THAT THE UNITED STATES NOW MEANS BUSINESS, THAT WE WILL NOT BACK DOWN AGAIN.

IF DULLES NOW MEANS WHAT HE SAYS AND IF THE CHINESE REDS STILL DON'T BELIEVE HIM, THIS COULD EASILY LEAD TO WAR.

AT ANY RATE, HERE ARE SOME OF THE BACKSTAGE HAPPENINGS THAT HAVE TAKEN PLACE IN QUICK SUCCESSION SINCE DULLES ARRIVED FROM THE FAR EAST.

(MORE)

1. DULLES HAS DEFINITELY AND POSITIVELY RECOMMENDED TO EISENHOWER THAT THE UNITED STATES DEFEND THE SMALL OFF-SHORE ISLANDS OF QUEMOY AND MATSU. HITHERTO HE HAD BEEN OPPOSED.
2. EISENHOWER, BEFORE MAKING A FINAL DECISION, HAS ORDERED THE JOINT CHIEFS OF STAFF TO REVIEW THE MILITARY CONSEQUENCES OF DEFENDING THE TWO ISLANDS.

IT SEEMS STRANGE THAT THIS WAS NOT DONE A LONG TIME AGO. HOWEVER, THE JOINT CHIEFS HAVE BEEN MEETING ALMOST CONTINUALLY DURING THE PAST WEEK, AND BY THE TIME THIS APPEARS IN PRINT THE REVIEW SHOULD BE COMPLETED.

--JOINT CHIEFS SPLIT--

IT WILL SHOW, AS INDICATED IN EARLIER COLUMNS, A SERIOUS SPLIT INSIDE THE JOINT CHIEFS OF STAFF WITH GEN. MATT RIDGWAY, ARMY CHIEF OF STAFF, EMPHATICALLY OPPOSED TO GETTING BOGGED DOWN ON THE ISLANDS IMMEDIATELY ADJACENT TO THE CHINESE MAINLAND.

RIDGWAY ARGUES THAT THE ISLANDS ARE ONLY THREE MINUTES FLYING TIME FROM THE MAINLAND; THAT THE CHINESE COULD PEPPER OUR INSTALLATIONS WITH BOTH AERIAL BOMBS AND ARTILLERY, MAKE MINCEMEAT OF OUR DEFENSES. HE BELIEVES IT WOULD BE FOLLY OF THE WORST KIND TO DEFEND, THAT THOUSANDS OF AMERICAN TROOPS WOULD BE LOST, THAT INSTEAD WE SHOULD EVACUATE CHIANG KAI-SHEK'S ARMY IMMEDIATELY.

U.S. NAVAL REPORTS ARE ALSO DISCONCERTING. ADM. FELIX STUMP, WHO'S BEEN LOOKING OVER MATSU, IS NOT MUCH IMPRESSED WITH CHIANG'S MAKESHIFT DEFENSES. HE FEARS THE 9,000 POORLY TRAINED TROOPS ON THE ISLAND--IF UNSUPPORTED--COULD NOT HOLD OUT FOR MORE THAN A WEEK.

ADMIRAL CARNEY, CHIEF OF NAVAL OPERATIONS, JUST RETURNED FROM THE FAR EAST, ALSO REPORTS THAT THE U.S. NAVY COULD NOT OPERATE BETWEEN QUEMOY OR MATSU AND THE MAINLAND. THIS MEANS THE NAVY CAN'T THROW A CORDON AROUND THE ISLANDS AND ISOLATE THEM IN CASE OF BATTLE.

--THE REAL DECISION--

ALL THIS BOILS DOWN TO THE FACT THAT THERE IS ONLY ONE WAY TO DEFEND THESE ISLANDS--THE ATOM BOMB.

THE ARMY ALREADY HAS A STORE OF SMALL A-BOMBS ON HAND WHICH CAN DECIMATE TROOPS WITHOUT INJURING CIVILIANS. THIS WAS HINTED BY SECRETARY DULLES IN HIS BACKSTAGE TALKS WITH SENATORS.

WHAT PRESIDENT EISENHOWER FACES, THEREFORE, IS NOT A DECISION TO DEFEND A GROUP OF SMALL ISLANDS OFF THE CHINESE MAINLAND.

WHAT HE REALLY FACES IS A MOMENTOUS DECISION TO DROP THE ATOM BOMB FOR THE FIRST TIME SINCE IT WAS DROPPED DURING THE CLOSING DAYS OF THE JAPANESE WAR 10 YEARS AGO.

(MORE)

MERRY-GO-ROUND--MONDAY, MARCH 14--PAGE 3.

NOTE--USE OF THE ATOM BOMB ON THE CHINESE MAINLAND WILL, OF COURSE, SEND WAVES OF PROPAGANDA HATRED REVERBERATING AGAINST US THROUGHOUT ASIA. EVEN IF THE BOMB IS CONFINED TO TROOPS, THE REACTION WILL BE JUST AS BAD AS THE REACTION AGAINST THE KAISER WHEN HE AUTHORIZED THE USE OF POISON GAS IN WORLD WAR I. IN CONTRAST, THE USE OF THE BOYCOTT-BLOCKADE, FAVORITE WEAPON OF THE ORIENTAL, WOULD CAUSE NO BAD BACK-FIRE, WOULD IN THE LONG RUN BE MORE EFFECTIVE.

--CAUSTIC SENATOR--

FLORIDA'S MATINEE-IDOL SEN. GEORGE SMATHERS WAS RECORDING A SPEECH THE OTHER DAY, IN SUPPORT OF PRESIDENT EISENHOWER'S RECIPROCAL TRADE PROGRAM.

A VISITOR IN THE RECORDING STUDIOS STOPPED SMATHERS AS HE WAS LEAVING.

"I AM A KENTUCKY COAL-MINE OPERATOR, AND I WANT YOU TO KNOW I DIS-AGREED WITH EVERYTHING YOU SAID," PROTESTED THE VISITOR.

"I'M GLAD TO HEAR THAT," REPLIED SMATHERS.

"YOU'RE GLAD TO HEAR THAT I DISAGREE WITH YOU?" DEMANDED THE COAL MAN.

"NO, I'M GLAD TO HEAR YOU'RE FROM KENTUCKY," RETORTED THE FLORIDA SENATOR AS HE DEPARTED.

(END MERRY-GO-ROUND RELEASE MONDAY, MARCH 14, 1955) 3/10/55 MG533P

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FROM THE BELL SYNDICATE, INC.--RELEASE SATURDAY, SEPT. 15, 1954.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) U.S. TAXPAYERS ROOKED BY CHINA LOBBY;
QUICKIE COMPANY ORGANIZED TO HANDLE HUGE SALE OF GAS TO FORMOSA;
DEALS BLOCKED BY SEN. KNOWLAND. (END CAPS)

WASHINGTON.--THE MORE YOU LOOK INTO THE OPERATIONS OF THE CHINA LOBBY, THE MORE IT IS CERTAIN THAT THE AMERICAN TAXPAYERS' MONEY, VOTED TO HELP CHIANG KAI-SHEK, WAS ACTUALLY SIPHONED INTO THE POCKETS OF CHINESE GRAFTERS AND AMERICAN MIDDLEMEN.

SOME OF THESE MIDDLEMEN WERE SUSPICIOUSLY CLOSE TO CERTAIN SENATORS WHO CONSISTENTLY URGED THAT MORE MONEY BE VOTED FOR CHIANG KAI-SHEK.

THUS IT'S POSSIBLE THAT DEBATE ON THE FLOOR OF THE UNITED STATES SENATE, ONE OF THE FEW FREE LEGISLATIVE BODIES IN THE WORLD, MAY HAVE BEEN INFLUENCED BY DOLLARS, NOT CONVICTION. THIS MAY BE WHY ONLY A FEW BRAVE VOICES SUCH AS SENATORS MORSE OF OREGON AND MCMAHON OF CONNECTICUT HAVE SPOKEN OUT FOR A PROBE OF THE CHINA LOBBY.

ONE EXCEPTION TO THIS IS SENATOR KNOWLAND, REPUBLICAN OF CALIFORNIA, WHO, THOUGH VIGOROUSLY PRO-CHIANG, STOPPED SOME OF THESE DEALS WHEN HE SMELLED GRAFT OR UNFAIR PROFITS.

FOR INSTANCE, HERE ARE THE FACTS BEHIND ONE DEAL THAT KNOWLAND STOPPED--THE ATTEMPTED PURCHASE OF 5,300,000 GALLONS OF AVIATION GASOLINE FOR THE CHINESE AIR FORCE BY AN AMERICAN COMPANY WHICH AT FIRST DIDN'T EXIST, AND WHICH LATER WAS ORGANIZED BY PARTNERS ALREADY IN BANKRUPTCY.

--FANTASTIC STORY--

HERE ARE THE CHRONOLOGICAL EVENTS IN THIS IMPORTANT CASE:

ON MAY 2, 1950, THE HAU TAI TRADING CO., TAIPEH, CHINA, BID ON SUPPLYING THE CHINESE AIR FORCE WITH 5,300,000 GALLONS OF GAS, "PRODUCT OF THE UNITED PETROLEUM COMPANY, LOS ANGELES," FOR \$1,637,700. THE BID WAS SENT TO THE CHINESE IN WASHINGTON AND WAS FOLLOWED BY A DEFINITE ORDER FROM THE CHINESE CHIEF OF STAFF, GEN. C. J. CHOU, WHO INSTRUCTED THE CHINESE AIR FORCE PROCUREMENT OFFICE IN WASHINGTON TO GO AHEAD WITH THE DEAL.

HOWEVER, COL. W. H. HSIANG IN WASHINGTON GOT SUSPICIOUS. HSIANG IS THE SAME COLONEL WHO LATER GOT KICKED OUT, FOLLOWING HIS EFFORTS TO CLEAN UP CHINESE GRAFT. COLONEL HSIANG KNEW, AS REPORTED IN THIS COLUMN ON AUGUST 16, THAT HIS CHIEF OF STAFF IN FORMOSA, GENERAL CHOU, HAD BEEN IN ON A DEAL WHICH SIPHONED \$444,706 OF THE AMERICAN TAXPAYERS' MONEY INTO A MYSTERIOUS ACCOUNT UNDER THE NAME OF "LEE SUN COMPANY" IN THE NATIONAL CITY BANK. SO COLONEL HSIANG SENT AN INVESTIGATOR, MAJ. L. S. WEN, TO LOS ANGELES, TO LOOK INTO THE UNITED PETROLEUM CO.

(MORE)

MERRY-GO-ROUND--SATURDAY, SEPT. 15--PAGE 2.

MAJOR WEN FOUND THAT THE UNITED PETROLEUM CO. DID NOT EXIST.

COLONEL HSIANG ALSO CABLED THE CHIEF OF STAFF, GENERAL CHOU, THAT THE COMPANY DID NOT EXIST, THEN REPEATED THE CABLE. HE GOT NO ANSWER.

THE ANSWER FINALLY WALKED IN THE DOOR OF COLONEL HSIANG'S OFFICE IN WASHINGTON ON JUNE 5, 1950, IN THE PERSON OF EDWARD A. MARTIN, WHO CLAIMED TO REPRESENT THE UNITED PETROLEUM CO. MARTIN HAPPENS TO BE ON FRIENDLY TERMS WITH A SENATOR WHO HAS DONE GREAT FAVORS FOR THE CHINA LOBBY.

--QUICKIE COMPANY--

IT LATER DEVELOPED THAT THE CHINESE CHIEF OF STAFF IN FORMOSA HAD ORDERED \$1,637,700 WORTH OF GASOLINE FROM A COMPANY WHICH AT THAT TIME DID NOT EXIST, AND WHICH OBVIOUSLY WAS FORMED MERELY TO HANDLE THIS SPECIAL TRANSACTION.

THE GASOLINE COULD HAVE BEEN PURCHASED FROM ANY NUMBER OF WELL-KNOWN AND ESTABLISHED COMPANIES, OR IT COULD HAVE BEEN PURCHASED THROUGH THE FRIENDLY HELP OF THE U.S. GOVERNMENT. BUT IT WAS NOT.

SUSPICIOUS, COLONEL HSIANG ASKED MARTIN A SERIES OF QUESTIONS AND HAD HIM SIGN THE ANSWERS.

AMONG OTHER THINGS, MARTIN STATED THAT THE UNITED PETROLEUM CO. HAD AN OFFICE AT 420 MADISON AVE., NEW YORK, NOT IN LOS ANGELES, AS PREVIOUSLY STATED; THAT ITS PRESIDENT WAS LYON MCCANDLESS (ALSO A FRIEND OF A PRO-CHIANG SENATOR); AND THAT ITS REPRESENTATIVE IN CHINA WAS H. E. RENFRO, PENINSULA HOTEL, HONG KONG.

STILL SUSPICIOUS, THE CHINESE PROCUREMENT OFFICE THEN ASKED ITS AMERICAN LAWYERS FOR A REPORT ON UNITED PETROLEUM, AND FOUND IT WAS A PARTNERSHIP BETWEEN LYON MCCANDLESS AND HIS WIFE, TOGETHER WITH E. P. MCQUEEN. ALSO, THE PARTNERSHIP HAD BEEN FORMED ONLY ON JUNE 1--ALMOST ONE MONTH AFTER THE GASOLINE HAD BEEN BID ON AND ORDERED FROM FORMOSA.

