

LF - Oct. 19, 1960.

Remarks of Senator Tom Connally, (D-Tex.) 81st Congress, 2nd session,
January 9, 1950.

and Smith (R.NJ)

Connally was in a hassle with Knowland on collapse of China. Connally had asserted we gave China \$3 billion since civil war started. Knowland disputing the figures.

Connally - All excerpts are quotes.

Some of us are becoming rather weary of the repeated charge that we have no foreign policy... Yet there is not a senator on the floor who says he would vote ~~to~~ to send an army to Formosa. What do we want to send to Formosa? what should we send if not an army? It is impossible to whip the communists with wind...

I am sorry for the people of Formosa. I am sorry for the people of China.. I am sorry for Asiatic peoples. But I am not ^{as} sorry for them as I would be for the widows that a war would leave in the US. I love American boys and American ~~soldiers~~ mothers and fathers more than I love the people of Formosa and the people of China.

I am not in favor of casting a single vote that may risk plunging this country into World War III....

Things intervened to ask "I would like to have someone who advocates the Navy being sent to Formosa, tell me what the Navy is to do after it arrives at Formosa."

Connally --

President (ex-President) Hoover was quoted in the press as saying he wanted to send the Navy, and he wanted to build up in Formosa, a wall against communism with the Navy... I do not want to do that. I am not going to vote to do it. The American people do not want it done.

What the Senator from New Jersey (Smith) meant by joint occupation I do not know. He would not get very far with joint occupation with Chiang Kai-Shek. He would either run the outfit or he would not play -- that is all.... If there is a military force it is necessary to have someone at the head of it...

(There was also some discussion here about who on MacArthur's staff leaked to the press a confidential statement of the State Department "to the diplomats in the eastern section of the world".)

Connally continuing --

The Senator from California (Knowland) has used the expression, "turning our backs on China," because we do not go into Formosa, because we do not go around to salute Chiang Kai-Shek, and because we do not take his side and supply him with an army and with munitions and things of that kind. The Senator from California calls it turning our backs on a wartime ally.

As allies in the war, who did the most? Did we do more for China, or did she do more for us? We did all in the world we could for China.

After the war she was assailed by the Communist army. We did everything in the world we could do for China except send an army. We gave her money, supplies, equipment, ECA aid and all such benefits. What we did not do was send an army from the US to intervene in the war.

more

2 - Connally on Chiang Kai-Shek

It is shameful (referring to Knowland) to pervert our policy and our generosity toward China....

I want to know who the senators are, and I shall revive the question from time to time, who want to plunge this country, not directly, but possibly, into World War III, in the name of Formosa, but principally in the name of a bitter attack upon the President of the US and upon the Dept. of State.....

Communism is something which is distasteful to us, but that does not mean that we are obligated to send an army to fight communists wherever we find them. If that be the case we should start in Eastern Europe, in Bulgaria, Rumania, Hungary, Czechoslovakia, Yugoslavia, all of which are communist countries.....

After we have liberated all the countries I have named, there is Russia. We must liberate Russia... We are not obligated to do all these things for every country on earth.... That is not the function of the United States...

What other country has done as much for other nations as has the US? What other country has given China as much as has the US?....

(In a colloquy with Smith, Smith N.J., said he was he who had made the charge that the US had abandoned China.)

Connally continuing:

Did we have a treaty with China providing that we would protect her regardless of who attacked her? Did we send her a note saying "Go to it, we will stand by you regardless of who attacks you"?

I will tell the Senate who abandoned China. Chiang Kai-Shek abandoned her when he failed to give the Chinese people the reforms which they desired. The testimony of every witness whom I have heard discuss the subject has been that Chiang Kai-Shek's government did not give to the Chinese people, the masses of the people, the reforms which they expected and desired.

The testimony further is that he was surrounded by groups of corrupt officials from whom the people were unable to realize their ambitions and hopes.

If anyone abandoned China, it was Generalissimo Chiang Kai-Shek.

When we went to his aid, he was in control of all China except a few small territories in the extreme north. He was in possession of a great, rich, powerful nation, with large armies, several millions of men, armed with our guns, supplies and equipment. Yet he could not maintain his position.

He could not successfully resist the army which was recruited against him. From the pictures of them which I have seen, most of them were boys. Yet Chiang Kai-Shek could not maintain his position.

(Colloquy with Smith who said that he did not advocate war but was in line with the proposal of Hoover with regard to sending the Navy. Said Smith: "It was a defense against attack, but not in the sense ~~of~~ of carrying on an aggressive war.")

Connally continuing :

There is not much difference between ~~an army and a navy~~ a navy and an army. one can kill. If we are killed by either one, it does not make much difference which one does it.

Either

more

3 - Connally on Chiang Kai-Shek

Connally continuing --

Our navy has guns, it has airplanes, it has all the armament that goes to make up a great battle machine. Why does the Senator want to send it over there? Is it to play ping-pong? No, he wants to send it over there to fight somebody, to kill somebody, to fight communists, and thereby run the risk of plunging this nation into World War III, with all its horrors, with all its miseries, and all the wreck and ruin which could come to our country if they were provoked in any way to plunge the US into a world war.....

The chiefs of staff have found that Formosa would be of no value to us. We have Japan at the north, and then Okinawa, then the Philippines. That is our line of defense to the east of Formosa, and none of those places involve the question of communist government or communist attack. Formosa would be a liability, and not an asset.

(This ended Connally's castigation of Chiang Kai-Shek and on the plan to send a Navy to Formosa. Knowland had inserted in the record Madam Chiang Kai-Shek's "farewell address to America.")

Madam Chiang's speech contained a lot of fulsome twaddle, as for instance:

"Chiang Kai-Shek, of all the world's statesmen, was the first to perceive the treachery of the communists. He was the first to fight them. A few years ago he was exalted for the courage and tenacity of the fight he waged. Now he is pilloried. Times have changed but the man has not changed. My husband remains resolute, to lead the people against the alien invaders and their alien ideas."

(Note -- I recall that when Chiang abandoned China Connally said, at a press conference, in which he castigated Chiang's conduct, "If he's a generalissimo why doesn't he generalize?")

Senator Scott W. Lucas, (D.Ill.,) was doing some backstopping for Connally in the debate.

Above was the year before Connally's retirement. He retired at end of 82nd session, in 1952.

From Facts on File:

State Secy. John Foster Dulles told his news conference Apr. 5 (1955) that the U.S. was in close touch with other nations in a continuing effort to ease the "highly dangerous" Formosa situation. But he emphasized that the U.S. was not committed to the defense of Quemoy and Matsu "unless that was vital for the defense of Formosa and the Pescadores." He said the U.S. had no further obligation in the area "expressed or implied."

Quemoy-Matsu Issue Is Beclouded by Emotionalism

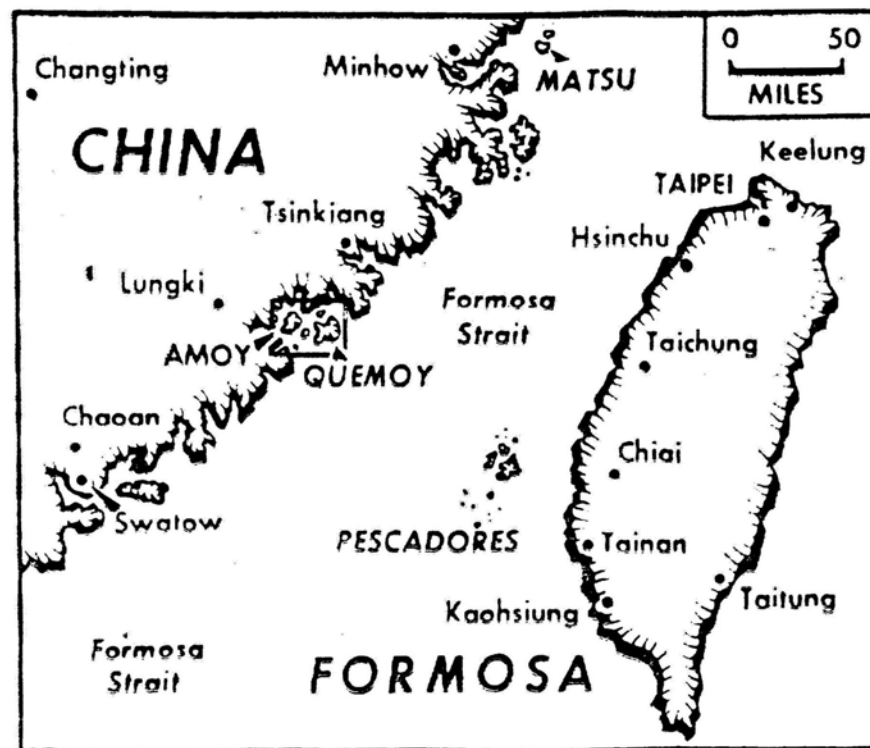
By GEORGE H. HALL
Of the Post-Dispatch Staff.

VICE PRESIDENT NIXON'S proposed new policy in the Formosa Strait has reopened an emotion-charged issue that the American people never have been able to consider dispassionately. Its roots extend back to the sentimental days when school children saved pennies for the starving Chinese. It constitutes one of the most frustrating problems ever to confront United States policy-makers. And yet, if it could be stripped of emotion and domestic politics, it would be simple enough.

The Quemoy-Matsu aspect of the issue arose in 1949. In that year Generalissimo Chiang Kai-shek, a wartime ally of the West, was driven from the mainland by the Communist armies with which he had been engaged in a protracted civil war. He and about 2,000,000 followers took refuge on Formosa, an island 100 miles from the mainland. It formerly was occupied by the Japanese.

A few of Chiang's supporters stopped at Quemoy, three miles off the Red port of Amoy. Others halted at Matsu, nine miles from the mainland port of Foochow. Some reached the Pescadores, islets in the Formosa Strait 30 miles from Formosa. A few remained on the Tachens, small northerly islands which the United States forced Chiang to evacuate in 1955.

Also in 1949 the State Department issued a "white paper" on United States relations with China. This charged Chiang's party, the Kuomintang, with corruption in the early 1940s. It discussed the futile efforts of Gen. George C. Marshall to mediate the civil war in 1945-47. The white paper caused a violent reaction. Four strongly pro-Chiang Senators termed it "a whitewash of wishful do-nothing policy which has succeeded only in placing Asia in danger of Soviet conquest." The paper furnished ammunition



Map shows Formosa and islands of Quemoy and Matsu.

for partisan Republican attacks on President Truman and Secretary of State Dean Acheson.

REPUBLICANS QUICKLY found that the "loss" of China had a popular appeal. In the years 1950 to 1952 they made the most of it in an effort to prepare for the election of the first Republican President since Herbert Hoover was chosen in 1928. The so-called China lobby helped with materials and some financing. Senator McCarthy and his followers discredited the State Depart-

ment's China experts. Senator Knowland of California, the Republican minority leader, came to be known as "the Senator from Formosa." Senator Bridges of New Hampshire, Senator Jenner of Indiana, and the late Senators Taft of Ohio, Welker of Idaho and Wherry of Nebraska strongly supported the Chiang position. All were members of the G.O.P. Old Guard.

When the Republicans came to power in 1952 they set out to do something for Chiang. President Eisenhower, in his first

State of the Union message on Feb. 2, 1953, "unleashed" Chiang by ordering the Seventh Fleet to stop shielding the mainland from possible attack by Chiang. Although this was in fact a gesture, the Chinese Nationalists interpreted it as evidence they would be well treated by the new Administration. They had previously identified their cause with that of the Republicans and had counted on a victory by Gov. Dewey in 1948.

Late in 1953 the Chiang government proposed a mutual defense pact with the United States. This was signed a year later. It was designed, President Eisenhower said, to "deter any attempt by the Chinese Communist regime to bring its aggressive military ambitions to bear against the treaty area." The treaty area was defined as Formosa and the Pescadores.

Shortly before the treaty was approved in Washington early in 1955, President Eisenhower, reacting to what he called "a series of provocative political and military actions, establishing a pattern of aggressive purpose—the conquest of Formosa" by the Communists—asked Congress for discretionary authority to defend Formosa and the Pescadores. The resolution was overwhelmingly approved by both houses of Congress, although there was considerable question as to whether such authority was needed by the Chief Executive.

THE MAJOR CONTROVERSY that developed in congressional debate was over the omission of the exact area the United States would fight to defend. Mr. Eisenhower disclaimed any suggestion that the United States "enlarge its defensive obligations beyond Formosa and the Pescadores" but he said "closely related localities and actions" would have to be taken into account.

Administration leaders refused to state

Continued on Page 8, Col. 1.

Quemoy-Matsu

Continued From Page One.

whether it was United States policy to defend Quemoy and Matsu. Secretary of State Dulles said the United States "has no commitments and no purpose" to defend the islands "as such." The accepted interpretation became the one that Mr. Eisenhower was authorized to defend Quemoy and Matsu if such defense were deemed vital to the defense of Formosa and the Pescadores, and that the matter was left in doubt to keep the Chinese Communists guessing. Only Formosa and the Pescadores were mentioned by name in the resolution.

The Nationalists had been pressing Washington for days for a public commitment guaranteeing the security of Quemoy and Matsu. This demand was turned down. The United States repeated that it would help defend "such related positions and territories" as were deemed essential to defending Formosa. A few days after passage of the Formosa resolution, Mr. Eisenhower ordered the Seventh Fleet to help the Nationalists evacuate the Tachens; the evacuation was said to have been requested by Chiang. On Jan. 18, 1955, Mr. Dulles said the Tachens were not regarded as essential to the defense of Formosa and the Pescadores.

Nixon, by including Quemoy and Matsu in his self-defined "area of freedom," would remove the islands from the sphere of political, diplomatic and strategic calculation which the Eisenhower-Dulles policy envisioned, and would offer the defense commitment that Chiang sought in vain from the Administration five years ago. He would extend the treaty obligation farther than Congress was willing to go and would risk further exacerbation of the situation in the Formosa Strait. The Communists have always regarded Quemoy and Matsu as convenient stepping stones for Chiang's pledged return to the mainland.

Senator Kennedy's concept would draw the defense line according to the terms of the 1955 treaty and resolution, but would remove the doubt as to Quemoy and Matsu. Kennedy would work out with the Nationalists a plan for withdrawal, presumably according to the precedent of the

shelled repeatedly by Communist shore batteries, the heaviest bombardment occurring two years ago. During the height of this shelling, Nationalist supply ships were convoyed to within three miles of Quemoy by vessels of the Seventh Fleet.

Although there were several weeks of extreme tension, the

Communists did not try to invade Quemoy and the shelling was not interpreted as part of an attack on Formosa. Quemoy was not subjected to bomber attack. Quemoy's present defenses have not been entirely tested, therefore. Chiang's regime asserted yesterday the islands have been defended successfully "for 10 long years," but the Chinese Communists have yet to mount an all-out attack.

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In the television debate Oct. 7 Nixon said that Kennedy's policy is "the same kind of woolly thinking that led to disaster for America in Korea; I am against it." By this he apparently meant the United States policy enunciated by Secretary Acheson Jan. 12, 1950, in a speech before the National Press Club in Washington. In this speech Acheson said that Korea is outside the American defense perimeter. Gen. Eisenhower charged in 1952 that the attestation encouraged the North Korean Communists to attack South Korea six months later.

