American policy toward nationalist China since 1945

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AMERICAN POLICY TOWARD NATIONALIST CHINA

SINCE 1945

A THESIS

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TABLE OF CONTENTS

Chapter

I. INTRODUCTION ................................................. 1

II. BACKGROUND OF AMERICAN FOREIGN POLICY TOWARD
NATIONALIST CHINA SINCE 1945-1949 ........................ 7
   American Interest .......................................... 7
   Three Alternatives ......................................... 8
   Two Policy Objectives ...................................... 9
   The Mission of General Marshall ............................ 10
   The Mission of General Wedemeyer ......................... 16
   United States Aid to China ................................ 18
   The Loss of Mainland China and Its Significance ........ 22

III. DEVELOPMENT OF AMERICAN POLICY TOWARD
NATIONALIST CHINA ............................................. 31
   "Hands-Off" Policy .......................................... 31
   "Neutralization" Policy ..................................... 33
   Was Chiang "Unleashed"? .................................... 36
   Mutual Defense Treaty ..................................... 38
   Defend Quemoy and Matsu? ................................ 41
   Sino-American Ties Reaffirmed ............................ 43

IV. CONCLUSION ................................................... 45

BIBLIOGRAPHY ...................................................... 50
CHAPTER I

INTRODUCTION

During World War II, Allied leaders envisioned a postwar Far East in which China—not Japan—would be the dominant power. With the surrender of Japan, however, civil war between the Nationalist Government and the Communists in China continued on an enlarged scale and it became apparent that China did not possess the unity necessary to enable it to become a stabilizing force in the Far East. In his policy statement of December 16, 1945, President Truman reiterated the American position that a united and democratic China was essential to world peace. He said that

The Government of the United States holds the peace and prosperity of the world in this new and unexplored era ahead depend upon the ability of the sovereign nations to combine for collective security in the United Nations Organization. It is the firm belief of this Government that a strong, united, and democratic China is one of the utmost importance to the success of this United Nations Organization and for world peace. A China disorganized and divided either by foreign aggression, such as that undertaken by the Japanese, or violent internal strife is an undermining influence to world stability and peace, now and in the future...  

Civil war in China had impoverished the country and created problems that appeared to defy all efforts to solve them within the framework of the United States' objectives of policy.

A politically stable and economically prosperous China might have replaced Japan as the stabilizing center of the Far East and might have played an effective part as one of the major powers in the United Nations. This

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would have been in keeping with United States' postwar aims and with its long-term policy of friendliness and co-operation with China. With the crumbling of the effective resistance of the Nationalist Government to the Chinese Communists, the situation had changed entirely not only in China but throughout East Asia. The United States Government was, therefore, faced with the task of reshaping its policy toward China in conditions of great confusion. This complicated the problem of reassessing the long-term interests of China and of the United States. Such a task was made all the more difficult by the wider implications of the Chinese situation, especially those that touched on Soviet-United States relations.\textsuperscript{2}

It should be recognized that a number of factors operated not merely to impede recovery in China after the Second World War but to cause a steady deterioration of the situation, culminating in the Chinese Communists' sweep into south China. The internal political disunity, which finally broke out in civil war, was caused by seemingly irreconcilable differences between the Nationalist Government and the Chinese Communists, many of whose leaders were avowed Marxists and for years had been exercising independent control over wide areas in northwest China. Moreover, intermittent negotiations between the two parties failed to settle their differences.\textsuperscript{3}

Another important element in the Chinese situation had been the


\textsuperscript{3}\textit{Ibid.}, pp. 178-179.
equivocal policy of the Soviet Union. As a result of the Yalta Agreement and Sino-Soviet Treaty of 1945, the Soviet Union acquired substantially the same position in Manchuria that Tsarist Russia held prior to 1904. In return for the advantage thus acquired, the Soviet Union agreed to support only the National Government of China and to give it "all possible economic assistance." At the Moscow Conference in December, 1945, the United States, Great Britain, and the Soviet Union announced that they were in agreement on the need for a united and democratic China and for the cessation of civil strife, and they reaffirmed their adherence to a

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4 The leaders of the Soviet Union, the United States of America and Great Britain agreed on February 11, 1945, that in two or three months after the surrender of Germany and the termination of the war in Europe, the Soviet Union should enter the war against Japan on condition that: "1. The status quo in Outer-Mongolia shall be preserved; 2. The former rights of Russia violated by the attack of Japan in 1904 shall be restored, viz: ... (b) the commercial port of Deiren shall be internationalized, ... (c) ... China shall retain full sovereignty in Manchuria, ..." Max Beloff, Soviet Policy in the Far East (London, 1953), p. 25.

5 It was signed on August 11, 1945—the day on which Japan surrendered. The first of the agreements was a treaty of friendship and alliance directed against the possibility of a renewal of Japanese aggression. In an exchange of notes relative to the treaty, the Soviet Government pledged itself "to render to China moral support and aid in military supplies and other material resources, such support and aid to be entirely given to the National Government as the central Government of China." It also reaffirmed "its respect for China's full sovereignty over the Three Eastern Provinces (Manchuria) and recognized their territorial and administrative integrity." Ibid., p. 32.

6 A communiqué was issued at the close of the Moscow Conference. It contains the following statement regarding China: "The three Foreign Secretaries exchanged views with regard to the situation in China. They were in agreement as to the need for a unified and democratic China under the National Government, for broad participation by democratic elements in all branches of the National Government, and for a cessation of civil strife. They reaffirmed their adherence to the policy of noninterference in the internal affairs of China. ..." Ibid., p. 45.
policy of noninterference in the internal affairs of China.  

The Soviet Government, nevertheless, failed to live up to the spirit of these assurances and commitments. The Nationalist Government charged that the Soviet Union had turned over to the Chinese Communists virtually all the vast amounts of war material taken from the Japanese forces that surrendered in Manchuria, and that this booty, together with subsequent aid from Russia, was responsible for the signal military gains of the Communists against the Nationalists forces in Manchuria and elsewhere. Account must also be taken, however, of the off-setting factors of United States' aid to the Nationalist Government and of the Japanese arms received by the Nationalist Government from the Japanese troops in China proper.

Furthermore, immeasurable damage was done to the Chinese economy by the Soviet stripping of Japanese factories in Manchuria. The vast agricultural and mineral potentialities of Manchuria, as well as its strategic position, gave it special significance in the Far East. Manchuria is the eastern overland gateway to China proper and lies across the pathway of Soviet access to warm-water ports in Asia. With North Korea under Soviet control and Soviet forces entrenched at Port Arthur, Manchuria was almost

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7 The International Studies Group of the Brookings Institution, op. cit., p. 179.

8 Ibid.

9 Port Arthur is a fortified seaport at the southwestern end of the Liaotung peninsula in Southern Manchuria. It is a terminus of the Siberian railway system, and has a harbor free from ice throughout the year. Japan took Port Arthur from China in 1894, but was compelled by European pressure to return it to China. In 1898, it was leased to Russia. Under the Sino-Soviet agreement of August 11, 1945, Port Arthur became a naval base for the use of both powers. "Port Arthur," Grolier Encyclopedia, 1955 edition, VIII, 412-13.
encircled by Soviet-held territory. South China was singularly poor in many essential industrial resources, especially coal and iron. It could offer little effective resistance to the Communists once the natural wealth of Manchuria and north China was in their hands.10

The generally unsettled conditions discouraged the resumption of productive effort in China, while the diversion of 80 per cent of the national budget to military expenditure left little margin for governmental promotion of economic rehabilitation. Twelve years of devastating warfare, during eight of which Japan was in occupation of the principal industrial and commercial areas, destroyed the economic edifice that China had built in the prewar years and forced the Nationalist Government to fall back on the land tax for a larger proportion of its revenue. Continuing and mounting inflation was an important factor in the stagnation of industry and trade, and the periodic efforts of the Nationalist Government to bring it under control had no noticeable success. The deteriorating economic situation, on the other hand, played its part in the lowering of morale that finally broke the resistance of troops and civilians alike to the advancing Communist armies from the north.11

Meanwhile, no genuine political settlement was achieved between the Nationalist Government and the Chinese Communists. The Communists wanted a coalition government of all major political parties, and they professed willingness to place their military forces under the control of a coalition government. The Nationalists proposed that the Communists be taken into

10 The International Studies Group of the Brookings Institution, op. cit., p. 179.

11 Ibid., p. 180.
the existing National Government and be accorded membership in the National Military Council. There was no compromise between these positions. Differences were widened. War between the Nationalists and the Communists became inevitable.

