

On the other hand, in view of the pervasiveness of this campaign, directed as it is at many targets and designed to achieve a number of objectives, it is to the U.S. interest that U.S. efforts be redoubled to insure as far as possible that those target audiences are not won over by the Communist campaign and that the regime is frustrated in attaining its objectives.

U.S. Public Position

The U.S. supports peoples, including those on Formosa, who oppose Communist oppression and wish to remain free. The Chinese Communist regime in its current threat forcibly to "liberate" Formosa, which has understandably given no indication it wishes to be "liberated", reveals the patent falsity of its pretensions to become peace-loving.

The Chinese Communist regime reveals its fundamental cynical character when it directs its virulent and aggressive propaganda at one group while at the same time proffering to other audiences or groups blandishments of "co-existence" and "peace". The current campaign is an open admission by the regime that "peaceful co-existence" has militant aspects which need to be appreciated.

The actual falsity of what the Peiping regime attempts to establish as accepted facts should be exposed. An example of this is the transition from charging the U.S. with aggression in Korea to using the bland assumption that the U.S. was the aggressor in Korea as a frame of reference for provocative charges of U.S. intervention and hostile acts toward the Peiping regime. Clearly this basic device must be understood as an effort of the Communist propagandists to cover and minimize the aggressive and internationally outrageous conduct of the regime. The U.S. and the Free World should have little difficulty by this time in understanding the deviousness and duplicity of Communist methods and the special efforts of the regime to gain by subversion and guile what it cannot take by force.

DUPLICATE

S E C R E T

OUTWARD TELEGRAM FROM COMMONWEALTH RELATIONS OFFICE

TO: U.K. HIGH COMMISSIONER IN CANADA (ACTING)
U.K. HIGH COMMISSIONER IN AUSTRALIA
U.K. HIGH COMMISSIONER IN NEW ZEALAND
U.K. HIGH COMMISSIONER IN SOUTH AFRICA

RPTD: U.K. HIGH COMMISSIONER IN INDIA
U.K. HIGH COMMISSIONER IN PAKISTAN
U.K. HIGH COMMISSIONER IN CEYLON
WASHINGTON } (SAVING) (VIA FOREIGN OFFICE)
PEKING }

(Dated 31 August, 1954)

Y.No. 207 SAVING SECRET

Repeated U.K. High Commissioner in Delhi, Karachi, Colombo and Saving to Washington and Peking.

F O R M O S A

Attached memorandum deals with recent United Kingdom/
United States discussions on Formosa.

(Ottawa, Canberra, Wellington, Pretoria)

2. Copies of memorandum may be given to Commonwealth authorities. Copies have been given to High Commissioners in London.

(New Delhi, Karachi, Colombo)

3. Memorandum is for your own information only.

S E C R E T

F O R M O S A

In reply to a question on 24th August, as to whether United States undertaking to defend Formosa includes the adjoining Pescadores Islands and the smaller islands (Quemoy, Matsu and Tachen) close to the China mainland, held by the Chinese Nationalists, Mr. Dulles stated that:

"The basic instruction is to defend the island of Formosa. There are a number of islands held by the Nationalists which lie in between Formosa and the mainland and the defence of which may, from a military standpoint, be so intimately connected with the defence of Formosa that the military would be justified in concluding that the defence of Formosa comprehended a defence of those islands. That would be primarily a military decision".

2. In subsequent informal, repeat informal, discussions with United States authorities, latter told us they had no reason to expect an attack on Formosa from the mainland. It was suggested to them that since operation of any Communist escort or convoy system in the Formosa Straits would be difficult unless the Nationalists were ejected from the small islands immediately off the coast the recent Peking propaganda campaign about Formosa was possibly the prelude not to an attack on Formosa but on those small islands. The United States authorities could not say what United States policy would be in such a situation but drew attention to Mr. Dulles's carefully chosen words in paragraph 1 above, i.e. "islands intimately connected with the defence of Formosa". The Pescadores clearly fell within that definition but the United States would probably not wish at this stage to clarify further its policy in regard to all the islands.

3. United States authorities agreed that the situation held the seeds of possibly serious trouble and would need watching closely.

4. It seems unlikely to us that the Communists will in fact attack Formosa. The spate of recent Chinese statements about Formosa probably derive partly from a desire to test United States attitude and partly from campaign of holding up the United States as the main obstacle to peace in the Far East. For these reasons, as well as in order to appear to be carrying out the Chinese Government's recent declaration on ~~liberating Formosa~~ the Chinese may well intend to attack the small islands near the mainland. Mr. Dulles's statement in paragraph 1 above may well have been made in the hope of deterring the Communists from attacking these islands without the United States Government having to commit themselves to defend them, since if they were really going to defend them they would probably be more likely to say so outright. Clearly, however, the situation is extremely delicate.

5. H.M. Ambassador in Washington has accordingly been asked to put the following points to the United States authorities.

- (a) We view the situation with great concern.
- (b) The Communists are clearly out to maintain tension with the United States and to cause difficulties between us over the ~~Formosa~~ question.
- (c) We are sure the United States authorities are fully alive to this and will do what they can to avoid clashes and to keep the temperature down.

/(d) We have

- (d) We have noted that Mr. Dulles said that the decision whether certain of these islands should be defended by the 7th Fleet would be primarily a military decision.
- (e) In view of repercussions which any decision must have on our own position in Hongkong, as well as of peace in Far East as a whole, we trust United States would inform us in advance of any decision that may be taken and that political, as well as purely military considerations would be given their full weight.
- (f) We hope United States will also be able to prevent provocative action by Chinese Nationalists. The latter may think it in their interest to try to embroil us all and everything possible must be done to control them.

Commonwealth Relations Office Memorandum of 31st August, 1954.

Copies of Memorandum have been communicated to the Governments of Canada, Australia, New Zealand and South Africa.

~~File~~ Aug. 31/54
File on 50056-A-40
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SECRET

D. A. I. PAPER ON CHINA

50056-A	40
111	✓

2. HIGHLIGHTS OF CONTEMPORARY HISTORY

On October 10, 1911, the accidental explosion of a bomb in the home of some Chinese republican conspirators in Wuchang precipitated the train of events which brought about the fall of the Manchu Dynasty, the premature rise and early fall of the initial Republic, the period of warlordism and civil chaos, the Nationalist dictatorship and the eventual triumph of the Chinese Communist Party. The revolutionary leader, Dr. Sun Yat-sen, supported by the new social classes of western-trained students, modern military men (e.g., Chiang K'ai-shek), treaty-port merchants, overseas Chinese and the secret patriotic societies of South China, staged ten abortive rebellions in the first decade of the twentieth century. Dr. Sun was fund-raising in the United States at the time of the Wuchang uprising and was declared President of the new Republic in absentia. Dr. Sun, a Hong Kong-trained physician^{and} a Christian imbued with Western liberalism, was a visionary. He was not another Lenin, had little knowledge of party organization and administration, and had no concrete ideology to offer. The Manchu Dynasty died of its own inertia.

The outstanding fact in Chinese history has been its unique cultural and political unity. One quarter of the world's population has remained through^{out} the various dynasties an ethnic and social entity. Unified by its geographic isolation from the rest of the civilized world, by its common Sinitic language and Mongoloid race, the Chinese Empire in 1911 was basically the same as the one unified by Ch'in Shih Huang Ti in 221 B.C. Since Ch'in Shih Huang Ti

founded the Chinese Empire, the Empire has seen a succession of dynastic cycles with ten main dynastic periods - five of which were typically Chinese dynasties and five dynasties of conquest or "infiltration".

Each dynasty went through a cycle (varying from 195 to 319 years) of vigorous leadership, which degenerated into factionalism and the usurpation of civil administration from the scholar-bureaucrats by court eunuchs. On the economic side, soaring budgets and increasing commitments caused by conquests had led to bankruptcy and the infliction of direct land taxes upon the peasants. This often necessitated the creation of an army of mercenaries since a corvée peasant army was rendered unavailable by their non-registration for taxation. Peasant revolts against the orders of civil bureaucrats - usually possessed of fine economic ideals and fired with fanatic fraternal-order or religious zeal - were common but rarely successful and were usually suppressed by the local warlords. These warlords, in turn, sensing the weakness of the central administration, rebelled and with the "mandate of heaven" founded a new dynasty.

Despite the excellence of its civilization, China was conquered several times by the barbarians from the North. But in most cases the warlike nomads were overawed by the height of civilization achieved by the agricultural-urban Chinese. Thus, although they maintained a military control over the land, they developed an administrative dyarchy system for civil jurisdiction. Every high barbarian official would have a Chinese colleague translating his policy into action. The traditional bureaucratic organization and competitive examination regimentation would be kept. Culturally, the conquering barbarians almost invariably became absorbed into the cultural milieu of the vanquished Chinese. Eventually, the barbarians would become so corrupted by their subjects that some native Chinese dynasty would quietly supplant them. The only major

3.

group that refused to mingle with the Chinese and adopt their administrative methods, the Mongols, lasted less than 100 years in China. The Manchus, who preserved the traditional Confucian culture, lasted in office for the long period from 1616 to 1912. Throughout the imperial history, however, the pattern of rule never changed: power was vested in a tight triangle of authority composed of landlords, scholars and bureaucrats. The mode of life of the humble peasant remained unchanged for 4000 years and the further removed the power of the central administration was from him, the better he liked it.

China's modern troubles started with the commencement of the Western impact upon the Far East. Traditionally, convinced of their cultural supremacy, the Son of Heaven (the Chinese Emperor) and his courtiers insisted that all foreign embassies approach his Imperial Palace in a spirit of tribute, rather than in a spirit of equality. Now, for the first time, China found herself faced by nations she could not absorb as tributary nations in the usual manner. The earliest Western activity in the Far East was by a succession of commercial maritime powers. Portuguese and Spaniards were in control of this new enterprise in the sixteenth century, the Dutch were supreme in the eighteenth, the British held the hegemony in the nineteenth century while the United States inherited the dominant position in the twentieth century. The ingredients of this new expansion were extracted from capitalism, nationalism, religion and individualism. There were two distinct periods in East-West relations. The first was the factory system which operated from the Portuguese settlement at Macao in 1557 to the first Anglo-Chinese "Opium" War in 1842. The second was the treaty system which maintained itself from the Treaty of Nanking in 1842 to the formal abrogation of the unequal extraterritoriality treaties by Britain and the United States in 1943. The factory system was really an Asiatic extension of European mercantilism - where a company of merchants would have an agent in a port to

represent its interests, but the area still remained Chinese territory. When the Chinese Government began to suppress the opium trade, which had been imported to China by private British traders under license from the East India Company, the British decided to launch a full-scale military action to settle a variety of diplomatic, commercial and legal problems that had developed under the factory system. A new new era was inaugurated with the Treaty of Nanking, which humiliatingly ceded Hong Kong to the British and opened up China to the semi-colonial exploitation of the treaty system.

In the first phase of imperial rivalry in China, her territorial sovereignty was retained, at least in theory. After the defeat of China in the Sino-Japanese War from 1894-95, the European powers began an outright scramble for commercial concessions in China. Various European powers dickered for railroad concessions, which included building lines into their respective spheres of influence and being paid to expand their field for exploitation. The United States, through Secretary Hay's Open Door Notes of 1899-1900, hastened to halt this economic enslavement by declaring that the Americans had no desire for special favours. Actually, this "Open Door" was first promulgated by the British and was mainly an effort by the Americans for gaining a fair share of the spoils, which the United States was in danger of losing to other nations with special rights.

The humiliating impact of the West upon the Far East added to the domestic strains of a corrupt Manchu regime was the impetus for the continuing unrest in China that had characterized the last century of Chinese history. One of the most extraordinary incidents in this period was the peasant Thiping rebellion. The T'ai ping rebellion was organized by Hung Hsiu-ch'uan, a member of the lower litterati who had come under the influence of American missionaries.

Organizing a group of "god-worshippers" in Kuangsi province into The Heavenly Kingdom of Great Peace, he set up a militant pseudo-Christian, "communist", agrarian-reform rebel government in opposition to the alien imperial army. After 15 years of civil war covering most of central China, during which 20 million people were killed, Tseng Kuo-fan and his "Ever Victorious Army", trained by Generals Ward and "Chinese" Gordon, defeated the forces of the rebels who were badly disorganized by leadership rivalries and confused ideologies. Although the "T'aipings" were not endowed with a political program as highly worked out as that of the Communists, their rebellion possessed many of the qualities, such as religious fanaticism characteristic of their twentieth-century counterpart.

Up to the nineteenth century, the Chinese response to Western aggression had been that Chinese traditional values should be kept and that Western science should only be used to reinforce that background. However, acceptance of Western ideas was very slow. It was only in 1887 that Science was made an optional subject of presentation in the Imperial examinations. The first permanent railroad in China was not built until 1887. Protestant missionaries, by press and tracts, influenced the litterati towards reform. However, it was the defeat by Japan in 1894-95 that shook the ruling classes into a realization of their archaic institutions. K'ang Yu-wei, an outstanding intellectual, proposed the new slogan of "Confucius as a Reformer"- advocating wide-scale innovations under the guise of preserving the old outmoded Confucianist style of living. The young Emperor instituted the "Hundred Days" of reform in 1898 which accepted Western political institutions. However, he was quickly removed by the Empress Dowager.

Some 10,000 students a year were sent to study in Japan. These, along with the students at the new Paoting Military Academy (such as Chiang K'ai-shek), and the revolutionaries imbued with

Western liberalism, felt that China must be entirely reshaped on the Western pattern, must become a democracy, because that was modern, too, and must be industrialized.

The Republic which was established early in 1912 following the abdication of the Manchu Dynasty was, according to Dr. Sun Yat-sen and his fellow-revolutionaries, to be a democracy modelled closely on those of the United States and France, the two republican countries which were most familiar to the Chinese intellectuals. However, in the intention of one of its chief founders, the first President of the Republic, Yuan Shih-k'ai, it was to be a brief interregnum ending in the foundation of his own imperial dynasty. The Republic was destined to end neither in democracy nor in a new dynasty, but in chaos.

Yuan was a former Army Commander of the Manchu Empire who had switched sides in the middle of the conflict and gone over to the Republicans, offering them the unity of China and the abdication of the Manchus on the condition that he be the first President of the Republic. Sun agreed and resigned his provisional presidency in the hope that Yuan's offer would materialize and the civil war would halt.

Yuan's treachery continued, and his attempt to take over completely and form his own dynasty ended in his death in 1916. Japan's infamous Twenty-one Demands of 1915 (in which Japan asked for special concessions in the Shantung peninsula and elsewhere in North China) had forced his hand and placed him in a position from which he was unable to extract himself. His powers dwindled, he lost face and died a broken-hearted man.

China was now weaker than before and none of her troubles had been solved. It had been and continued to be a military show. The generals fought and enriched themselves and the country was in turmoil. Warlords took over in 1916 throughout China and a warlord

triumvirate ruled in North China until 1927. The Chinese Revolution had thus far been chaotic. China's two main pillars of administration throughout the ages dissolved during this period. The civil service disbanded and the scholars withdrew from public to academic life.

Sun Yat-sen was unable to get recognition from any power for his precarious regime in Canton. In January, 1923, Joffe, the Soviet envoy to China, met Sun Yat-sen in Shanghai and they decided to establish an informal alliance. In 1924, the Russian Borodin, along with other Soviet advisers, helped Sun to reorganize the Kuomintang or Nationalist Party on the same principles as the Soviet Communist Party. Sun reluctantly agreed to accept association with the infant Chinese Communist Party provided the Communist Party obeyed the Kuomintang leaders. In May 1924, the Whampoa Military Academy was established, headed by Chiang K'ai-shek, to provide a cadre of Kuomintang officers. The Kuomintang turned away^{from} an attempt at building a democracy and now its chief purpose was to recover sovereign rights. The promotion of social revolution was secondary.

In July 1921, the First Congress of the Chinese Communist Party, under the leadership of a Peking University professor, Ch'en Tu-hsiu, was held. Among the founders were Mao Tse-tung and Chou En-lai. The party was immature and had not even decided whether the example of the Russians or the new Social Democratic regime in Germany should be followed. In 1922, Comintern agents advised the Party to cooperate with the Kuomintang in a coalition of all classes against the imperialists.

Meanwhile, powerful warlords still controlled most of China. On March 12, 1925, Sun Yat-sen died. On March 26, 1926, Chiang K'ai-shek established his leadership by a coup d'etat in Canton and in July 1926 the Northern Expedition was launched. Within a short time, the larger cities of central China had been captured. The success of this expedition was assured by an incident in Shanghai the year

before. Here, a student crowd had been fired upon by the International Police and all China united in denouncing the foreigners. The wrath of the people also turned upon the warlords and the Peking militarist authorities who were accused of being the running dogs of the imperialists. The people, organized by Communist cadres, flocked to the advancing Northern Expedition in a nationalist and anti-foreign wave. Demonstrations throughout China alarmed the Western powers who saw that their concessions were endangered. Chiang K'ai-shek was aided by his Russian advisers and arms and by his uneasy alliance with the Chinese Communist Party. Chiang, who had been sent by Sun to the Soviet Union in 1923 and who returned convinced of the utility of the one-party state but disenchanted with Communism, saw that this alliance was unlikely to endure and that he might be duped by more left-wing leaders. At the first opportunity, on April 12, 1927, he disarmed the workers who had been trained to deliver Shanghai to the Nationalists, suppressed the Communists and established his right-wing Government at Nanking. The left-wing Kuomintang at Wuhan, under Wang Ching-wei, broke with the Communists in June 1927 and joined Chiang K'ai-shek. The Kuomintang forces under Chiang K'ai-shek, minus the discredited Communists, drove on to Peking, expelled the warlords and were recognized by the relieved foreign powers.

With the return of Borodin to Moscow and the failure of the Kuomintang-Communist alliance, Moscow lost interest in the Chinese Communist Party, ^{which} and for the next twenty years operated with practically no guidance from the Comintern. Li Li-san, with a small remnant Red Army ^a in a remote area of South China, urged a policy of recapturing several urban centres in order to restore the links of the Party with the urban proletariat. This policy suffered disastrous defeat in the battle for Changsha in July 1930. Li Li-san was condemned and Mao Tse-tung evolved a new theory for Asia of revolution by the peasants led by the intellectuals. Mao and

Chu Teh, the commander of the Red Army, established a Chinese Soviet Republic in a mountainous region of South China in 1931. The control of Mao Tse-tung over the Central Committee was definitely established by 1935 and has never since been disputed. Since 1938 there have been no important changes in the leading figures in the Chinese Communist Party.

Meanwhile, the Japanese occupied Manchuria in 1931. During the following years they invaded Jehol province, virtually detached North China from the Chinese and then at last openly invaded the whole country in 1937. Throughout this period, Chiang devoted his energy to military campaigns against the Communists, at first in Southern China and then, after the "long march", around Yenan in Northwest China. Finally, it was the Communists who forced Chiang to fight Japan.

In the decade from 1927-1937, Chiang K'ai-shek provided China with the semblance of a modern administration. His Western-educated bureaucrats managed to balance the budget, build railways and roads and to secure customs and tariff revisions from the foreign powers. However, it was still essentially government "for the people" by an elite group of litterati. They had no conception and little desire to implement any wide-scale reform of the land-tenure system or other social abuses. Meanwhile, the Nationalists were committing a large proportion of their available military manpower in the civil war against the Communists, while the Communists professed to be the only truly anti-Japanese forces. Then, in December, 1936, Chiang flew to Siam where rumours of disaffection within his forces had been heard. There he was made a captive by the Nationalist forces under the former warlord of Manchuria, the "Young Marshal" Chang Hsueh-liang.

The Communist negotiator, Chou En-lai, "mediated" the dispute between the two Nationalist generals and, with his life as forfeit if he did not consent, Chiang agreed to stop the civil war and to forge a "united front" with the Communists against Japanese aggression. In return, the Communists were prepared to acknowledge Chiang's leadership. It is still a moot point whether the impulse towards the "second United Front" with the Kuomintang (1938-1940) was an initiative of the Communist Party inside China or was rather the decision of the 7th World Congress of the Comintern in 1935. In any event, the Communists evidently believed that they could profit at the expense of the Nationalists from the inevitable confusion consequent to a war with Japan.

After Japan's outright invasion of China, which began with the crossing of the Marco Polo bridge at Peking on July 7, 1937 the Nationalists fought well at first but were forced to retreat and, by 1939, they had evacuated their capital to the western province of Szechwan at Chungking. In "occupied China", the Communists organized guerilla resistance to the Japanese but in "free China", the Nationalists ^{seemed more inclined to wait} ~~simply waited~~ for their Western allies to win for them the war against the Japanese, while most of the officials engaged in the corrupt practices inherent in a country with an inflationary ^{ing} currency. Meanwhile, the Communists consolidated their position in the rural parts of Japanese-occupied China by developing a guerilla network and by promising land-reform to the peasants. While the civil war was in abeyance during the Japanese hostilities, a gradual deterioration of Kuomintang-Communist relations began in 1941 and led to the renewal of the civil war in 1946.

The course of Soviet ^{influence} policy from 1945-1949 is difficult to interpret. Visitors to the Chinese Communist headquarters during the Yen-an period (1937-1945) saw no evidence of the presence of Soviet advisers or of material assistance. In 1945, in accordance

with the Yalta Agreement, the Soviet Government and the Nationalist Government of China signed a Treaty of Alliance under which the Soviet Union promised to give military aid and moral support only to the Nationalists. At the beginning of 1946, the withdrawal of Soviet forces from Manchuria was postponed for one month at the request of the Nationalist Government. As late as February 1949, the Soviet Government negotiated an agreement on trade in Sinkiang with the Nationalists. Of all the diplomatic envoys accredited to China, the Soviet ambassador was the only one to follow the National Government from Nanking to Canton and he was not formally recalled until October 1949, when he was transferred to Peking. Stalin ^{is reported to have} told Tito in 1948 that he had advised the Chinese comrades to seek a modus vivendi with Chiang K'ai-shek but they ignored his advice, mounted an assault across the Yangtze River and completed the military defeat of the Nationalist armies.

On the other hand, when the Soviet Army withdrew from Manchuria in 1945, the Chinese Communists fell heir to the surrendered Japanese arms in the smaller centres of Manchuria. ^{However} ~~Actually~~, all of the equipment in the great strategic centres which was not removed by the Russians, was turned over to the Chinese Nationalists who had been flown in to accept the surrender of the Japanese. ~~The first foreign intervention in the undeclared civil war took place when United States airplanes were used to ferry Nationalist soldiers from Free China to the great cities of Eastern and Northern China, so that Chiang's troops, rather than the Communist guerillas, would be able to accept the surrender of the Japanese.~~ ^{Nevertheless} ~~However~~, the period of Nationalist supremacy was fast coming to a close and either the renewal of the civil war between the Nationalists and the newly-resurgent Communists, or the formation of a coalition government was inevitable.

Late in 1946, the United States sent General George C. Marshall to China to mediate the dispute. The purpose of General Marshall's mission was to bring the opposing sides into a coalition government. The negotiations broke down, however, and the all-out resumption of the civil war came in 1947. The Communists controlled the rural areas of North and Northeast China and Manchuria. They also cut the rail connections to these areas. The Kuomintang controlled all China south of the Yangtze River, large parts of the northwest regions and all the large cities in the Communist-held territory. Chiang's objective was to obtain control of Northern China and Manchuria concurrently; the Communists' aim was to cut communications and later seize the cities and destroy the garrisons. Chiang's armies failed to conquer Shantung and his Manchurian garrisons remained isolated. The Communists counter-attacked in the summer of 1947 and the handwriting was on the wall. Mukden and many other Manchurian cities were taken. By early 1949, Tientsin and Peking in North China fell and the Kuomintang was defeated before Nanking. From February to April of 1949, negotiations were carried out and when these collapsed, the Communists swept through South and Western China to complete the conquest.

The Kuomintang, with its rotten and grafting leadership and lack of a clear-cut economic and agricultural programme, lost the support of the peasantry and the intellectuals. The Communists came to power on the basis of the support of these elements and of a highly disciplined political organization. The Chinese Communists received no ^{decisive} significant aid, throughout this period in their march towards complete power, from the Soviet Union.

Following the defeat of Chiang K'ai-shek's armies on the mainland, the remnants of the Nationalist Government evacuated to the island of Formosa. The Central People's Government of the People's Republic of China was formally established in Peking on

October 1, 1949. There was a great initial display of solidarity between the Soviet Union and China. In 1950, a new treaty of friendship was signed between the Soviet Government and the Peking Government, replacing the treaty of 1945 with the Nationalists. Agreements governing economic and technical assistance were signed at the same time and further agreements with much publicity in September 1952. At the end of 1952, the first Chinese Five Year Plan for economic construction was announced. This implied increased help from the Soviet bloc in the shape of technical advisers and capital equipment. Arrangements for such aid were completed in the three agreements which were announced on March 26, 1953, regarding (1) Sino-Soviet trade during 1953; (2) Soviet credit to China; and (3) Soviet help in the construction of hydro-electric works in China. Again, on September 17, 1953, a unilateral Chinese announcement was made that the Soviet Government had agreed to help with the construction and expansion of 141 "colossal" undertakings. China attaches ^{great} prime importance to the successful implementation of its Five Year Plan for which supplies and technical help are essential. The Soviet Union, for its part, may be unwilling or unable to give the necessary assistance. If Soviet help fails to come up to China's requirements, this might seriously weaken the alliance.

Although the administrative and social changes being made in China are, to some extent, modelled on the precedent of the Soviet Union, there are very important differences. These changes in China are, in the main, in strict conformity with Chinese concepts laid down in Mao Tse-tung's ideas of a "new democracy". While the pattern in the Soviet Union was directed towards the elimination of the "Kulak" class and the consolidation of the agricultural land into collective farms, the Chinese Communists have tended to redistribute the land among the former tenant and part-tenant farmers. Formerly, the tenant gave a high proportion of his crop to the landlord. Now, the new owner-farmer gives approximately the same percentage of the

assessed potential of his crop acreage, regardless of the crop conditions, to the State. He is probably economically poorer, ~~but at least~~ ^{and only} he has the satisfaction of being an owner. In the northern wheat belt, there have been some attempts made to establish collective farms, but the experiment has not progressed very far. In their agricultural policy, the Chinese Communists are stressing "mutual aid" among the peasants rather than collectivization. Similarly, the new marriage law promulgated by the Peking authorities was designed to meet a particular Chinese situation, namely the "feudal" dependence of the wife on the husband and the solidarity of the family unit in the Confucian ethic.

The Peking authorities are determined to build China into a major industrialized power. In order to pay for the industrial equipment which China needs from the Soviet bloc, the Communists are endeavoring to increase food production so that some food "surplus" can be exported abroad. One of the major obstacles in the past which has prevented the growth of a nation-wide complementary economy has been the lack of a distribution system. To combat this deficiency, the Peking Government has made a good start at improving internal communications by an immense programme of road- and railroad-building. Manchuria is already back in heavy industrial production. To supply the need for trained scientists, technicians and skilled workers, the Chinese have set up schools which are turning out large numbers of at least partially-trained personnel. It is estimated that within five years, China may be able to achieve an important expansion of its industrial base.

In common with other strong native dynasties in China's history, ^{The new regime} ~~the strongest government in China's~~ ~~over 4000 years of~~ ~~recorded history~~ has tended to reassert its "manifest destiny" by consolidating its hegemony over the outlying areas of the "traditional Chinese Empire. In late 1950, Chinese Communist troops invaded Tibet

an area over which Chinese suzerainty had become less than nominal, on the pretext of backing the claims of the Panchen Lama, then in exile in China, against those of the Dalai Lama, resident in Lhasa, to be the spiritual and temporal leader of the Buddhist Tibetans.

In accordance with the 1945 treaty with the Chinese National Government, the Soviet Government pursued a forward policy in regard to Manchuria. They have now, however, under the terms of the Agreements of 1950 and 1952 with the Peking Government, handed over control of the strategic East-West railway to the Chinese Communists, although the joint use by Russia and China of the naval base at Port Arthur is to continue until a peace treaty has been concluded by these two powers with Japan.

~~The separation of part of Mongolia from the Chinese State was first formally recognized by the Chinese Communists in 1950.~~ There is no evidence of Chinese Communist interest in Outer Mongolia before that date. The recent holding of a Chinese industrial exhibition in the Mongolian capital is an indication of increased Chinese interest in the area.

While evidence is scanty, it appears that Chinese Communists have been more effective in asserting their control over Sinkiang, despite Russian encroachments, than were the Nationalists. A Sino-Soviet agreement on oil and non-ferrous metals was concluded in March 1950 which provided for equal participation in and development of the mineral resources of Sinkiang. It is noteworthy, too, that the Chinese Communists plan eventually to extend the railway westward from Lanchow the capital of Kansu province, to Tihwa, the capital of Sinkiang province. Although Russian interest in Sinkiang has had a fairly long history, China has always been reluctant to consider that such interests were legitimate.

Korea, too, was a vassal of the Chinese Empire until

FORMOSA.

Reference on TS 30-B-40

50056-1-46

8/9/54

Aug 20/54

4. The Communist threat of an attack on Formosa is not taken seriously. But there is continued concern about the island as a future source of trouble. At his press conference Mr. Dulles was asked whether the American "undertaking to defend Formosa" included the islands in the Formosa strait. He replied that "the basic instruction was to defend the Island of Formosa," but added that some of the other islands "might be so intimately connected with the defence of Formosa that the military would be justified in concluding that a defence of Formosa comprehended a defence of these islands." In this connexion he mentioned the Pescadores, but was careful not to specify whether the United States would defend Nationalist-held islands on the mainland side of the strait. The widespread expectation that the latter may be attacked by the Communists has now been confirmed by a raid on Quemoy. This news has significantly brought no demand for action: on the contrary, several commentators were quick to point out that the Nationalists have also been indulging in sporadic raids and that retaliation was only to be expected. British criticism of Mr. Dulles' remarks (which was regarded as very temperate) has been ill-received. At best commentators discuss "the immense difference in the emotional content with which we and the British fill the China issue:" at worst they ask, like the Wall Street Journal, "what are we to think of alliances against Communism when the allies indicate they will run at the first sign of new Communist trouble!"

has caused increasing concern and resentment. Mr. Dulles, at his press conference, expressed "deep regret" that France had disagreed with the other E.D.C. countries at Brussels and hoped "that when France confronts the ultimate decision she will choose to cement the E.D.C. partnership"; but admitted that "hope is not the same as expectation." This confirmed the general impression that the E.D.C. is 'a dead duck'. Most Americans strongly favour E.D.C., both because it promised an effective military barrier to Communism and because they have an instinctive faith in the long-term benefits of "union" and a desire to end the Franco-German quarrel once for all. Mr. Adlai Stevenson, echoed the Administration when confirming that he had written to M. Mendes-France urging ratification, by describing the E.D.C. as "a step toward European unification" which "can greatly assist in building a strong, free and peaceful world." There is general agreement that Mr. Stevenson was quite right when he said that "E.D.C. is not a partisan matter in America" and that "Secretary Dulles spoke for all of us."

2. Criticism of France and especially of her Premier is therefore becoming sharper. Harold Callender's report in the New York Times that Mendes-France "was not merely resigned to the defeat of E.D.C., but desired that defeat" is now beginning to be reflected in editorial comment. Only extremists charge that he has "made a deal with the Russians" but while

TRANSMITTAL SLIP

TO: The Under-Secretary of State for External
 Affairs, Ottawa, Canada.

FROM: The Canadian Embassy,
 Washington, D. C.

Security... **Unclassified**,
 Date... **August 12, 1954**.
 Air or Surface... **Surface**.
 No. of enclosures... *3*

The documents described below are for your information.

50056-A-140
 9/1/76

Despatching Authority... **W.M. Olivier:da**

Copies	Description	Date	Remarks
1	<p align="center">Background Note for the information of British officials, dated August 9, 1954.</p> <p align="center">Re: British Policy in Relation to Formosa.</p> <p><i>file (111)</i></p> <p>To see: Mr. Angus Mr. Percival Mr. [unclear] Mr. Harwood Mr. Pope</p> <p><i>file as 50056-A-40</i> R. Richards (FE.)</p>	<p align="center">AUG 13 1954</p> <p><i>Mr. Ed [unclear]</i></p> <p>Obtain: Permdel, N.Y.;</p> <p><i>Refer attachment to:</i></p> <ul style="list-style-type: none"> W. J. [unclear] London ✓ Canberra ✓ Wellington ✓ CPDUS NY ✓ Karachi ✓ Defense Liaison (1) ✓ Defense Liaison (2) ✓ Pol. Coord Section ✓ Press Office ✓ JIS (Thompson) (2) ✓ 	

done Aug 19 9m. L.

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1954 JUN 13 PM 1:52

BACKGROUND NOTE

For the information
of British officials.

408/2
Washington, D.C.
August 9, 1954.

BRITISH POLICY IN RELATION TO FORMOSA

Formosa was annexed by Japan in 1895 and remained under Japanese rule until the end of World War II. In the Cairo Declaration of December 1943, Great Britain, the United States and the Republic of China agreed that Formosa should be restored to China after the defeat of Japan. ~~Accordingly, in October 1945, the administration of the island was entrusted to the Nationalist Government which was still the effective Government of China.~~ It was then expected that in due course the Peace Treaty between Japan and the Allies would give de jure recognition to this de facto occupation.

On January 6, 1950, the British Government, having come to the conclusion that the Nationalist Government had ceased to be the effective Government of continental China, withdrew its recognition of that Government and recognised instead the Central People's Government in Peking. ~~The Nationalist authorities, however, remained in control in Formosa.~~

When the Japanese Peace Treaty was under negotiation (it was signed on September 8, 1951 and came into effect on April 28, 1952) the Allies were unable to agree which Government was entitled to sign it on behalf of China. As a result neither participated in the negotiations and neither signed the Treaty. But the Treaty contained a clause whereby Japan relinquished her claim to Formosa, so that ~~the final disposition of the island was left in suspense.~~

Since the British Government does not recognise the claim of Chiang Kai Shek's Nationalist Government in Formosa to be the Government of China, they do not maintain diplomatic relations with that regime. However, there is a British Consul at Tamsui who, in accordance with the practice of the British Government in a number of similar situations in the past, ~~maintains relations with the provincial authorities (i.e. the Governor) of Formosa, who are recognised to be de facto in control of the island.~~ The function of the British Consul is to look after British interests in Formosa.

Although Britain recognises the Central People's Government of China in Peking, it has never been British policy to press for the handing over of Formosa to the Chinese Communists. On this point British policy remains as it was stated by the Prime Minister, Sir Winston Churchill, two years ago when, in the House of Commons debate on January 30, 1952, he said:

"What I have said, and repeat, is that he (Chiang Kai Shek) and those who fought with him against the Communists, and have ~~taken refuge upon the island of Formosa,~~ should not be invaded and massacred there while the United Nations' forces possess such overwhelming superiority."

This policy has been endorsed by the Leader of the Opposition (the Labour Party), Mr. ~~Chomont Attlee,~~ who as recently as ~~July 17, 1954,~~ in the course of a Foreign Affairs debate in the House of Commons, referred to the proposal he had supported over a period of years ~~that Formosa should be held in trusteeship by the United Nations.~~ In the same debate, Sir Winston Churchill said:

"I certainly do not see anything in the conduct of China which has yet happened which should ~~lead the American Government to deliver Formosa to Communist China.~~"

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extra copies → 50056A-40
111

ACKGROUND NOTE

For the information
of British officials.

408/2
Washington, D.C.
August 9, 1954.

BRITISH POLICY IN RELATION TO FORMOSA

Formosa was annexed by Japan in 1895 and remained under Japanese rule until the end of World War II. In the Cairo Declaration of December 1943, Great Britain, the United States and the Republic of China agreed that Formosa should be restored to China after the defeat of Japan. Accordingly, in October 1945, the administration of the island was entrusted to the Nationalist Government which was still the effective Government of China. It was then expected that in due course the Peace Treaty between Japan and the Allies would give de jure recognition to this de facto occupation.

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This policy has been endorsed by the Leader of the Opposition (the Labour Party), Mr. Clement Attlee, who as recently as July 14, 1954, in the course of a Foreign Affairs debate in the House of Commons, referred to the proposal he had supported over a period of years that Formosa should be held in trusteeship by the United Nations. In the same debate, Sir Winston Churchill said:

"I certainly do not see anything in the conduct of China which has yet happened which should lead the American Government to deliver Formosa to Communist China."

NUMBERED LETTER

fjt

TO: THE CANADIAN EMBASSY, TOKYO, JAPAN.

Security: RESTRICTED

FROM: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

No: *1568*

Date: August 5, 1954

Reference: Your letter No. 803 of July 28, 1954

Enclosures:

Air or Surface Mail: A I R

Subject: FUTURE OF FORMOSA.

Post File No:

Ottawa File No. 50056-A-40 547, 5523	
<i>4/6</i>	<i>4/6</i>

References

United Nations
Division
Commonwealth
London
Washington

done
Aug 6
ag.

In reply to paragraph 2 of your letter under reference, Sir Winston Churchill, during the Foreign Affairs Debate in the United Kingdom House of Commons on July 14, did deal with the questions of the diplomatic recognition of the Government of Communist China and of the admission of representatives of the Peking régime into the United Nations. On this latter question, he remarked:

"In principle one cannot conceive that China would be forever excluded from the United Nations, but, on the other hand, one really does not see why this particular moment would be well chosen for its admission when it is still technically at war with the United Nations - technically, I say - and when it is at this moment going to achieve a resounding triumph by the success of the stimulated war in Indochina, in which it has played so great a part."

2. Almost parenthetically, Sir Winston referred to the vexed question of Formosa, which Mr. Attlee recommended should be placed under United Nations' trusteeship. The United Kingdom Prime Minister stated:

"I certainly do not see anything in the conduct of China which has yet happened which should lead the American Government to deliver Formosa to Communist China. Nor do I see any reason why at some subsequent date Formosa should not be created in the manner which the Rt. Hon. gentleman suggested, and placed in the custody of the United Nations."

These exchanges on the future of Formosa have been given some cogency recently by the Chinese attack on the Cathay Airlines near Hainan Island (on the excuse that it was presumed to be a Chinese Nationalist aircraft) and by Mr. Dulles' statement that the United States Navy and Air Force would be used to prevent a Chinese Communist invasion of Taiwan.

Internal Circulation

Distribution to Posts

CPDUN, New York
New Delhi
Wellington
London
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done
Aug 6
ag.

for the
A. R. MENZIES
ACTING UNDER-SECRETARY OF STATE
FOR EXTERNAL AFFAIRS.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN EMBASSY, TOKYO, JAPAN

Reference:

Subject: Future of Formosa 5

Security: Unclassified

No: 803

Date: July 28, 1954

Enclosures: None

Air or Surface Mail: Air

Post File No: 210-3-1

Ottawa File No.	
50056-A-40	
46	46

Mr. Maranda

References

- Refer to:
- A/USSEA
- UN Div.
- Commonwealth
- American Div.
- Defence Div. (2)
- JCS (Comp. Div. (2))
- London
- Washington
- CIPUN, New York
- New Delhi
- Karachi
- Canberra
- Wellington
- Mr. Newbery

We quote below the text of an item which appeared in the Chinese Embassy's News Letter No. 30 of July 23, concerning a statement, attributed to Sir Winston Churchill, that Formosa might be placed under United Nations trusteeship:

Foreign Minister George Yeh recently played the current British and American thinking of suggesting to place Taiwan under United Nations trusteeship as "ridiculous" and "unthinkable."

The Minister, commenting on Churchill's recent remarks, said he was surprised to have been reported to have such intentions (sic). He said curtly "the reference to the trusteeship of Taiwan made by Winston Churchill in the House of Commons is too ridiculous to deserve any serious comment. It is like proposing the United Nations trusteeship for Wales or Scotland."

The foreign minister added: "Taiwan is historically, ethnically and politically as much a part of China as New Mexico and Louisiana as (sic) parts of the United States."

As to Attlee's remarks in the House of Commons during the recent debates, Minister Yeh said, "They reflect the pinings of a man who has been sadly disappointed with his own false hopes. Because it was Attlee's government that once rushed to the recognition of the puppet Mao's regime and has since lived in the hope of being favored with more recognition by Mao (sic). Fortunately the Chinese Communist rebels do not have the Hansard (British parliamentary) tradition and Mr. Attlee is spared of further disappointments."

2. Is it a fact that Sir Winston Churchill made a serious suggestion that Formosa should be placed under U.N. trusteeship?

1027 602 3 6W 5 : 02

R.L. Rogers
The Embassy.

*Done Aug 11/54
J.M.H.*

Internal Circulation

- To: Mr. D. D. [unclear]
- Mr. Bayke
- Mr. Blanchette
- Mr. [unclear]
- File on 50056-A-40
- R. Edmonds (F.E.)

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The Embassy

1954 AUG 3 PM 2:49

U.S. Ambassador;
S. S. Sullivan
Is it a fact that Sir Winston Churchill made a

and Mr. Wallace is abated of further disabowments. " He also the HMAS (British Parliament) discription of the Chinese Communist regime do not involved with more recognition by Mao (sic) regime and has since lived in the robe of being turned to the recognition of the United States, because the U.S. Government has since been again disabowments with its own false robes. said: "They reject the findings of a man who has common sense the recent debates." Minister Yen to Wallace, a remark in the House of Representatives of the United States."

He said of China as New Mexico and Louisiana as (sic) politically, economically and politically as much as the foreign minister added: "It is a comment. It is like proposing the United Nations Commission is too rigid to deserve any serious treatment made by Winston Churchill in the House of Commons." He referred to the discription of reported to have such intentions (sic). He said recent remarks: said he was surprised to have been

The Minister's comment on Churchill's discription as "rigid" and "unfriendly" leading to bias under United Nations flag - the current British and American thinking of anti-foreign minister George Yen recently played

United Nations Ambassador: Winston Churchill's first remarks were biased under of July 53 concerning a statement attributed to Sir appeared in the Chinese Embassy, a News Letter No. 30 He shows below the text of an item which

U.S. Ambassador
S. S. Sullivan
U.S. Ambassador
S. S. Sullivan
U.S. Ambassador
S. S. Sullivan

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U.S. Ambassador
S. S. Sullivan

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*File on 50057-9-40
original 50293-40*

OTTAWA FILE
No. <u>50056-A-40</u>

96/91

Despatch No. 1367

Date July 27, 1954

SECURITY CLASSIFICATION
S E C R E T

orig on 11578-D-40

FROM: The Canadian Ambassador, WASHINGTON, D.C.
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference.....

Subject: Interview with United States Ambassador to Nationalist China.

Copies Referred To.....
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No. of Enclosures
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Post File
No.....

We had an opportunity on July 24 to talk to Karl Rankin, the United States Ambassador to Nationalist China. He seemed extremely willing to give us his views on the importance of his post and we thought you might be interested in a report of those views as a part of our series of despatches on China. Rankin struck us as a pleasant enough individual but one with deep-seated prejudices. He is an extreme conservative and violently anti-Communist in his views on Far Eastern matters. His professional service has been at posts in Europe and the Middle East for the most part and only since 1949 in Asia. We shall set out his views in this despatch without the adornment of our comments, with the hope that we can give you their full flavour.

2. United States-United Kingdom differences over China. Rankin said quite bluntly that, in his opinion, United Kingdom interest and influence in the Western Pacific was gone. In contrast to the first decades of this century, the United Kingdom could no longer be considered a Great Power in terms of Far Eastern affairs. The furthest outpost of real interest for the United Kingdom in the area was Malaya. Hong Kong was a historical accident and in any event was not now a possession of sufficient importance to affect the making of United Kingdom policy towards Asia. Developments in the wartime and post-war period tended naturally to decrease the realism with which United Kingdom policy with respect to the Western Pacific area was made. This, he thought, was increasingly true now that much of the vast United Kingdom investment in China had been liquidated by force of circumstances. Rankin said that it was not that the United Kingdom Government lacked knowledge of the Far East, but rather that it lacked concrete interests there; these circumstances, in his opinion led to an unrealistic appraisal of the current facts of life in the Western Pacific region. The same arguments applied to France and the Netherlands. Dutch effectiveness had ceased with the outbreak of World War II and the French stake had been thoroughly liquidated at the Geneva conference.

3. The interests and responsibilities of the United States, on the other hand, had increased tremendously during and after the last war until they had now reached the point of no return. The United States, both from the point of view of national self-interest and from that of the interests of the free world, could not disembarass itself of responsi-

bility for whatever happened in the Pacific area. Every attempt should be made by the United States to secure United Kingdom cooperation in Far Eastern matters, but if that proved impossible the United States should act alone or in concert with other like-minded allies. It was an error, in Rankin's opinion, to think of this region as the Far East. It was after all, to the United States, the Near West. He was sure that, as Canadians, we would understand the intense United States interest in what happened on the shores of "our sea". The "Far East" was, after all, a term hallowed by history, but significant only in terms of the former British Empire. Rankin was content that it might continue to be used in academic circles but felt that it had no place in the vocabulary of realistic policy planners.

4. Rankin said he was sick and tired of hearing people talk of United States responsibility for the fall of China to the Communists and for the disturbed state of affairs in Southeast Asia, and that he took whatever opportunity he could to apply the corrective of his own logic to such statements. He thought that if blame was to be attached to any country for the state of affairs currently facing the free world in the Pacific region, it might be assigned with the following priority: Japan, the Soviet Union, China and lastly, if at all, the United States. The West was reaping the whirlwind sowed by Japanese activity in the late 30's and throughout the war. The Japanese, in fact, had achieved in defeat much of what they had attempted to gain by force of arms, i.e. the eviction of the "colonial powers" from Asia, or at least their extreme discomfiture.

5. Significance of Formosa. In these circumstances it was essential that Formosa, as the embodiment of anti-Communist China, should be maintained and strengthened as a symbol of the free world's determination to resist the encroachments of Communist China's imperialism and as a threat to the flank of Communist China. Communists everywhere understood only one thing and that was the reality of power and the determination to use that power. There was, in Rankin's opinion, a real danger that the West was once again going to allow a vacuum of power to develop in the Western Pacific. There would be a good deal of pressure for the withdrawal of United States and UN troops from Korea as time went on. The French forces were immobilized by force of circumstances in Indo-China and we might expect their withdrawal in the not too distant future. Not much progress had been made so far with Japanese rearmament. Certain allies questioned the continuance of United States military aid to Formosa. Such developments as these could only, in Rankin's opinion, contribute to the over-weening ambitions of Communist China. For that reason, if for no other, military assistance to Formosa should be continued. He thought that in numbers, at least, the maximum potential of ground troops in Formosa had been achieved but there was a good deal of room left for improvement in the efficiency of these ground troops. With the exception of the United States, Formosa possessed the best air force on our side in the area. This should be strengthened. He pointed out that Nationalist China's military strength could not be used against the mainland without United States consent. For

that reason he thought there should be no concern among the Western allies that the world would be plunged into general war for the sake of Nationalist China's interests alone.

