Taiwan Under Chiang Kai-shek’s Era: 1945-1976

PETER P.C. CHENG
Professor
Department of Political Science
University of Nebraska-Lincoln
U.S.A.

Formosa, a word of Portuguese origin, and Taiwan, a word of unclear origin, are both used by Westerners to identify a tobacco leaf-shaped island 110 miles off the southeast coast of the Chinese mainland. The Chinese, Japanese and Koreans use Taiwan to describe the island because it can be written in Chinese ideographs and thus read by all of them. Some 400 miles southwest of Okinawa and north of the Philippines, the subtropical island is about 140 miles long and 85 miles across at its widest point. Its 14,000 square miles include the Pescadores (Pengu), a group of islands lying off the southwest Taiwan coast and equal the combined size of Massachusetts, Connecticut and Rhode Island.

The central spine of the island is mountainous and rugged, with 62 peaks penetrating above ten thousand feet. The mountains are mostly covered with luxuriant forests of both hardwoods and softwoods. Extensive lowland occur only along the western and northern margins of the island. Most of the island’s rivers drain into the Taiwan Strait. The island’s climate is characterized by long hot summers, short mild winters and abundant rainfall. Average annual rainfall is approximately 100 inches, but some areas receive in excess of 200 inches. Typhoons often sweep across Taiwan in late summer and earthquakes frequently shake the island.

About 2.25% million acres of land in Taiwan are under cultivation. The major crops are rice and sugar cane. Sweet potatoes, tea, citrus fruits, bananas, pineapples, tobacco, jute, and ramie (a fiber) are also grown in significant quantities. Hogs, poultry, cattle, and a small number of goats are raised. The principal animal is the water buffalo. Taiwan’s extensive forests provide the world’s main source of camphor and are also important for lumber. Large reserves of coal lie in the northern part of the island. Other mineral deposits, such as gold, silver, copper, petroleum, limestone and salt are mined in relatively small quantities. Taiwan industry is largely confined to the processing of agricultural products. Industrial development is taking place in the cities and there are expanding textile, chemical, food processing, glass, metallurgical, construction material, and electronic industries. A few important export items are sugar, rice, tea, citronella oil, cotton goods, mushrooms, asparagus, and canned pineapples.

Concentrated on the western coast and northern lowland, the population of Taiwan, according to 1985 estimates, is 19,358,000. Of that number, about 80% belong to families that first came to the island before the 20th century, and almost 20 percent belong to families that came after 1945. Taiwanese aborigines of Malayan origins make up one to two percent
of the total population. The earliest known inhabitants were Longkius, who probably arrived on the island several centuries before the birth of Christ. Around the sixth century B.C., they were joined by the Malays. A small number of Chinese refugees began to settle in Taiwan in the seventh century and large Chinese settlements were made in the fourteenth and fifteenth centuries. Spanish and Portuguese explorers visited Taiwan around 1600 and were followed by the Dutch, who established a post in 1622 and later drove out the Spanish. The Dutch in turn were expelled by Cheng Ch’eng-kung, also known as Koxinga, in 1662. Koxinga held the island in the name of the Ming dynasty until it was captured by the Manchus in 1683.

The Manchu emperors ruled Taiwan from 1683 to 1895, although their administrators did not venture far from the island’s garrison towns. In 1894, China and Japan went to war. Following the Japanese Victory, China ceded Taiwan and the Pescadores to Japan in the Treaty of Shimonoseki. The first decade of Japanese rule was spent in pacification. Taiwanese, like the Koreans, had to learn the Japanese language, attend Japanese schools and work wherever the Japanese provided jobs. Japan did bring comparative prosperity to Taiwan, giving it the highest level of living in Asia outside of Japan itself. By the start of World War II Taiwan was the oldest and wealthiest Japanese colony. It was not until World War II that other nations chose to challenge the Treaty of Shimonoseki.

The claim to Taiwan reverted to the Chinese when Japan was defeated in World War II. Immediately after the Japanese surrender, the Chinese Nationalist government of Chiang Kai-shek assumed administrative authority over Taiwan and the Pescadores. The United States had planned to administer Taiwan until a peace treaty was signed, but when Taiwan was bypassed in favor of Okinawa as a staging area for the final assault on Japan the United States lost interest and gave approval and assistance to the Nationalist government takeover. General MacArthur’s General Order Number One of August 15, 1945, gave Chiang Kai-shek de facto control of Taiwan and the Pescadores by granting him power to accept surrender of the Japanese forces there. In the absence of a treaty with the Japanese, Nationalists authorities administered the islands as an army of occupation. When Chiang moved his government to Taiwan in 1949, he did so in spite of his lack of clear title. The legal transfer of sovereignty, as indicated in the Cairo (1943) and Potsdam Declaration (1945) was expected to take place at the time of the signing of a peace treaty. However, when a peace treaty was finally concluded with Japan in 1952, sovereignty was not transferred to the Republic of China; Japan was simply asked to leave the island.

In 1945, General Chen Yi was appointed “Administrator General and Concurrently Supreme Commander in Taiwan Province.” Chen and his mainland Chinese contingent were initially welcomed as liberators by the Taiwanese, who expected to be incorporated into the Republic on the same basis as all other Chinese. However, they found themselves treated as a conquered people. Japanese enterprises, which constituted nearly all the economic life of the island, were organized into government monopolies and staffed with Chinese from the mainland. Prominent Taiwanese were regarded as collaborators with the Japanese. The wealth of Taiwan was systematically looted, production went down, and rice shortages soon appeared. The Nationalist neglected public services such as health and education, and announced that the new Chinese constitution would not apply to Taiwan until the end of 1949. It soon became clear to the Taiwanese that a small number of Chinese officials were to monopolize the economic life of the island and that they would not even have the property rights they had enjoyed under the Japanese.
The resentment of the Taiwanese at their treatment led to a revolt in February 1947. The precipitating incident resulted from the killing of a woman who was hawking cigarettes on which the tobacco monopoly tax had not been paid. When police fired on an orderly demonstration protesting her death, the Taiwanese retaliated by attacking mainland Chinese. Their violence ceased on assurances from Chen Yi that their demands for certain reforms would be met. However, when reinforcements from China arrived in March, Chen Yi broke his agreement and Taiwanese were massacred in many parts of the island. It is estimated that 10,000 Taiwanese were killed, including many of their leaders. After American diplomatic intervention, Chiang Kai-shek recalled Chen Yi and made Taiwan one of the thirty-five provinces of China, and the “pacification” was declared to be at an end. The Taiwanese were given a share in the administration of the province, and an effort was made to repair the damage which had been done.

