

X - 78 - 93. One paragraph statement undated and unidentified -
concerning the military situation in China.

I just had a long talk with a man who arrived from Chungking and he was very pessimistic regarding the situation in China. He said that the Reds who now number some 300,000 didn't assist the Central Government in the Honan campaign and that they apparently are lying low in the hope of taking over after the Japs have licked Chiang Kai-shek and the Kuomintang forces. If the Japs succeed in cutting through from Hankow to Canton it will force us to withdraw from most of our advance bases.