--NO BANK ACCOUNT--

FURTHERMORE, THE DUN AND BRADSTREET REPORT ON UNITED PETROLEUM STATED: "WE HAVE NOT BEEN ABLE UP TO THIS TIME TO LOCATE ANY BANK ACCOUNT IN THE NAME OF THE COMPANY."

FURTHER INVESTIGATION SHOWED THAT THE SAME PARTNERSHIP HAD ALSO ORGANIZED FIVE OTHER COMPANIES WHICH WERE EITHER IN BANKRUPTCY OR INACTIVE.

ONE OF THEM WAS THE AMER-IND, INC., ORGANIZED FOR TRADE WITH INDIA, WHICH, ON DEC. 5, 1947, PETITIONED FOR RECEIVERSHIP UNDER CHAPTER XI OF THE AMENDED BANKRUPTCY ACT, AND NOW OPERATES AS A DEBTOR.

(MORE)

MERRY-GO-ROUND--SATURDAY, SEPT. 15--PAGE 3.

THE SAME PARTNERSHIP ALSO OPERATED AMER-IND FRANCE, INC., A FIRM SUPPOSED TO DO BUSINESS WITH FRANCE, BUT NOW INACTIVE. IT ALSO ORGANIZED AMER-IND INTERNATIONAL, LIKEWISE NOW INACTIVE; AND AMER-IND, INC., OF DELAWARE, FOR LATIN-AMERICAN TRADE, ALSO INACTIVE.

DUN AND BRADSTREET REPORTED BACK TO THE CHINESE PROCUREMENT OFFICE THAT WHEN THEY INTERVIEWED LYON MCCANDLESS ON JUNE 8, SHORTLY AFTER THE HUGE AVIATION GASOLINE ORDER HAD BEEN PLACED WITH THIS SEVEN-DAY-OLD FIRM, HE STATED THAT "THE FIRM WAS FORMED FOR THE SPECIFIC PURPOSE OF ACTING AS AGENTS IN THE SALE OF PETROLEUM PRODUCTS TO THE FAR EAST. THE INCOME WILL BE DERIVED FROM COMMISSIONS."

KENNETH N. PARKINSON, ATTORNEY FOR THE CHINESE PROCUREMENT OFFICE, ALSO INTERVIEWED ATTORNEY MARTIN AND REPORTED THAT "THE PRICE WHICH HE QUOTES PER GALLON F.A.S. PORT OF SHIPMENT, IS APPROXIMATELY 1-1/2 CENTS HIGHER PER GALLON THAN THE PRICE OBTAINED FROM RICHFIELD OIL COMPANY UNDER YOUR RECENT CONTRACT."

IN VIEW OF ALL THESE FACTORS, COLONEL HSIANG TOOK THE MATTER UP WITH SENATOR KNOWLAND AND THE DEAL FELL THROUGH. AS A REWARD FOR MAKING THIS AND OTHER INVESTIGATIONS, COLONEL HSIANG AND HIS SUPERIOR IN NEW YORK, GEN. P. T. MOW, HAVE NOW BEEN FIRED.

--THE DIPLOMATIC POUCH--

ARGENTINE DICTATOR JUAN PERON'S ELECTIONEERING CAMPAIGN AGAINST THE UNITED STATES SOUNDS STRAIGHT FROM MOSCOW. PERON IS SHOUTING THAT THE MAJOR OPPOSITION PARTY, THE RADICALS, IS FINANCED BY "YANKEE IMPERIALISM" AND THAT THE "GOOD NEIGHBOR POLICY" IS IN REALITY "A CLOAK FOR POLITICAL ASSASSINATIONS AND REVOLUTIONS."....MASS ARRESTS IN JAPAN, JAVA AND SUMATRA BROKE WELL-ORGANIZED COMMUNIST SCHEMES FOR REVOLUTION. IN JAPAN, AN UNDERGROUND "ACTION UNIT" OF 25,000 COMMUNISTS WAS STARTED SIX MONTHS AGO WITH JAPANESE AND KOREAN SINGLE YOUNG MEN...CARDINAL MINDSZENTY, A CAPTIVE IN HUNGARY, IS CRITICALLY ILL AND HAS BEEN MOVED FROM HIS PRISON CELL IN BUDAPEST TO THE TATRA MOUNTAINS, WHERE HE IS BEING TREATED BY TWO SOVIET DOCTORS. RUSSIA DOES NOT WANT THE CARDINAL TO DIE, CONSIDERS HIM VALUABLE AS AN ACE IN THE HOLE FOR TRADING PURPOSES.

(END PEARSON COLUMN FOR SATURDAY, SEPT. 15, 1951.)

9/12/51 MG855P

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FROM THE BELL SYNDICATE, INC.--RELEASE SATURDAY, APRIL 25, 1953.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) ADMINISTRATION CHINA LOBBY ATTITUDE SHAPES UP; DULLES ENCOUNTERS SAME SITUATION ACHESON FACED; CHINA LOBBY FINDS SYMPATHY IN SENATE. (END CAPS)

WASHINGTON.--ONE YEAR AGO THIS MONTH WHILE VISITING WITH GENERAL EISENHOWER IN PARIS I HAD OCCASION TO SUGGEST THAT ONE OF HIS MOST DIFFICULT PROBLEMS AFTER HE GOT INTO THE WHITE HOUSE WOULD BE THE CHINA LOBBY.

THIS REFERRED OF COURSE TO THE SMALL BUT POWERFUL GROUP DOMINATED BY THE SOONG-KUNG DYNASTY WHICH HAS BENEFITED RICHLY FROM U.S. AID TO CHIANG AND WHICH HAS SIPHONED PART OF THOSE FUNDS INTO ONE OF THE MOST SKILLFUL PROPAGANDA AND POLITICAL MACHINES EVER TO OPERATE IN THIS COUNTRY.

FROM THE SAFETY OF THE U.S.A. THEY HAVE NOT HESITATED TO SELL STRATEGIC MATERIALS TO COMMUNIST CHINA, ATTEMPTED TO CORNER THE SOYBEAN MARKET JUST BEFORE THE KOREAN WAR, AND HIRED SOME OF THE MOST POLITICAL-
LY POTENT LAWYERS IN THE NATION TO PLEAD THEIR CAUSE WITH CONGRESS.

I SUGGESTED TO GENERAL EISENHOWER THAT INASMUCH AS CERTAIN SENATORS RECEIVED HEAVY CAMPAIGN CONTRIBUTIONS FROM THE CHINA LOBBY, ITS OPERATION ACTUALLY AMOUNTED TO HAVING OUR ASIATIC POLICY FIXED NOT BY THE SECRETARY OF STATE BUT BY CAREFULLY PLACED DOLLARS. I ALSO SUGGESTED THAT IT WOULD BE TO HIS ADVANTAGE TO ENCOURAGE A CONGRESSIONAL INVESTIGATION OF THE CHINA LOBBY--A PROBE WHICH THE STATE DEPARTMENT AND MANY DEMOCRATS WOULD WELCOME.

THE GENERAL, THEN NEW IN POLITICS, EXPRESSED INCREDULITY THAT U.S. SENATORS WOULD ACCEPT CAMPAIGN EXPENSES FROM THE CHINA LOBBY. HE DID NOT SPARK TO THE IDEA OF SUCH AN INVESTIGATION.

--DULLES VS. FORMOSA--

THE OTHER DAY, HOWEVER, PRESIDENT EISENHOWER WAS FORCED TO CHOOSE BETWEEN CHINA-LOBBY SENATORS AND HIS OWN SECRETARY OF STATE. THE CHOICE CAME AFTER HIS SECRETARY OF STATE HAD DROPPED A HINT THAT THE UNITED STATES MIGHT HAVE TO ABANDON CHIANG KAI-SHEK AND FORMOSA IN ORDER TO GET PEACE IN KOREA.

AS BETWEEN HIS SECRETARY OF STATE AND CHINA-LOBBY SENATORS, EISENHOWER HESITATED ONLY A FEW MINUTES. HE REPUDIATED HIS SECRETARY OF STATE.

THIS LEAVES THE NATION RIGHT BACK WHERE IT WAS DURING THE TRUMAN ADMINISTRATION. FIRST, WE HAVE A STATE DEPARTMENT JUST AS INTIMIDATED BY THE CHINA LOBBY UNDER JOHN FOSTER DULLES AS IT WAS UNDER DEAN ACHESON --EXCEPT THAT DULLES RETREATED QUICKER AND FARTHER THAN ACHESON.

(MORE)

MERRY-GO-ROUND--SATURDAY, APRIL 25--PAGE 2.

SECOND, WE HAVE A FOREIGN POLICY INFLUENCED BY SECRET FOREIGN AGENTS, MANY OF THEM NOT REGISTERED WITH THE JUSTICE DEPARTMENT--A FOREIGN POLICY SWAYED BY CAMPAIGN CONTRIBUTIONS TO CERTAIN SENATORS. WHEN FOREIGN POLICY IS INFLUENCED IN SECRET BY PRIVATE INDIVIDUALS, NO MATTER HOW WELL-INTENTIONED, IT IS DANGEROUS. THAT'S WHAT THE FOREIGN AGENTS REGISTRATION ACT IS SUPPOSED TO PREVENT.

THIRD, AND MOST IMPORTANT, IT WILL BE EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO WIN PEACE IN KOREA WITHOUT SACRIFICING CHIANG KAI-SHEK.

THIS WAS THE UNOFFICIAL VIEW WHICH JOHN FOSTER DULLES TOOK WITH NEWS-MEN BEFORE THE WRATHY CHINA LOBBY SCARED EISENHOWER INTO A RETREAT. IT WAS ALSO THE VIEW DISCUSSED INSIDE THE NATIONAL SECURITY COUNCIL.

--PEACE VS. CHIANG--

DULLES HAD REASONED: IN ORDER TO GET THE REDS TO RETREAT SOME 80 MILES TO THE WAIST OF KOREA IT WILL BE NECESSARY TO GIVE THEM SOMETHING IN RETURN. THAT MIGHT WELL BE AN AGREEMENT TO KEEP FORMOSA AS AN INDEPENDENT REPUBLIC OR U.N. TRUSTEESHIP, GIVING UP ALL CLAIMS TO THE CHINESE MAINLAND.

DULLES KNEW THAT THE REDS ARE NOT GOING TO RETREAT TO THE KOREAN WAIST EASILY. HE KNEW HE FACED THE ALTERNATIVE OF SACRIFICING THOUSANDS OF G.I. LIVES OR ELSE MAKING DIPLOMATIC CONCESSIONS SUCH AS FORMOSA. HE KNEW EISENHOWER HAD TALKED RATHER EXTRAVAGANTLY DURING THE ELECTION CAMPAIGN ABOUT SETTLING THE KOREAN WAR. AND HE KNEW THAT PUBLIC OPINION WOULD NOT STOMACH MUCH MORE LOSS OF G.I. LIVES.

HE ALSO KNEW THAT A REPORT TO WASHINGTON FROM FORMOSA TOLD HOW CHIANG'S SOLDIERS NOW HAVE AN AVERAGE AGE OF 29. THIS IS CONSIDERABLY OLDER THAN THE AMERICAN ARMY, AND OLDER STILL THAN THE COMMUNIST ARMY, AND, UNDER CHIANG'S STANDARDS, MUCH TOO OLD TO FIGHT. HE ALSO KNEW CHIANG HAD NO MEANS OF RECRUITING FRESH TROOPS.

FINALLY DULLES KNEW THAT CHIANG WAS SO FEARFUL OF BEING INVADED FROM THE CHINA MAINLAND, RATHER THAN INVADING HIMSELF, THAT A REFERENCE TO USING HIS TROOPS WAS RECENTLY TAKEN OUT OF A GEN. OMAR BRADLEY SPEECH--ON REQUEST.

YET WHEN DULLES HINTED AT CERTAIN CONCESSIONS INHERENT FROM THESE FACTS, THE CHINA LOBBY SHOWED ITS TEETH, AND IN ONE DAY PRESIDENT EISENHOWER TOOK THE ALMOST UNPRECEDENTED ACTION OF REVERSING HIS SECRETARY OF STATE.

(MORE)

--FRIENDS OF CHINA LOBBY--

HERE IS THE ROLL-CALL OF SENATORS WHO PLAY BALL WITH THE CHINA LOBBY AND WHOM EISENHOWER APPARENTLY FEARS:

SEN. STYLES BRIDGES OF NEW HAMPSHIRE, REPUBLICAN--RECEIVED A CONTRIBUTION OF \$1,000 TO HIS LAST ELECTION CAMPAIGN FROM ALFRED KOHLBERG, A KEY FIGURE IN THE CHINA LOBBY. ALSO RECEIVED CONTRIBUTIONS OF \$3,000 FROM EDWARD HELLER, A DEMOCRAT, WHOSE WIFE IS DEMOCRATIC NATIONAL COMMITTEEWOMAN FROM CALIFORNIA. IT SEEMS STRANGE THAT A CALIFORNIA DEMOCRAT SHOULD SEND SO HEAVY A CONTRIBUTION ACROSS THE CONTINENT TO HELP A REPUBLICAN IN NEW HAMPSHIRE. HOWEVER, HELLER HAPPENS TO BE DIRECTOR OF THE WELLS FARGO BANK OF SAN FRANCISCO, BIGGEST REPOSITORY OF CHINESE NATIONALIST MONEY. HELLER DENIES THAT THIS HAS ANY CONNECTION.