However, the steps taken towards reconciliation and some encouragement given to private enterprise lasted for only a short interval. In 1948, Chiang Kai-shek began to prepare for eventual retreat to Taiwan and sent General Ch'en Ch'eng to the island to take control. General Ch'en re-established martial law and ordered further arrests and executions to eliminated Communist sympathizers. In December, 1949, when Chiang Kai-shek was driven from the mainland, he installed his Government of the Republic of China in Taiwan. In spite of the rapid Nationalist collapse on the mainland, close to one million civilians and an army of over half a million troops retreated to Taiwan.

The retreat was tragically reminiscent of the earlier flight to Chungking to escape the Japanese. Some Nationalists looked to Taiwan as the last possible haven of refuge beyond the reach of the Communists. Others, believing that the Communist regime would eventually fail, accepted the retreat as a strategic move which would give them time to regroup their forces. None believed this more strongly than Chiang Kai-shek himself, who confidently expected that the Communists would bring about their own downfall, or that the indignation of the free world would lead to a concerted military campaign to defeat them and restore the Nationalists. In the meantime, the exciting prospect of a triumphant return gave way to the more prosaic task of organizing and conducting an ordinary government in Taiwan. The government was to be national in scope, carrying on the cultural tradition of China as the Nationalists knew it. It would assume the treaty obligations undertaken by previous governments of China and would take over the role assigned to “China” in the United Nations. Thus, Taiwan became the embodiment of China without the consent or collaboration of the Taiwanese people. What the world saw as a resistance to the Chinese Communists, the Taiwanese would experience as a domination of their island.

Government and Politics

The structure of the Nanking government was transferred to Taipei without significant modification. The same men who ran the government in Nanking set up shop in Taipei and conducted office affairs as if they were still in charge of the entire mainland. The terms of offices in the Legislative Yuan and the Control Yuan were extended practically to life by the interpretation in the 1947 constitutional provision by the Council of Grand Justice. In January 1954, the Council ruled that “in view of the practical impossibility of holding a new election of members of the Legislative and Control Yuan during the current period of national
emergency, the members of the Legislative and Control Yuan should continue to exercise their power and functions until new members can be duly selected and convened according to law.” (Interpretation of Law No. 31)

In order to absorb many ex-governors, admirals, generals and scholars under the government payroll, the presidential office was enlarged to include those people in the National Policy Advisory Committee, the Military Strategy Advisory Committee, the Academia Sinica, the Academia Historica, the Planning Commission, for the Recovery of the Mainland and National Defense Research Institute.

The relationship between the government and the party in Taipei remained as it had been at Nanking. The Kuomintang — like the communist party — was Russian-style in its organization. It enjoyed a political monopoly except for minuscule opposition parties which were tolerated for the sake of window-dressing. The national congress of the Kuomintang elected a central committee of some thirty members which in turn elected a ten-man steering committee. Working committees in the party were set up for finance, planning, discipline, party affairs, information, intelligence, and affairs of overseas Chinese. Self-criticism and ‘rectification’ campaigns purged many opportunistic and unsavory elements from the party. Party cells were spiritless and under the complete domination of party elders. The cliques which had wrecked party efficiency in Nanking disappeared in Taipei; however, it was still Chiang Kai-shek who provided the ideology, leadership, and inspiration which held the Kuomintang together.

Chiang Kai-shek exercised all practical executive responsibilities by virtue of his threefold position as party chief of the Kuomintang, president of the national government, and commander in chief of the armed forces. He controlled the national purse and the secret police, and he dispensed patronage. He appointed premiers and cabinets at his discretion and surrounded himself with persona followers of proven loyalty. It was difficult to see how any individual could succeed to the position of total power which he held.

In order to increase his personal prestige, he decided not to extend his term through statutory interpretation by the Council of Grand Justice in 1954 when his first term expired. Instead, he issued a decree calling the National Assembly to re-elect him. The delegates to the National Assembly were elected in 1947 and their term ought to have expired in 1954 before the day of the opening session. To assure that every member would qualify to attend the meeting of the National Assembly in February 1954, Chiang Kai-shek issued a decree on September 27, 1953, extending the said term until “the day on which the next National Assembly convenes,” in accordance with Article 28 of the 1947 constitution. Furthermore, on December 29, 1953, in order to insure a legal quorum, the Legislative Yuan revised the Organic Law of the National Assembly to reduce the quorum for convention from one-half (1523) to one-third (1015) of the total members of the National Assembly. Simultaneously, the 1600 substitute representatives of each province were moved up to fill the vacancies left by those who had passed away or were unable to come to Taiwan form the mainland. Thus, a legal basis was provided for the convening of the second session of the first National Assembly in February 1954. Although the 1,481 members who attended the meeting in Taipei constituted a quorum, they could not elect a president since the law required an absolute majority of 1,523 votes in cases where less than three candidates were on the ballot. Thus, before the April presidential election, on March 12 the Legislative Yuan passed an Amendment to the Presidential Election Law submitted by the Executive Yuan. The amended law still maintained the absolute majority requirement in the first ballot for electing president of vice-president,
but reduced the requirement to a simple majority for the second ballot. In due course, in April, Chiang Kai-shek was re-elected to his second term on the second ballot with 1,387 votes. Ch'en Ch'eng, a comrade-in-arms to Chiang Kai-shek for many years, was elected as vice-president.

In 1960, when Chiang's second term was due to expire, the regime once again sought to lay a legal foundation for the continuation of his rule. The initial plan was to amend Article 47 of the Constitution, which prohibited a third term. According to Article 174, amendments to the Constitution could be passed only upon the proposal of one-fifth of all the delegates to the National Assembly and by a resolution of three-fourths of the quorum, which was two-thirds of the Assembly. In order to fulfill this requirement, the council of the Grand Justice, on February, 12, 1960, gave this view on the total number of delegates to the National Assembly as follows: "The total membership of the National Assembly under the Constitution shall be counted on the basis, in the present situation, of the number of Delegates who are duly elected according to law, and able to answer summons to attend the meeting of the Assembly at the seat of Central Government, including those who are free to, but do not actually attend." (100. Shih-84) The total number of the National Assembly was, from then on, 1,576 rather than the original number of 3,045 in 1947.

