

Mao Zedong to Stalin on the questions of construction of the PCR navy, military credit and other issues on bilateral relations

March 28, 1952

I received your telegram of January 28, 1952 on the construction of the Chinese Navy and your telegram of March 15, 1952 on the issue of rubber and construction of the Sino-Mongolian railway.

I am very grateful to you for your care and assistance in building China.

Solving the issues of the general plan of state defense and economic construction and the calculations of the funds necessary for this and the actual amounts of foreign currency, we are always waiting for a clearer picture on the negotiations in Korea, and as soon as the situation becomes clear, we will present you a report on a general plan so that you have a complete understanding of the state defense and economic development of our country, and then, as necessary and possible, decide the scope and forms of assistance to us.

At present, it can be assumed that an agreement in the negotiations in Korea can be reached. If an agreement is reached in April, then we intend to send some responsible comrades to Moscow in the middle of the month in order to give you a report on preliminary versions of a five-year plan for state defense and capital construction in the state economy, as well as to ask the Soviet government to provide systematic assistance in relation to the business trip of specialists, supplies machinery, equipment and materials, and the provision of credit.

If you agree, then we will start preparing all data for such a report.

As for the various issues that you mentioned in your telegrams and in the solution of which we need help, I would like to inform you as follows.

1. On the issue of the naval base in Port Arthur. In view of the conclusion of the illegal US-Japan peace treaty, in particular the US-Japan security treaty, we believe that the Chinese government has a reason and the need to ask the Soviet government to leave the Soviet armed forces in the Port Arthur zone and not to withdraw them from Port Arthur at the end of 1952. If you agree with this, then we will instruct our representatives who are going to arrive in Moscow in mid-May to negotiate on this issue.
2. In order to strengthen the defense of the Chinese coast, we fully agree with your instructions given in the telegrams of December 22, 1951 and January 28, 1952. According to the plan stipulated in these two telegrams, we made a preliminary calculation and came to the conclusion that an order in the Soviet Union was needed for a total amount of approximately 1,800 million rubles. In order to fulfill the plan for training of personnel of the Chinese Navy, the above order must be fully purchased by the end of 1955. However, the Chinese government will not be able to repay such an amount in foreign currency during these three years. Therefore, we ask the Soviet government to help build China's national defense, including the navy, by providing a loan. As for the specific plan, we intend that our representatives present it at the time of their stay in Moscow in mid-May this year. Considering it inexpedient to postpone negotiations on the construction of the Chinese navy, we intend to send Comrade Xiao Cenguang, commander of the Chinese Navy, his chief of staff, Comrade Luo Shunchu, and two comrades of specialists in engineering affairs of the Navy and shipbuilding to Moscow to negotiate with comrades from the Ministry of the Navy of the Soviet Union. If you agree, we will give instructions that these comrades should leave for Moscow.

3. According to our calculations, the remainder of the total amount that you have granted three times a military loan on the terms of the agreement on the provision of a military loan of February 1, 1951, is more than 400 million rubles. We intend to purchase for 400 million rubles the aircrafts, aircraft equipment, and ammunition for the Air Force. A detailed application will be sent separately. Application for other weapons for the rest of the remaining amount after the delivery of aircraft and aviation property in the amount of 400 million rubles, it can be presented only after all previous calculations have been made. On the supply of weapons and military equipment for 60 infantry divisions. In addition to the weapons and military equipment supplied in 1951 for 4 divisions, according to the revised plan, new deliveries should begin in April of this year. The reorganization of the army inside the country will begin in April. If there are no new changes, then we want to receive weapons and military equipment for 16 divisions in 1952, 20 divisions in 1953, and 20 divisions in 1954. Of the weapons we received for 4 divisions, weapons for 3 divisions will be transferred to the front of the Korean People's Army. As for the military loan for armament for 60 infantry divisions, we also intend to authorize our representatives sent to Moscow to negotiate a specific procedure for its registration. On the issue of the construction of the railway, which begins in the northern part of China and then goes to the Mongolian People's Republic. If you think the construction of this railway is urgent and more necessary than the construction of a railway from the northwestern part of China to the USSR, then we want to start exploration work in the second half of this year, and in 1953 to start construction, hoping that the Soviet Union will simultaneously begin the construction of this railway from Ulan Bator towards the Sino-Mongolian border. As for the line followed by this railway, we would consider it more expedient that it starts from the Ji-Ning station (Pindiquan) or the Baotou station in the Chinese province of Xiyuan, through the Hashun point located on Sino-Mongolian border, and stretches to Ulan Bator in Mongolia than from Kalgan to Ulan Bator. Of course, the final decision must be made after preliminary exploration work on the construction line of this railway. By the way, if you build a railway from Lanzhou to the northwestern part of China through Yumeng, Hami, Urumqi to Korkos on the Sino-Soviet border with a total length of about 2000 kilometers and to connect it with the Turkestan-Siberian Railway of the Soviet Union, it would be more profitable for both the Soviet Union and China. We do not know the opinion of the Soviet government on this issue, and whether the Soviet government can help us in the construction of this railway with railway equipment
4. On the issue of breeding hevea. After repeated studies of this issue, we came to the conclusion that assistance from Soviet specialists, as well as assistance in technology, is urgently needed. However, the creation of a Sino-Soviet joint-stock company for the extraction of rubber, it is not very expedient for the type of other Sino-Soviet mixed societies in the current political situation in China. Therefore, on the issue of breeding hevea, we propose to conclude an agreement with the Soviet government on the provision of a loan and technical cooperation, which would provide for guarantees of repayment of the loan through the supply of mined rubber, as well as supplies for the USSR, which will make up more than 50% of the rubber produced annually, and the supplies will be made on preferential terms, with a certain discount compared to prices on the world market. On the above two questions, if you agree, we will instruct our representatives, who will be sent to the USSR in mid-May, to conduct practical negotiations with the Soviet government. As for our needs for specialists and equipment for breeding hevea, we will inform you about this in a separate telegram.

Please give your instructions on all above issues.

Greetings Mao Zedong