ACHESON EXPLAINED later that the line had been drawn by the military authorities, not by him, and that it consisted of the defensive perimeter which the United States would defend with its own troops, "alone if necessary." It was the United Nations that took action in Korea; Acheson warned the Communists of this in the 1950 speech. Acheson's remarks were subject to the interpretation, however, that the Communists were encouraged to question United States intentions.

If this speech raised doubts, however, it would seem that they were similar to the doubts raised by purposeful United States equivocation on Quemoy-Matsu. Both the Nixon and Kennedy proposals, though they move in opposite directions, would clarify United States intentions. Nixon says this country must defend Quemoy and Matsu; Kennedy says it must not. Each candidate has left himself some room for

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Whether it is desirable to end the five-year-old Quemoy-Matsu policy of doubt represents a major foreign policy decision. The present policy lacks the mark of permanence. Senator Kennedy's plan is anti-Chiang; Nixon's is pro-Chiang. Nixon's would harden our Formosa Strait position; Kennedy's would break new ground. Some government officials have raised the question as to whether the matter should be a subject for partisan controversy in view of the uncertain reaction abroad.

3 THE QUESTION of whether the offshore islands are defensible also has been raised. Senator Kennedy has cited a number of authorities as holding Quemoy and Matsu are indefensible. On Sept. 29, 1959, the then Under Secretary of State Herter said the islands "are not strategically defensible in the defense of Formosa."

The next day Secretary Dulles called Chiang's heavy concentration of troops there "rather foolish." And the day afterward Mr. Eisenhower said of Quemoy and Matsu that "as of themselves" they are "not greatly vital to Formosa." The President added that as a soldier he believed it unwise for Chiang to have put so many troops there.

Quemoy is a heavily-fortified island about 15 miles long commanding Amoy harbor. Matsu is only 3.7 square miles in area. (Both islands actually are parts of groups.) Quemoy has been

October 19, 1960

Memo to DP from JA:

My Chinese friend could find no one around here who knew Charlie Chien. But friends in New York City told him of a Chien Chi-fong who must be the guy.

This Chien Chi-fong was H. H. Kung's ~~secretary~~ and a close friend ~~of~~ David Kung, H.H.'s other son. My source talked to the head of the Bank of China who recalled that Chien used to make trips ~~to~~ to the bank every day ~~for~~ for Kung.

Chien also has been a broker, but he is strictly a leg man for the Kungs.

MA

"For propoganda purposes (I'm sure they knew better), most Republicans in the Senate charged that we gave Chiang practically nothing. Many of the more vociferous legislators were the same loud isolationists of a few years before who had insisted that we do nothing to help Britain and France in their war with Hitler. What more we could have done for Chiang except draft millions of American boys, send them to fight in China, and then seize his government to institute reforms--I do not know.

"Whenever I cited on the Senate floor our large-scale aid to Chiang, Knowland of California, who championed Chiang, would come out a day or two later with the charge that we had given the generalissimo almost nothing.

"Once Knowland was carrying on like this and even demanding billions more for Chiang. After a while, I rose and chided him, 'The Senator wants to pour money down this rat hole.' I repeated this statement three times, each time bending down more and more. After the third time, I pointed to an imaginary hole in the Senate floor and said, 'And there at the bottom of the rat hole you'll find old Chiang, the ganeralissimo who never generalissimos.

"I do not think it is fair for the senator to be making speeches in an effort to stir up the ragged battalions of those who would throw two billion or three billion dollars more into the rat hole in China in order to resuscitate Chiang Kai-shek, who has deserted his people and has gone to Formosa with one hundred, thirty-eight million dollars in gold in his pocket. It belonged to the Chinese Government, but he has absconded with it.'

"Knowland bellowed.

"Later on I apologized to him for having said Chiang absconded with \$138,000,000. 'I should have said three hundred million dollars instead,' I told him."

Pg. 315-16

DRAFT 10/26/60

DRAFT FOR SENATOR L. B. JOHNSON
NIXON, QUEMOY AND MATSU AND THE CHINA LOBBY

Mr. Nixon is ending his campaign as he began it ---the
question-mark candidate.

All of the questions raised months ago by Governor Rockefeller
and many others are still hanging in mid-air. New and graver
questions have been raised by his campaign conduct.

Mr. Nixon has given us no answers. He has dodged among the
issues like a dragon-fly---forwards, backwards and sideways---
without coming to light.

To this day, no one can say where he really stands or what he
really believes, if anything.

There have been words, but they have led nowhere.

There have been "position papers", but they have been
cancelled by his own record.

There have been arguments, but they have added up to nothing.

There have been statements, but they have carried no conviction.

He is for principle---"if".

He is for progress---"but".

He retreats forward and advances backward, as elusive as
a moonbeam, as firm as mercury.

The Democratic candidates have declared themselves on the
issues, as the people have a right to expect. But Nixon has come to
earth only once---on the pinpoint isles of Quemoy and Matsu.

For eight days, from the second debate to the third, he held
the line for Chiang Kai-Shek. Then he looked around and found there
was no one there but himself and the China Lobby.

Suddenly, the war-hawk turned chicken. On the seventh day, he
fled---back to the sheltering arms of Ike. The Great Principle was
surrendered for the Big If.

All that now remains of that eight days' wonder, Nixon's War for Quemoy, are some large question marks.

What led him out on that limb in the first place?

Now no one knows where he stands. He claims he has retreated to the Administration's position on Quemoy and Matsu, but he will not let the question rest. He keeps gnawing at it like a dog at a bone.

What is he after? What kind of new entanglements is he trying to get us into with Chiang Kai-Shek?

I think the American people should ask themselves very carefully the reasons for Nixon's strange obsession with Quemoy and Matsu.

Why did this man, who shrinks from the cause of freedom in Cuba---90 miles away, try for a week to commit us to World War III on Quemoy---9,000 miles away? Why does he still persist in trying to get us embroiled.

What made the turtle dove on Cuba turn warhawk on Quemoy?

Was it a matter of principle?

Obviously not. Principles do not depend upon geography.

Mr. Nixon saw no principle at stake in the surrender of one-half of Indo-China to Communist rule during his term in office.

He saw no principle at stake when Red China seized the "roof of the world" in Tibet.

He sat on his hands when Soviet Russia crushed the freedom fighters in Hungary.

He did not lift a finger to halt the Communization of Cuba.

He offers timid legalisms in argument against effective action to free Cuba today.

Why then did Quemoy and Matsu stir his blood so violently---if, as he says, "the people are not too important", and the islands have no value in themselves?

Was it the voice of freedom---or the hand of the China Lobby?

It has been reported from time to time in the public press that the China Lobby helped to finance Mr. Nixon's campaigns in 1950, 1952 and 1956. So far as I know, he has never denied these reports.

This is not a pleasant subject to raise, but Mr. Nixon's extreme position on these islands makes it necessary to search out these dark corners. The issue of war and peace is too desperately important to allow us to remain silent.

Are these reports of aid to Mr. Nixon from the China Lobby true or are they not?

I believe that the American people have the right to an answer.

Speech for
Kefauver
& Johnson

Oct 20, 1960

file
China Lobby

We have long heard whispers that very heavy contributions went into the Republican Party from the Chiang Kai-shek family and the so-called China Lobby in order to influence American foreign policy. And now recently we have concrete facts, names and places given the public regarding contributions by the China Lobby to the campaign of Mr. Nixon when he was running for the Senate and for Vice President.

If American boys are to be sent overseas because someone has been contributing dollars to someone else's political campaign, the American public should know about it - and all the sordid details.

The risk of war for American freedoms for the protection of the American people is something the Democratic Party in the Senate and the Congress have never shrunk from. But the risk of war because a Lobby has been contributing dollars to elect a candidate which will do its bidding, is something else again.

For a long time we have had unfair, distorted, even traitorous charges hurled at Harry Truman, Dean Acheson, General George Marshall - the man who promoted a young officer named Eisenhower ahead of his fellow officers - charges that they had failed to unleash Chiang Kai-shek in order to attack the mainland. In 1952 these charges reached a crescendo of vitriol and vituperation. Vice President Nixon and his friend Joseph McCarthy were in the vanguard of attack. Even General Eisenhower joined it. There was no word of defense for his old friend and benefactor General Marshall, or for the President who had appointed Eisenhower as Chief of Staff of the Army and Commander of SHAPE in Paris - Harry Truman.

Eisenhower joined in the castigation of the Administration with which he had served because of its so-called failure to unleash Chiang Kai-shek. The Republican candidate said that if he was elected President in 1952, the first thing he would do was to unleash Chiang.

Well, when all the vitriol had calmed down, what happened? Chiang Kai-shek was unleashed. Mr. Eisenhower did carry out his promise. The 7th Fleet was withdrawn from ^{between} Formosa and the Mainland where it had been stationed by the Truman Administration largely to protect Chiang.

Almost immediately after Chiang was unleashed by Eisenhower, he was put back on the leash - by Eisenhower. In other words, the 7th Fleet was re-stationed between Formosa and the Mainland.

Eisenhower reverted within a few weeks back to the policy of the Truman Administration. But no headlines, no announcements heralded this change. Nor were the Democrats unfair about it. They did not set up a cry of traitor or even "we told you so" when the President, newly elected, did what he had criticized Truman for doing. The Democrats cooperated on foreign policy as we always have.

Yet the American people had been whipped into holding the unfair opinion that Truman, Acheson and Marshall were almost traitorous because they had kept the 7th Fleet between Formosa and the Mainland in order partly to protect Chiang Kai-shek, partly to prevent irresponsible raids which might drag the United States into a Far Eastern war.

And how was this public opinion whipped up? It was cleverly manipulated by an insidious propaganda machine paid for by the China lobby and by campaign contributions to key politicians, including the present Republican candidate for President. We now have some of the

facts regarding the money that was dumped into his campaign. In other words, money that was influencing our foreign policy - money supplied by one Chinese family - though indirectly collected from the American taxpayers through the aid they had voted to Chiang Kai-shek.

This, although many people have forgotten it, was how the controversy over Quemoy and Matsu got started.

What Mr. Eisenhower, as the new President, found was that Chiang Kai-shek did not have the ability to attack the Chinese Mainland successfully. Mr. Truman's military advisers had told him this and ^{they} gave the same information to Eisenhower. But what Chiang did hope to accomplish was to wage an attack which would bring the United States into war in order to rescue him. And neither President Truman nor President Eisenhower wanted the United States to get dragged into war which was not of its choosing, which we would have to fight without allies, and which would be fought half-way around the world at great disadvantage to us.

But for a time the Chinese Nationalist forces did become involved in a situation which President Eisenhower considered dangerous, in which he asked the Congress of the United States to help him out on. Many of us in the Congress did not feel that he needed any new authority. As Commander-In-Chief he had all the authority he needed. Nevertheless, when he asked us for a special resolution upholding his policy in regard to Formosa, we voted it almost unanimously.

One of the complications at that time was the fact that some of Chiang's troops had landed on the Tachen Islands and these Islands were under attack from the Chinese Reds. And although Chiang Kai-shek objected to withdrawing from the Tachen Islands and some of the Democrats

in the Senate felt that this was a prestige-lowering withdrawal, but nevertheless, President Eisenhower ordered Chiang to withdraw and he did so.

At that time, it is important to note that all of the Joint Chiefs of Staff felt that the Tachen Islands were important. A radar station was located on these Islands by which the United States was able to tell in advance when any Red Chinese raid might be launched on Formosa. For this and other reasons, the Joint Chiefs of Staff unanimously wanted to defend the Tachen Islands, although they were very much in disagreement regarding the defense of Quemoy and Matsu - two Islands much closer to the Chinese Mainland. But, because President was worried about possible involvement with Red China, the Tachen Islands which were further away from the Mainland were evacuated by Chiang Kai-shek.

This withdrawal did not hurt Chiang Kai-shek's prestige. He has carried on on the main Island of Formosa just as he has in the past and we have supported him. Mr. Nixon now claims that any withdrawal from Quemoy and Matsu would be a surrender. He has bitterly attacked Senator Kennedy because Senator Kennedy has taken exactly the same view regarding these two Islands very close to the Mainland that President took in regard to the Tachen Islands which were further away from the Mainland. Yet, Mr. Nixon claims that this would be a terrible blow and appeasement and surrender. He has even compared this to the Sudetenland and Austria and some of the early belligerent moves by Adolf Hitler.

Now why does Mr. Nixon take this position? Why does he go much further than his own leader in the White House? We have every right to examine his motives. We know that he has received contributions from the China Lobby in the past. We have a right to ask whether these have influenced him. I know of no contributions to his current campaign though this has not been investigated. But has Mr. Nixon become so steeped in the thinking of the China Lobby, has he had so much association with the leaders of the China Lobby in the past that he would be willing to risk war over Quemoy and Matsu when the Joint Chiefs of Staff in the past have not been willing to do so, and when his own President has had grave doubts regarding such a risk?

JOSEPH E. KARTH
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THOMAS J. McMANUS
ADMINISTRATIVE ASSISTANT

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Congress of the United States
House of Representatives
Washington, D. C.

October 20, 1960

Mr. Drew Pearson
1313 29th Street
Washington, D. C.

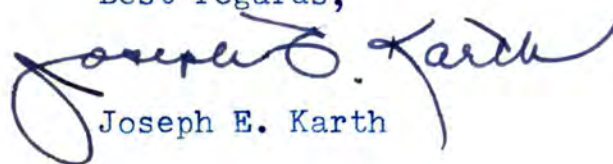
Dear Mr. Pearson:

Enclosed, please find the last two columns of your editorials as they appeared in the St. Paul Dispatch.

I trust that these are the two that you referred to in our discussion at the Temple of Aaron last Sunday evening, October 16th.

Shall we continue to send a copy of your editorials? Please advise.

Best regards,


Joseph E. Karth

JEK:blw
enc 2

Tues., Oct. 18, 1960

Drew Pearson—**Potent China Lobby**

WASHINGTON — The China lobby, which contributed substantially to Vice President Nixon's election campaign in 1950, 1952 and 1956, is one of the most potent and sacrosanct in the United States. It is so sacrosanct few senators have dared urge its investigation.

During election years it spreads money among candidates like leaves in a November rain. And although inclined to favor Republicans, it has also cultivated some powerful Democrats among them Louis Johnson, Truman's secretary of defense and chief money raiser for Truman in 1948.

The most interesting aspect of the China lobby is that it is financed almost entirely by American taxpayers, and they don't know it. After congress votes aid to Chiang Kai-shek, part of the money is siphoned off for propaganda and comes back to the U. S. to be spent lobbying in order to make sure that more money will be voted to Chiang.

Underlying this, however, is the main objective of the China lobby, namely, war between the United States and Red China. This, of course, is not stated publicly, but it's recognized that Chiang, despite official boasts to that effect, can never take the Chinese mainland without American help.

So the strategy of the Kuomintang and the China lobby is a holding operation to wait until the U. S. can be induced or inveigled or dragged into war by a Red Chinese attack either on Formosa or on the offshore islands.

This is why any hard and fast decision to hold Quemoy

and Matsu has been studiously avoided by President Eisenhower. It is also why the public has the right to know about campaign contributions made by the Chinese to a man who is now running for president, and who has now taken a stand on Quemoy and Matsu more advanced than the president's.

Heart and nerve center of the lobby is the bank of China in New York City. Its mastermind is the brother-in-law of Chiang, Dr. H. H. Kung, one of the wealthiest men in the world. He lives in Riverdale, N. Y., where Nixon has dined with him. His son, Louey, went to Los Angeles to contribute to and aid Nixon's campaign in 1950.