Although it was now possible for the National Assembly to amend Article 47, Chiang chose instead to enact a new set of the "Temporary Provisions During the Period of Communist Rebellion." to assure a legal foundation for his third term. On March 11, 1960, the National Assembly accepted his desire and adopted the proposed amendment to the original Temporary Provision of 1948. It stipulated that "during the period of Communist rebellion, the president and the vice-president may be re-elected without being subject to the two-term restriction prescribed in Article 47 of the Constitution." Thus, the legal basis was set for Chiang to have a third term in 1960, a fourth in 1966 and a fifth in 1972. In reality, it made him a life-term president until his death on April 5, 1976 at the age of 87.

In 1960, Ch'en Ch'eng was also re-elected, as vice-president. He died in office on March 5, 1965 at the age of 67. In 1966, the National Assembly elected C.K. Yen as the third vice-president. In 1972, he was re-elected to a second term and on April 1976, when Chiang passed away, he took the oath of office as the second "constitutional" president.

The Nationalist government had neither roots nor mass support in Taiwan. Manned by mainlanders, it was an imported superstructure, imposed on top of a flimsy provincial base. A galaxy of admirals and generals, together with the entire bureaucracy of China, converged on Taipei and continued to exist on the government bureaucracy of China, converged on Taipei and continued to exist on the government payroll. Ex-governors, customs inspectors and district magistrates were maintained in offices where responsibilities were more fictitious than real. And all these officials had to be fed, housed and clothed out of the meager resources of the island of Taiwan. The national government did take care of important matters such as foreign relations, internal security and the armed forces, but it kept a China-size organization for a Taiwan-size job.

Some attempt was made to integrate the Taiwanese into the political structure, since it was clear that their cooperation would be necessary to energize the provincial government. Provincial assembly, elected by the people in Taiwan and composed of native Taiwanese as well as mainlanders, with advisory powers only, was established to oversee local affairs, including taxation, land reform, road repairs, education and social welfare. The governor of the province of Taiwan was appointed and he was assisted by a provincial council on which
seventeen out of some twenty provincial commissioners were ordinary Taiwanese. Local officials, including district magistrates and municipal mayors and their respective legislative councils, were elected by the people. More and more Taiwanese were chosen for government service, usually at the provincial level. Any Taiwanese — whether of not a member organizations were sure to keep an attentive eye on personalities, police and election procedures.

True integration, either political or social, was extremely difficult to achieve, since the mainlanders and islanders had very different orientations. The mainlanders lived in a forthy, temporary atmosphere, expecting to go back home any moment. In sharp contrast, the native residents' lives and concept of the future were wrapped up in their city and their island. Although the Taiwanese, with the exception of a tiny minority of aborigines, were Chinese in race and culture, they were quite distinct from the mainlanders in recent political experience. Although the Taiwanese had initially looked upon the mainlanders as liberators, their perceptions had changed drastically since the February 28, 1947 incident and the subsequent behavior of the mainlanders.

In the clash between lives of the mainlanders and islanders, the former dominated almost all areas. The mainlanders who crowded the island brought with them an air of superiority. They found it hard to understand the Taiwan dialect and consequently ordered the substitution of Mandarin Chinese for schools and official correspondence. Mainlanders took the best jobs, even outside government circles. All but two or three presidents of colleges and universities were mainlanders, and the faculties were staffed by professors in exile. Almost all the bankers, industrialists and merchants who had any chance at all for a share in government contracts were selected because of their former mainland connections. They took over the clubs and the former Japanese quarters and created a social way of life which was entirely unknown to the native residents.

The fears and prejudices of the islanders were reinforced by the first of the Nationalistic mainlanders, who treated Taiwan as a conquered territory. When Chiang Kai-shek arrived, he improved relations but he could not gloss over or eliminated some of the most deep-seated grievances. Taiwanese were pushed into the economic and political background by their unwelcome guests, yet Taiwanese farms were expected to provide the rice and the taxes for the cumbersome government and the exaggerated army.

Compared with "free China" during the early years of World War II, Taiwan was stagnant for lack of ideas enthusiasm, and individual initiative. Spirit among the mainlanders declined as year after year passed without the promised return to their homeland. The sole raison d'être for the national government on Taiwan and its huge military establishment was the hope of reconquest of China. Every holiday produced speeches whose theme as "We shall return." Sometimes the hop seemed like a possibility. At other times, the hope seemed forlorn. As Chiang grew older, the mainlanders became more desperate in their calculations. Some felt that if they could put one division ashore, they might spark a general explosion. They hoped that revulsion against the excesses of the Communist regime would prompt the masses to welcome the Kuomintang as the leaders of a reconstruction crew. Admittedly, this was a desperation gamble, and it would have to be taken — if it were to be taken — without the approval of American allies.

As time passed, the relationship between the mainlanders and islanders continued to evolve, not always to the advantage of the mainlanders. As Nationalist army ranks thinned out, replacements were conscripted from among the Taiwanese. In 1953, the army on Taiwan was composed of mainland veterans; a decade later, more than half the enlisted men and a third
of the officer corps were Taiwanese. The same transformation in membership occurred in the party. As veterans died, young Taiwanese were selected to fill the vacancies. This resulted in a tremendous gap between desperate leaders and cautious followers. The young people who were recruited into the party or conscripted for the army had no personal memories of the mainland. It was not their home, and they could not “return” to a place they had never been. Youth was not infected by the crusading spirit. In the party and in the army, Taiwan-mindedness grew to be more important than mainland-mindedness.

