

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

Microfilm Publication M1444

CORRESPONDENCE OF THE MILITARY
INTELLIGENCE DIVISION RELATING
TO GENERAL, POLITICAL, ECONOMIC,
AND MILITARY CONDITIONS IN CHINA
1918-1941

Roll 15

MID 2655-I-88 to 2655-I-182

**THE NATIONAL ARCHIVES
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION**

WASHINGTON: 1986

INTRODUCTION

On the 19 rolls of this microfilm publication are reproduced record cards and correspondence of the Military Intelligence Division (MID) that relate to conditions in China from 1918 to 1941. The documents reproduced are largely reports from the U.S. military attache assigned to China and his assistants. The MID correspondence from which the six files reproduced on the microfilm publication were extracted is a part of Records of the War Department General and Special Staffs, Record Group (RG) 165.

BACKGROUND

The Military Intelligence Division originated in 1885, when Adj. Gen. Richard C. Drum directed Maj. William J. Volkmar of the Military Reservation Division to organize a Division of Military Information. Drum's action was in response to an increasing need for the systematic collection and dissemination of information relating to foreign and U.S. military services. The Military Information Division, as it became known, functioned as an adjunct of the Military Reservation Division until 1889. The congressional appropriation act of September 22, 1888 (25 Stat. 481), provided for "the pay of a clerk attendant on the collection and classification of military information from abroad." It also specified that officers detailed to obtain military information would be entitled to allowances for mileage and transportation, and to commutation of quarters. As a result of this act, the first U.S. military attaches were detailed during 1889 to U.S. diplomatic posts at London, Paris, Berlin, Vienna, and St. Petersburg. In addition, the act laid the necessary financial groundwork for the Adjutant General's confidential order of April 12, 1889, which established the Military Information Division as "a separate division under the personal supervision of the Adjutant General."

An act of February 14, 1903 (32 Stat. 830), reorganized the War Department hierarchy, creating a War Department General Staff headed by a Chief of Staff. Six months later, Secretary of War Elihu Root's order of August 8 directed the transfer of the Military Information Division and its records to the Office of the Chief of Staff, effective August 15, 1903. Under the new organization, what had been the Military Information Division became the Second Division (of three divisions) of the General Staff. War Department General Order 128, dated August 12, 1908, provided for the reorganization of the General Staff into sections and thereunder into such committees as necessary for the transaction of business. As a result of this order, the Second

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Division (military information) was merged with the Third Division (military planning and education) to form the Second Section. A reorganization of September 26, 1910, abolished the Second Section and transferred its responsibilities, including military information, to the new War College Division.

The entry of the United States into World War I on April 6, 1917, greatly increased the work of the War College Division. To deal with the growing intelligence workload, the Chief of Staff, in a memorandum dated April 28, 1917, directed that a separate military intelligence section be established within the War College Division. Most records relating to foreign intelligence created or accumulated by the Military Intelligence Section were filed in the central correspondence of the War College Division. A reorganization of the General Staff, under authority of War Department General Order 14, dated February 9, 1918, abolished the War College Division. All intelligence functions passed to the Military Intelligence Branch of the newly created Executive Division. This branch began keeping its own records, separate from those of other branches or divisions of the General Staff. Subsequently, some files were withdrawn from the War College Division records (now inherited by the War Plans Division) and incorporated into the separate series of Military Intelligence Branch records. A second major wartime reorganization of the War Department General Staff occurred under authority of General Order 80, dated August 26, 1918, which established a separate Military Intelligence Division (MID). The order also provided that the MID was to be headed by an officer designated as director of military intelligence who would function as an assistant to the Chief of Staff. The MID continued keeping the separate series of records maintained by the former Military Intelligence Branch.

As a result of War Department General Order 41, dated August 16, 1921, the MID was given the additional designation of G-2 and was constituted as one of the five General Staff divisions, each under the immediate control of an Assistant Chief of Staff. This organizational structure remained largely unchanged through World War II.

The major function of the MID and its predecessors was the collection of military information about foreign countries. Military attaches and observers assigned to those countries were the principal means by which the MID collected such information. The main duties of a military attache were to observe and report on the organization, training, equipment, doctrine, and operations of foreign military forces. In addition, the attache reported on political, economic, and social conditions in the country to which he was assigned, especially as they influenced military affairs. To carry out this work, the attache had a small staff, including assistant military attaches who prepared their own reports, to assist him.

Although the United States first dispatched military attaches to foreign posts in 1889, it did not assign a military attache to China until 1900. U.S. military attaches remained in China until the Nationalist Government moved to the island of Formosa in December 1949.

Record Description

The documents reproduced on this microfilm publication, largely military attache reports but also including documents created by other U.S. Government agencies and foreign governments, are from the records of the Military Intelligence Division and date from 1918 to 1941. Some extant reports on conditions in China for the period 1903 to 1917, from military attaches and other sources, are in the correspondence of the War College Division, also part of RG 165, but are not filmed on this publication. In addition, although this publication reproduces the six principal MID files relating exclusively to China for the period 1918 to 1941 (general conditions, political conditions, economic conditions, army, navy, and aeronautics), it does not reproduce all MID files relevant to China.

The Military Intelligence Division filed correspondence in accordance with the "record card system," utilized widely in the late 19th and early 20th century by the War Department. On each incoming and outgoing communication and on each enclosure, a record clerk placed in the upper-right corner of the first page a file designation consisting of a master number representing the main subject of the communication. Following the master number, the record clerk sometimes entered an alphabetical or numerical suffix representing a subfile under the subject of the master number, and an additional number representing the sequential order under the subfile (e.g., MID 2657-I-1 or 2657-I-276/55 or 2055-622/178). In other instances, when no subfile was involved, the clerk simply added a numerical suffix to the master number to indicate the next sequential transaction (e.g., 2055-606).

After the clerk had assigned a file designation to the communication, he summarized its contents on a record card and placed the same file designation on the record card. Record cards were subsequently annotated to show the routing and ultimate destination or disposition of a communication. The clerk then prepared name, subject, and geographic index cards as finding aids to the communication and the record card. The index cards were filed alphabetically. The communications and the records cards were filed numerically by their assigned file designations. In addition, the MID kept chronological lists ("Dispatch Lists") of all communications received from an attache at a particular post.

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In its filing scheme the MID used letters to designate particular countries; I represented China. Therefore, under the master number for economic conditions (2655), the designation 2655-I relates to economic conditions in China. Individual documents under that designation were numbered generally in chronological order. However, within this and the other file designations, other sets of numbers are sometimes used as subfiles for more specific subject categories. For instance, reports on China's "National Economic Council," 1933-36, are filed under 2655-I-165, with individual documents on the subject numbered 1 to 7. Thus a typical file number containing all these elements would be 2655-I-165/6.

There are gaps in the sequential numbers following master numbers. The gaps have two principal explanations. First, during the late 1920's the War Department destroyed a large number of individual documents as "useless papers," an action authorized by an act of Congress dated February 16, 1889 (25 Stat. 672). There is a list, filmed at the beginning of each master number, enumerating document numbers that were destroyed. Second, on August 7, 1941, the MID abandoned its numeric file system and adopted the War Department decimal file scheme. At that time, the numeric file was closed and many documents were transferred from it to the new G-2 decimal file. Neither these documents nor those received during the last half of 1941 are reproduced in this microfilm publication. For most communications transferred to the G-2 decimal file, a clerk prepared a card and inserted it in the old numeric file where the communication had been. Each card cites the decimal file designation to which the communication was transferred. Correspondence in the G-2 decimal file is now part of Records of the Army Staff, RG 319.

The contents of the records filed under the six master numbers of the MID correspondence reproduced in this microfilm publication are described below. The master numbers pertaining to more general subjects have been filmed first (general, political, and economic conditions), followed by those relating to more specific topics (army, navy, and aeronautics). Within each master number most documents have been filmed in file designation order. Some of the reports, however, include oversize enclosures, particularly maps. Such oversize documents have not been filmed in sequence, but at the end of the roll containing the appropriate file designations; cross-references have been inserted to indicate where such documents originally appeared and their new locations at the end of the roll.

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The record cards for the six master numbers of MID correspondence relating to China appear on roll 1 of this microfilm publication. The record cards are filmed in the same sequence as the six master numbers. They provide a synopsis of each document, including those destroyed in 1929 by the War Department and those dated before mid-1941 that were transferred to the decimal file. The record cards thus serve as a finding aid to the extant documents filmed in this publication.

Contents

"General Conditions in China" (MID 2055)--Records pertaining to current political, economic, and social events and general trends in the military services. Most are periodic reports submitted weekly or monthly, each report covering several--sometimes diverse--subjects in an abbreviated format. Much of the information was drawn from newspapers or periodicals.

The most frequently recurring reports are those dealing with current military, political, and related foreign events, January 1918-May 1941 (MID 2055-622). Other documents include a 1921 report detailing Japanese atrocities in Manchuria (MID 2055-395); reports on the increase in the size of the Japanese population in Manchuria, December 1925-January 1940 (MID 2055-635); and a province-by-province census of the population of China, October 1930-March 1937 (MID 2055-685).

Also included is a 1921 report, with photographs, of a trip through Yunnan, Szechwan, and eastern Tibet by Maj. John Magruder, assistant military attache. The purpose of the trip was to observe conditions in the provinces of Yunnan and Szechwan, both of which border on Burma and Tibet. Major Magruder was the first representative of the U.S. Government to visit these areas in an official capacity (MID 2055-486).

"Political Conditions, China" (MID 2657-I)--Records complementing the information on general conditions in MID 2055. This file contains attache reports that give more detail concerning Chinese politics and foreign relations.

Reports on lawlessness in the Chinese countryside, 1922-24, are covered in MID 2657-I-251. The policy, ideology, and formation of the Kuomintang, 1926-39, are reported in MID 2657-I-321. Chinese personalities, including Chiang Kai-shek and T. V. Soong, are profiled in MID 2657-I-362.

Soviet activities within China are reported in MID 2657-I-281. The use of American publicity and foreign influence to combat Soviet activities is covered in MID 2657-I-282. Reports on border clashes between Soviet and Chinese troops are detailed in MID 2657-I-382.

There are numerous "Situation Reports" relating to the military situation within China, 1924-41 (MID 2657-I-276). Subjects covered include civil battles between warlords, the civil war between north and south China, the campaigns against the Communists, intra-Kuomintang struggles, and military actions against the Japanese in the Second Sino-Japanese War.

"Economic Conditions, China" (MID 2655-I)--Reports compiled in the office of the military attache from published government statistics, interviews with foreign industrialists, and articles appearing in newspapers and periodicals; also reports prepared in the office of the U.S. commercial attache.

Characteristic of the reports on economic conditions, 1919-38, is a report on the coal resources in Honan Province (MID 2655-I-50). The report details the uses of the mined coal, the location of the mines, the history of the coal mines in Honan Province, and the operation of the coal mines. Other reports describe the development of hydroelectric power in Shanshi Province, December 1934 (MID 2655-I-166).