6. Rankin did not rule out the necessity of finding some channel of communications between the United States and mainland China, although we did not get the impression that he put much store in negotiation as a means to a desirable end. He said he was firmly of the opinion that it was time for Communist China to make some concessions to the United States point of view rather than to insist that all concessions come from the Western side. His logic would seem to be that the West should maintain positions of strength immediately adjacent to Communist Chinese territory while at the same time taking whatever opportunities were offered to reach some modus vivendi with Communist China. His position did not seem to be merely a show of strength for strength's sake but rather a show of strength as a part of a general policy to come to satisfactory terms with mainland China. ~~We got the impression that he would not rule out the possibility of the separate existence of a State of Formosa and that it might rather than as a base for a refugee government from the Chinese mainland.~~

7. Rankin, in speaking to the press on July 21, indicated that informal discussions were taking place between the United States and Nationalist China on the possibility of a bilateral military defence pact. But he said that the issue was "not a live one" at the present time. Rankin repeated this view in his talk with us. (Rankin's view has been confirmed from two sources. President Eisenhower in his press conference on July 22 said that, while the subject of a possible bilateral United States defence pact with Nationalist China had been under study for some time, no final decision on it had been reached as yet. One of our Commonwealth colleagues discussed the matter with the Deputy Director of the Office of Chinese Affairs in the State Department last week and was told that, "while the door of negotiations is not closed there were no present plans for holding formal negotiations", and that for all practical purposes the question was in abeyance. The State Department representative went on to say that a formal pact would not affect the present situation materially in any case, and that any usefulness which it might have would be the Nationalist Chinese political interests which it would serve. Nationalist China was inclined to feel left out in that the United States had already concluded bilateral treaties with the Philippines, Japan and Korea. The State Department representative also suggested that Chiang Kai-shek might feel some need to counter-balance the prestige which accrued to Communist China from its participation in the Geneva conference.)

8. "Northern Tier" Defence Organization. Rankin said it was conceivable that a regional defence organization might be worked out embracing Japan, South Korea and Formosa. He thought that the Nationalist Chinese would regard such an organization with a good deal of realism in spite of

their suspicions of Japan. Chiang Kai-shek recognized that Japan was potentially the greatest single unit of anti-Communist strength in Asia. In an interview which Rankin had with Chiang Kai-shek just before he left Formosa, the Generalissimo had mentioned the danger that Japan, by reason of the vagaries of Western policy, might become prey to the same divisive forces which had so weakened France in Europe. The suspicions which existed between Far Eastern nations were every bit as deep as those which existed between European states but in the Generalissimo's view they could not be allowed to prevent the effective marshalling of anti-Communist strength in the face of the Communist imperialism represented by the present government of mainland China. Rankin seemed to subscribe to these views. (We have reported separately on this idea of a northern tier defence organization in our letter No. 1351 of July 26.)

9. Internal Conditions in Formosa. Rankin thought that ~~relations between the Formosans and the refugee government of Nationalist China~~ had improved immensely in the last few years and saw no reason why they should not continue to improve. Formosans were active in local government and seemed to be taking to responsibility as readily and efficiently as any bureaucracy in Asia. Rankin thought that the economic prospects for the country were reasonable if conditions ever developed which would make unnecessary the immense outlay for the support of a military establishment of the present size. He pointed out that much of the administration of the country was carried on by civil servants responsible to the provincial government and, therefore, to a Formosan Cabinet. ~~The numbers of civil servants employed by the refugee Nationalist Chinese Government were constantly dwindling.~~ We questioned Rankin as to a possible successor for Chiang Kai-shek and were told that the most likely candidate at the moment was the Vice President and not one of the Generalissimo's sons. Rankin did not believe that Chiang Kai-shek favoured an "imperial" succession.

10. Rankin strongly urged the appointment of a Canadian representative to Formosa. He thought that such an appointment would be viewed with enthusiasm by Chiang Kai-shek. Rankin, himself, believed Canada had a stake greater than most countries in maintaining the morale of fervent anti-Communist forces in the Western Pacific.

11. We indicated in the first paragraph of this despatch that we would give you Mr. Rankin's views pure and unalloyed. This position we will maintain but we might end with one comment. We are uncertain with what regard Rankin's views are looked on by the State Department. We would guess that they are not accepted without challenge but it is perhaps important to remember that views of the type contained in this despatch are constantly being fed into the State Department by Rankin and must have some effect on the Department's thinking.

A.D.P.Heaney.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN EMBASSY, WASHINGTON, D.C.

Reference:

Subject: China: United States-Nationalist.....

.....China Defence Discussions.....

Security:.....CONFIDENTIAL.....

No:.....1324.....

Date:.....July 21, 1954.....

Enclosures:.....

Air or Surface Mail:.....

Post File No:.....

Ottawa File No.

50056-A-46

91

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JUL 22 1954

Mr. [Signature]

Edwards (on return) E

References

Refer to:

~~SSFA~~

~~AUSSEA~~

~~American Div~~

~~Reference [unclear]~~

~~Representation [unclear]~~

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~~CCOS (4 copies)~~

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~~DAI~~

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~~NY, New York~~

~~Tokyo~~

~~New Delhi~~

~~Mr. [unclear]~~

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To see: Mr. McConaughy

~~Mr. Dayke~~

~~Mr. Sandhelle~~

~~Mr. [unclear]~~

~~Mr. [unclear]~~

~~files 50056-A-46~~

~~R. Edwards (FE)~~

The Embassy

PBR Campbell

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INCOMING MESSAGE

COPY

FROM: *Original m 5475-Ed-46*
 THE CANADIAN AMBASSADOR TO THE UNITED STATES.
Copies in 50055-B-46
4380-46
 TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA
50273-46

Security Classification	
SECRET	
File No.	
<i>50056-A-46</i>	
91	✓

Priority	System	No.	Date
	CYPHER-AUTO	WA-1236	July 12, 1954

Departmental Circulation
 MINISTER UNDER/SEC
 D/UNDER/SEC
 A/UNDER/SEC'S
 POL/CO-ORD 'N SECTION

Done _____
 Date _____

Reference: Our teletype WA-1166 of June 29.

Subject: Visit of Churchill and Eden to Washington: Admission of Communist China to the United Nations.

In view of all the gossip and speculation there has been about what was said concerning the admission of Communist China to the United Nations during the visit of Churchill and Eden to Washington, we thought we should report to you some information given us at the end of last week by Hayden Raynor at the State Department. We realize that you have had the advantage of receiving an account of what transpired from Churchill himself. Nevertheless, it may be useful for us to come after "gleaning here and there", so that you may know how the record of these conversations stand in the State Department. In our conversation with Raynor last Friday, he was reading from the memoranda prepared by Livingstone Merchant.

References

Done _____
 Date _____

2. According to the State Department's records, there were two conversations on this subject. The first was between Eden and Dulles. Eden is reported to have raised the subject by saying that the United Kingdom could not give an unequivocal pledge that the question of admitting Communist China to the United Nations would not come up at the next session of the Assembly. However, he immediately added that the United Kingdom would do everything possible to see that it did not become a problem. Dulles replied that, for the United States, admission of Communist China to the United Nations was an impossibility. The question of trade with Communist China was serious enough but it could not compare in gravity with the question of membership in the United Nations. You will notice that what both Eden and Dulles said on this subject falls considerably short of complete precision. In the circumstances, however, it may be almost as important to have the actual words used as to guess what lay in the minds of the speakers.

3. Dulles then went on to develop the thesis that one of the principal aims of the Chinese Communists was to drive the United States from the Pacific Ocean.

.....2

The United States would resist that effort with every means in its power. One reason they were so opposed to the admission of Communist China to the United Nations was that any such success for the Peking regime might be expected to increase its power and prestige in the Pacific. Dulles specifically mentioned the possible effects on Indonesia of admitting China to the United Nations.

4. In the second conversation on this subject, Churchill and Eisenhower participated as well as Eden and Dulles. Churchill said that he understood how difficult it would be for the United States to abandon an old and faithful ally like Chiang Kai-Shek. For that reason, he had ~~long thought that the best solution might be for the Peking regime and the regime in Formosa both to be represented in the United Nations.~~ There was also some discussion of the possibility of revising the structure of the United Nations so that the permanent membership of the Security Council would be changed. Although it was thought on both sides that this would be an attractive solution, it was agreed that it would be extremely difficult to bring about. Dulles said that he considered the decision made at San Francisco to give China a permanent seat on the Security Council had been ill-advised. Certainly in present circumstances India would be a more suitable member. Perhaps this issue could be tackled when the Charter came up for revision. However, he agreed with Eden that there was little likelihood that the Soviets would agree to such a change in the composition of the Security Council.

5. According to the State Department's records, there was no further discussion of admitting Communist China to the United Nations.

INCOMING MESSAGE

COPY

FROM:
 THE CANADIAN AMBASSADOR TO THE UNITED STATES.
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Security Classification	
CONFIDENTIAL	
File No.	
50056-As	46 ✓

Priority	System CYPHER-AUTO	No. WA-1164	Date June 29, 1954
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Departmental Circulation
 MINISTER UNDER/SEC
 D/UNDER/SEC
 A/UNDER/SEC'S
 POL/CO-ORD'N SECTION

Done _____
 Date _____

References

Done _____
 Date _____

Reference: Your telegram EX-1127 of June 26.

Subject: Visit to Canada of Chinese prisoners of the Korean war.

The State Department say that the five former prisoners and two interpreters are coming under the sponsorship of a private organization known as the Overseas Chinese Anti-Communist Association. The purpose of their visit is apparent from this title. It is expected that they will talk about their experiences with the Communists with Chinese Communities in New York and San Francisco and probably some intermediate places. The State Department recommended that visitor's visas should be issued for the Chinese former prisoners: Nationalist Chinese are eligible to be granted multi-entry United States visitors visas.

.....

Eden: 50056-A-40

50056-A 40

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CANADIAN EYES ONLY

Foreign Office and Whitehall Distribution

SECRET

FC 1019/38

CHINA
June 28, 1954
Section 1

CONDITIONS IN FORMOSA

Mr. Hermann to Mr. Eden. (Received June 28)

(No. 41. Secret)

Tamsui,
June 17, 1954.

Sir,

I had intended, quite soon after arriving at this post, to report to you my first impressions of Formosa. Owing, however, to the fact that I have no contact with the real rulers of the country, and cannot hope to be in the full confidence even of persons of less importance it has taken me some seven months to form anything like a clear picture of conditions here; so that the views which I now have the honour to submit might more properly be called second impressions.

2. The question which I have found most difficult to answer is whether the present administration is just the old gang, playing the same old game. On the whole I do not think this is so. The most corrupt and callous of the old régime are, as far as can be foreseen, permanently departed to some way abroad; most of the old faces that remain are those of men who have always been relatively honest and public-spirited; and all have been considerably chastened by their experiences on the mainland. However nostalgic Chiang Kai-shek and his chief henchmen may be for the old days of absolutism, they seem to have realised that those days are dead, and, even if unwillingly, are yielding little by little to democratic pressure. This may, of course, be the result at least in part of their dependence on the United States, but it has already, I believe, reached a stage from which they would be unable to retrace their steps, either here or on the mainland.

3. By Anglo-Saxon standards the government in Formosa is still corrupt, inefficient, militaristic and undemocratic; and it is rightly criticised on those counts. There is, however, a tendency for the English press (and I believe members of Parliament) to consider that because it is not perfect it is not a government at all, which seems to me unfair. It is no more corrupt, inefficient, militaristic and undemocratic than a very large number of members in good standing of the United Nations, and a good deal less so than many. It may be less efficient, but it is certainly not as undemocratic, as the government on the mainland.

4. As far as democracy is concerned, the most common criticism is of course that there is in effect only one party. This is true, but while it may originally have been the design of the Kuomintang, it is now rather the result of circumstances. Almost every man of consequence and ability belongs to the Kuomintang, so that there is no possible nucleus outside it for a party capable of competing; the Democratic Socialist and China Youth parties have no leaders to inspire confidence, and are consequently for ever split among themselves. It has been suggested by many political theorists that the Kuomintang should divide into two parties but this would surely be imposing the shadow without the reality—and in any case, few would want to leave the side led by Chiang Kai-shek. The fact is that opposition parties are allowed to exist, and that their weakness is largely their own fault. It is clear from their performance in local and provincial elections that they would do no better if some form of popularly elected central government were devised.

5. Another accusation commonly levied is that Formosa is a police state. Though there is no visible evidence of this (beyond a tendency to ubiquity on the part of, particularly, the Peace Preservation Corps) there is, I fear, no doubt that the guarantees of individual liberty which we take for granted are sadly lacking. Once a man is arrested, for political or other reasons, there is ~~no appeal~~, and the use of violence by police investigators is far from unknown. On the other hand, the vast majority of the population, though they avoid contact with members of the various police organisations, carry on their daily affairs without any fear of them; the man who minds his own business is in no danger. Moreover, while there is no doubt far too much political imprisonment, such prisoners are on the whole treated with considerable leniency, and a genuine effort seems to be made to "reorient" rather than punish them. More disturbing than the activities of the police and Peace Preservation Corps (which can to some extent be excused by Formosa's dangerous situation is to my mind, the organised thuggery of the Youth Corps, which bears all too much resemblance to the Hitler Youth, unfortunately this though heartily disliked by the better officials, is so far in no danger of either abolition or reform.

6. I have been much struck by the appearance and behaviour of the military. They are no longer, as they were when I was last in China, a combination of outcast and tyrant. The fact that they are well-dressed, well-fed and healthy is of course due to United States aid, and to this can indirectly be ascribed their excellent discipline and confident bearing. What is most noticeable, however, is their good behaviour in public: they are well-mannered, friendly and frequently helpful. Of their fighting capacity I can, of course, say nothing, though American advisers speak highly of the lower ranks, poorly of their leadership.

7. I am at a loss to account, otherwise than by traditional Chinese courtesy, for the unfailing friendliness with which British subjects are treated here. I ascribed it at first to a surprising understanding of our viewpoint, but I have since come to the conclusion that the Chinese resentment against and disappointment in us goes very deep, and that even those who consider themselves our friends have written us off as a moral force. Many of them have indeed succeeded, with an intellectual effort, in understanding why we recognised Communist China in the first place. They cannot however understand (or rather they explain by a complete loss of self-respect) our swallowing

of one humiliation after another from the Communists: the rejoicings in British trade circles at the slightest apparent concession from Peking: and above all, what appears to them as a widespread eagerness in England to believe, in face of all the facts, the best of the Communists and the worst of the Nationalists. In these circumstances it is surprising that, apart from a few minor discriminations (and half-hearted interference with Communist-owned ships flying the British flag) British business is allowed to flourish, British nationals live unmolested, and this Consulate is given not only consular but also certain diplomatic privileges. Self-interest is no doubt the motive, but not every government nowadays is intelligent enough to put self-interest before wounded pride.

8. I have little to say on the subject of Nationalist relations with the United States of America, all-important to them though these are. The ~~local British merchants~~ (whose judgement I do not trust) are convinced that ~~the population~~ ~~secretly~~ ~~hates the Americans~~, and will ~~rend them~~ ~~at the slightest sign of slackening~~, ~~American support~~. I have, however, noticed nothing more serious than a reasonable degree of envy, resentment of criticism, and proneness to assert independence in irritating ways.

9. A problem to which I have given much thought is how far the administration (as distinct from the public, which is subjected to incessant propaganda) believes that the Nationalists have a chance of recovering the mainland. Despite their professed certainty that the majority of Communist troops will desert to their side if a landing is made, and the undeniable fact that all their governmental activities are aimed at eventual reoccupation, I feel sure that those in authority are perfectly aware that, unaided, they have no hope at all of succeeding. They are, however, completely convinced that even if the Communists should temporarily restrain themselves from aggression, or if, going to the other extreme the rest of the free world should succumb without bloodshed, there will eventually be an all-out conflict between the Communists and the United States. When that happens, they are confident of being able to secure a sufficient footing on the mainland to enable them to take it over even if unconditional surrender is not enforced, and the United States (assuming them victorious) are tempted to leave a reformed Peking government in power. Otherwise stated, they are relying on the United States, or the United Nations, to win the inevitable war for them, but preparing to get in on the ground floor in case the victors should decide that some other government would after all be preferable. This interpretation is, I admit, guesswork, but I see no other logic in their attitude.

10. All that I have so far written refers to the ~~Nationalist refugees from the mainland, not to the native Formosans. The latter want nothing better than for the Nationalists to return to the mainland but for quite different reasons. It is, I think, true that their resentment has gradually diminished since the 1947 troubles, that they are now more or less reconciled to being Chinese, and that they at any rate prefer the present régime to the Communists. There has, however, been little or no fusion of the two groups, who still deeply mistrust each other. Despite the fact that the last few Provincial Governors have done their best to improve the lot of the Formosans, there is as yet little inclination on the part of the central authorities to give them a greater share of the government (if they wanted it, which is far from certain) or indeed to consider them as much more than the~~

~~inhabitants of an occupied country.~~ Until the mainlanders retake the mainland the best that the Formosans can hope for is that ~~their masters~~ will behave as a progressively more benevolent colonial power.

11. I am sending a copy of this despatch to Her Majesty's Charge d'Affaires, Peking, Her Majesty's Ambassador, Washington, the Commissioner-General for the United Kingdom in South-East Asia at Singapore, and the Political Adviser, Hong Kong.

I have, &c.

(Sgd.) A.H.B. HERMANN.

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

TO: ~~FAR EASTERN, UNITED NATIONS~~.....

~~AND LEGAL DIVISION~~.....

FROM: American Division/E. A. Cote/nk.....

REFERENCE:

SUBJECT:

Security CONFIDENTIAL.....

Date..... May 24, 1954.....

File No.	
file on 56056-A-40	
4/6	R. B. Edwards (F.E.)

To see:
 In Lengis AM
 In [unclear] JH
 In [unclear]
 In [unclear]
 In [unclear]
 In [unclear]
 In [unclear]
 In [unclear]

On May 21 I lunched with Mr. Liu Chieh, the Chinese Ambassador to Canada. Mr. Liu and I had been "associates" on Trusteeship Council matters at the United Nations some eight years ago and our paths had not crossed until recently.

2. In the course of an excellent Chinese lunch, Mr. Liu was very friendly and, I thought, less bitter than he was eight years ago.

3. The conversation dealt with, in part, American relations. We discussed the character of the American people and then Mr. Liu spoke of the efforts which the United States and Canada were making to "bolster" Europe. I suggested that the efforts which were made in North America were made primarily to relieve Europe of some of its heavy burden, but also to bolster up the North American defences which had been so suddenly and completely dissolved after World War Two. Mr. Liu countered by saying that obviously General Marshall (who had incited the Chinese to join with the Communists and had learned his lesson there) applied it properly and the Americans had really contributed to preventing Europe from falling into the hands of the Communists.

4. In the course of the conversation we got off on a tangent and Mr. Liu raised informally with me the question of British Columbia laws or regulations (he did not know which) which

which require foreign consuls to have powers of attorney before being able to act on behalf of a foreign national's estate. Mr. Liu did not know whether China was bound by a Civil Procedures Convention or whether these were laws or, specifically, regulations, of British Columbia. If these were laws, the matter might be more difficult to change than if they were regulations. I volunteered to approach our Legal Division informally. Mr. Liu did not wish this done at this time.

5. After lunch, the conversation swung to Southeast Asia. Mr. Liu developed for some time the thesis that Mr. Nehru and the Indian people (by virtue of the leaders' English education and the fact that the people had been cut off from Asian thought for nearly two centuries) were really more Occidental than Oriental. The Indian leaders could not interpret an Asian mind nor were they accepted or acceptable as Asian leaders. I merely commented that the role which Canada and, I thought, other members of the Commonwealth were trying to fulfill vis-a-vis India and other Asian members of the Commonwealth was to profit of the Commonwealth tie to attempt to establish a bridge between East and West. Canada, for its part, was not concerned whether India or another power became or was the leader of Asian opinion.

6. I asked Mr. Liu whether he thought that the Chinese Reds would intervene more openly and directly in Indo-China. He thought that they had learned their lesson in Korea, where it had been bitter for them to have their Chinese volunteers publicly known and, as a result, China branded as an aggressor. He thought that China itself was a poor country and that the Soviet would provide the arms. The Chinese Reds would nevertheless support the Indo-Chinese adventure to the maximum but would not allow their action to become officially known as an intervention. He thought that the Chinese Reds' tactics would be to fight until the maximum gains had been achieved, then to talk to prepare for a further bit of fighting and, when the limited objectives had been reached, to talk again until they were ready to fight again!

Calhoun
AMERICAN DIVISION

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN EMBASSY, TOKYO, JAPAN

Reference:

Subject: Petition of the Formosan Democratic Independence Party

Security:.....Unclassified.....

No:.....448.....

Date:.....April 30, 1954.....

Enclosures:.....One.....

Air or Surface Mail: Air.....

Post File No: 210-3-1.....

Ottawa File No.	
50056-A-40	
50056-A-40	
91	91

196

11578-D-40

MAY 11 1954

Copy on ~~50056~~ no number

References

Refer to (with enclosure)

- PM's Office ✓
- SSEA ✓
- AUSSEA ✓
- KFC, Geneva ✓
- London ✓
- Washington ✓
- CPON, New York ✓
- New Delhi ✓
- Karachi ✓
- Canberra ✓
- Wellington ✓
- U.N. D.D. ✓
- Delencieux (2) ✓
- JCS (through D.D.) ✓
- Commonwealth D.D. ✓

Enclosed is the original of a petition from the ~~Formosan Democratic Independence Party~~ which was sent to the Embassy recently for onward transmission to the Prime Minister. The petition requests that Formosan independence be discussed at the Geneva Conference and that the Formosan Democratic Independence Party be allowed to send observers to the conference.

R. L. Rogers.
The Embassy.

*Done June 11/54
D.H.*

Internal Circulation

- European D.D. ✓
- Consular D.D. ✓
- The Americas ✓
- Copy on file 11578-D-40
- To see: Mr. Blandhette
- Mr. Boyce
- Mr. Paraganda
- file on 50056-A-40

Distribution to Posts

aj

R. Edmunds (F.E.)

7.E. 179/12/5/54

PETITION

Submitted by the Formosan Democratic Independence Party to the Far Eastern Peace Conference to be convened at Geneva, Switzerland, on April 26th, 1954

The convening of the Far Eastern Peace Conference at Geneva, Switzerland, on April 26th, 1954, will certainly bring brightness to the entangled situation in Asia, and, especially we, the seven million people of Formosa are praying for its success with a great expectation. As you understand, the current issues in Asia are all so inter-related that it is impossible to separate the problems of Korea and Indo-China from the rest; therefore our Formosa Issue must be put on the agenda of the Conference. Hence, we want herewith to present for your thorough consideration and righteous judgement this petition expressing the facts on Formosa and the aspirations of the Formosan people.

1. Chiang Kai-shek's Regime occupying Formosa is illegal

Ignoring completely the right of the Formosan people to have a chance to express their will, violating entirely the second chapter of the Atlantic Charter, and through the international dealing in the Cairo Agreement, Formosa was handed over to Chiang Kai-shek's Regime. We are herewith appealing to the Conference the inadequacy of this kind of international dealing treading down the will of the Formosan people, profaning the international laws for the sake of power politics, and ignoring humanity and righteousness.

And, before the Peace Treaty with Japan, the occupation of Formosa and the Pescadores by Chiang Kai-shek's Regime was only entrusted by the Allied Powers, which qualification has been completely lost at the time when she was expelled from the China continent, and became an expelled regime. Moreover, in the Peace Treaty with Japan, according to the second chapter, section B, it was only stated that Japan should give up Formosa and the Pescadores should belong, or who was to have authority in Formosa. Thus Chiang Kai-shek's Regime has no legal foundation or whatsoever of continuing its occupation of Formosa. Nevertheless, by what reasons today they are still allowed to remain there? We protest herewith most strongly to the Allied Powers its illegality and contradiction, and demand that Chiang Kai-shek's Regime should be expelled from Formosa.

2. The extreme mal-administration of Chiang's Regime has disqualified its occupation in Formosa

Conceding supposedly all the above points, let us inspect whether Chiang Kai-shek's Regime has any qualification of Formosa's administration. Its most infamous corruption and dictatorship, being an open secret, in the China continent, has reached its worst degree at present in Formosa. With its greedy exploitation and ruthless massacre, dictatorship and tyranny, completely enslaving the Formosan race, they had finally provoked our people, and exploded into the revolutionary action on the day of February 28th, 1947. It was not a mere coup d'etat. It was an explosion of accumulated racial indignation and racial awakening out of torturing despair. Namely, as a result, we, the seven million Formosan people, sacrificing with a high price of having more than twenty thousand Formosans indiscriminately massacred by Chiang Kai-shek, including old and young, men and women, had proclaimed to the world the identity of Formosans as a race. Hence, the extreme mal-administration Chiang had practiced has also disqualified its occupation in Formosa. (For detail reference materials, please refer to the petitions and memoranda we have sent to the United Nations every year since 1948.)

3. Chiang's Regime is breaking up peace in Asia

Propagating an unrealistic counter-offensive on the China continent and trying every means to save its disintegrating structure, are the present shape of Chiang's Regime, with its only aim focussed on waiting and utilising the World War III. We strongly believe that the Far Eastern Peace Conference in Geneve, looking for peace, will surely take up the Formosa Issue, because Chiang's regime in Formosa, ignoring justice and humanity, are trying all means to provoke the next World War at the sacrifice of the people in Formosa and the World. Therefore with Chiang's Regime continuing its occupation of Formosa, there will be no peace in Asia as well as the World.

4. The Formosa's independence is the Key to peace in Asia.

It is plain in history that Formosa has been a bone of contention among various powers. There has been a continuous struggle and strife between the governing power and the people of Formosa. In 1624 Netherland had occupied the southern part of Formosa, and in 1626 Spain the northern part. In 1640, as the result of a war between Netherland and Spain in Formosa, the whole island had come under the unified rule of Netherland. In 1661 Formosa was conquered by Koxinga, and an independent kingdom was established there until 1683, when the kingdom fell under the invasion of the Manchu regime. In 1895, it was ceded to Japan as the result of Sino-Japanese War, which had been held by Japan till 1945.

Though a democratic Republic was established there just before Japan's occupation, it was finally destroyed by Japan. However, during fifty years from 1895 to 1945 there had been more than fifteen revolutions aiming at Formosa's independence.

These historical events prove beyond any doubt that there has been constant conflicts in Formosa between the ruler and the ruled. The facts prove also that the only way to peace is to give Formosans complete independence.

Owing to the particular geographical position of the island and its environments, it is plain that Formosa should not be entrusted to any powers having conflicting interests in the Pacific. Such a step will threaten the peace of Asia and upset the balance of power. The only way to peace is to give independence to Formosa which we have been wishing for most enthusiastically. Let us establish an independent neutral nation under the United Nation's guarantee. This is the only way to the peace in Asia.

Thus the history has plainly showed how enthusiastically our people has been longing for independence. It is our wish to carry into effect the proclamation made by the seven million Formosans at the last revolution on February 28th, 1947. The strong desire and determination with which we have organized the Formosan Democratic Independence Party is based on the ideals and convictions held by our people.

5. Our demands and convictions.

~~Formosa is the Formosans' Formosa; never any other's: This is our fundamental conviction. We will never surrender or compromise with any "highway-robber". Return us Formosa! This is our ardent demand. Therefore we demand 1. that Formosa and the Pescadores should be put under a trusteeship of the United Nations for a period of, but not any longer than, three years; 2. then after the lapse of the aforesaid three year period, complete independence should be given to the people of Formosa under security of the United Nations. After we gained the~~

honour of our independence subjectively and objectively speaking, we hope to establish a country of permanent neutrality guaranteed by the United Nations because, geographically this is the only way to maintain peace and security in Asia. And internally we want to construct our country in such a way that she will become a world-model, socialistic and democratic country.

Thus we have expressed our will and reported to you the facts on Formosa, however, for the sake of presenting the details to the Conference, we hope that you will allow us to dispatch our formal delegates to the Conference as observers.

Finally we believe that what we have stated above are all concerning with the problems of justice and humanity. On the name of the twentieth century civilization, we sincerely hope that you will please kindly study and discuss our Formosan problem most thoroughly, and make a righteous decision.

Respectfully submitted,

The Formosan Democratic Independence
Party

The President, ~~Thomas W.I. Liao~~

(Sgd.) T.W.I. Liao

The Vice-President, ~~Huang Nam-peng~~
(Sgd.) Huang Nam-peng

March 20th, 1954

608, YMCA, Kanda

Tokyo, Japan.

File-

50056-A-40
46 ✓

EXTRACT FROM THE CHINESE NEWS SERVICE OF APRIL 27, 1954.

Constitutionalism

DISTRICT EXECUTIVES, ASSEMBLYMEN ELECTED

An average of 75 per cent of the 1,057,831 eligible voters of six cities and counties in Taiwan turned out on April 18 to vote for their own candidates to the Provisional Provincial Assembly. This was the first time that in the Government's promotion of local self-government, assemblymen of the provincial level were elected by direct ballot.

The provincial assembly consists of 57 members to be elected in the 16 counties and five municipalities on the island. In the April 18 elections, 18 provincial assemblymen were chosen in Taichung, Tainan and Keelung municipalities and Tainan, Yulin and Changhua counties. The 39 other assemblymen will be elected on May 2.

To economize on time and expenses, the voters who went to the polls on April 18 simultaneously elected six mayors and magistrates. Keelung Mayor Hsieh Kuan-yi, Yunlin Magistrate Wu Chin-huei, Changhua Magistrate Chen Hsi-ching and Tainan Magistrate Kao Wen-jui, all incumbents, were re-elected. Taichung's city council speaker Lin Chin-piao was elected as Taichung Mayor, while his counterpart at Tainan, Yang Ching, was elected as Tainan Mayor. The successful candidates, including the delegates to the provincial assembly, will serve for three years.

Seven of the 18 provincial assemblymen were re-elected. They included Huang Chao-chin, speaker, and Lin Ting-li, publisher of the United Daily News. Taipei Mayor Wu San-lien was among the new members elected to the assembly.

Of the 57 assembly members, six are women and three aborigines. The law prescribes that for an electorate which has four or five assembly delegates, one of them must be a woman.

In preparation for local elections, the Taiwan Provincial Government in July 1950 decided, after a three-year study and planning, to redistrict Taiwan's administrative areas into 16 counties and five cities. First elections of the 21 magistrates and mayors took place at five different times between the end of 1950 and the early part of 1951. The provincial assemblymen, now serving, were elected in December 1951. These assemblymen, totalling 55, were elected not by direct ballot but by members of the 21 district councils throughout the island. Beginning this year, provincial assemblymen are being elected by the people directly and their two-year term has been lengthened to three years. With the increase in population, assembly seats have been raised to 57.

April 7, 1954.

External Affairs Committee Question April 6, 1954

Invitation to Prime Minister to Visit Formosa

filed 50056-A-40
R. B. Edmonds (F.E.)

Question Mr. Nesbitt asked, "was the Prime Minister invited to visit Formosa?"

The Minister replied that he thought he was, but after the itinerary had been made up. He promised to obtain definite information on this point.

Answer

No formal invitation to visit Formosa was ever received. What happened was that some informal inquiries were made as to whether it would be possible for the Prime Minister to accept an invitation to visit Formosa during his tour of the Far East. Unfortunately, the Prime Minister's itinerary was already heavy and the short time at his disposal did not permit him to consider accepting further invitations. In reply to a question asked by the Member for Lethbridge (Mr. Blackmore) on March 11, you stated that "no political significance of any kind should be read into the fact that the Prime Minister was not able to visit Formosa on this tour".

SECRET

During the early part of the eighth session of the General Assembly in September, 1953, the Chinese Ambassador to Canada, who was then in New York, approached a member of the Canadian Delegation to sound him out about the possibility of the Prime Minister accepting an invitation from the Chinese Nationalists to visit Formosa during his tour of the Far East. He was informed that it would probably be very difficult for the Prime Minister to add Formosa to his itinerary at that late date. It was apparent that Dr. Liu had been requested by the Chinese Foreign Minister to make discreet inquiries on this point. In a telegram, No. 57 of September 29, 1953, to the Canadian Delegation in New York, this position was confirmed. This telegram reads: "Itinerary for Prime Minister's world tour is already very heavy, and in view of short time at his disposal to complete the tour, Mr. St. Laurent cannot consider accepting further invitations".

File

Security .. Confidential

MESSAGE FORM OUTGOING

File No. 11578-D-40 50056-A-40	
46	✓

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: The Canadian Ambassador,
Washington, D.C. No. _____

Message To Be Sent	No.	Date	For Communications Section Only
AIR CYPHER	<i>Ex-469</i>	March 26, 1954.	
EN CLAIR			
CODE			
CYPHER			

AIR CYPHER	
EN CLAIR	
CODE	
CYPHER	X

REFERENCE: **Your letter No. 511 of March 18, 1954**

Priority

.....

SUBJECT: **National Assembly Session in Formosa**

ORIGINATOR

(Signature)

R. B. Edmonds/am
(Name Typed)

Div. **Far Eastern**

Local Tel. **6129**

We have read your numbered letter under reference with interest and note that the State Department, despite the damaging allegations of Dr. K. C. Wu, does not intend to change its policy regarding the Chinese Nationalist Government. As you know, the National Assembly has recently been convened in Formosa to elect a President and a Vice-President of the Republic of China, as well as an 85-member presidium for the Assembly. One of the purposes of the National Assembly, at which two Chinese-Canadians are in attendance, is obviously to emphasize the fact that the Chinese Nationalist Government in Formosa is the legal successor to the government which won the 1947 elections in mainland China. Upon the conclusion of this National Assembly, it would be interesting to receive a State Department appraisal of the political health of the Chinese Nationalist regime at the present time.

APPROVED BY

A. R. MENZIES
(Signature)

A. R. Menzies
(Name Typed)

Internal Distribution:
S. S. E. A. - U. S. S. E. A.

U.N. Division ✓

Done..... *am*

Date..... *Mar. 29/54*

Copies Referred To:

London

CFDUN, New York ✓

Done.....

Date.....

EXTRACT FROM CHINESE NEWS SERVICE OF MARCH 23, 1954ConstitutionalismCHIANG ELECTED BY OVERWHELMING MAJORITY

The constitutional National Assembly, the highest people's representative body of China, which elected Generalissimo Chiang Kai-shek President of the Republic in 1948, re-elected him on Mar. 22 for a second six-year term. President Chiang won by an overwhelming majority of 1,507 to 48 votes cast for his opponent; Hsu Fu-lin, elderly leader of the Democratic Socialist Party. Altogether 1,575 delegates cast their secret ballots, 20 of which were declared invalid.

News of the election results touched off islandwide rejoicing. An estimated 8,000 students and thousands of others gathered on the plaza of the Presidential mansion to cheer free China's First Couple.

Tendering felicitations to President Chiang, the Democratic Socialist party candidate declared: "The result of the election reflects the will of the 450,000,000 Chinese. I wish to offer you my hearty congratulations."

The Young China Party sent the following congratulatory message to President Chiang: "Your re-election today by the National Assembly signifies the support of the entire nation. We are happy for the country because the right man has been chosen. We are also encouraged by the prospect of an early assault on the mainland and resurgence of the nation."

ELECTION OF VICE PRESIDENT IS ON MAR. 23

The Assembly consists of 3,045 seats for which 2,908 delegates were duly elected in a three-day period beginning Nov. 21, 1947, throughout China in areas free from Communist disturbances. The first session of the Assembly met in 1948. A majority of the entire 3,045 seats, or a total of 1,523 votes, is required to win the Presidential election on the first ballot.

The first ballot took place on Mar. 20. Since the number of delegates attending the present session of the Assembly numbered 1,577 up to that day, and since a certain number of delegates had pledged their support to the elderly Mr. Hsu on his nomination as a Presidential candidate, President Chiang's first-ballot victory had not been expected. The final count of the first ballot was: President Chiang, 1,387; Hsu Fu-lin, 172, and invalid ballots, 14. Four of the 1,577 registered delegates were absent.

Although only a plurality of the votes cast by attending delegates is required for election on the second ballot, President Chiang Kai-shek won by 1,507 votes.

The election of the Vice President will take place on Mar. 22. Premier Chen Cheng, Kuomintang candidate, is being opposed by Shih Chih-chuan, a Democratic Socialist Party nominee. Shih, a 62-year-old law professor for over 20 years, was vice-president of the Judicial Yuan in the late 1940's.

Elder Statesman Mo Teh-hui and editor-publisher Wang Yun-wu, independent candidates for the Presidency and Vice Presidency, announced their withdrawal from the race on Mar. 19. They threw their support to the Kuomintang ticket of President Chiang and Premier Chen.

NUMBERED LETTER

File: 50056-A-40

TO: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN EMBASSY, WASHINGTON, D.C.

Reference:

Subject: Criticisms of Chinese Nationalist Government by K.C. Wu.

Original M.N. 115-78-D-40

Security: CONFIDENTIAL

No: 511

Date: March 18, 1954

Enclosures:

Air or Surface Mail:

Post File No:

Ottawa File No.	
50056-A-40	
102	L

References

Attached is an article by Richard Johnston from the New York Times of March 15 reporting criticisms against the Chinese Nationalist Government which have been made publicly by K.C. Wu, who formerly was the Governor of Formosa and held many high posts with the Chinese Nationalist Government. We discussed Dr. Wu's statement with Mr. Walter McConaughy, Director of the Office of Chinese Affairs at the State Department, because Wu is by far the most important, insofar as influence in this country is concerned, of the former officials of the Chinese Nationalist Government who have spoken out against it.

2. Mr. McConaughy said that he was surprised and disconcerted by Wu's statement in making public his strictures on the Chiang Kai-shek government. He admitted that many of the charges were unquestionably true but he had some doubts about the former Governor's motives in making them public. He said that Wu privately expressed to State Department officials his dissatisfaction with the government on Formosa when he first arrived in the United States some months ago. He maintained at that time, however, that his views should not be made public because that would be of assistance only to the Communists. Observing that those conditions still held true, McConaughy speculated that some personal incident had caused Wu to change his mind or else he was acting under pressure of enthusiastic American friends. McConaughy suggested that Wu's strictures were exaggerated - not in what he said about the illiberal character of Chiang Kai-shek's government, but in his accusations about corruption. The State Department's information is that tremendous strides have been made in the reduction of corruption. These reports have been confirmed by American Foreign Operations Administration officials, who act in close collaboration with Chinese Nationalist Government officials in a joint economic agency. McConaughy also suggested that Wu's complaints that his 16-year-old son was being held as a hostage may also be inaccurate. He pointed out that, both for military service and foreign exchange reasons,

Internal Circulation

Distribution to Posts

it is not the policy of the Chinese Nationalist Government to issue travel passports to male children of that age.

3. McConaughy agreed that, because of K.C. Wu's good reputation and standing in this country, where he has a very large number of friends and acquaintances, his condemnation of the Chiang Kai-shek government will have a considerable effect in the United States in raising public doubts about the wisdom of American policy of support for the Chinese Nationalist Government. He added that it would not have an effect on the attitude of the United States Government.

(Sgd.) P.G.R. Campbell

The Embassy.

CANADIAN EMBASSY

WASHINGTON

Subject: CHINA

Date: March 15, 1954.

Publication: NEW YORK TIMES

DR. WU BREAKS WITH CHIANG; ASKS REFORMS TO
BEAT REDS

By Richard J. H. Johnston

Special to The New York Times

EVANSTON, Ill., March 14--Dr. K. C. Wu, former Governor of Formosa and holder of high posts in the Chinese Nationalist Government, announced today an open break with Generalissimo Chiang Kai-shek. Dr. Wu charged the Nationalist regime with having abandoned all semblance of democracy, with having made an attempt on Dr. Wu's life in Formosa last spring and with holding his 16-year-old son, Wu Hsiu-hwang, as a political hostage.

Dr. Wu made public copies of letters he had written two weeks ago to both President Chiang and the Chinese Nationalist Assembly in Taipei, Formosa, calling for immediate enactment of six major reforms for the Government of Formosa and urging Generalissimo Chiang to bring to bear his influence in instituting the reforms.

Dr. Wu declared he "deeply regretted" that his actions today would undoubtedly provide immense propaganda material for the Communist Chinese Government at Peiping. However, he added that a continuation of the present course in the Formosa Government would lead to ultimate Communist success.

He said that the United States was providing three-quarters of the annual Chinese Nationalist budget of \$400,000,000 and that the people of the United States should know the facts that had motivated his step.

Dr. Wu held a press conference at the Georgian Hotel here, where he and Mme. Wu occupy a modest three-room apartment.

Denying with emphasis that he had been involved in dishonest transactions, an accusation that formed the basis of rumor on Formosa after Dr. Wu's departure from there last May, he said:

"They know that I have been honest. What they really want to do is just put up trumped-up charges and then issue me a summons to return to answer the charges.

"Since, evidently, I cannot return under the circumstances, they will probably issue an order of general arrest for me and pass sentence in absentia. But if they do this, I shall challenge them to bring the evidence to an American court to demand extradition. I shall waive all rights of political asylum and prove beyond doubt the true nature of their regime

in the extradition court."

Dr. Wu charged that the elder son of President Chiang, Maj Gen Chiang Ching-kuo, was being groomed by his father for the establishment of a Chiang dynasty. He described the younger Chiang as the instigator of the establishing of a police state on Formosa.

"He has established a system of political commissars after the Russian pattern," Dr. Wu asserted.

He went on to say that representative government on Formosa had been destroyed, that one-party rule under President Chiang had obliterated the last vestiges of it.

"For your own security's sake," Dr. Wu said, "the United States people must not abandon Formosa. You must not appease Red China in any way in Geneva. You must not allow Red China to shoot its way into the United Nations. The only course open to you is to bring every pressure you can upon the Nationalist Government in Formosa so that it may reform itself and become truly a bastion of democracy in the global defense of the free world."

He went on to say that "in this hour of national crisis for China what we Chinese people need most is unity."

Dr. Wu declared that it was undesirable for the Chinese to "wash our dirty linen in the American public," but he had been "forced to come out into the open as an element of disunity and to broadcast our own weaknesses abroad."

He called this necessity "an agony".

PERSONAL ATTACKS

Dr. Wu stated that, in April of last year, shortly before he left Formosa with his wife, an attempt had been made upon his life and that he had escaped by the narrowest of margins. He said that revelations of details of the incident, other than that it involved an automobile "accident," would endanger others and he would therefore say no more about it at this time.

The 50-year-old former Mayor of Chungking, Shanghai and Hankow, who is a graduate of Grinnell College, Iowa, and who received his doctorate of philosophy at Princeton University, read a statement tracing his service to his Government through the years of World War II, the brief period of post-war Nationalist decline on the mainland and the Nationalist exile on Formosa. He has also been Vice Minister of Foreign Affairs and Minister without portfolio for the Nationalist Government.

He recalled that he had been appointed Governor of Formosa after the remnants of the Nationalist Army and Government moved to the island when the Communists conquered the mainland, in a bid by President Chiang for United States support.

This support came, he said, but, he added, under the pressure the United States encountered following the outbreak of the Korean War, Generalissimo Chiang permitted his son to eradicate the democratic structure built in Formosa by Dr. Wu and turn the island into a police state.

"In order to recover the mainland," he went on, "we must secure the full-hearted support of our 8,000,000 countrymen on Formosa, the full-hearted support of the 13,000,000 Chinese overseas and the unceasing and effective sympathy and support of all friendly nations."

SUN YAT-SEN'S PRINCIPLES

He added that the "present policy of our Government is in direct contradiction to the fundamental principles of its founder, Dr. Sun Yat-sen."

Dr. Wu summarized the evils of the Formosa Government as:

- Institution of one-party rule.
- Intrusion of politics into the armed forces.
- Establishment of a secret police apparatus.
- Lack of guarantees of individual rights.
- Lack of freedom of the press.
- Establishment of thought control.

Dr. Wu said that he had submitted these observations in detail to the National Assembly on Formosa in his recent letter.

To eliminate abuses he urged the adoption of six measures.

Investigation of the finances of the Kuomintang, the political party of the Nationalist Government.

Abolition of political activity in the armed forces.

Establishment of a national security system removed from influence by "relatives of the high authorities of the Government."

Establishment of a committee to hear the complaints of persons illegally detained and prosecuted.

Establishment of a committee to investigate the destruction of the free press.

Abolition of the "Youth Corps," which Dr. Wu described as a terroristic organization controlled by the younger Chiang.

Calling upon Generalissimo Chiang to push these suggested reforms, Dr. Wu said at the press conference: "I fervently and devoutly pray that he will take immediate steps to put my recommendations into practice. If he does not do so, not only our hope of ever recovering the mainland of China is lost, but he may find himself even unable to defend effectively Formosa in the not too distant future."

Dr. Wu added that "no nation and no army will fight just for the benefit of one man or one family."

"Smear tactics" against himself or the use of "faked evidence" would not avail, Dr. Wu said. His personal honesty had been questioned solely by rumor, he added; that nothing

had been specifically charged against him; he was ready to face any charges that might be brought.

DENIES ACCUSATIONS

He said that accusers had charged him with leaving Formosa with a half-million dollars. Dr. Wu said he had left Formosa with \$5,000 of his own funds and had since been supporting himself, his wife and two unmarried children who are students in this country on a modest income derived from writing and lecturing.

Speaking with controlled emotion about his youngest child, for whom he has not been able to obtain a Nationalist passport, despite repeated appeals to his government, Dr. Wu said he had directed a "personal appeal" to Chiang Kai-shek.

*Cross referenced
on 45-40*

File 50052-A-40
46 | ✓

EXTRACT FROM THE HANBARD REPORT OF THE HOUSE OF COMMONS
DEBATES FOR THURSDAY, MARCH 11, 1954.

**INQUIRY AS TO REASON FOR PRIME MINISTER
NOT VISITING FORMOSA**

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): I desire to ask a question of the government, through the minister of external affairs, notice of which I have not sent him. Was it the result of accident or deliberate planning that our Prime Minister's itinerary did not include vitally strategic Formosa and Canada's loyal world war II ally, Chiang Kai-shek?

Hon. L. B. Pearson (Secretary of State for External Affairs): No political significance of any kind should be read into the fact that the Prime Minister was not able to visit Formosa on this tour.



DEPARTMENT OF
EXTERNAL AFFAIRS
CANADA

Far Eastern Division

CONFIDENTIAL

CIRCULAR DOCUMENT

NO. A. 56/54

Ottawa, February 26, 1954.

file on 50056-A-40
P.B. Edwards (F.E. Div.)