The absence of peace and stability in China affects adversely the conditions of security throughout East Asia and indeed the whole world. Therefore, the progressive extension of Communist control over China was fraught with grave implications for the United States.\(^\text{13}\)

The present study seeks to present the American policy toward Nationalist China since 1945.


CHAPTER II

BACKGROUND OF AMERICAN FOREIGN POLICY TOWARD
NATIONALIST CHINA SINCE 1945-1949

American interest.--It was on China that American interest in the Far East had chiefly been centered. It was in China that, after 1945, the United States experienced one of the greatest defeats in its history.¹ Traditionally, American interest in the Far East was directed mainly toward China. In China lived approximately one-fourth of the human race. Here, it was believed, was the largest potential undeveloped market on the face of the earth.² It was ostensibly to insure equal opportunity for Americans with nationals of other countries in the markets and the development of the resources of China that the Open Door³ policy was formulated and pursued.⁴

Moreover, it had been, in part, to defend China against Japanese


²Ibid.

³The Open Door, a term of diplomatic significance, applied to the unrestricted maintenance of international commercial relations. It came into general use in the late 19th century with respect to China, where major European powers and the United States secured freedom of trade on a basis of equality. The principle was recognized also at the Berlin Conference of 1885 with respect to competing international interests in the basin of the Congo River. The growing influence of Russia in Manchuria at the end of the century and of Japan early in the 20th century, threatened the Open Door status of Chinese territories, but it was reaffirmed in the Nine-Power Conference of 1921-1922. "The Open Door," The Encyclopedia Americana, 1954 edition, XX, 699.

⁴Kenneth Scott Latourette, op. cit., p. 88.
aggression that the United States had entered upon the road which led to Pearl Harbor. To drive the Japanese out of China and give the Chinese an opportunity for independence, the United States had expended untold treasures. It was largely through the effort to help China that the United States had been saddled with the unwelcomed responsibility of the occupation and remaking of Japan and the occupation of South Korea; and to that the United States owed its costly involvement in the Korean war which broke out in 1950.  

Three alternatives.--When World War II was over, the United States was confronted with three possible alternatives in China: (1) it could have pulled out lock, stock and barrel; (2) it could have intervened militarily on a major scale to assist the Nationalist to destroy the Communists; (3) it could, while assisting the Nationalists to assert their authority over as much of China as possible, endeavor to avoid a civil war by working for a compromise between the two sides.  

The first alternative would have represented an abandonment of United States' international responsibilities and of its traditional policy of friendship for China. The second alternative policy, while it might look attractive theoretically and in retrospect, was wholly impracticable. The Nationalists had been unable to destroy the Communists during the ten years before the Second World War. However, after the War, the Nationalists were weakened, demoralized, and unpopular. The Communists probably could have been dislodged only by American arms. It was obvious that the American

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5Ibid., p. 89.

people would not have sanctioned such a colossal commitment of its armies in 1945 or later. America, therefore, came to the third alternative policy and attempted to assist in working out a modus vivendi which would avert civil war but nevertheless preserve and even increase the influence of the Nationalist Government. 7

As the record shows, it was the Chinese Nationalist Government itself which, prior to General Patrick J. Hurley's mission, had taken steps to arrive at a working agreement with the Chinese Communists. These negotiations, in which Ambassador Hurley later participated at the invitation of both parties between August 1944 and September 1945, continued intermittently for a year and a half without producing conclusive results and culminated in a comprehensive series of agreements on basic points on October 11, 1945, after Ambassador Hurley's departure from China and before General George C. Marshall's arrival at the end of 1945. 8

Two policy objectives.--American policy at that time was inspired by the two objectives of bringing peace to China under conditions which would permit stable government and progress along democratic lines, and of assisting the Nationalist Government to establish its authority over as wide areas of China as possible. 9

As events proved, the first objectives was unrealizable, because neither side desired it to succeed. The second objective of United States policy,

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7 Ibid., pp. 289-290.


9 Ibid.
that of assisting the National Government, was pursued vigorously from 1945 to 1949. The Nationalist Government was recognized by the United States as a friendly power. Hence, American friendship, its ideological commitments and its foreign policy alike, called for aid to the Nationalist Government instead of to the Chinese Communists who were seeking to subvert and overthrow the Chinese Nationalist Government. 10

The Mission of General Marshall. — Before the end of 1945, strife between the Nationalist Government and the Communists began giving the United States grave concern. It was clear that China needed nothing so much as internal peace. Years of foreign invasion and civil war left China impoverished and crippled. It was clearly to the best interest of the United Nations, the United States, which had borne the main burden of foreign aid to China, and, above all, of the Chinese people themselves, that a long period of peace be achieved. To that end President Truman sent General George C. Marshall to China as his personal representative with the rank of ambassador in order to exert the influence of the United States for the "unification of China by peaceful, democratic methods as soon as possible and for the ending of hostilities, especially in North China." 11

In January, 1946, only a short time after General Marshall's arrival in China, a committee of three convened, composed of Marshall himself as chairman, a representative of the Nationalist Government, and a representative of the Communists. Within three days of its formal meeting it had agreed upon a cessation of hostilities. Except that the troops of the Nationalist Government were to be permitted to continue to move into

10 Ibid.
11 Kenneth Scott Latourette, op. cit., p. 106.
Manchuria to restore Chinese sovereignty in that area, both Chiang Kai-shek\textsuperscript{12} and Mao Tse-tung\textsuperscript{13} promised to send out a cease-fire order to their respective forces, effective on January 13. To supervise the carrying out of the order an Executive Headquarters was set up in Peiping (Peikong) consisting of three commissioners, one from the Communist Party, one from the Nationalist Government, and one from the United States.\textsuperscript{14}

That same month, in pursuance of a plan adopted before Marshall reached China, a Political Consultative Conference met at Chungking in which the Kuomintang,\textsuperscript{15} the Communist Party, and several other elements were represented. After three weeks of work, the Conference reached what was ostensibly a complete accord on the reorganization of the government, the calling of a National Assembly and the setting up of a State Council on which the


\textsuperscript{13}Born in 1893, Mao Tse-tung is the chairman of the Chinese Communist Party. He was one of the founders of the Chinese Communist Party in Shanghai in 1921, and was chairman of the first All-China Congress of Soviets on December 1931. "Mao Tse-tung," \textit{Encyclopedia Britannica}, 1958 edition, XIV, 834.

\textsuperscript{14}Kenneth Scott Latourette, \textit{op. cit.}, p. 107.

