

United States' Taiwan Policy and the Far East during the Early Cold War Period, 1949-1954

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Introduction

This study aims to revisit the historical process of the establishment of the separation between China and Taiwan during the early Cold War period by introducing a perspective on which previous studies have not laid sufficient emphasis. The period for analysis is from the end of 1948, when the outcome of the civil war on the mainland became evident and the disposition of Taiwan emerged for the first time as a policy issue for the United States, until the end of 1954, when the Mutual Defense Treaty (MDT) between the United States and Taiwan was concluded that virtually consolidated the separation as a stable system.

In discussing the process of the separation, it is necessary to refer to the impact of the Korean War, among other things. The outbreak of the war at the end of June 1950 prodded the Truman administration to reverse the earlier non-commitment policy for Taiwan and to show an unwavering determination to defend the island by dispatching the Seventh Fleet to the Taiwan Strait. This was followed by the People's Republic of China (PRC)'s entry into the war four months later, which decisively established the U.S.-Sino rivalry that lasted until the early 1970s. It seems that the separation between China and Taiwan was thus consolidated. However, the situation is actually more complicated, especially if the evolution of U.S. policy toward both China and Taiwan after the PRC's intervention is factored in. The analysis offered by previous studies on this evolution has been insufficient. These studies, which mainly deal with U.S. policy toward China, tend to view the issue within the framework of U.S.-Sino-USSR relations, emphasizing potential Sino-Soviet division. They do not sufficiently consider the Taiwan Strait or the island itself.¹ On the other hand, other studies focusing on U.S. policy toward Taiwan tend to see the subject simply in the context of U.S.-China-Taiwan triangular relations.²

This study, which also focuses on the development of U.S. policy toward Taiwan, sheds new light on previously unidentified aspects of the process of separation by seeing the whole subject from a much broader perspective beyond the Taiwan Strait. First, it demonstrates that the transformation of the political

and military value of Taiwan during the Korean War was a complex and progressive process that was significantly influenced by factors other than the outbreak of the war and the intervention by the PRC. Second, it demonstrates that it was the Eisenhower administration's Secretary of State, John Foster Dulles, often regarded as an intransigent Cold War warrior, who, beginning in the summer of 1954, actually and forcefully led the process of situating the policy toward China and Taiwan in the long-term perspective, looking into the stabilization of the entire Far East. Also, it was Dulles who, by the end of the year, helped to finalize the separation in the Taiwan Strait against the background of an intensified hard-line thinking on the China issue among policymakers caused by the Communist success in Indochina.

I. The Truman Administration's Taiwan Policy around 1949³

It became evident by late 1948 that the Chinese Communist Party (CCP) had made a clean sweep in the civil war against the Kuomintang Government (KMT) led by Chiang Kai-shek. The communization of all of mainland China appeared inevitable, and so Chiang Kai-shek was forced to select Taiwan as the last bastion. Thus, a response to these circumstances became an urgent issue confronting the Truman administration, especially its new Secretary of State Dean Acheson, who took the post in early 1949.

From the beginning, Acheson had high expectations on the potential Sino-Soviet schism that could likely result from the Chinese Communists' "Titoism" or from Chinese nationalism with its historically strong xenophobia toward Russia. Based on this expectation, he strongly hoped to encourage alienation between the two communist powers. However, other than offering economic incentives to the CCP, the extent to which the U.S. could actually influence the affairs of the mainland was quite restricted, mainly because of the limited U.S. resources available there. Consequently, Acheson cautiously assumed a passive, arm's-length attitude toward the mainland while he rapidly withdrew commitment to the "reactionary" KMT regime, which had lost the support and trust of the Chinese people.

In this context, Taiwan emerged as a policy issue for the administration for the first time in the beginning of November 1948,⁴ and its first Taiwan policy paper, which was approved four months later, stipulated the basic course of action toward Taiwan as follows:⁵ a non-communized Taiwan, which completely eliminated Chiang and his influence, must be separated from the mainland. However, this goal should be pursued primarily through "diplomatic and economic means," with the U.S. keeping as low a profile as possible, considering that Taiwan's forceful detachment, or even the appearance of it, would alienate Chinese nationalism on the mainland that hoped for the unification of China. Moreover, a clear U.S. involvement would incur unacceptable military over-commitment in Taiwan. With this restriction in mind, Acheson focused on an

autonomous and independent movement by the native Taiwanese, which he thought could be used to great advantage through the United Nations, with the U.S. controlling the activities in the background.

However, by early autumn, Acheson realized that the intended initiative would be difficult to implement because of the ensuing events. As the situation on the mainland rapidly worsened in the aftermath of the KMT's losses of Nanking and Shanghai in May, Chiang and his top colleagues accelerated the relocation to Taiwan in preparation for the expected outbreak of World War III, and as a result, the chances of the independent movement's success virtually vanished.⁶ On the other hand, the U.K., an expected main collaborator in the UN plan for Taiwan, clearly repudiated its commitment to the plan in the hope of establishing a favorable relationship with the emerging New China, which would soon become a reality on October 1.⁷

The ever-growing "Asian revolution" was also essential for the feasibility of the Taiwan initiative.⁸ The Asian revolution, as defined by the policymakers, was moderate Asian nationalism, not necessarily associated with communism, which advocated anti-colonialism and pursued political independence and improvement in living conditions. This rising wave in Asia prodded Acheson to positively meet these aspirations to differentiate the U.S. from either the Soviets' "imperialistic conspiracy" or Western colonialism and then capture Asian imaginations. This made him recognize that the U.S. could not use a "power play" combined with an explicit "political expediency" in handling Asian problems, including Taiwan, so as not to tarnish the "moral position" of the U.S. before "the bar of world opinion." Thus, the options by which the U.S. could pursue detachment of the island increasingly narrowed, and subsequently he was considering abandoning Taiwan.