Information about the Eighth Session
of the United Nations General Assembly (60)

Under cover of this circular document, which is the sixtieth in this series, we are transmitting the Final Report of the Canadian Delegation on Chinese Representation in the Sixth Committee.

Bruce Keith
for Secretary of State
for External Affairs.

To the Heads of
Canadian Posts Abroad
excluding Consulates.

FINAL REPORT ON THE DEBATE ON
CHINESE REPRESENTATION IN THE
SIXTH COMMITTEE

Throughout the proceedings in the Sixth Committee during the Session there was an element of uneasiness with regard to the mode in which Polish Chairman Dr. Katz-Suchy had been addressing the representative of China, Ambassador Hsu. The Chairman had consistently called on the Chinese delegate by his name, rather than as the representative of China. While there was no impression that the Polish Chairman had ever allowed his personal views on Chinese representation in the United Nations to cause him to refuse the floor to ~~Doctor Hsu~~ there were occasions when he was very brusque in dealing with him.

This matter came to a head towards the end of the deliberations of the Committee, and stemmed from a point of order raised by A. J. Carey, representative of the United States, who questioned the mode in which the Chairman was addressing the Chinese Representative. A two day debate ensued which at times was heated, though not altogether without its humorous aspects. The delegate of El Salvador, who had first drawn the Chairman's attention to the subject over a month previously (when this representation had been completely ignored), submitted a draft resolution which referred to the practice of addressing the representative of a member state by name instead of as a representative of his country as being at variance not only with the rules of international courtesy but also with the respect which is due to all members of the United Nations, and declared that when official business was being conducted it was the duty of the Chairman and other officers to address all members of the committee as representatives of their respective countries, and not as private persons.

India made considerable efforts to amend this draft (A/C.6/L-322) in a manner which might have been interpreted as favouring the point of view of the chair, and in effect postponing any consideration of the matter. Different Indian attempts for amendment were rejected in votes ranging from 23 to 16 with 10 abstentions to 35 to 8 with 6 abstentions.

In his speech the United States representative bitterly attacked the Polish Chairman. The Chairman was, he said, refusing to accord a duly accredited representative the courtesy and respect due to him. He reminded the Chairman that, as elected officer of the General Assembly and as Chairman of the Committee, he was bound to subordinate his personal views and the views of his government to his duties as Chairman. He pointed out that this practice amounted to a reflection on the decision of the General Assembly of September 15 to postpone the question of Chinese Representation in the United Nations for the remainder of the eighth session.

Dr. Katz-Suchy, who is an experienced and competent debater, defended his position firmly and with considerable skill. He rejected accusations of discourtesy by saying that Dr. Hsu was always recognized by the chair whenever he requested the floor, and on no occasion had been denied the opportunity to speak. He pointed out that the rules of procedure, particularly Rule 109, do not specify any

special form of address, but merely prescribed that the Chairman shall call upon the speakers in the order that they indicate their desire to speak. The sole duty of the Chairman was to assure to all members equal rights in the exercise of their functions in the Committee. His addressing Dr. Hsu by his personal name was due neither to a desire to be familiar with him nor to a desire to be discourteous to him. Nevertheless he said that he did not wish to conceal the fact that he recognized as the true representatives of China only the representatives of the Central People's Government of the People's Republic of China. In addressing Dr. Hsu by his name he was therefore compromising between his conviction and his position as the duly elected Chairman of the Committee, he said. He referred to similar compromises which he said had been made in other organs of the United Nations, particularly in the Security Council, the Second Committee and the Economic and Social Council. He was even able to turn the argument of the United States that he was questioning the decision of the General Assembly not to consider Chinese Representation at this session, by saying that it was the United States delegate who, in raising this on a point of order, was raising the substantive question of the representation of China. Having made this statement he left the chair, which was then taken by the Afghan Vice-Chairman.

It is our impression that the Chairman, realizing a vote was inevitable, deliberately walked out of the meeting to avoid presiding over it at a time that a vote of censure against him was being passed. Before departing he told the Committee that his views could not "be bought or changed by either office or money" and he made it clear that he had no intention of addressing Dr. Hsu as the Representative of China.

There were a number of votes on procedural motions during the course of the debate. The Chairman himself put the question of competence to the vote and the Committee affirmed its own competence by 32 votes in favour to 13 against with 3 abstentions.

As the debate reached its climax the Soviet group and the Indians (both of whom sensed that the majority would insist upon voting upon the El Salvador resolution) adopted every form of procedural tactic they could devise, either to adjourn the debate without a decision, or to prevent a vote being taken. These filibuster tactics involved voting upon several procedural motions. These were as follows:

- (a) A motion by Colombia for the adjournment of the meeting which was defeated by 26 votes (including Canada) to 15 with 8 abstentions.
- (b) A motion by the Soviet Union, for the adjournment of the meeting under rule 119, on the grounds that the El Salvadorian draft and the Indian amendment thereto had not been circulated 24 hours in advance. This was defeated by 24 votes (including Canada) to 20, with 5 abstentions.
- (c) A motion by the Soviet Union that the Committee decide not to vote on the draft resolution, which was defeated by 26 votes (including Canada) to 16, with 5 abstentions.

Towards the end of the debate however the Committee did adopt a procedural motion by New Zealand to close the debate by 34 votes (including Canada) to 11, with 6 abstentions. At this point, some members explained their votes before the El Salvadorian draft was put to the vote. F.A. Vallat (United Kingdom) said that he would vote in favour of the El Salvadorian draft and against the Indian amendments since he believed that the question before the Committee was "purely technical" and effective only in respect of the Sixth Committee. The addressing of a member by his personal name, he thought, raised practical difficulties. He felt that an exaggerated political importance had been attached to the question. It appeared that he did not wish to encourage referring such questions to the General Assembly. Dr. Martua (Peru) said that he had proposed to delete the first paragraph of the El Salvadorian proposal so as to remove the personal implications of the draft resolution. P.D. Morozov (U.S.S.R.) claimed that the unprecedented action of the Committee had lowered its prestige. He naturally supported the Chairman fully. He did however agree with the United Kingdom that the matter had received altogether too much attention. The Mexican representative would vote for the El Salvadorian text but against some of the Indian amendments. He thought that the resolution was in accord with rule 109 of the Rules and Procedure which referred to "representatives" and not to private persons. He too deplored the raising of the issue. The representative of Denmark said that he would vote in favour of the draft resolution because it dealt only with the procedural question, but he wished to state that his government recognized the People's Republic of China as the lawful government of China.

El Salvador was finally persuaded to drop the preamble of its draft resolution (which had been revised once) and the resolution was then carried by vote of 35 in favour (including Canada), six against (Soviet bloc and India) and 9 abstentions.

Canadian Position.

The Canadian delegation felt, as did the Delegations of most other countries, that although it was unfortunate that this issue had been raised, it was desirable to conclude the discussion and come to some clear decision. It was considered that the practice of the Soviet Bloc in this respect was obviously improper and discourteous, notwithstanding the fact that it was not technically contrary to the rules of procedure. It was generally recognized that this debate and the resolution which was adopted had only procedural implications and in no way prejudged the question of Chinese representation in the United Nations. Moreover, the resolution as finally adopted was, in the opinion of most delegations, confined to the manner in which officials of the Sixth Committee should address one another. It will not be binding either on the General Assembly or other Committees, although it constitutes a useful precedent if the issue should arise in some other organ of the United Nations.

Although this resolution was fought through the Committee to a successful conclusion, it did not appear to have any effect upon the subsequent attitude of the Chairman. It was clear that Dr. Katz-Suchy had no intention of changing his method of describing the Chinese Delegate or of complying with the resolution adopted by the Committee, if ~~Dr. Hsu~~

should ask for the floor. Since the deliberations of the Committee were almost ended at the time this matter was brought to a head, some backstage negotiation was undertaken which had the effect of smoothing the small amount of work remaining for the Committee to complete, although the method adopted represented a substantial concession to the Chairman's point of view. It seems that an understanding was reached in which the Assistant-Secretary-General Cordier played an important part. Dr. Hsu would not request the floor for the remainder of the session. In fact he did not ask to speak during the remaining meetings of the Committee. In the event that he requested the floor it was thought that the Chairman and the Vice-Chairman would exchange seats, so that the Vice-Chairman would call upon Dr. Hsu as the delegate of China.

Eighth session
SIXTH COMMITTEE

APPENDIX "A"
A/C.6/L.322/Rev.1

El Salvador: revised draft resolution

Note: This resolution was adopted by a vote of 35 in favour
(including Canada) to six against, with 9 abstentions.

Declares that when official business is being conducted
it is the duty of the Chairman and all other officers of
the Committee to address all members of the Committee as
representatives of their respective countries and not as
private persons.

file 50056-A-40
R. Edwards (F.E.D.)
46

DEPARTMENT OF STATE

To see / Mr. Hengies
Mr. Edwards
file [Signature]
F.E.D.

Information Policy Statement for USIA
(FE-82) February 17, 1954

CONFIDENTIAL

MEETING OF THE NATIONAL ASSEMBLY AND
PRESIDENTIAL ELECTION IN THE REPUBLIC OF CHINA

The National Assembly is scheduled to convene in Taipei February 19, 1954, for the purpose of electing a president and a vice-president for the Republic of China. During the month the Assembly is expected to remain in session, it will also hear governmental reports and pass numerous resolutions. Although the National Assembly is the body that constitutionally elects the president and vice president, in all probability it will be responsible to the wishes of President Chiang and the 32-man Central Committee of the Kuomintang. Constitutionally, this election must be held 90 days before the expiration on May 20 of President Chiang Kai-shek's present six-year term of office. Because the re-election of Chiang Kai-shek is assured, the most important issue before the Assembly will be the election of a vice president. The importance of the vice presidential election does not stem from the duties of the office, which, except in the event of succession are entirely honorary, but from the indication it will give concerning the trend in the relative strengths of the various political groups in Taiwan.

In the interests of maintaining party harmony, Chiang Kai-shek will consider for his choice of a vice president a person who would be acceptable to the majority of the factions within the Kuomintang; but at the same time he will also be interested in protecting the political fortunes of his elder son, Chiang Ching-kuo, director of the General Political Department of the Minister of National Defense and member of the Kuomintang's Central Committee. Some consideration will undoubtedly also be given to Mainland and Overseas Chinese opinion, as well as world opinion, in the selection of a vice president.

The most often rumored names of possible vice presidential nominees are Ch'en Ch'eng, who is the present premier, Chang Ch'un, and Ho Ying-ch'in. All three are trusted supporters of Chiang Kai-shek and all are party veterans with influential support ~~and~~ in the party and government. Of these three, Ch'en Ch'eng has been the most openly opposed to Chiang Ching-kuo's rise and therefore would seem to be, from Chiang Ching-kuo's point of view, the most undesirable candidate. However, the younger Chiang might find Ch'en acceptable believing that Ch'en's poor health might force his retirement from active political life, or because Ch'en's acceptance would require relinquishing the premiership, thus leaving greater room for Chiang Ching-kuo to solidify his power under a new cabinet.

Other rumored possibilities for the vice presidential nomination are Hu Shih, the outstanding scholar, and such prominent party elders as 73-year old Wang Ch'ung-hui, President of the Judicial Yuan; Yu Yu-jen, the 76-year old President of the Control Yuan; and 72 year old Mo Te-hui, a senior presidential advisor.

~~Li Tsung-jen, the incumbent vice president, is not a candidate for re-election. Li faces judicial action by the National Assembly on a bill of impeachment, drafted by the Control Yuan, for dereliction of duty by failing to leave the United States for Taiwan.~~ Although the National Assembly has the constitutional power to decide on Li's impeachment, several high-ranking Chinese officials believe that, since Li's term automatically expires in May, the matter will not be pressed. Li, however, will probably be soundly censured by Assembly resolutions.

CONFIDENTIAL

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CONFIDENTIAL

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The convocation at this time of the National Assembly, originally elected in 1947 for six-year terms, necessitated modification of constitutional provisions and changes in that body's organic laws. Due to the impossibility of holding new elections for assembly delegates from the mainland constituencies under Communist control, the terms of the incumbent Assemblymen were extended by presidential mandate. The quorum provision of the 3,045-man National Assembly for general session was reduced from a majority to one-third, although it is expected that a majority, or approximately 1,600 of the originally elected delegates or alternates will actually attend the sessions.

U.S. Position

The United States has a friendly interest in the political deliberations and electoral actions of Free China and hopes that these deliberations and actions will further advance the strength and unity of the Chinese people in the cause of freedom, and enhance the international stature of the Government of China.

Public Position

Emphasize, as appropriate and where facts warrant, those resolutions and actions of the National Assembly which

- (1) demonstrate the wide and responsible concern of Free China's leaders and representatives for the Chinese people, and Free World security and cooperation;
 - (2) indicate particular concern for the interests of other non-Communist Asian governments and any recognition of the influential role of Overseas Chinese communities in strengthening non-Communist governments in Asia.
 - (3) reveal increased Chinese support for the Republic of China.
- CAUTIONS:
1. Present a balanced and accurate picture of developments in the National Assembly.
 2. Do not draw special attention to the position of the present titular vice president, (Li Tsung-jen.)

CONFIDENTIAL

FILE 50056-A-40

961 ✓
CONFIDENTIAL

BY BAG

From TAMSUI to FOREIGN OFFICE

A.H.B. Hermann.
Saving Telegram No.2.
January 29th, 1954.

Repeated to:-

Governor, Hong Kong, No.5 Saving
Commissioner-General, Singapore, No.4 Saving
Governor, Singapore, U/N Saving
High Commissioner for Federation of Malaya, U/N Saving
Office of C-in-C Far East Station(CSO(I)), U/N Saving
GHQ Far East Land Forces (COL(I)), U/N Saving
HQ Far East Air Forces (CIO), U/N Saving
UK High Commissioner, Ottawa, U/N Saving
UK High Commissioner, Canberra, U/N Saving
UK High Commissioner, Wellington, U/N Saving
UK High Commissioner, Pretoria, U/N Saving

CONFIDENTIAL

Addressed to FOREIGN OFFICE telegram No.2 Saving of January 29th, repeated for information saving to Governor, Hong Kong; Commissioner-General, Singapore; Governor, Singapore; High Commissioner for Federation of Malaya; Office of C-in-C Far East Station; GHQ Far East Land Forces; HQ Far East Air Forces; and United Kingdom High Commissioners at Ottawa, Canberra, Wellington and Pretoria.

SITREP January 15th to 28th, 1954.

1. ~~44,207 Chinese ex-prisoners of war from Korea were welcomed in Formosa with wild enthusiasm on January 25th/27th.~~ According to publicity the vast majority of them wish to join the Nationalist Army. It is now an accepted convention that they all deserted across the battle line, in a "grim Odyssey", rather than being captured, and that the rest of the Communist forces are only awaiting an opportunity to do so. Behind all the propaganda, however, there is undoubtedly a genuine boost in public morale.

Expressions of gratitude for the insistence of HMG on the release of the prisoners have been qualified by conjectures that its object was to obtain pro-communist concessions from the Americans in return.

2. The time-limit for members of the National Assembly to report themselves (December 31st, 1953) has been extended indefinitely in the cases of those overseas, as more are reporting than were expected. Among them are some ex-officials who, if they should come to Formosa, would find themselves on trial for their past activities.

3. It is deduced here from President Eisenhower's budget speech that American military aid to Formosa, thought to be between 300 and 400 million dollars in 1953, may be raised to 500 million dollars in 1954. Economic aid is expected to remain stable at about 75 million dollars.

4. It is planned to win support to the Nationalist cause by sending "freedom ships" to countries with large Chinese communities.

72 groups of overseas Chinese (most of them cultural or sporting, but all given a fair share of indoctrination) visited Formosa in 1953.

5. Visits: Lt. General Otto Weyland, Commander of the US Far East Air Force, January 14/17; Secretary of Army Robert Stevens and US Ambassador to Korea Ellis Briggs January 27/28.

CONSUL

FILE NO. 11488-A-40

Press Office

January 28, 1954.

file on 50056-A-40
R. B. (FE)

Prime Minister's Tour: Question of Formosa.

Glyde Blackburn called me last night at home stating that CP was in the course of preparing another piece on the Prime Minister's tour and asked whether we had representation of any kind in Formosa. He said he could not recall that we had a diplomatic, consular or trade post there, whereas the Chinese maintained an embassy here. I stated that "I did not have my little book Canadian Representatives Abroad handy at the telephone and I would call him back". After consultation with Mr. Ronning (Mr. Menzies had not yet arrived home from the office) and Dr. MacKay, I confirmed to Blackburn that we did not have representation in Formosa. In explanation I pointed out that we of course have had an embassy in Nanking, that the Chinese Government had moved from Nanking to Canton to Chungking and to Formosa, and that we (as well as many other governments) were not physically able to close down a mission in one place and re-open in another as the Chinese move from place to place.

I then added that "our volume of day-to-day business with the government in Formosa is not sufficiently great to warrant the establishment of an embassy there; and that since we closed down in Nanking we have found in practise that we have not been able to transact our business with the Chinese Government via their embassy here.

S. A. FREIFELD

C.C.S: O/SSEA;
O/AUSSEA;
Far Eastern;
Mr. P. Bridle, Comm.,
Mr. D.M. Cornett;
Mr. Ross Martin, PM's Off.

S. A. Freifeld,
Press Officer.

DEPARTMENT OF STATE
EXT. AFF. DIV.
NUMBERED 123

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN EMBASSY.

BONN, GERMANY
Washington Despatch No. 2566 of
December 10, 1953.

Subject: Relations between West Germany and
Formosa.

References

No.	
Date	
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Ottawa File No.	50056-A-40 11887-40
	4/6

*File on 50056-A-40
P. B. Edwards (E.E.)*

The Foreign Office has apparently just written to the U.K. High Commission here to find out their views on the United States proposal that West Germany exchange diplomatic missions with the Chinese Nationalist Government. A member of the High Commission has informed us that in their reply they propose to point out the embarrassment which would be caused if the Federal Republic should respond favourably to the United States suggestion. As you know, the Germans will have to seek authority from the Allied High Commission before opening any new diplomatic or consular post. In this event the British would certainly be placed in a most embarrassing position and the British here, who do not know yet whether the suggestion has been made to Dr. Adenauer, hope either that it will not be made or that he will not yield to United States pressure on this question.

John Starves
Chargé d'Affaires a.i.

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Washington

Series	File/Dossier 50056-A-40	Volume 3	Dates 2/4/53 - 5/1/54	Location/Lieu
Title/Titre Category/Catégorie	Status of Formosa - Policy of Western Powers		Screeners A. P. MENZIES	Date 15/9/53
Explanation/Explication		Declassified Déclassé <input checked="" type="checkbox"/>	Partly declassified Déclassé en partie <input type="checkbox"/>	Closed Non déclassé <input type="checkbox"/>
				Release date Date du déclassément

This volume begins with introduction
 of US Presidential Order of 2/16/50 to the
 Fleet re "neutralization" of Formosa by saying that we
 have prevented Ch. Nationalists from attacking the mainland
 P.M. statement 2/2/53 that order was made on the sole responsibility of the
 S.S.E.A. long statement in HqC 5/2/53. Variety of items re
 conditions in Formosa. Dept article by K. Brando for Apr 53
 External Affairs Bulletin on Formosa!

As nearly all this volume is over 30 yrs old
 I recommend that it all be declassified ASAP

FOR SUBSEQUENT CORRESPONDENCE
SEE NEXT PART OF FILE

TOP SECRET

DOWNGRADED TO SECRET
REDUIT A SECRET

Far Eastern Division/R. B. Edmonds/sc

December 28, 1953.

FORMOSA

file on 50056-A-40
R. B. Edmonds (F.E. Div.)

The Cairo Declaration, subscribed to by the United States, the United Kingdom, and China, on December 1, 1943, stated:

"It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the First World War of 1914, and that all the territories that Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China."

This promise was confirmed in the Potsdam Proclamation by the same three powers (the Soviet Union subsequently adhering) on July 26, 1945.

2. Under Article 2 of the Treaty of Peace with Japan signed at San Francisco on September 8, 1951, by Canada, Japan, and 47 other signatories, Japan renounced "all right, title, and claim" to Formosa; but the Peace Treaty did not specify to whom sovereignty over Formosa was transferred and today the main difficulty over Formosa arises from the claims of two rival governments of China: the National Government of China at Taipeh, Formosa, which is recognized by Canada, and the Central People's Government of China, at Peking, which is not recognized by Canada. Both these governments consider Formosa to be an integral part of China.

3. On May 15, 1951, on May 22, 1951, and on April 1, 1953, you stated in the House that Canada's consistent position has been

.....2

that Formosa should be neutralized, so far as possible, while hostilities continue in Korea. Following President Eisenhower's State-of-the-Union message of February 2, 1953, which rescinded that part of the original order by which the United States Seventh Fleet was authorized to prevent operations by the Chinese Nationalist forces against the mainland, you said in the House on February 5, that Canada was not committed by, though naturally concerned with, the action taken in Washington in connection with this matter. Canada would, however, be directly concerned if Chinese Nationalist raiders or invading forces were escorted or protected in their operations against mainland China by the armed forces of other United Nations governments. The Canadian Government does not believe that the defence of Formosa, which has not been assumed by the United Nations, should be confused with the defence of Korea, which has.

SECRET

4. The United States State Department realizes that any increase of Chinese Nationalist military activity against the Communists might provoke retaliatory action by the latter against Formosa, which could involve the United States Seventh Fleet and the United States Air Forces. Prior to his statement of February 2, 1953, President Eisenhower obtained an informal understanding from Chiang K'ai-shek to the effect that the Chinese Nationalists would not undertake intensified military operations against the Chinese Communist forces, without prior consultation with the United States military authorities.

5. Canada's view has been that the final disposition of Formosa is a possible subject for discussion at any political conference on Far Eastern problems which is convened as a result of the Armistice in Korea. It has also been the stated position of the Can-

adian Government that, in any decision regarding the future of Formosa, the wishes of the people there should be a matter of primary consideration.

TOP SECRET

6. The question of Formosa's strategic significance has long been a domestic issue in the United States. Until the Korean crisis, however, the official United States position was one of non-interference, although it was considered preferable, other things being equal, if Formosa were not in the hands of a potentially hostile power.

7. Since the Chinese intervention in Korea, however, the United States has tended to attach increasing importance to the strategic value of Formosa, particularly because of its threat to the line of communications between the Philippines and Okinawa. Domestic political factors have reinforced this attitude. The Canadian military view of Formosa, on the other hand, has been that in the event of war with China or with the Soviet Union assisted by China, it would be of limited strategic value.

8. In general, we have taken the position that political considerations and the danger of embroiling the United States in a war with China outweighed strategic factors, except perhaps during hostilities in Korea. We have resisted the suggestion that the United Nations might assume any long-run responsibility for the disposition of the island or its denial to the Chinese Communists. In this, we have been influenced by Asian opinion and by the difficulties involved in finding any solution to the problem while the Nationalist regime still exists on the island.

File: 50056-A-40

Defence Liaison (2)/G.P.Kidd/mmr

Original on 5729-A-40
Copied

File: 11578-D-40
50056-A-40 ✓
9820-40

CONFIDENTIAL

OTTAWA, December 15, 1953.

The Commissioner,
Royal Canadian Mounted Police,
OTTAWA.

Attention Special Branch

50056-A-40
57 | 54

The Department of Citizenship and Immigration sends us on a regular basis its translations of the Chinese language press in Canada. In the translations for the week ending November 14, 1953, we noted the following item which we believe will be of interest to you:

" Name of Paper: The New Republic, Victoria.
Date of Publication: 8-11-53.
Subject of Article: Nationalist China's Official to Arrive in Vancouver Shortly.

News Report.

VANCOUVER - Wong Buck Yel, a member of the overseas Chinese Commission, will be sent by the Chinese Nationalist Government to Vancouver to make a first hand study of the Chinese in Canada, this was announced here today by the Chinese Consulate-General. "

The possibility that a Chinese Nationalist official will visit Chinese Canadian communities in this country could have unfortunate implications. As you know, the idea held by some Chinese Canadians that they possess a loyalty to their racial homeland does not contribute towards a healthy Canadian citizenship within this group. The actions of this Chinese Nationalist official could create political dissension inside the Chinese community in Canada and thereby impede the progress that has been made to assimilate them into the Canadian society. I should accordingly be glad to receive any information you may be able to obtain concerning Mr. Wong Buck Yel's activities whilst in Canada.

(sgd.) G. G. Crean
for the Acting Under-Secretary of State
for External Affairs

FAR EASTERN DIVISION/R.B.EDMONDS/mlc

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

FILE COPY

TO: ..Defence Liaison Division (2).....

Security CONFIDENTIAL

Date ... December 10, 1953.....

FROM: ...Far Eastern Division.....

File No. 11578-D-40		
50056-A-40 ✓		
9820-40		
46	✓	

REFERENCE:

SUBJECT: ..Chinese Nationalist Official's Investigation of Chinese in Canada.....

Approximately every fortnight, the Canadian Citizenship Branch of the Department of Citizenship and Immigration forwards to us an advance copy of translations of the Chinese press in Canada. Under cover of a letter of transmittal, dated December 7, 1953, the Citizenship Branch has just forwarded to us translations of the Chinese press in Canada for the week ending November 14, 1953.

One of these latest items is of interest. The relevant extract reads:

Name of Paper: The New Republic, Victoria.
Date of Publication: 8-11-53
Subject of Article: Nationalist China's Official to Arrive in Vancouver Shortly.

News Report.

VANCOUVER - Wong Buck Yel, a member of the overseas Chinese Commission, will be sent by the Chinese Nationalist Government to Vancouver to make a first hand study of the Chinese in Canada, this was announced here today by the Chinese Consulate-General.

It has occurred to us that the RCMP might be interested in the activities of this Chinese Nationalist official. Although the RCMP may already be investigating this gentleman, it might be appropriate to remind them of this Department's interest in the matter. As you know, the Chinese in Canada have traditionally claimed dual citizenship. In a recent letter to the Department of Citizenship and Immigration, it was suggested that any Chinese Canadians who swore allegiance to Chiang K'ai-shek could be accused of being a foreign agent in Canada and might jeopardize their citizenship. If our objective is to assimilate the Chinese in Canada into the Canadian community, it would

be highly unfortunate if a Chinese Nationalist official were to visit every Chinatown in the country to create political dissension. If you consider it appropriate you might convey these views to the RCMP. The relevant false docket containing this press extract is attached for your information.

(sgd.) A. R. Menzies

Far Eastern Division

Ext. 1

*Send to
David Eastman
2365 for action
DAVID B. WILSON*

9.28

file on 50056-A-40 PAE

OTTAWA FILE
No. 110-15-11-40

71 / 35

SECURITY CLASSIFICATION
CONFIDENTIAL

Despatch No. 2365

Date..... December 10, 1953.....

FROM: THE CANADIAN AMBASSADOR, WASHINGTON, D.C.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference..... Our despatch No. 1894 of October 5, 1953.....

Subject:..... China.....

*For reference, see page 7
Done Dec 30/53 CLK*

We had a general discussion recently with Mr. Walter McConaughy, the Director of the Office of Chinese Affairs at the State Department. This despatch gives an account of the views which he expressed on various topics.

Visit of Syngman Rhee to Chiang Kai-shek (See also our Letter No. 2329 of December 7).

2. The joint statement issued by Chiang Kai-shek and Rhee after their conference asserted that Nationalist China and the ROK stood firmly united against Communism but made no mention of a formal alliance. Rankin, the United States Ambassador in Taipeh, reports that he has no knowledge of any secret agreements reached as a result of the meeting between the two leaders. He doubts whether such agreements were made and has the impression that Rhee's return of Chiang Kai-shek's visit to him in 1948 was more of a gesture than anything else. McConaughy observed that Chiang and Rhee undoubtedly had a large field in which to reach an identity of views and also much about which to voice mutual dissatisfaction at this time. He thought it possible that the ultimate disposition of non-repatriable Chinese prisoners-of-war now held in Korea may have been discussed but this is not definitely known. He doubts that the despatch of Chinese Nationalist troops to Korea would be seriously considered because of the difficulty of supporting these troops without United States assistance and because of lack of enthusiasm on the part of Koreans for having Chinese troops of any kind in their territory.

Dismissal of Wang Shih-chieh and United States policy on recognition.

3. Rankin reports that the immediate cause of the dismissal of the Chinese Nationalist Secretary-General was Chiang Kai-shek's annoyance over the failure of Chennault and Willauer, of the China Air Transport Inc., to honour promissory notes which they had made out to the Government, in connection with the deal which gave their company title to the CAT aircraft which figured in the Hong Kong litigation. Apparently Wang was influential in the deal between the Chinese Government and Chennault. His dismissal is surprising because he is a long-time friend of Chiang Kai-shek.

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No.....	

4. Rankin reports that the Generalissimo has been in extremely bad humour recently. He was greatly irritated by reports of Mr. Dulles' press conference of November 9, when the Secretary stated that the Administration had not said that it would be forever opposed to recognition of a Communist government in China. McConaughy said that Chiang, in company with a large part of the press, had misinterpreted this remark to indicate relaxation of United States policy in the matter of recognition of Communist China. He explained that Mr. Dulles was pointing out at his news conference that no reason existed for the United States to alter its policy of non-recognition of Communist China and that the Secretary meant to add, more or less as an aside, that diplomacy can never be based on rigid concepts which would make such terms as "never" and "forever" appropriate.

Chinese Nationalist troops in Burma

5. The United States will continue to urge the Chinese Nationalists to proceed with the evacuation and to see that the evacuees bring out their arms in accordance with the Bangkok Agreement. The United States will also advise the Burmese Government to do what it can to assist the evacuation which is taking place and to extend its cease-fire deadline as necessary to permit its continuation. The State Department hope that the Burmese will not be too inquisitive about the birthplace of those being evacuated, since the region whence the evacuation is taking place is something of a melting-pot.

6. McConaughy, for the first time in conversation with us, spoke frankly about Chiang's opposition to evacuation of Li Mi's forces, saying that the Generalissimo could not understand the Western powers' insistence on the withdrawal of any anti-Communist forces from the mainland or Burma's insistence on getting rid of forces which might help them against a Communist attack. McConaughy repeated that the United States would of course continue to press upon China the necessity to remove a military force which constitutes a violation of Burmese sovereignty and which weakens Burma's capacity to take action against Communist dissidents.

7. The Chinese Nationalists were not happy with the recent debate at the United Nations on Burma's complaint. They could not have expected less in the way of a resolution but they were uncomfortable because of the general condemnation which they received.

Recall of Soviet Ambassador to Communist China

8. The United States Ambassador in Moscow has not yet expressed an opinion on the recall of Kutznetsov after being less than a year in China. The British apparently regard the move as routine, suggesting that Kutznetsov was sent to China for a particular purpose as an expert on labour organization and that his task has now been fulfilled. The French see in his recall the possibility of Soviet dissatisfaction with the state of their relations with China.

*Done
Dec 30/53
CKK*

*Referto: A/USSEA
UN Div.
European Div.
American Div.
Commonwealth Div.
Defense Liaison (1)
Defense Liaison (2)
Pol Lond Section
JIS (Group Div (2))*

*London
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Paris, AHA
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Karachi
Jakarta*

*Colombo
Canberra
Wellington
Copies for files 6676-40
5400-40
11578-7-40*

*T. P. Murray
To see: Mr. Lanzetta
Mr. P. Sawyer
Mr. Blundette
Mr. Cole
File on 50056-A-40
P. Edwards (F.E.)*

CONFIDENTIALBY BAG From TAMSUI to FOREIGN OFFICE.

A.H.B. Hermann,
 Saving Telegram No.27,
 November 27th, 1953.

Repeated to:-

Governor, Hong Kong, No.65 Saving
 Commissioner-General, Singapore, No.49 Saving
 Governor, Singapore, U/N Saving
 High Commissioner for Federation of Malaya, U/N Saving
 Office of C-in-C Far East Station (for CSO(I)) U/N Saving
 GHQ Far East Land Forces (for COL(I)) U/N Saving
 HQ Far East Air Forces (for CIO) U/N Saving
 UK High Commissioner, Ottawa, U/N Saving
 UK High Commissioner, Canberra, U/N Saving
 UK High Commissioner, Wellington, U/N Saving
 UK High Commissioner, Pretoria, U/N Saving

CONFIDENTIAL

Addressed to FOREIGN OFFICE telegram No.27 Saving of November 27th, repeated for information saving to Governor, Hong Kong; Commissioner-General, Singapore; Governor, Singapore; High Commissioner for Federation of Malaya; Office of C-in-C Far East Station; GHQ. Far East Land Forces; HQ Far East Air Forces; and United Kingdom Commissioners at Ottawa, Canberra, Wellington and Pretoria.

SITREP October 28th - November 26th.

1. The cheering effect of visits by Mr. Vice-President NIXON and Admiral CARNEY was abruptly dampened by statements made by Mr. Secretary DULLES, hinting that the USA might eventually recognise a well-behaved Communist Regime in China, and by Admiral Carney (just after leaving Formosa) to the effect that the USA was not likely to supply Formosa with vessels suitable for attacking the mainland. The USA is now suspected of backsliding.
2. After a few anti-Burma blasts at the beginning of the evacuation of Nationalist guerillas, the topic has disappeared from the press.
3. Much resentment is expressed against the Indian handling of anti-Communist POWs in Korea.
4. Persistent rumours of an impending Formosa/Korean defence pact were aroused by visits by Mr. HOLLINGTON TONG to Seoul, but are probably unfounded.
5. The dismissal of Secretary-General WANG SHIH-CHIEH on November 17th gave rise to rumours of a Cabinet crisis over foreign policy, but the dismissal is believed to have been due solely to an administrative dispute.
6. General WU TE-CHEN, ex Vice-President and Foreign Minister, Kuomintang elder statesman, died on November 19th.

7. After an attack by a Nationalist aircraft on a British ship on November 7th, interference with British shipping appears to have moderated.

8. Visits: US Vice-President and Mrs. Nixon November 8-12; Admiral Carney November 12-16; Admiral STUMP November 5-8; Senator H. Alexander Smith; Congressman Walter H. JUDD.

CONSUL.

Foreign-Language Press Review Service,
Canadian Citizenship Branch,
Department of Citizenship and Immigration,
Room 102, The West Block,
Ottawa, Ontario.

~~For Eastern Div~~
~~American Div~~
Mr. Cox
58056-A-40
18 | 18

SUBJECT: U.S. Aid to Nationalist China.

SOURCE: "The Shing Wah Daily News," Chinese daily, non-communist,
Toronto, 23-10-53.

TO: 1. Mr. L.A.D. Stevens, Political Co-ordination, Dept. External Affairs
2. G.S.O. II, M.I.-3, N.D.H.Q.,
Room 4539, "A" Bldg., Ottawa.

Taipei, Formosa - (Special to the Shing Wah Daily News)

It is learned here that the U.S. Defence Department will propose to spend one billion and fifty million U.S. dollars as military and economic aid to Nationalist China in 1954. Observers here feel that the U.S. move is designed to increase the military preparedness of Formosa, Korea and French Indo-China. They are also of the opinion that the U.S. is now in the process of abandoning the "Europe First" policy.

To see: ~~Mr. Hargis~~
~~Mr. Hargis~~
~~Miss Allen~~
~~Mr. Cole~~
American Div

file on 58056-A-40
RBE

Mr. Russell

PATRON
HIS EXCELLENCY THE RIGHT HONOURABLE VINCENT MASSEY, C.H.
GOVERNOR-GENERAL OF CANADA

UNITED NATIONS ASSOCIATION IN CANADA ASSOCIATION CANADIENNE DES NATIONS UNIES



NATIONAL PRESIDENT
MAJ.-GEN. E.L.M. BURNS, D.S.O. O.B.E.

VICE-PRESIDENTS
MRS. REX EATON, O.B.E.
MARVIN GELBER
DR. N. A. M. MACKENZIE, C.M.G., Q.C.
HON. THOMAS VIEN, P.C., Q.C.
DR. R. C. WALLACE, C.M.G.

HONORARY TREASURER
J. STANLEY McLEAN

NATIONAL OFFICE
340 McLEOD STREET, OTTAWA
2-0507

CHAIRMAN, NATIONAL EXECUTIVE
MARVIN GELBER
CHAIRMAN, ADMINISTRATIVE COMMITTEE
MAJ.-GEN. E. L. M. BURNS

NATIONAL SECRETARY
KATHLEEN E. BOWLBY

October 14, 1953.

Mr. A. R. Menzies,
Far Eastern Division,
Department of External Affairs,
OTTAWA, Ontario.

To see:
An. Menzies
file (4)
RBE

50056-A-40
7 41

Dear Mr. Menzies:

I am enclosing two copies of the issue of WORLD REVIEW FOR CANADIAN SCHOOLS on "Dealing with China".

You will recall that I checked the statements on Canadian policy with you and that, following our conversation, Mr. Edmonds prepared a revised draft of the whole manuscript. Unfortunately there is no flexibility in the amount of material that we can print and Mr. Edmonds' revisions were almost entirely in the form of additions that amounted to an increase of about seven hundred words. We were unable to use this material, as I have already explained to Mr. Edmonds, because of space limitations. We were able to incorporate a few changes and corrections but the bulk of the revisions had to be omitted.

On the point of the subject suggested for discussion, Mr. Charter, the history teacher who prepares this material, felt that it was necessary to word it so as to involve a single issue rather than combining the questions of recognition and representation at the United Nations. Even if aggression has nothing to do with the decision as to whether or not a government should be recognized, it is an argument that will be raised in that connection by many people and it will be up to the high school students to sort out the more valid from the less valid arguments.

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Menzies
16 OCT 1953

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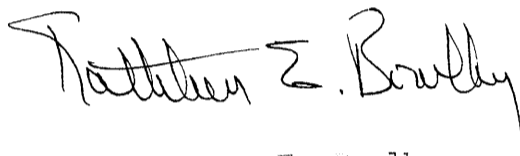
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I hope that our inability to incorporate most of the material prepared by Mr. Edmonds does not create the impression that we are not grateful for the assistance you and he gave us. Your interest and your help are most warmly appreciated and we regret that we were able to make so little use of the additional material prepared.

With warmest thanks for your assistance,

Sincerely yours,

A handwritten signature in cursive script that reads "Kathleen E. Bowlby". The signature is written in dark ink and is positioned above the typed name.

Kathleen E. Bowlby,
National Secretary.

KEB/bs
Encl.

DESPATCH

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SECRET

TO: THE SECRETARY OF STATE FOR
 EXTERNAL AFFAIRS, OTTAWA, CANADA.

THE CANADIAN AMBASSADOR,

FROM: WASHINGTON, D.C.

Reference: Our Letter No. 1686 of August 26 and
 Despatch No. 1649 of August 20, 1953
 Subject: Interview with Director of Office of
 Chinese Affairs at the State Department

Security: 1894

No: October 5, 1953.

Date:

Enclosures:

Air or Surface Mail:

Post File No:

Ottawa File No.
50056-A-40
77

References

This despatch reports on a discussion which we had recently with Mr. Walter McConaughy, Director of the Office of Chinese Affairs at the State Department.

1. Trade with Communist China

2. We raised this question, taking as a starting point the recent statement of the Yugoslavian Foreign Minister advising the Western powers to take advantage of China's desire for foreign trade and the publication, over Mr. Stassen's signature, of the Report to Congress (for the first half of 1953) by the Foreign Operations Administration on the Mutual Defence Assistance Control Act. There has been some newspaper comment on what seems in Mr. Stassen's report to be a more lenient view towards trade in non-strategic materials with Communist countries. Copies of the Foreign Operations Administration's report are being sent to you under separate cover.

3. Mr. McConaughy did not think that the Stassen report should be taken as presaging a relaxation of the Government's policy on trade with Communist China. He drew a distinction in this regard between that country and the Communist countries in Europe. He thought that the United States might begin to look more favourably on non-strategic trade with the latter but was not prepared to alter its policy of economic embargo against China in the present circumstances. He justified the distinction on the grounds that China was acting as an aggressive power. He said that thinking within the Administration and the temper of Congress appeared to be in accord in this matter and that, so far as he could see, the United States Government would not wish to resume trade with mainland China, even in non-strategic commodities, unless the Peking Government gave evidence of abandoning its aggressive ways by helping to achieve settlement in the Far East which might bring stability not only to Korea but also to Indo-China and possibly Formosa. He said that the United States recognized that it could not take such a strong line in this matter with its allies if the Korean conference should be held and attain any measure of success. For its own part, however, the United States would not be likely to move towards trade relations with China unless progress were

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made towards a genuine and wider settlement in the Far East. It should be emphasized, however, he added, that the United States was quite ready to revise its policy if the Chinese should make possible such a settlement.

4. United States reports, particularly those coming from Hong Kong, are that Communist China is definitely feeling the pinch of loss of trade with the West. The State Department believe that the recent dismissal of Po I-po, the Minister of Finance, was due to the retarding of the Government's economic programme, a situation which required a scapegoat. Mr. McConaughy said that the United States hoped that its allies realized the value of the trade policy which they have carried out towards China and would not hasten to discard it prematurely.

II Visit of Chiang Ching-kuo

5. The Generalissimo's elder son is now in Washington. He has been in the United States for about two weeks as the official guest of the State and Defence Departments. He is not receiving full-dress treatment, said Mr. McConaughy, but is undertaking an extensive and instructive programme. He is being received by the President and various high government officials and is inspecting military and police establishments. It is not surprising that he is making a point of visiting the large Chinese communities, where he is supposed to have been fairly well received.

6. At Chiang's request it was arranged that his progress from the West coast to Washington should be a slow one with numerous stopovers, so that he could get to know the country and the people. Mr. McConaughy thought that this experience would be most salutary. General Chiang has stayed at motels, lined up in small towns to get into movie-theatres, talked to small business-men and labourers, and been requested by the local police of one town, despite his being guided by the mayor, not to park his car illegally. Mr. McConaughy, who knows the young Chiang well and considers him to be a person of intelligence, believes that the experience is making a considerable impression upon him. Chiang's only other foreign adventure was in the Soviet Union some twenty-five years ago. He is now strongly anti-Communist but his behaviour has been notoriously authoritarian. Mr. McConaughy hopes that his American visit might perhaps have a leavening influence on his beliefs in this regard. The Generalissimo's son is expected to be in the United States for another ten days or so.

III Situation on Formosa

7. Another Chinese Nationalist personage now visiting Washington is C. K. Yen, the Minister of Finance. Mr. McConaughy said that Yen was concerned about the danger of inflation in Formosa and was discussing with United States authorities ways of offsetting this. In particular, the Minister feared that the Nationalist government might no longer be able to keep the budget in balance. He would probably ask for additional United States assistance to prevent this, arguing that the danger largely arose from the heavy financial drain of military expenditures. Mr. McConaughy thought that some additional assistance might have to be provided.

8. Mr. McConaughy's remarks indicated that the United States remained apprehensive that the Chinese Communists might launch an attack against Formosa, particularly with strong air forces. He said, however, that there is no evidence to lead to the conclusion that such an attack was being built up now. He

thought more likely that the Chinese Communists might attempt to capture the off-shore islands still in Nationalist hands. The fall of these islands would be embarrassing to the defense of Formosa, according to Mr. McConaughy, but not vital. You will recall that he had said to us previously that these islands were not considered by the United States authorities to be within the American "defence line."

IV Chinese Nationalist Troops in Burma

9. Mr. McConaughy admitted that the situation had deteriorated. The Chinese have offered to evacuate two thousand men, whom they described as regulars, but said they could not exercise authority over the remainder, who were not regulars, and were for the most part not of Yunanese origin but were indigenous Chinese. The Burmese Government have rejected this contention and have opened hostilities against the Chinese forces. Mr. McConaughy said that the Burmese Government have now withdrawn from the negotiations and would press their complaint in the United Nations. The United States, however, still hoped that as many as possible of the Chinese troops could be evacuated from Burma. To this end, the United States would urge the Burmese not to take drastic military action, while trying to get Chiang Kai-shek to proceed with plans to evacuate as many as possible of the Chinese forces. The United States Ambassador in Taipeh is endeavouring to persuade the Generalissimo to make a public statement that he will withdraw the Chinese regulars. Mr. McConaughy said the Thailand Government remains cooperative and he still had hopes that a large number of Chinese regulars might be brought out before the debate in the United Nations.

(Sgd.) A.D.P. Heeney

AMBASSADOR.

CHINA: U.S. Propaganda Directed against Political Conference Participants

Kudryatsev, in IZVESTIA, charges that the sudden and "provocative clamor" about Formosa raised by the American press "is calculated for blackmail and the exerting of pressures on the participants in the forthcoming political conference." The "clamor" about Formosa is said to be no accident brought about by a sudden change in the Far Eastern situation, for "as if by command," the American press suddenly focused attention on Chiang Kai-shek's appeal for a U.S.-Nationalist military agreement which was issued immediately after America was forced to conclude an armistice in Korea. This "inspired propaganda noise" is therefore allegedly revealed as carefully calculated American propaganda policy.

The IZVESTIA article also points to intensified American aid to Formosa and the increase of U.S. military strength in the Far East as evidence of America's continued aggressive designs on Asia. The publication of a "secret" agreement between the U.S. and the Chiang regime--"only after the conclusion of an armistice in Korea"--is presented as evidence that Nationalist troops are being "officially included into the system of the American Command in the Pacific." In view of this fact, Moscow observes it must now be clear to everyone that "American soldiery bears direct responsibility for all the actions of Chiang Kai-shek," and that any Nationalist provocation against the Chinese People's Republic could be used by the Americans as a pretext for embarking on more encompassing military adventures in Asia. Kudryatsev's only call for action is for "peace-loving peoples to be vigilant, including the peoples of Asia." Since this commentary is broadcast only to the Communist belligerents of the Korean war, it may be reminding them of America's aggressive threat to Asia in order to bolster their resolve in the face of American "blackmail and the exerting of pressures on the participants to the forthcoming political conference."

CONFIDENTIAL

*f memo Sept 21/53
for Pol. Co. Orientation Section
in 50182-A-40*

file in 50056-A-40
BB Daniels (Far Eastern)
15/12/53

ACCESS SECTION / SECTION DE L'ACCES

DOCUMENT REMOVED FROM FILE / DOCUMENT RETIRE DU DOSSIER

RG 25 Volume 90-91/008 File/ 50056-A-40 part 3
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Nature of document/ Description du document Br Foreign Office memo from SIR R. MAKINS
TO LORD SALISBURY

No. of Pages/ Nbre de pages 1 both sides

Date August 31, 1953

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R.B. Edmonds/TP

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50056-A-40
rd ✓

Ottawa, September 10, 1953.