Another brother-in-law of the generalissimo is T. V. Soong, who lives in a palatial home on Long Island which few Americans could afford to keep up.

Dr. Kung's knowledge of American politics is almost as astute as his knowledge of Chinese finance; and well before he entered the Truman cabinet, Louis Johnson had been picked by Kung as his personal attorney.

On the Republican side; Kung has chiefly cultivated Nixon and Sen. Bridges of New Hampshire, ranking Republican on the powerful senate appropriations committee which votes money for Formosa.

(Copyright, 1960)

Drew Pearson—
Winning Friends

WASHINGTON—The China lobby helped win friends in the U. S. by letting them in on profitable oil leases. If a good well was drilled they got the benefit; if it was a dry hole, then some friends got their money back.

Members of the Soong dynasty, which operates the China lobby, have vast oil holdings in Texas, Oklahoma and Louisiana. The chief operators of these oil investments are Louie Kung, nephew of Chiang Kai-shek and the man who delivered the money to finance Nixon's California campaign in 1950; also Charley Chien of New York.

They control the Cheyenne Oil company, the Magnatrust company, the Westland Oil Development corporation and the Atoka Drilling Co., a wholly owned subsidiary of Cheyenne.

And the man of influence who is their chief partner in one of these companies is none other than George Allen, bridge-playing partner of President Eisenhower. He's also a partner with Ike in a Howard Johnson restaurant and is Ike's guest at Gettysburg almost every week end.

In 1956, the year Ike was running for reelection, Allen and the Chinese organized the Cheyenne Oil corp., Allen taking 25 per cent of the stock or \$28,000; Dr. James Boren of Wichita Falls, Texas, taking 25 per cent, and the Chinese taking 50 per cent.

They then proceeded to bring in for much smaller amounts and on certain proposed well-drilling ventures an array of big and little shots, some of them close friends of Eisenhower's.

The records show that on Sept. 19, 1956, Gen. Alfred Gruenther, now president of

the American Red Cross and another bridge-playing friend of Ike's, purchased an interest in a well in the Appleby lease in Caddo county, Okla., by the Chinese-backed Cheyenne Oil Co.

The late Baruch Mattingly, Republican national committeeman from Missouri, purchased another interest in a Caddo county lease from Cheyenne Aug. 17, 1956.

John Charles Daly, vice president of the American Broadcasting Co. in charge of news, is registered as having purchased Aug. 27, 1956, part of the Certain-teed Product Corp. lease in Caddo county from Cheyenne Oil. Movie actor Randolph Scott got part of the same lease.

Other participants were Eric Johnston, president of the Motion Picture Producers association; Freeman Gosden and Bert C. Gross of Amos and Andy fame, who are close friends of the president's; Ellsworth Alvord, well-known Washington tax attorney with whom George Allen shares an office; James Bruce, Truman's ambassador to Argentina; and Sam Rosenman, former counsel to President Truman.

Some of these did not know that Chinese money controlled Cheyenne Oil. Johnston explained he had no idea that the China lobby was mixed up with his leases and he had gone in on the deal at the suggestion of his tax attorney, Alvord.

(Copyright, 1960)

November 1, 1960

Dear Congressman:

I'm sorry to have delayed in answering your note, but this election business is really keeping me on the go.

The Pioneer Press apparently has finally given us a fairly decent deal, but they didn't print the real story on the China Lobby which, as you and I know, carried real dynamite.

I enclose a copy of the recent column I sent out regarding the Nixon family's financial shenanigans.

Best wishes,

Drew Pearson

DP/c

Encl.

(Signed in Mr. Pearson's absence)

Nixon: "This is retreat"

Tachen Islands: also forces CKS to retreat

This is another slogan. of our bluff is
collected as it has in past.

His 1st move was release CKS
ordered the Fleet not to stand
between Taiwan & mainland
So could attack mainland

OK & seek headlines. When he started
pursuing anti. also reached him tighter than ever
before.

1954 Defense Post tightens him tighter
than ever before

Ch. policy always been I can't take mainland.

Nixon been paid ^{for this} ~~for this~~ Daniel Keating. And Hotel

Duller threatens massive retaliation
re China's advance - they built on
existing. (2)

French for master, asked for small help,
not massive retaliation.
Shack loosely + Congo small state.

—H—

- Bluff called
1. Massive retaliation
 2. Unlikely C.K.S.
 3. Crystal Ball
Promise liberate people within 1 C - 1 Hungary
GOP platform - Duller
Russia tests - we send
Red + packages.

Better make stand over Hungary
in Hungary than over

or Cuba which is close to us
not over banner retaliation.

We don't like Cuba. 40 miles away coast.
Moscow 12 mi away

[Conrad King
Donald King] Nixon ready send us to war for
China lobby. China going to war just
as sure as we go to college

to let us know

He's committed us to work for benefit of those who (3)
pay for him.

—+—

May 1, 1952

~~MEMO FOR THE FILES - RE CHINA LOBBY~~

CIA Intelligence report #80 33159 states that Chiang Kai-shek withdrew \$40 million from the Bank of China for "propaganda work and bribery in the United States."

\$35 million of the total was paid in January, 1949, by the Bank of China "upon the direction of O.K. Yui to Madame Chiang Kai-shek. In May, 1949, the broker of Gen. T'ang En-po arrived in Shanghai with \$35 million of T'ang's funds which were sent to the United States through the Hongkong and Shanghai Banking Corporation and other banks for deposit in T'ang's accounts.

Other payments were ordered by personal letter from Chiang Kai-shek to the Bank of China in Jan., 1949, as follows: Sun Fo \$2,400,000; Ch'en Li-Fu \$1,500,000; Bishop Paul Yu-Pin \$1,000,000; Hu Shih \$1,000,000.

"Bank officials refused to pay, but finally did so when directed by O.K. Yui who said the money was to be used for propaganda in the United States which would require bribery of American officials, for which large sums were required."

CIA notes that the source is a "high-ranking Nationalist military official from Hsien Po-yuan, the Ministry of Finance."

The State Department, which records the above CIA report, also notes that Marriner Eccles has information regarding large sums of money sent from China to bribe American officials and pay for propaganda in the United States. The State Department report also notes: "A report of a former employee of Allied Public Relations Association, 745 Fifth Ave., D. B. Charney, Pres., is that Louis Kung, nephew of Chiang Kai-shek and son of H. H. Kung, is active in this firm and put a good deal of money into the firm for Chinese propaganda. It is reported that the firm has been the go-between for Chinese contributions to political campaigns, the money being transmitted from Tangier through the Irving Trust Co. in New York.

XEROX MADE FROM QUICK COPY

China

Capitol Hill -- David Charnay has joined the China Lobby -- out to get more American aid for Chiang Kai-shek. This is the same David Charnay ^{who} was fingered by the Senate Crime Committee as racketeer Frankie Costello's press agent. The ~~Senate~~ files of the Senate Crime Committee ^{also} contain two confidential memos about Charnay -- one from investigator Jack Elich linking Charnay with racketeer Joe Adonis; and another from investigator Downey Rice complaining that Charnay was "putting on a lot of pressure" *against the crime probe,*

GA

Lobbying

Halley.

memo re papers

CIA report

Dyke Cullen report

Steve Mitchell

W Young Chiang

IV Bureau for lobbyists
Practical complete
over-land of an policy
in Far East.

Miss
Kronlund
Judd.

General K Smith
Joe Kamp.
Dennis King

Hart
Penny

Harry Luce ✓
Roy Howard ✓

May vs Army
character
Constance Brown - DP.

Tom Corman

Loney Johnson ✓
Dave Cheney ○
Bess Cheney - Essie Cochett ○
Leo Casey ○

Pat Dunley
Pictorial

Alfred Kohlberg ○

Judge Howard E. Allen ○

William J. Gardner ✓

P. North Clark ✓

Wm Bullett ✓

Rudolf Helley ✓

Mr. Wadenger ✓

Ad. Chas M. Cooke Jr ✓

Wallace Lock.
Judd.

Fredrick McKee

Trept

Private plane
blood plasma on black market
speculation on exchange market.
cheap money files

Soy Beans.
Tin

P. C. J.

tin Davis King

Whole policy of us in Far East changes.

1. overnight by a riot in Formosa

2. ~~the~~ Motomaru, not men.

Formosa - a base to protect P.I.
Japan, Australia. etc.

Earl Pentaire

like once told me: "[Paris]"

3. Withdraw our troops.

1. Liraia in Japan

2. Wilson - S. Korea

3. Formosa - helping Ton

II

Our policy in Formosa based on
one of most amazing lobbies in history.

Lobby which convinced & fooled Am public

That:

1. Chiang viganly pro-Am.

2. Chiang's armies

could re-take Mainland

3. People of Mainland would rise - up to
welcome us.

Robertson
advant.
once for
Reds.

yet. worst anti-Am riot in history

How was Am. public fooled?

Basically by contributing money to certain leaders

by entertaining newsmen

by spending ~~most~~ ^{much} money on public relations
campaign

we paid for public relations, public relations

got money out of Congress, that money
paid for more public relations.

Jack
file

-- 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.

File Lobby
Miss Lobb

Naturalists kept her under House arrest.

(James R. Lobb)

US left wingers gratified her.

Major Gerald Tammahan - made recordings & sent

'45-'46

to her - that they were music recordings - Com. watching all her mail.

in charge of US army radio station
would let AP - UP news -
Chunhiep

Shanghai

fall of Nationalists -

Spy organ of the Sun - don't organ - correct front name

netts would give her any charity -

but Ann gave her some.

German blade ran the spy outfit
Ann Am. GI quit army to work outfit.

Lonely Kung - son of H. H. Kung.

bag-man

carries message from the Chiang

of U.S.

Major Wood

76061

Lt Col 5-6700

J James A. Barnett

Dexter 3-8581 881

Lt Col. Chas. R. Burton

Air Force Construction
Academy

Sept 11, 54 file - Chiang Kai-shek

Question for Ike: War for Quemoy?

By Chalmers M. Roberts

THE QUEMOY question which will be before the National Security Council when it meets Sunday in Denver is another test of America's ability to handle its ultra difficult relationships with Red China without increasing the strain between Washington and other non-Communist capitals and without leading to a major war.

For Quemoy is certainly another example of the Communist tactic of divide and conquer, of playing on every division of opinion in the West in order to paralyze our ability to stand together against a common threat.

One would have thought that long before now the NSC and President Eisenhower would have decided whether or not American armed forces would be used to aid the Chinese Nationalist defense of Quemoy and the eight other groups of Nationalist-held islands ranged for several hundred miles along Red China's coast. But that appears not to have been the case and so this Government must make a decision under the pressure of the battlefield at Quemoy.

In that respect the Quemoy situation is similar to the almost-but-not-quite American intervention in Indochina last spring. The same arguments are being advanced by some of the same people, essentially to the effect that the United States cannot afford to allow a new Communist victory in Asia on top of Korea and Indochina.

IT IS HARD to make much of a case, militarily speaking, for the risk of a major war with Red China over any or all of the Nationalist-held islands. Indeed, the Nationalists have voluntarily evacuated three sets of islands since Chiang Kai-shek was forced back on Formosa, two sets of them after the Truman order to the Seventh Fleet to defend Formosa.

But the past fluidity of Nationalist policy, depending on Communist pressure, would be replaced by a rigid American policy if the NSC and the President should decide to defend Quemoy and the other islands, come what may.



Roberts

It is not hard to imagine the emotional effect in the United States of the loss of American seamen and airmen in the defense of Quemoy. Already Chiang's planes are attacking the China mainland and the pressure would quickly be great for American planes to join in because Nationalist capabilities are limited. Chiang's raids are themselves enough to invite retaliatory raids on Formosa by the Communists. American air attacks on the China mainland would certainly offer the Communists an excuse in the world's eyes.

Much of the frustration of the Korean war, in American eyes, was due to the political wraps put on our military against air strikes across the Yalu. It obviously would be difficult, in the current supercharged political atmosphere in America about Red China, to limit our forces should the Reds strike at our ships or at Formosa. And this time there would be no United Nations allies to lay a restraining hand on Washington.

THE INDOCHINA affair convinced most of the non-Communist world that there is a strong faction in Washington which favors war with Red China, regardless of how strongly the President later opposed the preventive war idea. It is widely known that Admiral Arthur W. Radford, chairman of the Joint Chiefs of Staff, then talked of striking at communication lines inside Red China and that the Pentagon was discussing use of A-bombs around Dien Bien Phu. The Quemoy question renews fears in allied capitals that the United States may now be politically incapable of entering into a limited war and that any involvement with Red China would lead to a major conflict.

Secretary of State John Foster Dulles is fond of saying that this country should make its intentions clear so there will be no misunderstanding on the other side, as the Republicans contended in the 1952 campaign had not been the case with Korea. But we have not done that in relation to Quemoy and the related islands though we have over Formosa itself.

Now the United States is forced to make a decision which can be attacked one way as appeasement and the other way as recklessness. A Red Chinese misreading of our intentions could lead to miscalculations and military maneuvers which might set off a chain reaction.

The problem thus is likely to be how to prevent the Quemoy question from becoming such a matter of "face" that neither America nor Red China can appear to back down. The time, unfortunately, is very late.

G

Sep
SUN
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Mar
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Ev
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file
this Lobby
file
John W. Stiggers
is Mr. X
He Just Wanted to Help the Koreans -- Columbus Citizen

Handelman Went to Washington and Wishes He Hadn't

By Jim G. Lucas, Scripps-Howard Staff Writer

Washington, March 6.- In August, 1953 - down in Miami Beach - Ralph Handelman, a retired Chicago businessman, had an inspiration that eventually took him to Washington, to Korea and to disillusionment.

Handelman insists the inspiration was born of sheer altruism. He was fishing in Biscayne Bay, bored with being a retired tycoon at 43 and wondering what he could do to help the Korean people, when the answer came to him.

"I Desired," he later wrote Korean Ambassador You Chan Yang, "to do something in my small way to help Korea, due to my respect for President Rhee and the Korean people, in respect to their fight against Communism."

Handelman's idea was simplicity itself. He's seen and admired Korean handicraft - brass ash trays, mother-of-pearl bric-a-brac, clay figurines, etc. He wanted to put all this into mass production. Uncle Sam would buy and install the machinery. The Koreans would produce the goods. And Handelman would market it.

"I Was a Greenhorn," he says now. "I didn't know whom to contact, but I'd heard somewhere that foreign countries have counsels - you know, people who represent them - in Washington."

Handelman wrote the Korean Counsel in Washington. He waited 10 days. No answer. So called long distance. The operator said she had no Korean Counsel, but she had a Korean-American Council. Handelman said that would do.

Handelman talked to "Mr. X," a Washington lawyer.

"I told

"I told him," Handelman said, "that I would like to help create a market to aid the industry and economy of Korea. He said the next time I was in Washington to come up to his office."

Handelman headed for Washington, met Mr. X and "told him what I had in mind."

He thought, he says, he was doing business with a representative of the Korean government. Handel incorporated himself into the Korean-American Purchasing & Sales, Inc. He rented a plush suite in the capital, decorated it with modernistic furniture, futuristic wallpaper and wall-to-wall carpeting and hired a pretty secretary.

Later, he says, he brought the heads of two big midwestern department store chains to Washington and arranged a dinner for them with Mr. X. Handelman says he picked up the check. His midwestern contacts wanted to head for Korea immediately. But Handelman says Mr. X said "this was no time to go."