\textsuperscript{15}Kuomintang (National People's Party) is the name of a Chinese political party. It had its origin in the late 19th century, when Dr. Sun Yat-sen, founder of the Republic of China, founded the Regenerate China Society. The party changed its name several times and in 1919 Sun reorganized his party into the Kuomintang. Its ideology is based on Sun's Three Principles of the People: nationalism, democracy, and people's livelihood. After Sun's death in 1925, Chiang Kai-shek became the leader of the Kuomintang. "Kuomintang," \textit{Grolier Encyclopedia}, 1955 edition, VI, 396.
Kuomintang and non-Kuomintang elements were to be equally represented. The Conference also agreed on a merger of the troops of the Nationalist Government and the Communists and on demobilization of the majority of the forces.¹⁶

To see that the merger and the demobilization were effected, a military committee was appointed; and, as its executive agent, a military subcommittee was constituted, consisting of a representative of the Nationalist Government, and a representative of the Communist Party, with General Marshall as advisor. On February 25, 1946, this subcommittee reached an accord for the drastic reduction of both the Nationalist and the Communist armies, and the redistribution of both armies in such a way that they would be integrated into one military structure with the Communists in the minority in each region. On Marshall's strong advice, the national army thus constituted was to be purely nonpolitical.¹⁷

However, these encouraging beginnings quickly met difficulties which eventually brought frustration. In the Nationalist Government, there were those who opposed the program, presumably because they feared the curtailment of their own power and because they distrusted the Communists. Moreover, the Communists did not wholeheartedly accept the arrangement. They, too, were critical and suspicious. Marshall suggested that the Executive Headquarters send field teams to Manchuria, where Communist-Nationalist tension was acute, to stop possible conflicts and to aid in demobilization, reorganization, and integration.¹⁸


¹⁷ Ibid., p. 108.

¹⁸ Ibid.
In the meantime, conflict between the Nationalist Government's forces and those of the Communists was developing in Manchuria, which was in the hands of the Russian army at the end of Japan's surrender. The Russians deferred removing their troops from Manchuria and loudly denounced the Americans for not recalling their troops from China.\(^1^9\) The Nationalist Government, handicapped by a lack of rolling stock and poor organization, and also by the Russian refusal to permit it to use the port of Dairen,\(^2^0\) did not move its troops into the evacuated areas at a pace equal with the Russian withdrawal. The Communists took the opportunity to step in and were aided by Japanese military supplies which, either directly or indirectly, contrary to the Russian promise at the Yalta Conference of 1945, were made available to them by the Russians.\(^2^1\)

Thus throughout the spring of 1946, to the accompaniment of pacific conversation in General Marshall's Nanking mansion, friction sharpened and clashes increased in number and seriousness. In June, 1946, General Marshall succeeded in bringing both sides to assent to a truce. During the

\(^1^9\) On V-J Day the United States had about 60,000 troops in China. It deployed these troops in such fashion as to assist the Nationalist Government, not to fight the Communists, but to reoccupy the regions recently ruled by the Japanese. At the request of the Nationalist Government, 50,000 American marines were landed in North China and occupied Peiping, Tientsin, the coal mines of the north, and the essential connecting railways. Kenneth Scott Latourette, *op. cit.* , p. 104.

\(^2^0\) Dairen, a treaty port in the Liaotung Peninsula, Manchuria, is the headquarters of the South Manchuria Railway. Leased to Russia in 1898, it was ceded to Japan by the Treaty of Portsmouth in 1905. Dairen has a good harbor protected by a breakwater of 1,000 yards long, and has railway connection with Port Arthur. "Dairen," *Grolier Encyclopedia*, 1955 edition, IV, 3-4.

truce, negotiations went on, both over Manchuria and over Shantung, for severe fighting had broken out in that province. In July, there was fighting again on a considerable scale. By autumn, civil war was on. General Marshall sought to call a halt to hostilities. His efforts were in vain. Since the Nationalists were taking the offensive, he tried to put pressure on them by shutting off the supply of American arms which had been continuing to come to them. Acting according to their rationale, the Nationalists did not think he meant what he said. The Communists by that time were openly bitter at General Marshall and the United States, partly because of the military help to the Nationalists and partly because they were faithfully echoing the voice of Moscow. At any rate, a war for the control of China was going on. 22

Both the Nationalists and the Communists were critical of Marshall and the United States. Many among the Nationalists resented what they held to be American favoritism toward the Communists. The Communists denounced even more strongly what they claimed was undue American assistance to the Nationalists. They complained of the aid to the Nationalists in military equipment and of what they alleged to be a disproportionate allocation of UNRRA (United Nations Relief and Rehabilitation Administration) relief to areas under the Nationalists. They also objected to the presence of American forces in China. 23

The relations between the Nationalist Government and the Communists went from bad to worse. Attempts of Marshall to bring the two parties to


agreement failed, and the Nationalist Government angered the Communists by pushing its forces into what they considered to be their territory. They were especially stirred by the Nationalist advance against the strategic city of Kalgan— an important Communist-held city northwest of Peiping. General Marshall believed the move on Kalgan to be unnecessarily provocative and recommended that his mission as mediator be terminated.\(^2\)

He, by then, became convinced that both parties were merely sparring for time and jockeying for military position. He finally concluded that there was no hope of accomplishing the objective of his mission.\(^2\) On January 7, 1947, as he left China, General Marshall issued a public statement condemning both sides for their failure to cooperate in bringing peace and order to China. He criticized the Communists for their unwillingness to compromise and deplored the attitude of what he called "irreconcilable groups" within the Nationalists Government. He said that

... the greatest obstacle to peace has been the complete, almost overwhelming suspicion with which the Chinese Communist Party and the Kuomintang regard each other ... Sincere efforts to achieve settlement have been frustrated time and again by extremist elements of both sides ... The reactionaries in the Government have evidently counted on substantial American support regardless of their actions. The Communists by their unwillingness to compromise in the national interest are evidently counting on an economic collapse to bring about the fall of the Government ... The salvation of the situation would be the assumption of leadership by the liberals in the Government and in the minority parties, a splendid group of men, ...

Successful action on their part under the leadership of Generalissimo Chiang Kai-shek would lead to the unity through good government.\(^2\)

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\(^2\) Ibid., p. 111.

\(^2\) Dean Acheson, "United States Relations with China," Readings in American Foreign Policy, op. cit., p. 292.

On January 7, 1947, President Truman announced the nomination of General Marshall as Secretary of State. Shortly after General Marshall's assumption of office the decision was reached to terminate the connection of the United States with the Committee of Three and to withdraw American personnel from Executive Headquarters. This action made it possible to withdraw all United States marines from North China, except for a guard contingent at Tsingtao, the location of the United States Naval Training Group engaged in training Chinese naval personnel. The termination of the American mediation effort did not change the traditional attitude of the United States toward China. 27

The Mission of General Wedemeyer. — As the signs of impending disaster multiplied, President Truman, in July 1947, acting on the recommendation of the Secretary of State George Marshall, instructed Lt. General Albert C. Wedemeyer to survey the Chinese scene and make recommendations. General Wedemeyer had experience in China during World War II and was deemed especially competent. He was, with the help of a staff, to study both China and Korea.

General Wedemeyer was officially welcomed by the Chinese Government. He spent about a month in that country. During the time that General Wedemeyer and his staff remained in China, they visited the principal centers of the country and talked with a large number of people, both in and out of the Government, and representing all shades of opinion and interests, as well as with American and other non-Chinese businessmen and officials. 28 Before leaving China, General Wedemeyer frankly said in public


28 Ibid., p. 256.
that he was discouraged to find apathy and defeatism among many Chinese, but that there were many honorable officials who showed efficiency and devotion. He said he believed that the existing central government could win if it would remove incompetent and corrupt officials, not only from the national but more especially from the provincial and municipal structures, and if it would immediately effect drastic, far-reaching political and economic reforms.29

In his official report of September 19, 1947,30 General Wedemeyer recommended in general that the United States provide military and economic aid to China under a program of assistance over a period of at least five years requiring Congressional authorization. It also provided for financial assistance to China for reconstruction projects and eventually for currency stabilization. The report indicated that improvement of the economic situation through American aid should open the way for further constructive support in the future from existing agencies, such as the Export-Import Bank, the International Bank and Monetary Fund and private Chinese and foreign capital. In its military phases the report recommended that military advice and supervision be extended in scope to include field forces, training centers and particularly logistical agencies, but it recognized the desirability of avoiding direct United States involvement in the civil war.31


30This report was not released to the public in America until August, 1949, when the Chinese Government reproduced the Wedemeyer Report which appeared in the so-called *White Book on China* issued by the United States State Department.