Our Files: 11578-B-40
50056-A-40

Dear Miss Bowlby:

In accordance with your request, an Officer of this Division, on a personal basis, has undertaken to revise and clarify certain sections of your draft manuscript on "Dealing with China". We have tried to keep the manuscript similar in length and in style to that of the original. I trust that our suggested revision will prove useful for distribution to Canadian schools. I am enclosing one copy each of the original draft and our suggested redraft.

We would appreciate receiving a couple of copies of the printed pamphlet when it appears.

Yours sincerely,

A. R. MENZIES

A.R. Menzies.

Miss Kathleen Bowlby,
United Nations Association,
340 McLeod Street,
O t t a w a .

Suggested Redraft ofWORLD REVIEW FOR CANADIAN SCHOOLS

Vol. IV No. 2

October, 1953.

DEALING WITH CHINA

The truce in the Korean War, in which the United Nations forces were opposed by ^{Chinese Communists} ~~North Koreans~~ as well as ^{North} ~~Chinese~~ ^{Koreans} Communists, brings home the fact that we are dealing with two Chinas.

The Nationalist Government, ousted to the island of Formosa, is still recognized by the majority of the member countries in the United Nations. Its representative sits in the Security Council, as one of the five great nations possessing the veto power. The People's Republic of China at Peking has exercised effective control over mainland China since its establishment on October 1, 1949. Only a few non-Communist countries recognize its existence in any form.

Clash of Two Chinas

This two-^{China} country split really took place more than 25 years ago when Generalissimo Chiang K'ai-shek marched northward to defeat the war lords and unite China under a single government.

Following a 1921 meeting in Shanghai between Dr. Sun Yat-sen, the founder of the Chinese Republic, and Adolph Joffe, a Comintern agent, the Kuomintang, or Nationalist Party, was reorganized along Communist Party lines. After the death of Sun Yat-sen in 1925, the new leader of the Kuomintang, Generalissimo Chiang K'ai-shek, inherited Comrade Michael Borodin and other Russian-trained Communists as some of his close advisers. These advisers had one aim in view: to create in China a state in which foreign influences would be lessened

and in which the western-type capitalist system would be replaced by state socialism.

Chiang K'ai-shek did not agree. He wanted to make his revolution acceptable. He wanted to be accepted by the West, to gain admission for his new China into the League of Nations. He realized that without western aid he could not hope to get either technical help or the capital to build up his new China. During the march northwards in 1927 from the Kuomintang headquarters in Canton, Chiang K'ai-shek seized upon an opportunity to break with the Communists. Some Moscow-trained Chinese Communists fled to Russia, while the remnants of the Party in China retreated to an interior province in Southeast China, under the leadership of the Party's present Chairman, Mao Tse-tung. Under pressure from Nationalist armies, 80,000 Communist troops undertook the Long March of 1934 of 4,000 miles from Southeast China to their new headquarters in Yen-an in ^{North} Southwest China. For twenty years, the Chinese Communists resisted annihilation by the Nationalists, without any open support from the Soviet Union. Despite the existence of a nominal "united front" against Japan, the civil war between the Nationalists and Communists continued intermittently throughout the period of the Japanese invasions and World War II. The civil war broke out again with renewed intensity after the failure of General George Marshall's mediation mission in 1947.

In the end it was the failure of Chiang's government to bring about ^{quickly enough} a better life for the Chinese ^{peasants} that defeated him. It is said that the majority of Chinese did not rebel against the Nationalists. They simply did not support them. They did not support Communism; they simply accepted it.

The real instrument of success of the Communists in 1949 was the Chinese Red Army. Starting in the northwest where they had already built up a strong state, dispossessed large landholders, and distributed land to the peasants, the Communists preached their message of land reform and destruction of foreign influence wherever they went. Everywhere they gathered recruits among the sons of peasant farmers; at times whole regiments of the ^{Nationalist Army} ~~enemy~~ deserted to them.

Until the end of World War II, no substantial material aid was sent by Russia to the Chinese Communists. Moscow could not forgive the fact that ^{the} Chinese Communists had failed to redirect the Kuomintang along Communist lines during the coalition period in the 1920's. Indeed, even after it became evident that the Chinese Communists were achieving ascendancy in the civil war in 1949, the Soviet Union still recognized Chiang K'ai-shek as the legitimate ruler of China, since the Russians feared a strong united country on their southern border. Nevertheless, ^{considerable} ~~substantial material~~ aid was given to the Chinese Communists in the latter stages of the civil war. Today, according to some reports, there are believed to be no less than 80,000 Russian advisers in China.

The present People's Republic of China is certainly not democratic in our understanding of the term; neither does it follow the Russian method in practice. The control is maintained through the Chinese Communist Party's 6 million well-trained members throughout the country. These party men head and organize political committees and congresses all over the country, so that in theory the mass of the people seem to be taking part in their government. In practice, a handful of individuals in Peking, with Mao Tse-tung as "chairman" and Chou En-lai as premier and foreign minister, make all

the decisions affecting such powers as local taxation in the smallest village.

A Communist Party member must swear an oath to obey blindly instructions from above. There is no room for an opposition such as we have always been used to in our parliaments. Opposition to the party in power is regarded in China as treason.

Trade and "Squeeze"

We have said that the Chinese regime differs from the Russian, and it does. For one thing, Chairman Mao Tse-tung is considered to be a Marxist theorist in his own right. When the Chinese Communists were expelled in 1927 from the industrial cities on the eastern seaboard to a backward interior province, Mao Tse-tung, of peasant origin himself, stated a new theory for Asian revolutionaries, i.e. revolution by peasants rather than by industrial workers, the latter being the method favoured by Lenin. Again, the Soviet Union does not sanction any private enterprise. The Chinese rulers do, and, up to the present at least, even encourage it. Farmers own their own plots of land; most of the retail stores, some factories, even a few electrical plants and street car companies are in the hands of individuals.

In fact the government makes it almost impossible for a private firm to go out of business. A shipping, dockyard, or electrical company, built and financed by American or British capital, though finding it increasingly difficult to do business, is not allowed to lay off any employees, but must continue to pay idle hands. When the employer reaches the bottom of the till, the government may step in. Still he is not allowed to close shop, he must go on working under government supervision and somehow import foreign capital in order to

meet his debts. In 1951 British firms in China were forced to import millions of pounds sterling for this purpose.

Of course this form of extortion has had its effect on Chinese trade -- regardless of the Korean War and the embargo. Before World War II three-quarters of Chinese trade was with the industrialized West. Today that figure is only 25%, and China must depend on what she can get from Russia to make up the difference.

The practice of "squeeze" has been the bane of Chinese life for centuries. We would call it "graft". Everybody down to the local postman and the butcher demanded his little present for services rendered. The Communists promised to do away with "squeeze", and during the early part of their regime government was comparatively honest. In fact the Government proudly proclaimed: "a Communist cannot be corrupt, and who is corrupt cannot be a Communist".

Sad to say, human nature is not changed by slogans, however noble. ^{So-called} "Reactionary landlords" and "capitalists" were purged quickly in the early days of the Peking regime. Following this initial purge, new "five-anti" and "three-anti" campaigns were started against such crimes as evasion of taxes. In fact, these campaigns exposed a number of malpractices even among Communist officials. Accusations and counter-accusations of bribery and corruption were followed by public confessions. A few prominent Communists were executed. Thousands of others were terrified into honesty for the first time in their lives.

Now the "public confession" has become a part of Chinese life. School children are urged to confess their own weaknesses and sins, to report on their parents. Students are invited to criticize their teachers; teachers are exhorted to criticize themselves and each other. One principal confessed

he had been cruel to his students; another teacher confessed to neglecting her students so that she could spend her time drinking tea with wives of prominent Communist Party members!

Since seizing power in 1949, the Chinese Communists have laid themselves open to charges of aggression and imperialism. Large scale military intervention in Korea against the United Nations forces is but one charge. South China is being used as a base of supplies and operations by the Vietminh revolutionaries against the Associated States of Indochina. In Malaya, most of the guerrilla forces are Chinese Communists and receive encouragement from China, and in more subtle ways the Peking Government exerts pressure in such countries as Thailand (Siam) and Burma through Chinese living in those countries. A more aggravating action against a peaceful people was taken two years ago in Tibet.

A Passage to India

The way to India from China lies through the mountains of Tibet. ^{The} Tibetans' traditional taste for tea causes caravans to set out from a city in South China near the Yangtse River, over the "roof of the world" to the Tibetan capital at Lhasa. ^{Tibetans} The ~~priests of~~ Lhasa reach India by continuing this route across the Himalaya mountains. They skirt the ^hBramaputra river, and at one time are near the foot of Mount Everest. Then they descend to the Kingdom of Nepal. They have reached India.

Late in 1950 Chinese troops set out on this road to Lhasa. To the world at the time it seemed a rather senseless venture, and a needless disturbance in a little known part of the world. Tibet, as you know, is a sparsely populated mountain territory entirely controlled by Buddhist priests (lamas).

Before the 20th century it was considered a province of China, though allowed to run its own life. There was some disturbance at one time over the claims of two rival Lama leaders to control Tibet, and the Chinese Republic was considering sending an expedition. But the British, who were also interested in Tibet, persuaded the Chinese to settle the matter peacefully.

Although the Dalai Lama^{of Lhasa} has been the most important spiritual leader in Tibet, a rival Lama leader^{the} (Panchen Lama) has been in exile in China, and the Chinese Communists decided to support his claims as an excuse to occupy Tibet. Perhaps this aggression can be considered as having little to do with the United Nations or with threats to world peace. The Chinese Communists, at least, claim Tibet as a part of China. Nevertheless, this is the first instance, in recent times, that completely defenceless Tibet has been invaded by troops from the world without. This Chinese Communist invasion of Tibet has grave implications, since the Peking regime now has access to a military route leading to the sub-continent of India.

The Canadian View

Should the People's Republic of China be recognized as the Government of China?

This question must soon be answered. The Korean armistice has come; if the other Far Eastern problems are to be settled, China must be represented at the discussion table.

According to international law, a government qualifies for recognition if it exercises effective control over its national territory, commands the obedience of the bulk of the population and has a reasonable prospect of permanency. The Peking regime has met these objective standards. Such a government need not be either democratic or even representative of the people. Realizing that the Communist government on

mainland China did in fact both exist and govern, the British Government accorded recognition to the People's Republic of China early in 1950.

Recognition ^{normally} involves getting on speaking terms with the government recognized, by the opening of diplomatic missions in the country of that government and by receiving official representatives from that government.

While the recognition of one authority in China would involve the withdrawal of recognition of the other, the international situation at the present time would probably make such a simple solution of the problem difficult. For one thing, the Nationalist Government of Chiang K'ai-shek on Formosa has powerful friends and any de-recognition of Chiang's status on the island would be firmly opposed.

A second, but not unrelated, problem is the Chinese seat in the United Nations. When the United Nations Charter was drafted at San Francisco in 1945, "China" was named as one of the five great powers which would have a permanent seat on the Security Council with the right of veto on "substantive" questions. Chiang K'ai-shek's representative still occupies that seat. Some nations claim that the question of which government should occupy the "Chinese" seat is a "procedural" one and thus is not subject to the veto but can be settled by a simple majority of the eleven members of the Security Council. Other countries, such as the United States, ~~for example,~~ regard the question as one of substance and are prepared to veto any change in Chinese representation. The United States is prepared to sit down with the Chinese Communist Government at a Korean "political conference" to discuss means for reuniting Korea and for preventing a ^{resumption of hostilities} ~~recurrence of violence~~ in that country but is not prepared to recognize the existence of the government with which it is negotiating.

Among the non-Communist nations of the world, India stands at the other extreme of this question. Mr. Nehru, India's Prime Minister, a great and forceful spokesman for the Asians, said: "If the unfortunate error of keeping out the new China from the U.N. had not been committed, much of the trouble that has subsequently occurred (in Korea) might have been avoided."

Where does Canada stand in this debate? In the first place, our Government has made it clear to the world that we will not use our forces or support any adventure designed to overthrow the Communist Government of China. Secondly, Mr. Pearson indicated, in a speech in Vancouver on May 27, 1953, that "if the Chinese Communists agree to an honourable armistice in Korea which will end their aggression and bring about their withdrawal from Korea, and if they do not begin some other aggression in Asia, then we should agree that serious consideration can be given to the question of recognition in the light of all the facts." ←

Meanwhile, however, Canada still recognizes the Nationalist Government as the legal Government of China, although there is, at present, no Canadian diplomatic representative in Formosa.

Nevertheless, even if the Peking regime qualifies under objective standards for recognition as the legal Government of China, if the present criteria for membership in the United Nations are to be maintained, the Chinese Communist Government cannot expect to be represented in the United Nations without first showing proof of its peaceful intentions and of its willingness to honour its international obligations and agreements.

DEBATE AND DISCUSSION SUBJECT

Resolved that:

Canada should formally recognize the People's Republic of China as the Government of China ^{now} and should support its admission into the United Nations.

Considerations for:

1) The Communist Government in Peking does exercise effective control over mainland China while, conversely, the Nationalist Government on Formosa does not. The Peking regime holds authority over 1/5 of the population of the world.

2) Other recognized legal governments have come to power by revolutionary methods, e.g. U.S.A., U.S.S.R., and Indonesia.

3) Canadian support for the Peking Government's claim to represent China in the United Nations would probably be involved as a consequence of Canadian recognition of the People's Republic of China. Independent representation of Communist China would provide an opportunity for the tension in the Sino-Soviet alliance to be brought into the open and might lead to a more independent Peking foreign policy.

4) Recognition of Communist China is a necessary prelude to the achievement of any genuine peaceful settlement in the Far East since we cannot ignore the undoubted fact of Communist Chinese strength.

Considerations against:

1) Communist China has had a continuous record of aggression since coming to power, ^{e.g.} ~~i.e.~~, Korea, Tibet and Indochina,

and has given no indication of its willingness to honour international agreements.

2) Nationalist China should not be abandoned since its continued existence gives hope to millions of non-Communist Chinese on the mainland and the majority of overseas Chinese.

3) Recognition of the Peking Government, and especially its admission into the United Nations, would imply excusing past Communist aggression and encouraging future aggression and would be an unfortunate precedent for other nations which might try to "shoot their way" into the United Nations despite the qualifications for membership enumerated in the United Nations Charter.

4) The United States, which has been the most powerful backer of the Chiang K'ai-shek regime, would not be favourably impressed by Canadian recognition of the Peking Government.

November issue: West Indian Federation

Far Eastern Division:
R.B. Edmonds/TP

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

FILE COPY

TO: THE ACTING UNDER-SECRETARY.....

Security CONFIDENTIAL.....

Date August 31, 1953.....

FROM: FAR EASTERN DIVISION.....

File No. 11578-B-40	
50056-A-40 ✓	
35-BC-40	
41	41

REFERENCE:

SUBJECT: Report by Mr. Harry Hussey on Conditions in Formosa.....

Mr. Harry Hussey, a Canadian Old China Hand, with some forty years experience in China, called upon the Department on August 20. Mr. Hussey, an architect by profession, built the Rockefeller Medical College in Peking and has been on the fringes of Chinese politics ever since 1911. Mr. Hussey has had dealing with this Department on a number of occasions in the past. He claims to have been instrumental in securing Chinese acceptance of General Odium as the first Canadian Ambassador to China. At one time he lobbied vigorously to get his son into the Department. On other occasions he has acted as guarantor for several Chinese immigrants coming to Canada. In 1949, enthused with the glories of the new Peking regime, he offered his spacious home in Peking as a chancery for Canada's first Embassy to the People's Republic of China. However, for the last three months he has been living at the "Friends of China Club" in Taiwan and has been reconverted to a belief in the virtues of Chiang K'ai-shek. As he himself admits, his views on Chiang K'ai-shek have vacillated about six times in his life.

2. During the course of his present visit to the Department, he showed us a copy of a personal letter he had written to Judge Davis in Bonn concerning conditions in the Chinese Nationalist stronghold. Doubledays of New York contracted to publish a book of his entitled "Behind the Bamboo Curtain" but the publisher's lawyers have recently counselled Doubledays against publishing the book because of the rather predominant anti-Communist bias in the United States at the present time.

c.c. European
D.L.(2)

. . . 2

3. Although Mr. Hussey has recently become a professional apologist for the Chinese regime in Formosa, he still has a few reservations about their future. Some of the old-time cronies of Chiang K'ai-shek on Formosa have admitted to Mr. Hussey, privately, that they realize that the Kuomintang cannot reconquer the mainland. Although Chiang K'ai-shek is giving Formosa "a good government, perhaps the best in Asia", Mr. Hussey does not believe that Chiang K'ai-shek would make an adequate President for reunited China. Kuomintang realists abhor the thought of the slaughter of ten or twelve more million people in a renewed civil war on the mainland, but they feel that there is some hope for "peaceful penetration" of the Chinese Communist regime. Mr. Hussey claims that the Peking Government is badly divided and that, perhaps, Madame Sun Yat-sen, the widow of the founder of the Chinese Republic, might become the focus of Rightist deviationism within the Chinese Communist Party. Mr. Hussey stated that it is not generally recognized that the Peking Government is a coalition of about eleven recognized parties. For example, there is not one single Communist on the Supreme Court. The army is effectively controlled by the C.C.P. but the other Ministries are not. Even the "People's Liberation Army" itself has a hierarchy. The elite of the Chinese Communist army is composed of about 80,000 veterans of the "long march" of 1934. At least one-half of the Chinese Communist army is of Kuomintang origin and only a minority of these are avowed Communists. More than one million soldiers (most of them ex-Kuomintang troops) have been wounded in the war in Korea and these wounded soldiers have scattered to their villages throughout China. These soldiers are now retailing to their "home folks" stories of defeats, graft and excesses by Communist soldiers against the Chinese people. Coincident with these stories of renewed signs of age-old Chinese graft and corruption has been the weakening of control of the C.C.P. in the countryside. The old landlords and village elders are gradually regaining positions of leadership in many parts of the country in replacement for the enthusiastic young cadres of the early days of the Peking regime. (On this point Mr. Hussey's tale corroborates the report we have seen from the Italian Consulate-General in Hong Kong.)

4. The real purpose of Mr. Hussey's visit to Ottawa at the present time is to enter a plea on behalf of the Formosan Government for Canadian diplomatic representation in Taiwan.

Although Mr. Hussey was told that the Canadian Government's viewpoint was that, if the Chinese Communist forces withdrew from Korea and the Peking regime showed a desire to fulfill its international obligations, recognition of the People's Republic of China would be given "serious consideration", Mr. Hussey hoped that Canada would still recognize the Chinese Nationalist regime in Formosa as the Government of Formosa. Apparently, there is a fairly sizeable Canadian missionary community in Formosa who would wish to have the benefit of, at least, Canadian Consular services. (This semi-official approach by Mr. Hussey to establish Canadian diplomatic representation in Formosa reinforces the efforts, recently reported to us by our Embassy in Tokyo, of the Chinese Ambassador in Japan, Mr. Hollington Tong, to persuade Mr. Mayhew to urge the Canadian Government to establish a Canadian office in Formosa.) Mr. Hussey's representations were listened to with polite silence but he was given no encouragement about the probability of any such action being taken by the Canadian Government.

Far Eastern Division.

DEPARTMENT OF EXTERNAL AFFAIRS

SECRET

SUMMARY

OF: Despatch No. 1649 of August 20, 1953,
from the Canadian Ambassador, Washington,
re: United States Relations with
Nationalist China and the situation
in Formosa.

SECURITY GRADING

DATE August 26, 1953

INITIALS OF AUTHOR

A.E.B.

Insert particulars of document or file being summarized.

CIRCULATION

with summary:
Mr. Leger
D.L. (1)&(2)

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To see: Mr.
Menzies
Mr. Carter
& file
(6833-46)

Mr. Maybee
Mr. Edmonds

Military Operations

There exists with the Government of Nationalist China on Formosa an informal and secret understanding that the United States will be consulted before the execution of offensive operations from the island. The United States has desired this understanding because of the danger that any considerable military action from Formosa against the mainland might provoke retaliation on a similar or greater scale with uncertain consequences.

Chinese Nationalist Forces

The United States believes that the Chinese Nationalist Air Force and Army are increasing considerably in efficiency and morals as their equipment and training proceed. The same cannot be said of the Nationalist Navy. The air force now have in operation about ten to fifteen United States jet fighter aircraft.

Political and Economic Conditions

The State Department is of the opinion that greater progress is being made in military matters on Formosa than in the political and economic spheres. Inflation on Formosa is becoming acute.

Attitude of the Formosans

The Formosans are restive under the "occupation" from the mainland but are becoming more resigned to the inevitable. They are particularly discontented about their exclusion from high national office.

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SECURITY CLASSIFICATION

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Despatch No. 1649

Date August 20, 1953.

FROM: THE CANADIAN AMBASSADOR, WASHINGTON, D.C.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference:

Subject: ... United States Relations with Nationalist China and the situation in Formosa.

Mr. MINZIE }
Mr. CARTER }
TO SEE
File 1/15

The attached articles about Chiang Kai-shek's military activities, which were printed in "The Washington Post" of August 17 and "The New York Times" of August 19, prompted us to have a discussion about Nationalist China with Mr. Walter McConaughy, Director of the Office of Chinese Affairs at the State Department.

Chinese Nationalist Military Operations

2. Mr. McConaughy said that it would be an exaggeration to describe the United States as "keeping Chiang on a leash". Nevertheless, there existed with the government on Formosa an informal understanding that the United States would be consulted before the execution of offensive operations from the island. The United States had desired this understanding because it was aware of the danger that any considerable operation from Formosa against the mainland might provoke retaliation on a similar or greater scale with uncertain consequences. The basis of the understanding reached with the Chinese Nationalist authorities was that, since the United States Seventh Fleet had standing orders to defend Formosa, the Chinese should not take any unilateral action which could involve the fleet in hostilities. You will recall that when President Eisenhower modified the role of the Seventh Fleet, which had previously been ordered to "neutralize" Formosa, United States officials told us that we should not expect the new order to result in large-scale operations by the Chinese Nationalists against the mainland.

3. The understanding with the Chinese Nationalist Government was not made public by the United States Government because of the danger that exaggerated and embarrassing interpretations might be placed on it by some Congressional leaders and press commentators. Mr. McConaughy thought that the reference to it which had now been made in public might not have a harmful effect so far as the Chinese Communists were concerned. He suggested that knowledge that there was some understanding of this nature between the United States and the Formosa Government might make the Chinese Communists less likely to attack the off-shore islands now held by the Nationalists. He added that these off-shore islands are not in fact considered to be within the United States "defence line", but they are of importance to the security of Formosa and serve a useful purpose as air raid interception bases. Some of these islands are reasonably well garrisoned with regular troops and have radar installations of a sort, mostly old Japanese types. United States military authorities apparently consider that there is a danger of the Chinese Communists launching large-scale air attacks upon Formosa.

Mr. Edwards (on return)

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The Chinese Nationalist Forces

4. In the judgment of Major-General Chase, head of the American Military Assistance Group in Formosa, the Chinese Nationalist air force and army are increasing steadily in efficiency and morale as their equipment and training proceed. The same cannot be said of the Nationalist navy.

5. The air force now has in operation some jet fighter aircraft, which have been made available by the United States. Mr. McConaughy did not wish to be specific about the number, but from his remarks we would judge this to be from ten to fifteen. He said that more jets would be brought into operation as Chinese pilots were trained. United States officers reported the Chinese to be adept in handling jet aircraft once they had received sufficient training. There was always the danger that the Chinese Communists might conduct a surprise raid with the objective of putting the Nationalist jets out of commission while they were on the ground.

6. The Chinese Nationalist Army evinced a definite improvement in morale and fighting spirit during its recent comparatively ambitious raid against Tung Shan Island. In General Chase's opinion the political activities within the army carried on by Chiang Ching-kuo, elder son of the Generalissimo, are more of an irritation to the Commander-in-Chief, Sun Li-jen, than an actual hindrance to the effective execution of his command. Apparently General Sun is quite outspoken to foreigners in his criticisms of Chiang Ching-kuo's political interference in the army and it might be taken as a good sign that he has nevertheless retained his post. Mr. McConaughy pointed out that in any case there is obviously a difficult job to be done in keeping watch on Communist agents within the ranks of the Nationalist forces. General Chase apparently does not make too much of the fact that Chiang Kai-shek's younger son, Chiang Wei-kuo, commands the Nationalist armoured force. He seems to think that the younger son does not in fact wield much authority.

7. The ineffectual state of the navy is ascribed to lack of tradition and to the poor quality of the senior officers, some of whom owe their appointments to political patronage, such as Admiral Kuei, the former Commander-in-Chief, who was previously an army general, and others, like his successor, Admiral Ma, are merely incompetent without even that excuse. The Nationalist navy possesses some former United States escort vessels. Under existing legislation the United States Administration has authority to turn over to suitable foreign powers in the Far Eastern area navy vessels of destroyer class and below (not more than twenty-five navy vessels may be disposed of in this manner in the Far Eastern area). However, we have the impression that the United States does not consider it feasible to try to transform the Chinese Nationalist navy into an efficient force.

Political and Economic Conditions

8. General Chase, who was recently in Washington to report to the Administration, expressed the opinion that more perceptible progress was being made in military matters on Formosa than in the political and economic spheres. He was apprehensive about the effects of inflation, which was showing signs of becoming acute. He apparently did not think well of the increasing influence within the Kuomintang of Chiang Ching-kuo.

9. Mr. McConaughy thought that O. K. Yui, K. C. Wu's successor as Governor of Formosa, might handle the financial situation better than his predecessor. The new governor's political views would probably be more conservative, and he was certainly less Western-minded than Wu, but Mr. McConaughy would not class him as a reactionary.

10. K. C. Wu, long recognized as a member of the more liberal element of the Nationalist Government, was not considered to be entirely out of favour. Mr. McConaughy thought that some part at least of the cause of his retirement was ill health. He had seen the former governor in Washington and had observed that he was suffering heavily from asthma, for which he is now taking treatment in Colorado. No one, however, would assume ill health to be the sole reason for Wu's departure. He had apparently had disagreements with Premier Chen Cheng.

Attitude and Treatment of the Formosans

11. Mr. McConaughy said that the Formosans were still restive under the "occupation" from the mainland but were becoming more resigned to the inevitable. He thought that the process of their absorption into the Chinese Nationalist scheme of things would depend on whether the liberal elements in the Kuomintang would be able to maintain their influence. He did not consider that these had been extinguished with the departure of K. C. Wu. He described Premier Chen Cheng as being well disposed towards the Formosans. The Premier had put through a land reform programme which should be beneficial to the majority of Formosans. Admittedly, most of the dispossessed owners had also been Formosans, but they had received recompense largely in the form of stocks in government-owned corporations, such as public utility concerns (although not in the major government commercial agencies such as the Taiwan Sugar Company).

12. The Formosans remain discontented, according to Mr. McConaughy, over the fact that they are still not admitted to high national office. A few, however, have been elected to the Legislative Yuan. Mr. McConaughy said he had recently interviewed in Washington a Formosan member of the Legislative Yuan who, although critical of the Kuomintang, obviously realized that they were established in Formosa for a long time and considered that things should be looked at from this realistic viewpoint.

D. J. Murray

CANADIAN EMBASSY

WASHINGTON

Subject "U.S. Keeping Full Control on Chiang"

Date Aug. 17, 1953.

Publication Washington Post

Action Limited

U.S. Keeping Full Control On Chiang

By Marguerite Higgins
TAIPEH, Formosa, Aug. 16 (NYHT).—A hitherto undisclosed agreement has put Chinese Nationalist forces as much on a leash as ever so far as American control is concerned, despite the lifting of the neutralization ban on Formosa, it can now be revealed.

The new agreement between the United States and the Chinese Nationalists on this island, the essentials of which have been made available to this correspondent, provides that Generalissimo Chiang Kai-shek's forces "will not increase for the present time the tempo" of their military activities against Communist China without specific consultation and, in effect, prior approval of the United States.

According to diplomatic sources here and in Tokyo, the United States has taken the position that since it is supplying virtually all Chiang Kai-shek's military equipment it has a right to a voice in how it should be used.

Retaliation Feared

Following the formal announcement in February of the end of prohibitions on Nationalist attacks against the mainland the State Department, in particular, began to worry that any increased activity on the part of Chiang Kai-shek's force of 500,000 soldiers, sailors and marines might provoke retaliatory attacks on Formosa by the Reds.

As applied in practice, the agreement on the tempo of Nationalist military activities has meant that any important operation, such as the Nationalist paratroop and amphibious attacks on Communist-held Tungshan island in mid-July, had to be referred in advance for approval to the United States Navy Pacific Command at Pearl Harbor. This command is responsible for assisting in the defense of Formosa.

No one on Formosa is foolish enough to contend that a big scale invasion against the Communist Asiatic mainland could be engineered without extensive logistical support from the United States, particularly now that the Communist military machine has become so formidable.

But the Nationalist capability for staging disruptive hit-and-run raids against Red installations is increasing. This campaign to disrupt the Red build-up could be augmented under the new accord only if the United States agrees

An example of the problems posed by such commitments is illustrated by the Nationalist amphibious and airborne island-run attack on Tungshan island, an operation involving almost an entire division.

The trouble began because the Nationalist attack plan as approved by Pearl Harbor did not include air support. The Nationalists assert that the Americans objected to the commitment of air power on the ground that this was going too far in the direction of "stepping up the tempo" of attacks against the Reds.

Red Artillery Threat

In any event, it turned out that the position selected for the drop of 600 paratroopers was murderously zeroed in. Red hillside emplacements were accessible only to the air. It became clear that in the air-drop zone there would be real butchery by the enemy artillery unless air support was called immediately. The Chinese commander in charge of the Tungshan operation, therefore, radioed urgently for assistance.

In Taipei the Chinese chief of staff immediately gave orders for planes to get under way, but satisfactory authorization was not forthcoming from the Americans at Formosa and the Nationalists tried to call back the Air Force attack.

A Chinese air force pilot—the individual who first pointed up to this correspondent the American accord and its consequences—described the result this way:

"We were already over our target and were going into our second runs by the time they started to pull us off. It was lucky the cancellation did not come through any earlier. It was obvious that many of our troops would never have gotten back aboard ship if we had not silenced those artillery emplacements and interrupted reinforcement."

CANADIAN EMBASSY
WASHINGTON

Subject "Secret Pact Gives U.S. Rein on Chiang"

Date Aug. 19, 1953. Publication New York Times

SECRET PACT GIVES
U. S. REIN ON CHIANG

Bars Any Attack by Formosa
on Chinese Reds Without
Prior Consultation

Special to THE NEW YORK TIMES

WASHINGTON, Aug. 18— A responsible Government source confirmed today the existence of a secret understanding with the Chinese Nationalist Government under which its troops based on Formosa would not undertake intensified military operations against the Chinese Communists without prior consultation with United States military authorities, who are still responsible for the defense of the island.

The agreement was made shortly after President Eisenhower, in his State of the Union message, had issued orders to the Seventh Fleet cancelling the part of a previous directive that called on the fleet to prevent any military operations directed from Formosa against the mainland of China. The President directed the fleet to continue to protect Formosa against invasion by the Chinese Reds.

The understanding was not made public, or generally known in Washington, until a report of its existence was published Monday. The report asserted that the Chinese Nationalist forces were as much on the leash as ever, so far as United States control was concerned.

In response to questions, a responsible official said the new understanding was a necessary supplement to, but not a reversal of, President Eisenhower's revised orders to the Seventh Fleet.

This official said the United States could not give Generalissimo Chiang Kai-shek, leader of the Nationalist Army, a "blank check" to carry on operations that conceivably could touch off a third world war.

This official explained that this Government had to have advance knowledge of Chiang Kai-shek's proposed military operations because a raid by his air or ground forces easily might provoke a Communist counter-attack upon Formosa that could involve the Seventh Fleet and United States air forces.

It was noted that Generalissimo Chiang's air force recently was given modern United States jet aircraft whose range would permit attack on Red airfields on the mainland of China.

If the Chinese Nationalists were to mount such an attack, it almost certainly would bring a retaliatory air raid upon Formosa and perhaps an invasion of that island itself. The Chinese Communists have a force estimated at 500,000 troops in the area opposite Formosa.

Eastern Division:
R. Edmonds/TP

50056-A-40
80

PERSONAL

Ottawa, June 25, 1953.

Our File: 50056-A-40

Dear Mrs. Dobson:

On June 16, 1953, I wrote to Dr. Walmsley of the Department of East Asiatic Studies, in the hope that he would know how to get in touch with Professor Dobson concerning his forthcoming visit to Formosa. As Dr. Walmsley may have told you, the Chinese Embassy cannot issue your husband with a visa for Formosa prior to receiving the prerequisite passport photos. It is highly unlikely that Professor Dobson will be able to pick up his Chinese Nationalist visa in Hong Kong unless he has fulfilled the above-mentioned requirement.

2. Although the issuance of this visa is a matter between yourself and the Chinese Embassy, the officials of that Embassy here in Ottawa contacted the Department of External Affairs since they were aware that Professor Dobson had already left for the Far East. I think it is only fair to state that it is altogether likely that your husband will not be able to get to Formosa unless he complies with this regulation. Therefore, if it is at all possible, you should take immediate steps to correct this omission.

I hope that Professor Dobson's trip to the Far East, a part of the world which is dear to all of us, will be both enjoyable and profitable.

Yours sincerely,

C. A. RONNING

C.A. Ronning.

Mrs. W.A.C.H. Dobson,
c/o Department of East Asiatic Studies,
Royal Ontario Museum,
100 Queen's Park,
Toronto 5, Ontario.

Mr. Edmunds
I don't know
how should write
to you

UNIVERSITY OF TORONTO
DEPARTMENT OF EAST ASIATIC STUDIES

ROYAL ONTARIO MUSEUM
100 QUEEN'S PARK
TORONTO 5

June 19 1953

C.A. Ronning, Esq.,
Department of External Affairs,
Ottawa.

Dear Mr Ronning:

In reply to your letter of June 16, I would say that Mrs Dobson has been in touch with the Chinese Embassy in Ottawa. Unfortunately she has no photographs available. Anyway, Professor Dobson is already in Hongkong and I doubt very much if he will have difficulty obtaining permits to enter Taiwan.

If you come up to Toronto do come in to see us. I believe I met you but briefly when you were in "The Canadian Business Agency", Chungking.

Very sincerely yours,

L.C. Walmsley
L.C. Walmsley,
Department of East Asiatic Studies

He probably had
is that he
will not get
into Formosa
without these
photos.

file on 6056 A 40
RBE

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R

DEPARTMENT OF EXTERNAL AFFAIRS
SUMMARY

50056-A-40

OF: British Consul's Note of ^{JUNE 18} ~~May 26~~, 1953
from Tamsui on "Progress of the
Nationalist Regime on Formosa and its
Future Prospects".

SECURITY GRADING

SECRET
DATE ^{JUNE 18} ~~August 4~~, 1953
INITIALS OF AUTHOR

Insert particulars of document or file being summarized.

R.B.E./TP

CIRCULATION

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Press Office
J.I.S.
J.I.B.
Washington
D.P.D.U.N.,
New York

The British Consul in Tamsui, Formosa, believes that the Chinese Nationalist Government on Formosa is not likely to take any action at the present time which would jeopardize the continuation of American support. The Kuomintang continues to be dominated by Chiang K'ai-shek and a few of his trusted cronies. The tenets of Sun Yat-sen are now outmoded and the only positive policy of the Chinese Nationalists at the present time is to reconquer the mainland. Western-educated liberals have little influence in the Kuomintang. It is doubtful whether any other leader but Chiang could hold the party together as a single entity.

2. The Chinese Nationalist armed forces are heavily subsidized by the Americans and absorb about one-seventh of the total male population of the island. As the over-age mainlanders retire from the armed forces, they will have to be replaced by native Formosans, which would be a disrupting factor in the economy of the island. Junior officers are relatively efficient professionally, but the general officers still leave much to be desired. The morale of the forces is doubtful but they could probably give a good account of themselves in the defence of Formosa.

3. Formosans regard the mainlanders "as just another set of alien exploiters who, on the whole, have been neither so benevolent nor so efficient as their Japanese predecessors." Although the administrative efficiency of the Chinese Nationalists has improved since their mainland days, it is overcentralized and overstaffed with emigres from the mainland. Despite the fact that Formosa is a police state, there is a surprising measure of freedom of speech and freedom of the press.

4. Formosa produces a surplus of food but her economic stability is not improved by the presence of two million mainlanders, the majority of whom are engaged in non-productive activities. Complementary to the American aid programme, the Nationalists have drawn up a four-year plan, which aims at self-sufficiency for Formosa by 1956 - a rather forlorn hope.

5. Overseas Chinese support is not likely to develop for the Kuomintang unless they can point to some external successes at the expense of the Chinese Communists. If American aid were to decrease, a further swing towards authoritarianism can be expected in the Kuomintang. Although the breakup of the KMT would probably be the best thing for Formosa, as yet there are no indications of a genuine Formosan independence party nor of a candidate capable of becoming the future "third force" leader of anti-communist China.

SECRET

Foreign Office and Whitehall Distribution

CHINA

June 18, 1953

Section 1

FC 1026/3

NOTE BY HER MAJESTY'S CONSUL, TAMSUI, ON THE PROGRESS
OF THE NATIONALIST REGIME ON FORMOSA AND ITS
FUTURE PROSPECTS

1. Introductory

In considering this problem the far reaching effects, both direct and indirect, of American aid, advice and controls should constantly qualify our present judgment of Nationalist affairs. So long as relations continue substantially as they now are, it is unlikely that Nationalist policy will radically alter, or that they will take any political action which is likely to jeopardise the continuation of American support. It is only when these external controls are eventually eased and the Nationalists are again their own masters that we shall know the true trend of their policies, and how deeply liberal ideas have taken root.

Another factor which must be remembered is that the ruling caste of Nationalist mainlanders are a minority, and are outnumbered by the native-born Formosans by 3 to 1. Whilst the Formosans are docile by nature and have been schooled to submissiveness by long years of Japanese colonial rule, it is always possible that they might assert themselves and claim—particularly in any international discussion on Formosa's future—their undoubted right to a voice in their own destiny.)

2. The Kuomintang

The importance of the Kuomintang derives from the virtual identity of party and Government, a state of affairs which the party leaders are determined to perpetuate. In spite of the much-publicised period of reform which officially ended last October KMT leadership is still fundamentally authoritarian and reactionary in outlook, and the party itself is torn by internal dissension. One suspects that such concessions to liberal ideas as are made are unwilling ones forced on leaders by circumstances and by American pressure. The party continues to be dominated by Chiang Kai-shek and a group of trusted friends of his youth — nearly all military men — with Chiang himself holding supreme power over policy making and key appointments. His displacement during his lifetime from this position in the party is almost unthinkable. All this does not mean that there is not a section of the party of growing importance, which draws its recruits from the younger generation of Western-educated Chinese, and which sincerely believes in liberal ideas and reform. Others, again, join the KMT because membership is a passport to office. As things are to-day, these secondary groups have little real power and the recent ousting of K.C. Wu from the governorship of Taiwan is generally interpreted as a victory for the reactionary elements. The party draws breath from the tedious and outmoded writings of Sun Yat-sen, which are uninspiring in themselves and not adapted to present-day problems. Apart from the dream of a

"China irredenta" the party programme contains little to fire the popular imagination. Even the land reform programme has been phlegmatically received by the Formosans. The bulk of the party's support comes from the 2 million mainlanders refugees who followed the Government to Formosa in 1949, together with an unknown—but comparatively small—number of the 10 million overseas Chinese scattered throughout South-East Asia, and such underground support as it may have on the mainland of China. It is difficult to estimate the extent of support from native-born Formosans. Certainly this is small amongst the older generation, but seven years' propaganda in the schools and youth organisations will have had its effect on the generation now reaching manhood. The number of party adherents on Formosa will probably thus tend to increase with the passing of time. Two other parties are recognised as legal—the Social Democratic Party and the Young China Party. Both, however, are weak internally and dominated by the KMT. At present they are little more than a facade, useful to support the fiction of a democratic regime in Formosa.

3. Chiang Kai-shek as a leader

In spite of continuous contact with the West, Chiang remains essentially an eastern autocrat. Surrounded by sycophants, he does not mix with the people, but is a figure-head only seen on rare and carefully stage-managed ceremonial occasions. He is, indeed, a man of limited vision, although more amenable to American pressure than formerly. He clings to his trusted friends and is reluctant to place power in the hands of untried new-comers, however good their reputation may be. Since the early days of the "Northern Expedition" in 1927, his record has been one of almost continuous failure, and there is nothing to show that in his old age he possesses the qualities of bold decision and inspiring leadership which are necessary in one who claims to be the guiding star in the restoration of "China's" fortunes. Nevertheless, for all his shortcomings his name is surrounded by a halo of prestige within the KMT, and it is doubtful whether anyone else could hold the party together as a single entity. Opinions might differ as to whether this is or is not a good reason for retaining Chiang at the helm. It is at least arguable that the KMT in its present form is the major obstacle to progress, and that if Chiang could be removed the party—perhaps after a phase of internal struggle—would split into its natural constituents, and permit the development of a more healthy political system. Be that as it may, Chiang, at the age of 66, is a vigorous man in excellent health, and there seems to me no reason to expect a change in leadership for some years to come.

4. The armed forces

The potential of the armed forces depends very largely on American policy as to equipment, training and supply, and subsequently on how much support they may give them in any operations—either defensive or offensive—that they may undertake. As yet there is no evidence that American ideas go beyond fitting the Nationalists for the local defence of Formosa, and—although of course this does not exclude the possibility of offensive operations—it is by these standards that their capabilities should be judged. The present-day Nationalist soldiers are unrecognisable, in physical fitness and turnout, as the same men who fled, bedraggled and dispirited, from the mainland in 1949. Much of this improvement is traceable to the adequate diet which the troops now receive. Discipline and behaviour have also improved and, under the MAAG programme, the equipment and training of the individual soldier are now

rapidly approaching satisfactory standards. There have, moreover, under American direction, been radical organisational and administrative changes, including reform of the training schools from top to bottom, which should permit the component parts of the army and other services to function in battle as a co-ordinated whole, and allow the individual soldier, in peace or war, to receive his due in pay and rations. The military budget is now closely scrutinised and audited, and the old style abuse of privilege by military officers is severely curtailed if not eliminated. There is, nevertheless, the reverse side of the medal. Firstly the army is ageing, and future replacements both of normal and battle wastage must come from Formosan youths. This process has already begun and, whilst Formosans might be expected to fight well in defence of their homeland, it is doubtful if they would view with enthusiasm the prospect of pulling Chiang's chestnuts out of the fire. It should be noted, furthermore, that the armed forces absorb about 1/7 of the total male population of the island. As the process of replacing mainland servicemen by Formosans continues, there will be an increasing strain on the island's economy, since the time-expired mainlanders will be unqualified to take up the work in farm and factory of the serving Formosan. It is, indeed, difficult to see how the strength of the army can be indefinitely maintained at its present level. Secondly, whilst the quality of regimental officers has much improved, the leadership and professional ability of many of the general officers still leave much to be desired. This manifests itself particularly in an inability to plan successfully anything beyond a small-scale operation, and in unreceptiveness to new ideas or teachings. For this state of affairs Chiang Kai-shek himself, through his control of the higher appointments, must bear a share of the responsibility. In making his selections he still appears to be more swayed by considerations of party loyalty than by the claims of military efficiency. This principle seems to have encroached even into the organisational field where Chiang's insistence on keeping the armoured force as a separate command under his second son, Chiang Wei-kuo, can only be explained as Oriental fear of placing too much power in the hands of one man (i.e., Sun Li-jen). Thirdly, the factor of morale must be considered. Whilst by outward appearances the individual soldier's morale is now good, judgment must be reserved as to whether it would withstand the test of battle or even a long period of inaction. In particular, a sharp reverse in the opening stages of a campaign might revive memories of past defeats and lead to a breakdown of morale. Much, of course, will depend on whether the leadership of the senior officers can be improved. As to the relative merits of the three services, the air force, with its high proportion of American-trained pilots, stands easily first. The army follows, with the navy, now commanded by the insipid Ma Chi-chuang, a good third.

To sum up, therefore, the Nationalist armed forces should, under the American aid programme, continue to grow in power for a year or so. After another short period, a decline must be expected both in strength and effectiveness. For a few years, beginning in 1954, the Nationalists should thus have at their disposal a well-trained and well-equipped military force, certainly capable of giving a good account of themselves in the defence of Formosa, and probably capable of a useful contribution as part of an expeditionary force in support of United Nations action. Their value in unsupported offensive action cannot, however, be rated so highly and it must be remembered that in battle the presence of foreign advisers on staffs and in units could not be dispensed with, without risking a loss in efficiency and a lowering of morale.

The above opinions must always be qualified by the thought that the new Nationalist army is untested, and has yet to prove its worth in battle.

5. Relations between mainlanders and Formosans

Six years ago, following a period of unbridled exploitation culminating in the Chen Yi massacres of February 1947, relations between Formosans and their mainland masters could hardly have been worse. Today, although still uneasy, they have much improved, thanks chiefly to K.C. Wu's work in developing an equitable administration and in fighting for fair treatment and equal opportunities for Formosans in education and other fields. Whilst the gap is now smaller, the basic reasons for the estrangement remain, i.e., the mainland official still regards the Formosan-born Chinese as of a somewhat inferior breed, and the Formosans look at the mainlanders as just another set of alien exploiters who, on the whole, have been neither so benevolent nor so efficient as their Japanese predecessors. Whilst it is avowed Nationalist policy to carry the Formosans with them as brother-Chinese, past wounds are kept open by two practices in particular. Firstly, in spite of the opening up of many provincial and municipal government appointments to Formosans, the pick of the Central Government jobs are still reserved for mainlanders. And secondly, internal security, whether exercised by the military or through the security police, is entirely in the hands of mainlanders. Formosans are untrusted and unarmed, and have to submit without complaint to the sudden call of the policeman's knock, the search of their houses in the middle of the night and often to arrest and detention without trial. On the other hand, language difficulties should not be exaggerated. Mandarin is taught in all schools and has spread quickly through the island in business and other every-day transactions. In a few years the Formosan will be bilingual in Mandarin and Formosan as his father was in Japanese and Formosan.