The new Taiwan policy emerged concurrently with the administration's first comprehensive policy on Asia adopted at the end of December 1949.⁹ Based on the considerations throughout the past year, the administration envisioned the potential Sino-USSR division, although to a lesser extent than in the beginning of 1949, and left open the possibility of diplomatic recognition of the PRC. Meanwhile, they urgently tried to improve the U.S. position in Japan, Okinawa, and the Philippines--the "vital" posts in the Far East defensive line--with an emphasis on enhancing Okinawa's military bases. In contrast, the safety of the areas excluded from the line against external aggression would be ensured mainly through the UN mechanism and efforts to properly meet their nationalism-related demands.¹⁰

The Taiwan policy contrasted starkly with any of the above. The island's strategic importance, in case of an all-out war against the USSR, was such that its loss would be "extremely disadvantageous" to the U.S. position in the Far East, but not as "vital" as were Japan, Okinawa, and the Philippines.¹¹ Therefore, Taiwan was also excluded from the line. However, as opposed to the other posts outside the line, the reactionary character of the Chiang regime, the lack of allied

cooperation in the UN on the Taiwan issue, and the need to appeal to Asian and Chinese nationalism all contributed to virtually adopting the non-commitment policy for the island in principle, anticipating its ultimate loss to the New China.¹² Then to express the goodwill and honesty of the U.S. and to silence criticism by the so-called domestic China bloc, the President's public statement on January 5, 1950, articulated the policy as follows: The U.S. observes the Cairo Declaration, which stipulates the return of Taiwan to the Republic of China, denies any military commitment or special rights to Taiwan, including the establishment of military bases or use of American forces, and discontinues any additional military aid or advice to KMT.¹³

As the above argument shows, the separation of China and Taiwan was not necessarily self-evident, at least at the end of 1949. However, the subsequent intensification of the Cold War in the Far East would swiftly and drastically alter both Sino-U.S. relations and the positioning of the island in the region.

II. The Truman Administration's Taiwan Policy during the Korean War (1950-1953)

A. Impact of the Outbreak of the Korean War on the U.S. Taiwan Policy¹⁴

The most notable development in the Far East after Truman's January 5 announcement was the formation of the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance on February 14, 1950. The mere conclusion of the treaty substantially dashed the hope for early alienation of the two Communist powers. Even worse, to the U.S. policymakers, the treaty appeared to boldly announce the combined ambitions of China and the Soviet Union to aggressively pursue increased control over Asia, demonstrated by their recognition of the Ho Chi Minh regime and the expansion of their commitment to revolutions engulfing the whole Southeast Asia. In these circumstances, the following new perspective on Asia gained momentum in the Truman administration: Asian people, who did not clearly understand the "precise extent" of the "alteration of the power balance" after the PRC's establishment, were closely watching the next Cold War development to determine their foreign policy orientation. Therefore, the U.S. would have to display an unwavering determination to protect from the Communists the "doubtful areas" that were yet to be identified with a sphere of influence.¹⁵

It was with this ever-growing aggressive intent in the background that the Truman administration instantly associated the outbreak of the Korean War on June 25 with the global Cold War, viewing it as the USSR's new venture in the Far East. An immediate decision was taken by President Truman to enter the war, including the dispatch of ground forces under the auspices of the UN, in the hope of recapturing the Cold War initiative.

The war also drastically transformed the positioning of Taiwan in the Far East, making the late 1949 consensus completely defunct. It is true that the strategic value of Taiwan remained unaltered--"important" but not "vital"--purely

from the military viewpoint, since the war was presumed to be merely localized in the peninsula at that time. Instead, what compelled the policymakers to urgently re-evaluate with respect to the island was its political value as a "doubtful area." Its loss would have a decisive impact on the vacillating Asians, and, in turn, might substantially undermine the U.S. power in the region.¹⁶ Therefore, concurrently with entering the war, Truman decided to send the Seventh Fleet into the Taiwan Strait to prevent the PRC from seizing Taiwan, and authorized renewed military aid of \$14.34 million to the KMT government. By introducing these measures, the U.S. put an end to the non-commitment policy issued six months ago.

However, Taiwan's elevated political value was not the only factor shaping the new Taiwan policy after the war. The policy was in fact significantly influenced by two other premises: One was to avoid any further expansion of the current commitment in the Far East, and the other was the essential need to maintain and solidify international cooperation in the Korean War.¹⁷ These constraints finally compelled the Truman administration to include the following conditions in the new Taiwan policy: First, the U.S. should ensure that Chiang Kai-shek terminated military action against the mainland, thereby separating the KMT-CCP confrontation from the Korean War to prevent military over-commitment there. Second, based on the resulting status quo and to keep the Allies' cooperation, groundwork should be laid in the longer term for a peaceful solution of the Taiwan problem within the UN framework.¹⁸ Finally, the administration stayed aloof from Chiang and the KMT regime on China-related matters--diplomatic recognition, representation in the UN, and return to the mainland--for fear that a long-term and definite commitment on these issues might unfavorably constrain its own freedom of action and undermine the U.S.'s best interests.

The Taiwan policy, with the above conditions at that time, can be defined as a "neutralization" policy. However, four months later, the policy began to vacillate in the face of another serious challenge by Communist China, although it should be noted that the true picture of this situation was in fact more complicated than that described by previous studies.

B. The Taiwan Policy in the Aftermath of China's Entry into the War

China's large-scale intervention, which began in late November 1950, pushed the war into a new stage and confronted the U.S. with the risk of a potential general war against the PRC. To the U.S., China's entry into the war clearly represented its intention to use large-scale resources with the USSR's support to communize the entire Korean peninsula and Southeast Asia as well as to capture Taiwan. This altered situation in the Far East forced the Truman administration to review its policy on China and Taiwan. The previous hopes of "Titoism" had completely vanished.