Additional reports relate to iron and steel production (MID 2655-I-114); foreign loans to Chinese companies (MID 2655-I-123); the oil shale industry in Manchuria (MID 2655-I-129); the British Committee of Information in Tientsin, which provided information on Chinese affairs for British businessmen (MID 2655-I-132); and opium traffic in China (MID 2655-I-146). Also included are U.S. Department of Commerce reports on iron and gold resources (MID 2655-I-77).

"Army, China" (MID 2009)--Reports pertaining to general conditions in the military services (including information on military organizations, personalities, national defense and preparedness, training, and maneuvers) and to observation of Chinese Army units. The reports relate to military engagements between warlords, clashes between Chiang Kai-shek and his fellow Nationalists, the campaigns against the Communists, and the efforts of the Nationalists against the Japanese. There are also detailed biographies of Chinese Army officers, including Chiang Kai-shek (MID 2009-244).

Records relating to the Chinese military also include a 1926 study of the Chinese National Revolutionary Army, which was compiled by the entire staff attached to the office of the military attache in Peking. The report presents a general picture of the Chinese Army, its organization, strength, equipment, morale, pay, and training (MID 2009-176). Also included is a 1927 report listing 1,200 military terms, alphabetically arranged and compiled in two parts, Part I in English and Part II in romanized Chinese, according to the Wade system (MID 2009-182).

Other reports relate to the composition of the Mongolian Army (MID 2009-156); the use of Soviet troops in China (MID 2009-163); The Red Spear Societies, groups of farmers and shopkeepers that banded together to maintain law and order (MID 2009-170); the Soviet military mission in China (MID 2009-181); tables of organization for the National Revolutionary Army (MID 2009-198); and the effectiveness of German military instructors in China (MID 2009-255).

"Navy, China" (MID 2733)--Records chiefly pertaining to the training of Chinese naval officers, appointment of officers, and the purchase of new gunboats. The U.S. military attache devoted some attention to Chinese naval affairs even though the Navy was not strictly within his sphere of responsibility.

Specific reports cover such subjects as the employment of British naval officers in the training and development of the Chinese Navy (MID 2732-7) and the launching of two new gunboats for coastal defense (MID 2732-12).

"Aeronautics, China" (MID 2078)--Reports prepared by the assistant military attache for air, mostly relating to military aviation, but some relating to civil aeronautics.

These reports reflect an effort by the assistant attache for air to systematically collect intelligence on the Chinese Air Corps. Included are annual "Aviation Intelligence" reports on appropriations, production, bases, organization, and training, 1924-39 (MID 2078-70); "Current Aviation Activity" reports on the use of commercial and military aircraft and the number of foreign pilots and instructors employed, 1929-34 (MID 2078-95); and reports with diagrams of airfields throughout China, 1927-41 (MID 2078-87). There are also reports with diagrams of possible emergency landing fields and seaplane bases, 1928-30 (MID 2078-88).

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Additional reports relate to the first commercial aviation enterprise in China, 1920 (MID 2078-18); foreign personnel with the Manchurian Air Force, 1925 (MID 2078-74); activities of French armaments representative Count de Boigne, 1926-27 (MID 2078-85); the establishment of air routes, 1929-35 (MID 2078-97); the purchase of German military aircraft, 1931-32 (MID 2078-110); the Central Aviation School in Hangchow, 1932-34 (MID 2078-125); plans for air defense, 1932-38 (MID 2078-142); and the delivery of Soviet aircraft and supplies to the Chinese, 1939 (MID 20768-158).

Security Classification

Many of the documents filmed in this microfilm publication were classified as secret, confidential, or restricted at the time of their creation and had those classification markings stamped, typed, or written on them. The National Archives and Department of the Army have reviewed and declassified all of the records filmed in this publication.

RELATED RECORDS

In RG 165 are additional intelligence records concerning China. Information on China can be found under other file designations of the MID correspondence, 1918-41. Because the records under other file designations do not deal exclusively with China but contain extensive documentation pertaining to other subjects or countries or if they relate exclusively to China deal with less significant subjects, they have not been reproduced here. Access to these records is by the name, subject, and geographic indexes to the MID correspondence and by the dispatch lists of incoming reports to the MID. Microfilm publications of these records are Name Index to Correspondence of the Military Intelligence Division of the War Department General Staff, 1917-1941, M1194, and Registers of Communications Received From Military Attaches and Other Intelligence Officers ("Dispatch Lists"), 1889-1941, M1271. Roll 1 of M1271 contains the lists of reports from the military attache in China. Also in RG 165 are the records of the War College Division of the War Department General Staff, which contains military attache and other reports from China for the period 1903-17. An index to these records has been microfilmed as Indexes to Records of the War College Division and Related General Staff Offices, 1903-1919, M912.

Military attache reports and other army intelligence records that relate to China and date from mid-1941 are in RG 319.

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Some information pertaining to the appointment of military attaches to China before 1916 is in Records of the Adjutant General's Office, 1780's-1917, RG 94. Records relating to naval intelligence, including naval attache reports, are among Records of the Office of the Chief of Naval Operations, RG 38.

Many records on U.S.-Chinese relations are in General Records of the Department of State, RG 59. Microfilm publications of these records include Despatches From U.S. Ministers to China, 1843-1906, M92; Records of the Department of State Relating to Political Relations Between the United States and China, 1910-1929, M339; Records of the Department of State Relating to Political Relations Between China and Other States, 1910-1929, M341; and Records of the Department of State Relating to Political Relations Between China and Japan, 1930-1944, M976.

Other diplomatic records relating to China are in Records of the Foreign Service Posts of the Department of State, RG 84. Two series have been microfilmed: Records of the United States Legation in China, 1849-1931, T898, and Records of the United States Consulate in Kunming, 1922-1928, T402.

Herbert Rawlings-Milton wrote these introductory remarks and prepared the records for microfilming.

APPENDIX

Military Attaches, China

Lt. James H. Reeves	Dec. 20, 1900-July 31, 1902
Capt. Andre W. Brewster	Aug. 1, 1902-May 31, 1905
Capt. Henry Leonard	June 1, 1905-May 13, 1907
Capt. James H. Reeves	May 14, 1907-June 30, 1912
Maj. Albert J. Bowley	July 1, 1912-Aug. 31, 1914
Lt. R. H. Sillman	Aug. 31, 1914-Feb. 18, 1915
Capt. Isaac Newell	Feb. 28, 1915-Sept. 1918
Lt. Col. Walter Drysdale	Sept. 1918-Nov. 1921
Col. Sherwood A. Cheney	Nov. 1921-Sept. 1, 1924
Lt. Col. Joseph H. Barnard	Sept. 1, 1924-Oct. 4, 1926
Maj. John Magruder	Oct. 4, 1926-Mar. 16, 1930
Col. Nelson E. Margetts	Mar. 16, 1930-Mar. 3, 1932
Lt. Col. Walter Drysdale	Mar. 3, 1932-July 8, 1932
Col. Joseph W. Stilwell	July 8, 1932-June 13, 1939
Lt. Col. William Mayer	June 13, 1939-June 28, 1942

Jim K. Nearing 3/26/86

0040

Information concerning the Electric Current and
Central Station in Chinhsien, Province of Fengtien,
Manchuria, China, May 1, 1922.

Location:- Chinhsien, Province of Fengtien, Manchuria,
China (Mukden Consular District).

Name of Company:- Chinhsien Electric Company, Limited.
(Chinese)

Generator Capacity:- Total capacity in turbo-generators
200 kilowatts.

Number of Units:- One

Name and Nationality of Makers:- General Electric (American)

Characteristics of Current:

Voltage on line 2300 volts three phase 60 cycles
Voltage in house 110/220 volts single phase
Very little 220 volts used, nearly all 110 volts
Plant now running to full capacity.

Boilers:- British, Babcock and Wilcox. two each of 1100 square
feet heating service.

Station gives night service only.

Total lights based on 16 c.p. 20 watt lamps: 10,000.

Total induction motors on line: 50 varying from 1 up to
75 horsepower.

Rates for Light:- 24 cents small coin (about 8 cents
United States currency).

Is country sold through meter? - Yes, and by lamp contract
also.

Current supplied to city of Chinhsien only.

AMERICAN CONSULATE GENERAL
MUKDEN, CHINA

0178

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

cently arrived in Shanghai to conduct an investigation of market values of imports from China to America. Headquarters will be, c/o American Consulate-General, Shanghai.

Administration of The China Trade Act:

Application forms have now been received by the Registrar of the China Trade Act, and companies desiring to incorporate under this new incorporation law may secure such blanks and forms as are necessary by applying to Mr. Frank Rhea, Registrar, China Trade Act, c/o American Commercial Attaché, at either Peking or Shanghai.

Mr. Rhea arrived in Shanghai on January 7, 1923, for an indefinite stay.

* * * * *

0347

DECLASSIFIED BY NND740058 *James K. Nearing 3/26/86*

The main haulage way in the mine is equipped with trolley lines. Electric locomotives of from 5 to 7 tons are used. At present the principal pumps are operated by steam.

Minor pumps in isolated places are run by compressed air. Preparations are now under way to install two units of centrifugal pumps, each having a capacity of four cubic metres per minute against a head of 180 metres.

=====

0351

DECLASSIFIED BY NND740058

James K. Neering 3/26/86

-2-

prise on the guarantee that it will make it a self-supporting venture. The plan as it stands will be reserved some time longer on the ground that there is still room left for further inquiry, and on this account, the same item has been taken off the next year's enterprises.

This does not mean that the proposition has been given up for good. Once the management can see its way quite clear to maintain it on paying lines, it will be taken up at any time on a supplementary estimate."

C. Burnett
C. Burnett
Lieut. Colonel, Cavalry,
Military Attache.

0376

DECLASSIFIED BY NND740058

James L. Neering 3/26/86

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
PEKING, CHINA.

4-1
1 Encl
MILITARY ATTACHE
2653-9-13/100
STATEMENT BY

March 8, 1926

No. 5786

Subject: The Chinese Economic Bulletin.

To: A. C. of S., G-2.

RECEIVED G/2 W.M. / APR 13 1926

1. There is enclosed herewith No. 262, Vol. VIII of the above publication. Unless they are not desired I will forward them regularly hereafter.

2. Attention is invited to the first article of the enclosed Bulletin in connection with page 4, Report No. 5773.

2055-622(29)



J. H. Barnard,
Lieut. Colonel, F. A.,
Military Attache.

1 encls.
elh

DECLASSIFIED BY NND740058

James K. Neuman 7/26/86

0394

- 2 -

P. H. B. KENT

(Barrister-at-Law, Chairman China Association Tientsin Branch, author "Railway Enterprise in China" and "The Passing of the Manchus.")

E. C. PETERS

(Merchant, Chairman British Municipal Council, Tientsin.)

D. B. WALKER

(Merchant, formerly of H.B.M. Consular Service, Chairman British Chamber of Commerce, Tientsin.)

H. G. W. WOODHEAD

(Editor "Peking & Tientsin Times," Editor China Year Book, author "The Truth about China.")

Communications may be addressed to P. H. B. Kent, Tientsin, North China, to whom it is hoped those interested will post the enclosed card of knowledge.

V-2248

2nd Ind.

Military Attache, Vienna, Austria, January 23, 1928.