In November, 1953, Handelman says, Mr. X "asked me for \$2500 for expenses toward HIS trip to Korea. At first I was willing to provide the money.

But a few days later I asked why the Republic of Korea did not pay his expenses. He said he was doing all this without compensation." Handelman says he gave Mr. X \$1000 "toward his expenses."

Meanwhile, Mr. X was introducing Handelman around town. Handelman met Ambassador Yang, Korean Minister Phillip Han, the Korean commercial attache and the consul general in New York.

In March, 1954, Handelman decided to go to Korea himself. Mr. X was still there. Mr. X kept promising to introduce him to President Rhee, but somehow that never materialized.

"Upon my return

"Upon my return from Korea," Handelman recently wrote Ambassador Yang, "I found that another company had given Mr. X \$5000. I do not know how many others have given him money. . . . This information was supplied me in August, 1954, and it was only then that I realized. . . ."

Thoroughly suspicious, Handelman hired the Burns Detective Agency to check the situation. On July 24, 1954, a Burns investigator reported on an interview with Korean commercial attache Sung Pum Lee.

"Mr. Lee stated that he was approached some eight months ago by subject Handelman regarding obtaining Korean contracts, but that he was not impressed by the subject's method of approach and did not consider him favorably. . . . He stated his government maintains its own list of selected bidders and subject Handelman is not on the list. He said his government maintains its own legal staff, and Mr. X is not a member of it. . . . He stated Mr. X . . . had fronted for subject Handelman to no avail."

The Day Before, on July 23, a Burns New York operative had called on Consul General Choi:

"Mr. Choi told me," he reported, "that he had met Mr. Handelman through an introduction from Mr. X. . . . Mr. Handelman, according to Choi . . . showed him a list of several hundred department stores throughout the country where he could sell (Korean) goods. (Mr. Handelman says it was only 40.) . . . He told Mr. Choi his business transactions would help the Korean people and Korean industry. . . ."

Choi said Handelman had gone to Korea "through the help of Mr. X." He said he "had no reason to distrust Mr. Handelman because everything was being done through Mr. X and Mr. Choi trusts Mr. X."

By Now, Handelman was thoroughly aroused. He showed the Burns
reports

reports to Mr. X "to get his reaction." Mr. X, he says, promised to have Lee and Choi fired. Handelman says they're still accredited diplomatic representatives.

Handelman began writing letters. He poured out his woes to Walter Robertson, under-secretary of state for Far Eastern affairs, and Atty. Gen. Herbert Brownell. He told them he'd found that the Korean-American Council registered as a foreign agent in 1942, but went out of business in 1945. The council's officers were listed, he said, as J. Jerome Williams and James Cromwell, with no mention of Mr. X, who, however, is registered as a foreign agent "doing business with the Republic of Korea and the Korean Purchasing Commission." He said he didn't think Mr. X should continue the old Korean-American telephone listing.

Robertson and Brownell have not answered his letters.

In 15 Months, Handelman says, he spent \$50,000 trying to help the Koreans and got nothing in return.

"Mr. Ambassador," he wrote Ambassador Yang recently, "I wish to state that if one did not understand the Korean people, he would dislike them by virtue of Mr. X's actions. But I am not bitter; I believe in forgiving people who do not understand the real values life has to offer."

Handelman is closing his office and selling his modernistic furniture, futuristic wallpaper and wall-to-wall carpeting to an attorney and a manufacturer's representative. All he wants is to get out of this town.

HUGH HARLEY
108 WALL STREET
NEW YORK 5, N. Y.

China lobby?

21 May 1953

Mr. Drew Pearson
1313 Twenty-ninth street N.W.
Washington D.C.

find this letter
✓

Dear Mr. Pearson:

Answering your letter of March 17 re the Chinese super-racketeer I must explain first the reason for delay.

My sources were very high placed Formosa Chinese. Many years ago as a reporter covering Chinatown more intensively than usual because of a new tong war that was liable to erupt with hatchets and guns at any moment I had diligent conversations with many of the Chinese in the district who knew me quite well, and sometimes told me plenty. From a non-chinese source I learned of arrival of several cases of revolvers and that they were hidden in a rented room over a little Jewish tailor shop. I tipped the police at the right hour when a raid would mean a clean beat, the story was in type except for the lead naming the police raiders when the guns were taken and scoop had his beat. Next day I ambled through Chinatown calling on a number of store proprietors. They all shivered at my entry and blandly replied that "no spik English here". My follow up of the tip on our racketeer apparently was a bit too direct and my chinese clammed up. But I have finally gotten some data and here it is.

For a time I thought the man was another fabulous character on the west coast whose name is unknown to me but who brought peace among the Cantonese Tongs by muscling in on them and heading up five of them. This character may be worth a separate toss by you but at this side of the continent he is merely legendary and just nobody talks. Our man is known in this country as Frank Chew which is a last name borne by many Chinese here because it resembles a family or clan name in China. One of his New York banks is Chemical where the balance in working account is about \$9,000,000.00 He has a home in Connecticut and through the efforts of an unidentified press agent who has the job of whitewashing him is reported to have given more than a million dollars to U.S. charities last year. He is the power behind the United Hong Kong Company Ltd of 76 Beaver street which is a diagonal running off Wall. His personal wealth at the moment is estimated by the Chinese at between \$250 and \$300 millions U.S.

more

Pearson

I mentioned the rape of British American Tobacco Company in China during the Jap occupation when he turned his coat, and split the profit with the Japs. This seems to have been his first big take. Then it is reported that with the collaboration of the same Japs he got into the "smuggling" of rubber which eventually turned into a huge business with the Russians and later with the Red Chinese

Diamond smuggling is definitely hung on him by the Chinese in a big way but there's nothing more to be had from them on that.

This happened with recent months
Narcotics is a different story. Here there seems to be quite a trail dissolving in mystery just short of him all the way up from the little fellows that get caught. However there is a fantastic story which should easily be checked re a reported effort to get control of Squibb one of the outstanding drug houses which was reportedly to be used as the narcotic front. It is reported he bought huge holdings of shares in order to get control of this company but somebody ferreted out the facts and I believe Matheson Chemical was interested and took over the Squibb corporation. Whether they knew what was going on I do not know but it might be a proper contact. However with your sources I imagine the opener should be the Government files as there must be quite a lot of data accumulated on such a visitor against the day when they may trip him in something and have a case for prosecution.

Incidentally these Chinese bandits have gotten on to the press agent technique and apparently spend plenty for it. I heard about another fellow here recently who emptied the pockets of a lot of the Chinese on both coasts in a promotion called China motors. Now he is promoting some kind of a low grade tungsten deposit in the Southwest with U.S. Government blessing and got better than a column blowup in the World Tele about 2 months ago. This is not Casey Lee of Wah Chang Corporation to which we occasionally sell imported tungsten concentrate but they might know about this fellow and I could ask in case you were interested.

However, why chase the rabbits when you have a scent of the bear?

yours very sincerely

Hugh Harley
Hugh Harley

June Coronet Salutes

Old Man Harley's photo and

WALL STREET: Financial Center Of The World



In the gray buildings that line its six narrow, twisting blocks from Old Trinity Church to the East River, more than twice as much money changes hands every day than is handled by the U. S. Government.

It has a working population of 40,000. Uses 500,000 miles of telephone and telegraph wire. Directly affects the fortunes of some 6,500,000 share holders and 1,500 corporations in the United States.

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June

Coronet

now on sale

WESTERN UNION PRESS MESSAGE

W. P. MARSHALL, PRESIDENT

JA

~~Tam~~
~~Cuba~~
~~Phil~~
~~D.K.~~
~~W. J. electors~~
~~Joe~~
~~Leveaux~~

China
Lobby

JA

KC Chung - Waldorf Astoria
 T.V. Soong - 7133 - 5th ave
 dealt in soy beans last yr.
 now back in " "
 Sincere & Co. - Chicago

WESTERN UNION PRESS MESSAGE

W. P. MARSHALL, PRESIDENT

China

Peiking--Mao Tsze Tung, the Chinese Communist leader, has been warned by Moscow that he will get no more Russian supplies and weapons if he doesn't stop the American offensive in Korea and launch one of his own within three weeks. I can report that Mao and his Russian Military Advisors just aren't getting along and that there has been a shakeup in the Chinese Communist general staff as a result. The Russians are reported bitterly critical of Mao's strategy thus far and complain the Chinese are using up the huge stockpile of supplies Moscow has brought to China for operations not only in Korea but everywhere in the far East and South Asia. Mao in turn is bitter at the Russians for not providing enough fighter support for his troops and is pleading for at least 500 fighters more to turn the tide in favor of the retreating Chinese.

--

July 30, 1951

Memo to DP from JA: *Chen*

The United Petroleum file sheds some light on Lyon McCandless, and introduces a new mystery man, H. E. Renfro or H. E. Renfrew, who arranged the aviation gasoline deal in Formosa. However, there is no evidence tying Senator Bridges into the deal. Our problem is still to find out who is behind McCandless and the new mystery man, Renfro.

Here are some chronological excerpts from the file.....

The ~~2~~ original bid from the Hau Tai Trading Company, 321 Meng Sang Rd., Taipeh, China, states: "Five million and three hundred thousand (5,300,000) American gallons of Aviation Gasoline, 100/130 octane, American product of the United Petroleum Company, Los Angeles, Calif., U.S.A. New drums being included US \$0.309 US \$1,637,700."

The bid was accompanied by a letter, dated May 2, 1950, addressed to Colonel C. K. Liu, director, A-4 Headquarters, Chinese Air Force. The letter contained this one significant reference: "Due to the Export Certificate of the Government of the United States of America being available when submitting our application, we respectfully request you to give your favourable consideration to the offer, another copy being attached therewith, while we understand that this petrol is also what you require at the moment."

This was followed by an order in Chinese from Chiang Kai-shek's chief of staff, General C. J. Chou, to the Chinese Air Force procurement office in Washington to go ahead with the deal. The Washington office sent Major L. S. Wen to Los Angeles to investigate the United Petroleum Company, but he could find no such company in the entire state. The Washington office cabled this information to General Chou, then repeated another cable, but got no answer.

The answer finally walked in the door on June 5, 1950, in

do we have copies?

Anderson, United

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the person of Edward A. Martin, who claimed to represent United Petroleum Company. The suspicious Chinese asked Martin a series of questions, and asked him to sign the answers. Here are the significant excerpts from Martin's signed answers:

"Name of Corporation: United Petroleum Company, 420 Madison Avenue, New York City; Telephone: Plaza 9-1700; President: Mr. Lyon McCandless (Mr. McCandless is also President of the Amer-Ind, of the same address.); State of Registry: New York.

"Financial status of the corporation, other than the performance bond, can be furnished on specific request. Such information as we have immediately available will be forwarded.

"Full name and address of United Petroleum representative in Hong Kong: H. E. Renfro, Peninsula Hotel, Hong Kong

"It should be noted that negotiations at various times have been in progress between the Formosa military authorities and Renfro for approximately a year. To the best of our knowledge, all negotiations between United Petroleum Company's representative in Hong Kong have been direct with the military authorities presently in Formosa."

The Chinese procurement office contacted its own American lawyer, Kenneth N. Parkinson, and asked for information on Martin. Here is Parkinson's reply:

"Age: 39 years old. From: New Jersey. Education: Graduate of the Law School of Georgetown University; Martin is not a member of the Bar Association, though he was admitted to the bar. He is unrated, which means neither for nor against. He is either too young, or too unknown. Only one person knew him -- nothing in adverse generally known. Have not heard anything about him in general practice legal operations."

anderson, united

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The Chinese finally got the following confidential information from the National Bank of Washington, representing Dunn and Bradstreet: "In reference to your inquiry on United Petroleum Company with address 420 Madison Avenue, New York City, New York, according to the best information which I have been able to obtain up to this time, we have been advised by our correspondent in New York that this is a partnership organized under date of June 1, 1950. The members of the partnership being: Lyon McCandless, E. P. McQueen and C. A. Pacquin (who we are advised in the wife of Mr. McCandless, this being her maiden name.) Dunn
B. m.

"We have been further advised that the company has been formed to deal in petroleum products with foreign governments. The type of transactions they contemplate, we are advised, would be on the basis of furnishing a performance bond of some type guaranteeing performance of their contract. We have not been able up to this time to locate any bank account in the name of the above company."

The National Bank of Washington later sent the following detailed report on United Petroleum Company: "The trade style was registered by the partners on June 1, 1950. The firm was formed for the purpose of acting as sales agents of petroleum products to be sold on an export basis to the Far East.

"Lyon McCandless was born in 1890. He was President of the Lombard Iron Works of Augusta, Ga. He was principal owner of this firm and in 1943 sold his interest to a local group. Prior to that he had been executive Vice President and director of the Canonsberg Steel & Iron Co. of Canonsberg, Pa. Also at one time served as the President and General Manager of the Burgess Co. of Beaver Falls, Pa."

anderson, united

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"Edmon P. McQueen was born in the late 1890's, married and native born. He has had several years experience in a sales capacity and started business in 1937 as a manufacturers' agent at 15 Park Row, this city, and represented the Lombard Iron Works and Canansberg Steel & Iron Works. Latterly, he was Secretary and Treasurer of the Burgess Co., 205 East 42nd Street, New York City, engaged as foreign sales agents. This firm also manufactured hydraulic and oil equipment.

"Miss Clare A. Paquin is middle aged, single and native born. She is engaged in the advertising, merchandising and industrial relations field, and was also reported active in that capacity for a period of twenty years prior to becoming secretary of Amer-Ind Inc., at this location.

"The partners are also principals in Amer-Ind Inc., industrial engineers located at the caption address. That corporation was chartered under New York laws on ~~the~~ December 17, 1943, with an authorized capital consisting of 200 shares of common stock having no par value. On December 5, 1947, Amer-Ind Inc., 420 Madison Avenue, New York City, filed a petition for an arrangement under Chapter XI of the Amended Bankruptcy Act of June 22, 1938, and currently operates as a debtor in possession. An arrangement has been proposed whereby unsecured creditors will receive payment in full of their respective claims in installments payable as to plan which is currently pending approval of the courts. A schedule filed on December 30, 1947, placed liabilities at \$280,070 and assets of \$132,427. That corporation is reported to have run into financial difficulties due to the failure of the Argentine Government to continue payments in accordance with contractual obligations. Negotiations leading to the settlement of claims outstanding with the Argentine Government are under way.

anderson, united

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"The partners hold similar offices in Amer-Ind France Inc., a New York corporation chartered October 12, 1945, which was formed to act as industrial engineers to a group of firms in France. This corporation is stated to be inactive.

"The partners were also identified with Amer Ind International Inc. which was established to provide continuous industrial engineering assistance to plants which the subject corporation has built. The corporation is also currently inactive.

"The partners were also ~~identified with~~ officers in Amer-Ind Inc. of Delaware formed under Delaware laws. According to the management the Delaware corporation was formed for the purpose of taking over all of the activities of the subject corporation in Central and South America, but is also inactive.

"There are reported to be no inter-company relations such as loans, guarantees, endorsements between United Petroleum Company and the various interests in which the partners are principals.

"Interviewed on June 8, 1950, Lyon McCandless, partner, 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."