BRIDGES, WHO IS CHAIRMAN OF THE POWERFUL SENATE APPROPRIATIONS COMMITTEE, APPOINTED A SPECIAL "AMBASSADOR" TO STUDY THE CHINESE SITUATION WHEN THE REPUBLICANS CONTROLLED CONGRESS IN 1946. THE AMBASSADOR TURNED OUT TO BE AN EX-SENATOR WORKING IN THE LAW FIRM RETAINED BY T. V. SOONG, CHIANG'S BROTHER-IN-LAW.

GOP SEN. WILLIAM KNOWLAND OF CALIFORNIA--KNOWLAND IS SO PERSISTENT IN PUSHING FORMOSA THAT HE IS NICKNAMED "THE SENATOR FROM FORMOSA." NO CHINA-LOBBY CONTRIBUTIONS HAVE BEEN RECORDED FOR HIS CAMPAIGNS, BUT HE GETS HEAVY POLITICAL SUPPORT FROM SAN FRANCISCO'S CHINATOWN.

VICE PRESIDENT NIXON--BANK OF CHINA PUBLIC-RELATIONS REPRESENTATIVES SENT A SPECIAL PRESS AGENT, LEO CASEY, TO HELP NIXON IN HIS 1950 SENATE RACE. CASEY STATES THAT WHEN HE MET NIXON IN THE AMBASSADOR HOTEL IN LOS ANGELES, LOUIS KUNG, SECOND SON OF H. H. KUNG, SON-IN-LAW OF CHIANG KAI-SHEK, AND THE FINANCE MAN FOR THE CHINA LOBBY, WAS PRESENT. CASEY'S EXPENSES IN CALIFORNIA DURING THE NIXON CAMPAIGN WERE PAID BY PUBLIC-RELATIONS REPRESENTATIVES OF THE BANK OF CHINA.

GOP SEN. JOSEPH MCCARTHY OF WISCONSIN--HAS VOTED CONSISTENTLY WITH THE CHINA LOBBY, IS A CLOSE FRIEND OF ALFRED KOHLBERG. HE SPECULATED ON SOYBEAN MARKET AT ABOUT THE TIME THE CHINESE MADE THEIR KILLING

SEN. PAT MCCARRAN OF NEVADA, REPUBLICAN--GOT INTERESTED IN CHINA LOBBY WHEN HE FIRST CHAMPIONED SILVER, HAS BEEN A STANCH SUPPORTER EVER SINCE.

(END MERRY-GO-ROUND RELEASE SATURDAY, APRIL 25, 1953.) 4/22/53 MG515F

FROM THE BELL SYNDICATE, INC.--RELEASE WEDNESDAY, MAY 6, 1953.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) SECRETARY DULLES REQUESTED HIS WHITE HOUSE SLAP-DOWN; EISENHOWER ASKED TO PROTECT CIVIL SERVICE EMPLOYEES; IKE SAYS NEW ADMINISTRATION MUST CONTROL GOVERNMENT POLICY.

(END CAPS)

WASHINGTON.--THE GYRATIONS OF THE PRESIDENT'S SECRETARY OF STATE CONTINUE TO AMAZE THE PRESIDENT'S PERSONAL STAFF.

IT NOW DEVELOPS THAT THE FAMOUS DENIAL ISSUED BY THE WHITE HOUSE, CRACKING JOHN FOSTER DULLES OVER THE KNUCKLES, WAS ISSUED AT THE BEHEST OF JOHN FOSTER DULLES HIMSELF.

WHAT HAPPENED WAS THIS: AFTER DULLES GAVE A SMALL GROUP OF NEWSMEN CERTAIN IDEAS ABOUT FORMOSA AND PEACE IN KOREA FOR BACKGROUND USE ONLY, THESE IDEAS APPEARED IN THE NEW YORK TIMES AND OTHER PAPERS ATTRIBUTED TO AUTHORITATIVE SOURCES. THIS IS THE USUAL NEWS-TAG PLACED ON BACKGROUND INFORMATION.

WHEN DULLES READ THESE IN THE MORNING PAPER, HE PERSONALLY PHONED WHITE HOUSE PRESS SECRETARY JIM HAGERTY AND ASKED HIM TO ISSUE A DENIAL. BUT DULLES DID NOT TELL HAGERTY THAT HE, DULLES, WAS THE SOURCE OF THE NEWS STORIES.

HAGERTY COMPLIED WITH THE REQUEST AND ISSUED THE DENIAL. HE PREPARED AN OFFICIAL WHITE HOUSE STATEMENT THAT THERE WAS NO TRUTH IN THE STORIES.

IMMEDIATELY FOLLOWING THIS AMAZING BY-PLAY, THE STATE DEPARTMENT HELD A POLICY MEETING OF HIGH-LEVEL OFFICIALS AT WHICH THERE WAS CONSIDERABLE SPECULATION AS TO WHO AT THE WHITE HOUSE HAD ISSUED THE DENIAL SLAPPING DOWN THE SECRETARY OF STATE.

"I'LL BET," REMARKED ASSISTANT SECRETARY OF STATE CARL MCCARDLE, "THAT IT WAS THAT C. D. JACKSON."

HE REFERRED TO IKE'S ADVISER ON PSYCHOLOGICAL WARFARE, THE FORMER PUBLISHER OF FORTUNE MAGAZINE.

DULLES HIMSELF SAID NOTHING. HE DID NOT REVEAL THE FACT THAT IT WAS HE WHO HAD ASKED THE WHITE HOUSE TO ISSUE THE DENIAL. BUT UNDER-SECRETARY OF STATE "BEETLE" SMITH DID SAY SOMETHING.

"I WOULDN'T TALK LIKE THAT," HE CAUTIONED MCCARDLE. "MY EXPERIENCE IN GOVERNMENT IS THAT REMARKS LIKE THAT ALWAYS LEAK BACK TO THE MAN YOU'RE TALKING ABOUT."

MORE

--IKE ON CIVIL SERVICE--

THE BROTHER OF THE FORMER HEAD OF THE REPUBLICAN NATIONAL COMMITTEE CALLED ON PRESIDENT EISENHOWER THE OTHER DAY TO URGE THAT CIVIL SERVICE EMPLOYEES NOT BE FIRED.

IRA GABRIELSON, BROTHER OF EX-CHAIRMAN GUY GABRIELSON, SERVED FOR YEARS UNDER THE DEMOCRATS AS CHIEF OF FISH AND WILDLIFE. AND HE, TOGETHER WITH SPOKESMEN FOR 19 ORGANIZATIONS, CALLED ON THE PRESIDENT NOT ONLY TO URGE THAT CIVIL SERVANTS BE PROTECTED BUT THAT PUBLIC LANDS NOT BE TURNED OVER TO PRIVATE INTERESTS.

THEY DIDN'T GET VERY FAR.

"NOBODY BELIEVES IN CIVIL SERVICE MORE THAN I DO," REMARKED THE PRESIDENT. "I'M A PASSIONATE ADVOCATE OF THE CAREER SYSTEM. HOWEVER, A NEW ADMINISTRATION MUST HAVE CONTROL OF POLICY-MAKING POSITIONS IF WE ARE TO MAINTAIN THE TWO-PARTY SYSTEM OF GOVERNMENT."

IKE'S CALLERS INCLUDED REPRESENTATIVES OF THE NATURAL RESOURCES COUNCIL, SOIL CONSERVATION ASSOCIATION, ISAAC WALTON LEAGUE, PUBLIC AFFAIRS INSTITUTE, CIO, AND OTHER GROUPS.

GABRIELSON, THEIR SPOKESMAN, ARGUED THAT TOP CAREER JOBS BELOW CABINET RANK ARE IN MOST CASES HELD BY "QUALIFIED MEN, NEVER BEFORE HAVE BEEN CONSIDERED ON THE BASIS OF POLITICS." HE POINTED OUT THAT CABINET MINISTERS IN CANADA ARE REPLACED BY A NEW ADMINISTRATION, BUT THEIR TOP ASSISTANTS, CAREER MEN, REMAIN ON.

HOWEVER, EISENHOWER REPEATED THAT THE REPUBLICANS COULDN'T CONTROL GOVERNMENT POLICY UNLESS THERE WAS A TURNOVER OF STRATEGIC JOBS, REGARDLESS OF CAREER OFFICIALS.

--CATTLE ON PUBLIC LAND--

"THE FORMER ADMINISTRATION CREATED AN EXCESSIVE NUMBER OF POLICY-MAKING POSTS, SOMETHING LIKE 670, OBVIOUSLY FOR THE PURPOSE OF RAISING SALARIES," CONTINUED IKE, WHEN ASKED WHERE HE WOULD DRAW THE LINE IN FIRING CAREER MEN. HIS CALLERS TOOK THIS TO MEAN--THOUGH THE PRESIDENT DIDN'T SAY SO--THAT ALL 670 ARE ELIGIBLE FOR REPLACEMENT.

IKE WAS EQUALLY UNMOVED BY CHARGES THAT A "GIVEAWAY" OF OUR PUBLIC LANDS TO CATTLE AND TIMBER INTERESTS MIGHT FOLLOW THE TIDELANDS OIL "GIVEAWAY." WHILE NOT ENDORSING, OR REJECTING, LEGISLATION BEFORE CONGRESS TO INCREASE THE GRAZING RIGHTS OF STOCKMEN ON PUBLIC LANDS, THE PRESIDENT SAID THAT STOCKMEN HAD TO BE PROTECTED FROM "UNJUST" GRAZING PRICES.

MORE

MERRY-GO-ROUND--WEDNESDAY, MAY 6--PAGE 3.

THE PRESIDENT POINTED OUT THAT THE FOREST SERVICE, WHICH IS UNDER THE AGRICULTURE DEPARTMENT, AND THE GRAZING SERVICE, WHICH IS UNDER THE INTERIOR DEPARTMENT, CHARGE DIFFERENT GRAZING RENTALS. THEN HE ASSERTED: "THERE'S NO JUSTIFICATION FOR A MAN BEING CHARGED ONE RENTAL BY ONE AGENCY AND A HIGHER RENTAL BY ANOTHER."

THE WHITE HOUSE VISITORS READILY AGREED. BUT WILLIAM VOIGHT OF THE ISAAC WALTON LEAGUE EMPHASIZED THAT THE PROBLEM WAS MUCH BIGGER. IT INVOLVED, HE SAID, A THREAT BY LIVESTOCK INTERESTS EVENTUALLY TO TAKE CONTROL OF PUBLIC LANDS AWAY FROM THE FOREST SERVICE.

"PUBLIC LANDS SHOULD REMAIN PUBLIC LANDS," CONTENDED VOIGHT. "ANY EFFORT BY CONGRESS TO GIVE STOCKMEN, OR ANY OTHER SPECIAL GROUP, A VESTED INTEREST IN PUBLIC LANDS IS NOT GOOD PUBLIC POLICY. GOVERNMENT SUPERVISION OF THIS PUBLIC DOMAIN SHOULD BE STRENGTHENED, NOT WEAKENED."

"I'M AS MUCH CONCERNED ABOUT THE SAFEGUARDING OF THE PUBLIC INTEREST AND THE PROTECTION OF THE LITTLE FELLOW AS ANY OF YOU, RETORTED THE PRESIDENT WITH AN INGRATIATING SMILE, BUT HE MADE NO FURTHER COMMITMENT. HIS CALLERS LEFT SOMEWHAT PUZZLED AND DEFINITELY UNHAPPY.

--ON THE ROAD TO MANDALAY--

A BAND OF AMERICAN ADVENTURERS ARE SMUGGLING ARMS THROUGH GUERRILLA COUNTRY TO THE ISOLATED CHINESE NATIONALISTS IN THE BURMA MOUNTAINS. THE CHINESE PAY FOR THE ARMS IN NARCOTICS WHICH THE AMERICAN SOLDIERS-OF-FORTUNE PEDDLE ON THE SIAMESE BLACK MARKET.....IT IS FEARED THAT THE NEXT COUNTRY ON THE COMMUNIST INVASION ROUTE WILL BE SIAM, THE RICE BOWL OF SOUTHEAST ASIA. THE COUNTRY NOW IS RULED BY TWO RIVAL GROUPS, THE ARMY AND POLICE, WHOSE STRUGGLE FOR POWER HAS BROUGHT SIAM TO THE BRINK OF REVOLUTION.....THE GOVERNMENT IS RIDDLED WITH GRAFT AND CORRUPTION. ONE HIGH OFFICIAL RECENTLY HANDED OVER RICE-EXPORT LICENSES, WORTH THOUSANDS OF DOLLARS, TO THREE GIRL FRIENDS.....A PROMINENT FORMOSAN COMPLAINED TO AN AMERICAN OFFICIAL: "YOU DROPPED AN ATOMIC BOMB ON HIROSHIMA, BUT YOU DROPPED CHIANG KAI-SHEK ON US."