A. C. of S., G-2, War Department, Washington, D. C.

4-1 1928 2655-9-136
RECEIVED G/2 W.D. FEB 11 1928

2 Enc
FEB 16

1. Investigation shows that the article in the *Manchuria Daily News* is correct to this extent. One of the most important flour mills of Budapest received an order from a wholesale merchant to mill 20 tons of Soya beans into Soya bean flour, which was done. No special method was applied, as the mill in question was also a shelling mill, and thus in a position to both shell and mill the Soya beans. Production has not continued as the wholesaler gave no further orders. No information is available as to what was done with the Soya bean flour by the wholesaler, as it was never put on the retail market.

2. It is the opinion of prominent millers, both here and in Budapest, that the idea of importing Soya beans from Manchuria to this area is largely newspaper nonsense for the following reasons:

- (1) the heavy transport cost from Manchuria;
- (2) the abundance of bread cereals in this area, and the inability of the mills to handle profitably the cereals locally available;
- (3) the difficulty of overcoming public prejudice against an unfamiliar product as a substitute for wheat and rye;
- (4) the fact that were any importation of Soya beans to develop, local agricultural interests would demand and probably obtain a protective tariff.


W. W. Hicks, Major, General Staff,
Military Attache.

Enc. 1 clipping.

UNITED STATES
DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

CABLE ADDRESS:
"AMCOMAT, VIENNA,
AUSTRIA"

Enc

1-1
1928

2655-9-136
-1-

FEB 16

WAP DEPARTMENT

OFFICE OF COMMERCIAL ATTACHÉ
VIENNA, AUSTRIA

Vienna, Austria, 1. Boesendorferstr. 13
January 21, 1928.

Major W. H. Hicks
American Military Attache
American Legation
9 Wohllebengasse
Vienna, Austria

Subject: Soya Bean Flour.

Dear Major Hicks:

Relative to the production of Soya bean flour in Hungary regarding which you sent me a clipping with your note of January 9, I made inquiry of the Hungarian Flour Mill Association Budapest, and attach hereto translated copy of their reply of January 13.

Furthermore, I made inquiry in this connection of one of the leading flour mill authorities in this district (Mr. Reif, President of the Getreide-A.G. Vienna), who tells me that in his judgment, the idea of importing soya beans from China and milling them in this area is largely nonsense, (1) because of heavy transport cost from China, (2) because of the abundance of bread cereals in this area, and the inability of the mills to handle profitably the cereals locally available and (3) because of the difficulty of overcoming public prejudice against an unfamiliar product as a substitute for wheat and rye flour. He also suggested that were any important importation of Soya beans to develop, local agricultural interests would undoubtedly demand, and probably obtain, a protective tariff.

I am returning herewith the newspaper clipping and other correspondence which you forwarded to me.

Very truly yours,



H. Lawrence Groves
American Commercial Attache.

hlg-lb

INCL.

Translation

HUNGARIAN METROPOLITAN
FLOUR MILL ASSOCIATION
BUDAPEST
VI. Terez-kőrut 34.

Telephone: 92-60

No. 74/1928

Budapest, January 13, 1928.

1-1
1928

2655-9-136
- 1 -
WAR DEPARTMENT

Enc 2
FEB 16

Mr. H. Lawrence Groves,
Commercial Attache of the
United States of America

V i e n n a .

In reply to your favor of the 11th inst., we beg to inform you that the information to the effect that one of the most important Budapest flour mills has produced soy bean flour is correct. Production, however, has not been taken up on a large scale, since only 200 quintals (20 tons) of soy beans have been milled in all, and these not for the own account of the mill, but on the order of a wholesaler. No special method has been applied, since the mill in question is also a shelling mill and was thus in the position to shell and mill the soy beans. Production has not been continued, since the firm gave no further orders.

We are returning herewith the article from the Manchuria Daily News forwarded us for our information, and are,

Yours very truly,

HUNGARIAN METROPOLITAN FLOUR MILL ASSOCIATION

The president: The co-president:

(2 illegible signatures)

lrh

G-2/2655-I-136

G-2
OFFICE OF THE SECRETARY
WAR DEPARTMENT
INTEL. DIV.

1928

2655-I-136

MAR 20 1928

WAR DEPARTMENT
February 17, 1928.

Subject: Soya Bean Flour Manufacture in Hungary.

To: The Military Attache, Tokyo, Japan.

1. Reference your letter of 7 Nov., 1927 requesting verification of a report in the Manchuria Daily News of 25 Oct., 1927 concerning the manufacture in Hungary of flour from the Soya bean, the following information has been obtained from a reliable source.

"Investigation shows that the article in the Manchuria Daily News is correct to this extent. One of the most important flour mills of Budapest received an order from a wholesale merchant to mill 20 tons of Soya beans into Soya bean flour, which was done. No special method was applied, as the mill in question was also a shelling mill, and thus in a position to both shell and mill the Soya beans. Production has not continued as the wholesaler gave no further orders. No information is available as to what was done with the Soya bean flour by the wholesaler, as it was never put on the retail market.

It is the opinion of prominent millers, both here and in Budapest, that the idea of importing Soya beans from Manchuria to this area is largely newspaper nonsense for the following reasons:

- (1) the heavy transport cost from Manchuria;
- (2) the abundance of bread cereals in this area, and the inability of the mills to handle profitably the cereals locally available;
- (3) the difficulty of overcoming public prejudice against an unfamiliar product as a substitute for wheat and rye;
- (4) the fact that were any importation of Soya beans to develop, local agricultural interests would demand and probably obtain a protective tariff."

For the A. C. of S., G-2:

MAILED G/2 W. D. FEB 20 1928

VAUGHN W. COOPER,
Lieutenant Colonel, General Staff,
Executive Officer, G-2.

for

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE.
PEKING, CHINA.

RECEIVED
MAY 26 1928

1928

2653-9-137

MAY 26 1928

April 25, 1928

WAR DEPARTMENT

CONFIDENTIAL

#7258

Subject: Report on Strategic Raw Materials.

RECEIVED G/2 W. I. MAY 26 1928

To: A. C. of S., G-2, Washington, D. C.

2610-131

1. Referring to Memorandums of July 28, 1927 and February 11, 1928, the following report on "Strategic Raw Materials" is submitted.

2. Only the following articles on our list of strategic raw materials are found in China in sufficient quantities to export:

Antimony	Quicksilver
Campnor	Silk
Hides	Tin
Manganese	Tungsten
Opium	Wool

3. The following shows the source and amount of each of the above named raw materials available for export:

ANTIMONY.

Source: China produces about 60% of the world's supply of antimony, her supply coming almost entirely from the province of Hunan, with Changsha as the center of the industry. The largest mines are at Sikwangshan where 5/8 of Hunan's antimony is produced. The other mining districts in the province are Yuanliang, Yiyang and Aghua.

Output: The average output of China under the present system of mining is about 16,800 tons per year. The maximum production was probably reached during the war when the exports of the various grades of antimony, reduced to the equivalent of 99% pure antimony, amounted to 35,400 tons. During 1926 China exported 3,568 short tons of crude antimony and 19,930 short tons of antimony regulus.

Substitutes: None available in China.

CAMPHOR.

Source: China's camphor comes mainly from the province of Kiangsi but Fukien and Kwangtung still continue to supply a certain amount for export. About 60% is exported from the port of Kiukiang, near Hankow, 30% from Shanghai, and 10% from Foochow.

Output: There are no available estimates as to the camphor resources in China, and no present indications of replenishing the decreasing supply which results from destruction of trees. The average annual export of camphor is about 1,150 short tons, but in 1926 it amounted to only 183 tons of natural, crude and refined, and 112 tons of camphor oil.

Substitutes: There are no known substitutes for camphor in China.

HIDES.

Source. Hides come from all parts of China. There are no great cattle ranches, but in Mongolia, Sinkiang and Szechuan there are herds of some size.

Output: While there are no reliable estimates available as to the numbers of cattle, sheep, goats, etc., in China, it is believed that there are far more than is commonly supposed and that in case of great demand immense supplies could be obtained from ordinarily untouched sources. The bulk of China's exports in hides is made up of ass, horse, mule, buffalo and cow hides. The exports of these various hides in 1926 were as follows:

<u>Hides</u>	
Ass, horse and mule	1714 short tons
Buffalo	2993 " "
Cow	13, 233 " "
Others	4 1/2 "

<u>Leather</u>	
Buffalo and cow	285 short tons
Other kinds	120 " "

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1st Ind.

Office of the Military Attache, American Legation, Peking, China,
April 25, 1928 - To: A. C. of S., G-2, Washington, D.C.

Reviewed and forwarded with approval.

John Magruder,

John Magruder
Major, General Staff
Military Attache

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James K. Newmyer 7/26/86

OFFICE OF THE
DIRECTOR OF STATE
DEPARTMENT OF STATE

Strategic Raw Materials and manufactures
of imported by China (1926).

1926

2653-9-13

JUN 26

WAR DEPARTMENT

(All amounts in piculs unless otherwise stated.)
(1 picul 133 1/3 lbs.)

Articles and source.	Amount.
1. Cotton, raw	2,745,017
Hongkong	2,564
French Indo-China	9,383
British India	1,529,033
Great Britain	4,939
Japan	733,964
Canada	4,330
U.S.	506,424
Other countries	<u>Balance</u> 2,745,017
2. Bags, Gunny, Hemp, or Hessian	1,018,745
Hongkong	271,599
British India	51,595
Russia, Pacific Ports	116,139
Korea	56,270
Japan (Formosa)	531,215
Other countries	<u>Balance</u> 1,018,745
3. Hemp & Jute, raw	113,829
Hongkong	23,462
British India	74,148
Japan	14,620
Philippine Is.	1,056
Other countries	<u>Balance</u> 113,829

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Article and source.	Amount.	
4. Aluminium, sheets, and manufactures of	6,143	
Germany		1,043
Japan		4,664
U. S.		174
Other countries		<u>Balance</u>
		6,143
5. Anti-friction metals	1,774	
Great Britain		337
Japan		1,238
U. S.		166
Other countries		<u>Balance</u>
		1,774
6. (a) Brass & Yellow metal (Bars, plates, rods sheets, tubes & wire)	52,929	
Hongkong		5,377
Macao		133
Great Britain		915
Germany		5,225
Netherlands		208
Belgium		114
Japan		40,827
Other countries		<u>Balance</u>
		52,929
7. (b) Brass & Yellow metal, not otherwise recorded.	11,240	
Hongkong		3,818
Siam		320
France		1,096
Japan		5,300
U. S.		641
Other countries		<u>Balance</u>
		11,240
Total	64,169	

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<u>Article and source.</u>	<u>Amount.</u>
8. (a) Copper; Bar, Plates, Rods, Tubes & Wire.	34,030
Hongkong	833
Great Britain	660
Germany	1,312
Netherlands	324
Japan	30,339
Other countries	<u>Balance</u> 34,030
8. (b) Copper, Ingots & Slabs	98,338
Hongkong	3,594
Japan	27,940
U. S.	66,684
Other countries	<u>Balance</u> 98,338
8. (c) Copper, not otherwise classified.	3,480
Hongkong	726
Siam	203
Great Britain	222
Germany	246
Japan	2,018
Other countries	<u>Balance</u> 3,480
Total	135,848