The Wedemeyer Report further stated that a United States program of assistance could best be implemented under the supervision of American advisors in specified economic and military fields. Such a program could be undertaken only if China requested advisory aid as well as material assistance. Besides, all aid and assistance to the Nationalist China, according to the report, should include the following stipulations:

That China inform the United Nations promptly of her request to the United States for increased material and advisory assistance.
That China request the United Nations to make immediate action to bring about a cessation of hostilities in Manchuria and request that Manchuria be placed under a Five-Power Guardianship or, failing that, under a Trusteeship in accordance with the United Nations Charter.
That China make effective use of her own resources in a program for economic reconstruction and initiate sound fiscal policies leading to reduction of budgetary deficits.
That China give continuing evidence that the urgently required political and military reforms are being implemented.
That China accept American advisors as responsible representatives of the United States Government in specified military and economic fields to assist China in utilizing United States aid in the manner for which it is intended.32

Wedemeyer was not very hopeful. He reported a situation which was rapidly deteriorating. His recommendations were obviously offered with full realization that the odds were against their adoption.

United States Aid to China.--Since V-J Day, the United States Government has authorized aid to the Nationalist Government in the form of grants and credits totaling approximately two billion dollars, an amount equivalent in value to more than 50 per cent of the monetary expenditures of the Chinese Government and of proportionately greater magnitude in relation to the budget of that Government than the United States had provided to any

nation of Western Europe since the end of the war.33

In addition to these grants and credits, the United States Government has sold the Chinese Government large quantities of military and civilian war surplus property with a total procurement cost of over a billion dollars, for which the agreed realization to the United States was two hundred and thirty-two million dollars. A large proportion of the military supplies furnished the Chinese armies by the United States since V-J Day, had, however, fallen into the hands of the Chinese Communists through the military ineptitude of the Nationalist leaders, and the absence among their forces of the will to fight.34

As was almost inevitable in the handling of such large sums through machinery which had to be hastily devised under the urgent and disorderly conditions of the times, much of this was unwisely spent. Some of it went into equipment which was quite unadapted to Chinese needs. Some was administered by Americans who were unfamiliar with China or were in other ways incompetent. However, much of it was spent efficiently. For example, it helped to keep alive the population of some of China's coastal cities. The Joint Commission on Rural Reconstruction, set up on October 1, 1948, was run by Chinese and American experts and gave promise of success which

33 It is a strange commentary on United States policy toward China that in the postwar years 1945-1949, the American Government "contributed about two billion dollars in grants and credits to the Chinese, while at the same time the Russians before their retirement from Manchuria took two billion dollars worth of machine tools and other booty, stripping many factories bare, hauling off to Siberia everything that was portable." Robert H. Ferrell, American Diplomacy (New York, 1959), p. 476.

34 Dean Acheson, "United States Relations with China," Readings in American Foreign Policy, op. cit., p. 295.
### Grants

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<tr>
<td>Military aid under Sino-American Cooperative Organization Agreement</td>
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<td>U.S. contribution to UNRRA China program</td>
<td>474.0&lt;sup&gt;a&lt;/sup&gt;</td>
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<td>U.S. share of UNRRA contribution to BOTRA</td>
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<tr>
<td>Ammunition abandoned and transferred by U.S. Marines in North China (over 6,500 tons) (no estimate of value available)</td>
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<tr>
<td>Transfer of U.S. Navy vessels (P.L. 512) (valued at procurement cost)</td>
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<td>Grant under China Aid Act of 1948</td>
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<sup>a</sup> The UNRRA (United Nations Relief and Rehabilitation Administration) program for China was estimated on December 31, 1947, to involve the procurement of goods valued at approximately $517.5 million. Department of State Publication 3573, op. cit., p. 1046.

<sup>b</sup> BOTRA: $5 million of UNRRA funds were allocated to the Board of Trustees for Rehabilitation Affairs (BOTRA), an international body established by the Chinese Government to control the use of UNRRA supplies and funds remaining after the conclusion of its China program. Ibid.

<sup>c</sup> China Aid Act of 1948 was passed by the Congress on April 2, 1948, and was incorporated as Title IV of Public Law 472 entitled the Foreign Assistance Act of 1948. Ibid., pp. 388-389.
### Credits

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<td>OFIC dockyard facilities sales</td>
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<td>Maritime Commission Ship Sales</td>
<td>16.1</td>
</tr>
<tr>
<td>Total Credits</td>
<td>411.0</td>
</tr>
<tr>
<td>Total Grants and Credits</td>
<td>2,007.7</td>
</tr>
</tbody>
</table>

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**Footnotes:**

1. Lend-lease "Pipeline" Credit was an agreement between the United States and China, dated June 11, 1946, authorizing the delivery on credit terms of civilian-type equipment and supplies contracted for but undelivered on V-J Day determined the lend-lease program. It was subsequently determined that a total of $51.7 million in equipment and supplies could be furnished under contracts covered by this agreement. The Chinese Government had been billed for "pipeline" shipments totalling $50.3 million in value as of November 30, 1948. *Ibid.*, p. 1046.


35 Ib**id**., pp. 405-406.
might have been realized but for the worsening of the position of the
Nationalist Government. In its brief period of operation on the mainland,
and later in Formosa, it could point to a very considerable achievement.36

Loss of Mainland China and Its Significance.--The Chinese Communist
forces, aided by the Soviet Union, advanced steadily southward until, by
the summer of 1949, they were in control of all north and central China,
including Manchuria. On August 5, 1949, the United States made clear in
a "White Paper" that it would give no further active support or substantial
aid to the Nationalist Government. It was explained that the ineptitude
of the Nationalist military leaders and the absence of a will to fight had
rendered American aid ineffective; that the strategic areas of China were
now in the hands of the Communists, who had acknowledged Soviet leadership;
and that although the United States had in the past assisted China to resist
foreign aggression, in this case the attempt at foreign domination had been
masked as an indigenous crusading movement.

The intention was affirmed, however, of encouraging the development of
China as an independent and stable nation, and of giving support to the
creation of conditions that would safeguard basic rights and promote the
well-being of the Chinese people. There also was an affirmation against
the dismemberment or subjugation of China by a foreign power, and of con-
tinued consultation with other powers to promote the welfare and security
of the people of the Far East. On that and subsequent occasions the Sec-
retary of State gave warning of the possibility that the Chinese Communist
regime might lend itself to the aims of Soviet imperialism and engage in

36 Kenneth Scott Latourette, op. cit., p. 117.
aggression against the neighbors of China.\(^\text{37}\)

On October 1, 1949, the Communists, who had now extended their power to south China, announced the establishment of the People's Republic of China and invited international recognition.\(^\text{38}\) The Soviet Union recognized it the next day, October 2. The Nationalist Government severed relations with the USSR on October 3, and the following day the United States announced that it would continue to recognize the Nationalist Government. By the end of the year the Nationalist Government transferred its seat to Formosa.

Upon gaining power, the Chinese Communist leadership, in carrying out its internal policies, constantly shifted tactics within the framework of the doctrines of Marx, Lenin, and Mao Tse-tung. In foreign policies, it followed the same flexible procedures always in accord with the requirements of the world-wide struggle of communism for power.\(^\text{39}\)

During the struggle for power, Communist doctrine permitted relations, coalitions, or alliances with "bourgeois" and "capitalist" nations in certain circumstances, provided that these further the Communist cause and that the identity of the Communists would be preserved. But regardless of the nature of the temporary compromise, the final goal must forever be kept in mind; that is, policy must always tend toward the preservation of the Soviet Union, a united front must be established against the "imperialists,"

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and the struggle against "imperialism" must be an aggressive one.\textsuperscript{40}

With "imperialism" itself according to the Communists, there can never be any compromise, for it is the immutable enemy of communism and represents everything that Communists must fight. On this point the law was laid down very clearly by Mao Tse-tung in his On the People's Democratic Dictatorship, which was written in 1949. He said:

You lean to one side. That is right. The forty years' experience of Sun Yat-sen and the twenty-eight years' experience of the Chinese Communist party have convinced us that in order to attain victory and consolidate it we must incline to one side. According to these experiences the Chinese people must either incline toward the side of imperialism or toward that of socialism. There can be no exception to this rule. It is impossible to sit on the fence; there is no third road. \ldots Neutrality is merely a camouflage; a third road does not exist.\textsuperscript{41}

The Communists rejected isolationism and recognized that they could not consolidate their revolution without outside help. They admitted that their accomplishments owed much to the victories over the Fascist nations in World War II, the liberation movements among other oppressed peoples, and the struggles of the proletariat in capitalistic countries. They insisted upon full and complete sovereignty for China, and they regarded themselves as the staunchest and the best-equipped leaders for other independence movements.\textsuperscript{42}

Furthermore, the Chinese Communists promised to refrain from the oppression of national minorities in China and to assist unconditionally all "liberation" movements, particularly in Southeast Asia.\textsuperscript{43}

\textsuperscript{40} Werner Levi, \textit{Modern China's Foreign Policy} (Minneapolis, 1953), p. 277.