(END MERRY-GO-ROUND RELEASE WEDNESDAY, MAY 6, 1953)

MM 631P 5/3/53

FROM THE BELL SYNDICATE, INC.--RELEASE MONDAY, APRIL 6, 1953.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) MOSCOW PEACE OVERTURES NO SURPRISE TO EX-AMBASSADOR KENNAN; RUSSIAN MOVES MAY PROVE REAL BOON TO EISENHOWER; PRESIDENT DISAGREES WITH FARM LEADER OVER PRODUCTIONS CONTROLS. (END CAPS)

WASHINGTON.--HERE ARE SOME BACKGROUND FACTS WHICH MAY GIVE INSIGHT INTO THE DIFFICULT PROBLEM OF PEACE IN KOREA.

BACKGROUND FACT NO. 1--EX-AMBASSADOR GEORGE KENNAN, CHIEF RUSSIAN EXPERT IN THE STATE DEPARTMENT, ADVISED SECRETARY DULLES IN ADVANCE THAT A RUSSIAN PEACE BARRAGE WAS COMING. HE CAUTIONED THAT MALENKOV, NERVOUS OVER SOVIET UNREST, ANXIOUS FOR A TIME TO CONSOLIDATE HIS NEW POWER, WOULD MAKE SPECTACULAR MOVES AIMED AT CONVINCING THE WORLD RUSSIA WANTS PEACE--THEREBY ALSO TRYING TO SPLIT US FROM OUR ALLIES... DULLES LARGELY IGNORED KENNAN'S ADVICE, LET RUSSIA GET THE JUMP IN THE PEACE OFFENSIVE...DULLES HAS ALSO REFUSED TO APPOINT KENNAN TO A NEW POST. HE WILL SOON LEAVE THE STATE DEPARTMENT FOR PRINCETON.

BACKGROUND FACT NO. 2--THE STATE DEPARTMENT FLOUNDERED AS TO WHAT MOVE IT SHOULD MAKE TO COUNTER THE RUSSIAN PEACE MOVES. SO DID THE WHITE HOUSE AND THE NATIONAL SECURITY COUNCIL. THEY KNEW MOSCOW WAS TRYING TO PAINT US IN THE ROLE OF WARMONGER, BUT COULDN'T COME UP WITH ANY CONVINCING COUNTERMOVES EXCEPT A FIRESIDE CHAT BY IKE...STATE DEPARTMENT OFFICIALS MEANWHILE ARE DIVIDED IN THEIR REACTION. MOST MEMBERS OF THE RUSSIAN DIVISION THINK MALENKOV GENUINELY WANTS A BREATHING SPELL. WEST EUROPEAN AND FAR EAST EXPERTS CONSIDER THE PEACE MOVES COMPLETELY PHONY.

BACKGROUND FACT NO. 3--LIFTING THE FORMOSA BLOCKADE AND THE PROPOSED USE OF CHIANG KAI-SHEK'S TROOPS AREN'T PAYING OFF. CHIANG SEEMS MORE FRIGHTENED OF BEING INVADDED FROM THE COMMUNIST MAINLAND THAN HE IS ANXIOUS TO INVADGE THE MAINLAND. WHEN GEN. OMAR BRADLEY PREPARED A SPEECH OUTLINING THE POSSIBLE USE OF CHIANG'S TROOPS IN KOREA, THE STATE DEPARTMENT ASKED HIM TO ELIMINATE THE REFERENCE--AT CHIANG'S REQUEST. CHIANG HAS BECOME SO JITTERY, THE STATE DEPARTMENT SAID, HE DOESN'T WANT ANY PUBLIC DISCUSSION OF HIS TROOPS FOR FEAR IT WOULD INVITE ATTACK.

BACKGROUND FACT NO. 4--THE PRESIDENT BADLY NEEDED THE PEACE MOVE IN KOREA. TEN WEEKS AGO THE JOINT CHIEFS OF STAFF PROPOSED FOUR ALTERNATIVE MOVES IN KOREA AND HE HASN'T BEEN ABLE TO MAKE A DECISION....WITH

(MORE)

MERRY-GO-ROUND--MONDAY, APRIL 6--PAGE 2. X X X DECISION....WITH TRUMAN THE MILITARY MEN WERE MORE CONCRETE. BUT WITH EISENHOWER, WHO HAS SPENT ALL HIS LIFE IN THE ARMY AND MADE A SPECIAL TRIP TO KOREA, THE JOINT CHIEFS ARE LETTING HIM MAKE THE DECISIONS. HOWEVER, THE DECISION ISN'T ANY EASIER THAN IT WAS LAST FALL, AND IKE'S POLITICAL PROMISES ARE BEGINNING TO BE REMEMBERED. THAT'S WHY STALIN'S DEATH AND MALENKOV'S OLIVE BRANCHES MAY BE THE LUCKIEST BREAK IKE EVER GOT.

BACKGROUND FACT NO. 5--U.S. MILITARY MEN ARE SKEPTICAL ABOUT A KOREAN TRUCE. THEY GOT THEIR FINGERS BURNT ONCE BEFORE, WERE ON THE VERGE OF VICTORY, THEN SAT AND TWIDDLED THEIR THUMBS FOR MONTHS WHILE THE REDS ARGUED....NOW, THEY POINT OUT, THE REDS CAN BUILD UP BEHIND THE YALU RIVER AGAIN WHILE THE NEGOTIATORS ARGUE AGAIN....MILITARY MEN DEVOUTLY WANT A PEACE WHICH WILL END THE WAR, BUT THIS CAN COME ONLY AFTER THE TRUCE--WHICH THEY FEAR. DURING THE TRUCE BOTH SIDES WITHDRAW FROM A DEMILITARIZED ZONE THREE MILES WIDE, AGREE TO CALL OFF AIR BOMBARDMENTS, THUS LEAVING THE COMMUNISTS ABLE TO CONCENTRATE BEHIND THE YALU WHILE U.N. TROOPS REMAIN VULNERABLE TO SURPRISE AIR ATTACK.

THESE ARE SOME OF THE FACTORS BEING CHURNED OVER IN CURRENT DISCUSSIONS BETWEEN THE WHITE HOUSE, STATE DEPARTMENT, AND PENTAGON. OUT OF THEM IS LIKE^{LY} TO COME:

1. A SPEECH BY PRESIDENT EISENHOWER OUTLINING THE PEACE AIMS AND IDEALS OF THE UNITED STATES.
2. CAUTIOUS ACCEPTANCE OF PRISONER EXCHANGE AND TRUCE TERMS--PROVIDED THEY ARE MADE WITHOUT A LOT OF HAGGLING AROUND A CONFERENCE TABLE.

OUT OF ALL THIS, UNFORTUNATELY, IS NOT LIKELY TO COME A GENUINE PEACE UNTIL AND UNLESS WE MANAGE TO LIFT THE ARTIFICIAL BARRIER AGAINST PEOPLE-TO-PEOPLE FRIENDSHIP--THE IRON CURTAIN.

--FARMER AT WHITE HOUSE--

IT WASN'T SUPPOSED TO LEAK OUT OF PRESIDENT EISENHOWER'S PRIVATE OFFICE, BUT HE CLASHED SHARPLY OVER FARM POLICY THE OTHER DAY WITH ONE OF THE NATION'S TOP FARM LEADERS.

M. WILLIAM THATCHER, PRESIDENT OF THE FARMERS UNION GRAIN TERMINAL ASSOCIATION OF THE TWIN CITIES, WAS INVITED TO PAY A "COURTESY CALL" AT THE WHITE HOUSE. WHEN THEY GOT ON THE SUBJECT OF FARM SURPLUSES, HOWEVER, IT DEVELOPED INTO A LIVELY DONNYBROOK.

THATCHER URGED USING PRODUCTION CONTROLS, SUCH AS ACREAGE LIMITATIONS AND MARKETING QUOTAS TO HOLD DOWN THE SURPLUSES. BUT THE PRESIDENT EMPHATICALLY DISAGREED.

"THAT'S A DEVICE EVERY INTELLIGENT MAN USES WHEN HE PILES UP TOO MUCH STOCK AND WANTS TO CUT IT DOWN," INSISTED THE BLUNT-SPOKEN FARM LEADER.

(MORE)

MERRY-GO-ROUND--MONDAY, APRIL 6--PAGE 3.

"I DON'T BELIEVE IN REGIMENTATION," EISENHOWER REPLIED FIRMLY.

"THEN WHAT ARE YOU GOING TO DO ABOUT THE BIG SURPLUSES?" DEMANDED THATCHER.

THE PRESIDENT PROPOSED SHIFTING PRODUCTION TO OTHER COMMODITIES. FOR EXAMPLE, HE SUGGESTED THAT GRAIN FARMERS MIGHT START RAISING LIVESTOCK.

"THE LIVESTOCK MEN ARE HAVING TROUBLES OF THEIR OWN," RETORTED THATCHER. HE THEN PROTESTED TO THE PRESIDENT AGAINST THE IMPORTS OF BARLEY, OATS, RYE AND WHEAT INTO THIS COUNTRY FROM CANADA. HE ARGUED THAT THESE IMPORTS WERE PILING ON TOP OF OUR OWN SURPLUSES AND BOGGING DOWN THE SUPPORT PROGRAM.

"OUR SUPPORT PRICES HAVE BECOME CEILINGS AND SUPPORT PRICES FOR THE ENTIRE WORLD SURPLUS," THATCHER CLAIMED.

"WE HAVE GOT TO HAVE FOREIGN TRADE," IKE REPLIED.

BOTH AGREED, HOWEVER, THAT THE INTERNATIONAL WHEAT AGREEMENT IS A NECESSARY TO HELP MARKET OUR HUGE GRAIN SURPLUSES, AND THE PRESIDENT ALSO PROMISED: "ONE THING SURE, I AM NOT GOING TO JERK THE RUG OUT FROM UNDER THE FARMERS."

IN THE END, IKE URGED THE GRAIN TERMINAL CHIEF TO "PUT YOUR STATEMENTS ON PAPER AND SENT IT TO ME, AND I'LL SEND IT OVER TO (SECRETARY OF AGRICULTURE) BENSON."

NOTE--AFTERWARD, THATCHER TOLD OTHER FARM LEADERS THAT IF EISENHOWER CARRIES OUT HIS FARM IDEAS, "YOU MAY AS WELL GO OVER AND CONGRATULATE SAM RAYBURN ON BEING THE NEXT SPEAKER." HE MEANT THAT THE DEMOCRATS WOULD WIN CONTROL OF CONGRESS IN 1954.

--CAPITAL NEWS CAPSULES--

MONTY AT WHITE HOUSE--FIELD MARSHAL MONTGOMERY OF ENGLAND, NOW A GUEST IN THE WHITE HOUSE, HAS BEEN URGING PRESIDENT EISENHOWER TO GIVE UP TRYING TO DEFEND EUROPE ON THE GROUND. HE URGES BUILDING UP AN INVINCIBLE AIR FORCE INSTEAD. MONTGOMERY ARGUES THAT NATO COUNTRIES CAN NEVER RAISE ENOUGH DIVISIONS TO STAND OFF THE OVERWHELMING RED ARMY. HE URGES THAT WE SPEND MOST OF OUR DEFENSE MONEY ON AN AIR FORCE SO POWERFUL THAT IT COULD DEVASTATE RUSSIA, THUS DISCOURAGE A SOVIET ATTACK.

JITTERY STOCK MARKET---DESPITE THE JITTERY STOCK MARKET, DECLINING FARM PRICES AND OTHER DANGER SIGNALS, PRESIDENT EISENHOWER'S ECONOMIC ADVISERS ASSURE HIM THERE WILL BE NO BUSINESS RECESSION THIS YEAR--BARRING A DRASTIC CUTBACK IN DEFENSE SPENDING BY CONGRESS.

TOUGH OLD PRESIDENT--PRESIDENT SYNGMAN RHEE AGAIN HAS WARNED GENERAL CLARK HE WILL NEVER AGREE TO A PEACE WITH THE COMMUNISTS UNLESS HIS GOVERNMENT GETS THE RIGHT TO GOVERN ALL KOREA--INCLUDING THE PART NOW OCCUPIED BY THE COMMUNISTS. RHEE HAS BLUNTLY INFORMED THE GENERAL HE WILL NEVER ORDER HIS TROOPS TO LAY DOWN THEIR ARMS UNTIL THE LAST COMMUNIST SOLDIER HAS BEEN DRIVEN ACROSS THE YALU INTO MANCHURIA.

(END MERRY-GO-ROUND RELEASE MONDAY, APRIL 6, 1953.) 4/2/53 MG521P

Indexed 2666

FROM THE BELL SYNDICATE, INC.--RELEASE TUESDAY, APRIL 14, 1953.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) WHITE HOUSE DENIES PRESS STATEMENTS
INSPIRED BY SECRETARY OF STATE; DULLES' PROPOSED ABANDONMENT
OF CHIANG RILES REPUBLICANS; DIPLOMATS AMAZED AT KINDERGARTEN
DIPLOMACY. (END CAPS)

WASHINGTON.--IT HAS SOMETIMES HAPPENED THAT THE STATE DEPARTMENT
HAS HAD TO SQUIRM OUT OF STATEMENTS MADE BY THE PRESIDENT OF THE
UNITED STATES, PUT NOT FOR YEARS--UNTIL LAST WEEK--HAS THE WHITE
HOUSE HAD TO DENY A STATEMENT INSPIRED BY A SECRETARY OF STATE.