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Article and source.	Amount.
9. Iron and Steel, ungalvanized	
(a) Anchors & parts, castings, chains, forgings, etc.	15,003
Hongkong	682
Great Britain	9,601
Germany	962
Italy	820
Japan	2,318
U. S.	585
Other countries	<u>Balance</u> 15,003
(b) Angles	259,882
Hongkong	6,521
Great Britain	12,898
Germany	40,451
Netherlands	22,675
Belgium	107,719
Luxembourg	4,958
France	9,819
Japan	40,659
U. S.	14,041
Other countries	<u>Balance</u> 259,882
(c) Bar croppings, bar ends, cobbles, defective wire, wire shorts.	1,092,845
Hongkong	4,706
Great Britain	95,545
Germany	195,613
Netherlands	18,511
Belgium	654,129
Luxembourg	72,928
France	16,000
Japan	4,076

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<u>Article and source.</u>	<u>Amount.</u>
(c) Continued.	
U. S.	28,043
Other countries	<u>Balance</u> 1,092,845
(d) Bars	1,521,909
Hongkong	129,799
Macao	6,712
French Indo China	4,396
Great Britain	33,334
Germany	179,262
Netherlands	175,317
Belgium	738,100
Luxembourg	79,848
France	41,776
Italy	13,814
Korea	8,858
Japan	107,672
U. S.	4,001
Other countries	<u>Balance</u> 1,521,909
(e) Bolts, nuts, washers, hoops.	152,421
Hongkong	6,282
Great Britain	63,181
Germany	19,248
Netherlands	8,885
Belgium	75,699
Japan	12,782
U. S.	8,441
Other countries	<u>Balance</u> 152,421

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<u>Article and source.</u>	<u>Amount.</u>
12.	
(d) continued.	
U. S.	36,832
Other countries	<u>Balance</u> 139,780
Total, Iron and Steel, Galvanized.	685,498
13. Lead.	
(a) Pigs & bars	154,102
Hongkong	7,347
French Indo China	2,149
British India	4,974
Great Britain	3,924
Japan	19,758
Canada	70,574
U. S.	38,427
Australia	5,227
Other countries	<u>Balance</u> 154,102
(b) Pipes, Sheets, and not otherwise recorded	19,162
Hongkong	1,177
Great Britain	1,281
Japan	15,785
Other countries	<u>Balance</u> 19,162
Total, Lead.	173,264

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<u>Article and source.</u>	<u>Amount.</u>
18. Wheat.	4,156,378
Canada	3,076,409
U. S.	628,257
Australia, New Zealand.	444,668
Other countries	<u>Balance</u> 4,156,378
19. Cereals, not otherwise recorded.	1,432,517
Dutch India	116,252
Russia, Pacific Ports.	1,257,420
Other countries.	<u>Balance</u> 1,432,517
20. Flour, Wheat.	4,285,124
Hongkong	326,280
Korea	57,080
Japan	1,567,573
Canada	868,471
U. S.	1,448,414
Other countries	<u>Balance</u> 4,285,124
21. Ginseng.	150,610 catties
Hongkong	81,289
Korea	39,891
Japan	42,551
Canada	3,849
U. S.	4,096
Other countries	<u>Balance</u> 150,610

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<u>Article and source.</u>	<u>Amount.</u>	
	<u>Value, Hongkong Tls.</u>	
22. Medicines, not otherwise recorded.	4,553,018	
Hongkong		1,416,069
French Indo-China		100,336
Great Britain		363,521
Germany		422,844
Netherlands		335,134
France		214,709
Japan		939,623
U. S.		487,536
Other countries		<u>Balance</u> 4,553,018
23. Sugar.		
(a) Brown (including green sugar).	1,934,379	
Hongkong		977,722
Macao		11,833
Dutch India		361,511
Japan		25,748
Philippines		549,675
Other countries		<u>Balance</u> 1,934,379
(b) White	4,051,131	
Hongkong		466,046
Macao		26,804
Dutch India		2,361,684
Russia		78,060
Korea		47,639
Philippines		49,493
Mexico and Central America.		1,028,652
Other countries		<u>Balance</u> 4,051,131

Article and source.	Amount.
23. (continued)	
(c) Refined.	5,201,902
Hongkong	1,826,440
Siam	18,609
Dutch India	212,720
Russia	48,042
Korea	128,760
Japan	2,884,315
Mexico and Central America.	81,943
Other countries	<u>Balance</u> 5,201,902
(d) Sugar, not otherwise recorded.	489,348
Hongkong	256,338
Singapore, Sts. etc.	38,624
Russia	12,233
Belgium	68,425
Japan	90,691
Other countries	<u>Balance</u> 489,348
Total, Sugar.	11,676,760
24. Acids.	136,938
Hongkong	8,280
French Indo-China	2,798
Great Britain	3,001
Germany	4,460
Japan	113,584
Other countries	<u>Balance</u> 136,938

<u>Article and source</u>	<u>Amount</u>
25. Ammonia, in bulk, Chloride of, and Sulphite of.	830,175
Hongkong	287,218
Great Britain	107,963
Germany	132,091
Japan	188,992
U. S.	81,097
Other countries	<u>Balance</u> 830,175
26. Glycerine	14,845
Great Britain	16,089
U. S.	337
Other countries	<u>Balance</u> 14,845
27. Saltpetre	28,901
Hongkong	7,947
Germany	13,799
Netherlands	1,512
Japan	5,071
Other countries	<u>Balance</u> 28,901
28. Soda, caustic.	171,508
Hongkong	10,399
French Indo-China	5,950
Great Britain	146,177
Japan	2,515
U. S.	6,599
Other countries.	<u>Balance</u> 171,508

<u>Articles and sources.</u>	<u>Amount.</u>
29. Soda, and preparations of.	305,338
Hongkong	5,201
Great Britain	100,980
Germany	12,744
Netherlands	6,472
Japan	124,226
U. S.	7,021
South America	42,588
Other countries	<u>Balance</u> 305,338
30. Spirits of wine and recti- fied spirits or alcohol, (including unsweetened arracks, methylated spirits, wood alcohol, and Fusil Oil).	<u>Imp. Gals.</u> 4,619,832
Hongkong	111,069
Dutch India	1,709,156
Japan	2,039,533
Philippines	708,552
Other countries	<u>Balance</u> 4,619,832
31. Medical and pharmaceutical preparations; chemicals and chemical products, not otherwise recorded.	<u>Value, Hongkong Taels.</u> 6,026,470
Hongkong	276,531
French Indo-China	87,066
Singapore, Sts. etc.	17,864
Dutch India	122,342
Great Britain	738,325
Germany	926,036
Netherlands	466,923
Belgium	69,212
France	145,780
Italy	97,699
Japan	2,169,470

<u>Article and source.</u>	<u>Amount.</u>	
31. (continued)	<u>Value, Hongkong Taels.</u>	
U. S.		893,355
Other countries		<u>Balance</u>
		6,026,470
32. Lead, red, white, and yellow, and white zinc.	48,915	
Hongkong	12,785,291	18,122
Great Britain		9,266
Germany		4,912
Netherlands		2,147
Japan		13,150
Other countries		<u>Balance</u>
		48,915
33. Gasoline, naphtha, and Benzene, mineral.	<u>American Gals.</u>	
	12,797,291	
Hongkong		181,530
Singapore, Straits, etc.		1,081,472
Dutch-India		1,724,989
Russia		120,542
U. S.		2,627,671
Other countries		<u>Balance</u>
		12,797,291
34. Grease, lubricating, wholly or partly mineral.	31,109	
Hongkong		1,127
Belgium		9,106
Japan		1,951
U. S.		18,688
Other countries		<u>Balance</u>
		31,109

<u>Article and source.</u>	<u>Amount.</u>
	<u>Tons.</u>
35. Liquid Fuel.	133,728
Hongkong	11,140
Singapore, Sts. etc.	24,869
Dutch India	22,374
U. S.	83,626
Other countries	<u>Balance</u> 133,728
	<u>American Gals.</u>
36. Kerosene.	232,991,961
Hongkong	11,711,989
French Indo-China	2,650,358
Singapore, Sts. etc.	10,066,080
Dutch India	6,207,074
Russia	3,116,470
U. S.	199,175,141
Other countries	<u>Balance</u> 232,991,961
	<u>Imperial Gals.</u>
37. Oil, linseed.	138,817
Great Britain	103,165
Netherlands	6,445
Korea	19,828
Other countries	<u>Balance</u> 138,817
	<u>American Gals.</u>
38. Oil, lubricating.	9,025,798
Hongkong	581,276
Singapore, Sts. etc.	221,563
Dutch India	957,264
Japan	955,487
U. S.	6,288,019
Other countries	<u>Balance</u> 9,025,798

<u>Articles and sources.</u>	<u>Amount.</u>
39. Turpentine, mineral and vegetable.	<u>Imperial Gals.</u> 109,045
Dutch India	62,259
Japan	4,828
U. S.	38,721
Other countries	<u>Balance</u> 109,045
40. Wax, paraffin.	589,654
Hongkong	67,953
Dutch India	193,649
British India	31,467
Japan	269,941
Other countries	<u>Balance</u> 589,654
41. Hides, buffalo & cow.	24,054
Hongkong	1,352
French Indo China	1,116
Siam	2,496
Korea	16,658
U. S.	1,573
Other countries	<u>Balance</u> 24,054
42. Leather, sole.	139,254
Hongkong	67,756
French Indo-China	4,166
Japan	6,203
U. S.	29,039
Australia	20,953
Other countries	<u>Balance</u> 139,254

<u>Article and source.</u>	<u>Amount.</u>	
	<u>Pieces.</u>	
43. Timber - railway sleepers.	426,536	
Hongkong		13,088
Siberia		14,779
Russia		11,621
Japan		278,090
U. S.		38,899
Australia		69,603
Other countries		<u>Balance</u> 426,536
	<u>Tons.</u>	
44. Coal.	2,897,572	
Hongkong		73,378
French Indo-China		375,240
Russia, Pacific Ports.		128,372
Japan		2,355,191
Other countries		<u>Balance</u> 2,897,572
	<u>Tons.</u>	
45. Coke.	4,879	
Hongkong		721
Russia		978
Japan		2,578
Korea		564
Other countries		<u>Balance</u> 4,879
	<u>Tons.</u>	
46. Pitch & coal tar	192,117	
Hongkong		3,161
Great Britain		1,392
Japan		17,557
U. S.		137,675
Other countries		<u>Balance</u> 192,117

<u>Article and source.</u>	<u>Amount.</u>
47. Cement.	2,416,948
Hongkong	231,115
French Indo-China	364,471
Korea	162,914
Japan	1,597,690
Other countries	<u>Balance</u> 2,416,948
48. Asbestos	9,610
Germany	1,438
Great Britain	1,674
Japan	4,962
Other countries	<u>Balance</u> 9,610
49. Sulphur.	64,635
Hongkong	1,779
Korea	3,695
Japan	59,151
Other countries	<u>Balance</u> 64,635
	<u>Value, Hongkong Taels.</u>
50. Arms and munitions of war.	2,120,476
Hongkong	131,881
French Indo China	166,715
Germany	1,261,252
Japan	368,214
Other countries	<u>Balance</u> 2,120,476

These figures show only a small part of the actual importations. The total legal and illegal importations have been estimated as \$100,000,000 L. C.