However, examining the Taiwan policy can reveal another aspect of the Truman administration's reaction to this development. The administration

recognized the immediate need to enhance defense capabilities of the island, which had been hampered by a delay in the shipment of necessary armaments due to the aloofness displayed by the U.S. toward Chiang.¹⁹ But merely stating this fact and then evaluating the impact of the PRC's intervention as a "watershed" in the Taiwan policy during the early Cold War period may seriously underestimate the following three aspects of continuity with the earlier "neutralization" policy.²⁰

First, cooperation with the Allies was still an important factor. Although the U.S. had successfully persuaded its main ally, the U.K., to withdraw from its basic position of unconditionally returning the island to China, they still chose to stay within the framework of the UN scheme, pursuing trusteeship for the island as a new U.S.-U.K. consensus. Panic among the Allies triggered by a severe military setback in Korea could so dangerously jeopardize solidarity that the U.S. needed to make certain efforts to forestall further risk of potential friction.²¹

Second, Taiwan's strategic value--"important" but not "vital"--remained unaltered. This was due to considerations of potential damage to cooperation with the Allies and the high risk of over-commitment, as well as the Joint Chiefs of Staff (JCS)'s analysis that the PRC's capabilities were at that time inadequate to launch large-scale amphibious operations against Taiwan and that Okinawa would be sufficient as a base for operations against the mainland even in case of a general war. The fact that the war was in a comparative lull by this time further helped to erode any assertive request to define Taiwan as "vital."²²

Finally, the Truman administration still maintained a certain distance from Chiang Kai-shek, although to a lesser extent than before. At that time, they paid considerable attention to anti-Communist forces in South China, called "Third Force," as a realistic means to promote the vulnerability of the PRC. The U.S. hoped to cultivate them into large-scale anti-Mao forces in combination with the organized KMT military on Taiwan, but a close relationship with Chiang had the potential to alienate the groups that had a much stronger animosity toward Chiang than Mao. In this context, Chiang was not necessarily perceived as the only alternative to the CCP.²³

These continuities of the earlier "neutralization" policy still maintained the island's position as differentiated from the U.S. "offshore defensive line," which by then included Australia and New Zealand in addition to Japan, Okinawa, and the Philippines, as stipulated in the comprehensive policy paper on Asia, National Security Council (NSC) 48/5, published in mid-May. While the paper demanded that Taiwan be "denied" to the Communists, it did not assume that the island should make contributions in terms of security in the broader Far East area, contrary to the above posts.²⁴

Subsequent developments, however, gradually undermined the basis of this continuity.

C. Shaking of the "Neutralization" Policy during 1952

The Korean ceasefire negotiation that began in early July 1951 soon plunged

into a stalemate over the issue of prisoners of war and added to the uncertainty in the Far East situation. In these circumstances, toward the end of the year, policymakers were highly concerned that the Communists were gradually shifting the brunt of their aggression to Southeast Asia.²⁵ This growing uncertainty and apprehension slowly but surely reinforced the voices requesting that the KMT forces be used broadly for purposes other than the defense of the island, in anticipation of the possible expansion of the Far East crisis.

Moreover, the relative stabilization of the PRC regime was also an important factor in the Taiwan policy. By late 1952, expectations for the "Third Force" had considerably subsided, mainly because of the erosion of the U.S. network within the mainland due to the PRC's successful purge and security program. The PRC gained its domestic stability, which was further enhanced by improving its relationship with Russia. Inevitably, the value and importance attached to the KMT steadily increased as the only viable non-communist, anti-PRC element.²⁶

The factors mentioned above were further underscored decisively by limitations on U.S. resources. Its resources had been severely strained because of the attrition in the Korean War, a continued containment in Europe, and the need to meet U.S. mainland and civil defense programs on a priority basis in the light of the USSR's rapidly growing nuclear capabilities. The Truman administration increasingly emphasized cooperation from the Western allies that the U.S. hoped would share more of the burden in the Far East, but they lacked the intent and ability to do so because of the relative stabilization of the Cold War front in Europe.²⁷

Because of these considerations, the policymakers felt it imperative that the U.S. promptly build additional indigenous forces in the Far East that could replace the U.S. and the Western ground forces there and serve as a "counterweight" against Communist China. Thus, by late 1952, the KMT forces gained greater value than before as "one of the strongest Asian anti-Communist forces," as opposed to those in Japan or Korea, which the administration still believed could not live up to U.S. expectations.²⁸ But the current Taiwan "neutralization" policy, which in principle had limited their use to the island's defense, seemed unable to address the altered situation in the region, necessitating that an essential decision be made quickly to enable them to strengthen security in the Pacific area.²⁹ It seemed to be only a matter of time before the decision was made, although not by the Truman administration, which would lose power in January 1953.

This chapter focused on the modification of the China-Taiwan policy during the Korean War. The discussion clarified that the PRC's entry into the war eliminated any possibility of diplomatic recognition of the regime while the transformation of the Taiwan policy was progressive. The outbreak of the Korean War dramatically altered the island's political value. Uncertainties in the Far East, the stabilization of mainland China, and limitations of the U.S.'s strength, combined with China's entry into the war, all contributed to the gradual elevation of Taiwan and its military's value in the context of the Far East setting, with

Chiang Kai-shek being recognized in the end as the only viable alternative to the PRC.

Taking a broader perspective beyond the Taiwan Strait enables this new insight into the previously unidentified aspects of the Taiwan policy's transformation, but it may also imply that the Taiwan policy or even the China policy might go through further adjustment after the Truman administration. It was still unclear as to how exactly the uncertainties in the Far East that primarily contributed to the transformation would evolve, what would be the potential risks of the PRC's intervention in Korea and Indochina, or how they might significantly influence the direction of that evolution. It was also unclear as to what the U.S. response might be in case of the PRC's intervention and how that response might then transform the evaluation or positioning of Taiwan. For these issues, the Truman administration could not define a clear solution. In this sense, the China-Taiwan policy was still developing, and this delicate task was assigned to the incoming Republican government.

III. Taiwan Policy in the Early Eisenhower Administration (1953-1954): In Search of Stabilized Separation between China and Taiwan³⁰

A. The New Administration's First China-Taiwan Policy

The Eisenhower administration, shortly after the Republicans returned to power on January 21, 1953, initiated a comprehensive review of the previous administration's Cold War strategy. It is noteworthy that from the beginning, Secretary of State John Foster Dulles, who would become the main architect of the new administration's foreign policy, emphasized the Far East as being "no-man's land of the present global conflict." There he hoped to achieve a clear and symbolic transformation of the policy away from Truman's defensive posture, in view of the fact that in Europe a Cold War adversary had been relatively stabilized. However, the Eisenhower administration faced a harsh reality of ongoing crises in the Korean Peninsula and Indochina, where workable solutions remained to be devised for addressing stalemated negotiations. The Free World's inferior position in the Far East was evident.³¹