However, Chiang Kai-shek, who had risen to prominence in party affairs because of his power in the army, did not lose all influence over either organization. In accordance with its ancient heritage, the army was deeply enmeshed in politics. In order to guard the Nationalist's dream against both internal subversion and Communist invasion, Chiang created a quasi-police state in Taiwan. Anyone who demonstrated a potential rivalry to Chiang was quietly removed or maneuvered out of the limelight. Anyone who hoped to succeed him—including his own son, Chiang Ching-kuo—needed the support of the army. Taiwan could hardly be called “free China,” since the secret police were everywhere. The army, party, various cabinet ministries and the president's office each had their own secret agencies of investigation and control. However, they did not attempt a strict regimentation of life such as prevailed on the mainland, and their existence was unknown to most people. Criticism, of the government was not permitted; it was considered tantamount to subversion. Anyone found objectionable to the regime at any level was labeled “pro-communist” and arrested. A large political prisoner camp was built on the so-called Green Island, a few miles off the east coast of Taiwan, to isolate popular Taiwanese leaders from the masses. Chiang Ching-kuo consolidated his position as a dominant figure in the army, party and government through the secret police he had placed at every level of the three organs.

Civil rights were ignored. Former governor of Taiwan, K.C. Wu, who broke with the regime testified: "I did my utmost to inculcate the principles that arrests cannot be made without sufficient evidence of crime and searches cannot be made without due process of law. But as my powers were limited, even now (1955) I can hardly tell how many people were, and have been, illegitimately held and molested." News was censored, at least informally, and the schools were kept under strict surveillance by the authorities. Woe to the journalist or the educator who was considered dangerous. The unwary deviator was liable to be shirked away for an unpleasantly long course in political education.

Stories of repression abounded. Lei Chen, the publisher of a fortnightly "independent" journal called Free China was arrested in the fall of 1960. He was charged with defeatism and subversion, but his real crime was very simple. He and his companions were in the process of forming a new party, which was anti-communist but also predominantly Taiwanese in membership and viewpoint. Lei Chen was given a summary trial by a military court and sentenced to ten years imprisonment. His influential friends, such as Hu Shih, were powerless to help him. A year later, the Garrison Command captured more than 100 Taiwanese including Su Tung-chi, an assembly man in Yunlin hsiien, on a charge of an attempt to engineer a coup d'etat. They were found guilty by the military court on May 27, 1962. Su and his two associates were sentenced to death while 42 others, including Mrs. Su, received sentences ranging from one year to life.

The political tragedy of Taiwan in the first decade after Chiang's arrival was that it had no simulation of political freedom. The regime forced conformity, but did not inspire confidence. Loyalty was given without enthusiasm and as a kind of ritual. Whatever inclinations might
have existed for democracy, the atmosphere of emergency and crisis was an uncompromising taskmaster. Taiwan had one government, one party and one leader, installed by intruders. It was hardly a government of the people, and for the people.

Economic and Social Conditions

The economic miracle of Taiwan was that it was able to survive and even to register progress. However, the measures taken by the government could not have been carried through without steadily increasing American aid. On a per-capita basis, Taiwan probably received from the United States more assistance than any other a area in the world. Between 1949 and the middle of 1951, American aid was given mainly to prevent starvation and inflation, and mainly took the form of consumer goods, valued at US$75,000,000. The funds were those which had originally been allocated to the mainland. After the Korean war began, long-range plans were drawn up for both military and economic assistance. Between 1951 and 1955, the United States equipped the army and, in addition, provided over half a billion dollars in aid to Taiwan. The Nationalist forces received all their hardware from the United States, as well as raw cotton for uniforms and construction materials for barracks, airfields and harbor works. The army also received medical supplies, food, trucks, and countless items which were useful either for military or civilian purposes.

The United States aid affected practically every aspect of the island’s civilian economy, both rural and industrial, ranging from railroads and highways to public health and housing to the exploitation of natural resources. Large quantities of wheat, soy beans, raw cotton and machine tools were shipped practically free to Taiwan. Education, exchange and training programs for Taiwanese were paid for by the United States out of funds appropriated for technical assistance. The first of a series of four-year plans would have been meaningless without American assistance, Taiwan would not have been able to balance its international income account, nor prevent ruinous inflation, without the steady stream of raw materials, machinery and vehicles from the United States. Taiwan had practically no automobiles, industrial machinery or capital goods of any kind except those received from American sources.

From the American viewpoint, this outpouring of aid was justified on the grounds of military necessity. The ostensible intentions of the Americans were to boost military morale and prevent a Communist takeover of the island. While there was undoubtedly some truth to these claims, the larger, unspoken goal was to create in Taiwan a “showcase of democracy.” By stimulating and developing the economy, American policymakers hoped to demonstrate that a democratic nation could outperform a Communist one. The tragic irony, of course, was that the Nationalists were hardly democratic in their rule.

Regardless of the motivation for American aid, the unabated contributions were largely responsible for Taiwan’s impressive economic record during the decades after World War II. Taiwan was essentially an agrarian society. Virtually all the cultivable land was placed in production, and the output per unit of land was as high as anywhere in the world. Agriculture accounted for two-thirds of the islands’ gross national product and provided ninety percent of its foreign exchange. Four out of five families owned all or part of their land and their real income increased in proportion to the rise in the general level of living. In a decade (1951-1961) the gain in income was more than a third.
Farm prosperity began with a fundamental program of agrarian reforms, designed to improve the position of tenants and encourage family farming. Rentals were reduced to maximums of 37.5% of the crop, and a law guaranteeing minimum tenure of six years was enacted to protect tenants against eviction. Large landholdings of the Japanese were confiscated by the government and redistributed to tenants. In 1953, a Land-to-the-Tiller Act was passed which affected three out of four farms on the island. Landholdings were limited to eight acres of average-grade land. The surplus was sold to tenants on generous terms. The former owners received compensation in the form of government bonds or stocks in government corporations, and the new owners were given twenty years to pay off their accumulated debt. As a result of this law, tenancy was reduced to about 20%. The new landed proprietors were aided by an Sino-American joint commission for rural reconstruction, which had been created on the mainland before the Nationalist flight to Taiwan. The commission gave free scientific advice about fertilizers, pest and disease controls and seed improvement. It helped establish cooperatives and construct irrigation facilities. The commission also did much to help farmers increase production through crop and livestock improvement, and in rural health and education programs. The Commission succeeded in its work largely because of its emphasis on self-help. Furthermore, it sought to improve the villagers' lives as well as their work. The farmer's work was simplified by small hand and power machinery, electric water pumps, locally-produced bicycles and rubber tires for the carts which hauled his produce to the market. Almost every village had teahouses and pool halls for the men, beauty shops with lipsticks and permanent waves for the ladies and motion picture theaters for the family. Villages had their own schools and free textbooks. The Nationalist government's emphasis on education resulted, by 1955, in a literacy rate of 85.2% of the total population and a school enrollment of 90% of the children. The percentages continued to increase slightly in the following years.