<u>Article and source.</u>	<u>Amount.</u>
	<u>Value, Hongkong Taels.</u>
51. Electrical materials and fittings.	8,941,185
Hongkong	378,564
Great Britain	1,665,568
Germany	1,350,733
Korea	198,672
Japan	3,406,608
U. S.	1,422,291
Other countries	<u>Balance</u> 8,941,185
	<u>Value, Hongkong Taels.</u>
52. Explosives for Industrial purposes.	339,094
Hongkong	12,823
Germany	92,225
Japan	225,066
Other countries	<u>Balance</u> 339,094
	<u>Value, Hongkong Taels.</u>
53. India-Rubber and Gutta-percha.	4,735
Singapore	1,350
Japan	1,376
Dutch India	941
Other countries	<u>Balance</u> 4,735
	<u>Value, Hongkong Taels.</u>
54. India-Rubber and Gutta-percha tires.	2,133,028
Hongkong	32,698
Singapore	22,506
Great Britain	60,355
Germany	23,301
France	423,109
Japan	1,178,563

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<u>Article and source.</u>	<u>Amount.</u>
56. (continued)	
(c) Pumps and pumping	533,594
Hongkong	56,102
Great Britain	91,760
Germany	80,772
Belgium	14,480
France	12,929
Japan	124,203
U. S.	140,933
Other countries	<u>Balance</u> 533,594
(d) Machinery for textile industries.	4,057,796
Great Britain	1,733,068
Germany	190,718
Japan	1,232,740
U. S.	806,846
Other countries	<u>Balance</u> 4,057,796
(e) Other kinds, and parts of machinery.	8,317,505
Hongkong	299,731
Great Britain	1,860,816
Germany	1,497,102
Japan	2,172,196
U. S.	1,828,018
Other countries	<u>Balance</u> 8,317,505
	<u>Value, Hongkong Taels.</u>
Total, Machinery.	15,641,908

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<u>Article and source.</u>	<u>Amount.</u>
	<u>Value, Hongkong Taels.</u>
57. Photographic materials	2,077,975
Hongkong	95,154
Great Britain	248,569
Germany	565,368
France	109,248
Japan	450,186
U. S.	733,459
Other countries	<u>Balance</u> 2,077,975
	<u>Value, Hongkong Taels.</u>
58. Railway and train materials, not otherwise recorded.	5,051,251
French Indo-China	53,916
Great Britain	175,592
Germany	97,254
Netherlands	101,599
Belgium	391,261
Luxembourg	174,558
France	150,836
Russia, Pacific Ports.	2,876,769
Japan	499,531
U. S.	414,819
Australia	160,958
Other countries	<u>Balance</u> 5,051,251
	<u>Value, Hongkong Taels.</u>
59. Telegraph and telephone materials (including wireless).	2,013,448
Great Britain	140,896
Sweden	95,707
Germany	875,164
Belgium	164,519
France	92,623
Italy	146,884

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<u>Article and source.</u>	<u>Amount.</u>
59. (continued)	<u>Value. Hongkong Taels.</u>
Japan	271,155
U. S.	72,080
Other countries	<u>Balance</u> 2,013,448
60. Vehicles.	<u>Value. Hongkong Taels.</u>
(a) Locomotives and tenders.	1,441,711
Great Britain	150,775
Germany	147,684
Japan	1,024,172
U. S.	79,990
Other countries	<u>Balance</u> 1,441,711
	<u>Pieces.</u>
(b) Motor Cars.	4,499
Hongkong	222
Great Britain	519
France	603
Japan	527
Canada	414
U. S.	2,181
Other countries	<u>Balance</u> 4,499
	<u>Pieces.</u>
(c) Motor Cycles.	655
Hongkong	18
Great Britain	314
Japan	112
U. S.	150
Other countries	<u>Balance</u> 655

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<u>Article and source.</u>	<u>Amount.</u>
60. Vehicles (continued)	<u>Value, Hongkong Taels.</u>
(a) Railway carriages and wagons, including tram cars.	2,004,499
Great Britain	326,850
Netherlands	147,708
Japan	1,093,107
U. S.	343,328
Other countries	<u>Balance</u> 2,004,499

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0526

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James K. Neering 3/26/86

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G-2 Report.

Japan (Economic)

4860

Subject: Spinning Companies in China.

RECEIVED 6-2 W. S. NOV 26 1928

According to a Japanese report, there are 92 spinning companies in China, of which 73 companies are operated by Chinese interests (2,096,000 spindles), 21 companies by Japanese (1,392,000 spindles) and two companies by British (205,000 spindles), a total of 3,693,000 spindles. The number of operatives in Chinese companies is 134,700, in Japanese companies 80,700 and in British companies 16,500, a total of 231,900 operatives.

C. Burnett

C. Burnett
Lieut. Colonel, Cavalry,
Military Attache.

MA/Tokyo

Report No. 3726

5 Nov. 1928

0550

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James K. Neering 3/26/86

G-2 Report.

Mayer's report is of value in confirming the decision arrived at by the Red Cross Committee of Investigation. These two officers by personal observation on the ground are in a position to report definitely on existing conditions and should be recommended for presenting so clearly a situation that heretofore has been obscure.

N. E. Margetts

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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James K. Nearing 7/26/86

6m/
OFFICE CHIEF OF TAX

2653-9-143 1937

The Kuomintang Program Relating To Economic And Financial Policy

Draft Proposals of Mr. Wang Ching-wei

A draft program on the economic and financial policy of the Kuomintang will shortly be introduced in the Enlarged Plenary Session of the Central Committee of the Kuomintang by Mr. Wang Ching-wei. Before its formal introduction Mr. Wang Ching-wei's draft will be circulated among his associates for an informal discussion and an exchange of views. The following is a translation of the draft.

A. ECONOMIC POLICY

The extremely impoverished condition of the Chinese people necessitates the economic policy of the Kuomintang to lay particular emphasis on the production aspect of the national economy. The best way to increase the national production is for the State to undertake the motion of large-scale industrial

enterprises, paying special attention to means of communication. A national capital, owned and controlled by the State, will in this way be built up. In addition, the State should assist the development of private enterprise with a view to accelerating the economic development of the country. But merely to formulate a program will be of little avail. The entire populace, from the highest to the lowest, must cooperate in attempting to realize the national economic policy. During this period many hardships will have to be endured, and it is essential that the different factors in production should learn to understand one another. Special attention should therefore be paid to industrial legislation. The State must further supervise and re-

0558

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James K. Neering 7/26/86

to be devoted respectively to the University of Hongkong for the education of Chinese students, and to the Universities China Committee in London for the purpose of inviting eminent Chinese to give lectures in the United Kingdom and otherwise promoting cultural relations between China and the United Kingdom."

PGT/edb

Distribution:

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N E Margetts
Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

0569

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James K. Neering 3/26/86

G-2 Report

4240

CHINA (Economic)

Subject: Opium and Its Derivative Drugs
in China.

According to the Association, the reports alleging the possible legalization of opium are apparently well founded. The Association has learned that two high officials of the Ministry of Finance, Mr. Li Chi-hung and Mr. Hsia Ting-yao, have been visiting Formosa to study the opium monopoly in practice there with a view to possible application in China.

Conclusions:

1. The drug traffic—licit and illicit—in China is enormous.
2. Because the habit is highly contagious and the traffic very profitable the traffic is increasing.
3. Because of the need for revenue and the desire of individuals to satisfy their individual cravings, no serious efforts are likely to be made soon to curb the traffic.

N E Margetts

Nelson E. Margetts
Lieutenant Colonel, Field Artillery
Military Attache

Distribution:

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1 Tientsin
1 File

0598

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James K. Nearing 3/26/86

G-2 Report

4120

CHINA (Economic)

Subject: Antimony.

The following tables will show the antimony trade during the years of 1926-28:

Antimony Production in China During 1926-28 (in tons).

1926				
Districts	Conc.	Regulus	Crude	Oxide
Hsikuangshan	---	14,171	---	531
Panchi	6,747	699	---	---
Others	---	250	---	---
Kwangtung	-----	<u>403</u>	---	---
Totals	6,747	15,523	---	531
1927				
Hsikuangshan	---	14,000	444	---
Panchi	10,346	834	848	---
Others	---	300	---	---
Kwangtung	---	444	---	---
Kwangsi	---	<u>299</u>	---	---
Totals	10,346	15,876	1,292	---
1928				
Hsikuangshan	---	13,140	260	1,200
Panchi	10,153	1,471	---	880
Others	---	1,629	1,683	52
Kwangsi	10,200	444	---	---
Kweichow	---	<u>446</u>	---	---
Totals	20,353	17,130	1,943	2,132

From M/A, China

Report No. 8036

June 12, 1931.

0597

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James K. Newman 3/26/86

G-2 Report

4120

CHINA (Economic)

Subject: Antimony.

Antimony Export During 1926-28

	1926		1927		1928	
	Tons	Value Hk. Tls.	Tons	Value Hk. Tls.	Tons	Value Hk. Tls.
Regulus	17,942	5,732,654	15,681	4,115,268	16,325	3,308,990
Crude	3,212	611,796	2,323	380,987	3,153	497,546

For and in the Absence of the Military Attache:

Parker G. Tenney
 PARKER G. TENNEY,
 Capt., F. A. (DOL),
 Asst. Military Attache.

Distributions:
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0604

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James K. Neering - 7/26/86

G-2 Report

4800

CHINA (Economic)

Subject: Chinese Weights and Measures.

WEIGHTS
Old Standard

10 Wei(微) = 1 Hu(忽)	16 Liang = 1 Chin(斤, or catty)
10 Hu = 1 Ssu(絲)	= 604.7899 grams
10 Ssu = 1 Hao(毫)	= 1/3 lb.
10 Hao = 1 Li(釐)	100 Chin = 1 Tan(担, or picul)
10 Li = 1 Fen(分, or candareen)	= 133.33 lbs.
10 Fen = 1 Chien(錢, or mace)	= 60.47899 kilograms
10 Chien = 1 Liang(兩, or tael)	200 Chin = 1 Ying(引)
= 37.79937 grams	
= 1.333 avoirdupois ounces	

New Standard

Metric Standard

1 Kung Ssu(公絲) = 1 Milligram
10 Kung Ssu = 1 Kung Hao(公毫)
= 1 Centigram
10 Kung Hao = 1 Kung Li(公釐)
= 1 Decigram
10 Kung Li = 1 Kung Fen(公分)
= 1 Gram
10 Kung Fen = 1 Kung Chien(公錢)
= 1 Decagram
10 Kung Chien = 1 Kung Liang(公兩)
= 1 Hectogram
10 Kung Liang = 1 Kung Chin(公斤)
= 1 Kilogram
10 Kung Chin = 1 Kung Heng(公衡)
= 1 Myriagram
10 Kung Heng = 1 Kung Shih(公石)
= 1 Quintol
10 Kung Shih = 1 Kung Tun(公墩)
= 1 Ton

Market Standard

10 Shih Ssu(市絲) = 1 Shih Hao(市毫)
10 Shih Hao = 1 Shih Li(市釐)
10 Shih Li = 1 Shih Fen(市分)
10 Shih Fen = 1 Shih Chien(市錢)
10 Shih Chien = 1 Shih Liang(市兩)
= 31½ grams
16 Shih Liang = 1 Shih Chin(市斤)
= ½ Kung Chin
= 500 grams
= 13 liang & 4 chien (Kuping weight)
100 Shih Chin = 1 Shih Tan(市担)

0805

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G-2 Report

4800

CHINA (Economic)

Subject: Chinese Weights and Measures.