Dulles thus felt it imperative to view Korea, Indochina, and the Taiwan Strait as a single entity in this region's Cold War. He sought to exert increasing pressure from each area on Communist China in order to dramatically improve the position of the Free World and as the first step in his new aggressive strategy, Dulles reevaluated Taiwan's strategic value. This resulted in Eisenhower's announcement of the "denuclearization" of the island. The President declared in his first State of the Union address in early February 1953 that the U.S. would discontinue its responsibility for thwarting KMT actions against Mainland China, which the U.S. had taken up at the outbreak of the Korean War in late June 1950.³²

This announcement was calculated in part, to appease conservative Republicans in Congress, but more essentially, it reflected Dulles' explicit intent to assign a

new strategic role to Taiwan. In the short term, pressures from the island would compel the PRC to accept satisfactory solutions to the current crises in Korea and Indochina, while in the longer term the “potentialities of Taiwan” would be aggressively utilized, especially as a “general reserve force” designed for possible use in the broader arena of the Far East. Thus, Taiwan gained “central importance” in the altered Cold War setting, and as a result, it was incorporated for the first time into the Far East defensive line as an “essential part of the Free World.”³³ The problem that the Eisenhower administration had taken over from the previous administration was finally resolved.

It seemed inevitable that Dulles' vigorous determination to recapture the Cold War initiative in this region would certainly dictate an increasingly hardline approach toward China among policymakers. However, a careful review of the administration's first China-Taiwan policy in early November 1953 reveals that matters were actually more complicated.

The administration's aggressive approach is clearly reflected in the predominant outlook on Communist China in its first China policy paper, NSC166/1: the PRC regime, which was swayed by the “impulsion” of Asian nationalists as well as communists, and had the ambition to establish exclusive control over the Far East, with “liberation” of Taiwan as the regime's unwavering top priority. The PRC had such deep-rooted ideological antagonism toward the Free World that the U.S. could not possibly reduce their hostility through any form of concession. Therefore, NSC members agreed that the U.S. must be thoroughly committed to imposing ruthless pressure on the PRC and eliminating any “escape route.” The paper even defined the “replacement” of the regime as an “ultimate” objective.³⁴

However, it was already evident at that time that the U.S. faced serious dissociation between the growing aggressiveness embodied in the above objective and the limited resources or means it could actually employ. This reality made “replacement” merely an “ultimate” objective, and the U.S. explicitly disavowed any possibility of “currently” supporting the KMT's return to the mainland, not to mention direct U.S. intervention. Instead, the paper mainly focused on the near-term goal of “seek[ing], by means short of war, to reduce the relative power position of the PRC,” and spelled out the corresponding courses of action to be taken “for the moment”: primarily strengthening the surrounding non-communist countries, combined with further isolation of the PRC in the international community, and other feasible pressures intended to stimulate the Sino-Soviet division.³⁵

It is noteworthy that the Taiwan policy at this time was essentially shaped by the above aim of reducing the relative power of the PRC. The main roles that the first policy paper on Taiwan, NSC146/2, assigned to the KMT forces were merely to act as a deterrent against the PRC's possible expansion into Indochina, and to engage only in “harassment” activities against the PRC's territories and their trade activities in the coastal areas. The paper also requested proper safeguards against

the KMT's activities that were considered to be "detrimental to the best interests of the U.S.," so as not to precipitate over-commitment. The gap was evident between the actual policy and the administration's aggressive posture, which had led to "denuclearization" several months earlier.³⁶

In essence, despite growing antagonism toward the PRC, the new Republican administration's approach did not differ from that of the Truman Administration in terms of a specific course of action. They virtually adopted a "containment" strategy on an ad hoc basis, leaving the gap between aggressive determination and actual policy unresolved. Also, the uncertain situation in Indochina, where China could intervene at anytime if they judged that "military means might well produce maximum benefits with minimum risk," prevented the U.S. from envisioning a long-term approach.³⁷ As the policymakers admitted, the policy at that time was merely short-term.³⁸

However, the huge transformation of international politics in Indochina would encourage Dulles to have a new outlook on China and acknowledge the need to reconsider the current China-Taiwan policy, which lacked a long-term vision or perspective.

B. The Impact of the Geneva Conference on Dulles' Thoughts about China and Taiwan

The unfolding reality in Indochina around mid-1954 added to the administration's frustrations. Dulles had defined the outright elimination of communism from the region as an essential objective. Instead, the end result of the Geneva Conference in late July was an unpalatable agreement for the U.S. that stipulated the tentative division of Vietnam at the 17th parallel. More importantly, the outcome entailed the rise of Communist China, whose contribution to the successful conclusion of the conference heightened its prestige to a large degree. The Chinese did not merely come out of isolation from international society; they were also enhancing their influence as a "key to Asia" and "the great dynamic force" in this region.³⁹

The rise of China's presence dealt a serious blow to U.S. credibility in the area and inevitably intensified the administration's hardline stance, which in turn led to a review of its China policy. The resulting policy paper on the Far East, NSC5429/2 (adopted in late August 1954) defined the basic position of the U.S. with respect to China as that of "reducing the power of Communist China in Asia even at the risk of, but without deliberately provoking, war." The paper also stipulated potential courses of action: "react with force, if necessary and advantageous, to expansion and subversion" supported by the PRC, and "react with immediate, positive, armed forces against any belligerent move" by the PRC. In essence, the paper clearly demonstrated the resolute determination of the U.S. not to tolerate any further advance by China.⁴⁰

However, it is this turn of events in Indochina that concurrently spurred Dulles' rudimentary thinking on the China issue, which stood in sharp contrast to the hardline position of NSC5429/2. The two factors discussed below were in the

background of his thoughts.