IN 1922, SECRETARY OF STATE CHARLES EVANS HUGHES HAD TO DENY A
PRESS CONFERENCE STATEMENT OF PRESIDENT HARDING'S THAT THE 4-POWER
PACT BANNING THE FORTIFICATIONS OF PACIFIC ISLANDS APPLIED TO THE
MAINLAND OF JAPAN. AND SEVERAL TIMES DEAN ACHESON HAD TO MAKE ADROIT
DENIALS OF HARRY TRUMAN'S OFF-THE-CUFF REMARKS.

BUT LAST WEEK THE SITUATION WAS REVERSED WHEN THE WHITE HOUSE
ISSUED A BLUNT DENIAL OF NEWS STORIES WHICH EVERYONE IN WASHINGTON,
INCLUDING THE RUSSIAN EMBASSY, KNEW CAME DIRECTLY FROM JOHN FOSTER
DULLES HIMSELF.

DULLES HAD HELD A PRESS CONFERENCE FOR ABOUT TWENTY NEWSMEN AT
WHICH HE DELINEATED IMPORTANT NEW U.S. POLICY AS FOLLOWS:

1. THAT THE UNITED STATES WOULD ACCEPT PEACE IN KOREA AT A LINE
DRAWN ALONG THE NARROW WASTE ABOUT 80 MILES NORTH OF THE PRESENT
BATTLE FRONT;
2. THAT THE UNITED STATES WOULD PROBABLY CONFINE CHIANG KAI-SHEK
TO FORMOSA AND PUT IT UNDER A U.N. TRUSTEESHIP.

STORIES BASED UPON THE DULLES PRESS CONFERENCE WERE IMMEDIATELY
PUBLISHED BY THE NEW YORK TIMES AND OTHER PAPERS, ATTRIBUTED NOT
DIRECTLY TO HIM BUT "TO HIGH OFFICIAL SOURCES."

EXPERIENCED OBSERVERS KNEW WHO THIS WAS AND THOSE WHO DIDN'T KNOW
FOUND OUT VERY QUICKLY.

A FEW HOURS AFTER PUBLICATION, THE WHITE HOUSE ISSUED ITS FLAT
DENIAL INDIRECTLY REBUKING THE SECRETARY OF STATE.

--KINDERGARTEN DIPLOMACY--

THERE WERE TWO BIG REASONS FOR THIS EXTRAORDINARY ACTION:

- A. THE CONSERVATIVE WING OF THE REPUBLICAN PARTY WILL BLOW ITS
TOP AT ANY ABANDONMENT OF CHIANG KAI-SHEK.
- B. DULLES' PRESS CONFERENCE GAVE MOSCOW A BEAUTIFUL ADVANCE TIP
AS TO HOW FAR WE WOULD GO IN ANY KOREAN PEACE TALKS.

(MORE)

AS ONE FRIENDLY DIPLOMAT PUT IT:

"WHEN YOU'RE PLAYING POKER FOR THE PEACE OF THE WORLD YOU DON'T TELL THE MAN OPPOSITE YOU WHAT CARDS ARE IN YOUR HAND. MR. DULLES MUST BE LIVING IN A NAIVE WORLD INDEED. HE MUST THINK HE'S PLAYING WITH MATCHSTICKS IN THE KITTY. DOESN'T HE KNOW THAT BY MIDNIGHT THE KREMLIN WILL HAVE THESE NEWS STORIES THOROUGHLY DISSECTED AND WILL KNOW JUST WHAT'S BEHIND THEM?

"BEGINNING TOMORROW," CONTINUED THE AMBASSADOR, "THE RUSSIANS WILL RAISE THE ANTE--BOTH IN ASIA AND IN EUROPE--THANKS TO YOUR NEW BRAND OF KINDERGARTEN DIPLOMACY."

--"SENATOR FROM FORMOSA"--

PRESIDENT EISENHOWER DIDN'T HAVE TO WAIT LONG BEFORE HE HEARD FROM THE RIGHT-WING OF HIS OWN PARTY, SOMETIMES CALLED THE "FORMOSA WING." SENATOR KNOWLAND OF CALIFORNIA, WHO HAS MADE SO MANY SPEECHES ON THE QUESTION OF FORMOSA THAT HE HAS BEEN NICKNAMED "THE SENATOR FROM FORMOSA," CAME HURRYING DOWN TO THE WHITE HOUSE, WENT AWAY FEELING HAPPIER.

"I TELEPHONED JOHN FOSTER DULLES," KNOWLAND SAID ON CAPITOL HILL, "AND HE ASSURED ME NO SUCH STATEMENT HAD COME FROM HIM."

SOME OF THE NEWSMEN WHO HEARD KNOWLAND'S STATEMENT WERE PRESENT WHEN DULLES MADE THE STATEMENT TO WHICH KNOWLAND REFERRED, NAMELY THAT FORMOSA WOULD BECOME A REPUBLIC OR A U.N. TRUSTEESHIP.

WHAT DULLES MAY NOT HAVE REALIZED WAS THAT CERTAIN SENATORS USED FORMOSA AS A CARDINAL CAMPAIGN SLOGAN AGAINST TRUMAN AND ACHESON. ALSO CERTAIN TOP REPUBLICANS, SUCH AS VICE PRESIDENT NIXON AND BRIDGES OF NEW HAMPSHIRE, HAVE RECEIVED VERY CONSIDERABLE SUPPORT FROM THE CHINA LOBBY IN THE PAST, WHILE SENATOR MCCARTHY HAS BEEN ANOTHER GREAT FRIEND OF THE CHINA LOBBY.

ON THE NON-POLITICAL SIDE, HOWEVER, IT HAS NOW BECOME CLEAR THAT THE IDEA OF USING CHIANG AS A MENACE TO THE CHINESE MAINLAND, IS A FLOP. THE CHINESE COMMUNISTS KNOW WHAT HIS STRENGTH IS AND AREN'T WORRIED ABOUT IT. THE UNFREEZING OF CHIANG'S FORCES, ACCORDING TO U.S. INTELLIGENCE, HASN'T DIVERTED A SINGLE CHINESE SOLDIER FROM KOREA.

--CHIANG WORRIES--

FURTHERMORE, CHIANG HAS BECOME SO WORRIED THAT HE WILL BE ATTACKED FROM THE MAINLAND RATHER THAN ATTACKING THE MAINLAND HIMSELF THAT HE HAS ASKED THE STATE DEPARTMENT NOT TO DISCUSS THESE MATTERS PUBLICLY. THAT WAS WHY A SPEECH WRITTEN BY GENERAL OMAR BRADLEY HAD TO BE RE-WRITTEN LAST MONTH. BRADLEY HAD REFERRED TO THE IDEA OF USING CHIANG'S TROOPS IN FORMOSA, BUT THE STATE DEPARTMENT ASKED HIM TO TAKE IT OUT BECAUSE OF CHIANG'S NERVOUSNESS AT BEING ATTACKED.

(MORE)

MERRY-GO-ROUND--TUESDAY, APRIL 14--PAGE 3.

ANOTHER FACTOR BEHIND THE DULLES PRESS CONFERENCE IS THE BRITISH PUSH REGARDING TRADE WITH CHINA. NOT ONLY ARE THEY ANXIOUS TO TRADE, BUT THEY BELIEVE THAT NOW IS THE TIME TO DRIVE A WEDGE BETWEEN CHINA AND THE KREMLIN, THAT IT'S THE CHINESE WHO WANT PEACE IN KOREA MORE THAN MOSCOW, AND THAT IT WAS MAO TSE-TUNG WHO FORCED THIS ISSUE ON THE NEW KREMLIN SHORTLY AFTER STALIN'S DEATH.

WORD FROM GENERAL MARK CLARK IN TOKYO SUPPORTS THIS VIEW. HE BELIEVES THAT MAO NEEDS TIME TO BUILD UP CHINA, THAT THE DRAIN OF THE KOREAN WAR IS GREATER THAN WE REALIZE, THAT MAO WITH PROPER INCENTIVE MIGHT BECOME ANOTHER TITO.

IN KOREA, DULLES FEELS THAT A NEW BOUNDARY DRAWN ACROSS THE NARROW WAIST, FIRST WOULD BE EASIER TO DEFEND, SECOND WOULD GIVE SOUTH KOREA THREE-QUARTERS OF THE POPULATION. BUT TO GET THIS LINE ACCEPTED BY THE REDS MAY NOT BE EASY. IT WILL MEAN THE WITHDRAWAL OF CHINESE TROOPS FROM SEVERAL THOUSAND SQUARE MILES OF TIGHTLY HELD TERRITORY IN WHICH THE REDS HAVE DUG TRENCHES AND UNDERGROUND ROOMS THREE TIERS DEEP.

SO IN RETURN FOR A RETREAT TO THE KOREAN WAIST, DULLES HAS BEEN TALKING ABOUT THROWING CHIANG KAI-SHEK OUT THE WINDOW--DIPLOMATICALLY SPEAKING. IN FACT, HE'S ACTUALLY TALKING MORE ANTI-CHIANG THAN DEAN ACHESON WHO WAS PILLORIED BY HIS ENEMIES AS THE "RED DEAN" BECAUSE HE DIDN'T SUPPORT CHIANG.

NOTE--C. D. JACKSON, FORMER FORTUNE MAGAZINE PUBLISHER, NOW A CLOSE WHITE HOUSE ADVISER, HAS HAD A PRIVATE TIFF WITH SECRETARY OF STATE DULLES. NOT LONG AGO, DULLES REMINDED JACKSON THAT HE, NOT JACKSON, WAS RUNNING THE STATE DEPARTMENT. BUT LAST WEEK AFTER THE WHITE HOUSE DENIAL OF THE DULLES-INSPIRED NEWS STORIES, SOME WHITE HOUSE ADVISERS FIGURED FOREIGN POLICY MIGHT BE BETTER OFF IF C. D. JACKSON WERE RUNNING THE STATE DEPARTMENT.

(END MERRY-GO-ROUND RELEASE TUESDAY, APRIL 14, 1953.) 4/10/53 MG520P

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FROM THE BELL SYNDICATE, INC.--RELEASE FRIDAY, JAN. 22, 1954.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) RISING UNEMPLOYMENT FIGURES WORRY CABINET; DIPLOMATS FEUD OVER RECOGNIZING RED CHINA; GENERAL MOTORS MAY LOSE ITS NEW TANK ORDERS. (END CAPS)

WASHINGTON.--THE CABINET IS MORE WORRIED ABOUT RISING UNEMPLOYMENT THAN IT LIKES TO ADMIT.

THE RAILROADS HAVE LAID OFF 18,000 AND THE AUTOMOBILE INDUSTRY ANOTHER 16,000 SINCE CHRISTMAS. MORE THAN 142,000 ARE OUT OF JOBS IN MICHIGAN ALONE.

LABOR DEPARTMENT OFFICIALS BELIEVE PRIVATELY THAT THE NATIONAL UNEMPLOYMENT FIGURE HAS ALREADY HIT THE 2,000,000 MARK. IN NEW YORK, BETHLEHEM STEEL HAS CUT PRODUCTION 25 PER CENT IN THE LAST TWO MONTHS AND INTRODUCED THE FOUR-DAY WORK-WEEK. IN OHIO AND ALABAMA, REPUBLIC STEEL HAS LAID OFF OVER 4,000. IN CONNECTICUT, BRIDGEPORT BRASS HAS PUT 2,000 ON A FOUR-DAY WORK-WEEK. BUSINESSMEN ACROSS THE COUNTRY ARE CUTTING DOWN THEIR PAYROLLS BECAUSE OF DROPPING SALES AND OVERSTOCKED INVENTORIES.

NOTE--THE ADMINISTRATION, ANXIOUS TO PUT A GOOD FACE ON THE ECONOMIC SITUATION, HAS REVISED UNEMPLOYMENT FIGURES BY CUTTING THE NUMBER OF "EMPLOYABLE" WORKERS BY 700,000. IT IS ARGUED THAT APPROXIMATELY 700,000 PEOPLE ARE TOO OLD OR OTHERWISE PHYSICALLY DISQUALIFIED TO HOLD REGULAR JOBS EXCEPT IN PERIODS OF PEAK PROSPERITY, THEREFORE CAN BE CLASSIFIED AS "UNEMPLOYABLE." IF THESE 700,000 ARE ADDED TO THE 1,850,000 OFFICIALLY ADMITTED AS UNEMPLOYED, THE TOTAL COMES TO AROUND 2,600,000.

--RECOGNIZING RED CHINA?--

A BITTER BACKSTAGE BATTLE IS RAGING IN THE STATE DEPARTMENT BETWEEN TWO OF THE ADMINISTRATION'S HIGHEST ADVISERS OVER THE RECOGNITION OF RED CHINA.