Industrial development kept pace with rural improvement. By 1952, industrial production recovered prewar levels and during the decade which followed, it doubled. Electric power production, mining, transportation facilities and new industries expanded. One American company, the J.G. White Engineering Company, provided the same boost to industry which the joint commission on rural reconstruction gave to agriculture. The landscape was dotted with new power plants, fertilizer factories, petroleum refineries and mills for the processing of wheat, soy beans, lumber, pulp and paper, aluminium and assorted metals.

It was deemed unhealthy by the United States to have so little private enterprise in the "Taiwan showcase of democracy." Overseas Chinese and other potential foreign investors were initially reluctant to entrust their capital to a place which seemed to have such a precarious future. By 1962, with the private sector representing about 60% of industrial production, a campaign was launched to attract further investments. A law which was placed on the books in 1959 permitted foreigners to invest in all types of "needed" industries or enterprises which would contribute to Taiwan's economic and social development. Full remittance of profits was promised, together with a capital reparation privilege of 15% annually. The government guaranteed that it would not take over foreign shares in joint undertakings for at least twenty years. Other incentives for private investment included a five year tax holiday on new enterprises, a corporate income tax cut from 32.5 to 18% and tax-exemptions on reinvested earnings. Regulations such as these were standard in most Asian countries. A research team from the United States made and extensive study of opportunities for private investors in Taiwan and reported reasonable prospects for substantial profits in many areas including lumber, pulp and paper tex-tiles, electrical apparatus, small machine goods, cement, glass, plastics, chemical fertilizers and pharmaceuticals.
Although many economic figures were encouraging and the state aimed at constant improvement of the lot of the common man, the obstacles to progress on the individual level were formidable. Between 1952 and 1962, the real national income doubled, but the gain per capita was limited by the phenomenal rise in population. In 1945, Taiwan had six million people; the outlook was for twelve million in twenty years. The net annual increase occurred at the distressingly high rate of three and a half to four percent, and the government expressed no interest in birth control. The respectable showing in economic growth and the ten percent annual gain in capital accumulation strained the government’s resources. Because of the population expansion, Taiwan was not able to do much more than prevent a decline in the level of living. The government’s goal of providing 300,000 new jobs per year could not satisfy the demand for employment of the part of the large number of high school and college graduates. Taiwan had a vocal and increasing supply of unemployed intelligentsia, a class which is always social dynamite.

Furthermore, while per-capita income doubled, prices tripled. Goods were in short supply and printing-press “money” was abundant, making inflation unavoidable. Very few people had any opportunity to accumulate wealth and the masses could barely scrape together a living. The ordinary farmer argued that he was no better off than when he worked for a landlord. His debt did not seem like much when the land was first redistributed, but the burden seemed to grow heavier with each annual installment. Taxes increased — and so did the weight of the argument that it was no use to work harder when added income simply meant added taxes.

The burden of the military was also oppressive. In 1963, a population of 11,000,000 was called upon to support an armed establishment of 600,000. The worst feature was that the armed forces were equipped with expensive American equipment and their military-preparedness strategies were based on expensive American presumptions. The armed forces in Taiwan could not be sustained for a single month without American support. Military expenditures beyond that provided by the Americans represented a staggering 80% of total government costs. Paradoxically, while the military’s domination of resources hindered long-term economic development, it actually sustained the short-term vigor of Taiwan’s economy. If the size of the army was reduced, no jobs were available for those who would be discharged. A million people earned their living as soldiers or civilian employees of the military. It was arguable that without the army, there would have been more, rather than less, poverty.

The island of Taiwan was fertile and it possessed great potential for economic expansion. Its people were skillful in both agriculture and industry. However, they were weighted down by the problems of poverty, inflation, population expansion and a military geared to the reconquest of the mainland. Taiwan’s prosperity — and possibly its survival during the 1950’s — depended on the goodwill of the United States.

Social conditions in Taiwan reflected postwar political and economic changes. At the base of the social pyramid were the native Taiwanese, working on their farms and edging into modernization based on the guidance of the Japanese. Half a million Japanese had worked and lived in Taiwan before World War II, and although they were “imperialists,” it was they who first brought prosperity to the island. Japanese farming methods and industrial know-how combined with Taiwanese skills had resulted in high production levels in sugar, rice, bananas and products of the forests and the sea. The Japanese had transferred to Taiwan the unmistakable trademarks of their homeland: the hotels, inns, public bathhouses, shrines and love for mountain resorts and natural beauty spots. When Japan lost in World War II, she lost the
increased assets of Taiwan; the Taiwanese expected to claim those gains for themselves. They argued that it was their labor which accounted for the accumulated wealth, and therefore they were its rightful heirs.

The mainland Chinese had an entirely different, and conflicting, viewpoint. They saw Taiwan as the reward of a military victory. Although they had nothing to bring to Taiwan but “blood, sweat and tears,” they were determined not to rest below the Taiwanese on the social ladder. When they first arrived from the mainland, their clothes were ragged and their homes dilapidated. They expected the Taiwanese to either share or alleviate their poverty.

When Americans arrived on the island to do business and provide military support, they emerged at the top of the social pyramid. Their presence affected the cities far more than the countryside. American money was made available for physical rehabilitation and new construction. The streets presented a new facade. The local people still rode bicycles and pedicabs but automobiles were available for Americans and those who worked for the Americans. Traffic jams occurred when the offices closed and the Americans returned to their homes. Americans transplanted their culture to Taiwan. The shops stocked expensive Hong Kong-style slit skirts, the best perfumes from New York and Paris and all manner of luxury items for the Americans and their friends. Bottles of Scotch and Bourbon made their way from PX to local stores by way of the black market. Kaohsiung in the south, Keelung in the northeast and the capital city of Taipei added the inevitable accoutrements to cater to the whims of servicemen on duty overseas. Hotels, bars, restaurants, dance halls and night clubs vied for American dollars. Some local people aped American ways, but in general, Western ways did not seem to imbibe themselves deeply in Taiwanese society. Many resented the attempted remodeling of island life into continental patterns and discovered a new and deeper affection for their ancient values.