One was the need to pay due consideration to Western allies. The whole process of the Geneva Conference undoubtedly revealed that the intransigent Cold War mind-set of the U.S. led to great dissatisfaction among the allies, and in fact, resulted in the collapse of Dulles' essential "United Action" initiative--joint intervention between the U.S. and its allies to completely eliminate communism from Indochina. This reality compelled Dulles to intensely feel the "deficit or mistake" inherent in U.S. diplomacy and to begin performing an agonizing review of it. The review inevitably affected his outlook on the China issue, which was considered the "biggest obstacle" in U.S.-Allies relations after the Geneva accord. In fact, the "mood" toward China among the allies and international society had drastically changed during the past several months, and they intensified their "determination to make concessions" with the PRC to ensure stable order in the region through peaceful coexistence.⁴¹

The stabilization of the Far East was, in fact, the other essential factor that influenced Dulles' new outlook, and he pursued it in the course of action that he took around this time. First, since April, he had been aggressively promoting the Southeast Asia Treaty Organization instead of the failed "United Action" to establish permanent security, which would make U.S. intervention in Indochina "unnecessary" and contribute to consolidating the status quo there.⁴² Second, the administration's policy toward Japan had been undergoing a drastic change since September, as a result of which that country's political and economic stability began to outweigh the enhancement of its military power in light of a more stable regional order after the Geneva Conference.⁴³

Considering the above factors, Dulles gradually became inclined to view the issue of China and Taiwan from a long-term perspective with a prolonged but stabilized Sino-U.S. rivalry as a premise. As for China, he made the following noteworthy remarks at an NSC meeting on August 20, in which the post-Geneva China policy was intensively reviewed. He asserted that the potential "fluidity" in the Sino-USSR relationship (which would stem from China's pride in its history, its traditional xenophobia against the Russians, and a gradual weakening of zeal for communism) would produce a split between the two communist powers in the next "25 years."⁴⁴ Also, on another occasion, he mentioned the possibility of a revision in the U.N. Charter to approve "two Chinas" in the General Assembly by depriving the Republic of China of a permanent seat on the Security Council.⁴⁵

With respect to Taiwan, what should be emphasized was a notable change in Dulles' view on the MDT between the U.S. and Taiwan. The proposal for the treaty was formally offered by the KMT for the first time in mid-December 1953, but he had been consistently maintaining an indifferent attitude toward the offer. A clue to the reason for his attitude can be found in the preceding MDT between the U.S. and South Korea, which was concluded in early October 1953. As Dulles clearly explained to Taipei's ambassador to the U.S. in mid-May 1954, the U.S.-Korea treaty explicitly stipulated that the treaty obligation by the U.S. did not

apply to defense against an attack by North Korea, which was directly caused by the provocative actions of South Korea in a manner that violated the ceasefire agreement at the end of July 1953. This example illustrates that the MDT was designed as a device to “freeze” the status quo involving two opposing parties engaged in a civil war in exchange for the U.S. formal commitment of defense, so as not to pull the U.S. into an unintended over-engagement in the disputed region.⁴⁶ But the Taiwan policy of the previous autumn, which called for KMT “harassment” measures against Mainland China, was incompatible with this conception of the MDT.

Nevertheless, the altered situation in the Far East after Geneva, which encouraged Dulles to envision the region’s long-term stability, changed his view on the MDT between the U.S. and Taiwan. As he informally told the Under Secretary of State Walter Bedell Smith on September 1, he recognized the possibility that “it will be necessary for us to ultimately negotiate” an MDT with Chiang, “but would prefer to delay decision as to timing because of the complexities of the offshore islands problem.”⁴⁷ This was the first remark by Dulles that evaluated the MDT favorably, and more importantly, it indicated that a “freeze” of the Taiwan Strait was becoming increasingly evident to him.

Unfortunately for Dulles, the hardline policy in NSC5429/2 gained predominance among the policymakers at this time in late August, and so his thoughts on China and Taiwan, as previously described, were forced to recede into the background. But an unexpected crisis that erupted shortly thereafter in the Taiwan Strait put a halt to the hardliners while enhancing and justifying Dulles’ position. He would forcefully promote a major adjustment in the China-Taiwan policy toward the end of 1954.

C. Toward the Separation of China and Taiwan

Shortly after the stabilization of Indochina affairs based on the Geneva Accord, the Taiwan Strait was emerging as a new Sino-U.S. point of dispute in the Far East. The beginning of it was a full-fledged propaganda campaign calling for the liberation of Taiwan, which the PRC abruptly initiated immediately after the accord on a scale comparable to that of the anti-U.S. campaign during the Korean War. Then on September 3, China launched a blistering shelling on Quemoy Island, the largest of the string of over 30 small KMT-controlled islands just off the southeastern China coast.⁴⁸ The U.S. was confronted with another potential risk of seriously losing its prestige.

Measures to cope with the crisis were intensively discussed at an NSC meeting on September 12. NSC members almost unanimously rejected the demand by JCS hardliners for direct U.S. defense of the islands, which in all probability would have led to not only a mere over-commitment in the Far East, but also a division in public opinion and backlash from the allies. But in light of the disruptive impact on KMT morale and the psychological repercussions on the noncommunist Far East states that the loss of the islands would cause, the NSC reached an

agreement that the subject be referred to the UN Security Council to ensure that Quemoy affairs be restored to the state before September 3 and consolidated as such. By September 26, the U.S. and the U.K. agreed that the program should move forward with New Zealand acting as a sponsor of the UN resolution.

It should be emphasized that the NSC discussion on the current crisis, as described here, was in fact not limited to the offshore islands but would soon develop into a much broader dispute over the China issue and also provide critical impetus to Dulles' new thoughts in two ways. First, the NSC members clearly recognized by early October that the consensus of the September 12 meeting on the Quemoy matter evidently contradicted the aggressive course of action in NSC5429/2, which explicitly called for a resolute military response to any belligerent move by the PRC.⁴⁹ More essentially, the ongoing crisis brought the potential risk to everyone's notice; that to pursue ill-advisedly the NSC5429/2 course of action could certainly lead to being drawn into the war against the PRC. This viewpoint gradually put the voices for a bellicose China policy on the defensive, while those skeptical of hardline thinking were gaining momentum, claiming that it was time to make a "real decision" for a whole new China policy.⁵⁰ This shift within the administration on the China matter militated for Dulles' position.

Second, the crisis eliminated the major obstacle to the development and crystallization of Dulles' new ideas. Since the end of the summer, he had been envisaging an easing of tension in the Taiwan Strait through an MDT that would contribute to stabilization of the Far East. However, as implied in his September 1 remarks on the MDT, the issue of the offshore islands was the main "complexity" that prevented him from promoting the treaty. The islands were the frontline in the CCP-KMT rivalry and also the remaining major element of uncertainty in the Far East after ceasefires in Korea and Indochina. Nevertheless, Dulles was unable to figure out a proper formula to settle the issue. However, the NSC's decision of September 12, followed by the U.S.-U.K. agreement on the UN resolution, finally presented a solution to this situation.

