



June 27, 1949

Memorandum of Conversation between Stalin and CCP Delegation

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Summary:

Stalin and the CCP delegation discuss the Soviet loan to China, the specialist the Soviets are to send to China, the occupation of Xinjiang, and the Chinese fleet.

Original Language:

Russian

Contents:

- English Translation

To Cde. V. M. Molotov personally.

Record of conversation of I.V. Stalin with a delegation of CCP CC about a credit from the USSR to China, possibility of sending Soviet specialists to China, and about other questions of Soviet aid to China.

The meeting [priem] took place on 27 June and continued from 23 hours until 24 hours.

Present at the meeting were: cdes. [Vyacheslav] Molotov, [Georgii] Malenkov, [Anastas] Mikoyan, Liu Shaoqi— secretary of the CCP CC, Gao Gang—member of the Politburo of the CCP CC, the same being the secretary of the Bureau of the CC and the chairman of the government of Manchuria, Wang Jiaxiang, member of the CCP CC, Karskii (Shi Zhe)— interpreter, and I[van] V. Kovalev.

After mutual greetings and handshakes with the delegation Cde. Stalin asked about the health of Cde. Mao Zedong.

Cde. Liu Shaoqi thanked Cde. Stalin for his attention to Cde. Mao Zedong and handed to him a letter from Cde. Mao Zedong, which expressed gratitude to Cde. Stalin for enormous aid, given to China by the Soviet Union and requested Cde. Stalin to receive the delegation.

Whereupon Cde. Stalin turned to the discussion of the questions raised by the delegation.

1. About the credit. Cde. Stalin said that the VKP(b) CC decided to provide to the CCP CC a credit of 300 million dollars. With this, he remarked that this is the first time in history that such an agreement is being concluded between [the] two parties.

A credit of 300 million dollars with one percent annual interest will be provided to China in the form of equipment, machines, and various kinds of materials and goods by equal parts of 60 million in the course of 5 years.

Repayment of the credit by China will take place in the course of 10 years after the full appropriation of the credit. With regard to this Cde. Stalin said that Cde. Mao Zedong, in a telegram addressed to [Stalin], expressed the opinion that 1% annual interest is small for such a credit, that one should increase it.

Cde. Stalin explained to the delegation that the Soviet Union provided credits with 2% interest rate to the countries of Western democracy [Eastern Europe], while one percent is taken from China because there [in China], in comparison to the countries of Western democracy, where there is no war and their economy had already strengthened, the war continues, devastation continues, and by the force of this [circumstance] China needs greater help, on more

privileged terms.

Then Cde. Stalin, laughing, said: "Well, if you insist on a bigger annual interest rate, this is your business, we can accept an increased interest rate."

With regard to the signing of an agreement on credit, Cde. Stalin said that there are two options: the first—for the representatives of the VKP(b) CC and the CCP CC to sign the agreement, and the second—for the plenipotentiaries of the Soviet government and the government of Manchuria, which already exists [to sign it] so that later, when the all-Chinese democratic coalition government is created, to formalize the agreement by treaties between the governments of the Soviet Union and China.

2. About the specialists. As for the specialists, Cde. Stalin said, [we] will give them. We are prepared to send at the nearest time the first group, requested by you. But we should come to an agreement about the conditions of the specialists' livelihood. We consider that the pay, perhaps foodstuffs, if you give it to your specialists, must stand at the level of the highest pay for your best specialists, not lower, but also not higher. In connection to the fact that our specialists have high [pay] rates, we, if this is needed, will pay them extra at the expense of the Soviet state.

We ask you, Cde. Stalin said, that you report to us about bad behavior of our specific specialists, for, as they say, there is a black sheep in every family [v sem'ie ne bez uroda], there may be a bad one among the good ones.

Bad behavior will shame the honor of the Soviet state, therefore we will take measures of preemption, education, and, if needed, also punishment.

We will not allow the Soviet specialists to look down on the Chinese specialists and the Chinese people and to slight them.