ONE IS ASSISTANT SECRETARY OF STATE WALTER ROBERTSON WHO FLATLY OPPOSES ANY COMPROMISE WITH RED CHINA. THE OTHER IS ARTHUR DEAN, LAW PARTNER OF JOHN FOSTER DULLES AND SPECIAL AMBASSADOR TO PANMUNJOM, WHO LEANS TOWARD AN EVENTUAL DEAL WITH CHINA.

ROBERTSON IS THE VIRGINIA GENTLEMAN WHO WENT TO KOREA AND DID ONE OF THE GREATEST SALES JOBS IN RECENT DIPLOMATIC HISTORY BY PERSUADING SYNGMAN RHEE TO GO ALONG WITH THE PEACE TALKS. ROBERTSON NOW SAYS THERE IS ABSOLUTELY NO CHANCE THAT PREMIER MAO TSE-TUNG CAN BE PERSUADED TO BE A FAR EASTERN TITO, AND THREATENS TO RESIGN IF THE UNITED STATES RECOGNIZES CHINA.

(MORE)

MERRY-GO-ROUND--FRIDAY, JAN. 22--PAGE 2.

DEAN, A HIGHLY SUCCESSFUL CORPORATION LAWYER, FEELS THAT ALL IS NOT WELL BETWEEN THE CHINESE AND THE RUSSIANS, THAT SOONER OR LATER THE UNITED STATES WILL HAVE TO DO BUSINESS WITH CHINA. ALREADY JAPAN, THOUGH IT OPERATES UNDER THE GUIDANCE OF THE U.S.A., IS INCREASING ITS TRADE WITH RED CHINA BY LEAPS AND BOUNDS.

IT WAS WALL STREET ATTORNEY DEAN'S STATEMENT AT A PRIVATE NEWSPAPER DINNER THAT ATTRACTED A CROSS-FIRE OF CRITICISM LAST WEEK FROM SEN. HERMAN WELKER OF IDAHO, SOMETIMES CALLED THE JUNIOR SENATOR MCCARTHY.

IF THE BATTLE BECOMES ANY MORE BITTER, ONE OF THE TWO DIPLOMATS WILL HAVE TO BOW OUT, IN WHICH CASE BETTING ODDS FAVOR ROBERTSON TO STAY.

NOTE--AT ANOTHER RECENT DINNER, GIVEN BEFORE THE WASHINGTON AD CLUB, AIR FORCE GEN. FRANK EVEREST WAS ASKED: "DO YOU THINK CHIANG KAI-SHEK WILL BE ABLE TO INVADE THE MAINLAND?" REPLIED EVEREST: "WHAT YOU MEAN IS, 'DO I THINK CHIANG KAI-SHEK CAN DEFEND FORMOSA?'"

--WASHINGTON WEATHER--

EVEN AT THE WHITE HOUSE, WASHINGTON'S WINTER WEATHER HAS BEEN A MAJOR TOPIC. RUSHING INTO THE PRESIDENT'S OFFICE FOR AN APPOINTMENT, BREATHLESS CONGRESSMAN HARLEY STAGGERS OF WEST VIRGINIA APOLOGIZED: "I ALMOST DIDN'T MAKE IT, MR. PRESIDENT. COULDN'T GET A TAXI IN ALL THIS SNOW."

"I'M LUCKY," REPLIED IKE. "ONE THING ABOUT THIS JOB OF BEING PRESIDENT IS THAT YOU DON'T HAVE TO GO OUT IN THE WEATHER IF YOU DON'T WANT TO."

NOTE--THE EXECUTIVE OFFICES ARE IN THE WEST WING OF THE WHITE HOUSE PROPER SO THE PRESIDENT DOESN'T HAVE TO STEP OUTSIDE WHEN HE MOVES BETWEEN HIS LIVING QUARTERS AND OFFICE.

--PENNY-WISE WILSON--

CHARLIE WILSON'S POLICY OF CONCENTRATING DEFENSE DEPARTMENT CONTRACTS IN THE HANDS OF A FEW BIG COMPANIES, NOTABLY GENERAL MOTORS, IS COMING IN FOR MORE AND MORE BACKSTAGE CRITICISM, AND MAY HAVE TO BE ABANDONED.

IT SHOULD BE NOTED THAT WILSON, A HARD-BOILED INDUSTRIALIST WHO LETS THE CHIPS FALL WHERE THEY MAY, IS NOT TRYING TO FAVOR GENERAL MOTORS MERELY BECAUSE HE ONCE HEADED THE GIANT CORPORATION. HIS AIM IS TO CUT COSTS, AND GENERAL MOTORS FREQUENTLY COMES UP WITH THE LOWEST BID.

HOWEVER, MILITARY MEN WARN AGAINST THE DANGER OF CONCENTRATING PRODUCTION IN A FEW FACTORIES AND A FEW CITIES, WHICH COULD MORE EASILY BE DESTROYED IN CASE OF ATOMIC BOMBING RAIDS. EVEN IF IT COSTS MORE MONEY, THEY WARN, VITAL DEFENSE PLANTS SHOULD BE SCATTERED AROUND THE COUNTRY, NOT CONCENTRATED.

(MORE)

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MERRY-GO-ROUND--FRIDAY, JAN. 22--PAGE 3.

NOW THE MILITARY ADVISERS HAVE BEEN JOINED BY SEN. ESTES KEFAUVER OF TENNESSEE, A MEMBER OF THE ARMED SERVICES COMMITTEE, WHO HAS INTRODUCED A RESOLUTION FOR THE INVESTIGATION OF CONCENTRATED DEFENSE PRODUCTION.

CHIEFLY AT STAKE IS CHRYSLER'S PRODUCTION OF THE M48 TANK AND THE T43 TANK, BOTH TYPES CHIEFLY DEVELOPED BY CHRYSLER, AND NOW SCHEDULED TO BE SWITCHED FROM CHRYSLER TO GENERAL MOTORS UNDER THE WILSON PROGRAM. THOUGH G.M. HAS NOW SUBMITTED LOWER BIDS ON TANKS, MILITARY MEN STILL MAINTAIN THAT WILSON'S POLICY IS ONE OF BEING PENNY-WISE AND POUND FOOLISH.

--LYNDON'S LEADERSHIP--

SEN. LYNDON JOHNSON OF TEXAS, THE LIKABLE DEMOCRATIC LEADER, HAS BEEN DELIBERATELY SLOW ABOUT CALLING A CAUCUS OF DEMOCRATIC SENATORS --FOR FEAR THEY MIGHT CHALLENGE HIS LEADERSHIP.

SOME SENATORS HAVE BEEN GROUSING THAT JOHNSON IS SO WORRIED ABOUT APPEASING TEXAS REPUBLICANS AND KEEPING AN OPPOSITION CANDIDATE OUT OF THE SENATE RACE THAT HE'S GUIDING DEMOCRATIC POLICY IN THE SENATE TO HELP JOHNSON, RATHER THAN THE DEMOCRATS.

RATHER THAN GIVE THESE SENATORS A CHANCE TO CONTEST HIS LEADERSHIP, JOHNSON BY-PASSED THE USUAL DEMOCRATIC CAUCUS SUPPOSED TO BE HELD BEFORE CONGRESS OPENS AND IS DEALING WITH EACH SENATOR INDIVIDUALLY. IF HE BRINGS THEM TOGETHER IN A GROUP, SOME OF THE MAVERICKS MIGHT GANG UP ON HIM. CHANCES ARE THAT JOHNSON WOULD WIN ANY INTRA-PARTY ELECTION CONTEST, BUT HE DOESN'T WANT IT KNOWN THAT THERE IS ANY OPPOSITION TO HIM WHATSOEVER.

(END MERRY-GO-ROUND RELEASE FRIDAY, JAN.22,1954.) 1/19/54 MG508P

Incl

FROM THE BELL SYNDICATE, INC.--RELEASE TUESDAY, JAN. 12, 1954.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) MAMIE MONITORED IKE'S SPEECH FROM CONGRESSIONAL GALLERY; NIXON STILL HAS GREAT CONFIDENCE IN CHIANG KAI-SHEK; VICE PRESIDENT GIVES DEMOCRATS TRAVELOGUE ON FAR EAST.

(END CAPS)

WASHINGTON.--RIGHT AFTER PRESIDENT EISENHOWER FINISHED HIS STATE-OF-THE-UNION SPEECH TO THE JOINT SESSION OF CONGRESS HE WAS GREETED BY MAMIE, WHO HAD WATCHED HIM FROM THE HOUSE GALLERY.

"WHAT HAVE YOU GOT THERE?" QUERIED IKE, POINTING TO SOME PAPERS IN MAMIE'S HAND.

"OH, IT'S JUST A COPY OF YOUR SPEECH. EVERYONE IN THE GALLERY WAS GIVEN A COPY," SHE REPLIED.

"GOLLY," SAID THE PRESIDENT, "IF I'D KNOWN THAT THEY ALREADY HAD MY SPEECH UP HERE ON THE HILL, I WOULDN'T HAVE BOTHERED TO COME UP HERE TO READ IT."

--"BURTON HOLMES" NIXON--

VICE PRESIDENT NIXON ASSURED DEMOCRATIC SENATORS IN AN OFF-THE-RECORD MEETING THE OTHER EVENING THAT SOUTH KOREAN PRESIDENT SYNGMAN RHEE WILL NOT START WAR AGAIN IN KOREA.

"I AM NOT WORRIED ABOUT RHEE USING AGGRESSIVE TACTICS," THE VICE PRESIDENT SAID, COMMENTING UPON RHEE'S THREAT TO RENEW THE KOREAN WAR ON JAN. 27. "HE WILL MAKE A LOT OF FUSS, BUT HE WILL COOPERATE WITH THE UNITED STATES."

NIXON SPOKE AFFECTIONATELY OF THE WRINKLED, LITTLE SOUTH KOREAN LEADER WITH THE APPLE-SEED EYES, AND POOH-POOHED THE NOTION THAT RHEE ISN'T STRONG IN HIS OWN COUNTRY.

"SYNGMAN RHEE IS SOUTH KOREA," HE DECLARED. "DON'T THINK FOR A MOMENT THAT RHEE DOESN'T HAVE THOSE PEOPLE BEHIND HIM."

THE VICE PRESIDENT WAS THE ONLY REPUBLICAN AT A PRIVATE DEMOCRATIC GATHERING HELD AT THE HOME OF HIS NEIGHBOR, SENATOR ESTES KEFAUVER. THE GET-TOGETHER WAS ARRANGED, EXPLAINED THE TENNESSEE CRIMEBUSTER, AS THE OUTGROWTH OF A NEIGHBORLY CHAT ABOUT A CHRISTMAS MOTOR BIKE THAT THE KEFAUVER KIDS HAD LET THE NIXON YOUNGSTERS RIDE.

"KEFAUVER IS THE MOST POPULAR PAPA IN THE NEIGHBORHOOD," ACKNOWLEDGED NIXON, "BECAUSE HE BOUGHT HIS KIDS A BIKE WITH A MOTOR ON IT,

STANDING IN FRONT OF THE KEFAUVER FIREPLACE, NIXON POINTED OUT HIS TRAVELS ON A MAP OF ASIA AND GAVE A DETAILED, COUNTRY-BY-COUNTRY REPORT. HE WARNED IN ADVANCE, HOWEVER, THAT HE WOULD PRESENT NO CONCLUSIONS.

(MORE)

MERRY-GO-ROUND--TUESDAY, JAN. 12--PAGE 2.

"IF I EXPRESS ANY CONCLUSIONS," HE EXPLAINED, "IT IS ALWAYS ATTRIBUTED TO THE PRESIDENT."

--STRONG FOR CHIANG--

AT ONE POINT, WHEN HE WAS GIVING A FLATTERING REPORT ON ANOTHER ASIATIC STRONG MAN, CHIANG KAI-SHEK, THE VICE PRESIDENT WAS CHALLENGED BY SENATOR RUSS LONG OF LOUISIANA.

"A MIRACLE HAS BEEN PERFORMED IN FORMOSA," NIXON CLAIMED. "CHIANG KAI-SHEK HAS 600,000 WELL-EQUIPPED, READY-TO-GO TROOPS."

"ARE YOU SURE OF THAT 600,000 FIGURE?" INTERRUPTED LONG. "I AM A MEMBER OF THE ARMED SERVICES COMMITTEE. AT THE LAST BRIEFING I ATTENDED, THE FIGURE WAS GIVEN AS LESS THAN 300,000 TROOPS, AND SOME OF THEM DIDN'T EVEN HAVE SHOES."

"THAT'S THE FIGURE THAT IS BATTED AROUND. I DIDN'T COUNT THEM," NIXON REPLIED IMPATIENTLY.

HE ACKNOWLEDGED THAT CHIANG KAI-SHEK COULD NOT INVADE THE CHINESE MAINLAND WITHOUT U.S. SEA AND AIR SUPPORT. HOWEVER, HE CLAIMED THAT FORMOSA HAS BEEN TRANSFORMED INTO A MODEL GOVERNMENT, WHICH HE DESCRIBED AS "SORT OF A WORLD CAPITAL TO THE MILLIONS OF CHINESE OUTSIDE OF CHINA."