This development encouraged Dulles to formally advance his new China and Taiwan policy, based on ideas that he had been formulating since late August. All that remained for him was to decide when to offer his plan to the NSC, and it was Taipei that set the stage for its presentation. After the U.S.-U.K. agreement on September 26, the State Department instructed the embassy in Taipei to report the time at which the KMT should "be brought into this picture" and how they would possibly respond to the proposed UN scheme.⁵¹ Ambassador Rankin reported on October 5 that the MDT be concluded promptly to assuage strong dissatisfaction on the part of Chiang Kai-shek, who most likely would view the scheme as a prelude to "two Chinas."⁵²

The report determined the moment. The next day, Dulles announced definitively, albeit briefly, for the first time at the NSC meeting, that the U.S. should "give increasing consideration to the conclusion" of a "purely defensive"

MDT with a view to “impos[ing] our view that [KMT, as in cases of Germany or South Korea] should not resort to armed force to secure their objectives.”⁵³ The remarks, along with his subsequent memoranda addressed to the NSC during that month, clarify the crux of his new policy, with the MDT as one of its essential elements.

As discussed previously, the critical factors behind his altered viewpoint in late August were the need for cooperation with the Western allies and stabilization of the Far East. Subsequently, both factors assumed substantial weight during the Quemoy crisis because the U.S. urgently sought to avoid a military clash and to ensure the successful passage of the UN resolution. Considering this point, Dulles recognized that it was time for the U.S. to demonstrate its clear position on solving the Taiwan issue through “peaceful means,” and to guarantee “nonprovocation” in the Taiwan Strait. He aimed to assuage the allies’ concern over what they saw as U.S. intransigency and also to forestall any further commitment after ceasefires in Korea and Indochina.⁵⁴ Thus, he selected the stabilization of separation between China and Taiwan in the Strait as the essence of his new policy and decided to utilize the MDT as a device to “freeze” the Strait. In his eyes, the MDT was now “fully in keeping with the altered circumstances in the area.” President Eisenhower gave his consent to this overture.⁵⁵

As a result, negotiations on the MDT began in Washington, D.C., on November 3. On the other hand, the NSC began preparing a policy paper on the Far East to replace NSC 5429/2. The new paper, NSC5429/5 (adopted on December 22), stipulated China and Taiwan policies, respectively, as follows.

As for China, NSC5429/5 unequivocally recognized limitations on the U.S. resources as a premise and followed Dulles’ position of situating the China issue in a long-term perspective. The paper completely eliminated the “replacement” of the communist regime, which NSC166/1 had defined as an “ultimate” objective a year earlier. Moreover, the courses of action stipulated in the paper clearly retreated from the hardline NSC5429/2, and instead, virtually returned to “containment,” that is, “reducing the relative power position” of the PRC with similar measures as defined in NSC166/1.⁵⁶

This retreat from an aggressive posture in late August or even at the beginning of the administration can be clearly found in the Taiwan policy as well.

First, the strategic value of Taiwan was drastically revised. Thus far, Taiwan had been given the role of a “privileged sanctuary,” from which the KMT could unilaterally and safely launch “harassment” activity against the mainland under U.S. protection. The U.S. also required the island to satisfy the need for “diversionary threats” against the PRC. However, the stabilization of the Far East after Geneva substantially undermined the justification for that role or the positioning of Taiwan, making the “sanctuary” concept completely “out-of-date.”⁵⁷ Second, the paper requested that the U.S. “restrain” the KMT from “offensive actions against Communist China,” which virtually amounted to the termination of “harassment” that NSC 146/2 had stipulated a year earlier.⁵⁸ Finally, as was

specified in the MDT between the U.S. and Taiwan, concluded on December 2, the U.S. obtained virtual veto power both on the removal of the military by the KMT to the area outside Taiwan and the Pescadores, and on the KMT's external military actions in general, including "return to the mainland." As a result of the above measures, Chiang Kai-shek was virtually immobilized or "contained" in Taiwan.

Conclusion

As the outcome of the civil war on the mainland became evident by the end of 1948, the Truman administration began to shape its new China-Taiwan policy. Based on the considerations throughout 1949, the administration finally defined both non-commitment to Taiwan and possible diplomatic recognition of the PRC as a basic course of action, with potential Sino-Soviet division in mind. In this sense, the separation in the Taiwan Strait was not self-evident at the end of 1949. However, the outbreak of the Korean War six months later and the PRC's large-scale intervention in late November 1950 altered the picture. The U.S.-PRC rivalry was decisively established. The political value, and later the military evaluation, of Taiwan gradually elevated toward the end of 1952, finally resulting in the incorporation of the island into "the offshore defense line" for the first time in the spring of 1953. However, the above China-Taiwan policy might be subject to further adjustment, depending on how the situation in the Far East would develop subsequently.

From the beginning, the Eisenhower administration, which took up the task of formulating the policy in late January 1953, faced a serious gap between a hardening determination to recapture the Cold War initiative and the means and resources available to the United States. As a result, the administration's first China-Taiwan policy in early November was developed on an ad hoc basis, adopting "containment" as a "short-term" course of action. However, the significant transformation of the political order in Indochina during the early part of 1954 revealed the limitations of that policy; this encouraged Secretary Dulles to offer a new approach on the China issue in late August. He began to situate the issue in a long-term perspective by seeking to meet both the needs of cooperation with Western allies and of stabilization of the entire Far East. But the increasingly belligerent trend in policymakers caused by the success of the Communists at the Geneva Conference forced his thinking to recede into the background.

As it turned out, the crisis in the Taiwan Strait that soon erupted in the beginning of September helped to silence the hard-liners, eventually enhancing Dulles's position sufficiently for him to lead a review of the China-Taiwan policy. Under Dulles's initiative, a consensus was arrived at among NSC members by late October to separate China and Taiwan, with MDT acting as a device to "freeze" the Strait. Based on this consensus, the Eisenhower administration then defined

reduction of the relative power position of the PRC, or “containment,” as a long-term objective and imposed on the KMT a variety of safeguards, including MDT, which were all designed to immobilize Chiang on Taiwan. Thus, the separation in the Strait was stabilized at the end of 1954.