6. Quality of Administration

Whilst always bearing in mind the effects of the American backing of the economy as discussed in paragraph 1 above, it must be admitted that the Nationalists enjoy advantages on Formosa that were absent on the mainland. For one thing, Formosa is a small and compact island with excellent communications to all inhabited parts. Control and supervision are thus simple matters, in contrast to conditions on the mainland of China before 1949, where the Central Government writ by no means ran everywhere unchallenged. For another, there is a greater density of Western-educated and Western-trained Chinese in Formosa than was formerly the case on the mainland. This is natural as those with Western connexions fled with the Government if they could. This factor has been of material advantage to the Nationalists in enabling them to find the necessary technical skills for their much contracted industry and public utilities. The result, therefore, is an appearance of efficiency that was absent in pre-1949 days. For example, trains run to time, streets are reasonably clean, telegraph and postal services are excellent, and factories produce their goods without strikes or stoppages. But, under all this, the administration is still inefficient. The chief faults are over-centralisation (due to ingrained Chinese reluctance to delegate responsibility), shortage of really first-class ability, and swollen staff (due to the need to find employment for surplus members of the families of mainlanders). The result is that the machinery is clogged and initiative is penalised. The Americans are, nevertheless, continuously working to improve matters and progress

has been made in many fields, particularly in financial control. There has been a marked recession of corruption, which is no longer a major problem. Here again American controls have been a big factor in bringing about this state of affairs.

On the political side, within the limitations imposed by the austerity necessary for economic recovery and the "general mobilisation" programme, the proclaimed Nationalist internal policy is to build up Formosa as a model province, with land reform as the principal plank in the party platform. Progress towards provincial and municipal self-government and a mild edition of the welfare State are the secondary planks. The two-fold object of this is to secure internal stability and at the same time offer an attractive alternative to the Communist Utopia across the water. The sincerity of the Central Government must, however, be suspect. For example, the land-to-the-tiller programme, the implementation of which had constantly been deferred on the mainland, because the landlord class formed the back-bone of KMT support, has no string in it here, since the Formosan landlords are not, generally speaking, KMT adherents. The Central Government have, moreover, on the pretext of the present emergency, consistently opposed Formosan efforts—although backed by K.C. Wu—to obtain for themselves any real increase in power, through an extension of the authority of the Provincial and Municipal Assemblies or the free choice of the Governor of the province.

It must here be said that Formosa is, at present, a police State. This is not due to the prevalence of crime—the Nationalists indeed inherited a docile and law-abiding population from the Japanese—but to the need to protect themselves against Communist infiltration.

Under Chiang Ching-Kuo's overall guidance, internal security is maintained by methods strongly reminiscent of Soviet Russia, including house-to house search, arrest without warrant, check and counter check on officials, constant watch on the daily doings of each individual member of the community, and a system of mutual guarantees for immigrants. Whilst the juridical processes applied to persons charged with non-political offences cannot be unduly criticised, a different set of rules is brought into play for those unfortunates who incur the suspicion of being concerned with pro-Communist activities. In their cases, they may be detained incommunicado for an indefinite period for "interrogation" (three months is, however, the usual upper limit), trial is in camera and without the right of appeal against the sentence, and the defendant may not employ his own counsel. Whilst, however, the police are ubiquitous and sometimes harsh in the methods, there is nothing approaching the brutality and ruthlessness of Iron Curtain countries' methods. In particular, there is a surprising measure of freedom of speech, and criticism of the Government, both in the press and in private conversations, is constantly seen and heard. In all, whilst the methods employed may not commend themselves to us, it must be admitted that the Nationalists have some justification for their precautions, in the seriousness of the dangers which threaten them.

7. Economic Policy

Formosa produces a surplus of food, and should therefore, in this modern world, be considered fortunate. Appearances, however, are deceptive, and her natural riches in fact are few. Her most important natural resources are her agricultural products,

coal (although quality is only fair and extraction costly due to thin seams), salt (from sea-water evaporation), and a topography and climate favourable to the development of hydro-electric power. Even much of her soil is poor (apart from the alluvial lands), and large quantities of artificial manures have to be applied annually in order to maintain its fertility. Since 1949, she also carries the additional burden of 2 million mainland Chinese refugees, the majority of whom are engaged in non-productive activities. Included are 500,000 men in the armed forces. On top of this, the rate of natural increase of the population is 3 per cent. per annum, which means a doubled population in twenty-five years. From the above it will readily be appreciated that there is no cause for complacency as to Formosa's future economic stability, and the black market rate of the American dollar, which stands at a premium of 70 per cent. over the "certificate" rate, testifies to the lack of internal confidence.

At this point it may perhaps be useful to trace the recent history of the Formosan economy. In the days of the Japanese regime a natural and simple balance was evolved whereby Formosa in general exported agricultural products and salt to Japan, in exchange for capital goods and manufactured articles. After the war the flow of goods was channelled to mainland China, and Formosan products were again exchanged for manufactured articles, either produced in China or re-exported there-from. Following the Nationalists' loss of the mainland in 1949, Formosan trade was once more disrupted and a reorientation towards Japan was again apparent. Formosa was, however, from then on, dealing externally with foreign nations and was having to earn her foreign exchange in open competition in world markets. It was soon found that her exports, sugar (which earns 80 per cent of her foreign exchange), rice, tea, fruits, salt, &c., were, in spite of much good work in post-war rehabilitation and reorganisation, inadequate to enable her to pay her way.

It was at this stage that MSA seriously took charge of the problem and from 1950 have undertaken the task not only of providing commodities to balance income and expenditure, but also of building up Formosan transportation facilities, utilities and industry with the ultimate aim of enabling the economy to stand on its own feet. At the same time, MAAG has taken care of military requirements. Co-ordinated with this American aid programme and complementary to it, the Nationalists have drawn up a 4 year plan, which aims at self sufficiency by 1956. The emphasis is on increased power production, increased fertiliser output and the establishment of light industries which, although much of the raw materials will still have to be imported, will at least save the foreign exchange required in their processing. It is also hoped to find overseas markets for the surplus products of the new industries and thus further increase earnings of foreign exchange. Whilst the Americans are hopeful of the success of these plans, there are certain reasons for regarding such hopes as unduly optimistic.

Firstly, the need to import nearly all raw materials will place Formosan products at an initial disadvantage. Secondly, inferior factory management and swollen staffs will put up costs to an uncompetitive level. Thirdly, technical skills do not reach Western standards, with the result that the quality of the products inevitably suffers (this is most noticeable in everyday life here). And lastly, bureaucratic controls and financial juggling handicap the free and healthy development of industries and repel foreign investment. The uncertain political future accentuates this. Although, there-

fore, progress and improvements may be expected, it is questionable if the new industries will be able, during the next few years, to capture new foreign markets to any extent. (An exception to this perhaps is cement, where the ingredients are found locally in favourable circumstances, and the quality of the product is believed to be excellent). There are also good prospects for the development of a glass industry, the raw materials for which are found locally.

It must, therefore, be doubted whether Formosa's plans to become a self-supporting State, independent of American aid, can easily be realised. Formosa is not naturally a rich land, and probably is not inherently capable of financing Chiang Kai-shek's ambitious programmes and in particular of supporting the burden of a large-alien refugee population. If a happy future is to be secured Formosa must cut her suit according to her cloth and, most important of all, must find some means of checking the growth of her population. Otherwise, the present comparatively high standards of living will inevitably fall and there will be left a fertile soil for the propagation of Communist doctrines.

8. Rallying of Overseas Chinese

There is little to add to Jacobs-Larkcom's letter of 9th April, 1953, to Shattock on this subject, except to emphasise that overseas Chinese support for the KMT is unlikely to increase significantly unless the Nationalists can point to some external success at the expense of the Chinese Communists. The eyes of the individual overseas Chinese are focussed on his home village on the mainland, and progress on Formosa itself will not interest him or arouse his patriotic sentiments.

9. The future

Whilst there is no reason to anticipate that the KMT will loosen their tight grip on affairs, it may be useful to speculate for a few moments on the course of future events.

It would be logical to suppose that American aid—and with it American influence and controls—will begin to decrease shortly. The first effects of this would probably be to strengthen the position of the less progressive elements of the KMT, and a swing further towards authoritarianism could be expected. There is, however, a powerful body of young Western-educated Chinese, who are dedicated to progress and whose numbers and influence are growing daily. They would not now be easily subdued, and are, indeed, the real hopes of Nationalist China, although, unfortunately, no natural leader has yet appeared. If KMT internal stresses became too great, a split in the party might occur, with the formation of two or three genuinely independent groups with the right to seek power from the people through free elections. This might be the occasion for the emergence of a Formosan independence party, which could, numerically, outnumber all other parties combined. Whilst such a movement would now be illegal, there is no evidence to-day even of its underground existence on the island, although the idea is kept alive in Japan by Thomas Liao. Although a break-up of the KMT is always possible, and would probably be the best thing for Formosa, it is as likely, if not more so, that when the day comes for Chiang to lay down his charge the succession will be decided in traditional Oriental style, by the loyalty of the army, with the result that a further period of authoritarian rule will follow. Whilst it is not proposed to discuss at length the

problem of Chiang Kai-shek's successor, it is perhaps worth mentioning the claims of the somewhat sinister figure of his elder son, Chiang Ching-kuo, who many well-placed observers consider is being schooled to step into his father's shoes. In any event, there are no signs that the "Third Force" have any candidate capable of becoming the future leader of an anti-Communist China.

Tamsui,
May 26, 1953.

Far Eastern Division:
R. B. Edmonds/TP

50056-A-40

201

PERSONAL

Ottawa, June 16, 1953.

Our File: 50056-A-40

Dear Dr. Walmsley:

Professor W.A.C.H. Dobson of your Department called upon the Department of External Affairs a short while ago concerning his forthcoming visit to the Far East.

Professor Dobson asked the Chinese Embassy here in Ottawa for a visa in order to visit the island of Formosa. The Chinese Embassy is quite willing to issue such a visa, but cannot do so prior to receiving the prerequisite passport photos. The Chinese Embassy believes that Professor Dobson has already left for the Far East and that, if they request these photographs directly, he will not receive the letter. Apparently, Professor Dobson expects to pick up his Chinese Nationalist visa in Hong Kong, but he will be unable to do so if he has not fulfilled the above-mentioned requirement.

We realize, of course, that it is not strictly the duty of the Department of External Affairs to act as an agent of the Chinese Embassy in a consular matter. It would be appreciated, however, provided you are aware of the whereabouts of Professor Dobson, if you could forward this information to him. I thank you in advance for your cooperation in this matter.

Yours sincerely,

C. A. RONNING

C.A. Ronning.

Lewis C. Walmsley, Esq., D. Paed.,
Department of East Asiatic Studies,
Royal Ontario Museum,
Queen's Park,
Toronto, Ontario.

Far Eastern Division/C.A. Ronning/MB

July 15, 1953

CONFIDENTIAL

MEMORANDUM FOR FILE

Dr. Liu Chieh's Inquiry about Invitation
to Mr. Mayhew to visit Formosa

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After I had participated in an exceptionally lavish Chinese meal in the Chinese Embassy and after the other guests, who were Chinese (I nearly inserted "also"), had been ushered into an adjoining room, Dr. Liu Chieh told me that he had been informed by Dr. Hollington Tong, Chinese Ambassador in Tokyo, that Mr. Mayhew was visiting Canada in August.

2. In this connection Dr. Liu asked about the possibility of Canada opening a Consulate in Formosa. He assumed that the subject would come under discussion during Mr. Mayhew's vacation trip in Canada. My reply was to the effect that it was most doubtful that Canadian interests and business in Formosa would warrant any favorable consideration of such a proposition.

3. Dr. Liu then asked what the possibilities were of Mr. Mayhew accepting the invitation extended through Dr. Tong, to the Canadian Ambassador in Japan to visit Formosa in the near future. I replied that, speaking unofficially, I would think that it would probably be very difficult to give favorable consideration to this matter until the political situation in the Far East had been stabilized after the settlement of such outstanding problems as the unification of Korea, the relationship of Communist China to the United Nations, the war in Indo-China as well as the future of Formosa itself.

4. Dr. Liu then asked me about our intentions regarding recognition of Communist China. I referred to the public Statements on this subject issued by our Minister and Prime Minister. He was familiar with these Statements and said that, speaking personally and as frankly as I had in replying to his

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questions about our opening a Consulate in Formosa, he would admit that these public Statements were perfectly logical. He added that he understood Canada's position in this regard perfectly although it was certainly not easy for his Government to accept this position. I asked Dr. Liu if he thought Canada could continue indefinitely to recognize the Nationalist Government of Formosa as the government of mainland China. He replied: "No, definitely not." The best he could personally hope for was that Canada would not withdraw recognition of his Government as the Government of Formosa.

5. The conversation drifted to the topic of the talked-of invasion of the mainland by Formosa. Dr. Liu admitted - not as the Chinese Ambassador - that he had no hope of such an undertaking. If it were attempted he thought it could not succeed without the United States and he had no hope of the Americans giving the necessary assistance. He concluded by saying that we should probably not see the downfall of the present Peking Government during our lifetime.

6. This attitude was in surprising contrast with the view he expressed when I had lunch with him in 1951 upon my return from Nanking. On that occasion he was confident that the Peking régime would soon collapse and the Nationalists would soon be back in power because the Chinese people would not accept Communism. He refused to attach any importance to the reports I gave him of the many evidences of the strength of the Peking Government. These evidences were only temporary and apparent - not real - in his opinion. He appraises the situation more realistically now and accepts it with characteristic Chinese fatalism.

Far Eastern Division.

file on 50056-A-40

R. E. Dyson (F.E.W.)
4/4

June 3, 1953.

CONFIDENTIAL

DEPARTMENT OF EXTERNAL AFFAIRS

Canadian Voting Policy regarding Chinese Representation at the United Nations and in Subsidiary Bodies of the United Nations.

In view of the fact that the question of the re-admittance of Nationalist China to full membership in UNIO is to be discussed at the forthcoming Seventh Session of the International Civil Aviation Organization, to be held at Brighton, England, you may be interested in receiving guidance as to past Canadian policy on these matters.

2. The current Canadian Government practice in voting on the question of Chinese representation in the United Nations is as follows:

(a) In organs which are competent to take decisions on the matter

- (i) we support motions for postponement provided that no specific time limit is fixed or
- (ii) if the substantive question is voted on, we abstain.

(b) In subsidiary bodies of United Nations organs and of the specialized agencies we support motions of non-acceptance or, if necessary, oppose motions designed to alter the present representation of China in such bodies.

3. The Nationalist Government of China has, in the past, experienced considerable difficulty in meeting its financial commitments in subsidiary bodies of the United Nations. When the question of whether China should be allowed to continue her membership, or to retain voting rights upon the payment of token contributions, has arisen, it has usually been found that the United States and the United Kingdom are divided in their opinion, the United States supporting Nationalist China and the United Kingdom opposed.

4. According to a memorandum of September 4, 1952, from the United Nations Division, our policy in these matters has been to:

- (a) support the resolution if both the United States and the United Kingdom are in agreement, or
- (b) abstain if the United States favours and the United Kingdom opposes.

This situation has arisen in the International Labour Conference of June, 1952, in the International Hydrographic Bureau Conference in the summer of 1952 and at the UNESCO Conference in Paris in the fall of 1952. In each case, Canada has abstained. We have continued to abstain on questions of this nature, since every decision tends to be regarded as a political one expressing either support for or disapproval of the Taipei regime. Our abstention vote has been intended to give the impression that Canada does not hold any unrealistic views concerning the status or capabilities of the Nationalist Government in Formosa.

5. It is quite possible that Nationalist China is automatically eligible for readmission and no action on the part of Canada will affect the outcome of that decision one way or the other. If the question of token payments arises, however, it is the opinion of this Division that our past voting policy on this specific question should be followed.

R.A. MacKay/PW
May 30, 1953.

SECRET

50056-A-40
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MEMORANDUM FOR FILE

Military Forces - Formosa

Mr. Farace of the Italian Embassy visited me in my office to-day and read extracts from a recent despatch from their "temporary" Mission in Formosa regarding the conditions of Nationalist forces.

2. The Army consists of ^{normally} ~~normally~~ about a half million troops or twenty to twenty-one Divisions of 11,000 men each but it was estimated that only four Divisions are reasonably armed with modern equipment and trained in their use. These are the only effective forces equipped for action and the Nationalist Government are not disposed to use them anywhere outside of Formosa lest it weaken the security of Formosa. Of the remaining sixteen to seventeen Divisions, five were estimated to be about sixty per cent equipped, six about forty per cent and the remainder not over twenty-five per cent. The equipment possessed by these Divisions is of different types (for example, even rifles in the same Division might be of three or four types) and they have very few automatic weapons. Although considerable progress has been made under United States guidance in modernizing the army, equipment promised by the United States was arriving very slowly.
3. The Air Force consists of some 35,000 men, 120 fighters (B-47's and Thunderbolts), 52 DC-3 Transports and 30 Bombers (B-26's), two jets had arrived for training late in April but the Air Force has no jets for operational purposes and no night fighters.
4. The Navy consists of 45,000 men, 1 Cruiser, not very modern, 7 Destroyers, 12 Mine Layers, 1 Mine Sweeper, a number of small Coast Guard Vessels, 24 LSM's and LST's. The Navy is too small to cover or transport any serious expedition against the Mainland.
5. Although the morale of Nationalist troops is good, the median age is 28 to 30 and there is very little intake of new recruits both because the Services are not

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popular with the Formosan people and because their loyalty to the Nationalist régime is doubtful. Due to long inaction, Nationalist forces are probably deteriorating in effectiveness despite improvement in equipment and training.

6. In conclusion it was felt that the Nationalists were quite incapable of offensive warfare beyond nuisance raids against the Mainland. The Americans endeavoured to encourage such nuisance raiding but the Nationalist Government was inclined to hold back in order to avoid antagonizing the Communist Government and to conserve manpower and equipment. In effect, a truce obtains between Nationalist and Communist forces.

R.A.M.

R.A.M.

N.B. - I am unable to evaluate the above information. I leave it to Defence Liaison (2) Division to pass it on, if they consider it desirable, to National Defence.

cc. to: Far Eastern Division
Defence Liaison (2) Division

Far Eastern Division:
R.B. Edmonds/TP

*file on 50056-A-40
RBE*

File No. 50056-A-40

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TOP SECRET

May 19, 1953

FORMOSA

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In a previous memorandum, we have outlined our recommendations as to our future policy towards Communist China after a Korean armistice has been achieved. In this memorandum we shall suggest recommendations regarding the future status and disposition of Formosa.

the Post-Cairo Declaration Policy regarding/Disposition of Formosa

2. During World War II, President Roosevelt, Prime Minister Churchill and Generalissimo Chiang K'ai-shek met in Cairo to discuss post-war conditions in the Far East. The Cairo Declaration, subscribed to by the United States, the United Kingdom and China, on December 1, 1943, stated:

"It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the First World War of 1914, and that all the territories that Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China."

This promise was confirmed in the Potsdam Proclamation by the same three powers (the Soviet Union subsequently adhering) on July 26, 1945. The Japanese Instrument of Surrender, which was based on the Cairo and Potsdam Declarations, was signed by Canada on September 2, 1945. The Canadian Government was notified of the de facto administration of Formosa by China through a note from the Nationalist Government in 1946, stating that Formosa was restored to Chinese sovereignty and that the Formosans had regained their Chinese citizenship, and that, through an agreement, signed with China, the commercial modus vivendi with that nation covered all Chinese territories, including Formosa.

3. Under Article 2 of the Treaty of Peace with Japan signed at San Francisco on September 8, 1951, by Canada, Japan, and 47 other signatories, Japan renounced "all right, title, and claim" to Formosa; but the Peace Treaty did not specify to whom sovereignty over Formosa was transferred. The difficulty over Formosa arises from the claims of two rival governments of China: the National Government of China, with its capital at Taipeh, Formosa, which is recognized by Canada, and the Central People's Government of China, with its capital at Peking, which is not recognized by Canada. Both these governments consider Formosa to be an integral part of China.

Canada's Past Policy regarding Formosa.

4. The official Canadian Government viewpoint has always been that the final disposition of Formosa should be a subject for discussion at a conference on Far Eastern problems which should be held when the fighting ceases in Korea. Canada strongly supported the Statement of Principles approved by the Political Committee of the Fifth United Nations General Assembly which specifically provided for such a conference. It has been the stated position of the Canadian Government that, in any decision regarding the future of Formosa, the wishes of the people there should be a matter of primary consideration.

5. In general, we have taken the position that political considerations and the danger of embroiling the United States in a war with China outweighs strategic factors, except perhaps during hostilities in Korea. The Canadian military view of Formosa has been that, in the event of war with China or with the Soviet Union, assisted by China, it would be of limited strategic value. We have resisted the suggestion that the United Nations might assume any long-run responsibility for the disposition of the island or its denial to the Chinese Communists. In this, we have been influenced by Asian opinion, and by the obvious difficulties involved in finding any rational solution

in view of the existence of the Nationalist regime on the island.

United States Government Attitude to Formosa

6. The question of Formosa's strategic significance has long been a domestic issue in the United States. Two opposing trends are evident in American public opinion and in the United States administration's record in dealing with Formosa. The first group favours a policy of non-intervention in the Chinese civil conflict, i.e. a hands-off attitude regarding Formosa. This group considers that the Communist successes on mainland China should be recognized as an accomplished fact of Far Eastern history. The internal weaknesses of the Kuomintang regime have led some American observers to write off the Chinese Nationalists as an effective weapon to contain or throw back the Communists on the mainland. These doubts were given their most explicit substance in the United States White Paper on China ("United States Relations with China", Department of State publication 3573, Far Eastern Series 30, 1949), issued in August, 1949. It was this same philosophy that led President Truman on January 5, 1950, to make the following reference to Formosa:

"The United States will not pursue a course which will lead to involvement in a civil conflict in China. Similarly, the United States Government will not provide military aid and advice to the Chinese forces on Formosa."

7. The opposite trend, has reflected ~~in~~ the view that the Nationalist Government, with all its weaknesses, constitutes the chief potential ally of the United States in dealing with the Communist regime on the mainland which, because of its role in the expansion of Soviet power and influence in Asia, should be vigorously opposed. This view has been reinforced by the contention - first presented to the public in General

MacArthur's controversial message to the Veterans of Foreign Wars on August 27, 1950 - that from a military viewpoint the safeguarding of Taiwan as an element in the chain of island bases ringing the Western Pacific, which includes the Philippines and Okinawa, is essential to the safety of the United States. As a minimum, this group urges that Formosa be safeguarded against Communist attack and that the continuance of the Nationalist Government be ensured. As a maximum, they recommend that the troops of Chiang K'ai-shek be assigned to reconquer the mainland, or, at least, to harass the Communist armies in order to deflect Peking from hostile activities in Korea, Indochina and elsewhere. It is this second school of thought that has achieved the ascendancy in the new administration of President Eisenhower, as reflected in his State-of-the-Union message of February 2, 1953, which rescinded that part of the original order by which the United States Seventh Fleet was authorized to prevent operations by the Chinese Nationalist forces against the mainland.

8. Some Americans had hoped that a third way could have been found to avoid the dangers implicit in either of these courses. They looked hopefully to Hong Kong for evidence that the Chinese liberals there would form an effective Third Force which might be supported as a means of overthrowing the Communists, without placing any reliance on the Nationalists. Others felt that similar results could be achieved if Chiang K'ai-shek could be replaced by some new, popularly chosen leader. Finally, some observers advocated a course of action that could lead either to the island being placed under some form of United States trusteeship, or to the local population being permitted, by plebiscite, to choose its own future destiny. However, none of these compromise proposals have received much support among American policy makers.

9. Regarding the future status of Formosa, in his testimony on June 1, 1951, before the Committees on Armed Services and Foreign Relations, Mr. Acheson outlined American policy as follows: "The President has stated that we are not prejudicing the future of Formosa. That is a matter which should be decided, he said, either in connection with the Japanese Peace Treaty or by the United Nations, and the view which has been taken more recently is that the United Nations is the appropriate place where it should ultimately be decided". Mr. Acheson admitted that this was a departure from the Cairo Declaration which guaranteed that Formosa would be returned to the Republic of China, but he felt that the literal implementation of this promise would cause some problems at the present time.

Recommendations for Future Canadian Policy on the Disposition of Formosa.

10. By the Japanese Peace Treaty, to which Canada was a signatory, Japan renounced all claims on Formosa, but the Peace Treaty did not specify to whom sovereignty over Formosa was transferred. Legally, it has been established indisputably that Formosa is part of China. For strategic and domestic political considerations, however, the United States administration would not agree to any settlement of the Formosan issue at the present time which would hand over the island to the jurisdiction of the Peking regime. As has been outlined in our previous memorandum, it is our firm recommendation that, following the Korean armistice, Canada should recognize Communist China. Therefore, for consistency's sake, Canada would probably have to recognize, as a diplomatic truism, that Formosa belonged to Communist China. Nevertheless, on a short-run basis, because of the considerable United States interest in this matter, such a denouement would be impossible.

11. It can be safely assumed that Communist China will never abandon her claim to Formosa as long-range policy. However, in the post-Korean political conference, it is inevitable that both the United Nations command and the Communist side must be willing to undertake some bargaining. Two questions might logically be posed at this time:

(1) What would Communist China surrender in order to achieve United Nations recognition of her ^{suzerainty} ~~suzerainty~~ over Formosa?

(2) What would the United States demand in return for the abrogation of her rights in Formosa?

12. Although the ultimate disposition of Formosa would of necessity be decided over the bargaining table, it might be appropriate for Canada to have some definitive views regarding the commonsensical solution to the problem, even though the achievement of such an Utopian ideal might be impracticable. In the first place, Canadian recognition of the People's Republic of China as the Government of China would automatically mean derecognition of the Kuomintang regime on Formosa as the de jure Republic of China. Proceeding from this first postulation, we might then try to differentiate Chiang K'ai-shek's regime from the island of Formosa. Chiang K'ai-shek is the most discredited leader in Asia and ^{any} general Far Eastern settlement which involved the retention of his status as the leader of the Republic of China would be complete anathema to both the Communist countries and to most of the other countries of Asia. On the other hand, as a matter of practical politics, Communist China probably realizes that Formosa cannot be returned immediately to its jurisdiction. Therefore, the Peking regime might be willing to accept an independent republic of Formosa as, at least, an interim solution to the problem. It might be possible to establish a demilitarized Formosan republic, whose independence would

be guaranteed by the principal powers concerned, i.e. United States and Communist China. By a resolution of the United Nations General Assembly, one nation, preferably India, might be designated as the supervisory nation to conduct free and independent elections on the island of Formosa. This would be in line with past United Nations actions, where U.N. commissions had supervised the elections in such countries as Greece and Korea, e.g. the 1948 election in Korea. However, we think it would be more desirable for one nation to undertake this responsibility rather than an international group. India would be an admirable choice for such a task, both because she is generally regarded as a neutral in the cold war conflict and because, remembering her past opposition to the Chiang K'ai-shek regime, she would bend over backwards to be fair in the present instance.

13. It might be possible to hold these free elections within a year of the conclusion of the Far Eastern settlement at the Political Conference. The Chinese Nationalist emigrés, presently residing in Formosa, would be given the choice of either returning to mainland China or of remaining in Formosa. The Chinese Communists, of course, would have to guarantee non-persecution of those who wish to return to the mainland. The top echelon Nationalist officials, such as Chiang K'ai-shek himself, might be given the opportunity to apply as individual citizens for immigration to any country which would accept them, e.g., the Generalissimo might join his in-laws on Long Island in New York. Although the native Formosans have long since developed an indigenous culture and loyalty, they, with the exception of some 146,000 aborigines of Malayo - Polynesian origin, are of Chinese ancestry. Therefore, they might be prepared to welcome any mainland Chinese who wished to remain on the island, even though most of these mainlanders are Mandarin-speaking while the

native Formosans speak the Fukienese dialect. These mainland Chinese would be free to take positions in the administration of the new Formosan republic, providing they could secure office in a free election and provided that they ~~are~~^{we} not trying to perpetuate a Nationalist nucleus for the invasion of the mainland.

14. We must recognize the possibility, of course, that the good citizens of this new Formosan republic would, in a free election, select a Communist government. The Chinese Communists, for example, in return for their guarantee of the independence of Formosa, might demand that Communist Chinese from the mainland be allowed to emigrate to Formosa. It seems inevitable that Formosa will eventually become part of Communist China, but this process might be sufficiently delayed so that the hostility of the "China lobby" in the United States to such a program might be assuaged to some extent. Nevertheless, without being too naive about the actualities of the situation, Canada might propose a course of action which would lead to the creation of an independent republic of Formosa in the manner outlined above.

Far Eastern/C.E.McGaughey/A.E.Blanchette/R.B.Edmonds/
M.D.

Original on
SECRET 50069-A-40

May 15, 1953.

50056-A-40

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MEMORANDUM FOR THE MINISTER

Far Eastern Problems other than Korea for consideration
by one or more Political Conferences after a Korean
Armistice

The Korean problem is one of a number in Asia which require for their solution agreement between the West on the one hand and Communist China and the Soviet Union on the other. The method which holds the most promise for the reaching of agreement would appear to be the political conference method. In a previous memorandum we have suggested that the Korean question should be the first substantive item on the agenda of any political conference or conferences which may be called after the Armistice. A procedure by which a political settlement in Korea is made the first step, would test the intentions of the two leading Communist powers and if successful, create a favourable climate for negotiations on other problems. The most important of these are thought to be the international recognition of Communist China, the status of Formosa, the war in Indochina and the position of Japan. Although these problems form a pattern we do not think it necessarily follows that they can best be tackled en bloc. The criterion should be whether they lend themselves more readily to solution by collective or individual consideration. We tend to favour individual consideration in the belief that each problem which is resolved will result in an easing of tension which in turn will make it easier for subsequent agreement to be reached on another point at issue. Moreover ad hoc conferences would allow for the representation of different countries according to their interest in the problem to be negotiated.

Communist China

2. On October 1st, 1949, the Central Government of the People's Republic of China was proclaimed in Peking. Canada was on the verge of recognizing this government as the government of China when the Korean war broke out in June 1950 at which time the decision was deferred. There followed the intervention of the Chinese Communists in Korea. On May 7th, 1951, you told the House; "There can be no question even of considering it (i.e. recognition) while the Chinese defy the United Nations in Korea and fight against our forces there." In view of this position, this paper proposes to consider the problem of recognition on the assumption of an armistice in Korea.

3. The following are arguments for the recognition of Communist China: -

(i) Having met the objective conditions prescribed by international law; - effective control of the national territory, obedience of the bulk of the population and a reasonable prospect of permanency, the Chinese Communist Government has long since qualified for recognition as the de jure Government of China. Conversely, the Chinese Nationalist Government is not, according to international law, entitled to continued recognition as the Government of China.

(ii) Canadian recognition of the Peking Government would involve support for that Government's claim to represent China in the United Nations. The Soviet Union now speaks not only for itself but also for Communist China at the United Nations and this arrangement inhibits the development by the latter of an independent foreign policy. In so far as the policy by which Communist China is excluded from the Free World tends to drive that power and the Soviet Union into a

closer alliance, that policy does not serve the interest of Canada and the Free World. It is submitted that membership of Communist China in the United Nations would provide an opportunity for some of the tensions which must exist in the Sino-Soviet alliance eventually to be brought into the open where they might be exploited to the benefit of Canada and its allies.

(iii) Canada by recognizing Communist China might act as a bellwether for similar action by other hesitant countries. Only when Communist China has acquired general international status can this country and its friends deal directly with it, and so eliminate the uncertainties which stem from the use of go-betweens in necessary intercourse. The fact that there have been a number of occasions when it has been important for the nations of the Free World to know where Communist China has stood on an issue points up the unreality of a sustained policy of non-recognition. The Peking regime has achieved a greater control over the territory and the population of continental China than any other government in China for centuries. This is one of the international facts of life which must eventually be accepted. By ignoring this fact through a policy of non-recognition, we tend to incapacitate ourselves in any attempt to cope with the problems stemming from the situation of Chinese Communist strength. Until Communist China is generally recognized, we can see no end to the tension in the Far East.

4. The following are arguments against recognition of the Peking regime: -

(i) The United States would not be favourably impressed by Canadian recognition.

(ii) The Nationalist Government owes Canada a considerable sum of money which would be lost if recognition were withdrawn.

However, continued recognition has not resulted in the debt payments being met and the possibility of recovering these debts is practically nil.

5. On balance we suggest that in the event of an armistice, the arguments in favour of recognition are overwhelming - recognition being understood to entail our derecognition of the Nationalist Government and our support of Communist China for membership in the United Nations.

Formosa

6. The Cairo Declaration and the Potsdam Proclamation called for the return of Formosa to the "Republic of China". Canada has acknowledged Formosa as part of China. In the Peace Treaty, Japan renounced "all right, title and claim" to Formosa but that treaty did not specify to whom sovereignty over Formosa was transferred. At present, both Peking and Taipeh lay claim to the island.

7. The Canadian Government viewpoint has been that the final disposition of Formosa should be a subject for discussion at the conference on Far Eastern problems to follow an armistice in Korea. Any decision regarding the future of the island should take into account the wishes of its inhabitants. We have resisted the suggestion that the United Nations might assume any long-run responsibility for the disposition of the island or its denial to the Chinese Communists. In this stand we have been influenced by Asian opinion and by the obvious difficulties involved in finding a solution in view of the existence of the Nationalist regime on the island. Our military authorities think that in the event of war with Communist China or with the Soviet Union assisted by China, Formosa would be of limited strategic value.

8. Although we recommend that Canada should recognize Communist China after a Korean

armistice and so acknowledge its claim to Formosa, we realize that because of the considerable United States interest in the matter, there is small possibility in the near future of that regime acquiring peaceful control of the island. Communist China cannot be expected to surrender its claim to jurisdiction over Formosa as a long run policy objective. However, while we cannot foresee any possibility of Communist China compromising on this problem at all, we hope that there might be some slight chance of the Peking regime being persuaded on the bargain counter of future advantages, to accept an interim solution of the problem which would not block its eventual acquisition of Formosa. Nevertheless, while we might have some hope, for example, that agreement could be reached on a proposal which would leave to a referendum held under United Nations auspices or to a legislature formed as the result of free elections held under the same auspices, the choice of whether to establish an independent republic or to join mainland China, we would be deluding ourselves if we did not recognize the enormous difficulties which would have to be overcome before such an agreement might become a reality. These difficulties would include the fate of Chiang K'ai-shek and his supporters, the question of who would vote, the associated problems of the disbanding and repatriation of the Nationalist troops etc. (The repatriation issue calls to mind the problem which has so long beset the armistice negotiations in Korea). We can envisage no agreement concerning Formosa which did not require the United States to abandon Chiang K'ai-shek, the most discredited leader in Asia, and we consider the prospects of such a development in the near future slight.

9. Concerning policy after a Korean armistice relating to the recognition of Communist China and the status of Formosa, our thinking had led us to the following tentative conclusions on which your guidance would be appreciated.

(i) Canada should recognize Communist China as soon as practicable after the

conclusion of an armistice in Korea.

(ii) When Canada recognizes this power, it should support its claim to represent China in the United Nations.

(iii) Canadian recognition of Communist China entails the derecognition of the Nationalist regime at Taipeh.

(iv) By recognizing Communist China, Canada would recognize its ultimate claim to Formosa.

(v) Although Canada would acknowledge Peking's ultimate claim to Formosa, this would not preclude Canada from supporting proposals concerning the control of Formosa for an interim period provided these proposals per se did not exclude the possibility of Communist China acquiring the island eventually. The number of imponderables in the situation requires, we suggest, Canadian policy to have this flexibility. Then many problems can be dealt with as they arise.

Indochina

10. It is difficult to assess Indochina in terms of a post-Korean-armistice conference. The uncertain flux of events there; the hesitation of the major Western powers about suitable approaches to the problem; the possibility that the Communists themselves may not want a settlement in Indochina either now, when things are going well for them, or after an armistice in Korea, are some of the factors which make firm recommendations on the subject difficult at this time.

11. However, as a result of the recent invasion of Laos and the ensuing exchanges of telegrams and views which came to our attention on the subject between Australia, France, New Zealand, the

United Kingdom and the United States, among others, we are inclined to think that the war in Indochina can no longer be considered as a strictly internal problem of the French Union; that a new approach to the issue is advisable; that current policies are only bolstering a military and political impasse, which in time is likely to degenerate into complete Vietminh control of Indochina; and that a settlement by some form of negotiation with the Communists may be the best way of coping with the emergency.

12. There would seem to be two methods whereby a settlement in Indochina can be negotiated: at a special political conference or through the United Nations. As the French are emphatically opposed to any reference of the problem to the United Nations for fear of stirring up another anti-colonial power debate there; as Communist China is not a member of the United Nations; as any rise in the political temperature of the world now, by a full-blown United Nations debate, may well jeopardize prospects for an armistice in Korea and for a general settlement of other problems with the Soviet Union and China; but as some form of settlement in Indochina is clearly desirable, we think that it could best be achieved at a special political conference. Moreover, because many countries, e.g. Ethiopia, Colombia, Canada itself, which are involved in Korea, are not so concerned with Indochina, we would favour that the membership of a conference on Indochina be restricted to interested countries only and that it be kept separate, if possible from the prospective post-Korean-armistice conference itself.

13. With this in mind, it is suggested that Canadian policy on Indochina now accept: -

(i) the desirability of having the war in Indochina negotiated at a political conference; and

(ii) that this conference be a special one, convened to deal with Indochina alone and limited in membership to interested countries only.

14. A sine qua non for such a conference would be that the French should be willing to accept the idea of a settlement by negotiation, as affording them the opportunity of an honourable way out of their difficulties and to grant full and unfettered independence to the Associated States of Indochina in order to get support from Indochinese nationalists themselves to obtain as favourable a settlement as possible.

15. A settlement might provide for some kind of international supervision in Indochina after the conference. Such control would tend to prevent Indochina from going completely Communist; to deter future Communist aggression there; and to give the West time to build up strength nearby.

16. It may of course be necessary to consider a settlement along territorial rather than political lines, resulting in a situation not unlike that which may eventually prevail in post-armistice Korea.

17. Circumstances may of course force us to accept previous suggestions that the problem of Indochina be referred to the Security Council. At an earlier stage of our thinking on the subject, we were inclined to favour such a course, inasmuch as the prospect of a political conference on the issue did not then seem to be an acceptable alternative. We fully appreciate the disadvantages of referring Indochina to the Security Council in the face of a Soviet veto. We are also aware of the embarrassing debate which would probably be led by the Arab-Asian bloc, supported by the Soviet bloc, if the matter were discussed in the General Assembly. We considered such a step only because we hoped the result might be that, faced with the impossibility of arriving at a satisfactory solution thereby, France and the United States would be confronted with the inevitability of the alternative of a political conference in order to reach a settlement. Reference of the problem to the United Nations should, therefore, be contemplated only as a last resort.

18. As the situation in Indochina is fluid and under constant review, this memorandum only presents the direction in which Departmental thinking on the subject is now proceeding. Canada is not directly involved in Indochina nor can we have much influence on the course of events there. Because of this, it is necessary for us to await further information about the policies of our Allies, in particular France, the United Kingdom and the United States before preparing more precise recommendations on the matter. In the meantime, our Embassy in Washington is obtaining the State Department's reaction to our proposal of having a special conference called on the subject.

Japan 19. Japan is a Far Eastern problem which the United States probably would not wish to discuss at the proposed political conference. The United States was the driving force behind the Peace Treaty by which Japan became aligned with the West. However, this treaty did not restore to normalcy Japan's relations with its nearest Asian neighbours. Indeed, it tended to exacerbate its relations with Communist China and the Soviet Union.

20. Since the war, the United States has taken the primary responsibility for Japan's relations with the Free World. It has signed a security treaty with Japan which is a basic component of its security web in the Pacific area. It would be difficult to over-estimate the importance of Japan as a base for the United States military effort in Korea.

21. United States policy towards Japan has been designed to isolate that country from Communist China and the Soviet Union. As the result of United States pressure, Japan has signed a peace treaty with Nationalist China, has refrained from large-scale trade with the mainland, and has developed, in spite of constitutional prohibitions, the nuclei of an army and navy.

22. The United States has provided the necessary armament for the new Japanese quasi-military organizations and through its dollar purchases in Japan of goods and services for the Korean war has enabled Japan, not only to maintain its balance of payments, but also to revive its munitions industry. It has publicly announced that these purchases will continue for two years at least at about their present levels whether or not an armistice is achieved in Korea. The United States has drafted ambitious plans for Japanese rearmament and has informed, rather than consulted with, the more important of its Allies concerning them.

23. Communist China, rebuffed by Japan's entry into the Western bloc through the Peace Treaty, well aware of the importance of Japan to the United States as a military base and mindful of the dangers to it which could be inherent in a rearmed Japan, has made the neutralization of Japan its immediate objective. In pursuit of this goal, it has tried to tempt the Japanese with lucrative trade offers, it has repatriated a number of Japanese residents and through propaganda, has sought to discredit the Japanese Government as an American puppet.

24. The importance which Communist China and the Soviet Union attach to Japan is illustrated by the fact that the Sino-Soviet Pact of February 1950 allies the two countries "for the purpose of preventing a resumption of aggression and violation of peace on the part of Japan or any other State that may collaborate with Japan directly or indirectly in acts of aggression". After the Sino-Soviet talks last September, it was announced that because Japan had concluded a separate Peace Treaty with the United States and certain other countries and did not seem to wish to have a treaty with China or the Soviet Union, China had requested the Soviet

Union to extend the joint use of the Port Arthur naval base until such time as a peace treaty between China and Japan and between the Soviet Union and Japan was concluded.

25. The United States garrisoning of Japan and provision of economic aid will for some time inhibit to a considerable but decreasing degree Japan's freedom of choice as to which of the two groups competing for power to adhere. To maintain a population increasing by more than a million a year, a Japan deficient in all natural resources must trade increasingly. Its natural market is Continental Asia. Even if the United States is prepared to subsidize Japan indefinitely, which is unlikely, it would have difficulty in providing for the political ambitions of Japan to regain in Asia a place in the sun or the economic ambitions to better its lot. There is some reason to think that Japan in seeking fulfillment for its ambitions, will increase its economic and political connections with Asian States, including Communist China and perhaps the Soviet Union, in the hope it would thereby strengthen its bargaining position with the West, and obtain more freedom of international action. Although it is improbable that Japan will embrace Communism domestically, it will probably move closer to an independent position between the two power blocs so that it may better play them off against each other to its own advantage. This procedure is hardly likely to serve well the cause of either the West, or Communist China and the Soviet Union. There would seem good reason for a political conference to take up the problem of Japan with a view to fitting that country into the Asian complex with as little danger as possible to all concerned.

(Sgd.) C.S.A. RITCHIE

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SECURITY CLASSIFICATION
UNCLASSIFIED

Letter No. 539
Date..... May 12, 1953

19 MAY 1953
FROM: THE CANADIAN EMBASSY, TOKYO, JAPAN

TO: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference.....

Subject:.. Military Assistance Advisory Group in Formosa.

Attached are copies of a statement

attributed to Major General William C. Chase, the
Commander of the USMAAG in Formosa concerning the
growth of his command during the past two years.

I do not think that there is anything particularly
significant about this statement but am sending it
to you because of the lack of many sources of
information about what goes on in Formosa.

R.L. Rogers.
The Embassy

To see:
Mr. Rennie ✓
Mr. Carter ✓
Mr. McLaughlin ✓
Mr. Hampson ✓
Refer to: A/USSEA ✓
Defence Liaison (1) ✓
Defence Liaison (2) ✓
JIS (through DL (2)) ✓
American Div. ✓

Copies Referred
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Majr. Gen. William C. Chase, on the eve of the second anniversary of the Military Assistance Advisory Group which he commands, declared there is no fear of invasion with the increasing physical and combat fitness of the Nationalist Armed Forces which is being supported by the U.S. 7th Fleet. The MAAG chief, who hopes the strength of his personnel will further increase this year, pointed out that through "cordial relations" and "effective mutual cooperation," there is an "impressive demonstration of what can be accomplished when free nations unite against a common danger." The MAAG will celebrate its second anniversary on May 1.

Chase's statement follows:

"Two years ago today, MAAG Formosa was born when we arrived in Taiwan with a mere handful of men and our orders -- 'to help the Free Chinese in strengthening the defenses of Taiwan and in maintaining internal security.'

"At the end of the first month, MAAG strength totaled only 34 officers and 17 non-commissioned officers. But, at the end of 90 days, MAAG had grown to 208 officers and men; at the end of first year, to 360 and, today, we are more than 700 strong, our carefully selected members drawn from the U.S. Army, U.S. Navy and U.S. Air Force. I hope that during the next year we may become even stronger.

"For two years now, Chinese and Americans have worked together in complete union and harmony in an intense effort to the strengthening of our mutual defense from communist aggression. The Armed Forces of the Republic of China have been reorganized and retrained in intensive, modern programs designed to produce fast-moving, hard-hitting combat units.

"The combat efficiency of all units have increased greatly. The receipt of essential 'hardware', supplies and equipment, at first seemingly a mere trickle, has gained momentum and it is now arriving at a gratifyingly increased rate.

"We have seen the physical and combat fitness of the Armed Forces of Free China increase to a point where, supported by the U.S. 7th Fleet, we have no fear of invasion. My confidence in our ability to repel any type of enemy invasion was indicated when I recommended that our wives and children should be permitted to come to Taiwan. The confidence of my government in the same was indicated when this recommendation was approved. To date, about 150 MAAG families have been reunited here in Taiwan, and more dependents will arrive as rapidly as housing conditions will permit.

"MAAG has had to be concerned with problems of internal security. The Government of the Republic of China has effectively handled that problem without assistance of any kind.

"I feel that we may regard with considerable pride and satisfaction our mutual accomplishments of the past two years. Our cordial personal relations and effective mutual cooperation have presented an impressive demonstration of what can be accomplished when free nations unite against a common danger.

"I make no prediction of things to come as we enter upon the third year of MAAG. Let us double our joint efforts to build up the fighting potential of the Armed Forces of Free China."

~~Very late~~

Far Eastern Division:
R.B. Edmonds/TP

File Nos. 9820-40
50056-A-40

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CONFIDENTIAL

May 4, 1953.

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TP

MEMORANDUM FOR THE ACTING UNDER-SECRETARY

Question of Chinese-Canadians Swearing Allegiance
to Chiang K'ai-shek.

On your instructions, we have redrafted a letter in reply to the letter which has been received from the Headquarters of the Chinese Freemasons of Canada, which is attached. Two previous letters on the question of whether Chinese-Canadians should swear allegiance to Chiang K'ai-shek have been dealt with through the Canadian Citizenship Branch of the Department of Citizenship and Immigration. However, since this letter has already received an interim acknowledgment from the Minister's Office, a copy of which is attached, and since Dr. Kaye, the Liaison Officer of the Citizenship Branch, is away for two weeks at a conference, it would be perhaps, appropriate that we should answer directly to the Chinese Freemasons in this instance. The letter, as redrafted, is phrased in quite an innocuous fashion without specifically mentioning the matter in question, but merely stating our attitude towards any group that wish to swear allegiance to a foreign political party.