NIXON WAS SLIGHTLY LESS FLATTERING IN HIS OPINION OF INDIA'S LEADER, PANDIT NEHRU, THOUGH THE VICE PRESIDENT ACKNOWLEDGED HE WAS IMPRESSED WITH NEHRU'S ABILITY AND "SATISFIED" NEHRU IS ANTI-COMMUNIST.

"THE TROUBLE," OBSERVED NIXON, "IS THAT NEHRU ISN'T REALISTIC IN HIS POLICY OF NEUTRALISM. THERE ISN'T ANYTHING IN INDIA THAT CAN STOP COMMUNISM FROM TAKING OVER."

NIXON'S MOST OPTIMISTIC REPORT WAS ON TURKEY, WHICH HE DESCRIBED AS THE "STRONGEST LINK" IN OUR EASTERN DEFENSE CHAIN.

HOWEVER, BIG ED JOHNSON OF COLORADO BLURTED OUT: "MR. VICE PRESIDENT, WHICH ONES OF ALL THOSE COUNTRIES ARE POTENTIAL TURKEYS?"

--CRUCIAL INDO-CHINA--

NIXON REPLIED THAT THE OTHER COUNTRIES "DON'T HAVE THE RESOURCES," AND ACKNOWLEDGED THAT THEY ARE A LONG WAY FROM MEASURING UP TO TURKEY IN STRENGTH. PROBABLY THE BIGGEST DRAWBACK, HE SUGGESTED, WAS THE LACK OF NATIVE LEADERS. FOR EXAMPLE, HE PRAISED PRIME MINISTER SASTROAMIDJOJO OF INDONESIA AS A "GREAT LEADER," BUT COMPLAINED THAT HE STOOD ALONE.

"AFTER MY CONFERENCE WITH HIM," REPORTED NIXON, "I ASKED, 'WHO ELSE SHOULD I TALK TO?' HE SAID, 'JUST ME.'"

NIXON BLAMED THE DUTCH AND FRENCH FOR NOT TRAINING NATIVE LEADERS IN THEIR FORMER COLONIES.

(MORE)

MERRY-GO-ROUND--TUESDAY, JAN. 12--PAGE 3.

"THE BRITISH TRAINED NATIVES FOR CIVIL LEADERSHIP, BUT UNFORTUNATELY, THE DUTCH AND THE FRENCH DID NOT," HE SAID.

OF ALL THE FAR EASTERN COUNTRIES, THE VICE PRESIDENT LAID MOST STRESS ON INDO-CHINA AND INDICATED THAT THE EISENHOWER ADMINISTRATION CONSIDERS INDO-CHINA THE KEY TO OUR ASIATIC POLICY, BECAUSE OF ITS STRATEGIC RUBBER AND TIN.

THIS LED WEST VIRGINIA'S SENATOR HARLEY KILGORE TO SUGGEST THAT WE BRING PRESSURE ON THE EUROPEAN NATIONS TO CURB THE INTERNATIONAL CARTELS AND FIX A FAIR POLICY, SO INDO-CHINA WILL GET SOME OF THE PROFIT AND BENEFIT FROM ITS RUBBER AND TIN PRODUCTION.

"I AM NOT QUALIFIED TO GO INTO THAT," NIXON BRUSHED ASIDE THE SUGGESTION.

ON THE WHOLE, THE DEMOCRATS CAME AWAY FAVORABLY IMPRESSED WITH THE VICE PRESIDENT'S MISSION. ONE SENATOR DESCRIBED HIM AS A "MENTAL BLOTTER" WHO SOPPED UP EVERYTHING HE SAW AND HEARD.

--WASHINGTON PIPELINE--

THE MOST POWERFUL U.S. SENATOR, DEMOCRAT DICK RUSSELL OF GEORGIA, TOLD FRIENDS LAST WEEK: "I DIDN'T LIKE ATTORNEY GENERAL BROWNELL'S REMARKS ABOUT PRESIDENT TRUMAN, THOUGH I KNEW HE WAS JUST PLAYING POLITICS. BUT GOVERNOR DEWEY'S SPEECH IN HARTFORD REALLY GOT UNDER MY SKIN. WHY, THAT LITTLE --- --- ISN'T EVEN FIT TO SHINE THE SHOES OF A DEMOCRAT.".....IDAHO'S REPUBLICAN SENATOR HERMAN WELKER HAS NEVER SPOKEN TO MONTANA'S DEMOCRATIC SENATOR MIKE MANSFIELD SINCE HE CAME TO WASHINGTON. FROM MANSFIELD'S VIEWPOINT THE FEELING IS MUTUAL..... DEMOCRAT SAM RAYBURN'S ONLY REGRET DURING HIS 72ND BIRTHDAY PARTY WAS THAT HE COULDN'T FIND ROOM FOR AN OLD-FASHIONED DANCE, WITH HIS SHOES OFF.

(END MERRY-GO-ROUND RELEASE TUESDAY, JAN. 12, 1954.) 1/8/54 MG540P

Indexed

FROM THE BELL SYNDICATE, INC.--RELEASE SATURDAY, OCT. 6, 1951.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) SOYBEANS TAKE STRANGE NOSE DIVE; GEN. BRADLEY EXPLAINS MACARTHUR REVERSAL; TENNESSEE FEUD ERUPTS ON SENATE FLOOR. (END CAPS)

WASHINGTON.--THE SOYBEAN MARKET TOOK A STRANGE NOSE DIVE LAST MONTH, WHICH LOOKS SUSPICIOUSLY AS IF SOMEONE IS TAMPERING IN SOYBEANS AGAIN. PREVIOUSLY, A GROUP OF CHINESE SPECULATORS RIGGED THE MARKET, SO THE PRICE OF SOYBEANS SHOT UP \$1 A BUSHEL. THIS TIME, HOWEVER, THE PRICE DROPPED FROM \$3.14 TO \$2.70 A BUSHEL, SO THAT SPECULATORS BETTING ON THE SHORT SIDE OF THE MARKET WERE ABLE TO MAKE A KILLING. AMERICAN FARMERS TOOK THE LOSS.

THE AGRICULTURE DEPARTMENT IS REQUIRED BY LAW TO INVESTIGATE ANY SUSPICIOUS ACTIVITY ON THE COMMODITY MARKET.

IF SECRETARY OF AGRICULTURE BRANNAN WILL LOOK INTO THE MYSTERIOUS MANIPULATIONS IN BOTH SOYBEANS AND RYE, THIS COLUMN CAN PROVIDE HIM WITH SWORN WITNESSES WHO WILL TESTIFY THAT CERTAIN HIGH CHINESE HAVE BEEN INTERESTED IN BOTH COMMODITIES.

THESE SAME CHINESE ARE ABLE TO MAKE A PROFIT ON THE COMMODITY MARKET WITHOUT PAYING U.S. TAXES, THEN USE THE MONEY TO FINANCE THE SMEAR CAMPAIGNS AGAINST SUCH MEN AS SECRETARY OF STATE ACHESON AND EX-SECRETARY OF DEFENSE MARSHALL.

--MACARTHUR REVERSED--

CONSCIENTIOUS GEN. OMAR BRADLEY WAS CROSS-EXAMINED BY FRIENDS OF GENERAL MACARTHUR IN A CLOSED-DOOR SESSION OF THE ARMED SERVICES COMMITTEE THE OTHER DAY AS TO WHY THE AIR FORCE RECENTLY BOMBED RASHIN NEAR THE SIBERIAN BORDER--THE SAME CITY WHICH MACARTHUR WAS ORDERED NOT TO BOMB.

BRADLEY ALSO WARNED SENATORS DURING THE SAME MEETING THAT THE BIG PUBLIC HULLABALOO ABOUT SECRET WEAPONS MIGHT BE DANGEROUS, SINCE DEVELOPMENT OF THESE WEAPONS WAS "FOUR, FIVE OR SIX YEARS AWAY."

THE CHIEF QUIZZING OF THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF WAS CONDUCTED BY SEN. HARRY CAIN, REPUBLICAN OF WASHINGTON.

"THIS IS WHERE I CAME IN," OBSERVED CAIN, WHEN BRADLEY EXPLAINED THAT GENERAL RIDGWAY'S ORDERS WERE STILL THE SAME ABOUT BOMBING MANCHURIA AS THOSE GIVEN TO MACARTHUR.

CAIN COUNTERED BY REMINDING GENERAL BRADLEY THAT MACARTHUR HAD BEEN FORBIDDEN TO BOMB RASHIN, A TRANSPORTATION CENTER ON THE KOREAN-SIBERIAN BORDER. CAIN ASKED WHY THESE ORDERS HAD NOW BEEN REVERSED.

(MORE)

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BRADLEY REPLIED THAT THE MACARTHUR HEARINGS NATURALLY HAD BEEN READ IN THE KREMLIN, AND AS A RESULT, RED ARMY LEADERS WERE CONVINCED RASHIN WAS ABSOLUTELY SAFE. THEREFORE, THEY HAD BUILT UP HUGE SUPPLIES WITH NO PROTECTION WHATSOEVER.

THE REASON MACARTHUR HAD BEEN ORDERED NOT TO BOMB RASHIN STILL HELD, BRADLEY EXPLAINED--NAMELY, THAT IT WAS ONLY 20 MILES FROM THE RUSSIAN BORDER AND WE DIDN'T WANT TO TAKE THE RISK OF OVERSHOOTING INTO SIBERIA. THEREFORE, THE AIR FORCE WAS ORDERED TO BOMB RASHIN IN CLEAR WEATHER AT A LOW ALTITUDE, AND BY VISUAL RECOGNITION, NOT INSTRUMENTS. THE RESULT WAS HEAVY ENEMY DESTRUCTION.

--RUSSIAN AIR SUPERIORITY--

BRADLEY ALSO TOLD SENATORS THAT THE BIGGEST THREAT TO U.N. FORCES WAS STILL THE RUSSIAN AIR FORCE. SEN. WAYNE MORSE OF OREGON ASKED WHETHER WE COULD HOLD OUR AIR SUPERIORITY IF RUSSIA GOT INTO THE WAR. BRADLEY REPLIED WITH A FLAT NO, STRESSED THAT RUSSIA HAS AIR SUPERIORITY.

ON THE GROUND, BRADLEY PREDICTED A WINTER STALEMATE WITH NEITHER SIDE STRONG ENOUGH TO WAGE A SUCCESSFUL OFFENSIVE. HE SAID OUR PLAN WAS TO STAY ON THE "ACTIVE DEFENSE," HARASS THE ENEMY AND WIPE OUT AS MANY CHINESE AS POSSIBLE. HE SEEMED PESSIMISTIC ABOUT THE TRUCE TALKS.

SENATOR RUSSELL OF GEORGIA POINTED OUT THAT THE PUBLIC HAS BEEN ENCOURAGED TO PIN ITS FAITH ON NEW, MIGHTY WEAPONS WITH THE POWER TO ACHIEVE "FANTASTIC RESULTS."

BRADLEY REPLIED THAT THE DEFENSE DEPARTMENT IS WORKING ON SUCH WEAPONS, BUT WARNED THAT THEY ARE "FOUR, FIVE OR SIX YEARS AWAY." DECRYING THE TALK ABOUT SECRET WEAPONS, HE WARNED THAT SUCH TALK IS A DIS-SERVICE TO THE PUBLIC. THE ARMED SERVICES AREN'T ABLE TO "PERFORM MIRACLES," SAID INFANTRYMAN BRADLEY, AND URGED CHAIRMAN RUSSELL TO ISSUE A STATEMENT, PLAYING DOWN THE IMPORTANCE OF SECRET WEAPONS.

--MCKELLAR RAGES--

THE PUBLIC RECORD HAS BEEN TONED DOWN, BUT A TENNESSEE FEUD ERUPTED ON THE SENATE FLOOR THE OTHER DAY IN ALL ITS MOUNTAIN FURY. IT BROUGHT CREAKY SENATOR KENNETH MCKELLAR TO HIS FEET IN A WILD RAGE, THUMPING HIS CANE ANGRILY AND SHAKING A GNARLED FIST AT HIS TENNESSEE COLLEAGUE, SOFT-SPOKEN SEN. ESTES KEFAUVER.

MCKELLAR HAS BEEN CARRYING ON A ONE-SIDED FEUD AGAINST KEFAUVER FOR MONTHS, BUT THIS IS THE FIRST TIME IT HAS BROKEN OUT ON THE SENATE FLOOR. WHAT PROVOKED THE AGED TENNESSEAN WAS AN ATTEMPT BY KEFAUVER TO CREATE A ROVING JUDGE FOR BOTH MIDDLE AND WESTERN TENNESSEE, INSTEAD OF CONFINING HIM TO THE MIDDLE DISTRICT ALONE.

(MORE)

MERRY-GO-ROUND--SATURDAY, OCTOBER 6--PAGE 3.

DISREGARDING RULES OF SENATE COURTESY, MCKELLAR BITTERLY ACCUSED HIS COLLEAGUE OF "PLAYING POLITICS" AND "VIOLATING HIS WORD."

"I BELIEVE IN TRYING TO SETTLE THESE MATTERS ON THE FACTS, AND I AM NOT GOING TO GET EXCITED ABOUT IT," BROKE IN KEFAUVER CALMLY.