Foreign Relations

The government in Taiwan (Republic of China) insisted upon its right to continue as the legal representative of the millions of mainland Chinese in international affairs. Chiang Kai-shek and the Kuomintang did not give up their fight against Mao Tse-tung and the Communists on retiring to Taiwan. Chiang issued orders to close mainland ports and to intercept vessels trading with the mainland. He could not enforce these orders, but they reflected his feelings. He sent his air force on reconnaissance flights and continuous propaganda raids. His planes dropped leaflets which were intended to cause dissatisfaction and stir up trouble. He sent guerilla fighters and espionage agents to blow up bridges and railways to set fire to arsenals. His objective was to prepare the way for the “liberation” of China.

Chiang’s claim to represent the only legal government of China was recognized by two out of every three nations in the world, including the United States, Japan, Latin American republics, the SEATO nations, the NATO nations and the non-Asian nations of the British Commonwealth, with the exception of the United Kingdom itself. The government in Taiwan was the legal representative of China in the United Nations, occupying a seat as a permanent member of the Security Council, and representing China in the General Assembly and the specialized agencies.

Chiang ridiculed all suggestions for a “two Chinas” policy which would have the effect of confirming the Communists in power on the mainland, leaving him with sovereignty over
Taiwan. He called such a policy "cowardly and selfish, like pacifying the tiger with one's own flesh and inviting the robber to become the master of the house." Naturally, he also opposed any suggestion that the Nationalist delegate to the United Nations should speak for Taiwan only and that an additional delegation should speak for mainland China.

The question of who really represented China would be argued repeatedly in the United Nations for the next two decades. The Nationalist delegation survived the annual effort to put a Communist one in their place until 1971. In January 1950, the Russians introduced a resolution in the Security Council calling for the expulsion of the Chinese Nationalists. The U.S. position toward this resolution was ambiguous. It declared that it would vote against it, but this vote was not to be regarded as a veto. It could be guided by whatever decision the Security Council reached through an affirmative vote of seven members. The Russians walked out of the Security Council when their resolution failed to pass. Subsequent years brought further debate on China in the Security Council. Sometimes introduced by the United States seeking to castigate the Communists, sometimes introduced by Russia seeking to castigate the Communists, sometimes introduced by Russia seeking to castigate the United States, the debate was always highly acrimonious. But the specific question of which government was to represent China devolved upon the General Assembly.

India was the first to raise the issue in the General Assembly, in September 1950. Russia also introduced a similar proposal in the General Assembly. By this time, the Korean war had started, the Chinese Communists had intervened, and the President Truman had sent the Seventh Fleet to the Taiwan Straits. The United States was no longer ambiguous. It clearly opposed the seating of the Chinese Communists and persuaded other nations to support its view. The Indian and Russian resolutions were defeated. In November of that year, a special Communist spokesman was given the privilege of presenting his case to the U.N. In his intemperate diatribe against the United States, he repeated his demands for the ouster of the Kuomintang delegation and restated the Communist demand for the recovery of Taiwan. However, he won no new converts to his position.

In 1951, when the Russians reintroduced their resolution calling for the expulsion of the Chinese Nationalists, other nations expected a long and highly emotional debate, designed as much to heighten the American war effort as to denounce the Communists. They were surprised and relieved to hear an American proposal to postpone consideration until the following year. They accepted this proposal and got on with the other business of the assembly. The following year, the Americans repeated the tactic. It appeared to be a good way to stall the Russian resolution indefinitely. However, other nations were not willing to keep putting off the question of who should represent China, each year, supporters of the American proposal grew fewer. By the time President Kennedy assumed office, American officials were aware that they needed a new strategy.

The strategy was introduced in 1961. The first step called for facing the Russians down. When they introduced their annual resolution into the General Assembly, the United States called not for a postponement but a vote. The Russians were defeated 48-37, with 19 abstentions. The second step called for the introduction of an American resolution making any future proposal expelling the Chinese Nationalists as an "important question," thus requiring a two-thirds majority for adoption. The American resolution passed 61-34, with 7 abstentions. In 1963, the Russians stopped sponsoring the China resolution and the Albanians took over. A little later, the Japanese joined with the Americans in sponsoring the important-question resolution, which had to renewed each year. In 1965, the vote on expelling the Nationalists
was a 47-47 tie, with 20 abstentions. Five years later the vote was 51-49, in favor of expelling the Nationalists, only the two-thirds requirement prevented adoption of the proposal. In 1971, after President Nixon's trip to Peking, the General Assembly adopted the Albanian resolution by a decisive vote of 76-35, with 17 abstentions. The Chinese communists took over the China seats.

Taipei and Peking also competed for the favor and support of neighboring nations in Asia. Chiang Kai-shek did his utmost to establish a strong base of support for the Nationalist government and its cause. He sounded out Korea, Japan and the Philippines on the possibility of a strong anti-Communist multilateral nonaggression pact for the Pacific area. He wanted a strong military organization and a unified command structure similar to that in Europe. However, he could not persuade Japan and Korea to cooperate in any joint undertaking, and he was firmly rebuffed by the United States.

Normal foreign relations between Taiwan and its neighbors were friendly but unspectacular. Taiwan did regularize its diplomatic and commercial relations with Japan. The two nations signed a separate peace pact concurrently with the peace settlement between Japan and the allied nations in San Francisco. Taiwan negotiated annual trade agreements with Japan and permitted some Japanese businessmen and economic advisors to return to Taiwan. However, the mainlanders could not forget entirely their suffering at the hands of the Japanese and were wary of a Japanese return to a position of dominance in the Pacific area. The Kuomintang government in Taiwan objected bitterly to any evidence of a possible tie between Tokyo and Peking. Above all, they feared the evidence of "neutralism" in Japan, and they warned the Japanese they would have to choose one or the other — either Taipei or Peking.