2. I attach, for your approval and signature, a reply to the Chairman of the Chinese Freemasons of Canada.

C. A. RONNING
Far Eastern Division.

c.c. Consular Division.

Far Eastern Division:
R.B. Edmonds/TP

Ottawa, May 5, 1953.

Files: 9820-40
50056-A-40

Dear Sir,


The Secretary of State for External Affairs has asked me to reply to your letter of April 8, 1953, to supplement the interim acknowledgment which we sent you on April 11, 1953.

We were very interested in receiving the press release which you forwarded to us concerning the organization and objectives of the Chinese Freemasons in Canada. We agree, in principle, with your attitude regarding the limits which should be placed upon the political activities of your organization. While private Canadian citizens can express opinions and debate resolutions on any political issue in any part of the world, it would be quite a different issue if Canadian residents are asked to give allegiance to a foreign government.

We note your assurances that the Chinese Freemasons are not identified with any foreign political party. In conclusion, we would like to thank you for bringing this matter to our attention.

Yours sincerely,

C. S. A. RITCHIE


Under-Secretary of State
for External Affairs.

Chong Ding, Esquire, Chairman,
The Chinese Freemasons,
Headquarters of Canada,
1 Pender Street East,
VANCOUVER 4, B.C.

Revised version of article appeared in
"External Affairs Bulletin" issue of April, 1953.

file on 50056-A-40

RBE

FIRST DRAFT OF ARTICLE

FOR EXTERNAL AFFAIRS BULLETIN

FORMOSA

The island of Formosa might be termed the "Emerald Isle of the China Sea". Although, like Ireland, it is possessed of a luxuriant physical beauty, its history has been marred by jurisdictional disputes and turbulent rebellions. In the 17th century, there was a Chinese saying which summed up the situation in Formosa: "Every three years a disorder and every five years a rebellion". That quotation is still applicable to Formosa today.

Physical Geography, Products of and Ethnic Groups in Formosa

Formosa, or Taiwan, as it is called by the Chinese, is about four hundred miles south of the mouth of the Yangtze and a hundred from the mainland of China. It lies off the Chinese province of Fukien, from which it is separated by a strait from ninety to two hundred and twenty miles wide. The island is almost exactly bisected by the Tropic of Cancer and lies between 25°20' and 21°50' north latitude. It has a maximum length of 235 miles while its breadth varies from 60 to 80 miles. Altogether it covers an area of 13,836 square miles. It is about one-fourth the size of the State of Illinois, but with an equal population of around eight millions. Formosa constitutes the eastern escarpment of what was once the great Malayo-Chinese continent, and is connected by a submarine plateau with the Chinese mainland. The strategic importance of Formosa is obvious and it has been described as a stationary aircraft carrier poised between Japan and the Philippines, from which position it controls the sea lanes from North Asia through the south east to Malaya, Burma and India.

The backbone of the island, extending north and south, is formed of a range of densely wooded mountains, called by the Chinese Chu-Shan which rise to upward of 14,000 ft. of which the height of the highest known peak, Mount Morrison, is given as 14,720 ft. Eastward of this range lies a narrow strip of mountainous country, presenting to the Pacific Ocean a precipitous cliff-wall, with in many places a sheer descent of from 1,500 to 2,500 ft. The western side of the range consists of a single broad alluvial plain, stretching from north to south of the island, seamed by innumerable water channels and terminating at the coastline in mud flats and sand banks.

Apart from heavy rainfall in the northern, central and eastern portions of the island, the climate is not exceptional, since the insular position ensures a modification of the heat by sea breezes. Malarial fever is, however, prevalent in the north, and violent typhoons are very common at certain seasons.

The island is famous for the luxuriance of its vegetation and many of the hot house plants, such as orchids and azaleas, grow wild on the mountain slopes and in the valleys. Ferns, tree-ferns, campher and teak-trees, pines, firs, wild fig-trees, bananas, bamboos, palms, indigo and other dye plants, tobacco, coffee and tapioca, all grow in profusion on the island. Forty-three species of birds are indigenous to the island. Fish is plentiful near the coast, but insects and wild animals are scarce. The main crops are rice, two crops of which are grown per year, sugar cane, tea, jute, sweet

potato, beans, and ground nuts. The chief minerals are coal, of which there is a large supply, gold, salt, petroleum, natural gas and sulphur. The principal exports besides campher, of which Formosa controls the world market, are tea, coal, sugar, jute, hemp and dyewoods. Taiheku (or Taipei), in the north of the island, is the capital of Formosa and the Tamsui and Keelung are its principal ports. Tainan on the southwest coast is another important port.

The island is as beautiful as it is fertile. In 1590, Portuguese navigators sailing along the eastern coast were so taken by the precipitous, but wooded mountains and wild beauty of the shoreline that they marked the island in their log-book as "Ihia Formosa", meaning "beautiful island." From the other side, the Chinese, who can quite easily reach the western coast in their junks, were struck with the peaceful beauty of the inhabited and cultivated hillsides of western Formosa, and they called it "Taiwan", i.e. the "Terraced Bay", which is still the official designation of the island. Before the 16th century, peoples of Malayan or Polynesian origin, related to the peoples of Mindanao and Borneo, inhabited Formosa. The descendants of these head-hunting aborigines who show both Malayan and negrito characteristics, still live in Formosa. These aborigines, of whom there are about 146,000 living at the present time, live mainly in the mountainous slopes and even during the Japanese regime controlled about half of the physical surface of the island. They constituted a serious problem for the Japanese, and were enclosed by the Aiyer^u-Sen or guard-line, which extended for over 360 miles, of which over 230 miles were electrified. The aborigines are divided into two groups:

(a) The Jukuban, or "Subdued Savages", comprising over 500 tribes, who are civilized and have vowed allegiance to the government and who number about 116,000; (b) the Seiban, or "Wild Savages", who total about 30,000, comprising 146 tribes, of which by far the most untractable is the head-hunting Tayal group in the northeast. The camphor gatherers often had to be provided with police escort when venturing into the aborigine-inhabited camphor forests. In 1938, the population figures for Formosa were:

Chinese	5,392,800	93.88%
Japanese	308,800	5.37%
* Foreigners	43,400	.75%
* Almost entirely Chinese who are citizens of the Republic of China.		

N.B. These "Chinese" include the 146,000 aborigines and Chinese Hakkas related to the tribes of Kwangtung province in China. These have been supplemented since 1945 by 1,200,000 Chinese from the mainland, of whom about 600,000 are soldiers, 200,000 are civil servants and the rest are business men, professional people and intellectuals.

Early History

The island was known to the Chinese before the Christian era, but does not seem to have attracted any serious attention until the year 605 or 606 A.D. In the 14th century, several Chinese colonies were established in Formosa, but were subsequently withdrawn in the middle of the 17th century. From the 17th century on, Formosa has been under the jurisdiction, at various periods, of the Dutch, the Spaniards, the Chinese, the French and Japanese. At times, too, the island has been under the de facto jurisdiction of Chinese and Japanese pirates, a Hungarian nobleman, and a group of American merchants from Canton.

In 1624, the Dutch established a base, on the southeast shore, called Zeelandia, and maintained a settlement there for 37 years. From this centre, they extended their control over the hinterland, sent in missionaries and encouraged the people to plant sugar and develop camphor cultivation. The Dutch had established the key post of Batavia in 1619 and extended their operations into the rest of the East Indies, including Formosa, from there. In 1644, China was invaded by the Manchus, and the Manchu Ching dynasty supplanted the Chinese Ming dynasty. More than 100,000 Chinese escaped to Formosa, then known as a base of operations by pirates, both Japanese and Chinese. Thousands of other Chinese followed annually, mainly from the densely populated coastal provinces of Fukien and Kwangtung. Even today the predominant dialect of Formosa is Fukienese. In 1661 Chen Ch'eng-Kung (known in the west as Koxinga), one of the Ming leaders, escaped from the Manchus and landed at Zeelandia, with a fleet and an army of 25,000 men. The discontented Chinese on the island, combined with the Japanese and Chinese pirates, at once supported him and within a year, the Dutch gave up their control of the island. All evidence of Dutch influence soon disappeared. Koxinga managed to retain possession of the island for 22 years.

For a period of 200 years after 1683, Formosa was part of the Manchu empire. It was administered by a resident Commissioner of the Governor of Fukien Province, of which it is recognized as a prefecture. Although the Manchu officials maintained a garrison in Formosa of 10,000 to 15,000 soldiers, they were unable to suppress the practically continual series of rebellions.

Although Formosa was nominally under Manchu rule, many foreign adventurers and merchants tried to establish

their suzerainty over the island. John K. Fairbank, in his book, "The United States and China", relates an incident in the early 19th century concerning American interest in the island. Although in the period 1818 to 1824 the United States had extended its continental position to the Pacific Ocean, American diplomats, sheltering behind the Monroe Doctrine of 1823, were profoundly uninterested in transpacific expansion. In Formosa, American merchants from Canton explored the island, built a port, raised the Stars and Stripes, loaded some 78 vessels with cargoes worth half a million dollars and got the American Commissioner to China to advocate the American annexation of Formosa. The ambitious plans of these American adventurers, however, were doomed to disappointment, since the State Department did not even dignify the proposal with a reply.

By the treaty of Tientsin in 1858, Formosa was opened to trade with the West, particularly with Jardine Matheson and Company and Dent and Company, two British firms of Hong Kong. By the terms of this treaty, An-Ping, Tainan, Takao and Tamsui were opened to foreign trade as treaty ports. In 1868, the British compelled the Chinese officials to abolish the camphor monopoly, to recognize the right of foreigners to travel and buy freely, the right of missionaries to reside and work on the island, etc.

In the 19th century, the island of Formosa became notorious for the piracy of its inhabitants and the ill-treatment they inflicted upon navigators, who chanced to be wrecked on their coasts. In 1869 marines from the German ship "Elbe" landed on the Formosan coast. After the inhabitants fired upon them, the Commander landed marines, destroyed the nearest village and killed those who did not escape. In order to obtain redress for the murder of a Japanese shipwrecked crew by aborigines, the Japanese Government

in 1874, undertook to take possession of the southern part of Formosa, asserting that it did not belong to China because she either would not or could not govern its savage inhabitants. Through the intervention of the British Minister in Peking, Sir Thomas Wade, war was prevented, the Japanese withdrew and the Chinese retained control. Ten years later, during the Franco-Chinese war over Tonkin, a French naval squadron under Admiral Courbet blockaded the island, and for a period of eight months in 1884 the French tri-colour was planted on the northern portion of the island of Formosa in the coal district of Keelung. As a result of these violent protests against foreign piracy, and because of the obvious strategic value of the island to foreign navies, in 1887 the island of Formosa was raised by Imperial decree from the status of being a prefecture of Fukien Province to the full rank of an independent province.

In 1895, China was defeated in the Sino-Japanese war, and by the Treaty of Shimonoseki, Formosa was ceded to Japan on the 18th April. The Chinese in Formosa were determined to prevent the island from becoming a part of Japan, and offered it to the British or to the French. The British, however, declined the offer. During the treaty negotiations, Li Hung-Chang, the Chinese plenipotentiary commiserated with the Japanese on their misfortune in securing sovereignty over the island, and pointed out that Formosa was not amenable to good government for the following reasons:-

1. Banditry could never be exterminated;
2. The practice of smoking opium was too deep-rooted and wide-spread among the people to eradicate;
3. The climate was unhealthy;
4. The presence of head-hunters was a constant menace to economic development.

Despite this pretended alacrity of the Chinese Government in Peking to rid themselves of the island, the Formosan people took affairs into their own hands and on May 23rd, 1895, they proclaimed the establishment of the Formosan Republic. It lasted only three weeks in the north, but in the south guerilla warfare successfully defeated the Japanese troops until November 18th. It took from four to six more years to subdue the guerilla fighters, whom the Japanese contemptuously called "brigands". These "brigands", however, were powerful enough to mount an offensive assault on the capital of Formosa, Taihoku (Taipei) in 1900. The head hunters of the mountainous interior continued to be a problem until the Japanese were able to bribe them to lay down their weapons with salt, of which there was a dearth in the mountains, and which is still used as currency by some of the tribes.

In March, 1906, over 6000 persons were reported killed or injured in an earthquake in Formosa.

Although the Japanese Government put into force an immigration plan for Formosa to reduce over-population in the home Japanese islands, few Japanese farmers wished to emigrate to the Japanese empire in Korea, Formosa or Manchuria to compete with Korean and Chinese peasants accustomed to a still lower standard of living than the Japanese. The Japanese Government gave land, houses, roads, schools, hospitals, etc. on condition that all advances were to be repaid in ten years. Under this 1910 scheme, only 3,368 people were settled in three different regions. Even by 1938 only 308,800 Japanese were in Formosa. Most of the Japanese population, apart from official and military personnel, were found in the mining districts of the northeast and sporadically in the plantations along the western coast plain.

The first political party, organized on a modern basis against the Japanese in Formosa, was the Domekai, organized by Chinese from Formosa studying in Tokyo, which aimed at the abolition of some of the especially harsh laws in Formosa. In 1927, the Domekai's publication "Taiwan Youth" transferred to Formosa where it became the spearhead of the educational movement until it was suppressed in 1930. By 1928, the political movement had divided into two branches, the moderates centred around Bunka-Kyokai, which were strongly represented in the Taiwan Agricultural Cooperatives and the revolutionary Marxist organization closely associated with the Workers' Union (Taiwan Keyuso Renmei). In 1928 there began a new era of suppression by the Japanese Government in Formosa and the Marxist groups were the first victims.

During the early years of the Occupation after 1895, the Japanese were mainly preoccupied with the suppression of Chinese rebellions. For years, however, the war against the aborigines were carried on by regular detachments of the Japanese army. In 1930 a rebellion by several thousand aborigines was suppressed.

During the Second World War, the Japanese recognized the strategic value of Formosa and used it as a base of operations against South East Asia. The Japanese planes which bombed General MacArthur's troops in the Philippines were based on Formosa. The island was badly bombed by the Allies in the war and this has had a deterrent effect upon the economic recovery of Formosa since 1945.

Post Cairo Declaration History

During World War Two, President Roosevelt, Prime Minister Churchill and Chiang K'ai-Shek met in ^{Cairo} ~~Korea~~ to discuss post war conditions in the Far East. The Cairo declaration, subscribed to by the United States, the United Kingdom and China on December 1st, ¹⁹⁴³ ~~1952~~, stated:

"It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the first World War of 1914, and that all the territories that Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China."

This promise was confirmed in the Potsdam proclamation by the same three powers (^{the} Soviet Union subsequently adhering) on July 26, 1945, in Article 8, which reads as follows:

"The terms of the Cairo declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine."

Thus the dismemberment of the Japanese Empire became one of the conditions enumerated in the Potsdam Declaration for the "unconditional surrender" of Japan.

On August 30, 1945, Chiang K'ai-Shek proclaimed Chinese sovereignty over the island of Formosa. The Japanese Instrument of Surrender, signed on September 2, 1945, was based on the Potsdam Proclamation and provided that the terms of the proclamation should be carried out. Immediately after V-J Day, the Chinese took over the island of Formosa as one of their provinces. On October 24th, as a result of an order issued on the basis of consultation and agreement among the Allied Powers concerned, the Japanese Forces in Formosa surrendered to the National Government of China, and on October 25th, the Chinese Governor-General was inaugurated in Taihoku (now called Taipei). The Chinese troops who landed on the island of Formosa were greeted initially with great enthusiasm by the native Formesans. Unfortunately, however, relations between the Taiwanese and the mainlanders steadily became worse. The maladministration and exploitation

of Formosa in the years immediately following the war has sometimes made this island appear to be more like a foreign colony won by conquest than a province returned to the motherland.

Although the reparations payments actually made by Japan were small, all the Japanese assets located in allied countries or liberated areas became the property of the country in which they were found. Thus, the Koreans and Chinese inherited vast capital investments built up over the decades by the Japanese Government and Private investors in Korea, Formosa, Manchuria and China proper. The Japanese assets in Formosa were quickly appropriated by Chinese mainland officials.

The tension which mounted between the Taiwanese and the administration from the mainland, culminated in an incident on February 28, 1947, involving the mainland police with a native woman who was peddling cigarettes without the licence demanded by the Government's "Monopoly Bureau". This led to a series of clashes which resulted in most of the island coming under the control of Formosan leaders headed by a "Settlement Committee". Meanwhile, on March 8th, reinforcements arrived from the mainland requested by Chen Yi, the Chinese Governor. Armed trucks patrolled the streets and Formosan leaders were executed. Altogether by the end of March, 1947, at least 5000 people were killed and thousands more were imprisoned. Because of the disgust of some Kuomintang leaders on the mainland ^{with this massacre,} ~~this~~ demanded Chen Yi's resignation, ^{was demanded} and on April 22, 1947, Nanking announced the appointment of Wei Tao-Ming as the new Governor. The situation

quietened down but the basic underlying tension was not noticeably lessened.

In December, 1948, the Executive Yuan of the Nationalist Government, faced with the defeat on the Chinese mainland, evacuated to Formosa. By the end of 1948 most of the Chinese Navy and Air Force had been moved to Formosa. Chiang K'ai-Shek himself, went to Formosa, from Chungking in West China, after the defeat of the Nationalist Armies on the mainland, in 1949.

Dealing with the status of Formosa, President Truman issued this statement on June 27, 1950:

"The attack upon Korea makes it plain beyond all doubt that communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war. It has defied the orders of the Security Council of the United Nations issued to preserve international peace and security. In these circumstances the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to the United States forces performing their lawful and necessary functions in that area."

"Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action I am calling upon the Chinese Government in Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations."

This neutralization of Formosa was a unilateral action by the United States Government and did not commit any other member countries of the United Nations.

On July 31, 1950, General MacArthur visited Formosa and had discussions with Chiang K'ai-Shek. This visit caused considerable criticism and so President Truman sent his personal advisor, Mr. Averell Harriman, to Tokyo.

On August 5th, General MacArthur's Deputy Chief of Staff, Major General A.P. Fox, headed a group of 22 officers and men who arrived in Formosa to set up a permanent liaison office between Chiang K'ai-Shek and Supreme Commander's

Headquarters in Tokyo. On August 24th, Foreign Minister Chou En-lai of the Communist Chinese Government cabled to the Security Council demanding that it take action against "United States aggression in Formosa". On August 28th, President Truman ordered General MacArthur to withdraw a message he had sent to a Chicago meeting of the Veterans of Foreign Wars. General MacArthur had laid great stress on the military importance of Formosa. If it were held by an enemy, he said, it "could be compared to an unsinkable aircraft carrier and submarine tender ideally located". In a press conference on August 31st, President Truman said that it would not be necessary to keep the United States Seventh Fleet in the Formosan Straits after the end of the conflict in Korea. ~~Subsequently, on October 16th, President Truman met General MacArthur on Wake Island.~~

On September 29, 1950, the Security Council voted 7 to 4 in favour of inviting Chinese Communist Delegates to participate in its Debate on the Allegation of American "Armed Invasion" of Formosa. On October 3rd, General MacArthur's Far East Command Survey Mission to Formosa was given orders to wind up its business and return to Japan immediately. Subsequently, on October 16th, President Truman met General MacArthur on Wake Island. On November 27th, representatives of the Chinese People's Republic attended a United Nations meeting for the first time, but only because of the special invitation agreed to above.

On December 8, 1950, following a conference in the United States, a joint communique by President Truman and Prime Minister Attlee ^{was published} saying: "On the question of Formosa, we have noted that both Chinese claimants have insisted upon the validity of the Cairo Declaration and have expressed reluctance to have the matter considered by the United Nations. We agreed that the issues should be settled by peaceful means and in such a way as to safeguard the interest of the people

of Formosa and the maintenance of peace and security in the Pacific, and that consideration of this question by the United Nations will contribute to these ends." However on December 16th General Wu Hsiu-Chüan, the leader of the Chinese Communist Delegation, in a press conference at Lake Success, rejected the cease-fire proposal put forward by the United Nations Assembly and said that the Chinese terms for peace in the Far East were the withdrawal^a of United States forces from Korea and Formosa and a seat in the United Nations.

Although armistice negotiations were inaugurated in July 1951, at Kaesong and subsequently at Panmunjom, the armistice negotiations did not deal specifically with the future status of Formosa. Early in the Korean war, Chiang K'ai-Shek offered to send 33,000 Chinese Nationalist troops to Korea but this offer was rejected by the United Nations Command because President Truman did not wish to extend a collective police action against aggression in Korea into another all-out involvement in the Chinese Civil War. Today it is recognized by American military leaders that the most effective use for the Chinese Nationalist Forces would be in a "second front" operation on the mainland of China. This, in effect, would be the outcome of President Eisenhower's modification of the previous order issued to the United States Seventh Fleet in the State of the Union message on February 2, 1952.

United States Government Attitude to Formosa and the Chinese Nationalists

Two opposing trends are evident in American public opinion and in the Government's record in dealing with Formosa. The first group favours a policy of non-intervention in the Chinese civil conflict, i.e., a hands-off attitude regarding Formosa. This group considers that the Communist success on

mainland China should be recognized as an accomplished fact ^{of} ~~for~~ Far Eastern history. The internal weaknesses of the Kuomintang regime have led some American observers to write off the Chinese Nationalists as an effective weapon to contain or throw back the Communists on the mainland. These doubts were given their most explicit substance in the United States White Paper on China ("United States Relations with China", Department of State Publication 3573, Far Eastern Series 30, 1949⁷), issued in August, 1949. In Mr. Acheson's testimony before the Senate Group investigating the dismissal of General MacArthur, it was acknowledged that the State Department gave instructions on December 23, 1949 to all its Foreign Service officers to inform the public that Formosa was of no strategic value, that the island was politically, geographically and strategically a part of China, and "in no way especially distinguished or important." It was the same philosophy that led President Truman on January 5, 1950 to make the following reference to Formosa:

"The United States will not pursue a course which will lead to involvement in the civil conflict in China. Similarly, the United States Government will not provide military aid and advice to the Chinese forces on Formosa."

The opposite trend has reflected the view that the Nationalist Government, with all its weaknesses, constitutes the chief potential ally of the United States in dealing with the Communist regime on the mainland which, because of its role in the expansion of Soviet power and influence in Asia, should be vigorously opposed. This view has been reinforced by the contention - first presented to the public in General MacArthur's controversial message to the Veterans of Foreign Wars on August 27, 1950 - that from a military viewpoint the safeguarding of Taiwan as an element in a chain of island bases ringing the Western Pacific is

essential to the safety of the United States. The report of improvements in the military, political and economic situation within Formosa has reinforced the position of those who advocated policies in line with these views. As a minimum, this group urges that Formosa be safeguarded against Communist attack and that the continuance of the Nationalist Government be ensured. As a maximum, they recommended that the troops of Chiang K'ai-Shek be assigned to reconquer the mainland, or, at least, to harass the Communist Armies in order to deflect Peking from hostile activities in Korea, Indo-China and elsewhere.

The first important victory for this second school of thought was the President's directive of June 27, 1950 neutralizing the island of Formosa. Although admittedly of an emergency nature tied to the conflict in Korea, this decision placed the direct weight of the American military resources behind the Nationalists in Formosa. This policy was reiterated in a State Department memorandum in August 1950 in which support was pledged to the Nationalist Government to oppose any U.N. action regarding China. This memorandum, in effect, gave unequivocal support to the Nationalist regime and left no doubt that the policy of "writing off" Formosa, as outlined in the note of December 23, 1949, had been reversed. This school of thought, of course, has recently received the blessing of President Eisenhower in his order modifying the task of the Seventh Fleet in the Formosan Straits, which in effect, may allow the Nationalists an opportunity to open a "second front" on the mainland of China.

Some Americans ^{had} ~~have~~ hoped that a third way could ^{have been} be found to avoid the dangers implicit in either of these courses. They looked hopefully to Hong Kong for evidence that Chinese liberals would form an effective Third Force which might be supported as a means of overthrowing the Communists

without placing any reliance on the Nationalists. Others felt that similar results could be achieved if Chiang K'ai-shek could be replaced by some new, popularly chosen leader. Finally, some observers advocated a course of action that could lead either to the island being placed under some form of United States trusteeship, or to the local population being permitted, by plebiscite, to choose its own future destiny. However, none of these compromise proposals have received much support among American policy makers.

Regarding the future status of Formosa, in his testimony on June 1, 1951, before the Committees on Armed Services and Foreign Relations, Mr. Acheson outlined American policy as follows: "The President has stated that we are not prejudicing the future of Formosa. That is a matter which should be decided, he said, either in connection with the Japanese Peace Treaty or by the United Nations, and the view which has been taken more recently is that the United Nations is the appropriate place where it should ultimately be decided". Mr. Acheson admitted that this was a departure from the Cairo Declaration which guaranteed that Formosa would be returned to the Republic of China, but he felt that the literal implementation of this promise would cause some problems at the present time.

As for American aid to the Chinese Nationalists, during his speech to Congress of April 19, 1951, General MacArthur called for a policy which would permit the Nationalists to make a military contribution to the struggle against ^{the} Chinese Communists. Secretary of Defence, General George C. Marshall, subsequently told the Senate Committees, investigating MacArthur's dismissal, that the primary aim of the forces on Taiwan should be to prevent the island from falling under Communist Control rather than to carry out ^{aggressive} aggressive actions on the mainland. When Mr. Acheson appeared before the Senate Group he confirmed that American policy called for safeguarding the island from Communist control.

On May 18, 1951, Dean Rusk, Assistant Secretary of State for Far Eastern Affairs, declared that the Nationalist Government on Formosa "more authentically represents the views of the great body of the people of China" than the Communist regime in Peking. The State Department denied that the Rusk speech meant that the Administration was moving toward fuller support for Chiang K'ai-Shek. Nevertheless, it is obvious that since the Korean war the Americans have greatly extended their aid to the Nationalists in Formosa. In the 1951-1952 fiscal year, over \$500 million of American aid was extended to Taiwan. This amount represented a third of the total aid allotted to the whole Far East.

Chiang K'ai-Shek's Regime on Formosa and United States Aid to the Chinese Nationalists

Chiang K'ai-Shek's administration on Formosa has been the subject of much controversy. It must be recognized, however, that the super-imposition of nearly two million mainland Chinese upon the six million native Formosans was bound to cause problems. Six hundred thousand of the mainlanders are soldiers, two hundred thousand are civil servants and the rest are business men, professional men and intellectuals. This provides an obvious contrast to the native Formosans of whom ninety-five percent are peasant farmers. When Formosa was returned to the Chinese, there were three main groups who could have been utilized for Administration. These were: (1) "carpet baggers" i.e., Formosans who had returned to Taiwan with the mainland Chinese; (2) Japanese trained administrators who were barred from office; (3) mainland Chinese officials. Many of the Formosan leaders who might have been integrated into the Administration were killed by the Nationalists in retaliation for the March 1947

insurrection. When K.C. Wu, the former Mayor of Shanghai, became Governor of the Province, he enlarged the Provincial Commission to include seventeen Formosans out of a total of twenty-three.

The Nationalist Government of Formosa has failed to give either the native Formosans or the mainland Chinese expatriates a greater degree of democracy. The individual citizen still lacks legal protection against the crudity of military justice. In an effort to stamp out Communist subversion, the Nationalists have developed several powerful secret police organizations who conduct house-to-house searches and have jailed several thousand people without the benefit of public trial. Although several "paper reforms" have been instigated to correct these abuses, the military and police still lack respect for civilian authority. The same lack of respect for the rule of law was seen at the local elections carried out in Formosa last year. When, on the first balloting in the South, it was obvious that native Formosans were winning most of the contests, the Kuomintang moved in on the subsequent elections in the North and there its candidates usually won.

Although some in the Nationalist Cabinet wish to build a genuine democratic society, the members of the Kuomintang Reform Committee, whose members are appointed by Chiang K'ai-Shek and who possess most of the real authority on the island, are more concerned with discipline and control in the party than in democracy. The Nationalists, as do the Chinese Communists, subscribe to the theory of a "democratic centralism". The ordinary Chinese on Formosa, though dissatisfied with their lack of political outlet, do not possess the ideas and education to help themselves. The Japanese introduced universal primary education on the island and taught the Formosans just enough to enable them to understand police orders, but excluded all "dangerous

thoughts" - such as democracy - from the school curriculum. The vigorous intellectual life that characterized the refugee universities in free China during the Sino-Japanese war is not found today in Formosa. The Nationalist Government in Formosa has not provided a beacon light of democracy to serve as a rallying point for the ten million overseas Chinese in South-east Asia and the non-communists on the Chinese mainland.

The strength of Chiang-K'ai-Shek's armed forces in Taiwan in May 1951, was estimated by Fred W. Riggs in his book, "Formosa under Chinese Nationalist Rule". ~~The forces in Formosa~~ ^{to} include the following:

Army (Ground Forces)	345,000
Navy	45,000
Airforce	70,000
Combined Service Forces	20,000
Political Officers & Garrison	120,000
	<hr/>
Total	600,000

It is probable that only between 200,000-300,000 of the ground forces could be turned into combat effectives. Although most of the Nationalist armies were lost on the mainland, practically the entire Ministry of Defence (the Chinese equivalent of a Pentagon) escaped to Formosa and added to the superabundance of Generals, Admirals and other officers. Many of the soldiers were ailing and aged men who had escaped to the mainland because they had been assigned to rear area service near the ports. The Nationalist Army managed to salvage about 1,000 obsolete tanks from the mainland. At the present time, the rations of the soldiers seem to be adequate, providing each soldier with 2,500 calories per day.

The Air Force in 1951 was said to number between 8-10 groups using perhaps 300-600 World War Two planes. These included fighters, C-47 Transports and light bombers. However, in an article in the New York "Times" on April 2, 1951, Hanson Baldwin, the military analyst, said that only one-third of these planes were operational. The Navy in 1951 had about 70 major vessels - LST and destroyer escort type - and numerous smaller craft. About one-quarter of all Naval personnel were officers.

The Commander-in-Chief of the Chinese ground forces is, theoretically, General Sun Li-jen, a graduate of Virginia Military Institute who distinguished himself in the Burma campaign in World War Two under General Stillwell. However, he has little real authority and is largely limited to supervising the training of the men. A corps of political officers, commanded by the Generalissimo's eldest son, Major-General Chiang Ching-Kuo, has its representatives in almost every unit of the Army. This "political commissar" reports directly to his father and thus by-passes the Army Commander-in-Chief. While this system limits the opportunities for subversion, it also generates suspicion and intrigue and prevents the development of an effective chain of command. The problem of retiring over-aged Nationalist mainland troops and finding replacements is also an unresolved problem. The Ministry of Defence is reluctant to incorporate a large number of native Formosans into its armies.

On May 1, 1951, the United States Military Assistance Advisory Group was officially established on Formosa. N.A.A.G. now has about ^{six hundred} ~~a~~-thousand United States officers and men assigned to re-organize, train and equip Nationalist forces for the "defence of Formosa and maintenance of internal security". This group has now spent about

\$300,000,000, primarily for the purchase and shipment of arms, ammunition, vehicles, medical supplies, rations, uniforms and other specialized equipment. All Chinese requests for aid are screened by the American staff first. This United States group has made real progress in providing Formosa with proper airfields, an improved air warning system, modern harbour equipment and many of the other facilities needed for a military establishment. Recently, too, of course, United States military aid to Formosa has been speeded up, and such items as jet fighters have been promised to Chiang K'ai-Shek.

Prior to the Korean war, Formosa received about \$40,000,000 in the form of cotton, fertilizer, wheat, petroleum, medical supplies and other commodities from the United States. Since June, 1950, an additional \$250,000,000 has been appropriated for economic assistance to the Nationalist Government. Most of these funds have been used to cover the cost of essential imports, including cotton, petroleum, soya beans and chemical fertilizer necessary to maintain Formosa's agricultural production. Proceeds from the sale of these commodities are used to meet the Chinese Government's budget deficit, to finance construction of military facilities such as barracks and to meet local currency costs on other phases of the aid program.

The Mutual Security Agency finances the employment by the Chinese Government of the services of such technical experts as the J.G. White Engineering Corporation. On V-J day, electrical power production on Formosa had been reduced to about 50,000 kilowatts. By the end of 1952 it was six times that. Domestic production of chemical fertilizer, which reached 104,000 tons in 1951, was expected to increase by 50% in 1952.

However, the major "success story" of the Americans in Formosa is the work of the American and Chinese Joint Commission on Rural Reconstruction. This Commission was established under the provisions of the China Aid Act of 1948 and began its operations on the mainland. J.C.R.R. faced the agricultural problem of Formosa on four fronts: land reform, agricultural productivity, farmers associations and rural health. Already land rent has been reduced from approximately 60% to a maximum of 37.5% of the main crop, tenure has been guaranteed for a minimum of three years, and public land has been made available on terms the small farmer can afford. The output of rice has reached 1.5 million dollars annually - the highest in the island's history. The ^{Fig} peak population has been raised from 1.3 million two and a half years ago to 1.9 million today. This is important news for the Chinese, who often calculated their standard of living by the number of days a month they can afford to eat pork. The J.C.R.R., with its 250 different projects in Formosa, is creating a peaceful social and economic revolution in Formosa's rural life.

Canada's Attitude Towards Formosa

The Japanese Instrument of Surrender, which was based on the Cairo and Potsdam Declarations, was signed by Canada as a signatory nation on September 2, 1945. The Canadian Government was notified of the de facto administration of Formosa by China through a note from the Nationalist Government of China in 1946, stating that Formosa was restored to Chinese sovereignty and that the Formosans had regained their Chinese citizenship, and through an agreement, signed with China, that the commercial modus vivendi with that nation covered all Chinese territories, including Formosa. The Canadian Government's attitude to Formosa was defined in the House of Commons by Mr. Pearson on April 1, 1952. He said:

"...At the moment we in the United Nations are pledged at least to try to make peace with Communist China over Korea; and negotiations for the first stage of making peace, the armistice stage, are now under way. That is what we are trying to do. Then, if we are successful in the first stage we are pledged to discuss other Far Eastern questions. We have taken that pledge in the United Nations. Should we now say that we will never allow Formosa to go back to Peking if they do not throw out their present government in China? Should we say that, especially when we have subscribed to international agreements recognizing Formosa as part of China, and when we recognize that now sovereignty legally resides in China? I suggest that that would be rigid, dead-end diplomacy, and not very wise diplomacy to follow at this time in this matter...."

"...Ultimately, of course, Formosa must be a question of international discussion and decision, preferably through the United Nations, as the Secretary of State for the United States has already intimated.

"In such a discussion, which I suppose must come ultimately, there are certain factors which should be taken into consideration by those responsible. The first--and possibly the most important factor of all, though it is very often overlooked--in our discussion of this matter is that the views of the Formosan people themselves should be taken into consideration. They are a people who have not known national freedom, who are in many ways quite separate from the Japanese and Chinese who have ruled over them. Second, consideration should be given to the character and policies of the government or governments of China which may be in power at that time. Fourth, of course, we cannot overlook the fact I have just mentioned, that legally Formosa is part of China. Both Chinese governments insist on that. It is about the only matter on which they are united. The dispute is over which government shall control Formosa."

The Secretary of State for External Affairs has expressed himself on several other occasions on this question. Following President Eisenhower's State of the Union message on February 2, 1953 which modified the Presidential directive to the seventh fleet, Mr. Pearson made a statement on Formosa in the House of Commons on February 5, 1953:

"With respect to the position of the Canadian Government, while we remain resolved to carry out our United Nations obligations in Korea, we do not think that the defence of Formosa, which has not been assumed by the United Nations, should be confused with the defence of Korea, which has. As I have mentioned on several occasions in the house, on May 15, 1951, on May 22, 1951, and on April 1, 1952, our consistent position has been that this island should be neutralized, so far as that is possible, while hostilities continue in Korea. Our view has been that the final disposition of Formosa should be a subject to be discussed at a conference on Far Eastern problems which should be held when the fighting ceases in Korea; and we strongly supported the statement of principles approved by the political committee of

the fifth United Nations general assembly which specifically provided for such a conference. In any decision regarding the future of Formosa, the wishes of the people there would naturally be a primary consideration.

In considering the possible effects of this recent action by the United States government, I should emphasize that on Far Eastern issues, as on other questions in which we are both concerned, the fundamental and long-term aims of Canada and the United States are similar, although naturally we may differ on occasions in our approach to specific issues and as to how these long-term aims can best be achieved.

Canadians of course know President Eisenhower well. They feel a deep gratitude for the services he has already rendered the free world, and have full confidence, I am sure, in his peaceful and constructive purposes. And I am convinced that one of these purposes - as it is the purpose of this government and this parliament and our country, and the purpose of the other governments who are now engaged in Korea - is to end and not extend the Korean war.

It should also be noted that in his statement President Eisenhower stated clearly that "This order implies no aggressive intent on our part." Nor should we, I think, assume that because of this order any large scale operations in the near future are likely to be undertaken by Chinese Nationalist forces on the mainland. The order does, however, rescind that part of the original order by which the United States seventh fleet would prevent any such operations.

The original order did give, I suppose, to the Communist forces in China a feeling of immunity from attack from Formosa, and this has become increasingly unacceptable to the people of the United States, as the Chinese Communists have continued their aggression in Korea and only recently rejected a resolution, approved by the present United Nations general assembly which could have ended the war there on acceptable terms. The United States Government has, therefore, found it necessary to take action to alter a situation which was considered to have no longer its original justification.

It is no doubt hoped that this change may keep more Chinese communist forces in China and hence have an advantageous effect on United Nations operations in Korea.

It would of course be another matter, as hon. members will be aware, if Chinese Nationalist raiders or invading forces were escorted or protected in their operations by the armed forces of other United Nations governments. We have no reason to believe, however, on the basis of any information available to us that any such development will take place, the consequences of which would be far-reaching.

We are not of course committed by, though naturally we are concerned with, the action taken in Washington in connection with this matter. The government will follow developments with the closest possible attention and take appropriate action to make our views known if and when the occasion so warrants. Meanwhile, I think it would be unwise and premature to jump to dogmatic or critical conclusions concerning the step taken by the United States government, and announced in a statement by President Eisenhower, which contained so much that was wise and heartening to us all."

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Far Eastern Division:
R.B. Edmonds/TP

File Nos. 9820-40
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CONFIDENTIAL

50056-A-40
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April 27, 1953.

MEMORANDUM TO MR. MACKAY (THROUGH CONSULAR DIVISION)

Question of Chinese Canadians Swearing Allegiance
to Chiang K'ai-shek.

Recently the Canadian Citizenship Branch asked our advice about what policy guidance should be given to their Vancouver regional officer concerning the question of whether Chinese residents in Canada should swear allegiance to the regime of Chiang K'ai-shek in Formosa. On March 25, 1953, we replied to Dr. Kaye to the effect that such a move on the part of Chinese citizens would constitute a throwback to the old issue of whether Chinese Canadians possess dual nationality. We also suggested that such a move, particularly in British Columbia, might provide an ideal excuse to label the Chinese community as agents of a foreign power.

2. In a letter to this Department, a copy of which is attached, the owner of the Chinese Citizen Publishing Company, Mrs. Hosken, asks us for a statement which she could publish in her newspaper. Dr. Kaye, the Liaison Officer of the Canadian Citizenship Branch, in a telephone conversation, promised to transmit our policy guidance in this matter to Mrs. Hosken. This matter has been discussed with Consular Division.

I am attaching for your approval and signature, subject to the concurrence of Consular Division, a letter to Dr. Kaye.

G. A. RONNING

Far Eastern Division.

CONFIDENTIAL

, April , 1953.

File Nos. 9820-40
50056-A-40

Dear Dr. Kaye:

In reference to a telephone conversation between yourself and a member of our Far Eastern Division last week, I am enclosing a copy of a letter from the publisher of the Chinese Citizen Publishing Company of Vancouver.

As was mentioned to you in the telephone conversation, Mrs. Hosken, the publisher of this paper, has requested the Department of External Affairs to write her a statement setting down in plain language the Canadian Government's attitude in the matter of Chinese Canadian citizens swearing allegiance to Chiang K'ai-shek. As you know, on March 25 we wrote to you on a similar subject, in order that you might give policy guidance to your Vancouver regional officer. On these matters of citizenship, we think it advisable for your Department to relay instructions on this matter to Mrs. Hosken. In your letter to her you might mention that the issue had been referred to you through External Affairs.

We would however, wish to indicate the general line which a statement for publication in this paper should take. I would suggest a statement such as the following:

"While private Canadian citizens can express opinions and adopt resolutions on any political issue in any part of the world, it is quite a different issue when Canadian residents are asked to swear allegiance to a foreign government. If members of the Chinese community in Canada formally swear allegiance to Chiang K'ai-shek's Nationalist Government in Formosa, it might be construed by

Dr. V.J. Kaye, Liaison Officer,
Canadian Citizenship Branch,
Department of Citizenship and Immigration,
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Canadian citizens in general as an indication that Chinese residents in Canada are agents of a foreign power. Canadian citizens of Chinese racial origin, as a whole, have proved to be loyal and dependable and they should not undertake any project that would reflect on their desire to further Canada's best interests."

You will note that this draft statement for publication is not specifically attributed to a Canadian Government source, nor does it mention the question of Chinese dual nationality or the latent anti-Oriental feeling in certain parts of this country. I would be grateful if you would write Mrs. Hosken, merely transmitting a statement, such as the one we have suggested, without going into these controversial issues just mentioned.

Acting Under-Secretary for State
for External Affairs.

INCOMING MESSAGE

*Original on 50293-40
58069-A-40
COPY*

FROM: THE CANADIAN AMBASSADOR TO THE UNITED STATES TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA	Security Classification
	CONFIDENTIAL
	File No. 50056-A-40
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Priority IMPORTANT	System CYPHER-AUTO	No. WA-881	Date April 10, 1953.
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Departmental
Circulation
MINISTER
UNDER/SEC
D/UNDER/SEC
A/UNDER/SEC'S
POL/CO-ORD'N
SECTION

Reference: EX-610 of April 9th.

Subject: United States Far Eastern Policy.

Addressed External WA-881 (Important), repeat
Candel No. 42.

Similar articles to that of Leviero have been written by various Washington correspondents over the past few days, reporting that the United States Government would seek to establish a division of Korea at the Sinanju-Hamhung-Hungnan "waistline" and is considering a United Nations trusteeship for Formosa. They suggested that these are two of the objectives which the United States would pursue at the political conference on far eastern problems to take place after a Korean armistice.

2. It is generally accepted in responsible press circles here that the articles were inspired by a "background conversation" which Mr. Dulles had with certain journalists on Monday night. The Secretary of State is not averse to this method of trying out some of his ideas for public reaction, it being understood of course that the views expressed cannot be attributed to him.

3. The rather startling nature of the reports which resulted apparently from last Monday's conversation have produced what is known in the local vernacular as a "rhubarb". Senator Knowland telephoned Mr. Dulles yesterday, in order to express his astonishment, following which he said that the Secretary of State had assured him that "no such statement had come from him".

4. White House Press Secretary Hagerty, at his news conference yesterday, made the following statement with specific reference to Leviero's article in the New York Times:

"The reported administration policy on Formosa and Korea is without foundation of fact. No consideration has been given by the Administration to a United Nations trusteeship for Formosa. Likewise the Administration has never reached any conclusion that a permanent division

Done.....

Date.....

References

Done.....

Date.....

of Korea is desirable, or feasible or consistent with the decisions of the United Nations". In a supplementary comment Mr. Hagerty explained that before the Chinese Nationalists had moved to Formosa there was a proposal to make the island a trusteeship. He said that the situation changed completely when Chiang Kai-Shek established himself in Formosa and since 1947 neither the present Administration nor the previous one had proposed or favoured a trusteeship for Formosa.

5. Subsequent to these denials the press have chorused an indignant cry to the effect that the identity of the high official in the Eisenhower Administration who gave out the story about Korea and Formosa is well known.

6. We shall of course endeavour to ascertain whether there is any substance to the reports. You will realize that for the present State Department officials must be guided in their comment by the official denials which have been issued. I doubt whether the Administration has developed a firm policy for the post-armistice political conference. The reports probably reflect no more than the tentative and forward thinking of an individual official. I have never heard of any suggestion that the military demarcation line should be other than that provided for in the draft armistice agreement.

7. As to the sentence in the United Nations-French communique referred to in para 3 of your message, you will see that our message WA-860 of April 8th went at some length into the State Department's explanation of this sentence and the British enquiries concerning it.

INCOMING MESSAGE

Original must 213-40
COPY
Copy: ML 50069-A-40

FROM: THE CHAIRMAN, CANADIAN DELEGATION TO THE
 GENERAL ASSEMBLY, NEW YORK.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

file 77

Security Classification	
CONFIDENTIAL	
File No.	
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Priority	System	No.	Date
	CYPHER-AUTO	166	April 10, 1953

Departmental
 Circulation

MINISTER
 UNDER/SEC
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 A/UNDER/SEC'S
 POL/CO-ORD 'N
 SECTION

Reference:

Subject: Far Eastern Political Settlement -
 United States Thinking.

Addressed Ottawa No. 166 repeated Washington No. 109.

The front page story in the New York Times yesterday morning April 9 by Anthony Leviero speculating on United States policy concerning a political settlement of far eastern issues causes, as you can imagine, many a raised eyebrow among United Nations delegations. The Chinese were indignant at the idea of trusteeship for Formosa, and Dr. Tsiang called it "nonsense". The South Korean delegate, Colonel Ben Limb, said that his government would "have no such thing" as a division of Korea between north and south at the waist and insisted that United Nations objectives called for unification not division of the peninsula.

2. Most other delegations were astonished that at this juncture in the negotiations at Panmunjom, there should have been such an obvious leak from Washington intimating that the United States Administration was seriously considering asking the Communists to move back 90 miles, whereas the armistice agreement calls for a cease-fire on the present battle lines. This was certainly the reaction of the United Kingdom, French, and Belgian delegations.

3. Even after the stories had been denied by the White House, the terms of the denial indicated that there was at least something to the story of dividing Korea at the waist and delegations with whom we discussed the matter continued to believe that the stories had been leaked as a trial balloon. According to the New Zealand delegation, they came from Mr. Dulles himself at a dinner with correspondents two days ago but we have no confirmation of this report.

4. The United States delegation were naturally embarrassed by the whole affair and relieved when White House denial was issued. As Cory said in summing up, "we are not giving anything away". But the sharp reaction in Washington labelling as "appeasement" a proposal to ask

Done _____

Date _____

References

Done _____

Date _____

the Communists to withdraw 90 miles from their present line has come as something of a shock to delegations who had been looking for an early settlement on the basis of the present battle lines. Although it has been generally realized that the dividing line for any eventual political settlement need not exactly correspond to the line of an armistice or cease-fire, I think it is fair to say that it has been generally assumed here that the differences between the two lines would be a matter of minor adjustments only.

