Dear Colonel Donovan,

Washington, D.C.

Office of the Coordinator of Information

Coordinator William J. Donovan

[Handwritten note:]

PSF
Morgenthau Reveals 6-Month
Continuance of U. S. Dollar
Exchange Agreement

WASHINGTON, Dec. 31—Lieut.
Gen. Hsiung Shih-fei, head of the
Chinese Military Mission here,
called on President Roosevelt to-
day, preparatory for leaving for
London and then Chungking where
he will report to Generalissimo
Chiang Kai-shek.

As he left the White House Gen-
eral Hsiung was asked about pub-
lished reports that the mission had
been recalled because of China’s
dissatisfaction with the extent of
the aid given her by the United
States and with the concentration,
by this country and Great Britain,
on the initial task of defeating
Germany.

The Chinese General said his
country “should never be satisfied
unless our enemy is completely
defeated.”

Mission Member Remains

Asked whether he would return
to this country or whether a new
mission will be sent, General
Hsiung said that “depends upon
the future necessity.” He added
that one member of the mission,
Colonel W. T. Tsai, will remain in
the United States to represent
to this country or whether a new mission will be sent, General Hasung said that "depends upon the future necessity." He added that one member of the mission, Colonel W. T. Tsai, will remain in the United States to represent China in the war councils here.

He declined to comment upon the conference with the President, except to say that the Chief Executive had posed some specific questions about China "and we are trying to answer them."

"I told the President that the mission is going to leave for China to report to Generalissimo Chiang Kai-shek and that on our way back to China we would visit London to study the war situation over there."

His remarks were interpreted for reporters by Captain Robert Lee, his aide.

Stabilization Is Extended

Secretary of the Treasury Henry Morgenthau Jr. announced today that the stabilization arrangement of July 14, 1937, under which the Central Bank of China has been enabled to obtain up to $50,000,000 in United States dollar exchange has been extended for a period of six months beyond Dec. 31, 1942.

The Secretary also announced that the government of China has completely liquidated all obligations that it had incurred in the past under the 1937 arrangement. China's favorable record under this arrangement, the Secretary declared, was another example of China's creditable dealings with the United States.

This arrangement was extended at the request of the government of China. The Treasury, in accordance with its traditional policy of giving full financial cooperation to the Chinese Government, was pleased to agree to this request, the Secretary said.

Lin Yutang Criticizes U. S.

Dr. Lin Yutang, Chinese author and publicist, tonight denounced the Administration in Washington for what he considered its "shabby" treatment of the Chinese military mission headed by General Hasung Shih-fei and said that "the enormous reservoir of good-will between China and America is being severely drawn upon."

He believed that Washington, influenced by Britain, has abandoned all thought of an early major offensive against Japan and intends to go ahead with a program of defeating Germany first and merely attempting to "contain" Japan in Eastern Asia until the German Army has been smashed.

"I am not going to say that I profoundly regret that General Hasung Shih-fei had to leave Washington and return to our country," he said. "Let me ask the American people a question: Why should not General Hasung leave? Of what use can his presence in Washington be to the Allied cause since the leaders of the United Nations appear to be far from ready to share with China a unified strategy against Japan?"
January 12th, 1945.

Major General James H. Burns,
Executive, Equitären Assignment Board
Washington, D.C.

Dear General Burns:

Dr. Hans Thomsen has been appointed German
Ambassador to Sweden.

Certainly I should at once be sent to
Stockholm to renew my friendship with him, and again secure
vital military information, to be sent to our War Department.

The information he gave me prior to our entry
into the war, was exceedingly important, and invariably turned
cut to have been correct. His statement to me on November 9th,
1941, that Japan would soon attack the United States, is perhaps
the best example of the value of the information given to me by
Dr. Hans Thomsen.

The best proof that I would secure inform-
ation of value, is the fact that I have in the past secured
such information from him, and reported it promptly and in
writing, to Colonel William J. Donovan. One has only to consult
my file at the Office of the Coordinator of Information, to
ascertain these facts.

It is obvious that should I in one year
secure only one piece of important information, my stay in
Stockholm would have been justified.

It is clear that I could not go to Sweden
in any official capacity. I certainly could not ever meet
Dr. Thomsen if I were attached to our Embassy, or if I were
known to be a United States government employee. I should go as a private citizen, secretly financed by the government. The excuse for my being in Sweden might be that of making a survey of food needs in Finland after the war, or of economic supplies needed by Sweden after the war. I could not even then see Dr. Thomsen openly, but I could see him privately and secretly at night at his embassy, or he might come to my residence. I am sure that I would find some way to maintain contact with him.

I will be glad to accept any conditions that the Administration cares to make regarding my personal conduct. I will agree to live with, and stay at all times with, any official sent with me, or assigned to me in Sweden. I will agree to follow his orders implicitly. I would arrange meetings with Dr. Thomsen in my quarters so that listening devices could record his conversation.

I know nothing of value to the Germans, and I could give Dr. Thomsen no information, if I desired to. I am not an engineer, I am not a manufacturer, I have no knowledge of munitions, or shipping, or materials, or of our planes, economic or military.

As surely for my good faith I leave as hostages my dear wife, my son, an Ensign in the United States Navy, and my young school boy son. My love for them and for my Religious Society should be ample guarantee that I would not ever bring disgrace upon them. Certainly Germany holds no rewards that
could compensate for disgrace for my dear wife and two sons, and humiliation for the Religious Society of Friends, which has so often honored me, and my forebears for generations.

It so happens that I, Malcolm Lovell, can secure vital military information for my country, information that no one else can secure, information that may shorten the war and save the lives of tens of thousands of our boys. Let those who would prevent my use in this way, consider carefully whether or not they have any right to neglect the use of an instrument that may supply vital information which will advance our military victory. I believe that patriotism requires my use, and failure to so use me denotes lack of patriotism.

I may speak thus strongly, for I have already proved my value. My reports to Colonel William J. Donovan, from September 1941 to the declaration of war by Germany, gave my government information of astounding importance. I am sure that I could again obtain vital data from Dr. Thomsen.

You may trust me to be discreet. Certainly my life would be short in Sweden if I failed to be discreet. The Germans would not let me live long if they suspected I was divulging Dr. Thomsen’s confidences.

Finally, I should be sent to Stockholm regardless of any personal liking or disliking of me by high Administration officials. I seek no reward, nor thanks, nor fame, nor office. I will work in complete anonymity. This must seem strange
to some Washington officials, and perhaps incomprehensible
to them, but I happen to have that kind of patriotism.

I alone can serve my country in this particular
instance. I alone may be able to materially advance our
military victory, and hasten a victorious peace. For this I
will eagerly give my life.

Very sincerely yours

Malcolm A. Lowell
26 East 35th Street, New York City.
Hon. Harry Hopkins
The White House
Washington, D.C.

Attention Mrs. Daggett