\textsuperscript{41} Ibid.

\textsuperscript{42} Claude A. Buss, \textit{op. cit.}, p. 541.

\textsuperscript{43} Ibid.
The "Common Program" of the People's Consultative Conference of September 1949 outlined the projected role of the Chinese Communists in world affairs. Their "principle of principles," contained in Article 11 of the Common Program, stated:

The People's Republic of China shall unite with all peace-loving and freedom-loving countries and peoples throughout the world, first of all, with the USSR, all People's Democracies and all oppressed nations. It shall take its stand in the camp of international peace and democracy, to oppose jointly imperialist aggression and defend lasting world peace.\textsuperscript{44}

Meanwhile, it is important to know the historical background of the communist movements in the Far East as well as in Southeast Asia.

Soon after the founding of the Comintern\textsuperscript{45} in Moscow, Communist agents went to the Far East to organize parties. The impact of the Bolshevik Revolution and Communist literature had been strong enough in many areas to pave the way for Communist penetration. In June 1920, Voitinsky, a Comintern agent, went to China where he got in contact with a group of Chinese intellectuals who had already shown an interest in the theories of Marx and Lenin. Lenin's book on imperialism had had a particularly strong appeal to some Chinese.\textsuperscript{46}

Voitinsky carefully and painstakingly taught Communist doctrine and

\textsuperscript{44}Werner Levi, \textit{op. cit.}, p. 282.

\textsuperscript{45}The Comintern, a Communist international organization was established in March, 1919, at an international conference called in Moscow by the Soviet Government. From the outset the Comintern was an instrument, in the hands of the Russian leadership, for the establishment of Communist parties all over the world. It held occasional congresses, and was dissolved in 1943. The Comintern was reborn in 1947 under a different name, the Cominform, or Communist Information Service. Franz H. Michael and George E. Taylor, \textit{The Far East in the Modern World} (New York, 1956), p. 338.

\textsuperscript{46}Ibid., p. 351.
discipline to a small group of Chinese, the most prominent of whom was Professor Ch'en Tu-hsiu of Peking University. Under Voitinsky's direction this group accepted the authority of the Comintern, and by the summer of 1921, a Chinese Communist party was organized. In the meantime, another Comintern agent, Janson, was working in Japan, where a group of students with radical leanings had already been deeply impressed with the Bolshevik Revolution. The Japanese Communist party was formed in 1922.47

After the establishment of the Chinese Communist party, Comintern agents in China also organized Korean and Vietnamese Communist parties. Ho Chi Minh, who was secretary to Michael Borodin, the Russian Comintern agent in China, set up a Vietnamese Youth Party in Canton, China, in 1925. The Vietnamese Communist Party was organized by Ho Chi Minh in Hong Kong in 1930 and was admitted to the Comintern a year later. The Indonesian Communist Party was formed by the Comintern in 1920. In 1931, a Communist party was founded in the Philippines but was dissolved the same year.48

Although the Malayan Communist Party was not founded until 1931, Communists were active in labor organization and agitation for ten years prior to that date. In Thailand, communism was outlawed and effectively contained from 1933 until late 1946. Both in Malaya and in Thailand, the communist organizations failed to achieve a national character. Either for that reason or because they were relatively weak, neither organization was admitted to the Comintern as a separate national section.49

47 Ibid.


49 John Kerry King, Southeast Asia in Perspective (New York, 1956), pp. 81-82.
In 1926, the Chinese Communist Party organized a South Seas Committee, later renamed the South Seas Communist Party, to organize and direct communist activity in Southeast Asia. A Pan-Pacific Trade Union also was organized in China in 1926 to pay special attention to the indoctrination and organization of the Southeast Asian proletariat. To provide a centralized clearing house for communist directives and intelligence, a Pan-Pacific Trade Union Secretariat was established. As the center of authority in the area, a Far Eastern Bureau was set up in Shanghai.  

The agents of international communism were especially active in Southeast Asia during the years from 1926 to 1930. They set up lines of communication, consolidated isolated communist activity, and brought the national communist parties into contact with the Far Eastern Bureau. It was in these years that they made a vital start toward coordinating communism in Southeast Asia.  

With a Communist regime established on mainland China, it was to be expected that Peking's communist activities would be greatly expanded in surrounding countries, and its threats to Southeast Asia would rest on opportunities for overt international aggression, for subversion of national institutions, and for civil war or insurrection.  

Historically, China had look toward continental Southeast Asia as a logical extension of its territorial sphere of interest. In the past, China had suzerainty at one time or another over parts of northern Burma and Vietnam. Under the Communists, China had once more taken up this trend in

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50 Ibid., p. 83.  
51 Ibid., p. 84.  
52 Ibid., pp. 98-104.  
53 Ibid., pp. 70-71.
Chinese history and had given to it the characteristics of Communist
imperialism.54

From the time that Mao Tse-tung publicly supported the revival of
the "left strategy" of the Cominform (September, 1947), Chinese Communists
kept alive an incessant political campaign against the leadership and
governments of newly independent Asia. During this period, the Chinese
Communists added Tibet, North Korea and North Vietnam to their area of
control and influence.55

If Communist China gains control of Southeast Asia, where most of the
world's natural rubber and tin and more than two-thirds of the rice enter-
ing the world market are produced, India would surely be threatened and the
strength of Australia would be partially neutralized.56 The security of
the West would be in grave danger.

In order to deter communist aggression and expansion, America, the
leader of the "Free World," gave primary consideration in Southeast Asia,
from the period of the Korean War to the Manila Pact,57 to the need for

54 Frank N. Trager, "Communist China: The New Imperialism," Current
History, XXXI (August, 1961), 136.

55 Ibid., p. 136-137.

56 Amy Vandenbosch and Richard Butwell, Southeast Asia Among World

57 The Southeast Asia Collective Defense Treaty was formally signed at
Manila, the Philippines, on September 8, 1954, by the agents of the USA,
Britain, France, Australia, New Zealand, Pakistan, Thailand, and the Philip-
ippines. The signatories pledged themselves "separately and jointly to main-
tain and develop their individual and collective capacity to resist armed
attack and to prevent and counter subversive activities directed from with-
out against their territorial integrity and political stability." "Aggres-
sion by means of armed attack in the treaty area" was to be met by each
party "in accordance with its constitutional processes." Frederick L.
building a protective bulwark against external communist aggression.  

In doing so, the United States based its policy in the area on four cornerstones. The were: (1) deterrence of aggression, (2) collective security, (3) economic and technical aid programs, and (4) support of non-communist South Vietnam.

In recent years, cold-war strategists have contended that Southeast Asia is the last barricade against communism in Asia, and that, if communism were to sweep through Southeast Asia, it would blanket the entire continent and tip the balance of world power to the Communist bloc.

Because of China's vast area and population, its presumed potential, and its geographical position in East Asia, the international position of China has long been a key point in the Far Eastern policy of the United States. Today, the source of concern is Communist China's military strength—most estimates give the strength of the Chinese Communist army as two and a half million men—and the aggressiveness of the Communist

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58 John Kerry King, op. cit., p. 136.