The Republic of China (Taiwan) and the Philippines enjoyed friendly relations. They exchanged goodwill missions and concluded satisfactory arrangements about trade and civil aviation. However, Chiang's government viewed with grave concern the anti-Chinese legislation regarding immigration in the Philippines and objected to the Philippine determination to deport Chinese who ran afoul of technicalities in Philippine immigration laws. Toward Thailand, Taiwan maintained a fundamental attitude of understanding and sympathy despite its anti-Chinese legislation. Naturally, Taiwan sympathized with Vietnam in its war against the Communists. To court the goodwill of Burma, Taiwan agreed to repatriate a band of guerillas under Li Mi, a former Kuomintang general, who sought refuge in the China-Burma border area. Chiang also manifested a deep interest in overseas Chinese and tried to attract their loyalty.

Determined that it should be accepted as widely as possible as the symbol of China, Taipei made an impressive effort to keep up with Peking in Latin America and Africa. It offered diplomatic recognition to new nations as they emerged and entered freely into economic and cultural pacts. In spite of severe limitations in manpower and money, it opened up new embassies and sent delegations to a multitude of international conferences. Taiwan, which received wo much assistance from overseas, was generous in extending help to others. In a single year, a hundred experts in fields ranging from agriculture to public health were sent to dozen underdeveloped countries in Africa and Latin America. Not to be outdone by Peking, Taipei annually entertained in the neighborhood of a thousand distinguished visitors from nonwhite areas.

One major nation with which Chiang did not develop very friendly relations was the United Kingdom. He resented what he perceived as British amorality in extending recognition to Peking. Chiang felt personally insulted by British suggestions that Taiwan should be neutral-
ized, that the offshore island be abandoned by the Nationalists, and that Peking should by admitted to the United Nations. He disliked British trade with Peking. The underlying British sentiment, Chiang was aware, was that Taiwan was not a vital interest of the free world and any British support for Chiang’s scheme to return to the mainland was, in the words of then Prime Minister Eden, “absolute lunacy.”

The evolution of Taiwan’s relationship with the United States reflected the inherent inequality in it. Taiwan depended upon the United States for both material assistance and moral support. While Chiang’s government was committed to a return to the mainland, the United States was basically opposed to any military venture against the mainland. This fundamental difference in objectives and the awareness of inequality in relations between the two capitals led to constant misunderstanding and frequent quarrels. It was Chiang’s misfortune to have no military or diplomatic initiative except that which was permitted by his American allies.

After the fall of Shanghai in 1949, it appeared that Taiwan would be next to fall to the Communists. In January, 1950, President Truman announced that the United States would not pursue a course which would lead to involvement in the civil conflict in China and thus would not provide military aid or advice to Chiang’s forces in Taiwan. The Korean War proved to be Chiang’s salvation. After the entrance of Chinese Communist forces into Korea, President Truman changed his mind. On June 27, 1950, he ordered the Seventh Fleet to prevent any attack on Taiwan, simultaneously calling upon the Nationalists to cease all air and sea operations against the mainland. (In 1953, President Eisenhower canceled the latter half of the Truman directive.)

While Chiang built up his strength under American protection, the United States developed a new faith in Taiwan as the keystone in the western Pacific defense perimeter. It was, according to General MacArthur, an unsinkable aircraft carrier. The United States created a new military advisory group in Taiwan and began a huge program of military, economic and technical assistance. Because Taiwan was now seen as a critical part of the defense against Communist expansion, she was vital to American security interests and those of the free world. The United States declared that Taiwan’s legal status would have to be determined by international action; they expressed approval of a full investigation of the Taiwan question by the United Nations.

After the disaster to the French at Dien Bien Phu in Indochina, it seemed logical that the Communists would next turn their guns on Taiwan. By this time, American opinion was steeled against any further surrender. On December 2, 1954, the United States and the Republic of China (Taiwan) signed a treaty which stated: “Each party recognizes that an armed attack in the West Pacific area directed against the territories of either of the parties 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.” According to the treaty, the territories of the “Republic of China” involved were limited to Taiwan and the neighboring Pescadores. The treaty gave the United States the right, but not the obligation, to dispose land, air and sea forces in and about those territories. Before ratifying the treaty, the U.S. Senate inserted a clarifying statement effectively barring the government on Taiwan from undertaking military operations against the mainland without the joint agreement of the United States.

The treaty was put to the test in 1955, when conflict over the off-shore islands – primarily the Quemoy islands off the harbor of Amoy and the Matsu Islands off of Foochow – emerged. When the Communists began shelling the Nationalist-occupied islands, the question of whether the United States would aid the Nationalists in the event of an armed attack arose. The nearest
point on the islands was less than three miles from mainland artillery emplacements, but more than a hundred miles to the nearest Taiwan coastline. On January 25, 1955, the U.S. Congress passed a resolution stating “that the President of the United States be authorized to employ the Armed Forces of the United States as he deems necessary for the specific purpose of securing and protecting Formosa and the Pescadores against armed attack.” This was not an unconditional American guarantee to fight for the offshore islands, but it gave the president explicit authority to deploy American military forces for Taiwanese causes.

In March, the Chinese Communists topped shelling the offshore islands. In April, Chou Enlai announced his willingness to sit down with the United States to discuss the relaxation of tensions. The United States proposed a general renunciation of force with regard to Taiwan. The Chinese Communists pointed out that Taiwan was an internal Chinese problem not subject to international negotiation. They were prepared to discuss only the withdrawal of U.S., military forces, which was an international problem. Prolonged discussions ensued, but by early 1956, although meetings continued, both sides recognized that their fundamental differences were irreconcilable.

The Chinese Communists unleashed a new bombardment of the offshore island in 1958, which continued for seven weeks. Joint Taiwan-American efforts to ferry food and supplies to the beleaguered garrison made it clear that the Communists could not force the islands to surrender by any means short of actual invasion. This they were not ready to undertake, for fear of possibly precipitating a global war. They settled down to a policy of lightly shelling the islands every other day, giving Chiang and Secretary of State Dulles opportunity to reassess their policies.