CAPACITY
Old Standard

- | | | | |
|----------|-------------------------|----------|-------------|
| 6 Su(粟) | = 1 Kuei(圭) | 10 Sheng | = 1 Tou(斗) |
| 10 Kuei | = 1 Ch'ao(抄) | 5 Tou | = 1 Hu(斛) |
| 10 Ch'ao | = 1 Ts'o(撮) | 2 Hu | = 1 Shih(石) |
| 10 Ts'o | = 1 Shao(勺) | 2 Shih | = 1 Yin(引) |
| 10 Shao | = 1 Ho(合) | | |
| 10 Ho | = 1 Sheng(升) | | |
| | = 1.0354688 liters | | |
| | = 1.09416 liquid quarts | | |
| | = .27354 gallons | | |

New Standard

Metric Standard

Market Standard

- | | | | |
|-----------------|----------------------|------------------|---------------------------------|
| 1 Kung Ts'o(公撮) | = 1 Millilitre | 10 Shih Ts'o(市撮) | = 1 Shih Shao(市勺) |
| 10 Kung Ts'o | = 1 Kung Shao(公勺) | 10 Shih Shao | = 1 Shih Ho(市合) |
| | = 1 Centilitre | 10 Shih Ho | = 1 Shih Sheng(市升) |
| 10 Kung Shao | = 1 Kung Ho(公合) | | = 1 Kung Sheng |
| | = 1 Decilitre | | = 0.966 sheng
(old standard) |
| 10 Kung Ho | = 1 Kung Sheng(公升) | 10 Shih Sheng | = 1 Shih Tou(市斗) |
| | = 1 Litre or 1000 cc | 10 Shih Tou | = 1 Shih Shih(市石) |
| 10 Kung Sheng | = 1 Kung Tou(公斗) | | |
| | = 1 Decalitre | | |
| 10 Kung Tou | = 1 Kung Shih(公石) | | |
| | = 1 Hectolitre | | |
| 10 Kung Shih | = 1 Kung Ping(公秉) | | |
| | = 1 Kilolitre | | |

0507

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James K. Neering 7/20/86

G-2 Report

4800

CHINA (Economic)

Subject: Chinese Weights and Measures.

AREA

Old Standard(Continued)

- = 1/6 English acer 100 Mow = 1 Ch'ing(頃)
- = 240 sq. Fu 540 Mow = 1 sq. Li(方里)

New Standard

Metric Standard

Market Standard

- 1 Kung Li(公釐) = 1 Centare
- 10 Kung Li = 1 Kung Fen(公分)
- 10 Kung Fen = 1 Kung Mow(公畝)
- = 1 Are
- = 100 sq. Kung Ch'ih
- 100 Kung Mow = 1 Kung Ch'ing(公頃)
- = 1 Hectare
- 10 Shih Ho(市毫) = 1 Shih Li(市釐)
- 10 Shih Li = 1 Shih Fen(市分)
- 10 Shih Fen = 1 Shih Mow(市畝)
- = 6000 sq. Shih Ch'ih
- 10 Shih Mow = 1 Shih Ch'ing(市頃)

Principal Taels Current in China.

Tael or Liang:- One ounce of silver, weight and fineness of which vary from place to place, as will be seen from the following table:

Name of Tael	Weight in Grains	Fineness	Actual Weight in Fine Silver
<u>Treasury Taels</u>			
Haikwan or Customs Tael	583.3	1000	583.3
Kuping Tael	575.8	1000	575.8
Tsaoping	565.65	....	.....
<u>Local Taels</u>			
Peking or Kungfah Tael	555.7	987	548.48
Tientsin or "Hang P'ing Hwa Pao" Tael	557.4	992	552.94
Canton Tael	579.84	....	.....
Newchang Tael (nominal)	551.1	922	546.691
Shanghai Tael *	565.65	....	.....

* The Shanghai tael is a money of account 100 of which were formerly equivalent to 98 taels of the actual sycee representing the old Tsaoping tael which had a fineness of 935.

0615

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CHINA

4110 - Mineral Fuel
COAL - (cont'd)

The above "exported" production was distributed:

	<u>Average for Years 1921-26</u>	<u>1928</u>
Formosa	4%	12%
Korea	22	52
Japan	41	
P.I. & East Indies	12	
North China	4.5	
South China	15	
Miscellaneous	0.5	
Other		36

A report received direct from the Kailan Mining Administration Company offices in Tientsin gives the following export figures. (Shipments to the colony of Hongkong are included.)

1924	-	460,000 tons
1925	-	370,000 "
1926	-	360,000 "
1927	-	780,000 "
1928	-	660,000 "
1929	-	590,000 "
1930	-	500,000 "

The following figures are given for the imports of coal in the Canton and Shanghai areas for 1926:

	<u>Tons</u>	<u>% of total imports</u>		
Japanese	134,890	or 28.7%	)	1,140,000 or 36.4%)
India	41,486	8.9	)	290,000 9.6)
Annam	54,115	11.4))
Chinese			)Canton	)Shanghai
Kailan	75,000		) area	938,000) area
Shantung Prov.	66,000		)	190,000)
Fushun	88,000		)	560,000)
		49%		54%

As will be seen by the foregoing data, owing to conditions in China, figures for production covering a single year are insufficient for properly evaluating current production and general importance, and often would be highly misleading. Hence in the following resumes figures for 1923, 1926, 1927 and 1928 are given when available.

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James K. Nearing 7/26/86

CHINA

4110 - Mineral Fuel

COAL - (cont'd)

1. Name of mine or group of mines: Tsingching (Chinghsing) Mining Administration. Head Office No. 1, Hankow Road, Tientsin.
 2. Location: Tsingching, Chihli. On railway leading to Taiyuanfu.
 3. Owners: Sino-German (75% - 25%).
 4. Nationality of manager: 1 German and 1 Chinese director.
 5. Kind and quality of coal: 27.07% volatile matter, 9.64 ash, 0.89 moisture, 1.45 sulphur.
 6. Normal monthly output in tons: 1926, 28,000; 1927, 28,000; 1928, 23,000.
 7. Estimated reserve deposit: 300,000,000.
 8. Method of mining: Modern.
 9. Normal market: Chihli, Honan, Hupeh.
 10. Normal railway or railway and river route to sea: Peking-Hankow Ry. to Hankow; or Peking, thence to Tientsin.
-
1. Name of mine or group of mines: Pingsiang Colliery.
 2. Location: Pingsiang, Kiangsi. On railway S.E. of Changsha.
 3. Owners: Han Yeh Ping Iron and Coal Co. Ltd. (Chinese with Japanese influence.) Head Office at Shanghai.
 4. Nationality of manager: Chinese.
 5. Kind and quality of coal: Coking coal. 25.72% volatile matter, 19.5 ash, 1.35 moisture, 0.45% sulphur.
 6. Normal monthly output in tons: 1922, 83,000; 1926, 6,000; 1927, 15,000; 1928, 14,000.
 7. Estimated reserve deposit:
 8. Method of mining: Modern. Coke made by old fashioned rectangular beehive method.
 9. Normal market: All coal and coke for Han Yang Iron and Steel Works come from these mines. Surplus, aside from local consumption, to Hankow and down river.
 10. Normal ry. or ry. and river route to sea: Largely by railway to Wuchang and thence by Yangtze River. Some is brought by barge from Chichow to Hankow.
 11. Remarks: 5700 laborers.

0025

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James K. Neering 7/26/86

CHINA

4110 - Mineral Fuel

COAL - (cont'd)

Chienchang Kung Ssu - cont'd.

7. Estimated reserve deposit:
 8. Method of mining: Modern.
 9. Normal market: North China.
 10. Normal railway and river route to sea: Peking-Hankow to Hankow, or to Tientsin via Peking.
1. Name of mine or group of mines: Chung Yuan Co., Ltd.
 2. Location: Mines in Honan.
 3. Owners: Chinese.
 4. Nationality of manager: Chinese Government.
 5. Kind and quality of coal: Bituminous (coking) and anthracite.
 6. Normal monthly output in tons: 1924, 80,000;
1926, 5000; 1927, 7,000; 1928, 26,000;
1929 (first 4 months) average 50,000.
 7. Estimated Reserve deposit:
 8. Method of mining: Modern.
 9. Normal market:
 10. Normal railway and river route to sea:
 11. Remarks: Together with Peking Syndicate, it organized the Fu Chun Corporation which markets the products of both companies. For three years (1925-27) production was seriously affected by civil wars. Unable to pay taxes the Government took over the working and has greatly increased production.

1. Name of mine or group of mines: Fu Chun Corporation (see Peking Syndicate).

No change.

1. Name of mine or group of mines: Antzu Coal Mines. No change.

1. Name of mine or group of mines: Chang Hing Coal Mining Co., Ltd.
2. Location: Sze Mow-tung, Chang-hing, northwest Chekiang.
3. Owners: Chinese capitalists. Head office 12 Quai de France, Shanghai.
4. Nationality of manager: Chinese.
5. Kind and quality of coal: Bituminous.
6. Normal monthly output in tons: 1929 (first 4 months) average 4500 tons per month.

James K. Neuman 7/26/86

0529

CHINA

4110 - Mineral Fuel

COAL - (cont'd)

1. Name of mine or group of mines: Heishan Coal Mine (Potung Co.)
2. Location: Poshan Valley, Shantung.
3. Owners: Japanese and Chinese - (50% - 50%)
4. Nationality of manager: There is a Director who is a Chinese; two managers (one Chinese and one Japanese). Joint control did not begin until July 1924. From the capture of Tsingtao by the Japanese to 1924 they controlled this mine. They changed the name from the Potung mine to the Heishan.
5. Kind and quality of coal: Bituminous. Good coking qualities.
6. Normal monthly output in tons: 1926, 4,000; 1927, 2,000; 1928, 4,000.
7. Estimated reserve deposit:
8. Method of mining: Fairly modern machinery (taken over from the Germans).
9. Normal market: Largely shipped to Shanghai and Japan.
10. Normal ry or railway and river route to sea: Tsingtao by Shantung Railway.

MINOR COAL MINES.

No change.

N E Margetts
Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

0636

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James K. Nearing 7/26/86

G-2 Report

4000

CHINA (Economic)

Subject: China's Ten-Year Plan

announced, with the same feeling of satisfaction and accomplishment that an Anglo-Saxon does in the actual accomplishment.

The plan as drawn up is an interesting document in that it provides a gauge of the poignancy with which the Chinese themselves have come to feel their unenviable, not to say untenable, position in the modern economic world.

For and in the absence of the Military Attache:

Parker G. Tenney

Parker G. Tenney
Captain, Field Artillery
Assistant Military Attache

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James K. Neuman 3/26/86

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OFFICE CHIEF OF STAFF
MIL. INTL. DIV.