Here is some additional information, furnished by attorney Parkinson:

"I have heretofore transmitted to you a statement from the Corporation Trust Company to the effect that there is no such corporation existing in New York State as United Petroleum Company. This disposes of the suggestion of Mr. Martin that he was the attorney for the United Petroleum Company, a corporation in New York City.

anderson, united

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"I am informed, however, by Mr. Martin that he is the attorney for Mr. Lyon McCandless, President of Amer-Ind, a corporation engaged in engineering activities throughout the world, and further, that within the month Mr. McCandless had caused to be organized in New York a partnership known as the United Petroleum Company, with his wife as partner. Under the laws of the State of New York, a partnership may be formed and if so, must register in the place of business, which, in this instance, would be New York city and county.

"Mr. Martin informed me that Mr. McCandless was originally from Hawaii and is a former delegate from there to the United States. While it is no doubt true that Mr. McCandless may have been born in Hawaii, it is not true that he was a delegate to Congress from Hawaii. The only McCandless who ever was a delegate was Lincoln Loy McCandless, who was born in Hawaii on September 18, 1859 and has been deceased for some years. It is quite possible that Mr. Lyon McCandless is the son of the aforesaid gentleman.

"Mr. Martin tells me that this partnership was organized for the express purpose of handling a contract with the Chinese Air Force to supply 100,000 drums of oil if such contract were acceptable, and that all negotiations therefore had been conducted between H. E. Renfrew, a representative of Mr. McCandless in Hongkong, and representatives of the Chinese Air Force in Formosa.

"He further stated that while they had quoted you a price of 30.9 cents per gallon delivered in Formosa, nevertheless they were not particularly anxious for such a contract, but to the contrary, preferred one for delivery at a port of shipment in the United States, to the account of the Chinese Air Force. I might point out that the price

anderson, united

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which he ~~is~~ quotes per gallon, f.a.s. port of shipment, is approximately 1½ cents higher per gallon than the price obtained ~~for~~ from Richfield Oil Company under your recent contract.

"I was further informed by Mr. Martin that details as to the partnership, namely, the United Petroleum Company, and their financial capacity would be furnished only when and if a contract were entered into."

⑦

Budget's
H. E. Leafre

August 2, 1951

Memo to DP from JA:

Here is a report on my New York adventure....

~~xxxxxx~~ Upon arrival, I telephoned Lyon McCandless' office and explained that I wasn't sure whether I had the right McCandless, but I wanted the one who was a friend of Senator Bridges. The operator said she would connect me with Mr. McCandless' secretary.

The next voice identified herself as Miss Paquin. I repeated that I was trying to locate the McCandless who was a friend of Senator Bridges.

"Mr. McCandless is a friend of Senator Bridges," she replied.

"Good," I said. "I just wanted to be sure I got the right one."

"Mr. McCandless knows Senator Bridges," she explained, "but he's not from New Hampshire."

She explained that McCandless was in Pittsburg, but was expected back in the evening. I said I would ~~catch~~ catch him later, ~~and~~

However, I headed straight for 420 Madison Avenue, because I figured I could get some information from Miss Paquin, who was listed as one of the partners of United Petroleum. By the time I arrived, however, the office obviously had been tipped off. A lady who sounded very much like Miss Paquin insisted that Miss Paquin was out and probably would be out most of the afternoon. She suggested that I phone for an appointment. I asked to see Mr. McQueen, or someone else of authority. But she insisted firmly that no one of authority was in.

I phoned later to make an appointment with Miss Paquin, and was told she hadn't been in all afternoon. So I returned to 420 Madison Avenue, and announced that I would wait for her. While the switchboard girl stepped out, I took a hasty glimpse at the file of telephone numbers on her desk. ~~Information~~ The file happened to be opened to the M's (probably because they had been in touch with Martin). I copied down McCandless' unlisted home phone and home address, also copied down a New York number for Martin. Later I called this number (Watkins 4-8303), and discovered it was the Talmadge Co., Inc., a fabricator at 132 West 14th Street. The Talmadge operator said Martin usually came in every Friday.

The only other interesting name under the M's was a Gen. Mazhari with a Washington telephone number, OR 5188. The Washington directory lists a Brig. Gen. Mohammed Mazhari, 5625 Western Ave., N. W., with the phone number OR 5188.

As I told you, the office refused to give out McCandless' or Paquin's home number, but I was already equipped with it and quietly dropped in on him at 12 Bank Street in Greenwich Village. I ~~was~~ made sure from the neighbors that he had returned from Pittsburg, then climbed several flights of rickety stairs. The name plate on the mailbox ~~was~~ listed both McCandless and Paquin in the same apartment.

McCandless kept me in the hall and tried to get rid of me. ~~But after~~ I told him ~~that~~ we were ready to ~~publish~~ a story about him, but wanted to do him the courtesy of discussing it with him before ~~publishing~~ printing it. So reluctantly, he invited me in -- just in ~~time~~ time ~~for~~ for me to see the ~~girl~~ lady, who had tried to get rid of me at the office, flee from the room.

Here are the highlights of ~~the~~ the interview.

McCandless claimed that ~~Renfro was~~ Renfro was ~~not~~ not his representative, but was in business for himself; that Renfro had ~~lined up~~ lined up the gasoline deal, then had queried McCandless for help in locating the gas. ~~McCandless refused to divulge~~ McCandless refused to divulge Renfro's whereabouts. At first, he claimed not to know, ~~then~~ but later said he would forward a letter from us to Renfro. When I caught him on this, he explained that he could probably locate Renfro through channels in this country. McCandless didn't want to talk about Renfro, but I finally wheedled this much information out of him: H. E. Renfro is ~~a~~ a West Coast oil man, about 35 to 40 years old. He used to work for a big oil company, but went into business for himself after the war. McCandless met him when Renfro came ~~back from the Orient~~ back from the Orient a couple years ago to line up business contacts. McCandless ~~couldn't recall who brought them together.~~ couldn't recall who brought them together. On one occasion, Renfro is supposed to

anderson, mccandless

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have sent McCandless a report on Communist activities in China. ~~Mr~~ McCandless forwarded this to ~~the~~ Central Intelligence, which sent a man around to see Renfro.

"For all I know," shrugged McCandless, "Renfro may be working for Central Intelligence now."

McCandless claimed Renfro cleared out of Hong Kong because "he didn't want to have anything to do with the Communists;" and was last reported to be in the Near East.

I asked how Renfro could offer 5,300,000 gallons of gasoline from the United Petroleum Company a month before the United Petroleum Company was formed. ~~Max~~ McCandless ~~admitted~~ that the company was formed for the specific purpose of handling this deal, and explained that the discussions began before the ~~company~~ ^{partnership} was formed. I asked why Renfro would ~~that the company~~ describe United Petroleum ~~Company~~ as a Los Angeles company if he had been dealing with McCandless in New York. McCandless said this must have been a mistake ^(by the Chinese). I asked why it was necessary to form the United Petroleum Company at all, and why ~~the deal couldn't have been handled by one of McCandless' other companies.~~ McCandless explained that Renfro had equity in United Petroleum. I pointed out that Renfro was NOT one of the partners. McCandless then explained ~~that the~~ plan had been to incorporate the company, if the deal went through.

I asked "why the Chinese government should buy gasoline ~~from~~ through a bankrupt company when it had a procurement office already set up in Washington."

~~"The Chinese government"~~ McCandless blurted that his company ~~wasn't~~ wasn't bankrupt.

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I repeated my earlier conversation with Miss Paquin.

"There couldn't be any mistake about it," I stressed.

"We didn't talk about anything but Bridges. That was the subject of our whole conversation."

"You call Miss Paquin in the morning, and she won't say it (that Bridges and McCandless are friends)," blurted McCandless. Then, realizing how foolish his own statement was, McCandless explained weakly that Miss ~~Renfro~~ Paquin must have mistaken me for a customer and was trying to impress me.

I also pointed out other discrepancies, such as the fact Martin had claimed Renfro was McCandless' representative rather than the other way around. McCandless simply shrugged that Martin was trying "to sell" his client.



July 19, 1951

Memo to DP from JA:

Here are a couple examples of how Chinese profiteers skim the cream off American aid for their own personal profit. It takes some reading between the lines, but you might also spot how the China Lobby pays off ~~its~~ its friends in Congress.

The technique is to place Chinese government orders through brokers and middlemen, who are obviously fronts for someone else. For example, the Nationalists have an Air Force procurement office in Washington, whose sole mission is to buy planes, parts and fuel for the Chinese Air Force. Obviously, ~~this~~ this can be done cheaper by going directly to the producer. Yet the procurement office has received cabled orders from Formosa to buy through these phony middlemen. Since the American taxpayers are footing Chiang Kai-shek's bills, the rake-off by middlemen doesn't cost him anything.

One deal that almost went through was for 5,300,000 gallons of aviation gasoline. ~~The Formosa government cabled its procurement office that the purchase would be made by~~ ~~the~~ the Hau Tai Trading Company, a Formosa broker, which was supposed to buy the gasoline from the United Petroleum Company of Los Angeles. A careful check revealed that there was no such company in Los Angeles.

A few days later, however, Edward A. Martin showed up at the procurement office, claiming to represent the United Petroleum Company. Significantly, Martin is a close friend of Senator Bridges, the most outspoken advocate of aid for Chiang Kai-shek. Martin is also attorney for another of Bridges' close friends, Henry Grunewald, ~~the~~ king of the five percenters. (Yet Martin is just a young squirt with a cheap office in the Munsey building. He is not ^{big} ~~a~~ corporation lawyer, ~~but~~ but rather an errand boy who would be fronting for someone else.)

Martin explained to the CAF procurement office that

anderson, procurement

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United Petroleum Company had its head office in New York City and a branch office in Hong Kong. The New York office was located at 420 Madison Avenue, he said.

However, the procurement office was still unable to locate the company -- after consulting the Chamber of Commerce ^{and} Petroleum Registry of New York. Finally Dun and Bradstreet reported that a corporation known as United Petroleum Company had been formed six days previously -- June 1, 1950. This was five days after Martin's visit to the procurement office, and one month before Hau Tai Trading Company listed ~~it as its supplier~~ the United Petroleum Company as its supplier.

Dun and Bradstreet reported that the company was a partnership ~~with the name of Mr. and Mrs. L. McCandless~~ in the name of Mr. and Mrs. L. McCandless with a capital of a few thousand dollars. It would appear that a fake company had been hastily formed just for the purpose of handling the aviation gasoline purchase -- a deal involving more than \$1,600,000. (just to make absolutely sure that) However, we had better make an independent check McCandless' United Petroleum Company was the same one that Edward Martin claimed to represent.

The deal fell through after Senator Knowland heard about it and protested directly to the Chinese Embassy. My source said we mustn't use Knowland's name, ~~however~~. However, it appears that he is honest in his pro-Chiang sentiments, and is secretly trying to keep Chiang's government honest at the same time. Since he is one of the key pro-Nationalist Senators, his objections were enough to stop the deal.

Another deal was for 2,956,170 gallons of aviation gasoline, involving a cool million dollars. The procurement office received a cable from Formosa, dated January 1, 1950, reporting that ~~this~~ this order had been placed with the Chung Foo Company, another Formosa broker. In other

~~the deal was for 2,956,170 gallons of aviation gasoline, involving a cool million dollars.~~

anderson, procurement

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words, the Formosa government was ignoring its own procurement office and placing orders through a private broker. Significantly, the agreement was to pay 33.82 cents per gallon, which was the prevailing price in September, 1949, when ~~the~~ gasoline supply was ^{more expensive} ~~more expensive~~ than in January, 1950. (P 1)

The Formosa government signed a final contract with Chung Foo Company on February ~~22, 1950~~ 9, 1950. The next day, ~~CAF~~ the CAF procurement office received a cable from Formosa, ordering a letter of credit for one million dollars opened at the Wells Fargo Bank of San Francisco. The instructions were to put the million dollars credit in the name of the South China Enterprise, Inc., which was described as the American agent ^{for} ~~the~~ Chung Foo Company.

An investigation revealed that the South China Enterprise was nothing but a hole-in-the-wall grocery store in San Francisco's Chinatown. Its total ^{assets were} ~~value~~ estimated at only a few hundred dollars, yet it was supposed to handle a million-dollar deal. The proprietor was Alfred Moy who obviously was a pawn for someone else and didn't know the first thing about ~~buying~~ buying gasoline. So he turned the transaction over to another middleman, an American broker named Alexander Lindenbaum, who finally contracted for the fuel from Cities Service Oil Company. In other words, ~~this~~ a contract that could have been handled directly by the CAF procurement office passed through a series of middlemen, including a broken-down Chinese ~~grocery~~ grocery store that was obviously acting for someone else. ?

The orders in both these cases ~~were signed by~~ were signed ~~by~~ General C. J. Chou, the Nationalist chief of staff who ~~is~~ is General Bradley's counterpart. In getting the correct spelling, my source explained naively that the General used to spell his name Chow but had changed it to Chou in order to confuse ~~the~~ the American government in case it checked up on his holdings in this country. ~~Obviously~~ Obviously, the General

anderson, procurement

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has been taking his own cut of American aid, and has invested it under the name C. J. Chow in this country.

As in the first example, this deal was also stopped by Senator Knowland, who heard about it and raised hell personally with Chiang Kai-shek during his 1950 Formosa visit. I gather that our friend Frances Yuan tipped off Knowland, which is the reason we are not supposed to use his name.

44

MR. PEARSON

*China
Lobby*

6/17/52

PER YOUR CONVERSATION TODAY
WITH COL. ROBERTS

ERMA GRABILL

CHINESE COUPLE WED ON FARM OF M'CORMICKS

Chicago, June 14 (CTPS)—East met West this afternoon when Miss Eileen Wu, daughter of Gov. K. C. Wu of Formosa, became the bride of her countryman, Dr. Yi Yuan Yu, in the formal garden of Cantigny farm in suburban Wheaton, home of Col. and Mrs. Robert R. McCormick.

Chinese wedding banners calling for "double joy" and "long life" added bright notes of color to the light red brick house before which the bride and bridegroom stood while the Rev. Dr. Robert Stewart of Wheaton read the ceremony. The vivid gowns of the Chinese women among the several dozen guests who assembled on the lawn added further color.

The bridal procession, led by Miss Pearl Shen, in gray blue satin mandarin dress embroidered in flowers, walked down the steps of a semi-enclosed porch into the garden.

Escorted by Colonel

Next came the bride's sister, Miss Edith Wu, in a close fitting gown of bright yellow lace. Last came the bride in a white Chinese brocade gown, with a western style, full skirt and long train. Her bouquet was an arrangement of Amazon lillies. Escorting her was Col. McCormick, comfortably clad for a hot day in a white suit. Behind them, manfully struggling to control the train as the breezes blew it about, was Leon Shen, Miss Shen's little brother.

The brother and sister are children of Dr. and Mrs. Walter Shen, who loaned the traditional "double joy" banner. The other banner belongs to Col. and Mrs. McCormick.

The arrival of Mme. Wu, mother of the bride, escorted by her son, H. K. Wu, was the signal for the ceremony to begin. Mme. Wu wore a Chinese gown of soft lavender. She and her son stood near the bridegroom, also in a gleaming white suit, and his best man, Berkeley E. F. Gage, British consul general and longtime friend of the Wus.

The bride and bridegroom's first gesture after the ceremony was to embrace her mother. Gov. Wu could not come from Formosa, but on hand to represent the family also were Mme. Wu's bother, David S. T. Huang of New York City, and his wife.