In response to these words of Cde. Stalin Cde. Liu Shaoqi said: in China there are foreign specialists, not connected with the activity of the imperialists, and that they receive rates much higher than the Chinese specialists. To this Cde. Stalin replied: we, the Soviet state, have [our] own judgments and practices different from the capitalist countries, and we want to stick to them.

3. About the sending of specialists to Shanghai. Cde. Stalin said that we have selected 15 specialists and can, on your demand, send them at any time. Discuss this and tell us. In general You should keep in mind that in large cities, and especially in Shanghai, there are many of your specialists and qualified workers, who are able to give you not less but more aid than the Soviet specialists, therefore You need to draw them to active work.

4. We, Cde. Stalin said, are also prepared to provide you with aid to demine waters near Shanghai, both in terms of specialists, of whom we have many, and in terms of minesweepers.

We could, for instance, sell several minesweepers to the government of Manchuria, train Chinese sailors in Dairen, Port Arthur or Vladivostok in the business of demining, and the Manchurian government, Cde. Stalin said laughing, can "sell" them to the Chinese government.

5. About Xinjiang. Cde. Stalin said that one should not put off occupation of Xinjiang, because a delay may lead to the interference by the English in the affairs of Xinjiang. They can activate the Muslims, including the Indian ones, to continue the civil war against the communists, which is undesirable, for there are large deposits of oil and cotton in Xinjiang, which China needs badly.

The Chinese population in Xinjiang does not exceed 5%, after taking Xinjiang one should bring the percentage of the Chinese population to 30% by means of resettling the Chinese for all-sided development of this huge and rich region and for strengthening China's border protection.

In general, in the interests of strengthening the defense of China one should populate all the border regions by the Chinese.

You, Cde. Stalin said, exaggerate the forces of Ma Bufang. He has cavalry, which can be easily defeated with artillery. If you want, we will give you 40 fighter planes, which will help destroy and scatter this cavalry very quickly.

6. About the fleet. China does not have its own fleet, Cde. Stalin said and immediately added: don't you already have some number of ships captured from the Guomindang?

China must have a fleet and we are prepared to help you in the creation of a fleet. Now, for example, we can raise sunk military and merchant ships and help repair them.

As far as your request about the strengthening of defense of Qingdao is concerned, we can send our squadron to the port of Qingdao with a visit after the creation of all-China government.

[7.] Cde. Liu Shaoqi thanked Cde. Stalin for the enormous aid, which is now being provided in all spheres of life and activity of China on exceptionally privileged conditions, which history has never seen.

He stressed right away that the CCP CC developed an instruction, which will be sent to the party organizations, to create such conditions of work for the Soviet

specialists that nobody offends them.

8. Cde. Stalin said that we will also develop a detailed instruction for the Soviet specialists, that they also do not offend the Chinese specialists.

9. In reply to a request of the Chinese comrades to establish air links between Moscow and Beijing, Cde. Stalin said that we are already prepared now to undertake the organization of this air route.

We can help you build an assembly-repairs plane factory, we can give you fighter planes of the latest makes, Czechoslovak if you want, Russian if you want, so that you prepare your aviation cadres with them.

10. Cde. Stalin agreed to the delegation's request to be heard at the Politburo with their reports about the military-political and economic situation of China and exchange opinions on a series of most important questions at the time when they are ready, after 3 or 4 days.

11. Cde. Stalin said that we are prepared to help you allsidedly in studying the state apparatus, industry and all that you wish, but for this aim one should legalize you, naming [you] a trade delegation from Manchuria.

12. If it suits you, we will publish a report in the press that a trade delegation arrived in Moscow headed by Cde. Gao Gang, and then you will be provided with a wide opportunity to look at everything, including any spectator [zrelishchnye] activities.

The Chinese comrades asked to give them an opportunity to reply after they consult with Cde. Mao Zedong.

I. Kovalev

[signature]

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