While the conflict over the offshore islands demonstrated American unwillingness to give up the defense of Taiwan, it did not alter an equal unwillingness to support offensive military measures against the mainland. The United States and Taiwan issued a joint statement on October 23, 1958 which said: “The Government of the Republic of China considers that the restoration of freedom to its people on the mainland is its sacred mission. It believes that the foundation of this mission resides in the minds and hearts of the Chinese people and that the principal means of successfully achieving its mission is the implementation of Dr. Sun Yat-sen’s Three People’s Principles (nationalism, democracy and social well-being) and not the use of force.” However, Chiang insisted that these words did not imply that he surrendered his right of self-defense or his obligation to give support to any large scale uprising which might occur on the mainland.

Chiang was very frustrated by the fact that the United States was more interested in restraining rather than unleashing him. He chafed under American desires to negotiate a cease-fire and renounce the use of force. He refused to evacuate the offshore islands for fear that it would look like surrender and he objected to any relaxation of his right to call upon the Seventh Fleet or American air power in case of a Communist threat. War, or even the use of the atom bomb, did not frighten Chiang as much as appeasement and co-existence. He did not want to be a victim of the Communists as he had been of the fascists. Because Taiwan could not share the American desire for peace and orderly processes in the settlement of international disputes, she saw herself as a victim of American hesitation to use military might to accomplish goals. Furthermore, although the issue was seldom discussed, Taiwan was afraid of American isolationist tendencies and the possibility of their abandonment of Taiwan.

In its judgment, Taiwan was by no means a mere pawn of the United States. In size, wealth and population, it had as favorable prospects for an auspicious future as a good one-third
of the members of the United Nations. As the years passed, fewer and fewer of the main-
landers on Taiwan entertained serious thoughts of retaking the mainland. In fact, even if
the Communist regime in Peking was overthrown, there was much doubt that Chiang Kai-
shek and the Kuomintang would be chosen to head a new government in China. Everyone
in Taipei and throughout the island realized that some day the temporary arrangement under
Chiang Kai-shek and his government would come to an end. What then?

President Nixon's visit to Peking in February 1972 marked a beginning of a new era for
U.S. -- Taiwan relations. Although life in Taiwan went on quite normally during Nixon's
actual visit, the Shanghai Communique issued at the end of the trip shocked government
leaders and the wealthy even more than the original announcement of the trip. In the Shanghai
Communique, the United States agreed to remove its forces and military installations from
Taiwan. U.S. diplomats subsequently assured the government in Taiwan, however, that such
a move should not begin until the Vietnam War had ended and would not be completed until
the Taiwan question had been settled.

Since 1972 both Washington and Peking have constantly reiterated their continuing commit-
mnt to the Shanghai Communique. This document, skilfully drafted, provided the basic
framework for the U.S. -- PRC opening. After stating explicitly the many fundamental
differences between the two countries, it identified certain important common interests and
goals and defined the basis of a new relationship involving limited compromise by both sides,
without requiring either side to abandon its most important positions and principles. It implied
a mutual willingness to lay aside or postpone certain issues.

The communique started with sections in which both sides stated, "candidly," their
differing policies not only on broad international issues, but also toward many specific areas,
including Vietnam, South-east Asia, and South Asia. Both sides then declared, however that
they wished to make "progress toward the normalization of relations" and "to reduce the
danger of international military conflict." They pledged that neither would "seek hegemony
in the Asian-Pacific Region" and they declared that both would oppose efforts by any other
country or group of countries to do so -- a clear reference to their common interest in opposing
possible Soviet threats.

On the "crucial question" of Taiwan, Peking reaffirmed its basic position that "the govern-
ment of the Peoples Republic of China is the sole legal government of China," that "Taiwan
is a promise of China which has long been returned to the motherland," and that "the liber-
ation of Taiwan is China's internal affair." It also asserted that "all U.S. forces and military
installations must be withdrawn from Taiwan." However, there was no direct reference in
the document to Washington's diplomatic relations and defense treaty with Taiwan, despite
Peking's view that full normalization of U.S. -- PRC relations required the end of both.
Peking's concession was its willingness to begin steps toward normalizing relations before the
Taiwan question had been resolved, which for many years it had said it would not do.

In the communique, although the United States did not accept Peking's sweeping claims,
it did "acknowledge" that "all Chinese on either side of the Taiwan strait maintain that there
is but one China and that Taiwan is a part of China," and it stated that "the United States
government does not challenge that position." It also said that it "reaf-firmed its interest in
a peaceful settlement of the Taiwan issue by the Chinese themselves," adding that "with
this prospect in mind" it would "progressively reduce its forces and military installations on
Taiwan as the tension in the area diminishes," without giving any definite time-table.

Although the two countries stressed their desire to make "progress toward the normaliza-
tion of relations," the communique did not specify what the prerequisites of full normalization
would be or what kind of future compromise on the Taiwan issue might make it possible. Subsequently, Peking has made fairly clear certain of its prerequisites. It insisted that the United States must (1) sever formal diplomatic relations with the KMT regime; (2) end the existing U.S. security treaty with it; and (3) withdraw all U.S. military forces and installations from Taiwan. It has indicated, however, that the Japanese model can be the starting point for working out a basis for full diplomatic relations, implying that it was prepared to accept continuing de facto U.S. political and economic relations with Taiwan.

Over the years, U.S. attitudes toward Taiwan have also changed. Despite an increasing American economic stake on Taiwan, the emotional attachments that many Americans felt toward Taiwan in earlier years have weakened. The Chiang Kai-shek regime has ceased to be an ideological symbol of a world-wide struggle against Communism. No leaders in the United States now view it as a potential challenger to Peking's domestic or international legitimacy. The U.S. government has made it clear that it views the People's Republic of China as the government of China. It also acknowledges that the U.S. relationship with Taiwan in its present form posed obstacles to the kind of relations with Peking that were desirable and therefore would probably have to be adjusted. In many respects, the United States still views the future of Taiwan in open ended terms. Its prime stress is on the avoidance of military conflict in the Taiwan area. In the Shanghai Communiqué the United States implied that it might look favorably on the idea of reunification, if it can be accomplished peacefully. Yet few Americans would accept the idea that the United States should ignore the desire of the people in Taiwan.

As the Chiang Kai-shek's era in Taiwan came to the end in 1976, the main job for the regime was the survive under the unstable status quo.