Welcomed by Mrs. McCormick

Wedding guests included some of the McCormicks' Wheaton neighbors and friends from town, several members of the Chinese colony here, and friends and teachers of the bride and bridegroom from Northwestern university. Welcoming them was Mrs. McCormick in an embroidered dress of off-white linen to which she added color in her feathery hat with its crown of ashes of roses, a trailing chiffon scarf of crimson, and crimson slippers.

Dr. Silving Au, former Chinese consul, and his wife; Sien-Yung Yu, Chinese consul general; Dr. and Mrs. Lawrence Wu, and Prof. and Mrs. S. S. Shu were among the Chinese present.

After champagne, hors d'oeuvres and the cutting of the three-tiered wedding cake, Dr. Yu, whose mother is Mrs. H. K. Yu of Peking, China, and his bride departed on their wedding trip to Los Angeles. Dr. Yu is an assistant professor at Washington university, St. Louis, where he and his bride will make their home.

THE TIMES HERALD
Sunday, June 15, 1952

Truman Dared to Revive Inquiry on 'China Lobby'

BY WILLARD EDWARDS

The Truman administration was challenged yesterday to revive an investigation of the so-called China lobby which was initiated about a year ago amid much left-wing acclaim.

Rep. Busbey (R) of Illinois accused the President of stifling the proposed quiz because it would boomerang in disclosures involving some of his closest followers in the Cabinet and elsewhere.

A resolution to investigate the "China lobby" in Washington was introduced in July, 1951, by Sen. Morse (R) of Oregon, and Sen. McMahon (D) of Connecticut.

The inquiry was frankly aimed at Republican leaders who were alleged to have co-operated with representatives of the exiled Chinese Nationalist government in airing charges that the State department was dominated by Communists.

Expose Own Henchmen

Busbey, in a Congressional Record statement, called attention to a lengthy, documented survey of the ("China lobby" allegations which was read to the Senate June 6 by Sen. Cain (R) of Washington).

Cain said the proposed investigation had apparently expired because Mr. Truman was informed its revelations would expose his own henchmen.

The Cain documentation has gone unanswered by administration apologists, Busbey noted.

"The unadulterated truth of the matter," said Busbey, "is that Mr. Truman and his hatchetmen who have been calling for a congressional investigation of the China Lobby did so to smear those who have exposed the Democrat administration in the biggest sell-out to communism in our history.

"Cover Up Own Acts"

"The administration has been running its own China lobby to cover up its treasonable acts in letting Soviet Russia take over all of China from the only group fighting communism in that country.

"The real China lobby is the tremendous propaganda network which the Communists, their sympathizers and our State department have created in order to persuade the American public that the Red dictatorship of China was nothing but a collection of agrarian reformers.

"This is the conspiracy which persuaded President Truman to fire Gen. MacArthur, the most competent military man in the Far Eastern field.

"The fact that the Administration has not pushed the investigation which it started is proof of a fear of self-incrimination.

The Explanation

"The major pillars of the 'China Lobby' come from the same ranks as the purveyors of five percent

influence, the corrupters of the Bureau of Internal Revenue, the dealers in defense secrets. That explains why we have no investigation.

"I challenge Mr. Truman to call for this investigation. It has been resting for 11 months in a Senate Foreign Relations committee pigeon-hole. The Administration does not dare to bring it out."

The Morse-McMahon resolution was doomed, according to reliable reports, after a Cabinet meeting at which Mr. Truman was informed that an investigation might implicate high Democratic officials. It was reported that a Chinese official had slipped a bundle of currency to a Truman campaign fund-collector in 1948 and the contribution was never recorded.

anderson

China

Attention Senator Knowland of California: Last November 17th, you announced from Formosa that Chiang Kai-shek champions freedom of the press. Ironically, on that identical day, Chiang shut down the Nationalist newspaper, Sing Sung Pao, for reporting that he was yelling and bawling and making noises unlike a statesman at his Grass Mountain retreat. Now Chiang Kai-shek's papers are censoring the news of graft and corruption in his government, now appearing in the Washington Merry-Go-Round, New York Times and Washington Post. ~~Therefore~~ I suggest, Senator, that you call ^{interest in} upon Chiang to prove his ~~interest in~~ freedom of press by printing, in full, the stories of graft appearing in this country.

June 27, 1952

Memo to DP from JA:

China

Here is the box score on shipments to China....

In 1950, the U.S. okayed \$36.5 million in trade to Red China and \$8.6 million to Manchuria for a grand total of \$45.1 million. Then came the Chinese across the Yalu. In 1951, the U. S. approved only \$181 worth of medical books to be shipped to Red China. Not a penny's worth of goods ~~has~~ has been cleared for Chinese Communist ports in the first four months of 1952. These figures compare with a yearly trade of \$500 million immediately after the war, when Chiang still ruled the roost.

We were a little more generous with Hongkong. In 1950, \$102.8 million worth ~~was~~ was approved for shipment to Hongkong. This was reduced drastically to \$28.8 million in 1951 and \$9.3 million in the first four months of 1952. Strategic materials are not cleared for Hongkong unless the American authorities are shown that the materials are intended for known requirements, and the British guarantee strict controls.

The British have been more free in their trade with Communist China. In 1951 -- after their troops ~~started~~ started battling Chinese Communists in Korea -- the British still did \$7.6 million worth of business with the mainland. In the first four months of 1952, the trade from Britain to Red China has been figured at \$559,000. The only European countries that have exceeded this figure are Belgium-Luxumburg, combined, which shipped \$9.5 million worth of goods to China in 1951. France shipped two million worth, and other European shipments were negligible, the largest being the Netherlands with only \$313,000.

At the same time, Britain shipped \$101 million worth to Hongkong in 1951 and \$23 million in the first three months of 1952. All these figures have been compiled by the Commerce department from official sources and does not include any undercover shipments, though a large volume of smuggling and semi-smuggling has been suspected.

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May 5, 1952

Honorable Frank M. Karsten
House of Representatives
Washington, D. C.

Dear Frank:

Here are the Chinese cables which we discussed,
together with a translation of the secret
instructions to Chinese Air Force personnel
to gather secret information in the United
States.

I am available whenever you wish to call me.

Sincerely,

Drew Pearson

DP:s

May 5, 1952

Mr. J. Edgar Hoover
Director
Federal Bureau of Investigation
Pennsylvania Avenue at 9th Street, N. W.
Washington, D. C.

Dear J. Edgar:

Enclosed is a photostatic copy, of which the original is available if you desire, of an instruction from the Chinese Air Force in Formosa to Chinese Air Force attaches in the United States regarding the collecting of secret information.

I also enclose a translation.

I have two other translated cablegrams pertaining to this matter which I attach. In this case, I do not have the originals.

I am sending these to you in the belief that your efficient staff may wish to be on the alert in regard to any leaks of information described in these documents.

Best wishes,

Sincerely yours,

Drew Pearson

DP:s

William H. Weintraub & Company, Inc.

Advertising

488 Madison Avenue
New York 22, N. Y.

June 7, 1951

Mr. Drew Pearson
1313 29th Street, N.W.
Washington, D.C.

Dear Drew:

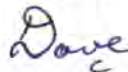
I have had Rudy Halley send you the brief in the Rosenberg case. He is also sending you the citation from the New York Law Commission report -- about 150 pages in length -- which one of your lawyers can get for you locally a lot faster than he can get it to you.

Leonard Lyons is sending you all the news clippings and editorials about the case tonight.

I look forward to seeing you Tuesday. Let me know when and where you want me to meet you.

Warmest regards.

Sincerely,



David Karr

DK:rc

Got their money out of
China. ②

Do they pay
taxes in US

Harry Hoyt

Jays - Margaret
Bill 3 son "

⑦ KC Lee - Loydland

TU Song & Mrs

TL "

Kung & Mrs

Mae Chiang

Helmer - Wells
Tango

25810 - 50 mil

Bk of China is
center - Kung
controls it

only 25% of
50 mil Bond issue
subscribed & Song
family got it up at
25% of 50 mil, it was
payable in dollars in
US & that's how

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.

John Bennett called - said he would be down in a week, but in the meantime he wondered if you knew of the connection of William Goodwin with Paul Marshall, now a Republican member of the State Legislature in Maryland. He practices with John Marshall at the Union Bank Building on 15th Street. Through Goodwin's deal with the Chinese Nationalists, he was retained at \$6,000 a year.

Goodwin's contact which he bragged most about was Taft. He was originally brought into the Taft picture to handle some Catholic situations by John Marshall, Molly Malone of Nevada, Hugh Butler and Joe McCarthy. Goodwin got \$30,000 a year. He frequently entertained senators at the Metropolitan Club, bringing in people from the Chinese Embassy.

He (Bennett) assumes you know that Goodwin was one of the principal feeders of misinformation to McCarthy; and of his pro-Nazi record.

When Bennett comes down next week he will talk to you more about these things - or to Fred.

Miss St Peter:

Yesterday Col Hsiang and I saw DP at lunch and spoke to him about an item in the column responding to the Chinese Embassy reply to DP's Oct 8 Column.

Attached are clippings, copy of cable, and copy of a letter of refutation prepared by Col. Hsiang but not mailed. I told DP I would leave these at the office for easy reference. Will you return the file when it has served its purpose.

Warren Woods

國防部用牋

慶園兄久別為念

公私為考為理一西牙在英學業未
成當地政府有兵役之令為被徵
召則別無學業曾由英往函請
免役准予批准感德一應我不需支薪
以便收在華空額在學務次

分袖四掛從速近下五兄定是此願
勉從
不用
元十二

CRUSADE FOR TRUTH

A letter to the Editor was written by Mr. Chen Chih-Mai, the Information Officer of the Chinese Embassy and published in this column on October 13th refuting Drew Pearson's column of October 8th in regard to the fraud perpetrated by General C. J. Chou, Chiang Kai-Shek's Chief of Staff, in an effort to save his son in this country from possibly being drafted by the U. S. Army.

The gist of Mr. Chen's letter can be summarized in the following points:

1. Chou's son has been employed by the Chinese Military Attache's office for his helpfulness in certain statistical work for the Chinese Government which did not require his presence in the office.
2. No thought was involved for obtaining his exemption from draft by the U. S. Army.
3. The Chinese Embassy is not responsible for transmitting any untruth to the U. S. State Department.
4. Vigorous denial was made to the suggestion that the Chinese Government had ever financed any smear campaign against anyone at any time.

But the indisputable facts remain as follows:

1. Chou's son is still in college at San Mateo, California and has never once done any statistical work, or otherwise, for the Chinese Military Attache either with or without his presence in that office.
2. The letter from the Chinese National Defense, submitted as evidence, proves 100% that the motive in forwarding such untruth to the State Department was entirely for the purpose of avoiding General Chou's son being eventually drafted.

3. Using the so-called "established policy of respecting the internal administrative autonomy of Chinese Government agencies in the United States" as an excuse for passing the buck from the Chinese Embassy to the Chinese Attache's Office did not help a bit to save the face of the Chinese Government at all. On the contrary, it only points up the ugly fact to the American public that even the handful of Chinese Government agencies in this country do not have the minimum required coordination among them. It means very poor efficiency. If there is a policy at all, it must be a very poor and stupid policy. Besides, after Drew Pearson revealed the facts on ~~September~~^{October} 8th, the Embassy summoned immediately the Air Attache, Col. Tseng, and coerced him by all kinds of pressure to make a statement on behalf of the Chinese Embassy denying the case. The facts are unequivocal, and Col. Tseng was just a victim, the same as I am, of high-ranking corrupt officers. Fortunately, he refused to make an additional mistake as the Chinese Embassy tried to force him to do. That event only proves that the Chinese Embassy fully intended to commit the new crime of forwarding an additional untruth to the American public as well as to the American authorities.
4. This point is a most delicate one. For the time being, I can only say that Mr. Chen Chih-Mai did not tell the truth at all. However, from my viewpoint as a Chinese Citizen, any Chinese citizen or official stationed in this country whose activities would aid the Chinese interests, is naturally bound to be considered by me, as a Chinese citizen, as a patriotic person. Therefore, anyone who has performed patriotically in the Chinese interest, is considered by my fellow citizens as a hero. My compliments

to Mr. Chen Chih-Mai as a hero in the Chinese Nationalist Government. By the same token, any Chinese acting to the contrary, or one who would prevent a hero from succeeding in his patriotic activities, should no doubt likewise be considered by bona fide Chinese citizens as a Chinese traitor. Therefore, if I continue my crusade for truth, I must also accept the ugly title of Chinese traitor, as a result of refuting point No. 4 of Mr. Chen's letter. This title I do not want. However, if Mr. Chen wants to condemn my statement as a libelous insinuation by suing me in the U. S. Courts, then I won't hesitate a second to take his challenge and place it in the hands of the U. S. law. Then I am very sure I can produce all documentary evidences with witnesses to prove that while Mr. Chen is a Chinese hero, he is at the same time a liar. I am the crusader for truth. However, by being a crusader for truth, I automatically become a Chinese traitor, not by choice, but by U. S. law.

National Defense

Brother Ching-lan:

January 12, 1951

It has been long time, since you left. May you have an enjoyable life both in public and private affairs. Young brother I-shih is studying in USA and subject to the draft laws of the Government there. Loo Yin-teh has written to you and asked your favor in arranging a nominal post for I-shih, without pay, at the Attache's office so that he may transfer to Washington, D.C. for further study. Kindly accomplish the arrangement immediately.

Looking for your reply.

Brother Chou Ming Hsiang

Note: 1. "Brother" and "young brother" are expressions of intimacy and courtesy toward the man referred.

To address a man "Brother" and "Young Brother" is an intimate and courteous expression in Chinese letter-writing.

2. "Ching-lan" is the first name of the Chinese Air Attache.

"I-shih" is the only son of Gen. C.J. Chou.

The writer, Chou Ming-shan, is Gen. C.J. Chou's nephew and holding a military rank of Colonel as Secretary to C.J. Chou.

Loo Ying-teh is the Chief of 2A Chinese Air Force.

MEMO

TO: Counselor T. L. TSUI, Chinese Embassy

From: Colonel C. L. Tseng, Air Attache

Commencing January 1, 1951, CHOW, I SHI (周-西) is being employed as a staff member by this office to meet our clerical needs. Enclosed please find three copies of a form properly filled by the said person, also three photographs. Your kind assistance is hereby requested in notifying United States Department of State regarding the change of status and in complying with other proceedings concerned.

COPY

The Chinese Ambassador presents his compliments to the Secretary of State and has the honor to request a change in the residence status of Mr. I. Shi CHOW.

Mr. Chow was admitted at Honolulu, Territory of Hawaii, on November 14, 1948, by a plane of the China National Aviation Corporation, as a temporary visitor. He has since been appointed as a clerk in the office of the Air Attache of the Embassy and assumed his duties on January 1, 1951

The Ambassador will appreciate it if the Secretary would cause the above information to be transmitted to the appropriate authorities of the United States Government with a view to changing Mr. Chow's status to that of an employee of the Chinese Government under Section 3(1) of the Immigration Act of 1924.

There is enclosed for the information of the Department of State Foreign Official Status Notification forms filled out by Mr. Chow.

Enclosure:

PR-1 forms of
Mr. I Shi CHOW

Chinese Embassy,

Washington, April 17, 1951.

COPY

The Secretary of State presents his compliments to His Excellency the Chinese Ambassador and has the honor to refer to the Embassy's note of April 17, 1951 requesting a change in the nonimmigrant status of Mr. I. Shi Chow.