59 Ibid.

60 Ibid., p. 2.

61 Concerning Communist China's military strength and its potentiality of being able to produce nuclear weapons, Under Secretary Chester Bowles said: "No disarmament plan can have meaning without Red China's participation. It possesses not only the world's largest army but a potential capacity for the production of nuclear weapons." Chester Bowles, "The China Problem Reconsidered," Foreign Affairs, XXXVIII (April, 1960), 476-477.

regime that rules the Chinese mainland. Whether the contemporary civilization has peace and security or war and insecurity depend, in no small measure, upon the foreign policies of Communist China.

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CHAPTER III

DEVELOPMENT OF AMERICAN POLICY
TOWARD NATIONALIST CHINA

Early in 1950, Great Britain, a few other Western powers and India broke their relations with the Nationalist Government and recognized the People's Republic. In February of the same year, the Soviet Union concluded a Treaty of Friendship, Alliance, and Mutual Aid with Communist China; since then, the two have made several economic agreements. The United States continued, however, to recognize the Nationalist Government. Meanwhile, American public opinion, outraged at the ill-treatment of its government representatives and citizens by the Chinese Communist authorities\(^1\) and aroused by the world-wide manifestations of Soviet methods and aims, strongly opposed any suggestion to recognize the People's Republic.\(^2\)

"Hands-off" Policy.--Following the withdrawal of the Nationalist

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\(^1\) In the autumn of 1948, the Chinese Communist confined the American consul at Mukden of Manchuria, Angus Ward, and his staff to their compound and kept them cut off from the outer world for six months after Washington had officially closed the post. In October, 1949, the Communists arrested Ward and four subordinates and held them for more than four weeks, and released them only after strong pressure. Kenneth Scott Latourette, The American Record in the Far East (New York, 1952), p. 134.

Government to Formosa, the Chinese Communists demanded control of that island on the ground that they were the legal government of China. Meanwhile, many strong voices in the United States insisted that America should continue to support the Nationalist Government. Against this background, President Truman issued a policy statement on January 5, 1950, regarding Formosa. He began with a reference to traditional United States policy toward China and particularly to the principle of respect for the territorial integrity of China, which, he pointed out, had been reaffirmed in the United Nations General Assembly resolution of December 8, 1949. That resolution had called on all states "to refrain from (a) seeking to acquire spheres of influence or to create foreign controlled regimes within the territory of China; and (b) seeking to obtain special rights within the territory of China."

President Truman said that these principles had a specific application to Formosa, which, in keeping with the Cairo and Potsdam Declarations, had

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3 Formosa, which is called Taiwan by the Chinese and the Japanese, is an island between the Philippines on the south and Japan to the north with the China sea on the west and the Pacific Ocean on the east. Its area is 13,800 square miles and the population (1949) is more than 7,000,000. Formosa was ceded by China (1895) to Japan after the Sino-Japanese War and was returned to China as a province (1945) after the surrender of Japan in World War II. Harry Hansen (ed.), *The World Almanac and Book of Facts for 1951* (New York, 1951), p. 316.

4 A joint statement by Roosevelt, Chiang Kai-shek, and Churchill at Cairo on December 1, 1943 said: "... it is their (China, Great Britain and U.S.A.) purpose that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China ..." In the Berlin (Potsdam) Conference, July 17-August 2, 1945, the Big Three (U.S.A., Great Britain and Soviet Russia) declared: "... the terms of the Cairo Declaration shall be carried out ..." Francis O. Wilcox and Thorsten V. Kalijarvi (eds.), *Recent American Foreign Policy* (New York, 1952), pp. 12-18.
been turned over to Generalissimo Chiang Kai-shek when Japan surrendered.

He said that the subsequent exercise of Chinese authority in Formosa had been accepted by the United States and the other Allied powers. President Truman went on to say:

The United States has no predatory designs on Formosa or on any other Chinese territory. The United States has no desire to obtain special rights or privileges or to establish military bases on Formosa at this time. Nor does it have any intention of utilizing its armed forces to interfere in the present situation. The United States Government will not pursue a course which will lead to involvement in the civil conflict in China. Similarly, the United States Government will not provide military aid or advice to Chinese forces on Formosa. In the view of the United States Government, the resources on Formosa are adequate to enable them to obtain the items which they consider necessary for the defense of the island. The United States Government proposes to continue under existing legislative authority the present ECA program of economic assistance.  

This "hands-off" policy, however, did not last long, because of the outbreak of the Korean conflict. 

"Neutralization" Policy.—The outbreak of war in Korea on June 25, 1950, led to further action by the United States. On June 27, President Truman issued a statement which heralded a significant shift in American policy. He ordered the Seventh Fleet to resist any Communist attack on Formosa, but also asked the Nationalists to cease their air attacks on the mainland and their blockade of the Communist-held coast of China. He said that the disposition of Formosa, taken from Japan during World War II, would await a peace treaty with that country or action by the United Nations.  

The part of the statement that bore on Formosa reads as follows:

The attack upon Korea makes it plain beyond all doubt that communism has passed beyond the use of subversion to conquer

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5Joseph W. Ballantine, Formosa (Menasha, Wisconsin, 1952), pp. 120-121.

6Kenneth Scott Latourette, op. cit., p. 135.
independent nations and will now use armed invasion and war. It has defied the orders of the Security Council of the United Nations issued to preserve international peace and security. In these circumstances the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to the United States forces performing their lawful and necessary functions in that area. Accordingly I have ordered the Seventh Fleet to prevent any attack on Formosa . . . .

When the Communist attack on South Korea gave rise to the conviction that communism had passed from the use of subversion to the use of armed force, the long-range political consideration that had led to the adoption of the "hands-off" policy was outweighed by considerations of the necessity of meeting an immediate military threat.

On July 31, 1950, General MacArthur arrived in Taipei, where he held conference with President Chiang Kai-shek and other Nationalist leaders. On the following day, General MacArthur said that plans had been made to co-ordinate steps by the United States and the Chinese forces to meet any attack that a hostile force might launch against the island, and he expressed confidence that such an attack would have little chance of success.

President Chiang, for his part, announced that an agreement had been reached on all problems discussed and that the foundations had been laid for joint defense of Formosa and for Sino-American military co-operation.

Pursuant to a recommendation made by General MacArthur, a group of

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8 Joseph W. Ballantine, op. cit., p. 130.

9 Taipei is the capital of Formosa.


officers, led by Brigadier General Alonzo P. Fox, Deputy Chief of Staff for the Far East Command, was sent to Formosa, where it compiled a comprehensive report on local military capacities and needs. In accordance with the recommendations of this report, Washington began to ship military supplies to Formosa in December 1950, after the Chinese Communists had intervened in October of that year in the Korean conflict.  

On January 30, 1951, the United States formally notified Taipei that it would provide assistance under the Mutual Defense Assistance Program which might be used by the Nationalist Government to maintain its internal security or its legitimate self-defense. The terms of the proposed assistance arrangement were accepted by Taipei on February 9. Major General William C. Chase was chosen to head a military assistance advisory group which arrived in Formosa on May 1.  

This advisory group consisted of 116 officers and men, and operated as a part of the United States Embassy at Taipei. Its primary duties were to help reorganize the Chinese military forces and to assist them in using their equipment and supplies. 

A year later, the United States Military Assistance Advisory Group personnel in Formosa had increased to 400, composed in about equal numbers of officers and enlisted men. And, according to General Chase, the number of the MAAG personnel would be doubled and thus reach the full projected strength within three months. General Chase was quoted as expressing the view that the combat efficiency, morale, and physical condition of the

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13 Ibid.