4.1
July 11, 1933. 2655-9-160

Manchoukuo.

4900 - Commerce.

Standardization of Weights and Measures.

RECEIVED 9/2 W. B. JUL 29 1933

1. The Department of Finance has drafted a law standardizing weights and measures and establishment a Bureau of Standards.

It is reported that the new law, now in the hands of the Bureau of Legislation, will be made effective from July 1st.

2. The fundamental units under this law will be as follows:

Length.

The "chi", equivalent to one-third of a meter, is to be the basic unit of length.

10 fen equiv. 1 tsun
10 tsun " 1 chi
10 chi " 1 chang.

Weight.

The "chin," equivalent to one-half kilogram, is to be the basic unit of weight.

Volume.

The "sheng", equivalent to one liter, will be the basic unit of volume.

The multiples will be as follows:

10 shao equiv. 1 ho
10 ho " 1 sheng
10 sheng " 1 ton
10 ton " 1 shih

Area.

The "mu", equivalent to 10 acres, will be the basic unit of area.

3. The new law contemplates the adoption of the metric system outright after a period of 10 years.

(Source: Manchoukuo News Service).

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R. S. Bratton
R. S. Bratton
Major, Infantry (DOL)
Acting Military Attache.

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4-1 2655-D-161

July 11, 1933.

WAR DEPARTMENT

4320 - Commerce.

Manchoukuo.

Salt RECEIVED 8/2 W. D. JUL 29 1933

1. The salt industry in Manchoukuo produces annually 500,000,000 kin (298,937 tons) of salt.
2. The Department of Industry of the Msinking Government has recently worked out a 5 year plan for increasing the salt production to 700,000,000 kin by improvement of the fields along the Pohai coast.
3. As a feature of this plan, a salt industry union is to be formed to control sales and to finance concerns engaged in improving and expanding salt fields.
4. It is hoped that ultimately about 500,000,000 kin of salt may be exported annually.

(Source: Monthly Supplement, Manchuria Daily News; vernacular press).

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R. S. Bratton
 R. S. Bratton
 Major, Infantry (DOL)
 Acting Military Attache.

0854

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James K. Neering 7/26/86

1st Ind.

Military Attache, American Embassy, Tokyo, Oct. 18, 1933 - To: Chief,
Military Intelligence Division, Washington, D.C.

1. Approved.

William C. Crane

Distribution:

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N/A 1
File 1

William C. Crane
Major, General Staff,
Military Attache.

0655

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James K. Nearing 7/26/86

4-1

U.S. DEPARTMENT OF WAR
2655-9-162
1933
WAR DEPARTMENT

FOR OFFICIAL USE
ONLY
July 26, 1933.

Manchoukuo.

4120 - Metals.
Raw Materials.

Aluminum.

RECEIVED U.S. DEPT. OF WAR
AUG 7 1933

1. Officials of the South Manchuria Railway estimate the alumina-ore deposits in Manchoukuo to be almost inexhaustible.
2. In consequence, the company has decided to produce alumina from the deposits near Tashichow in the company's Fushun Factory and to create a new aluminum company in Chinchow.
3. A further plan to consolidate all aluminum factories into a Japan-Manchoukuo Aluminum Company utilizing raw materials from Manchoukuo will serve as a further economic tie between the two countries and will make Japan independent of European and American imports of this metal.

(Source: Toa and Taiyo News Agencies; various articles in the vernacular press).

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R. S. Bratton
 R. S. Bratton
 Major, Infantry (DOL)
 Acting Military Attache.

R. O. T.C. New Bedford High School
New Bedford, Massachusetts

NOV 7
2655-2-164
1933

WAR DEPARTMENT

November 3, 1933

Subject: Material on China

To: G2 Section, War Department, Washington, D.C.

1. Request that I be furnished with material to make a brief 20 minute talk on China. Would like to get some data on the economic conditions in as brief form as possible.

Louis L. Lesser

Louis L. Lesser
1st Lieut. F. A.
PMS&T.

MILITARY INTELLIGENCE DIVISION

In replying refer to

2655-I-164

WAR DEPARTMENT
OFFICE OF THE CHIEF OF STAFF
WASHINGTON

Buesch
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

NOV 21 1933

2655-I-164

WAR DEPARTMENT

November 6, 1933.

Subject: Economic Information on China.

To: Lieutenant Louis L. Lesser, F.A., R.O.T.C., New
Bedford High School, New Bedford, Mass.

1. In accordance with your request of November 3,
there are enclosed a pamphlet, "China To-day: Economic" by
J. B. Condliffe, and a copy of the latest G-2 economic esti-
mate on China, which should give you the data required for
your talk.

2. It is requested that these studies be returned
promptly when you have finished with them. They must be re-
turned by November 20 in any event.

For the Chief of Divisions:

C. M. Thiele

C. M. THIELE,
Major, General Staff,
Acting Executive Officer.

Jad

2 encls.

elt

*Enclosures to
returned to
G-2 without
comment.*

CHINA (Economic) 4-1

Subject: National Economic Council

RECEIVED 8/2 W. B. DEC 4 1933

The National Economic Council was officially inaugurated at Nanking on October 4th. This is the body with which the experts of the League of Nations will deal in offering technical co-operation for extensive reconstruction projects in China.

The revised regulations governing the organization of the Council were first brought up for discussion at a meeting of the Central Political Council on September 20th and were then referred to the Legislative Yuan for further examination. These regulations, which have now been published, are given below:

1. In order to promote economic reconstruction and enhance the economic well-being of the people the National Government hereby establishes this National Economic Council.

2. The Council shall take charge of matters relating to:

- (a) Examination and approval of plans for national economic reconstruction or development.
- (b) Examination and sanction of expenditure for the execution of plans for national economic reconstruction and development.
- (c) Supervision and direction of the execution of approved plans for national economic reconstruction or development.

3. The Council shall have an appropriate number of members to be appointed by the National Government. The Ministers of Interior, Finance, Railways, Communications, Industry, and Education, and the heads of other Central Government organs concerned with economic reconstruction, shall be ex officio members of the Council.

4. The Council shall have a Standing Committee of three, to be appointed by the National Government from amongst members of the Council.

5. The Council shall have a Chief Secretary, from four to six secretaries and from four to eight technical experts. The Chief Secretary shall, under the direction of the Standing Committee, administer all affairs of the Council. The secretaries and technical experts shall assist the Chief Secretary in the work of administration.

6. In case of necessity, the Council may secure the services of advisers or specialists.

7. The Council may establish various technical committees to study technical problems.

CHINA (ECONOMIC)

Subject: National Economic Council

8. The Council may establish departments or bureaus to administer various matters under its jurisdiction.

9. The organization of the technical committees and departments or bureaus of the Council shall be determined separately.

10. These regulations shall come into force from the date of promulgation thereof.

In compliance with the above, the following appointments have been made:

Standing Committee: Wang Ching-wei, T. V. Soong, Sun Fo.

Chief Secretary: Chin Fen.

Members: Gen. Huang Shao-hsiung, Minister of the Interior.
 Ku Meng-yu, Minister of Railways.
 Chu Chia-hua, " " Communications.
 Chen Kung-po, " " Industries.
 Wang Shih-chieh, " " Education
 Chang Ching-kiang, Chairman, Reconstruction Commission.
 Dr. H. H. Kung, Minister of Finance.
 Li Shih-tseng, President of Sino-French University.
 Ts'ai Yuan-pei, former Chairman of Control Yuan.
 Shao Yuan-chung, Vice-Chairman of Legislative Yuan.
 Chang Chia-Ngau, a Shanghai banker.
 Chou Tso-min, President of the Kincheng Banking Corporation, Peiping.
 James Yen, Director of the National Mass Education Association at Tinghsien, Hopei.
 Wu Ting-chang, President of the Salt Bank, Peiping.
 Dr. J. Heng Liu, Director of Bureau of Public Health at Nanking.
 Shih Liang-tsai, a Shanghai journalist.
 Wang Hsiao-lai, a prominent Shanghai merchant.
 Wang Keh-min, Director of the Financial Section of the Peiping Political Readjustment Com.
 Dr. Chu Min-yi, Chief Secretary of Executive Yuan.
 Chin Fen, Chief of Financial Bureau of Ministry of Finance.
 Yeh Kung-cho, former Minister of Communications
 Lien Sheng-hai, former Minister of Railways.
 Li Ming
 Yu Ya-ching
 Jung Chung-ching
 Chen Li-fu
 Chien Hsin-chih
 Chen Kwang-fu
 Liu Hung-sheng
 Hsu Hsin-loh
 Chen Po-chang
 Wang Tuan-lin

CHINA (Economic)

Subject: National Economic Council

Besides the various Ministers and Chairmen of the Commissions concerned, who will serve as ex officio members, it is stated that it is the intention of the National Government to appoint various commercial and industrial leaders in Shanghai and other parts of the country as members of the Council. It is understood that the Cotton and Agricultural Departments of the Council will begin to function at once. With reference to other activities, Mr. Soong announced at the inaugural ceremony of the N.E.C. that steps would be taken for the construction of national highways throughout China. In this plan are included construction of provincial highways in seven provinces, municipal highways in five other provinces, and also plans for pushing the construction program to the interior provinces.

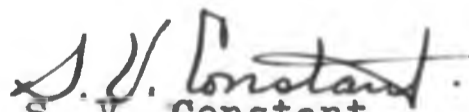
The first meeting of the National Economic Council was held in Nanking on October 4th, which consisted of the formal inauguration. Present at this meeting was Dr. Rajchman, the League of Nations adviser on matters of public health,

Source: Official announcements of Chinese Government and study in M/A office.

COMMENTS: This Council if properly handled can be of immense value to China. The appointment of persons not holding governmental positions is important as the Chinese commercial man is well known for his level-headedness and practical ability. Thus use may be made of many excellent minds who for various reasons are unwilling to accept government positions.

It will be noted that the Standing Committee savors of bureaucracy as it consists of three men already vested with considerable power in the National Government. While this is true and gives more power in their hands, it is believed that this is a strength of the Council rather than a weakness just at this stage in China's political development.

For and in the absence of the Military Attache:



S. V. Constant
Major, Cavalry

Assistant Military Attache

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James K. Neering 3/26/86

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G-2 Report

4010

CHINA (Economic)

Subject: The National Economic Council -
Its Prospect of Achievement

ability. There is a prospect of his being relieved by a more
suitable person recommended by the League of Nations.

Source: Reliable and confidential.

W. S. Drysdale.

W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

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James K. Nearing 3/26/86

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
PEKING, CHINA.

J. J. [Signature]
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
MAR 27 1934
2655-9-166
WAR DEPARTMENT

February 27, 1934.

No. 8775

Subject: Fen Ho Report, 1933.

To : Chief, MID, Washington, D.C.

1. Attached herewith is a copy of the Fen Ho Report for 1933, which was prepared under the direction of Mr. C. J. Todd, a former reserve officer. It is believed that this report may be of interest to the Geographic Branch.

W. S. Drysdale
W. S. DRYSDALE,
Lt. Col., Inf.(DOL),
Military Attache.

1 Incl.

Fen Ho
B22-SWCC-34
(Source [unclear])

JAV

0891

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James K. Nearing 7/20/86

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6-1

SEP 6 1934

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

2655-9-169

WAR DEPARTMENT

G-2 Report.