CANADA

CONFIDENTIAL

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION
CANADIAN CITIZENSHIP BRANCH

to Sec: The Hon. ...
+ file
RBE

50056-A-40
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J.2

Ottawa, March 30, 1953.

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Under-Secretary of State for
External Affairs,
East Block, Ottawa, Ont.

Your File: 50056-A-40

Dear Sir:

[Signature]
31 MAR 1953

Your kind reply to our request for your opinion regarding the answer which should be given to the President of the Chinese Benevolent Association in Vancouver is greatly appreciated.

We have transmitted it to our Regional Liaison Officer in Vancouver and he has been advised to act upon it.

Dr. V. J. Kaye,
Liaison Officer.

VJK/jl

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EXTERNAL AFFAIRS
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1953 MAR 31 PM 1:40

Far Eastern Division:
R.B. Edmonds/TP

50056-A-40	File No. 50056-A-40
12 12	<u>CONFIDENTIAL</u>

March 26, 1953.

Mr. Edmonds

MEMORANDUM FOR UNITED NATIONS DIVISION

I.L.O. Technicians for Formosa

21. I refer to your memorandum on this subject of March
2. As you know, the Canadian Government does not encourage Government officials to pay official visits to Formosa, but we do not prevent private Canadian citizens from going there. There are, for instance, several Canadian missionaries at present working on that island. The Canadian Government also does not screen or prevent Canadian citizens who wish to enter the employment of the United Nations Secretariat or one of the U.N. Specialized Agencies.
3. However, the Canadian Government, as a matter of policy, has not undertaken any projects recently which would tend to strengthen the position of the Chinese Nationalist Government in Formosa. Therefore, in regard to the recruitment for Formosa of two technicians familiar with sugar cane machinery from Canada, our position would be that there are many other areas in the world to which we would be more anxious to extend technical assistance. Bearing in mind our limited human resources, we would not encourage the sending of technicians to Formosa if this action would mean a curtailment of our program of technical assistance elsewhere. If, however, the above-mentioned conditions are met and if such technicians are readily available in Canada and can be recruited without undue publicity, this Division would have no great objection to such technicians being sent to Formosa.

c.c. Economic Division

C. A. Rowling
Far Eastern Division.

EXTRACT from the minutes of a meeting of the Honourable the
 Treasury Board, held at Ottawa, on March 20, 1953.

V. H.

T. B. 446875

EXTERNAL AFFAIRS

J. 3
 4/4/53
 50056-A-40
 by [initials]

CIRCULATE TO:	
Mr. Hensley	[initials]
Mr. Armstrong	[initials]
Mr. Stewery	[initials]
& file	[initials]

The Board authorize payment of actual travelling expenses, for which the usual detailed accounts will be submitted, incurred by the Reverend Hugh MacMillan, a missionary recently returned from Formosa, in travelling between Toronto and Ottawa for interviews with officials of the Department.

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D. McArthur
 Assistant Secretary.

APR 9 1953

copy sent to C.T.O

APR - 2 RECD
W.F. James

DEPARTMENT OF EXTERNAL AFFAIRS
CROSS REFERENCE SHEET

Security. *Secret*

"Y"

50056-A-40		
92	L	

Type of Document. *Brief* No. *105* Date. *19 March 53*

From: *D. H. I.*

To: *C. H. S.*

Subject:

USA supplying F84 type aircraft to Chinese nationalists

Original on File No. *50028-BC-40 "D"*

Copies on File No.

Other Cross Reference Sheets on.

Prepared by. *Ror*

Far Eastern Division:
R.B. Edmonds/TP

File No. 50056-A-40
RESTRICTED

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*WSS/EK noted
Hite
AAM.*

March 14, 1953.

file RBE

MEMORANDUM TO MR. MACKAY

Visit of Dr. Hugh MacMillan of Formosa to Ottawa

On March 9, 1953, Rev. Hugh MacMillan spoke to officials of this Department regarding his experiences in Formosa. Dr. MacMillan, a graduate of Dalhousie University, went to Formosa in 1924 under the auspices of the Canadian Presbyterian Mission. He left Formosa in 1939 to attend the First Christian Youth Conference at Amsterdam with the Japanese Youth Delegation. During the war he studied at Edinburgh University, toured Canada on behalf of the Student Christian Movement, acted as Secretary of the Committee Aiding Japanese Canadians, and served two years with the British Embassy in Washington, D.C., and in San Francisco. In 1947, he and his wife returned to Formosa. His work there has mainly been with student and youth groups and also as the unofficial representative of the Canadian Aid to China Relief Project. He claims that, at present, there are 200 self-supporting Protestant churches in Formosa. The languages used in their work there are the Amoy Fukienese dialect of Chinese and also Japanese.

? Formosa?

2. When Dr. MacMillan first went to Formosa in 1924, the island was a colony of the Japanese. In the period from 1927 to 1928, many refugees from the Chinese mainland, including these Chinese escaping from the Kuomintang Government as well as Westerners escaping from anti-foreign riots in China, came over to Formosa. At that time Formosans had contact with Mao Tse-tung, and as a result, several Marxist, anti-Japanese movements were formed in Formosa.

3. During the 1930's in Formosa, foreigners were under constant surveillance by Japanese detectives. As early as 1934,

14.3.26(05)

there was evidence that the Japanese Government had already laid detailed plans for the capture of the Philippines and the rest of Southeast Asia. A Japanese admiral was Governor of the island for part of this period. In the 1930's the Taiwan University was founded, but this institution was not established to encourage higher education among the native Formosans, but was rather an experimental station to study conditions in Southeast Asia in preparation for Japanese invasion of the area. For example, the Dutch language was one of the courses on the curriculum. After the Sino-Japanese war broke out in 1937, strategic airfields were built near Taipeh in Formosa, from which Japanese planes bombed Shanghai, Nanking and Canton. Later, of course, some of these airfields were used as a base for air operations against the Philippines.

4. The native Formosans, of whom a majority are descendants of Chinese from the neighbouring province of Fukien, have always been imbued with an undercurrent of "Formosa for Formosans" feeling. In the 1930's, Formosan graduates came back from Japanese Universities and founded anti-Japanese societies - some of which were Marxist and others were motivated by Christian ideas of "freedom", etc. No high level administrators in the Japanese regime in Formosa were native Formosans, although most officials on the working level were Taiwan Chinese.

5. In the post-war period, there was some initial enthusiasm for the new Chinese rulers. However, this initial friendliness was quickly dissipated by the 1947 massacre, in which, from 5,000 to 30,000 people were killed. "Remember February 28" is still as much a slogan in Formosa as "Remember Pearl Harbour" was a slogan in the United States during the war. The original Chinese administrators under Governor Chen Yi were of the "carpet-bagging" variety, i.e. political hangers-on with no professional qualifications.

6. Since 1947, however, the antipathy of the Formosans to the Chinese Nationalists has gradually decreased. Chen Yi's successors as Governor, Wei Tao-Ming and K.C. Wu were increasingly popular with the Formosans. K.C. Wu, the former Mayor of Shanghai, has been quite intent on initiating "democracy" in Formosa, and elections on the municipal level have been carried out. These elections seem to have been quite free and, while a mainlander was elected Mayor of the port city of Keelung, native Formosans were elected as the Mayors of

the capital city of Taipei and the other port city of Tainan.

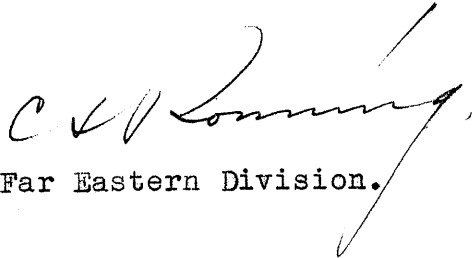
7. The native Formosans regard themselves as belonging to the West and they feel that President Truman's "neutralization" order in June, 1950, placed the Iron Curtain in the middle of the Formosan Straits. Prior to June, 1950, the Formosans felt that they would be taken over by the Communists and they wanted United Nations jurisdiction over the island to preserve their independent status from the ambitions of both Japan and China. Since then, however, with the increasing American stress on the strategic importance of the island, the Formosans have become reconciled to the inevitability of a Third World War. In a "hot war" the Formosans anticipate being on the front line as a probable base for an invasion of the mainland by the Western Allies. Chiang Kai-shek is regarded by the Formosans as a symbol of the Western guarantee of their freedom from Communist China. Although there is no great desire on the part of the Formosans to invade the mainland, history does indicate that they are "brothers under the skin" of the Chinese. There is a strong physical and spiritual link with Amoy on the mainland and a certain nationalist pride in the heroism of the Fukienese in defeating the Manchus in the 17th Century. K.C. Wu, whose wife comes from Amoy, deliberately fosters this patriotic feeling towards Amoy among the native Formosans.

8. The Japanese instituted universal primary education in Formosa and this has been extended by the Chinese Nationalists. More students are attending schools today than ever before, but the quality of education is on a lower level. The students are also learning Mandarin Chinese in the schools. Conscription for the Formosans has been instituted, although even today only a small percentage of the army are native Formosans. In the original call-up 25,000 to 30,000 were drafted for a limited period of service and were subsequently put on the reserve status. In a second call-up since then, others have been drafted on a longer term basis. The original conscription order, however, had to be proclaimed in Japanese, since few of the Formosans understood Mandarin Chinese. One of the reasons why few Chinese are able to leave Formosa, for educational or other purposes, is because of the draft law.

9. At the present time there are two ostensible governments in Formosa and one other which has considerable real power.)

These are the Provincial Government under K.C. Wu, the Central Government of China under Chiang K'ai-shek and the military hierarchy which is somewhat independent and is closely linked with the Americans. The presence in Formosa of this bureaucratic duplication, as well as the influx of two million mainland expatriates, has been an economic strain upon the island. K.C. Wu has recently stated that the island will be economically self-sufficient by 1954. Presumably, this means economically self-sufficient providing the United States finances the military side of the administration. The export from Formosa to Japan of sugar has been re-established to the full pre-war extent. Dr. MacMillan mentioned that the only foreign diplomatic missions, of which he was aware, in Taipeh were those of the United States, the Philippines, Panama, Iran and Thailand.

10. Concerning the Chinese Nationalist Armed Forces, he said that the early group that came over from the mainland were ill-disciplined and aroused a great deal of antagonism among the native Formosans. However, the later group that came from Hainan were very well-behaved and were a complete contrast to the earlier groups. There have been no recent incidents between the troops and the local civilian population. The troops seemed to be well-trained, but not well-fed. They received all the rice they could eat but only a small allowance of vegetables and no meat. He surmised that the morale of the troops was not very high since most of the soldiers wished to return to their homes. Their morale was being boosted by the political officers in the army by offering the inducement that a return to the mainland would mean a return to their homes. There is a danger, of course, that upon reaching the mainland, many of these troops would desert and leave directly for their homes.


Far Eastern Division.

Refers Computer Div.
+ file RBE

file on 50056-A-40 RBE

CANADA

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION
CANADIAN CITIZENSHIP BRANCH

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Ottawa, March 13, 1953

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CONFIDENTIAL

Under-Secretary of State for
External Affairs,
East Block, Ottawa, Ont.

Attention: Mr. C.A. Ronning,
Far Eastern Division.

Dear Mr. Ronning:

W. J. Kaye
14 MAR 1953

We would greatly appreciate receiving your opinion on the answer to be given to the President of the Chinese Benevolent Association in Vancouver, by our Vancouver Regional Officer.

We enclose the copy of a letter sent by Mr. Foon Sien and also a copy of the letter from our Regional Officer in Vancouver.

Yours sincerely,

Dr. V. J. Kaye,
Liaison Officer.

VJK/jl
Encls.

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EXTERNAL AFFAIRS
RECEIVED

1953 MAR 14 AM 10:00

Copy

Immigration Building,
Vancouver 1, B.C.
March 4th, 1953.

CONFIDENTIAL

Mr. E. Bussiere,
Acting Director,
Canadian Citizenship Branch,
Ottawa, Ontario.

Dear Mr. Bussiere;

I am enclosing for your consideration a copy of a letter which I have just received from Mr. Foon Sien, the President of the Chinese Benevolent Association. In this letter, Mr. Foon Sien raises a question which seems to be a vitally important one, and one with many political implications. Before sending the letter to me he telephoned me, and asked me for my oral opinion. In reply I told him that I would consider the matter very carefully before passing any judgment on the issue. Before I do reply to Mr. Foon Sien, I certainly wish to obtain from you your own judgment on the matter. Personally I am convinced that it would be very unwise for the Chinese Benevolent Association to give its formal endorsement to any kind of external political issue. The Benevolent Association is rendering a very important service to its members with respect to benevolent, social, and educational objectives; these services would, in my judgment, be seriously prejudiced should the Association become entangled in political issues, whether external or internal. That is my own conviction, but I hesitate to express it to Mr. Foon Sien until I hear from you.

According to my observation, the great majority of the Chinese people here are strongly anti-Communistic. However, I agree with Mr. Foon Sien that the endorsement of Chiang Kai-shek's government by the Chinese Benevolent Association would be the wrong method to fight Communism, and that for many reasons such a step would be contrary to the interests of Canada.

Mr. L. Bussiere,
Acting Director.

March 4th, 1953.

- 2 -

Mr. Foon Sien and his executive are awaiting my advice on the matter, and I shall give it to them as soon as I hear from you. If you would prefer that I either make my own decision in the matter, or, alternatively, that I remain non-committal, please let me know.

Yours sincerely,

(Dr.) W.G. Black,
Regional Liaison Officer.

Copy

THE CHINESE BENEVOLENT ASSOCIATION
(NATIONAL HEADQUARTERS)

108 Pender Street East,
Vancouver 4, B.C. Canada.
March 3rd, 1953.

Dr. W.G. Black,
Regional Liaison Officer, Citizenship Branch,
Department of Citizenship and Immigration,
Immigration Building,
Vancouver 1, B.C.

Dear Dr. Black:

Confidential and Not For Publication

There is a question before the officers of this organization which is causing us considerable anxiety. Many times in the past you have given us the benefit of your wisdom and experience. We have always found your advice extremely sound and would greatly appreciate your opinion on our present problem.

Recently, there arrived in Vancouver copies of a petition or declaration which pledges the signator to support of General Chiang Kaishek's Nationalist government on Formosa and, more particularly, to support of an invasion of the Chinese mainland by Nationalist forces.

Signing of this declaration is actually a form of oath which the Chinese feel honor bound to carry out. In other words, it would be an oath of allegiance to General Chiang.

The declaration was drawn up by a committee of the Chiang government dealing with the affairs of overseas Chinese. This committee has fostered a strong "Save China" movement which hopes to raise funds and support in North America and Cuba.

An influential group is working here towards that end. It includes Chinese officials, officers of General Chiang's political party in Canada and the appointed members of the Overseas Chinese Affairs Commission.

Pressure is being brought to bear on all Chinese groups and individuals to get the declaration signed, with the motto, "If you do not sign, you are a Communist."

(continued on page 2)

The Chinese Benevolent Association has been asked to sign but we have doubts that this may be a wise move. We naturally want to do anything to fight Communism but feel this method may be wrong and contrary to the interest of Canada since many native-born and naturalized Canadian citizens who are also our members would be involved.

The people who are promoting this scheme are implying that the Canadian government has approved it or is in sympathy with it. My own feeling is that Canadian officials know nothing of it and might take great exception to Canadian citizens supporting a foreign war. Perhaps you could clarify this point for us.

Also, it seems that such an oath of allegiance to the Chiang government would be in direct contradiction to the oath to the British sovereign which Chinese accept when they become naturalized. Could you tell us what reaction, if any, there might be?

Please excuse the great length of this letter but I felt you would want to be fully informed of the situation before you could offer me any advice. I will be glad to supply further details if you wish them.

The majority of the Chinese are greatly confused as to what course of action to take in regard to this matter. Above all, we do not want to jeopardize the position we have worked so long to attain here. If there is any indication that the Government of Canada disapproves of these actions, the Association will strongly urge its members to disregard the petition. Any remarks or advice you can give us will be of great value.

Sincerely yours,

(Signed) "Foon Sien"

Foon Sien.



EXCLUSIVE CONNECTION WITH WESTERN UNION CABLE SERVICE

FORM 6102.B

CANADIAN NATIONAL

W. M. ARMSTRONG, GENERAL MANAGER
TORONTO

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DEPT. OR
ADDRESS

sent RA
Veuillez expedier la dépêche suivante aux conditions mentionnées au verso auxquelles je consens par les présentes.
Send the following message, subject to the terms on back hereof, which are hereby agreed to

Ottawa, March 5, 1953.

file on 560567A-40
RBE

Dr. Hugh MacMillan,
164 Evelyn Avenue,
Toronto 9, Ontario.

The Department of External Affairs pleased to invite
you to a conference in East Block Ottawa March ninth eleven a.m.
with Department Officers Stop Expenses will be paid Stop Please
inform if this not convenient

RA
~~RA~~ Mackay

To be charged to the Department of
External Affairs (Far Eastern Division)
Accounts Branch, Finance Division
East Block
O t t a w a .

CANADIAN NATIONAL TELEGRAPH COMPANY

(OPERATING ITS OWN LINES AND THOSE OF THE GREAT NORTH WESTERN TELEGRAPH COMPANY, THE GRAND TRUNK PACIFIC TELEGRAPH COMPANY AND THE CANADIAN GOVERNMENT RAILWAYS). HEREINAFTER CALLED THE COMPANY.

ALL MESSAGES ARE SUBJECT TO THE FOLLOWING CONDITIONS, WHICH HAVE BEEN APPROVED BY THE BOARD OF RAILWAY COMMISSIONERS FOR CANADA, UNDER GENERAL ORDER 162, DATED MARCH 30TH, 1916 AND ORDER 49274, DATED 5TH DECEMBER, 1932, WHICH ORDERS WERE PUBLISHED IN THE CANADA GAZETTE ON DECEMBER 24TH AND DECEMBER 31ST, 1932, AND JANUARY 7TH, 1933.

It is agreed between the sender of the message on the face of this form and this Company that said Company shall not be liable for damages arising from interruptions in the working of its lines, for errors in cipher or obscure messages, or for errors from illegible writing, beyond the amount received for sending the same.

To guard against errors, the Company will repeat back any telegram for an extra payment of one-half the regular rate; and, in that case, the Company shall be liable for damages suffered by the sender to an extent not exceeding \$200.00, due to the negligence of the Company in the transmission or delivery of the telegram.

Correctness in the transmission and delivery of messages can be insured by contract in writing, stating agreed amount of risk, and payment of premium thereon at the following rates, in addition to the usual charge for repeated messages, viz.: one per cent for any distance not exceeding 1,000 miles, and two per cent for any greater distance.

This Company shall not be liable for the act or omission of any other Company, but will endeavour to forward the telegram by any other Telegraph Company necessary to reaching its destination, but only as the agent of the sender and without liability therefor. The Company shall not be responsible for messages until the same are presented and accepted at one of its transmitting offices; if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the sender's agent; if by telephone, the person receiving the message acts therein as agent of the sender, being authorized to assent to these conditions for the sender. This Company shall not be liable in any case for damages, unless the same be claimed, in writing, within sixty days after receipt of the telegram for transmission.

No employee of the Company shall vary the foregoing.

LA "CANADIAN NATIONAL TELEGRAPH COMPANY"

(EXPLOITANT SES PROPRES LIGNES DE MÊME QUE CELLES DE LA "GREAT NORTH WESTERN TELEGRAPH COMPANY", DE LA "GRAND TRUNK PACIFIC TELEGRAPH COMPANY" ET CELLES DES CHEMINS DE FER DU GOUVERNEMENT CANADIEN)—CI-APRÈS NOMMÉE LA COMPAGNIE.

TOUTE DÉPÊCHE EST SUJETTE AUX CONDITIONS SUIVANTES QUI ONT ÉTÉ APPROUVÉES PAR LA COMMISSION DES CHEMINS DE FER DU CANADA, PAR L'ORDONNANCE GÉNÉRALE NO. 162 EN DATE DU 30 MARS 1916 ET CELLE NO. 49274 EN DATE DU 5 DÉCEMBRE 1932, LESQUELLES ONT ÉTÉ PUBLIÉES DANS LA GAZETTE OFFICIELLE DU CANADA LES 24 ET 31 DÉCEMBRE 1932, ET LE 7 JANVIER 1933.

Il est convenu entre l'expéditeur de la dépêche au recto et la compagnie, que la dite compagnie ne sera pas responsable des dommages pouvant résulter du défaut d'expédition ou de livraison, ou d'une erreur dans l'expédition ou la livraison d'une dépêche non-répétée, pour un montant excédant le prix payé pour l'envoi de la dite dépêche, que ces dommages soient dus ou non à la négligence des employés de la dite compagnie, ou autrement, ou à des retards causés par l'arrêt du fonctionnement des appareils télégraphiques, ou à toute erreur dans une dépêche due à ses chiffres et à ses termes obscurs ou à une écriture illisible.

Pour éviter toute erreur la compagnie répétera une dépêche moyennant un paiement additionnel de la moitié du taux régulier, et dans ce cas la responsabilité de la compagnie sera limitée à \$200.00 s'il y a dans l'expédition ou la livraison de la dite dépêche erreur ou retard résultant de la négligence de la compagnie.

La responsabilité de l'expédition et de la livraison parfaite d'une dépêche s'assure par contrat écrit dans lequel est stipulé le montant du risque et sur paiement, en plus du taux pour les dépêches répétées, d'un supplément calculé sur la base suivante: un pour cent pour une distance n'excédant pas 1,000 milles et deux pour cent pour une plus longue distance.

La dite compagnie ne sera pas responsable du fait ou de l'omission d'une autre compagnie, mais s'efforcera toujours de faire parvenir les dépêches à destination en se servant de cette autre compagnie lorsque nécessaire. Dans ce cas elle ne sera considérée que comme mandataire de l'expéditeur et n'encourra aucune responsabilité personnelle. La responsabilité de la dite compagnie commencera seulement quand les dépêches auront été présentées et acceptées à un de ses bureaux d'expédition. Lorsqu'une dépêche est apportée à un des bureaux de la compagnie par un de ses messagers ce messager est considéré comme mandataire de l'expéditeur. Lorsqu'une dépêche est communiquée au bureau de la compagnie par téléphone, la personne qui reçoit cette dépêche est considérée comme mandataire de l'expéditeur et est censée avoir toute autorité pour consentir, au nom de l'expéditeur à ces conditions. Dans aucun cas la compagnie ne sera responsable pour dommages à moins que demande n'en soit faite par écrit dans les soixante jours qui suivent la remise de la dépêche à la dite compagnie.

Aucun employé de la compagnie n'a le droit de changer ces règlements. La version anglaise des présentes conditions prévaudra.

Far Eastern Division:
R.B. Edmonds/TP

RESTRICTED

file on 50056-A-40
to RBE ✓

March 3, 1953.

Mr. Mackay

MEMORANDUM TO MR. MACKAY

Visit of Dr. Hugh MacMillan to Ottawa

We have read with interest the letter to you from Dr. MacMillan of February 28. In view of his long residence in Formosa, this Division would suggest that his offer to come to Ottawa on March 9 be accepted. Consideration should be given, of course, to paying his expenses for the trip.

2. Since the Canadian Government has no representative in Taiwan, it would seem appropriate that Officers of Far Eastern Division be given the opportunity to hear an assessment, from a Canadian point of view, of the situation in Formosa and of the administration of the Chinese Nationalists there. As you may know, arrangements have recently been made, through our Trade Commissioner in Hong Kong, for the Canadian Presbyterian Mission in Formosa to distribute National Film Board films there. This Division will also be interested in giving Dr. MacMillan a list of questions regarding Formosa to which the Canadian Government is anxious to receive answers. Dr. MacMillan, because of his wartime activities with the British Embassy in Washington and with the committee aiding Japanese-Canadians, should be well qualified to provide us with information that would be useful for our purposes.

3. Therefore, we would recommend that Dr. MacMillan be invited to meet a group of interested officials in this Department at a conference on March 9.

C. A. Edmonds
Far Eastern Division.

5-3.5(JS)

Received June 23, 1953.

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CANADIAN EYES ONLY

Foreign Office and Whitehall Distribution

CONFIDENTIAL

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50056-A-40

CHINA

1st March, 1953

Section 1

FC 1018/64

THE NATIONALIST MILITARY POSITION IN FORMOSA

file on 50056-A-40
RBE

Mr. Jacobs-Larkcom to Mr. Shattock, Foreign Office. (Received 1st March)

(No. 310/S.1/53. Confidential) Tamsui,
Sir, 10th February, 1953.

You will have seen from my telegram No. 18 about "deneutralisation," that my views are that the immediate effects of this step are not likely to be serious. The officially-inspired Formosan press, whilst necessarily jubilant at the political victory, has been careful to warn public opinion not to look for spectacular results. No large-scale operations are promised for 1953.

2. It is, however, extremely doubtful if the Nationalists will ever be in a position to stage a successful full-scale counter-attack against the mainland, without a fundamental alteration in the present scope of American aid. Their plans to overcome their disadvantage in numbers are based on assumptions which we believe to be false—i.e., that on landing there will be large-scale defections from the Communist armies, an uprising of the civil population, and vigorous and effective guerrilla support. Even if Nationalist hopes in this direction proved correct, they would still be dependent on very substantial American air, naval and logistic aid, in order to safeguard the flow of supplies and reinforcements for a major campaign.

3. The Nationalists, therefore, find themselves in the somewhat unenviable position of having to make good their promises to recover the mainland, without being assured of the essential tools for victory—the first of which is active American support. Chiang, by the significant omissions in his statement commenting on Eisenhower's "State of the Union" message (see my telegram No. 18), made it abundantly clear that he himself realises this. We may thus expect an immediate intensification of Nationalist pressure on the Americans for increased aid and positive support for their mainland adventure. This pressure would be applied not only through official channels, but also by means of a vigorous press campaign and propaganda in America, with the object of softening public opinion there towards deeper commitments in China, and perhaps with an eye towards preparing the ground for a "rescue" if Nationalist forces do in the end launch a major attack

with inadequate resources, and find themselves in difficulties.

4. The re-equipment of the Nationalist forces, even according to the present limited organisation approved under the M.A.A.G. programme, is unlikely to be completed before 1954. Even if the Americans are working to a more optimistically timed schedule, the claims of the "hot" war in Indo-China (apart from Korea and other commitments), will act as a brake on deliveries of equipment to Formosa. A further period for combined training and thorough familiarisation with the new equipment will then be necessary before the Nationalist forces will be fit to take part in major offensive operations. On this assumption the counter-attack could hardly be staged before the early summer of 1954.

5. Within the next year or so, however, it is likely that we shall see some increase in the scale and frequency of Nationalist raids against the China coast and off-lying islands. Apart from military benefits, such raids particularly if successful, would be excellent propaganda in America. They would, moreover, have a good chance of success, owing to Nationalist local naval superiority and the difficulties facing the defence in the movement of reserves to the threatened area, owing to the poor lateral communications in the hinterland of the Fukien and Chekiang coasts. I should not expect such raids to be greater than a diversion in strength, or able to maintain themselves ashore for more than a week.

6. It will, perhaps, be useful at this stage to consider Nationalist action if they fail in their schemes to persuade the Americans to give them full support for a major counter-offensive. Although much of the following must be pure speculation, four possibilities suggest themselves. The first is that they may be pinning their hopes of salvation on a general conflagration. Many influential Chinese here do believe with apparent sincerity, in the inevitability of a third world war. If this conviction is shared by the Nationalist leaders, their present policy of building up as strong an army, navy and air

force as possible, for opportunist use, and preparing world opinion in favour of their reinstatement after victory, as the government of China, would be logical. The second is that, knowing their resources to be inadequate, they would still launch a counter-offensive in the hope that the Americans would be forced to come to their rescue. Any such situation would place an American Administration in an awkward dilemma, with the choice lying between entanglement in continental China, or abandonment of their Nationalist allies, on whose equipment and training so much American money has been spent. The third possibility is that a fanatical, almost mystical belief of the Nationalist leaders in success, will drive them to launch a counter-offensive, however poor the prospects may look to the onlooker in the cold light of reason. Although this course is unlikely, the possibility cannot be entirely discounted. And lastly, they may do nothing. Whilst such inaction is directly contrary to all the preparations and propaganda of the past three years, a policy of drift was characteristic of Nationalist leadership during their disastrous military campaigns against the Communists before abandonment of the mainland. Such a course, would, however, be heartily approved by the native Formosans.

7. From the above, it appears that, owing to the inherent weakness of the Nationalist military position, American future policy is of more importance than Nationalist plans, and that, provided "deneutralisation" is not the first step of a series of acts leading to full American support, there are good reasons to hope that the effects of this change of policy can be localised. You will be better able to judge the overall trends of American policy than I am. The following remarks are, therefore, offered from the limited view point of a local observer. Whilst it is early to expect any firm indication as yet, I suggest that Rankin's selection to fill the vacant ambassadorship is a favourable sign that the Americans have not thrown to the winds their policy of moderation. Whilst Rankin is no appeaser, he is equally a realist and takes a broad view of international politics. Moreover, he has a sympathetic understanding of Hong Kong's difficulties and of the rôle she has to play in the Far East. In this connexion I do not think Chase's hints in his recent interview with a *News Week* correspondent, of a Nationalist full-scale attack by the end of the year, should be given too much weight. They certainly were not made with official

sanction and probably represent nothing more than the personal opinions of a somewhat pugnacious fighting soldier.

8. The Americans, however, undoubtedly anticipate some benefits—even though limited in scope—from "deneutralisation." Apart from removing the grounds for the charge on the home front that they are "sheltering the Communists," they probably hope for some diversionary effects from a step-up of the tempo of Nationalist nuisance raids against the mainland (*vide* Bradley's remarks on the air in America). To this end we may expect American advice to be more readily available in planning such minor operations. They probably also regard the uncertainty created in Communist minds by the present situation to be, in itself, a useful weapon, and for this reason may not wish to dispel it by a firm statement of the future policy.

9. Personally, I find it hard to believe that American policy will be so modified as deliberately to commit American armed forces to the support of a major operation by Chiang Kai-shek for the recovery of the mainland. (There is, of course, the danger that they may be jockeyed into some such action (see paragraph 6 above). It is more likely, however, that the Americans will continue to regard the Nationalists as a useful reserve of military strength for opportunist use in the future if favourable conditions develop.

10. In conclusion, therefore, my feelings are that, whilst it cannot be denied that "deneutralisation" slightly increases the danger of spreading the war in the Far East, the Nationalists on their own, and without an augmented scale of aid from the Americans, are not likely to be able to produce a threat so serious to the C.P.G., that the Russians would feel called upon to intervene in the struggle—*e.g.*, to sponsor submarine attacks on Nationalist sea communications, or air attacks on military targets in Formosa.

11. The development of American policy will thus be the key to the future. At this end, useful pointers would be the delivery of "invasion" equipment such as landing craft, bomber aircraft, &c., American approval of an increase in strength, or significant organisational changes in the Nationalist armed forces, particularly in the navy and air force, the stationing of American air squadrons on Formosan airfields, and marked increases in the strength of M.A.A.G. and perhaps Western enterprises. These points will be watched carefully and reported.

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76. RBE
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TRANSMITTAL SLIP

TO: The Under-Secretary of State
for External Affairs, Ottawa
FROM: The Canadian Embassy,
Washington, D.C.

February 24, 1953.

Despatching Authority ..J.J. McCardle.

Copies

Description

5

Bill H.R. 3066 of February 16: "To provide naval assistance to the Republic of China in the augmentation of a naval establishment, and for other purposes".

83D CONGRESS
1st Session

H. R. 3066

IN THE HOUSE OF REPRESENTATIVES

February 16, 1953

Mr. Cole of New York introduced the following bill;
which was referred to the Committee on Armed Services

A BILL

To provide naval assistance to the Republic of China in the augmentation of a naval establishment, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
That, notwithstanding the provision of any other law, the President of the United States is authorized, whenever in his discretion the public interests render such a course advisable, or will assist in relieving the Armed Forces of the United States of military and other duties in the Far East, China, and Formosa and the seas contiguous thereto or putting the Government of the Republic of China in better position to protect, defend, or improve the safety of navigation in its waters, to provide the Republic of China such naval services, training, plans and technical advice as he may deem proper.

SEC. 2. The President of the United States is authorized, for the purposes described in section 1, upon

application from the Republic of China, and whenever in his discretion the public interests render such a course advisable, to transfer, dispose and deliver naval vessels of the destroyer type not to exceed six in number and assorted minor miscellaneous craft not to exceed one hundred in number under the authority of this Act, together with such floating drydocks of sufficient capacity to accommodate destroyers and such material necessary for the operation and maintenance of the vessels and craft transferred under the authority of this Act, and for the training of the crews of such vessels and craft, to the Republic of China by sale, exchange, lease, gift, or transfer for cash, credit or other property, with or without warranty, or upon such other terms and conditions as he may deem proper: Provided, That vessels transferred under the authority of this Act shall be reported annually to the Congress of the United States: Provided further, That no information, plans, advice, material, documents, blueprints, or other papers bearing a secret or top secret classification shall be communicated, transmitted, or disposed of under the authority of this Act.

SEC. 3. The provisions of this Act shall terminate three years after the date of its enactment.

EX 182A

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OTTAWA FILE
No. 50243-40

77/77
SECURITY CLASSIFICATION
UNCLASSIFIED

Letter No. 190
Date... February 19, 1953

24 FEB 1953

FROM: The Canadian Embassy, Tokyo

TO: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference.....

Subject: Mr. Pearson's statement

*Mr. Pearson's statement
to the Minister
of External Affairs
(copy of
the Minister's
statement
of Feb 17
sent Tokyo
by airmail
Feb 20)
MC*

I suppose it is not necessary to drop you this note as in all probability you will be attending to this matter anyway. However, I quote below a very brief newspaper reference to a speech made by Mr. Pearson:

Japan News, Wednesday, February 18

"Ottawa, Tues. - Canada "regretted" the U.S. decision to deneutralize Formosa, External Affairs Minister Pearson said yesterday."

There was a little more in last night's paper but not enough to give us any idea of what was said.

2. If you have not already sent us a copy of Mr. Pearson's speech, I would be very pleased if you would do so.

3. The subject of the deneutralization of Formosa and the blockading of the Chinese coast is a very live issue here. Mr. Pearson's address would give us the cue that is needed.

Copies Referred To.....
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No. of Enclosures
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Post File
No. <u>210-3-11</u>

Done 20 Feb MC

Rob Mayhew
The Embassy

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EXTERNAL AFFAIRS
REF ID: A66544

1953 FEB 23 PM 3:44

[Handwritten signature]

TO: DIRECTOR, FBI
FROM: SAC, [illegible]
SUBJECT: [illegible]

RE: [illegible]

DATE: [illegible]

[illegible]

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FEB 23 1953

SEARCHED
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FEB 23 1953

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE OFFICE OF THE HIGH COMMISSIONER...
FOR CANADA, LONDON

Reference: Our letter No. 260 of February 3.

Subject: Situation in Formosa

Security:.....CONFIDENTIAL.....

No:.....436.....

Date:.....February 18, 1953.....

Enclosures:.....

Air or Surface Mail:....Air.....

Post File No:.....

Ottawa File No.	
50295-40	
77	77

*file on 50056-A-40
RBE*

References

*Original on 50056-A-40
→ 11578-9-40*

We have received from the Foreign Office the following situation report from the United Kingdom Consulate in Tamsui for the period 21st January to 3rd February:

"Central Government: In congratulatory message to Eisenhower on his inauguration, Chiang Kai-shek expressed faith that new administration would further promote traditional friendship between United States and "China". In interview with A.P. correspondent, Chiang said inaugural address reflects courage, confidence and determination and "contained many ideas I have cherished for years".

"2. In a statement issued after Eisenhower's "State of the Union Message", Chiang Kai-shek welcomed "denuclearisation" as a reasonable and enlightened move, adding that he would not look to foreign ground forces to assist Nationalist China to recover the mainland. Other inspired comment is on lines that large scale operations will not be militarily feasible for at least another year.

"3. Silo road bridge over Cho Shui River opened to traffic 28th January. Bridge, which is nearly two kilometres long and was built largely with MSA Aid, completes west-coast trunk road and establishes all-weather road communication between north and south of island.

"4. Provincial: On 21st January, Provincial Assembly approved balanced Provincial Government Budget for 1953 at N.T.\$ 1,070,910,978. Largest contribution to revenue remains Monopoly Bureau at estimated N.T.\$ 485 million.

"5. Departures: 27th. Brigadier-General McDonald Deputy Chief M.A.A.G. for Tokyo. 29th. Admiral Ma Chi-chuang for United States on one month's inspection tour of naval installations. 35d. Ryugo Hashimoto, Japanese Liberal Congressman for Tokyo after 3 days goodwill visit."

Internal
Circulation

Distribution
to Posts

(Signed) H. R. HORNE

Canada House

*file on 50056-A-40
RBE*

FIRST DRAFT OF ARTICLE
FOR EXTERNAL AFFAIRS BULLETIN

F O R M O S A

The island of Formosa might be termed the "Emerald Isle of the China Sea". Although, like Ireland, it is possessed of a luxuriant physical beauty, its history has been marred by jurisdictional disputes and turbulent rebellions. In the 17th century, there was a Chinese saying which summed up the situation in Formosa: "Every three years a disorder and every five years a rebellion". That quotation is still applicable to Formosa today.

Physical Geography, Products of and Ethnic Groups in Formosa

Formosa, or Taiwan, as it is called by the Chinese, is about four hundred miles south of the mouth of the Yangtze and a hundred from the mainland of China. It lies off the Chinese province of Fukien, from which it is separated by a strait from ninety to two hundred and twenty miles wide. The island is almost exactly bisected by the Tropic of Cancer and lies between 25°20' and 21°50' north latitude. It has a maximum length of 235 miles while its breadth varies from 60 to 80 miles. Altogether it covers an area of 13,836 square miles. It is about one-fourth the size of the State of Illinois, but with an equal population of around eight millions. Formosa constitutes the eastern escarpment of what was once the great Malayo-Chinese continent, and is connected by a submarine plateau with the Chinese mainland. The strategic importance of Formosa is obvious and it has been described as a stationary aircraft carrier poised between Japan and the Philippines, from which position it controls the sea lanes from North Asia through the south east to Malaya, Burma and India.

The backbone of the island, extending north and south, is formed of a range of densely wooded mountains, called by the Chinese Chu-Shan which rise to upward of 14,000 ft. of which the height of the highest known peak, Mount Morrison, is given as 14,720 ft. Eastward of this range lies a narrow strip of mountainous country, presenting to the Pacific Ocean a precipitous cliff-wall, with in many places a sheer descent of from 1,500 to 2,500 ft. The western side of the range consists of a single broad alluvial plain, stretching from north to south of the island, seamed by innumerable water channels and terminating at the coastline in mud flats and sand banks.

Apart from heavy rainfall in the northern, central and eastern portions of the island, the climate is not exceptional, since the insular position ensures a modification of the heat by sea breezes. Malarial fever is, however, prevalent in the north, and violent typhoons are very common at certain seasons.

The island is famous for the luxuriance of its vegetation and many of the hot house plants, such as orchids and azaleas, grow wild on the mountain slopes and in the valleys. Ferns, tree-ferns, camphor and teak-trees, pines, firs, wild fig-trees, bananas, bamboos, palms, indigo and other dye plants, tobacco, coffee and tapioca, all grow in profusion on the island. Forty-three species of birds are indigenous to the island. Fish is plentiful near the coast, but insects and wild animals are scarce. The main crops are rice, two crops of which are grown per year, sugar cane, tea, jute, sweet

potato, beans, and ground nuts. The chief minerals are coal, of which there is a large supply, gold, salt, petroleum, natural gas and sulphur. The principal exports besides camphor, of which Formosa controls the world market, are tea, coal, sugar, jute, hemp and dyewoods. Taihoku (or Taipei), in the north of the island, is the capital of Formosa and ~~the~~ Tamsui and Keelung are its principal ports. Tainan on the southwest coast is another important port.

The island is as beautiful as it is fertile. In 1590, Portuguese navigators sailing along the eastern coast were so taken by the precipitous, but wooded mountains and wild beauty of the shoreline that they marked the island in their log-book as "Ihla Formosa", meaning "beautiful island." From the other side, the Chinese, who can quite easily reach the western coast in their junks, were struck with the peaceful beauty of the inhabited and cultivated hillsides of western Formosa, and they called it "Taiwan", i.e. the "Terraced Bay", which is still the official designation of the island. Before the 16th century, peoples of Malayan or Polynesian origin, related to the peoples of Mindanao and Borneo, inhabited Formosa. The descendants of these head-hunting aborigines who show both Malayan and negrito characteristics, still live in Formosa. These aborigines, of whom there are about 146,000 living at the present time, live mainly in the mountainous slopes and even during the Japanese regime controlled about half of the physical surface of the island. They constituted a serious problem for the Japanese, and were enclosed by the Aiy^uer-Sen or guard-line, which extended for over 360 miles, of which over 230 miles were electrified. The aborigines are divided into two groups:

(a) The Jukuban, or "Subdued Savages", comprising over 500 tribes, who are civilized and have vowed allegiance to the government and who number about 116,000; (b) the Seiban, or "Wild Savages", who total about 30,000, comprising 146 tribes, of which by far the most untractable is the head-hunting Tayal group in the northeast. The camphor gatherers often had to be provided with police escort when venturing into the aborigine-inhabited camphor forests. In 1938, the population figures for Formosa were:

	Chinese	5,392,800	93.88%
	Japanese	308,800	5.37%
★	Foreigners	43,400	.75%
★	Almost entirely Chinese who are citizens of the Republic of China.		

N.B. These "Chinese" include the 146,000 aborigines and Chinese Hakkas related to the tribes of Kwangtung province in China. These have been supplemented since 1945 by 1,200,000 Chinese from the mainland, of whom about 600,000 are soldiers, 200,000 are civil servants and the rest are business men, professional people and intellectuals.

Early History

The island was known to the Chinese before the Christian era, but does not seem to have attracted any serious attention until the year 605 or 606 A.D. In the 14th century, several Chinese colonies were established in Formosa, but were subsequently withdrawn in the middle of the 17th century. From the 17th century on, Formosa has been under the jurisdiction, at various periods, of the Dutch, the Spaniards, the Chinese, the French and Japanese. At times, too, the island has been under the de facto jurisdiction of Chinese and Japanese pirates, a Hungarian nobleman, and a group of American merchants from Canton.

In 1624, the Dutch established a base, on the southeast shore, called Zeelandia, and maintained a settlement there for 37 years. From this centre, they extended their control over the hinterland, sent in missionaries and encouraged the people to plant sugar and develop camphor cultivation. The Dutch had established the key post of Batavia in 1619 and extended their operations into the rest of the East Indies, including Formosa, from there. In 1644, China was invaded by the Manchus, and the Manchu Ching dynasty supplanted the Chinese Ming dynasty. More than 100,000 Chinese escaped to Formosa, then known as a base of operations by pirates, both Japanese and Chinese. Thousands of other Chinese followed annually, mainly from the densely populated coastal provinces of Fukien and Kwangtung. Even today the predominant dialect of Formosa is Fukienese. In 1661 Chen Ch'eng-Kung (known in the west as Koxinga), one of the Ming leaders, escaped from the Manchus and landed at Zeelandia, with a fleet and an army of 25,000 men. The discontented Chinese on the island, combined with the Japanese and Chinese pirates, at once supported him and within a year, the Dutch gave up their control of the island. All evidence of Dutch influence soon disappeared. Koxinga managed to retain possession of the island for 22 years.

For a period of 200 years after 1683, Formosa was part of the Manchu empire. It was administered by a resident Commissioner of the Governor of Fukien Province, of which it is recognized as a prefecture. Although the Manchu officials maintained a garrison in Formosa of 10,000 to 15,000 soldiers, they were unable to suppress the practically continual ~~series of~~ rebellions.

Although Formosa was nominally under Manchu rule, many foreign adventurers and merchants tried to establish

their suzerainty over the island. John K. Fairbank, in his book, "The United States and China", relates an incident in the early 19th century concerning American interest in the island. Although in the period 1818 to 1824 the United States had extended its continental position to the Pacific Ocean, American diplomats, sheltering behind the Monroe Doctrine of 1823, were profoundly uninterested in transpacific expansion. In Formosa, American merchants from Canton explored the island, built a port, raised the Stars and Stripes, loaded some 78 vessels with cargoes worth half a million dollars and got the American Commissioner to China to advocate the American annexation of Formosa. The ambitious plans of these American adventurers, however, were doomed to disappointment, since the State Department did not even dignify the proposal with a reply.

By the treaty of Tientsin in 1858, Formosa was opened to trade with the West, particularly with Jardine Matheson and Company and Dent and Company, two British firms of Hong Kong. By the terms of this treaty, An-ping, Tainan, Takao and Tamsui were opened to foreign trade as treaty ports. In 1868, the British compelled the Chinese officials to abolish the camphor monopoly, to recognize the right of foreigners to travel and buy freely, the right of missionaries to reside and work on the island, etc.

In the 19th century, the island of Formosa became notorious for the piracy of its inhabitants and the ill-treatment they inflicted upon navigators, who chanced to be wrecked on their coasts. In 1869 marines from the German ship "Elbe" landed on the Formosan coast. After the inhabitants fired upon them, the Commander landed marines, destroyed the nearest village and killed those who did not escape. In order to obtain redress for the murder of a Japanese shipwrecked crew by aborigines, the Japanese Government

in 1874, undertook to take possession of the southern part of Formosa, asserting that it did not belong to China because she either would not or could not govern its savage inhabitants. Through the intervention of the British Minister in Peking, Sir Thomas Wade, war was prevented, the Japanese withdrew and the Chinese retained control. Ten years later, during the Franco-Chinese war over Tonkin, a French naval squadron under Admiral Courbet blockaded the island, and for a period of eight months in 1884 the French tri-colour was planted on the northern portion of the island of Formosa in the coal district of Keelung. As a result of these violent protests against foreign piracy, and because of the obvious strategic value of the island to foreign navies, in 1887 the island of Formosa was raised by Imperial decree from the status of being a prefecture of Fukien Province to the full rank of an independent province.

In 1895, China was defeated in the Sino-Japanese war, and by the Treaty of Shimonoseki, Formosa was ceded to Japan on the 18th April. The Chinese in Formosa were determined to prevent the island from becoming a part of Japan, and offered it to the British or to the French. The British, however, declined the offer. During the treaty negotiations, Li Hung-Chang, the Chinese plenipotentiary commiserated with the Japanese on their misfortune in securing sovereignty over the island, and pointed out that Formosa was not amenable to good government for the following reasons:-

1. Banditry could never be exterminated;
2. The practice of smoking opium was too deep-rooted and wide-spread among the people to eradicate;
3. The climate was unhealthy;
4. The presence of head-hunters was a constant menace to economic development.

