

To Comrade I.V. Stalin.

## Reporting:

In conversations with me on 5 and 6 July Cdes. Liu Shaoqi, Gao Gang, and Wang Jiaxiang requested to report to you the following:

1. They want to receive from you instructions and advice on the questions, recounted in the report of c. Liu Shaoqi, provided to you.
  2. They would like to familiarize themselves, while in Moscow:
    - a. With the structure of the VKP(b) and the work of the party organs;
    - b. With the structure of the Soviet state;
    - c. With the planning organs, the planning of people's economy and managing the economy of the country;
    - d. With the situation with enlightenment and cultural work in the country;
    - e. With the structure and work of mass organizations (professional unions, volunteer societies etc.) f. To conduct excursions to plants, factories, kolkhozes, sovkhozes, institutions;
  3. They ask to send to China Soviet professors of different branches of knowledge (including a professor of Marxism-Leninism) for teaching work in the Chinese higher educational institutions and, for their part, would like:
    - a. To send to the USSR a group of senior managers (heads of the directories, directors of plants) for 1.5-2 months for studying specific branches of the industry;
    - b. To organize in the Soviet Union a special educational institution for the Chinese, in which three categories of people could simultaneously study, to the total amount of 1,000 people. 1st category- leading cadres, engineers and technicians with a one year course of study, 2nd category- middle management ranks with a two year course of study, and the 3rd category is the youth with a 5 year course of study. This educational institution could prepare specialists- managers of industry, trade, finance, jurists etc.
  4. The delegation expressed a wish to resolve some questions concerning Manchuria:
    - a. About the provision of heavy machine for machine building plants, not on credit, but as reciprocal exchange, goods for goods;
    - b. They would like to clarify the prospects of trade between the USSR and Manchuria, the names of goods, prices, means of goods exchange and the timing;
    - c. They would like to receive for Manchuria no less than 300 specialists for various branches of industry, especially for replacing the Japanese, who work in the metallurgical, military, aviation industries, as well as at the power plants and as doctors in the hospitals.
- They also raised the question of Port Arthur, declaring that they wish that the Soviet forces stay there not for 30 years, as the treaty stipulates, but even 60 years, but they would like to change somewhat the existing situation in the mutual relations of Manchuria and Dairen:
1. To obtain free access to the port for taking out coal and salt and for receiving freight destined for Manchuria;
  2. To establish one currency note for all of the Manchurian territory, without which they cannot support the activity of enterprises, which formerly worked solely for the war [effort], located in Dairen. [They] have to close them down, which causes unemployment and discontent of the workers. They would like to conduct this undertaking with regard to the currency note in September 1949.
  5. They also turned [to us] with a request as to whether they can use 50% of the power of the power plant on the Yalujiang (its total power, in their words, is 400 thousand kilowatts). They reminded that at the time of the construction of this power plant China invested 75 million yen, and Korea 50 million yen. Their efforts to reach an agreement with Korea independently were not crowned with success. The Koreans set aside for them only 20 thousand kilowatts.
  6. They are asking whether they can receive a Czechoslovak trade delegation, which the Czechoslovak government is asking them to receive. The delegation is composed of 5 people: 2 representatives of the Skoda plant, 2 from the Batia concern and one textile-man.
  7. The delegation requested to convey Cde. Mao Zedong's request to you to inform the delegation regarding questions touching upon the international situation and, in particular, is war possible, and when is it possible?

8. The delegation received a telegram from Cde. Mao Zedong, in which he agrees to the creation of a commission to work out an agreement on supply of goods on credit. But in view of the fact that the financiaeconomic apparatus has not been created yet, and also the specialists, data and estimates of needed equipment are lacking, [he] requested to make the list of orders for equipment on the spot after the arrival in China of Soviet specialists and their study of the situation in industry. In his telegram he pointed out that the credit (50%) will be mainly utilized in Manchuria, then in northern China, and then in the northwest for the restoration of the metallurgical, coal industry, power plants, railroads, and for the organization of extraction and processing of oil. The delegation also expressed the opinion that it is empowered to sign the credit agreement without further consultation with the CCP CC.

Kovalev.