4120.

CHINA (Economic)

Subject: Tungsten Ore.

Canton is experiencing a small boom in tungsten, considerable quantities being exported. The ore is a Government monopoly.

Great interest attaches to the spurt in demand, because tungsten is much used in the construction of heavy armaments. Germany is the principal buyer, with France second, while other large purchasers are Italy, Britain, and the United States.

The Canton Government is considering the prohibition of tungsten exports to countries unfriendly to China and a general limitation of exports in case the supplies should be exhausted, since China needs the mineral for her own armament factories.

From all sources, including largely China, Britain last year imported 4,345 tons of tungsten and re-exported 1,496 tons. Germany in 1933 imported 37,664 tons, and from January to March this year 9,402 tons.

From: M. A. Eondon.

Report No. 36165.

August 21, 1934.

FOR AND IN THE ABSENCE OF THE MILITARY ATTACHE,

Hayes A. Kroner
HAYES A. KRONER,
Major, Infantry,
Assistant Military Attache.

0894

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James K. Nearing 7/20/86

G-2 Report

4120

CHINA (Economic)

Subject: Metallic Minerals (Raw Material)

Coal and Iron Deposits in Chahar
and Suiyuan Provinces (Inner
Mongolia)

Iron

Iron ore in Chahar and Suiyuan is believed to be abundant. The reserve in the former province is estimated at 91,000,000 tons and in the latter at 85,000,000 tons. The lodes in Chahar extend from Yentungshan, Suanhwa, to Sinyao and Panchiapao, Lungkwan.

In Suiyuan the iron deposits are found in Wuchwan, Opo, Kuyang, Saratsi, Tsingshuiho and Paotow. The Wuchwan deposit is estimated at 10,000,000 tons and the Kuyang fields at 700,000 tons. Primitive methods are employed and the total annual output is about three hundred tons.

Source: Ministry of Industry, Chinese Government.

Joseph W. Stilwell

S V C

Joseph W. Stilwell
Colonel, Infantry
Military Attache

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James L. Neering 3/26/86

G-2 Report

4110

CHINA (Economic)

Subject: Mineral Fuel -- Coal
The Hwainan Coal Mines

General: With the new production schedules being put into effect, the mining plant is being enlarged in successive steps. Coal preparation to supply the market with washed and sized coal of different grades has recently been accomplished. Existing shafts are now being deepened and a new shaft, 300 meters deep, is being sunk. An electrical power station to supply power to farms and cities along the Hwai River is now under construction. A low temperature carbonization plant and a cement plant are also parts of the extension schedule.

Source: Inspection by Captain W. E. Crist, M/A Office, and information furnished by officials of the Hwainan Mining Administration.

For and in the absence of the Military Attache:

HSJ

Bernard A. Tormey
Bernard A. Tormey
Captain, Field Artillery

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James K. Neering 3/26/86

0710

G-2 Report

CONFIDENTIAL

CHINA (ECONOMIC)

Subject: Mineral Fuel (Raw Material)

Coal and Coke
Coal Production of North
China

4110
1
OFFICE STAFF
MIL. INTEL. DIV.
MAR 6 1939
2625-2-169
WAR DEPARTMENT

RECEIVED G. G. W. D. MAR 3 1939

There is forwarded herewith a map showing the locations of the principal coal fields of North China together with certain statistics concerning reserves and production in each particular area.

The map is a translation of one obtained from the files of the China Development Company and the data thereon is believed to be accurate as any now available.

Joseph W. Stilwell

JOSEPH W. STILLWELL
Colonel, Infantry (DOL)
Military Attache

FPM

Encl.-Map

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1 File

CONFIDENTIAL

From: M/A China

Report No. 9735

February 9, 1939

0718

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James K. Neering 7/26/86

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
PEKING, CHINA.

4-1

L. E. ...
2653-9-171
... DEPARTMENT

October 31, 1934.

No. 8954.

Subject: China International Famine Relief.

To: Chief, Military Intelligence Division.

RECEIVED 6/2 W. U. DEC 4 1934

1. Attached hereto is a copy of the Annual Report of the China International Famine Relief Commission for 1933 which has just been published and is forwarded as of possible interest.

2. The Chief Engineer of this organization which has done much good work is an American, Mr. O. J. Todd, formerly a Major, Engineer Corps, O.R.C.

W. S. Drysdale
W. S. Drysdale,
Lieutenant-Colonel, Infantry,
Military Attache.

Jav

1 incl.

*Encl. retained
in F.E.*

0719

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James K. Neuman 3/20/86

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
TOKYO, JAPAN

1 Enc
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
2655-D-172
3-1
WAR DEPARTMENT
58

No. 7592.

December 20, 1934.

Subject: Booklet on "Economic Conditions in Manchuria".

To: The Chief, Military Intelligence Division.

RECEIVED 3 2 1935

1. The chapters on Public Finance and Transportation and Communication in the enclosed booklet "Economic Conditions in Manchuria, 1934", published by the Dairen Chamber of Commerce and Industry, may be of use for reference. The American Consul in Dairen, from whom this publication was obtained, is not enthusiastic about its accuracy.

William C. Crane
William C. Crane,
Major, General Staff,
Military Attache.

*been withdrawn and
held in F. E. Journal
S*

0721

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James K. Neering 3/26/86

G-2 Report

4010 - Natural
Resources, General

CHINA (Economic)

Subject: Mineral Resources of Suiyuan

Source: Ministry of Industry, Chinese Government.

COMMENTS: All statistics in China are generally regarded as rarely accurate or reliable but this is submitted as being the best data available on the mineral resources of Suiyuan. It is accurate enough for general purposes of computation.

W. S. Drysdale

W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

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James K. Nearing 3/26/86

G-2 Report

4110 -Mining

CHINA (Economic)

Subject: Tin Production in Hunan

The most prosperous years for the tin export business have been from 1925 to 1931, no Customs returns being available from that date. The output of those years in piculs (1 picul equals 133 lbs) is as follows:

1925.	3,315 piculs
1926.	4,317 "
1927.	3,796 "
1928.	3,356 "
1929.	4,573 "
1930.	4,116 "
1931.	4,363 "

Source: Study in M/A office of data from Chinese Government official sources and Customs reports.

S. V. Constant
S. V. Constant
Major, Cavalry
Assistant Military Attache

Distribution:
6 MID
1 File

No. 9151

1st Ind.

WSD:elh

Office of the Military Attache, American Legation, Peiping, China, June 27, 1935 - To: Chief, Military Intelligence Division, Washington, D.C.

Approved.

W. S. Drysdale
W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

0728

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James L. Nearing 7/26/86

G-2 Report

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6-1

4250
OFFICE (S) OF ASST
MIL. INTEL. DIV.
2655-9.176

CHINA (Economic)

Subject: Animal Industry

Statistics on Livestock

RECEIVED 5/2 W. O. SEP 22 1936

According to the Crop Reports Bulletin of the National Agricultural Research Bureau of the Ministry of Industry, Nanking, the estimated number of livestock on the farms of China for the years 1934 and 1935 is as given on the sheet appended hereto.

It is estimated that in 1935, for every one hundred farms in China there were 21 water buffaloes.

The estimated total value of China's livestock for 1934 and 1935 is given below:

(Unit: 1,000 Chinese dollars)	<u>1934</u>	<u>1935</u>
Water buffaloes	643,268	540,373
Oxen	769,545	776,068
Horses	186,987	202,399
Mules	297,915	347,661
Donkeys	262,932	277,555
Goats	69,188	60,244
Sheep	60,040	79,624
Hogs	1,040,599	864,262
Chickens	125,113	109,935
Ducks	32,551	25,373
Geese	12,861	9,839

The average value per head of livestock for the years 1934 and 1935 is estimated at:

(Unit: Chinese dollars)	<u>1934</u>	<u>1935</u>
Water buffaloes	52.8	46.6
Oxen	35.6	34.3
Horses	48.3	49.6
Mules	77.1	74.5
Donkeys	26.0	26.3
Goats	3.1	2.7
Sheep	4.0	3.8
Hogs	15.1	13.8
Chickens	0.45	0.45
Ducks	0.47	0.45
Geese	0.97	0.93

It is estimated that the value of all livestock on the average farm in China is about \$20.00, \$13.00 of which represents the value of labor animals such as water buffaloes,

From M/A, China

Report No. 9457

August 27, 1936

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0729

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James K. Neering 7/26/86

G-2 Report

4250

CHINA (Economic)

Subject: Animal Industry

Statistics on Livestock

mules, donkeys, etc., and \$7.00 for productive animals such as hogs, chickens, ducks, etc.

Note: All prices given above are in U. S. dollars.

For and in the absence of the Military Attache:

David D. Barrett
David D. Barrett,
Captain, Infantry,
Assistant Military Attache

1 table appended.

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James K. Nearing 7/26/86

G-2 Report

4200

REPLACE 140
141

CHINA (Economic)

Subject: Agriculture, General

The Saratsi Irrigation Canal

of the main canal. Natives cut the banks of the canal, permitting the flood water to wash in quantities of sand which greatly impaired the usefulness of the system. Appeals were made to the National Economic Council to take over the project. This body made some surveys but did no work to extend or maintain the project. In December of 1934 an Italian engineer, an adviser to the Council, made a cursory examination of the project and offered certain recommendations for remodelling the system. Early in 1935 the project was abandoned.

Scope of the Project and Present Condition.

The project as originally planned was to furnish water to between 250,000 and 330,000 acres of land, but not much more than a fifth of this amount was actually ever irrigated. Even in its abandoned condition the project, according to Major Todd, furnished water to about 50,000 acres of land during 1936. Major Todd states that the project is in about the same condition as it was at the end of 1933, and that at an expense of between \$300,000 to \$400,000 Mex. it could be put in shape to irrigate 200,000 acres.

Source: Study in M/A office.

Joseph W. Stilwell,

Joseph W. Stilwell
Colonel, Infantry
Military Attache

DDB

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1 File

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James K. Neering 7/26/86

SECRET

to the Far East and that privately owned shipping does so at the owner's risk.

No action of a similar nature on the part of other neutral nations reported as yet.

7) Mr. Moffett: All factions have united to fight in close harmony and most of the wealthy Chinese who are not able to fight are prepared to give their worldly goods.

G-2: At present there appears to be a greater unity among the divergent factions in China than has ever occurred before. Whether this unity will hold up under reverses is doubtful.

E. R. W. McCABE,
Colonel, General Staff,
Assistant Chief of Staff, G-2.

td

SEP 14 1937

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James K. Nearing 3/26/86

1st Ind.

Headquarters, U.S.A.T.C., Tientsin, China, September 1, 1937. - To:
The Commanding General, Philippine Department, Manila, P. I.

Approved.

J. A. McAndrew
J. A. McANDREW,
Colonel, 15th Infantry,
Commanding.

0740

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

1st Ind.

Headquarters U. S. Army Troops in China, Tientsin, China, January 28, 1938.
To: Commanding General, Philippine Department, Manila, P.I.

Approved.

J. A. McANDREW,
Colonel, 15th Infantry,
Commanding.

RESTRICTED