Notes

1. Gordon H. Chang, *Friends and Enemies: the United States, China, and the Soviet Union, 1948-1972* (Stanford University Press, 1990); David Allan Mayers, *Cracking the Monolith: U.S. Policy against the Sino-Soviet Alliance, 1949-1955* (Louisiana State University Press, 1986); Rosemary Foot, *The Practice of Power: US Relations with China since 1949* (Oxford University Press, 1995); Nancy Bernkopf Tucker, “Cold War Contacts: America and China, 1952-1956”, in Harry Harding and Yuan Ming, eds., *Sino-American Relations, 1945-1955: A Joint Reassessment of a Critical Decade* (Scholarly Resources, 1989), 238-266; Nancy Bernkopf Tucker, “A House Divided: The United States, the Department of State and China”, in Warren I. Cohen and Akira Iriye, eds., *The Great Powers in East Asia, 1953-1960* (Columbia University Press, 1990), 35-62; Waldo Heinrich, “Eisenhower and Sino-American Confrontation”, in Warren I. Cohen and Akira Iriye, eds., *op.cit.*, 86-103; John L. Gaddis, *The Long Peace: Inquiries into the History of the Cold War* (Oxford University Press, 1987), ch. 6.
2. Robert Accinelli, *Crisis and Containment: United States Policy toward Taiwan, 1950-1955* (University of North Carolina Press, 1996); Nancy Bernkopf Tucker, *Taiwan, Hong Kong, and the United States, 1945-1992: Uncertain Friendships* (Maxwell Macmillan International, 1994); Nancy Bernkopf Tucker, “John Foster Dulles and the Taiwan Roots of the ‘Two China Policy’”, in Richard H. Immerman, ed., *John Foster Dulles and the Diplomacy of the Cold War: A Reappraisal* (Princeton University Press, 1990), 235-62.
3. For more details on the argument in this chapter, refer to Fukito Masami, “the U.S. policy toward Taiwan during the early Cold War period” (in Japanese; hereafter cited as Fukito (2004)), *Shirin* 87-2 (2004), 71-106.
4. Memorandum by Lovett to Souers, 11 November 1948, 894A.00B/11-148, *Confidential U.S. State Department central files, Formosa, 1945-1949* (U.P.A., 1985), reel 1.
5. *Foreign Relations of the United States* (hereafter cited as *FRUS*), 1949, vol. 9, 290-292, 296-297.
6. *FRUS*, 1949, vol. 9, 324-326, 337-341.
7. *FRUS*, 1949, vol. 9, 388-390; *FRUS*, 1949, vol. 7, 1207.
8. For details on this “Asian revolution” and related argument in this paragraph, refer to Fukito (2004), 88-90.
9. *FRUS*, 1949, vol. 7, 1215-1220; Remarks by Acheson, *Department of State Bulletin* (hereafter cited as *DSB*), vol. XXII, No. 551, 111-118.
10. As part of this policy on the posts outside the line, it was decided with regard to South Korea that economic, technical, and military assistance should continue to be provided to the democratically elected government as part of a demonstration project that would show other Asian people the potential benefits of U.S. support and hence could influence them. Fukito (2004), 97.
11. *FRUS*, 1949, vol. 9, 261-262, 284-286.
12. It should be noted, however, that the Taiwan policy at this time did not necessarily

- disavow covert actions that called for maintaining contacts with anti-Chiang forces in Taiwan, however remote the possibility of their success might be. *FRUS*, 1949, vol. 6, 346-347; Memorandum by Rusk to Acheson, 30 May 1950, Formosa and Hainan Islands (Jan-Jul), *Records of the Office of Chinese Affairs, 1945-1955* (hereafter cited as *CA Records*) (Scholarly Resources, 1989), reel 15; Memorandum by Wilds to Jessup, 18 October 1949, 890.00/10-1849, *Confidential U.S. State Department central files, Far East 1945-1949*, (U.P.A., 1991), reel 3.
13. Statement by Truman, 5 January. 1950, *DSB*, vol. XXII, No. 550, 79; Statement by Acheson, 5 January 1950, *DSB*, vol. XXII, No. 550, 79-81.
 14. For more details on the argument in this chapter, refer to Fukito Masami, "the U.S. policy toward Taiwan during the Korean War" (in Japanese; hereafter cited as Fukito (2005)), *Twentieth Century Studies*, 6 (2005), 97-128.
 15. Memorandum by Rusk to Acheson, 30 May 1950, and memorandum by Sprouse to Rusk, 11 May 1950, both in Formosa and Hainan Islands (Jan-Jul), *CA Records*, reel 15; Fukito (2004), 100-102.
 16. Fukito (2005), 99-100.
 17. *FRUS*, 1950, vol.3, 1657-1669; *FRUS*, 1950, vol. 6, 402-404, 431-433, 433-438.
 18. Memorandum by Holland (CA) to Martin (CA), 8 October 1952, 793.00/10-852, *Confidential U.S. State Department central files, China, 1950-1954* (hereafter cited as *CF, PRC, 1950-1954*) (U.P.A., 1985), reel 8.
 19. *FRUS*, 1951, vol. 6, 35; Chang Suyu, "han zhan qi jian mei guo dui tai jun yuan zheng ce chu tan" (in Chinese) (Preliminary analysis on the U.S. military aid policy toward Taiwan during the Korean War period), *Zhong hua min guo ba shi nian xue shu tao lun ji*, 2, (jin dai zhong guo chu ban she, 1991), 468-510.
 20. Chang Suyu, "The Limited War Controversy: U.S. Policy toward Chinese Communist Intervention in the Korean War, Summer 1950- Spring 1951," *zhong yang yan jiu yuan jin dai shi yan jiu suo ji kan*, 21 (1992), 687-728.
 21. *FRUS*, 1950, vol. 6, 585-586; *FRUS*, 1950, vol. 7, 1276-1282, 1392-1408, 1435-1442; Memorandum for the President, 13 December 1950, *Minutes of Meetings of the National Security Council* (hereafter cited as *MMNSC*), *Second Supplement* (U.P.A., 1989), reel 1; the Joint Communiqué issued by Attlee and Truman, 8 December 1950, *DSB* (18 December 1950), 960.
 22. *FRUS*, 1951, vol. 7, 1536-1542.
 23. Memorandum for the President, 3 May 1951, *MMNSC, Second Supplement*, reel 1; Memorandum by W. W. Stuart, 18 January 1951, 793.00/1-1851, *CF, PRC, 1950-1954*, reel 4; Accinelli, *op. cit.*, 64-67; memorandum prepared in the Department of State, 9 February 1951, *CA Records*, reel 22; *FRUS*, 1951, vol. 7, 1574-1578.
 24. *FRUS*, 1951, vol. 6, 35.
 25. *FRUS*, 1951, vol. 7, 1841-1845; *FRUS*, 1952-1954, vol. 14, 15-18.
 26. Memorandum (undated, unnamed), 306.11 U.S. Policy toward Nationalist China, *CA Records*, reel 25; *FRUS*, 1952-1954, vol. 14, 15-18.
 27. Fukito (2005), 117-119.
 28. *FRUS*, 1952-1954, vol. 2, 142-156.
 29. Memorandum (unnamed), 20 November 1952, 306.11 U.S. Policy toward Nationalist China, *CA Records*, reel 25.
 30. For a more detailed version of the argument in this chapter, refer to Fukito Masami "The U.S. Policy toward China during the Early Period of the Eisenhower Administration," (in Japanese), *Twentieth Century Studies*, 9 (2008) (hereafter cited as Fukito [2008]).