"THE JUNIOR SENATOR WOULDN'T KNOW A FACT IF HE SAW ONE IN THE MIDDLE OF THE ROAD," RASPED MCKELLAR, SHAKING WITH ANGER. THEN THE OLD MAN THUMPED DOWN IN HIS SEAT, SCATTERING A SHEAF OF PAPERS ON THE FLOOR.

"I HAVE ANOTHER OPINION ABOUT THAT," SHOT BACK KEFAUVER.

"YES, THE SENATOR HAS, BUT NO ONE ELSE HAS," SHOUTED MCKELLAR FROM HIS SEAT.

SEN. JOHN SPARKMAN OF ALABAMA, SITTING IN TEMPORARILY FOR VICE PRESIDENT BARKLEY, RAPPED FOR ORDER. THEN NORTH DAKOTA'S CIGAR-CHEWING SEN. BILL LANGER JUMPED UP AND SOOTHINGLY INQUIRED: "I SHOULD LIKE TO KNOW WHICH SENATOR FROM TENNESSEE REPRESENTS THE HATFIELDS AND WHICH ONE REPRESENTS THE MCCOYS."

--WASHINGTON PIPELINE--

NEW DEFENSE SECRETARY LOVETT HAS RECEIVED ONLY ONE MESSAGE FROM GENERAL EISENHOWER SINCE TAKING OFFICE--AN INVITATION TO VISIT IKE'S HEADQUARTERS IN PARIS....ALL AMERICAN DIPLOMATIC COURIERS IN THE BALKANS HAVE BEEN ORDERED TO TRAVEL IN PAIRS. TOO MANY COURIERS TRAVELING ALONE HAVE BEEN BEATEN UP BY THE SECRET POLICE AND THEIR DISPATCH CASES RIFLED....ONE OF THE MEN RECENTLY TRAVELING AROUND THE U.S.A. WITH PHILIPPINE PRESIDENT QUIRINO IS JOSE YULO--AN ACTIVE JAPANESE COLLABORATER DURING THE WAR. YULO WAS SO HELPFUL TO THE JAPS THAT HE WAS DECORATED--IN TOKYO--WITH THE ORDER OF THE RISING SUN. WHILE PRESIDENT QUIRINO IS MOST WELCOME OVER HERE, SOME PEOPLE THINK HE OUGHT TO BE CAREFUL ABOUT WHOM HE BRINGS WITH HIM.

(END PEARSON COLUMN FOR SATURDAY, OCT. 6, 1951.)

10/3/51 MG526P

FROM THE BELL SYNDICATE, INC.--RELEASE THURSDAY, APRIL 13, 1950.

DREW PEARSON

ON

THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) IMPORTANT TO KNOW SOURCES FEEDING AMMUNITION TO MCCARTHY IN DISPUTE WITH STATE DEPARTMENT; KUOMINTANG OR CHIANG KAI-SHEK LOBBY HAS MILLIONS TO SPEND. (END CAPS) WASHINGTON.--NO MATTER WHICH SIDE OF THE MCCARTHY-STATE DEPARTMENT DISPUTE YOU ARE ON, IT'S IMPORTANT TO KNOW SOME OF THE FACTORS BEHIND THE ENERGETIC SENATOR FROM WISCONSIN. SUPPORTED BY A CONGLOMERATION OF BACKSTAGE INTERESTS, INCLUDING ONE OR TWO GOVERNMENT FIGURES, HERE IS A ROLL CALL OF THE MEN WHO ARE GIVING HIM AMMUNITION:

1. THE KUOMINTANG LOBBY--IT HAS MILLIONS TO SPEND, ONCE HIRED DEFENSE SECRETARY LOUIS JOHNSON, INCLUDES THE POWERFUL BROTHERS-IN-LAW OF CHIANG KAI-SHEK, DR. H. H. KUNG AND T. V. SOONG. MORE ABOUT THIS LOBBY LATER.

2. WILLIAM J. GOODWIN--A FORMER COUGHLINITE AND CHRISTIAN FRONTIER, HE IS PAID \$25,000 ANNUALLY BY THE KUOMINTANG LOBBY, WINES AND DINES CONGRESSMEN, DELUGES EDITORS WITH PROPAGANDA ON CHINA.

3. EX-CONGRESSMAN KERSTEN OF WISCONSIN--DEFEATED FOR RE-ELECTION, KERSTEN IS MCCARTHY'S CHIEF BACKSTAGE SLEUTH. FOR A TIME HE OCCUPIED ROOM 316 IN THE CONGRESSIONAL HOTEL WHERE HE PLACED SO MANY PHONE CALLS IT ATTRACTED THE ATTENTION OF HOTEL EMPLOYEES. THE HOTEL BILLS WERE PAID NOT BY KERSTEN, BUT BY MCCARTHY.

--NEWSPAPER FRIENDS--

4. NEWSPAPER CHAINS--TWO NEWSMEN FORMERLY WITH BIG CHAIN PAPERS ARE ATTACHED TO MCCARTHY TO WRITE SPEECHES AND STATEMENTS. THAT'S WHY HIS STATEMENTS MAKE GOOD NEWS COPY, USUALLY HIT THE HEADLINES. ONE NEWSMAN IS GEORGE WATTERS, FORMERLY WITH THE CHICAGO TRIBUNE GROUP. THE SCRIPPS-HOWARD CHAIN ALSO GIVE THEIR BLESSING. NONE OF THESE MEN APPEAR ON MCCARTHY'S SENATE PAYROLL, NOR DO THE FOUR EX-FBI MEN HE ONCE HIRED. SO SOMEONE ELSE MUST BE FOOTING THE BILL.

5. ALFRED KOHLBERG--BIG IMPORTER OF LACE HANKIES, DOES A BUSINESS OF \$1,500,000 A YEAR WITH CHINA, AND ADMITS HE FINANCES HIS AMERICAN CHINA POLICY ASSOCIATION--A PRESSURE ASSOCIATION--PARTLY OUT OF THAT BUSINESS. KOHLBERG IS CLOSE TO THE KUOMINTANG LOBBY, HATES OWEN LATTIMORE AND BELIEVES ANYONE NOT A RABBLE-ROUSING ANTI-RED IS AUTOMATICALLY A COMMUNIST.

(MORE)

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6. OLD-LINE CAREER DIPLOMATS--MOST ARE LOYAL TO ACHESON. BUT ONE OR TWO DISGRUNTLED EXTREMISTS, SORE AT THE NEW BLOOD INJECTED INTO THE STATE DEPARTMENT, HAVE SENT EXAGGERATED REPORTS TO MCCARTHY.

--CHINESE MONEY--

OF THESE BACKSTAGE MCCARTHY HELPERS, MOST POWERFUL IS THE KUOMINTANG OR CHIANG KAI-SHEK LOBBY, FINANCED BY U.S. TAXPAYERS' MONEY SUPPOSED TO HAVE GONE TO CHINA FOR RELIEF. A TREASURY DEPARTMENT SURVEY OF FOREIGN FUNDS TWO YEARS AGO INDICATED THAT ABOUT \$200,000,000 OF THIS MONEY WAS NOW IN THE UNITED STATES, BUT OFFICIALS ESTIMATE IT HAS DOUBLED SINCE THEN, DUE TO THE EXIT OF NATIONALIST FUNDS FROM CHINA BEFORE THE COMMUNISTS TOOK OVER.

THIS, MAYBE, EXPLAINS PART OF MCCARTHY'S FINANCIAL BACKING.

WORKING IN FRIENDLY COOPERATION WITH THE KUOMINTANG LOBBY IN THIS COUNTRY HAVE BEEN EX-AMBASSADOR WILLIAM C. BULLITT, GEN. CLAIRE CHENNAULT, EX-SEN. WORTH CLARK OF IDAHO, ALFRED KOHLBERG, AND SENATOR BRIDGES OF NEW HAMPSHIRE AND KNOWLAND OF CALIFORNIA.

ONE OF THIS LOBBY'S NEAT BYPLAYS WAS SENDING EX-SENATOR CLARK TO CHINA IN 1948 TO MAKE A SUPPOSEDLY IMPARTIAL SURVEY AND THEN RECOMMEND MORE U.S. MONEY FOR CHIANG.

HERE ARE SIGNIFICANT FACTS BEHIND THE BYPLAY: KOHLBERG GAVE A \$1,000 CAMPAIGN CONTRIBUTION TO POPULAR SEN. STYLES BRIDGES, THEN CHAIRMAN OF THE SENATE APPROPRIATIONS COMMITTEE. BRIDGES APPOINTED CLARK TO GO TO CHINA AND MAKE AN IMPARTIAL SURVEY.

--"IMPARTIAL" SURVEY--

CLARK, HOWEVER, WAS BY NO MEANS IMPARTIAL. HE HAD BEEN ASSOCIATED WITH TOM CORCORAN, CHIEF REPRESENTATIVE OF CHIANG'S BROTHER-IN-LAW, T. V. SOONG, AND WHO WAS PAID A FORTUNE BY THE KUOMINTANG CROWD. CLARK TOOK WITH HIM TO CHINA EDDIE LOCKETT, FORMERLY WITH TIME MAGAZINE, NOW A PUBLICITY MAN. PART OF THEIR EXPENSES WAS PAID BY THE CHINESE NATIONALISTS, DESPITE THE FACT THAT THEY WERE SUPPOSED TO BE WORKING FOR THE U.S. SENATE AND AMERICAN TAXPAYERS.

CLARK AND LOCKETT CAME BACK, VIGOROUSLY RECOMMENDED MORE MONEY FOR CHIANG. UNFORTUNATELY, ACCORDING TO GEN. GEORGE MARSHALL AND THE STATE DEPARTMENT WHITE PAPER, MUCH OF THIS AND OTHER MONEY SENT TO CHIANG EITHER WENT INTO PRIVATE POCKETS OR WENT IN THE FORM OF MATERIEL TO THE CHINESE COMMUNISTS. THE COMMUNISTS DID MOST OF THEIR FIGHTING WITH U.S. MUNITIONS, SOLD THEM BY NATIONALIST WAR LORDS. THIS IS PART OF THE GROUP NOW COKING UP SENATOR MCCARTHY.

(MORE)

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NOTE--MONEY TO CHIANG MIGHT NOT HAVE GONE DOWN THE RATHOLE IF CHIANG HAD FOLLOWED GENERAL MARSHALL'S EARLIER ADVICE TO BRING OPPOSING CHINESE LEADERS INTO A COALITION CABINET, OR IF THE U.S.A. HAD SENT A SMALL ARMY OF MILITARY EXPERTS TO VIRTUALLY REORGANIZE THE CHINESE ARMY AND MAKE SURE OUR MUNITIONS WERE NOT BOUGHT BY THE COMMUNISTS. THE LATTER COURSE, HOWEVER, WAS RESENTED BY CHIANG AND WOULD HAVE BEEN A SUPERHUMAN TASK.

--COUGHLINITES AID MCCARTHY--

THE KUOMINTANG LOBBY HAS ALSO ENLISTED THE COUGHLINITE-EXTREMIST WING OF CATHOLICS. AMONG ITS FRIENDS IS ROBERT M. HARRIS, NOW UNDER INDICTMENT FOR VIOLATION OF THE LOBBYING ACT, AND WHO ACTED AS FATHER COUGHLIN'S BROKER IN BUYING SILVER. THERE IS ALSO WILLIAM J. GOODWIN, THE PAID KUOMINTANG LOBBYIST.

GOODWIN, WHO COLLECTED \$65,000 FROM THE KUOMINTANG LOBBY IN TWO YEARS, WAS NOT SUCH A GOOD FRIEND OF THE CHINESE BEFORE HE GOT ON THE PAYROLL. SHORTLY BEFORE PEARL HARBOR HE WROTE A LETTER NOT UNFAVORABLE TO THE JAPANESE, AND CRITICAL OF THE CHINESE; WHILE, ON OCT. 25, 1941, JUST A FEW WEEKS BEFORE PEARL HARBOR, GOODWIN WROTE A LETTER TO SENATOR CONNALLY OF TEXAS DEFENDING HITLER.

"WHY SHOULD AMERICA DESTROY HITLER?" HE ASKED. "AS BETWEEN THE TWO NATIONS, WE ARE THE VIOLATORS OF INTERNATIONAL LAW, NOT GERMANY."

GOODWIN HAS BEEN COMING DOWN TO WASHINGTON FROM NEW YORK ALMOST EVERY WEEK FOR MORE THAN TWO YEARS, BUTTONHOLING CONGRESSMEN, AND SPILLING VITRIOL AGAINST "CROOKS AND THIEVES" IN THE STATE DEPARTMENT.

NOW HE IS PUTTING THE SAME ACCUSATIONS IN THE MOUTH OF SENATOR MCCARTHY, WHOSE CHAMPIONSHIP OF THE NAZI MURDERERS AT MALMEDY INDICATES THAT HE AND GOODWIN HAVE SEVERAL THINGS IN COMMON.

THESE ARE SOME OF THE BACKSTAGE FIGURES HELPING INSPIRE ONE OF THE MOST SPECTACULAR AND IRRESPONSIBLE SENATE TIRADES SINCE THE HARUM-SCARUM DAYS OF HUEY LONG.

(END PEARSON COLUMN FOR THURSDAY, APRIL 13, 1950.)

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