The case was referred to the appropriate Department of the Government for consideration and a report has been received from that Department which states that Mr. Chow has been granted a change of status from Section 3(2) to that under Section 3(1) of the Immigration Act of 1924, as amended, as an accredited official of the Chinese Government.

Department of State,

Washington, August 15, 1951.

160 Chow, I Shi

Letters To The Editor

Chinese Clerk

In his October 8 column in *The Washington Post*, Mr. Drew Pearson asserted that the Chinese Embassy had "reported untruthfully to the State Department" concerning the employment of Mr. I. Shih Chow as a clerk in the office of the Air Attache. Mr. Pearson alleged that the employment was for the purpose of exempting Mr. Chow from the draft.

The embassy was given to understand that Mr. Chow was engaged by the Air Attache's office because he was found to be helpful in doing certain statistical work for the office which did not call for his presence in Washington. There was no thought of any question of the possibility of his draft. In conformity with its established policy of respecting the internal administrative autonomy of Chinese government agencies in the United States and following its routine procedure, the embassy transmitted the request of the Air Attache's office regarding the change of Mr. Chow's status. There was no question of truthfulness or otherwise involved.

It is still more far-fetched for Mr. Pearson to link such a matter as the employment of an assistant to do some statistical work to the whole question of American aid to China. The Chinese government has never financed any smear campaign against anybody at any time.

CHEN CHIH-MAI,

Washington, Information Officer,
Chinese Embassy.

Editor's Note: Mr. Pearson asserts that Mr. I. Shih Chow is still a student at San Mateo College though exempted from the draft as an employe of the Chinese Embassy.

Chinese General's Son Skips Draft

By Drew Pearson

A new and interesting little scandal has turned up regarding the chief of staff of the Chinese army.

Last summer this column dug up some amazing facts regarding Gen. C. J. Chow, who is Chiang Kai-shek's right-hand man, and who side-tracked \$444,706.53 into a private bank account in New York. The money was supposed to pay for United States war equipment, but was transferred instead to the name of a fictitious firm, the Lee Sun Co. in the National City Bank.

Despite this, General Chow is the man who will handle the spending of the new 300 million dollars which the American taxpayers and Congress have just voted to hand Chiang Kai-shek.

And on top of juggling American aid money, this column has now learned that the same General Chow also pulled wires to keep his son out of the draft.

His son, I. Shi Chow, was studying at San Mateo College, California, and after the Korean war started, General Chow heard that his son as a resident alien might become subject to the American draft. So Chow hastily pulled strings to have the boy transferred to the Chinese Embassy staff.

Actually, young I. Shi Chow never came near the embassy. He has continued his studies at San Mateo College as a diplomat-draft exempt.

The order, creating a fictitious post for the son of the No. 2 Nationalist, was transmitted January 12 to the Chinese Air Attache, Col. Tseng Ching-lan. Here is a translation of that order, signed by Chow Ming Hsiang, General Chow's uncle, who frequently speaks for the general. The term, "young brother," is a Chinese expression of intimacy and courtesy.

"Young brother I-Shin is studying in United States of America and subject to the draft laws of the Government there," wrote Chow. "Loo Ying-teh (chief of the Second Chinese Air Force) has written to you and asked your favors in arranging a nominal post for I-Shih, without pay, at the attache's office so that he may continue his studies. Kindly accomplish the arrangement immediately."



Pearson

Chinese Envoy Bows

Since General Chow is second in power to Chiang Kai-shek himself, conscientious Chinese Ambassador Wellington Koo reluctantly went along with this trickery and forwarded an official note to the State Department on April 17 requesting a "change in the residence status of Mr. I. Shi Chow."

"Mr. Chow was admitted at Honolulu, Territory of Hawaii, on November 14, 1948, by a plane of the China National Aviation Corp., as a temporary visitor. He has since been appointed as a clerk in the office of the Air Attache of the embassy and assumed his duties on January 1, 1951," the Ambassador reported untruthfully to the State Department. Actually, young Chow hasn't worked a day at the embassy.

The State Department accepted the Chinese Ambassador's word, notified him on August 15 that Mr. Chow has been granted a change of status from section 3 (2) to that under section 3 (1) of the Immigration Act of 1924, as amended, as an accredited official of the Chinese government."

Note—High Chinese Nationalists have not only diverted American aid money into private bank accounts, but have used it to speculate on the commodity market, tax free. This money has also been used to finance the smear campaigns against Secretary of State Acheson, General Marshall and anyone else reluctant to untie the American purse strings for Chiang Kai-shek's government.

This high-powered, highly paid China lobby has tried to convince the American public that anyone who opposes Chiang is automatically a Communist.

Vinson's Yellow Shoes

(STENNIS)

WASHINGTON--SEN. JOHN C. STENNIS CALLED TODAY FOR A SPEEDUP IN TRAINING AND EQUIPPING OF CHINESE NATIONALIST TROOPS ON FORMOSA SO THEY COULD "EVENTUALLY" BE USED IN KOREA.

"IF COMMUNISM IS TO BE STOPPED IN ASIA, WE MUST DEVELOP ASIATIC MANPOWER TO DO THE JOB, AND FORMOSA IS THE PLACE TO BEGIN," THE MISSISSIPPI DEMOCRAT TOLD THE SENATE.

"AS A DEFINITE START, A MORE EXTENSIVE AND STEPPED-UP TRAINING PROGRAM AND EVENTUAL USE IN KOREA OF THE CHINESE NATIONALIST TROOPS ON FORMOSA SHOULD BE A NUMBER ONE ITEM IN THE PLAN FOR A CONTINUATION OF THE KOREAN WAR."

STENNIS SAID THE UNITED STATES SHOULD "TAKE THE LEAD" IN SEEKING UNITED NATIONS APPROVAL OF THIS POLICY.

STENNIS, A MEMBER OF THE SENATE ARMED SERVICES COMMITTEE, SAID HE WAS INFORMED THAT NATIONALIST TROOPS "HAVE THE MAKINGS OF A SPENDID ARMY OF FIGHTING STRENGTH WHEN EQUIPPED AND TRAINED ON A DIVISION LEVEL."

"MANY DIVISIONS WITH REAL STRENGTH CAN THUS BE MADE READY FOR ACTION IN KOREA, AND AT THE SAME TIME LEAVE SUFFICIENT STRENGTH FOR A PROPER DEFENSE OF FORMOSA," HE SAID.

STENNIS SPECIFICALLY PROPOSED INCREASING THE U.S. MILITARY MISSION TRAINING NATIONALIST TROOPS AND PROVIDING THEM FULL-SCALE EQUIPMENT ON A DIVISION LEVEL.

7/2--N1132A

file China Lobby

ADD 1 STENNIS, WASHINGTON

STENNIS' SPEECH COINCIDED WITH THE ARRIVAL HERE OF LT. GEN. WANG SHU-MING, COMMANDING GENERAL OF THE NATIONALIST AIR FORCE. HE AND A PARTY ARE MAKING A 20-DAY TOUR OF U.S. AIR FORCE BASES.

THE PURPOSE OF THE TRIP, IT WAS ANNOUNCED, IS TO FURTHER GOOD RELATIONS BETWEEN U.S. AIR FORCE AND THE CHINESE AIR FORCE AND TO STUDY AMERICAN OPERATING TECHNIQUES.

7/2--N1138A

August 18, 1951

Memo to DP from JA:

*Nicholson - security file
Chen na
fobby*

Here is the mysterious case of Irving Short,
a free-lance writer who knew too much.....

It is whispered around the Chinese Embassy
that Irving Short was poisoned, because he found out about
corruption inside the Chinese Nationalist high command.

~~Without further details~~ The story goes that he threatened
to expose the scandal, either for blackmail or because he
was disillusioned. In any case, he had been ardently pro-
Nationalist. What makes this a good story for us is that we
are now investigating ~~and have already pointed the finger~~
~~at~~ the same scandals.

Here are the pieces that I picked up from a week
of investigating. A reliable source tells me that Short
died in Tokyo shortly after his arrival from Formosa. This
source claims that a slow-acting poison was found in his body
by the autopsy. This source also tells me that our
Intelligence was trying to get in touch with Short, ~~in Formosa~~,
and finally found him in a Tokyo hotel four hours after he
died. The same source also heard a report, which he cannot
confirm, that Short was given a dinner by Chiang Kai-shek
~~and~~ just before leaving Formosa.

As I told you on the ~~phone~~ phone, I tried to contact
General Bolling directly but ended up talking to his aide,
Colonel Lampkin. ~~Lampkin~~ When I first mentioned the
incident to Lampkin, he said that he recalled something about
such ~~a~~ a poisoning incident.

*this
Spang*

Later, he called back and reported ~~the answer~~ nothing in their files about such an incident. I reminded him that he seemed to have heard about it when I first mentioned it. He replied that ~~the~~ ^(what he remembered) turned out to be another incident. I insisted that I had gotten my information from a reliable source, and that I had learned positively from that source that General Bolling knew all about it. Lampkin promised to try to reach Bolling, who was supposed to be away on leave.

This morning, Lampkin called me and announced he had talked to Bolling.

"General Bolling said, 'Tell Jack not to get off on a limb. There was nothing sensational about this case. Short died of Meningitis,'" Lampkin quoted Bolling to me.

"Why would Intelligence investigate a death by Meningitis," I asked.

// "We didn't investigate this case. We have nothing in our files on it," Lampkin said.

"Then how does General Bolling know about it? Irving Short was just an obscure, free-lance writer. Why would General Bolling happen to know he died of Meningitis?" I asked.

Lampkin explained that Bolling had gotten where he is by knowing and remembering things.)) Lampkin also said Bolling ~~hadn't~~ would sit down and talk to me about it when he gets back.

Here are some additional scraps of information I have collected on Irving Short.

anderson, poisoning, 33333

He is a mystery man, whom nobody seems to know much about. I learned that he had been in Senator Knowland's office. ~~He had been in~~ The secretary there remembered him; explained that he had worked for Alfred Kohlberg. I have tried to reach Kohlberg without success.

A friend of mine on the China desk in the State department ~~made a canvas for me and~~ came up with the following information: Irving Short was a free-lance writer, associated with Alfred Kohlberg and the Daughters of the American Revolution. Short had a scheme for organizing international volunteer units to fight for Chiang Kai-shek. This plan apparently was rejected by Chiang. Short was in his middle forties, was in good health. He had been ill in Taipeh, ~~but was fully~~ recovered before he left Formosa. His death in Tokyo is a mystery.

My State Department friend said his impression was that Short had been in Japan a few days before dying. However, my earlier impression was that he had died a few hours after his arrival in Japan. I consider the source, who told me about the poisoning, to be completely reliable.

I ~~have~~ asked my State Department friend to find out ~~from~~ from the Passport Division Short's home address and next of kin. He failed to do this, then couldn't find anyone in the Passport Division today. He promised to make a check Monday.

I also asked Joyce earlier in the week to call the Chinese Embassy, say she worked for the New York ~~Mirror~~ and ask for background on Irving Short.

anderson, poisoning, 44444

I asked Joyce to do it, because I was afraid my voice might be ~~recognized~~ recognized. Joyce reported back that she had scarcely ~~mentioned~~ ^{got} Irving Short's name off her tongue, when the Embassy replied: "Very sorry, we have no information on Irving Short."

I have the name of another man who knew Irving Short, a Col. L. B. Moody. He usually can be reached at ORdway 8967. However, he was out of town in Ohio, and by the time I tracked him down in Westerville, Ohio, he was on a train heading back to Washington. He still hasn't arrived here, and his wife doesn't know when he's due.

That's as far as I have gotten.

A

Far Eastern Survey
IPR.

J.F.N.

Only chance is in my
was. Soviet Army
Chinese made in
reuters agent 14 nations
defected 1894
Korea War II
now starting up again
would

Information on Irving Short's name off her
Joyce reported back
"Very sorry, we have no
He usually can be reached at
Irving Short's name off her

Ordway 3301. However, he was out of town in Ohio, and by

1946 - We gave Nationalists
our blueprint - so on
Open market in Shanghai.
Nat Govt had to issue an
official explanation
3 mil. Mandchus ruled
250 yrs (300 mil people)
with help of intellectuals
Some they toy - 5 mil
Can now 4 mil. Students
being trained - given jobs.
Older generation lost.
Wintersay on what
fathers & mothers say
Police checks between
cities - This done under
Nationalists
Food worse - once
imported 1,800,000 T of
grain - will a yr. have
little.
South drought
worst, but with help
of red relief.

TFR. 300's : Chinese funds - Lock Currie

WESTERN UNION PRESS MESSAGE

W. P. MARSHALL, PRESIDENT

Forster Garst

N.P.A.

~~minors
nitrate facilities away from NPA.
certificates of security~~

→ go to
Ag. Dept
which will
reconst
DPA.

NPA been so high - led

froze China assets 3 mo ago
new returns just come.

freeze just ordered ostensibly to
hit Red China.

← " →
The Carr Committee - Lock Currie tipped off Russians.
to some things

September 1, 1945

From - Chinese Air Force Headquarters

Air

To - /Attache, care of Chinese Air Force Office, USA

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

C. J. Chow

December 6, 1946

From - Chinese Air Force Headquarters

To - Air Attache, care of Chinese Air Force Office, USA

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.

C. J. Chow

*file
China Lobby*

WU.NP009 PD

CK SAN FRANCISCO CALIF SEP 26 309P 1951

DREW PEARSON

BELL SYNDICATE NYK

RE YOUR COLUMN ABOUT MY CONTRIBUTION TO THE CAMPAIGN OF SENATOR BRIDGES THE FACTS ARE AS FOLLOWS. WHEN I BECAME A MEMBER OF THE SURPLUS PROPERTY BOARD IN 1945 I TOOK WITH ME AS MY ASSISTANT NEIL TOLMAN WHO HAD BEEN ASSOCIATED WITH ME IN THE ARMY. TOLMAN IS AN INTIMATE FRIEND OF BRIDGES AND AS A RESULT I BECAME ACQUAINTED WITH THE SENATOR. HE WAS MOST HELPFUL TO ME WHILE I WAS SITTING ON THE SURPLUS HOT SEAT IN WASHINGTON. I SENT THE CONTRIBUTION MAINLY AS AN ACT OF GRATITUDE, BUT ALSO BECAUSE I BELIEVE THAT BRIDGES ALTHOUGH A REPUBLICAN IS ABLE AND CONSCIENTIOUS. I HAVE NO CONNECTION WHATEVER WITH THE CHINA LOBBY AND AM NOT IN SYMPATHY WITH IT. AS A MATTER OF FACT MY WIFE WAS LONG ACTIVE IN THE INSTITUTE OF PACIFIC RELATIONS, ONE OF ITS CHIEF TARGETS. TO THE BEST OF MY KNOWLEDGE THERE IS NO CHINESE NATIONALIST MONEY IN THE WELLS FARGO BANK

EDWARD H HELLER.

701PMEST.

Letter

May 3, 1950

Mr. Alfred Kohlberg
1 West 37th Street
New York 18, New York

Dear Mr. Kohlberg:

I appreciated your writing me regarding
the reported conversation between Philip
Jaffe and others in 1946.

At no time did I ever pay Andrew Roth's
attorneys fees, either in part or indirectly.

I agree with you that the American people
certainly do have a right to know the facts.

Sincerely yours,

Drew Pearson

DP:s

ALFRED KOHLBERG INC.