31. Memorandum by Bromley Smith to Executive Secretary, NSC, 9 Feb. 1953, NSCBD148, and memorandum by Freeman Matthews to Executive Secretary, NSC 16 Feb. 1953, NSCBD148, both in *Documents of the National Security Council, Fourth Supplement* (U.P.A., 1987) reel 5.
32. Memorandum by Allison, 3 Feb. 1953, in "Country and Area File (Asia 1952-1953)" folder, Box26, Lot64 D563, RG59, National Archives (hereafter cited as NA); Memorandum by Executive Secretary for the Senior NSC Staff, 30 Jan. 1953, in "Formosa (Offshore Islands) & Chinese Natl. Govt." folder, Box10, Lot61 D167, RG59, NA; *FRUS*, 1952-1954, vol. 14, 129, n. 1; Fukito (2005), 121-124.
33. *FRUS*, 1952-1954, vol. 12, 285-298; Memorandum by Executive Secretary for the Senior NSC Staff, 30 Jan. 1953, in "Formosa (Offshore Islands) & Chinese Natl. Govt." folder, Box10, Lot61 D167, RG59, NA.
34. *FRUS*, 1952-1954, vol. 14, 261, 177; *FRUS*, 1952-1954, vol. 5, 1809.
35. *FRUS*, 1952-1954, vol. 14, 280-281.
36. *FRUS*, 1952-1954, vol. 14, 307-309; Progress Report on United States Objectives and Courses of Action with Respect to Formosa and the Chinese National Government, 16 July 1954, in "NSC Memoranda NSC146" folder, Box71, Lot63 D351, RG59, NA; Memorandum by Robertson to the Secretary, 27 Aug. 1954, in "Nationalist China" folder, Box 2, Lot55 D480, RG59, NA.
37. Memorandum by Ogburn to McConaughy, McClurkin, Bonsal, and Bacon, 18 Sept. 1953, 306.12 U.S. Policy toward Communist China (1953), *CA Records*, reel 30.
38. *FRUS*, 1952-1954, vol. 14, 242.
39. *FRUS*, 1952-1954, vol. 14, 752.
40. *FRUS*, 1952-1954, vol. 12, 772.
41. Memorandum by E. A. Gullion (PPS), 30 July 1954, and memorandum by J. D. Beam (PPS), 30 July 1954, both in "S/P Papers May-July 1954" folder, Box 84, Lot 65 D101, RG59, NA; *FRUS*, 1952-1954, vol. 12, 748-749, 753.
42. Roger Dingman, "John Foster Dulles and the Creation of the South-East Asia Treaty Organization in 1954," *International Historical Review* 11 (August 1989), 457-477; Gary R. Hess, "The American Search for Stability in Southeast Asia: The SEATO Structure of Containment," in Warren I. Cohen and Akira Iriye, *The Great Powers in East Asia, 1953-1960* (Columbia University Press, 1990), 272-295.
43. Sakamoto Kazuya, *Nichibeidomei no Kizuna* (Yuhikaku 2000), 110-113, 118-119.
44. *FRUS*, 1952-1954, vol. 14, 751-752.
45. Memorandum of Conversation with the President, 17 Aug. 1954, Meetings with the President 1954 (1), in *The Papers of John Foster Dulles and of Christian A. Herter, 1953-1961: The White House Correspondence and Memoranda Series* (hereafter cited as *WHCMS*) (U.P.A., 1986), reel 1.
46. *FRUS*, 1952-1954, vol. 14, 422-424.
47. *FRUS*, 1952-1954, vol. 14, 555.
48. Thomas E. Stolper, *China, Taiwan, and the Offshore Islands* (M.E. Sharpe, 1985); Robert Accinelli, *op. cit.*, chap. 8.
49. *FRUS*, 1952-1954, vol. 14, 691, 699; Memorandum for the Secretary by Robertson, 5 Oct. 1954, in "NSC5429" folder, Box71, Lot63 D351, RG59, NA.
50. *FRUS*, 1952-1954, vol. 14, 694-695, 697-698.
51. *FRUS*, 1952-1954, vol. 14, 663, 669.
52. *FRUS*, 1952-1954, vol. 14, 682-683.
53. *FRUS*, 1952-1954, vol. 14, 691.

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54. Memorandum for the Secretary by Robertson, 5 Oct. 1954, in "NSC5429" folder, Box71, Lot63 D351, RG59, NA; memorandum (draft), 11 Oct. 1954, White House Memoranda 1954 Formosa Straits (2), *WHCMS*, reel 1; *FRUS*, 1952-1954, vol. 14, 809-812.
55. *FRUS*, 1952-1954, vol. 14, 757.
56. Fukito (2008), 43-46.
57. *FRUS*, 1952-1954, vol. 14, 757.
58. *FRUS*, 1952-1954, vol. 14, 1068.