14 Joseph W. Ballantine, op. cit., pp. 142-144.
Nationalist army had improved considerably during the past year.\textsuperscript{15}

Meanwhile, during the presidential election of 1952, there was much criticism of the order restraining Chiang Kai-shek. The criticism went on to say that if Chiang were "unleashed" he might reconquer China. The leading members of the Republican Party in the United States were determined to free Chiang for the mainland invasion.\textsuperscript{16}

The advent of the Republicans to control of the government in Washington initiated a new phase in the Formosan affair.

Was Chiang "Unleashed"? In 1953, President Eisenhower canceled that part of the earlier Truman directive which called on the Seventh Fleet to prevent military operations from Formosa against the mainland.\textsuperscript{17} In his State of the Union message to the United States Congress on February 2, 1953, President Eisenhower declared that "the (U.S.) Seventh Fleet will no longer be employed to shield Communist China."\textsuperscript{18}

For a while, Chiang Kai-shek was believed to have been "unleashed," and there was widespread talk of a possible Nationalist invasion of the mainland. Peking, as usual, charged the United States with interfering in "internal affairs." And the Nationalists, for their part, put on a show of real activity in the ensuing months, conducting numerous raids. In some cases they merely disseminated leaflets publicizing the Eisenhower


order, with the implication that the long-awaited moment had now come; in others, they executed surprise captures of minor isles, from which they quickly retreated.19

In August, 1953, President Chiang was announcing that the real invasion was drawing near, although the Eisenhower administration, pressed by the Democratic opposition, revealed that it had a secret pact with Chiang barring any attack by his forces without prior consultation.20

On their side, the Chinese Communists had not ceased their efforts to mobilize the people of the country for the "liberation" of Formosa. But they went further in 1953-54, building up their coastal defenses to a state of readiness with measures ranging from the formation of some two and a half million militia to the mobilization of the submarines given them by the USSR.21

By September, 1954, the Chinese Communists launched a diplomatic (but only a token military) offensive against the Nationalists on Formosa and the outlying islands. They heavily shelled the Quemoy islands,22 killing two officers of the United States Military Assistance Advisory Group. President Eisenhower reportedly had to veto a proposed Nationalist bombing


20 Ibid.

21 Ibid.

22 Quemoy consists of several small islands. It is two miles away from Red China at the closest point. It is about the size of Nantucket, Massachusetts. Its military role is to blockade the Communist port of Amoy and to give advance warning if the Communists build up to invade Formosa. "Quemoy and Matsu--the Military Facts," U.S. News and World Report, October 31, 1960, p. 75.
of the mainland by US-supplied aircraft from Formosa.23

Finally Washington decided to sign a mutual defense treaty with the Nationalist Government.

**Mutual Defense Treaty.**—On December 2, 1954, the United States and the Republic of China signed a Mutual Defense Treaty in Washington. This treaty was defensive and mutual in character, and was designed to deter any attempt by Communist China to bring its aggressive military ambitions to bear against the treaty area.24

Both the United States and the Nationalist China guaranteed each other's security, pledged alliance, and promised that either country, before taking action toward Communist China, would concert its measures with those of the other country.25

The main points of the operative clauses of the Sino-American Mutual Defense Treaty are as follows:

**Article II.** The parties pledge themselves by such means to maintain and develop their individual and collective capacity to resist armed attack and Communist subversive activities directed from without against their territorial integrity and political stability.

**Article V.** Each party recognizes that an armed attack in the West Pacific area directed against the territories of either party would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.

The territories in question were defined in Article VI as (for China)

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Taiwan and the Pescadores,\(^{26}\) and (for the United States) the island territories in the West Pacific under its jurisdiction; and also "such other territories as may be determined by mutual agreement."\(^{27}\) Thus the Nationalist-held "offshore islands" along the China coast were not included.\(^{28}\)

Concluded for an indefinite period but subject to termination by either party on one year's notice, the treaty included the customary provisions relating to peaceful settlement of international disputes, self-help and mutual aid, free institutions and economic progress, consultation, reports to the Security Council, and consistency with the United Nations Charter.\(^{29}\)

In January, 1955, Chinese Communist planes by the hundreds raided the Tachen Islands,\(^{30}\) which were soon evacuated under United States air cover. A Communist amphibious attack similarly resulted in the capture of Yikiangshan.\(^{31}\)

With the fall of the island of Yikiangshan in January, 1955, the situation looked dangerous. President Eisenhower obtained from the Congress

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\(^{26}\) Pescadores is an island group. It has a total area of only 25 square miles. What makes the Pescadores important is its location. It lies about 30 miles from Formose and about 100 miles from the Chinese mainland. "Where New War Could Start," U.S. New and World Report, August 27, 1954, p. 23.

\(^{27}\) The Department of State Bulletin 813, op. cit., p. 151.


\(^{29}\) Ibid.

\(^{30}\) Tachen Islands are located outside the Chinese mainland and are close to the coastal province of Chekiang.

\(^{31}\) Yikiangshan is a tiny island. Its location is very near Tachen Islands.
an extraordinary resolution giving him authority to employ the armed forces of the United States as he deemed necessary for the specific purpose of securing and protecting Formosa and the Pescadores against armed attack. This authority was "to include the security and the protection of such related positions and territories of that area now in friendly hands and the taking of such other measures as he judges to be required or appropriate in assuring the defense of Formosa and the Pescadores."33

However, Quemoy and Matsu34 were retained by the Nationalists. Whether the United States would support the Nationalist China in defending these islands was never made clear at the time or thereafter by the American Government, on the theory that it was a good policy to keep the Communist government in China guessing.35 At any rate, both Quemoy and Matsu were deemed important to the Nationalists and the Communists.

32 On January 24, 1955, President Eisenhower defined America's interest in protecting Formosa and the Pescadores as follows: "In unfriendly hands, Formosa and the Pescadores would seriously dislocate the existing, even if unstable, balance of moral, economic, and military forces upon which the peace of the Pacific depends. It would create a breach in the island chain of the Western Pacific, that constitutes, for the United States and other free nations, the geographical backbone of their security structure in that ocean. In addition, this breach would interrupt north-south communications between other important elements of that barrier, and damage the economic life of countries friendly to us." A. Doak Barnett, Communist China and Asia (New York, 1960), p. 418.


34 Matsu is a tiny island group which has a land area of 12 square miles-about the size of Block Island, Rhode Island. It is ten miles away from Red China at the closest point. Its military role was to blockade the Communist port of Foochow. "Quemoy and Matsu-The Military Facts," U.S. News and World Report, op. cit., p. 75.

Defend Quemoy and Matsu?—In military terms, Quemoy and Matsu islands are important to the Communists, for coastal shipping from Hongkong was reluctant to use the mainland ports of Foochow and Amoy as long as the Nationalists were literally "sitting in the harbor mouths." Besides, the Nationalist garrisons on the offshore islands were a constant reminder to the Chinese on the mainland that Chiang Kai-shek had not been eliminated. 36

On the other hand, the holding of Quemoy and Matsu was even more important to the Nationalists, for these islands provided a certain amount of intelligence about—and surveillance of—Communist military activity on the mainland. In addition, the possession of the islands was used by the Nationalists to help sustain the idea that, someday, they would return to the Chinese mainland. A retreat from the islands would be a crippling blow to Nationalist morale. 37 Thus the offshore islands constituted a "thorn" in the side of Communist China.