Chinese Textiles

1 WEST 37TH STREET  JUST OFF FIFTH AVE.

NEW YORK 18, N. Y.



AFFILIATE
HAND MADE
HANDKERCHIEFS, LTD.
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FOREIGN OFFICES
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WISCONSIN 7 { 8477
8478
8479

September 12, 1951

Mr. Drew Pearson
1313-29th Street NW
Washington, D. C.

Dear Mr. Pearson:

I have noted your column published in the Philadelphia papers and elsewhere on June 18, 1951, in which you continue your utterly false statements about me.

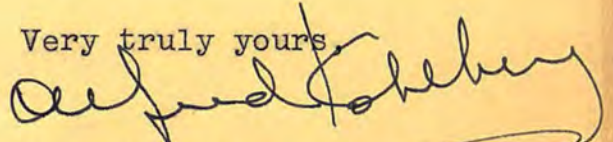
It is, of course, true that I, like many other people in the United States, have an utter abhorrence of Communism everywhere, including Communist China. It is also true that I believe, from my large background of experience in China, that the Nationalist Chinese Government is today the only group that may reestablish a decent China.

I have, of course, expressed myself constantly in favor of Nationalist China holding Formosa, as even the present Administration has agreed is in the best interests of peace in the Pacific.

On the other hand, you know from my own communications to you and from your own investigations that I am not a lobbyist, that I am not directed by any one or anything other than my own convictions on the subject, and that to say that I am "the front man" for any lobby or any group is absolutely false.

I am a responsible merchant in the City of New York with a business over 30 years old, and my doings are completely open and thoroughly apparent to any one. It is reprehensible for you to spread malicious slander about me merely because you and I differ on a question of American foreign policy.

Very truly yours



Alfred Kohlberg

AK:eb

The Death of Irving Short

Irving Short was a free-lance writer associated with Alfred Kohlberg, head of the China Lobby. He was friendly to the Nationalist Government of China and had been working on their behalf through Kohlberg.

Short visited Formosa in the spring of 1951 and died in a mysterious manner shortly after his arrival in Tokyo. It was reported that he died from poisoning.

Short had been in Formosa working on a plan to organize international volunteer units to fight for Chiang Kai-shek. This, however, was rejected by Chiang. During his visit in Formosa Short learned of large-scale bribery by Nationalist officers in connection with the purchase of American supplies. Short is alleged to have threatened to expose this - which incidentally has now been exposed in the American press, as a result of which two Chinese Air Force officers who opposed the corruption have been fired.

Just before Short left Formosa he was allegedly given a dinner by Chiang Kai-shek. He left for Tokyo immediately thereafter and died in his hotel a few hours after his arrival. The Army is reported to have made an investigation and found that he died of slow poisoning. Short was in his middle forties and in good health.

Colonel Lampkin, aide to General Bolling in G-2, when queried about this replied that he recalled something about a poisoning incident in connection with Short. Later he telephoned to say that there was nothing in their files about such an incident.

Lampkin was then reminded that he apparently had recalled the matter in the first place to which he responded that he had become confused. However, Lampkin promised to try to reach General Bolling.

Next morning Lampkin telephoned to report that he had talked to Bolling.

"General Bolling says there was nothing sensational about this case. Short died of meningitis," Lampkin said.

"Why would G-2 investigate a death by meningitis?" Lampkin was asked.

"We didn't investigate this case. We have nothing in our files on it," Lampkin said.

"Then how does General Bolling know about it? Irving Short was just an obscure, free-lance writer. Why would General Bolling happen to know he died of Meningitis?"

Lampkin explained that Bolling had gotten where he is by knowing and remembering things.

Boya beans
or chins lobby
or Dyke cult

June 10 53

GEORGE SIROTA & SONS

MEMBERS
NEW YORK COTTON EXCHANGE
NEW ORLEANS COTTON EXCHANGE
NEW YORK PRODUCE EXCHANGE
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CHICAGO MERCANTILE EXCHANGE
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OFFICE:
N. Y. PRODUCE EXCHANGE
2 BROADWAY
NEW YORK 4, N. Y.
TELEPHONE:
HANOVER 2-2562

6/17 1953
Ralph W. Kone

In accordance with your instructions we have this day made the following transactions for your account and risk, in all respect subject to the laws, rules and regulations and customs of or relating to the exchange on which transaction was made.

On all marginal business we reserve the right to close transactions without further notice whenever, in our judgment, the security in our hands becomes insufficient protection. E. & O. E.

BOUGHT			SOLD		
QUANTITY	COMMODITY	PRICE	QUANTITY	COMMODITY	PRICE
50 ⁰⁰	<i>Long Beans</i> ^{UAC}	213			
	<i>Roll</i> ^{ROLL}	213			
50 ⁰⁰	<i>Roll</i> ^{ROLL}	213			
15 ⁰⁰	<i>Long Beans</i> ^{UAC}	298			
25 ⁰⁰	<i>Long Beans</i> ^{UAC}	298 1/4			
50 ⁰⁰	<i>Long Beans</i> ^{UAC}	298 1/4			
50 ⁰⁰	<i>Long Beans</i> ^{UAC}	298 1/2			
10 ⁰⁰	<i>Long Beans</i> ^{UAC}	297 3/4			

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June 10 53

GEORGE SIROTA & SONS

MEMBERS
NEW YORK COTTON EXCHANGE
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COMMODITY EXCHANGE, INC.
CHICAGO MERCANTILE EXCHANGE
NEW YORK MERCANTILE EXCHANGE

OFFICE:
N. Y. PRODUCE EXCHANGE
2 BROADWAY
NEW YORK 4, N. Y.
TELEPHONE:
HANOVER 2-2562

6/17 1953
Ralph W. Sirota Special #1

In accordance with your instructions we have this day made the following transactions for your account and risk, in all respect subject to the laws, rules and regulations and customs of or relating to the exchange on which transaction was made.

On all marginal business we reserve the right to close transactions without further notice whenever, in our judgment, the security in our hands becomes insufficient protection. E. & O. E.

BOUGHT			SOLD		
QUANTITY	COMMODITY	PRICE	QUANTITY	COMMODITY	PRICE
50 ⁰⁰	<i>Long Beans</i> ^{UHL}	213			
50 ⁰⁰	<i>Long Beans</i> ^{FAROL}	213			
50 ⁰⁰	<i>Long Beans</i> ^{RICE}	213			
15 ⁰⁰	<i>Long Beans</i> ^{FAROL}	298			
25 ⁰⁰	<i>Long Beans</i> ^{FAROL}	298 1/4			
50 ⁰⁰	<i>Long Beans</i> ^{UHL}	298 1/4			
50 ⁰⁰	<i>Long Beans</i> ^{ML}	298 1/2			
10 ⁰⁰	<i>Long Beans</i> ⁹⁰⁰	297 3/4			

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JAL see me
JB The monitor
Concord, NH
June 16, 1951

Mr. Drew Pearson
1313 29th Street, NW
Washington 7, D.C.

Dear Mr. Pearson:

Edward Heller, no address given, gave \$3,000 to Senator Bridges in his 1948 campaign for reelection. On Nov. 1, Bridges signed and submitted his list of campaign contributors to Secretary of State Enoch D. Fuller. In line with politicians' practice, he listed his contributors by name only, supplied no addresses or other identification.

The larger contributors on Bridges' Nov. 1, 1948, list, whose names mean nothing to any of us here in New Hampshire, follow, on the chance they may mean something to you: Alfred Kohlberg, \$1,000; J.L. Hall, \$100; T.J. Downs, \$1,000; Edward Heller, \$3,000; George Gould, \$300; F.W. Ehrlich, \$1,000; T.N. Cromwell, \$1,000; Mr. and Mrs. Albert Lasker, \$1,000; H.C. Frick, \$1,000; A.W. Jones, \$500. Heller's was the biggest contribution.

Some of these Nov. 1 names also appeared on the earliest list of contributors filed Sept. 10, 1948, by Wesley Powell, financial agent for Senator Bridges. They were: A.W. Jones, \$500; and A. Kohlberg, \$1,000. A few other unfamiliar names on the Sept. 10 list: J.S. Adams, \$1,000; B.E. Tate, \$1,000; W.S. Mack Jr., \$500; A.W. Warner, \$300; and B.P. Mates, \$500. The lists are not duplicates, but report separate contributions.

Nov. 17, 1948, Bridges filed his filan list of campaign gifts, listing J.A. Volpe, \$100; Theodore Granick, \$100; and C.G. Strandlund, \$200; these being unfamiliar here. I have not included donors known to be N.H. folk.

In his 1942 campaign, Bridges reported ^{Oct. 31,} ~~September~~ 1942, a gift of \$1,000 from "H.C. Frick, Bedford, N.Y." which would appear to further identify one of the contributors named on the Nov. 1, 1948, list. On Sept. 8, 1942, Bridges reported receiving \$1,000 from Wm. Nelson Cromwell and \$500 from Palmer Beaudette, no addresses given and unknown here.

Wesley Powell, in his 1950 primary campaign to unseat Charlie Tobey, reported a number of strange names. In the event you are interested in a possible tie-up with the China lobby, some of the names were (Sept. 8, 1950 listing by Powell): B.P. Mates, \$100; B. Mates, \$250; B. Mates, \$500; S. Makrauer, \$1,000; W. Stearns, \$500; ~~W.E. Stearns, \$400;~~ H. Kent, \$500; A.M. Sargent, \$500; A.M. Sargent, \$300; E. Wagner, \$500; E.P. Wagner, \$125; A. Kohlberg, \$100; T.M. Girdler, \$100; N. Tolman, \$100 (this must be Neil Tolman, Bridges' 1942 campaign manager now a lobbyist in Washington); B.A. Alvin, \$200; M. Kahn, \$250.

No Hellman appears anywhere on either ~~that~~ Bridges' or Powell's lists. Delighted to provide you with this information.

Sincerely yours,

Enoch Shenton

June 12, 1951

Mr. Tolson
Mr. E. A. Tamm
Mr. Clegg
Mr. Glavin
Mr. Ladd
Mr. Nichols
Mr. Rosen
Mr. Tracy
Mr. Carson
Mr. Egan
Mr. Gurnea
Mr. Harbo
Mr. Hendon
Mr. Pennington
Mr. Quinn
Mr. Nease
Miss Gandy

Edward Kelley, no address given, gave \$5,000 to Senator

Walter Briggs last summer for reelection. On Nov. 1, Briggs filed

and submitted his list of campaign contributors to Secretary of State

Briggs. In line with politicians' practice, he listed his contributions

in reverse order, starting with the largest contribution.

The largest contribution on Briggs' Nov. 1, 1949, list

was \$5,000 from any of his name in New Hampshire, followed by

\$1,000 from many men according to you; Alfred Robison, \$1,000; J. M. Hill,

\$1,000; Edward Kelley, \$3,000; Harry G. Smith, \$300; J. M.

Briggs, \$1,000; T. M. Greenwell, \$1,000; W. and Mrs. Alfred Robison, \$1,000;

\$1,000; A. J. Jones, \$500. Kelley's was the biggest contribution.

None of these Nov. 1 names also appeared on the earlier

list of contributors filed Sept. 10, 1949, by Walter Briggs. Financial events

for Senator Briggs. They were: A. J. Jones, \$500; and A. Robison, \$1,000.

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File
Briggs
1949

August 3, 1951

Mr. Enoch Shenton
The Monitor
Concord, New Hampshire

Dear Mr. Shenton:

I am sorry to bother you again but some important Bridges connections have turned up in the names of Lyon McCandless and Edward A. Martin.

Would it be too much trouble to go through the list and see whether there are any contributions, even small ones, from these gentlemen - or any leads to their link with Bridges campaign.

The more I dig into this situation, the more amazing the ramifications of Senator Bridges' campaign becomes.

Many thanks and all good wishes,

Sincerely,

Drew Pearson

DP:s

August 1, 1951

Mr. Martin claimed that he knew nothing about United Petroleum; that he had merely acted as a messenger in filing a bid for "the engineers," as he called them, in New York. At first he indicated that he wasn't too familiar with these engineers--namely, the McCandless Co. Later he claimed to have represented McCandless "ever since I got out of the service."

He insisted repeatedly that he knew nothing about United Petroleum, who its representatives were, who H. E. Renfro was, etc. Asked why he had represented the company on June 5th, when it was not incorporated until June 8th, he said he did not know anything about them. (In questioning him, I made a mistake since the date of incorporation was actually June 1. But he did not catch this error).

He kept repeating: "Why don't you ask Mr. McCandless? He is the man to talk to. He knows all about the operations of the company."

I asked Martin if he had represented Amer-Inc. He hesitated and said he supposed he had represented them since he had handled various matters for Mr. McCandless. I asked why it was that the chief backer of United Petroleum was Amer-Ind, which was in bankruptcy. He professed ignorance, except to admit that Amer-Ind was in 77-B.

Finally I asked, in view of his professed ignorance of United Petroleum, he had been able to answer certain questions asked him by the Chinese. He said he had not answered any questions; but then I read him the questions which he had answered, and he then changed his tune to the effect that that was a year ago, and he could not remember.

I asked why it was that he had specifically given information regarding H. E. Renfro to the Chinese, but now said that he did not know anything about Renfro, etc. He was evasive and said he couldn't remember.

DAVID KARR

488 MADISON AVENUE, NEW YORK 22, NEW YORK

23 July 1951

David Karr
[Handwritten signature and initials]

Dear Drew:

I'm terribly sorry to have taken so long, but there is absolutely no information available through the channels you requested on L. McCandless, and Company.

Warmest regards.

Sincerely,

David

Mr. Drew Pearson
1313 29th Street, N. W.
Washington, D. C.

tris coffin...

*file
China lobby*

RE: China lobby

One Edward H. Heller of San Francisco is a director and key official of the Wells Fargo Bank, which is a depository for private funds of the Chiang Kai shek family amounting to several millions.

"Edward Heller" was the largest contributor to Senator Styles Bridges campaign fund in 1948, to the tune of \$3000, according to Bridges own sworn statement in the office of New Hampshire Secretary of State Enoch D. Fuller.

In addition, Bridges received \$2000 from Alfred Kohlberg in 1948 campaign.

The source of this information is "Charlie" Enoch Shenton, a reporter for the Concord, N.H. Monitor, and former secretary to onetime Congressman Foster Stearns.

Memo re China Lobby

Center of the Lobby is the Bank of China in New York. H. H. Kung is its behind-the-stage dictator.

K. C. Lee is one of the most active master-minds of the China Lobby. He has a palatial residence on Long Island.

The Soong dynasty got part of their money out of China as a result of a Chinese bond issue during the war. The Nationalist Government floated a 500-million dollar issue but it did not sell well, and only 25 per cent of the money was subscribed. The Soongs and Kungs bought it up for twenty-five per cent on the dollar. The bonds were payable in the United States two years later. Thus they were able to cash in and received dollars in New York.

All the members of the dynasty - namely, T. V. Soong and his wife; H. H. Kung and his wife -- had been in the United States long enough to pay income taxes. It would be a simple matter to check on their returns.

Edward Heller of San Francisco and a director of the Wells Fargo Bank was a large contributor to Senator Bridges' campaign in New Hampshire. He gave \$3,000. Significantly Heller is a Democrat and his wife is Democratic National Committeewoman from California. However, the Wells Fargo Bank is one of the biggest repositories of Chinese Nationalist funds in the United States. It is probable that someone else had put up the money for Heller.