The second offshore islands crisis, in September and October, 1958, once more raised certain basic questions about United States' policy, particularly in regard to the offshore islands where the immediate threat of conflict was again centered. On September 11, at the height of the crisis, President Eisenhower implied that, despite the absence of any specific commitment, the United States was fully prepared to help defend the offshore islands as well as Formosa and the Pescadores. 38

In an address to the American people over radio and television on


37 Ibid.

September 11, 1958, President Eisenhower said:

Today, the Chinese Communists announce, repeatedly and officially, that their military operations against Quemoy are preliminary to attack on Formosa. So it is clear that the Formosan Straits resolution of 1955 applies to the present situation.\(^{39}\)

He further implied that failure to help defend the offshore islands would constitute dangerous "appeasement" in the face of aggression.\(^{40}\)

During the forty-four day crisis, beginning on August 23, 1958, the Chinese Communists pumped 474,500 shells into Quemoy islands. The garrison absorbed what probably was the most concentrated, intensive bombardment in history.\(^{41}\)

On October 23, 1958, Secretary of State John Foster Dulles issued in Taipei a joint statement with President Chiang Kai-shek. This communique declared that the offshore islands were "closely related" to the defense of Formosa--a statement which appeared to give further American backing to the Nationalists' determination to defend them but avoided any explicit commitment by the United States to participate in their defense.\(^{42}\)

The communique also declared that the use of force would not be the principal means of restoring freedom to the people of the China mainland--a statement which seemed to place further restraints upon the Nationalists, and yet it avoids any explicit renunciation by them of the use of force to

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\(^{40}\) Ibid.

\(^{41}\) "Quemoy and Matsu-The Military Facts," \emph{U.S. News and World Report}, \op
cit., p. 75.

\(^{42}\) A. Doak Barnett, \op
cit., p. 413.
achieve their aim of returning to the mainland.143

This sequence of events and statements during 1958 high lighted the dilemmas, ambiguities, and uncertainties inherent in the United States policy toward the Formosa area. The United States' ultimate purposes and objectives in the Formosa area were, therefore, still open to varying interpretations.144 However, the Formosan Strait has been rather quiet since then.

Sino-American Ties Reaffirmed.--Invited by President Kennedy, the Vice President of the Republic of China, Mr. Chen Cheng, made a three-day official visit to America, beginning on July 31, 1961. At the end of two days of discussion in Washington between Kennedy and Chen, they issued a joint communique reassuring the close ties between the governments and the peoples of the Republic of China and the United States of America.145

The communique said the talks had been "characterized by a spirit of understanding and mutual interest consonant with the deep and lasting friendship between the two countries."146

President Kennedy reiterated firm "U. S. support for continued representation of the Republic of China in the United Nations, of which she is a founding member." Kennedy and Chen also discussed United States assistance

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143 Ibid.
144 Ibid.
for the continued economic growth of the Republic of China.\textsuperscript{47}

The President confirmed the intention of the United States Government "to continue its military aid program in the Republic of China and to provide substantial assistance to the Republic of China in support of its economic development program."\textsuperscript{48}

The communique further said,

In conclusion, the President and the Vice President recognized the importance of further strengthening the close cooperation of coordination of both countries in matters affecting their common security interests.

\textsuperscript{47}\textit{Ibid.}

\textsuperscript{48}\textit{Ibid.}
CHAPTER IV

CONCLUSION

During World War II, the Allied leaders envisioned a postwar Far East in which China could be the dominant power. After Japan's surrender, however, civil war between the Chinese Nationalist Government and the Communists in China continued on an expanded scale. It was apparent that China did not possess the unity necessary to enable it to become a stabilizing force in the Far East. The American Government believed that a united and democratic China was essential to world stability and peace.

Before the end of 1945, the strife between the Chinese Nationalist Government and the Chinese Communists began giving the United States grave concern. In January, 1946, President Truman sent General Marshall to China in order to exert the influence of the United States to end hostilities and to bring about the unification of China.

But General Marshall did not succeed in bringing peace to China. His mission as a mediator failed, because neither the Nationalists nor the Communists wanted to have a genuine truce, and both sides wanted to have the sole control of China. Both contenders for power and control were critical of General Marshall and the United States.

As the impending disaster multiplied, the United States, in July, 1947, sent General Wedemeyer to survey the China scene and make recommendations. In his official report to Washington, Wedemeyer recommended that the United States continue to give military and economic aid to China, provided that China requested it.
By the summer of 1949, the Chinese Communists controlled most of the territories on the China mainland. In August, 1949, the United States issued a "White Paper" indicating that it would not give any further active support or substantial aid to the Nationalist Government.

The China situation grew worse. On October 1, 1949, the Chinese Communists announced the establishment of the People's Republic of China. The Soviet Union recognized it the following day. Two days later, on October 4, the United States announced that it would continue to recognize the Nationalist Government. By the end of the year, the Nationalist Government transferred its seat to Formosa (Taiwan).

With an aggressive and totalitarian communist regime ruling the China mainland, its threat to Asia, especially to Southeast Asia, is great. The balance of power between the Free World and the Communist bloc is in deep peril.

The American policy from 1945 to 1949, aiming at a united and democratic China, was a failure.

Following the withdrawal of the Nationalist Government to Formosa, the United States adopted a "hands-off" policy toward that Government. In spite of the Chinese Communists' demand for controlling that island and the strong American opinion of continuing to support the Nationalist Government, the United States announced in January, 1950, that it would not pursue a course leading to involvement in the civil conflict in China. Nor would it provide military aid or advice to the Nationalist forces on Formosa. This policy, however, did not last long, because of the outbreak of the Korean conflict.

On June 27, 1950, two days after the Korean War, the United States pursued a "neutralization" policy toward the Nationalist Government. This
policy included the use of the U.S. Seventh Fleet both to resist any Communist attack on Formosa, and to stop the Nationalists from attacking the mainland by air and blockading the Chinese coasts by sea. After the Chinese Communists intervened in the Korean conflict in October, 1950, the United States resumed shipping military supplies to Formosa.

In February of 1953, the United States canceled the directive which called on the Seventh Fleet to prevent military operations from Formosa against the mainland. In August of the same year, the Nationalist Government announced that the real invasion on the China mainland was near. But it was revealed in Washington that the United States had a secret pact with Chiang Kai-shek barring any attack by his forces without prior consultation. The Nationalist Government was not prepared to launch any successful invasion of the mainland anyway.

By September, 1954, the Chinese Communists bombarded the Nationalist held Quemoy Islands. Three months later, the United States, which realized the strategic position of Formosa, signed a mutual defense treaty with the Nationalist Government. This treaty was defensive and mutual in character, and was designed to deter any attempt by Communist China to bring its aggressive military ambitions to bear against the treaty area. However, Quemoy and Matsu, the Nationalist held offshore islands, were not stipulated in the treaty.

During the second offshore islands crisis in September and October, 1958, the Chinese Communists repeatedly and officially announced that their military operations against the Quemoy Islands were preliminary to attack on Formosa. At the height of the crisis, President Eisenhower implied on September 11, that, despite the absence of any specific commitment, the
United States was fully prepared to help defend the offshore islands as well as Formosa and the Pescadores.

A joint communiqué by Chiang Kai-shek and Secretary Dulles in Taipei on October 23, 1958, declared that the offshore islands were "closely related" to the defense of Formosa. The communiqué also declared that the use of force would not be the principal means of restoring freedom to the people on the China mainland. There was no policy change in America toward the Nationalist China after the second offshore islands crisis.

In short, the American policy toward the Nationalist China since 1950 was made on a short-term basis. Its primary aims were to help protect Formosa from falling into Communist hands, and to renounce using force in the Formosan Strait. It did, however, change with events. In spite of that, the United States never stopped its economic aid to Taipei. It has maintained its friendly relationship with the Nationalist Chinese Government on Formosa ever since the latter's withdrawal from the China mainland.

As this inquiry reaches the point of finis, in the waning days of June of 1962, there are new stirrings of hostility and belligerence between Nationalist China and Communist China. Each party, as of old, accuses the other of "aggression" and "imperialism." Both proclaim the policy of "liberation." There are reports that the Chinese Nationalists are prepar- to invade the mainland. There are equally gloomy reports of a Communist build-up to invade Formosa. The reaction of the United States Government has been to state anew the policy of more than a decade of avoiding the twin evils of a Nationalist attack on the mainland and of a Communist invasion of Formosa and the Pescadores Islands. Thus the United States, according to E. W. Kenworthy, "has warned Red China it will defend Nationalist China against any attack on Formosa and the Pescadores Islands.
But it also informed the Peiping regime that it will not support any attempt to land forces on the mainland."¹

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