Despite this pretended alacrity of the Chinese Government in Peking to rid themselves of the island, the Formosan people took affairs into their own hands and on May 23rd, 1895, they proclaimed the establishment of the Formosan Republic. It lasted only three weeks in the north, but in the south guerilla warfare successfully defeated the Japanese troops until November 18th. It took from four to six more years to subdue the guerilla fighters, whom the Japanese contemptuously called "brigands". These "brigands", however, were powerful enough to mount an offensive assault on the capital of Formosa, Taihoku (Taipeh) in 1900. The head hunters of the mountainous interior continued to be a problem until the Japanese were able to bribe them to lay down their weapons with salt, of which there was a dearth in the mountains, and which is still used as currency by some of the tribes.

In March, 1906, over 6000 persons were reported killed or injured in an earthquake in Formosa.

Although the Japanese Government put into force an immigration plan for Formosa to reduce over-population in the home Japanese islands, few Japanese farmers wished to emigrate to the Japanese empire in Korea, Formosa or Manchuria to compete with Korean and Chinese peasants accustomed to a still lower standard of living than the Japanese. The Japanese Government gave land, houses, roads, schools, hospitals, etc. on condition that all advances were to be repaid in ten years. Under this 1910 scheme, only 3,368 people were settled in three different regions. Even by 1938 only 308,800 Japanese were in Formosa. Most of the Japanese population, apart from official and military personnel, were found in the mining districts of the northeast and sporadically in the plantations along the western coast plain.

The first political party, organized on a modern basis against the Japanese in Formosa, was the Domekai, organized by Chinese from Formosa studying in Tokyo, which aimed at the abolition of some of the especially harsh laws in Formosa. In 1927, the Domekai's publication "Taiwan Youth" transferred to Formosa where it became the spearhead of the educational movement until it was suppressed in 1930. By 1928, the political movement had divided into two branches, the moderates centred around Bunka-Kyokai, which were strongly represented in the Taiwan Agricultural Cooperatives and the revolutionary Marxist organization closely associated with the Workers' Union (Taiwan Koyuso Remmei). In 1928 there began a new era of suppression by the Japanese Government in Formosa and the Marxist groups were the first victims.

During the early years of the Occupation after 1895, the Japanese were mainly preoccupied with the suppression of Chinese rebellions. For years, however, the war against the aborigines were carried on by regular detachments of the Japanese army. In 1930 a rebellion by several thousand aborigines was suppressed.

During the Second World War, the Japanese recognized the strategic value of Formosa and used it as a base of operations against South East Asia. The Japanese planes which bombed General MacArthur's troops in the Philippines were based on Formosa. The island was badly bombed by the Allies in the war and this has had a deterrent effect upon the economic recovery of Formosa since 1945.

Post Cairo Declaration History

During World War Two, President Roosevelt, Prime Minister Churchill and Chiang K'ai-Shek met in ~~Korea~~^{Cairo} to discuss post war conditions in the Far East. The Cairo declaration, subscribed to by the United States, the United Kingdom and China on December 1st, 1952, stated:

"It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the first World War of 1914, and that all the territories that Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China."

This promise was confirmed in the Potsdam proclamation by the same three powers (^{the} Soviet Union subsequently adhering) on July 26, 1945, in Article 8, which reads as follows:

"The terms of the Cairo declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine."

Thus the dismemberment of the Japanese Empire became one of the conditions enumerated in the Potsdam Declaration for the "unconditional surrender" of Japan.

On August 30, 1945, Chiang K'ai-Shek proclaimed Chinese sovereignty over the island of Formosa. The Japanese Instrument of Surrender, signed on September 2, 1945, was based on the Potsdam Proclamation and provided that the terms of the proclamation should be carried out. Immediately after V-J Day, the Chinese took over the island of Formosa as one of their provinces. On October 24th, as a result of an order issued on the basis of consultation and agreement among the Allied Powers concerned, the Japanese Forces in Formosa surrendered to the National Government of China, and on October 25th, the Chinese Governor-General was inaugurated in Taihoku (now called Taipei). The Chinese troops who landed on the island of Formosa were greeted initially with great enthusiasm by the native Formosans. Unfortunately, however, relations between the Taiwanese and the mainlanders steadily became worse. The maladministration and exploitation

of Formosa in the years immediately following the war has sometimes ~~made~~ this island appear to be more like a foreign colony won by conquest than a province returned to the motherland.

Although the reparations payments actually made by Japan were small, all the Japanese assets located in allied countries or liberated areas became the property of the country in which they were found. Thus, the Koreans and Chinese inherited vast capital investments built up over the decades by the Japanese Government and private investors in Korea, Formosa, Manchuria and China proper. The Japanese assets in Formosa were quickly appropriated by Chinese mainland officials.

The tension which mounted between the Taiwanese and the administration from the mainland, culminated in an incident on February 28, 1947, involving the mainland police with a native woman who was peddling cigarettes without the licence demanded by the Government's "Monopoly Bureau". This led to a series of clashes which resulted in most of the island coming under the control of Formosan leaders headed by a "Settlement Committee". Meanwhile, on March 8th, reinforcements arrived from the mainland requested by Chen Yi, the Chinese Governor. Armed trucks patrolled the streets and Formosan leaders were executed. Altogether by the end of March, 1947, at least 5000 people were killed and thousands more were imprisoned. Because of the disgust of some Kuomintang leaders on the mainland, ^{with this massacre,} ~~this demanded~~ Chen Yi's resignation, ^{was demanded} and on April 22, 1947, Nanking announced the appointment of Wei Tao-~~mi~~ng as the new Governor. The situation

quietened down but the basic underlying tension was not noticeably lessened.

In December, 1948, the Executive Yuan of the Nationalist Government, faced with the defeat on the Chinese mainland, evacuated to Formosa. By the end of 1948 most of the Chinese Navy and Air Force had been moved to Formosa. Chiang K'ai-Shek himself, went to Formosa, from Chungking in West China, after the defeat of the Nationalist Armies on the mainland, in 1949.

Dealing with the status of Formosa, President Truman issued this statement on June 27, 1950:

"The attack upon Korea makes it plain beyond all doubt that communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war. It has defied the orders of the Security Council of the United Nations issued to preserve international peace and security. In these circumstances the occupation of Formosa by Communist forces would be a ~~direction~~ threat to the security of the Pacific area and to the United States forces performing their lawful and necessary functions in that area."

"Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action I am calling upon the Chinese Government in Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations."

This neutralization of Formosa was a unilateral action by the United States Government and did not commit any other member countries of the United Nations.

On July 31, 1950, General MacArthur visited Formosa and had discussions with Chiang K'ai-Shek. This visit caused considerable criticism and so President Truman sent his personal advisor, Mr. Averell Harriman, to Tokyo.

On August 5th, General MacArthur's Deputy Chief of Staff, Major General A.P. Fox, headed a group of 22 officers and men who arrived in Formosa to set up a permanent liaison office between Chiang K'ai-Shek and Supreme Commander's

Headquarters in Tokyo. On August 24th, Foreign Minister Chou En-Lai of the Communist Chinese Government cabled to the Security Council demanding that it take action against "United States aggression in Formosa". On August 28th, President Truman ordered General MacArthur to withdraw a message he had sent to a Chicago meeting of the Veterans of Foreign Wars. General MacArthur had laid great stress on the military importance of Formosa. If it were held by an enemy, he said, it "could be compared to an unsinkable aircraft carrier and submarine tender ideally located". In a press conference on August 31st, President Truman said that it would not be necessary to keep the United States Seventh Fleet in the Formosan Straits after the end of the conflict in Korea. ~~Subsequently, on October 16th, President Truman met General MacArthur on Wake Island.~~

On September 29, 1950, the Security Council voted 7 to 4 in favour of inviting Chinese Communist Delegates to participate in its Debate on the Allegation of American "Armed Invasion" of Formosa. On October 3rd, General MacArthur's Far East Command Survey Mission to Formosa was given orders to wind up its business and return to Japan immediately. Subsequently, on October 16th, President Truman met General MacArthur on Wake Island. On November 27th, representatives of the Chinese People's Republic attended a United Nations meeting for the first time, but only because of the special invitation agreed to above.

On December 8, 1950, following a conference in the United States, a joint communique by President Truman and Prime Minister Attlee ^{was published} saying: "On the question of Formosa, we have noted that both Chinese claimants have insisted upon the validity of the Cairo Declaration and have expressed reluctance to have the matter considered by the United Nations. We agreed that the issues should be settled by peaceful means and in such a way as to safeguard the interest of the people

of Formosa and the maintenance of peace and security in the Pacific, and that consideration of this question by the United Nations will contribute to these ends." However on December 16th General Wu Hsiu-~~Chün~~^a, the leader of the Chinese Communist Delegation, in a press conference at Lake Success, rejected the cease-fire proposal put forward by the United Nations Assembly and said that the Chinese terms for peace in the Far East were the withdrawal of United States forces from Korea and Formosa and a seat in the United Nations.

Although armistice negotiations were inaugurated in July 1951, at Kaesong and subsequently at Panmunjom, the armistice negotiations did not deal specifically with the future status of Formosa. Early in the Korean war, Chiang K'ai-~~Shek~~ offered to send 33,000 Chinese Nationalist troops to Korea but this offer was rejected by the United Nations Command because President Truman did not wish to extend a collective police action against aggression in Korea into another all-out involvement in the Chinese Civil War. Today it is recognised by American military leaders that the most effective use for the Chinese Nationalist Forces would be in a "second front" operation on the mainland of China. This, in effect, would be the outcome of President Eisenhower's modification of the previous order issued to the United States Seventh Fleet in the State of the Union message on February 2, 1952.

United States Government Attitude to Formosa and the Chinese Nationalists

Two opposing trends are evident in American public opinion and in the Government's record in dealing with Formosa. The first group favours a policy of non-intervention in the Chinese civil conflict, i.e., a hands-off attitude regarding Formosa. This group considers that the Communist success on

mainland China should be recognised as an accomplished fact ~~for~~^{of} Far Eastern history. The internal weaknesses of the Kuomintang regime have led some American observers to write off the Chinese Nationalists as an effective weapon to contain or throw back the Communists on the mainland. These doubts were given their most explicit substance in the United States White Paper on China ("United States Relations with China", Department of State Publication 3573, Far Eastern Series 30, 1949*), issued in August, 1949. In Mr. Acheson's testimony before the Senate Group investigating the dismissal of General MacArthur, it was acknowledged that the State Department gave instructions → on December 23, 1949 to all its Foreign Service officers to inform the public that Formosa was of no strategic value, that the island was politically, geographically and strategically a part of China, and "in no way especially distinguished or important." It was the same philosophy that led President Truman on January 5, 1950 to make the following reference to Formosa:

"The United States will not pursue a course which will lead to involvement in the civil conflict in China. Similarly, the United States Government will not provide military aid and advice to the Chinese forces on Formosa."

The opposite trend has reflected the view that the Nationalist Government, with all its weaknesses, constitutes the chief potential ally of the United States in dealing with the Communist regime on the mainland which, because of its role in the expansion of Soviet power and influence in Asia, should be vigorously opposed. This view has been reinforced by the contention - first presented to the public in General MacArthur's controversial message to the Veterans of Foreign Wars on August 27, 1950 - that from a military viewpoint the safeguarding of Taiwan as an element in a chain of island bases ringing the Western Pacific is

essential to the safety of the United States. The report of improvements in the military, political and economic situation within Formosa has reinforced the position of those who advocated policies in line with these views. As a minimum, this group urges that Formosa be safeguarded against Communist attack and that the continuance of the Nationalist Government be ensured. As a maximum, they recommended that the troops of Chiang K'ai-Shek be assigned to reconquer the mainland, or, at least, to harass the Communist Armies in order to deflect Peking from hostile activities in Korea, Indo-China and elsewhere.

The first important victory for this second school of thought was the President's directive of June 27, 1950 neutralizing the island of Formosa. Although admittedly of an emergency nature tied to the conflict in Korea, this decision placed the direct weight of the American military resources behind the Nationalists in Formosa. This policy was reiterated in a State Department memorandum in August 1950 in which support was pledged to the Nationalist Government to oppose any U.N. action regarding China. This memorandum, in effect, gave unequivocal support to the Nationalist regime and left no doubt that the policy of "writing off" Formosa, as outlined in the note of December 23, 1949, had been reversed. This school of thought, of course, has recently received the blessing of President Eisenhower in his order modifying the task of the Seventh Fleet in the Formosan Straits, which in effect, may allow the Nationalists an opportunity to open a "second front" on the mainland of China.

Some Americans ~~have~~^{had} hoped that a third way could have been ~~be~~ found to avoid the dangers implicit in either of these courses. They looked hopefully to Hong Kong for evidence that Chinese liberals would form an effective Third Force which might be supported as a means of overthrowing the Communists

without placing any reliance on the Nationalists. Others felt that similar results could be achieved if Chiang K'ai-Shek could be replaced by some new, popularly chosen leader. Finally, some observers advocated a course of action that could lead either to the island being placed under some form of United States trusteeship, or to the local population being permitted, by plebiscite, to choose its own future destiny. However, none of these compromise proposals have received much support among American policy makers.

Regarding the future status of Formosa, in his testimony on June 1, 1951, before the Committees on Armed Services and Foreign Relations, Mr. Acheson outlined American policy as follows: "The President has stated that we are not prejudicing the future of Formosa. That is a matter which should be decided, he said, either in connection with the Japanese Peace Treaty or by the United Nations, and the view which has been taken more recently is that the United Nations is the appropriate place where it should ultimately be decided". Mr. Acheson admitted that this was a departure from the Cairo Declaration which guaranteed that Formosa would be returned to the Republic of China, but he felt that the literal implementation of this promise would cause some problems at the present time.

As for American aid to the Chinese Nationalists, during his speech to Congress of April 19, 1951, General MacArthur called for a policy which would permit the Nationalists to make a military contribution to the struggle against the Chinese Communists. Secretary of Defence, General George C. Marshall, subsequently told the Senate Committees, investigating MacArthur's dismissal, that the primary aim of the forces on Taiwan should be to prevent the island from falling under Communist ~~Control~~ rather than to carry out ^{aggressive} ~~aggressive~~ actions on the mainland. When Mr. Acheson appeared before the Senate Group he confirmed that American policy called for safeguarding the island from Communist control.

On May 18, 1951, Dean Rusk, Assistant Secretary of State for Far Eastern Affairs, declared that the Nationalist Government on Formosa "more authentically represents the views of the great body of the people of China" than the Communist regime in Peking. The State Department denied that the Rusk speech meant that the Administration was moving toward fuller support for Chiang K'ai-Shek. Nevertheless, it is obvious that since the Korean war the Americans have greatly extended their aid to the Nationalists in Formosa. In the 1951-1952 fiscal year, over \$300 million of American aid was extended to Taiwan. This amount represented a third of the total aid allotted to the whole Far East.

Chiang K'ai-Shek's Regime on Formosa and United States Aid to the Chinese Nationalists

Chiang K'ai-Shek's administration on Formosa has been the subject of much controversy. It must be recognized, however, that the super-imposition of nearly two million mainland Chinese upon the six million native Formosans was bound to cause problems. Six hundred thousand of the mainlanders are soldiers, two hundred thousand are civil servants and the rest are business men, professional men and intellectuals. This provides an obvious contrast to the native Formosans of whom ninety-five percent are peasant farmers. When Formosa was returned to the Chinese, there were three main groups who could have been utilized for Administration. These were: (1) "carpet baggers" i.e., Formosans who had returned to Taiwan with the mainland Chinese; (2) Japanese trained administrators who were barred from office; (3) mainland Chinese officials. Many of the Formosan leaders who might have been integrated into the Administration were killed by the Nationalists in retaliation for the March 1947

insurrection. When K.C. Wu, the former Mayor of Shanghai, became Governor of the Province, he enlarged the Provincial Commission to include seventeen Formosans out of a total of twenty-three.

The Nationalist Government of Formosa has failed to give either the native Formosans or the mainland Chinese expatriates a greater degree of democracy. The individual citizen still lacks legal protection against the crudity of military justice. In an effort to stamp out Communist subversion, the Nationalists have developed several powerful secret police organizations who conduct house-to-house searches and have jailed several thousand people without the benefit of public trial. Although several "paper reforms" have been instigated to correct these abuses, the military and police still lack respect for civilian authority. The same lack of respect for the rule of law was seen at the local elections carried out in Formosa last year. When, on the first balloting in the South, it was obvious that native Formosans were winning most of the contests, the Kuomintang moved in on the subsequent elections in the North and there its candidates usually won.

Although some in the Nationalist Cabinet wish to build a genuine democratic society, the members of the Kuomintang Reform Committee, whose members are appointed by Chiang K'ai-Shek and who possess most of the real authority on the island, are more concerned with discipline and control in the party than in democracy. The Nationalists, as do the Chinese Communists, subscribe to the theory of a "democratic centralism". The ordinary Chinese on Formosa, though dissatisfied with their lack of political outlet, do not possess the ideas and education to help themselves. The Japanese introduced universal primary education on the island and taught the Formosans just enough to enable them to understand police orders, but excluded all "dangerous

thoughts" - such as democracy - from the school curriculum. The vigorous intellectual life that characterized the refugee universities in free China during the Sino-Japanese war is not found today in Formosa. The Nationalist Government in Formosa has not provided a beacon light of democracy to serve as a rallying point for the ten million overseas Chinese in South-east Asia and the non-communists on the Chinese mainland.

The strength of Chiang-K'ai-Shek's armed forces in Taiwan in May 1951, was estimated by Fred W. Riggs, in his book, "Formosa under Chinese Nationalist Rule", ~~The forces in Formosa~~^{to} include the following:

Army (Ground Forces)	345,000
Navy	45,000
Airforce	70,000
Combined Service Forces	20,000
Political Officers & Garrison	120,000
	<hr/>
Total	600,000

It is probable that only between 200,000-300,000 of the ground forces could be turned into combat effectives. Although most of the Nationalist armies were lost on the mainland, practically the entire Ministry of Defence (the Chinese equivalent of a Pentagon) escaped to Formosa and added to the superabundance of Generals, Admirals and other officers. Many of the soldiers were ailing and aged men who had escaped to the mainland because they had been assigned to rear area service near the ports. The Nationalist Army managed to salvage about 1,000 obsolete tanks from the mainland. At the present time, the rations of the soldiers seem to be adequate, providing each soldier with 2,500 calories per day.

The Air Force in 1951 was said to number between 8-10 groups using perhaps 300-600 World War Two planes. These included fighters, C-47 transports and light bombers. However, in an article in the New York "Times" on April 2, 1951, Hanson Baldwin, the military analyst, said that only one-third of these planes were operational. The Navy in 1951 had about 70 major vessels - LST and destroyer escort type - and numerous smaller craft. About one-quarter of all Naval personnel were officers.

The Commander-in-Chief of the Chinese ground forces is, theoretically, General Sun Li-jen, a graduate of Virginia Military Institute who distinguished himself in the Burma campaign in World War Two under General Stillwell. However, he has little real authority and is largely limited to supervising the training of the men. A corps of political officers, commanded by the Generalissimo's eldest son, Major-General Chiang Ching-Kuo, has its representatives in almost every unit of the Army. This "political commissar" reports directly to his father and thus by-passes the Army Commander-in-Chief. While this system limits the opportunities for subversion, it also generates suspicion and intrigue and prevents the development of an effective chain of command. The problem of retiring over-aged Nationalist mainland troops and finding replacements is also an unresolved problem. The Ministry of Defence is reluctant to incorporate a large number of native Formosans into its armies.

On May 1, 1951, the United States Military Assistance Advisory Group was officially established on Formosa. M.A.A.G. now has about ~~2 thousand~~ ^{Six hundred} United States officers and men assigned to re-organize, train and equip Nationalist forces for the "defence of Formosa and maintenance of internal security". This group has now spent about

\$300,000,000, primarily for the purchase and shipment of arms, ammunition, vehicles, medical supplies, rations, uniforms and other specialized equipment. All Chinese requests for aid are screened by the American staff first. This United States group has made ~~real~~ progress in providing Formosa with proper airfields, an improved air warning system, modern harbour equipment and many of the other facilities needed for a military establishment. Recently, too, of course, United States military aid to Formosa has been speeded up, and such items as jet fighters have been promised to Chiang K'ai-Shek.

Prior to the Korean war, Formosa received about \$40,000,000 in the form of cotton, fertilizer, wheat, petroleum, medical supplies and other commodities from the United States. Since June, 1950, an additional \$250,000,000 has been appropriated for economic assistance to the Nationalist Government. Most of these funds have been used to cover the cost of essential imports, including cotton, petroleum, soya beans and chemical fertilizer necessary to maintain Formosa's agricultural production. Proceeds from the sale of these commodities are used to meet the Chinese Government's budget deficit, to finance construction of military facilities such as barracks and to meet local currency costs on other phases of the aid program.

The Mutual Security Agency finances the employment by the Chinese Government of the services of such technical experts as the J.G. White Engineering Corporation. On V-J day, electrical power production on Formosa had been reduced to about 50,000 kilowatts. By the end of 1952 it was six times that. Domestic production of chemical fertilizer, which reached 104,000 tons in 1951, was expected to increase by 50% in 1952.

However, the major "success story" of the Americans in Formosa is the work of the American and Chinese Joint Commission on Rural Reconstruction. This Commission was established under the provisions of the China Aid Act of 1948 and began its operations on the mainland. J.C.R.R. faced the agricultural problem of Formosa on four fronts: land reform, agricultural productivity, farmers associations and rural health. Already land rent has been reduced from approximately 60% to a maximum of 37.5% of the main crop, tenure has been guaranteed for a minimum of three years, and public land has been made available on terms the small farmer can afford. The output of rice has reached 1.5 million dollars annually - the highest in the island's history. The ~~peak~~^{pig} population has been raised from 1.3 million two and a half years ago to 1.9 million today. This is important news for the Chinese, who often calculated their standard of living by the number of days a month they can afford to eat pork. The J.C.R.R., with its 250 different projects in Formosa, is creating a peaceful social and economic revolution in Formosa's rural life.

Canada's Attitude Towards Formosa

The Japanese Instrument of Surrender, which was based on the Cairo and Potsdam Declarations, was signed by Canada ~~as a signatory nation~~ on September 2, 1945. The Canadian Government was notified of the de facto administration of Formosa by China through a note from the Nationalist Government of China in 1946, stating that Formosa was restored to Chinese sovereignty and that the Formosans had regained their Chinese citizenship, and through an agreement, signed with China, that the commercial modus vivendi with that nation covered all Chinese territories, including Formosa. The Canadian Government's attitude to Formosa was defined in the House of Commons by Mr. Pearson on April 1, 1952. He said:

"...At the moment we in the United Nations are pledged at least to try to make peace with Communist China over Korea; and negotiations for the first stage of making peace, the armistice stage, are now under way. That is what we are trying to do. Then, if we are successful in the first stage we are pledged to discuss other Far Eastern questions. We have taken that pledge in the United Nations. Should we now say that we will never allow Formosa to go back to Peking if they do not throw out their present government in China? Should we say that, especially when we have subscribed to international agreements recognizing Formosa as part of China, and when we recognize that now sovereignty legally resides in China? I suggest that that would be rigid, dead-end diplomacy, and not very wise diplomacy to follow at this time in this matter...."

"...Ultimately, of course, Formosa must be a question of international discussion and decision, preferably through the United Nations, as the Secretary of State for the United States has already intimated.

"In such a discussion, which I suppose must come ultimately, there are certain factors which should be taken into consideration by those responsible. The first--and possibly the most important factor of all, though it is very often overlooked--in our discussion of this matter is that the views of the Formosan people themselves should be taken into consideration. They are a people who have not known national freedom, who are in many ways quite separate from the Japanese and Chinese who have ruled over them. Second, consideration should be given to the character and policies of the government or governments of China which may be in power at that time. Fourth, of course, we cannot overlook the fact I have just mentioned, that legally Formosa is part of China. Both Chinese governments insist on that. It is about the only matter on which they are united. The dispute is over which government shall control Formosa."

The Secretary of State for External Affairs has expressed himself on several other occasions on this question. Following President Eisenhower's State of the Union message on February 2, 1953 which modified the Presidential directive to the seventh fleet, Mr. Pearson made a statement on Formosa in the House of Commons on February 5, 1953:

"With respect to the position of the Canadian Government, while we remain resolved to carry out our United Nations obligations in Korea, we do not think that the defence of Formosa, which has not been assumed by the United Nations, should be confused with the defence of Korea, which has. As I have mentioned on several occasions in the house, on May 15, 1951, on May 22, 1951, and on April 1, 1952, our consistent position has been that this island should be neutralized, so far as that is possible, while hostilities continue in Korea. Our view has been that the final disposition of Formosa should be a subject to be discussed at a conference on Far Eastern problems which should be held when the fighting ceases in Korea; and we strongly supported the statement of principles approved by the political committee of

the fifth United Nations general assembly which specifically provided for such a conference. In any decision regarding the future of Formosa, the wishes of the people there would naturally be a primary consideration.

In considering the possible effects of this recent action by the United States government, I should emphasize that on Far Eastern issues, as on other questions in which we are both concerned, the fundamental and long-term aims of Canada and the United States are similar, although naturally we may differ on occasions in our approach to specific issues and as to how these long-term aims can best be achieved.

Canadians of course know President Eisenhower well. They feel a deep gratitude for the services he has already rendered the free world, and have full confidence, I am sure, in his peaceful and constructive purposes. And I am convinced that one of these purposes - as it is the purpose of this government and this parliament and our country, and the purpose of the other governments who are now engaged in Korea - is to end and not extend the Korean war.

It should also be noted that in his statement President Eisenhower stated clearly that "This order implies no aggressive intent on our part." Nor should we, I think, assume that because of this order any large scale operations in the near future are likely to be undertaken by Chinese Nationalist forces on the mainland. The order does, however, rescind that part of the original order by which the United States seventh fleet would prevent any such operations.

The original order did give, I suppose, to the Communist forces in China a feeling of immunity from attack from Formosa, and this has become increasingly unacceptable to the people of the United States, as the Chinese Communists have continued their aggression in Korea and only recently rejected a resolution, approved by the present United Nations general assembly which could have ended the war there on acceptable terms. The United States Government has, therefore, found it necessary to take action to alter a situation which was considered to have no longer its original justification.

It is no doubt hoped that this change may keep more Chinese communists forces in China and hence have an advantageous effect on United Nations operations in Korea.

It would of course be another matter, as hon. members will be aware, if Chinese Nationalist raiders or invading forces were escorted or protected in their operations by the armed forces of other United Nations governments. We have no reason to believe, however, on the basis of any information available to us that any such development will take place, the consequences of which would be far-reaching.

We are not of course committed by, though naturally we are concerned with, the action taken in Washington in connection with this matter. The government will follow developments with the closest possible attention and take appropriate action to make our views known if and when the occasion so warrants. Meanwhile, I think it would be unwise and premature to jump to dogmatic or critical conclusions concerning the step taken by the United States government, and announced in a statement by President Eisenhower, which contained so much that was wise and heartening to us all."

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File No. 50056-A-40

EXTRACT FROM "THE MONITORING REPORT"
Published by Monitoring Service of the B.B.C.

File 6
RBE

Tuesday, Feb. 17, 1953.

POINTS FROM OTHER BROADCASTS

FROM NATIONALIST CHINA

A Voice of Free China broadcast from Taipeh, in English for North America, argued that the question of whether to blockade the Chinese mainland was "a military decision" and should be assessed in military terms. "It should not occasion any great political stir" among the allies of the USA, "principally Britain." The main argument against the blockade "used by Britain especially," was "the same this time as any other time, when either Josef Stalin or Mao Tse-tung may be displeased or British interests are at stake." Britain's main reason for clinging to a "pacifying" policy, despite the "many bitter lessons" and the "serious disadvantages" which she had experienced as a result, was "the fear of losing her chance of trading with Communist China and of displeasing the enemy to such an extent that he might flare up and start World War Three." The USA was not affected by these considerations, but had to take note of the fact that Americans were bearing the heaviest casualties and paying the bulk of the cost of the war in Korea. Asserting that a blockade would severely handicap Communist China's war effort the broadcast claimed: "With the blockade Free China will be able to shatter the Mao Tse-tung regime without the aid of UN troops." The talk concluded: "Perhaps the most unjustified thing in considering the blockade is the fear that Russia will enlarge the war. Those who adopt this line of thinking really underestimate Stalin. Whenever Stalin wants a war there will be a war."

Far Eastern Div./H.H. Carter/mbm

February 14, 1953.

SECRET

*File 77
HMC*

MEMORANDUM FOR THE UNDER SECRETARY (through Mr. Mackay).

file on 50056-A-40 RBA

Modification of orders to the U.S.
Seventh Fleet

*50243-40
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Attached for your signature, if you concur,
is a self-explanatory numbered letter to our High Commis-
sioner in South Africa on this subject, in reply to his
attached Despatch No. 48 of February 2, 1953. We had not
previously sent the text of Mr. Pearson's statement of
February 5 to our Mission in South Africa as it is not one
of our Missions which are on the regular list for receiving
such material.

H. H. Carter

for Far Eastern Division.

16.2.26(us)

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Dossier

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No. of Pages/ Nbre de pages 1 both sides

Date February 13, 1953

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**MESSAGE FORM
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Security Classification		
UNCLASSIFIED		

**FROM: THE CANADIAN PERMANENT REPRESENTATIVE TO THE UNITED NATIONS,
NEW YORK.**
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

System EN CLAIR	No. 89	Date: February 12, 1953.
Priority	<u>Reference:</u> My telephone Conversation with Mr. Rae.	
Departmental Circulation MINISTER UNDER/SEC D/UNDER/SEC A/UNDER/SEC'S	<u>Subject:</u> Canada's Far Eastern Policy.	
Done _____ Date _____	<p>1. The following is the text of an article in the February 16 issue of Time.</p> <p>2. I may say that no one here is responsible for any of the quotations used in the article. I am sending this to you because the article which appears in the Canadian edition may differ from that which appeared in the American edition.</p> <p>"In matters of Far Eastern policy, Canada's External Affairs Minister Lester Pearson tends to see eye to eye with Britain's Anthony Eden and India's Jawarharlal Nehru. But last week, when both Eden and Nehru criticized the United States decision to end the Seventh Fleet patrol off Formosa (see international), Pearson cautiously parted company with them. Rising in Parliament, he said: "(The) statement by President Eisenhower...contained much that was wise and heartening to us all...Canadians know President Eisenhower well...and have full confidence.... in his peaceful and constructive purposes. And I am convinced that one of these purposes...is to end and not to extend the Korean war."</p> <p>Extension of the war might result, Pearson said, if Nationalist Chinese forces were to invade the mainland escorted by United States or other United Nations military units. But, he added, "We have no reason to believe.... that any such development will take place....meanwhile, I think it would be unwise and premature to jump to dogmatic or critical conclusions."</p> <p>Pearson's statement represented no fundamental change in Canada's Far Eastern policy. That policy, so far as it concerns China, is one of acceptance of the Communist conquest. Explains one Canadian diplomat: "The key word is passitivity."</p> <p>Actually, Canadian officialdom's views on China have changed reluctantly since the days when it was</p>	
References	Done _____ Date _____	

popularly believed that the Red Chinese were the sponsors of a humane land reform movement. Canada in 1950 was all set to recognize the Chinese Communist Government, and the Korean war upset the plan. Canadian diplomats now admit that Canada "would have looked awfully foolish and inept if we'd gone through with recognition". They also confess that they did not expect the Chinese Reds "to be as vicious as they become" in Korea. But disillusioned though they have been on some scores, Canada's China policymakers still look with cool distaste on the Nationalists in Formosa, still cling to their passive attitude toward Chinese Communism."

Original on
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Cross File EXT. 220
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MESSAGE FORM
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File No. 50056-A-40		
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Security Classification		
UNCLASSIFIED		

FROM: THE CANADIAN AMBASSADOR TO THE UNITED STATES.
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

System EN CLAIR	No. WA-358	Date: February 11, 1953.
Priority	<u>Reference:</u>	
Departmental Circulation MINISTER UNDER/SEC D/UNDER/SEC A/UNDER/SEC'S	<u>Subject:</u> President Eisenhower's State-of-the-Union Message. Addressed External Ottawa WA-358, repeated Permdel as No. 44. You may be interested in the following lead editorial in this morning's Washington Post entitled "Canada Keeps Her Head":- Begins: For realism in foreign affairs as well as plain speaking when the occasion demands, one can usually rely upon our Canadian friends. It is significant that President Eisenhower's State of the Union message, particularly the passage on Formosa, aroused in Canada little of the uneasiness reported from parts of Europe. Perhaps the general approval of the President's address was due to its forward-looking nature and to the trade and tariff program held out by Mr. Eisenhower. With respect to the release of Chiang Kai-Shek's forces for raids on the Chinese mainland, however, one may suspect that the Canadians understood at the outset that the move was primarily psychological. As G.V. Ferguson of the Montreal Star pointed out in this newspaper on Sunday, there is increasing agreement in Canada with President Eisenhower's point that a state of "paralyzed tension" in Korea cannot be prolonged indefinitely. In part this agreement, no doubt, stems from Canada's own casualties in Korea; but in larger part it stems from a genuine effort to understand the American predicament. This does not mean that there would be Canadian support for a unilateral blockade of China by the United States; it does mean, however, that the Canadians may be sympathetic with a carefully thought out plan to get the Korean involvement off dead center. It is important for the United States to cultivate that understanding, not only through	
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consultation on foreign affairs, but also through expediting such other matters of common concern as customs simplification and the new St. Lawrence Seaway bill. Ends.

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OTTAWA FILE
No. 50293-10

77/77
SECURITY CLASSIFICATION

CONFIDENTIAL

Letter No. 174

Date.. February 11, 1953..... *W. L. Carter MC*

19 FEB 1953

FROM: THE OFFICE OF THE HIGH COMMISSIONER FOR CANADA, NEW DELHI
TO: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference.. My telegram No. 37 of February 10, 1953.....

Subject:.... President Eisenhower's statement on the neutralization...
of the 7th Fleet.

Donated 5/1/53

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Post File
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To see *R. K. Nehru*
for file

The confidence expressed by Mr. R.K. Nehru, and reported in my telegram under reference, that President Eisenhower's statement, since it was prompted primarily by domestic considerations, did not presage an extension of hostilities in the Far East, is not shared by the Indian press. With the notable exception of The Hindustan Times which closely reflects government views, the press has reacted sharply in exasperation and alarm. Editorial comment has been heavy and almost all papers have roundly condemned the President's statement on the grounds of the consequences that they think are likely to flow from it, and which they confidently believe to be an extension of the war in Asia. "United States in the Saddle", (Free Press Journal, Bombay, February 7); "Extension of Hostilities", (Amrita Patrika Bazar, Calcutta, February 9); "Mid-winter Madness" (The Times of India, Bombay, February 4, a paper usually friendly to the United States); these are typical headlines on the editorial pages.

2. As with the initial reaction to the results of the presidential election, however, (see my despatch No. 1278 of November 12, 1952) second thoughts may well be calmer. There is often a tendency in the Indian press to belabour the Americans for their failure to act in international affairs in the way in which the Indians would act, and the more cautious notes sounded by The Hindustan Times and The Hindu suggest that the initial reaction has been perhaps unnecessarily panicky.

3. The Hindustan Times, in its issue of February 2, heads its editorial "A Major Change" but reaches the following conclusion:

"With the failure of the last Indian effort to bridge the gulf between the two sides over the prisoner-of-war issue, hopes of a Korean settlement began to fade slowly. The latest American decision will be taken everywhere as a sign of deterioration in the international situation rather than as a step towards ending the war in Korea quickly and establishing peace. The best the outside world can hope for is that the withdrawal of the Seventh Fleet may not be followed immediately by any decisive step either by the Nationalist Government in Formosa or by the People Government of Peking. Meanwhile, an American clarification of a reassuring character is called for."

The Hindu in its issue of February 3 regards the proposal to neutralize the 7th Fleet as "highly disturbing"; but its editorial is measured and concludes thus: "A military deadlock has been reached in the Korean war. Peace-loving nations would prefer to seize the chance to arrange a truce rather than to break the deadlock by opening a new war front".

4. Mr. Aneurin Bevan, who arrived in Delhi on February 10 and is a guest of the President at Rashtrapati Bhavan, has given an interview to the press in which he is reported as stating, inter alia, that "the unilateral action of the United States was unfortunate in the extreme and has had a bad effect on Anglo-American relations". This item has been given wide publicity in the press.

5. Official government reaction both to President Eisenhower's statement and to the Chinese proposals reported in the Indian papers of February 5 has been extremely guarded. In fact, when it was reported that at a conference of State Governors and Rajpramukhs held here last week-end, Mr. Nehru and Dr. Radhakrishnan had both expressed alarm over President Eisenhower's statement, the Government issued a sharply worded denial. The speech of the President at the opening of Parliament on February 11, contained the following statement:


"This war continues not only to the utter misery and ruin of the people of Korea, but also as a focus of danger for the rest of the world. Certain statements recently made, and the consequences that might flow from them in extending the war in Korea, have caused considerable apprehension in the minds of people all over the world. My Government has viewed these developments with grave concern. I trust that any tendency towards an extension of the war which has already brought disaster in its train, will be checked and the minds of nations and peoples will be turned towards a peaceful approach to these problems. My Government will continue to work to this end and will pursue a policy of friendship with all countries without any alignment with one group of nations against another."

Office of the High Commissioner

Office of the High Commissioner
for the United Kingdom,
Earncliffe,
Ottawa.

C.A. Ronning.
With the Compliments of
N. Reddaway.

10th February, 1953.



EXTERNAL AFFAIRS
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1953 FEB 10 PM 4:45

275 Albert Street, Ottawa, Ontario

Telephone: 5-7291

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TO EDITORS: This article is offered to you for EXCLUSIVE use in your city.

International Commentary No. 6

FORMOSA - A TACTICAL DISAGREEMENT

by
W.N. Ewer

*File 76 } .18
(nothing new)
H. Carter
file on 50056-A-40 11 Feb 1953
RBE*

11 FEB 1953

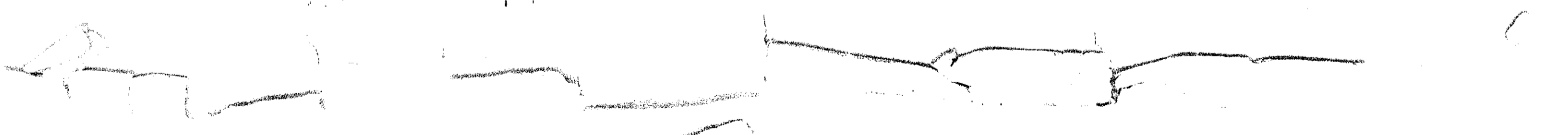
It would be foolish to underestimate the "concern" (the word is Mr. Eden's) which has been caused in the United Kingdom - and by no means only in the United Kingdom - by President Eisenhower's decision to dencutralise Formosa.

There is first, the fear that it is a step which may have "unfortunate political repercussions without compensating military advantages." And secondly, there is a certain dismay that an action of such importance, and of such potentially far-reaching implications should have been taken without consultation with either the British or any other Government. It is, of course, recognised that the original orders to the Seventh Fleet in 1950 were a unilateral action by the United States and that abrogation of the order was for the United States alone. The doubt that is felt is not about the propriety of the decision but about its wisdom and about its effects on the situation in the Far East as a whole.

But, equally, it would be foolish to overestimate the significance or the importance of the divergence of views between London and Washington which has once again become apparent in connection with Formosa. The divergence is a real one. But it is a disagreement on tactics, not on principle or objectives.

The passages in President Eisenhower's message which deal with the principles and the broad lines of international policy in the present world situation could be endorsed much as they stand by either the Government or the average citizen in this country: or, for that matter, in any other country of the free world. There is little or no dispute about the objectives of policy.

There is (as there has frequently been before) clear disagreement about the methods by which the agreed objectives should be sought. British public opinion questions the wisdom of the dencutralization of Formosa: just as on a previous occasion American public opinion, on the whole, questioned the wisdom of the action of the British Government in recognising the new regime in China, and of withdrawing recognition from



the Nationalist Government on Formosa.

It is true that some British critics today tend to take the view that it is not only unwise of the United States administration to do what it has done, but that it is in some way wrong of it to have acted without the prior consent and approval of its associates. Just as there were American critics who took the view that the British Government should not have recognised the Communist regime in Peking without the prior consent and approval of the United States.

But both groups seem to me to fail to realise the essential and inevitable character of a partnership between free democracies. Any such partnership must necessarily be based on fundamental agreement about principles and objectives. That is the only reason for its existence. But it cannot be based on and cannot require a complete uniformity either of opinion or of action on even important detail. It would be unthinkable that each or any member of such a partnership should claim the right to a veto on any action of any of the group. It would be equally unthinkable that any member should claim to dictate the policy or the decisions of any other.

An imposed uniformity is possible in a system of dictatorships in which one predominant partner can simply issue orders which its satellites are bound to accept and to obey. It is impossible in a system of democracies in which each Government is bound to act, and can only act, in accordance with the wishes of its elected Parliament. Democracy imposes both positive obligations and negative restrictions on the Government of any democratic state. That may at times seem to the impatient a nuisance or even a weakness. It is, in the long run, a source of strength.

But it does confront any association of democracies with problems which are not easily solved. It means that in any such association some Government will, at almost any moment, be doing something of which its partners disapprove, or will be failing to do something which its partners greatly desire. For any democratic Government which attempted to enforce on its own people against their will a policy laid down by even the closest and most friendly of allies must either cease to hold power or cease to be democratic.

Democratic institutions involve and require democratic control of policy, which, in turn requires independence in the taking of decisions. Such independence is perfectly compatible with the closest degree of consultation and cooperation in the pursuit of common objectives. But it also means that at times there will, inside the framework of cooperation, be marked and even sharp divergences of policy. They have to be accepted. For to attempt in any way to prevent them would be to invite worse evils. In this particular case of Anglo-American partnership no divergence of immediate policy

could be as fatal to the partnership itself as would be any feeling in the United States that American policy is being "dictated from London", or any feeling here that British policy is being "dictated from Washington". Democratic alliances can only be strong and stable if they are reasonably flexible, if honest differences between the partners are not only tolerated but understandingly accepted. In this case, where partners may have failed to convince each other on their respective points of view, there is agreement to disagree, which is always a spur to efforts to align policies as far as possible in future.

There is an old mediaeval precept, of unknown origin, which commends "in essential things unity, in doubtful things liberty, in all things charity". It seems the perfect motto for any association of free peoples. And it is remarkably apposite to the immediate situation created by the President's order to the Seventh U.S. Fleet.

EXT. 230

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**MESSAGE FORM
INCOMING**

File No.		
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Security Classification		
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**FROM: THE HIGH COMMISSIONER FOR CANADA, WELLINGTON, NEW ZEALAND.
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA**

System EN CLAIR	No.	Date: February 9, 1953.
Priority PRESS	<u>Reference:</u>	
Departmental Circulation MINISTER UNDER/SEC D/UNDER/SEC A/UNDER/SEC'S	<u>Subject:</u>	
Done _____ Date _____	<p>Following is text of Prime Minister's statement issued 2 p.m. today, Begins:</p> <p>We hope that any fears that may be entertained lest the withdrawal of the Seventh United States Fleet will directly or indirectly add to international complications or spread the present Korean conflict or increase the danger of another world war will prove to be unfounded. The right of the United States Government to take the decision announced by the President is not questioned. Mr. Nash has been good enough to consult with me about the statement he is making concerning the United States Government's decision in connection with Formosa. In turn, I have told Mr. Nash of the Government's attitude and I feel now that I should make it public. The Government has given much thought to the position and has so far not made statements one way or the other because of its desire to avoid misunderstandings and the creating of controversy at a time when the new American administration is in its first few weeks of office. In the absence of personal discussion with American statesmen, our knowledge of what is behind the President's decision can only be gleaned from official communications. The right of the United States Government to take the decision announced by the President is not questioned. All that requires to be said at this juncture is, I feel, that we hope that any fears that may be entertained lest the withdrawal of the Seventh United States Fleet will directly or indirectly add to international complications or to the spread of the present Korean conflict or increase the danger of another world war will prove to be unfounded. Of one thing I am certain and that is that nothing is further from the thoughts of the American President or his Government than any element of aggressive intent or any desire on their part to widen the area of conflicts. Ends.</p>	
References		
Done _____ Date _____		

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CHICAGO DAILY TRIBUNE
Monday, February 9, 1953
Part 1—Page 6 F

CANADIAN RADIO POURS SARCASM ON IKE'S POLICY

Calls Him 'Influenced by China Lobby'

BY EUGENE GRIFFIN
[Chicago Tribune Press Service]

MONTREAL, Feb. 8—The government radio poured sarcasm today on the Republican administration's foreign policy, particularly the release of Chiang Kai-shek's troops to attack the communist China coast.

James Minnifie, Washington reporter for the New York Herald Tribune, a Canadian, said President Eisenhower is being influenced by a "rainbow colored" group including the so-called "China lobby" and "isolationists."

Matthew Halton, the Canadian Broadcasting corporation's London "talker," expounded British complaints about the United States with quotations from the Daily Herald. He said State Secretary Dulles has been "terribly crude."

For its Ottawa talk in the "Capital Report" program, broadcast over the monopolistic national network, the CBC put on Charles Woodsworth, editor of the Ottawa Citizen, which has attacked Mr. Eisenhower's Formosa policy.

"Sop to People"

Woodsworth said today it was "a sop the Republicans have thrown the American people to fill election promises." The "unilateral" nature of the Republican administration's foreign policy was deplored by the radio speakers. They complained that the Republicans, unlike the Democrats, are unwilling to wait on the advice of other governments.

They recalled that the military

value of Canada's army. Its strength was estimated today at 600,000 men, which would be about

100 times Canada's token ground force in Korea. Canada has refused any combat air contribution.

The government is preparing for a debate in parliament this week on its position regarding shifting trends in American foreign policy. Many newspapers have conceded that Americans are entitled to some unilateral leeway in Korean war policy.

The Ottawa Journal, the paper most frequently quoted on the editorial pages of other Canadian papers, defended Mr. Eisenhower's Formosa decision again yesterday, and criticized "our Canadian Bevanites, some of whom seem to dislike the United States far more than they dislike Red China."

Talks Are Censored

"In recent times," it said, "too many among us have been influenced by these leftists with their petulant anti-Americanism."

Extent of government influence on radio opinion in this country is a subject of recurrent debate. The subjects of talks are approved before delivery, and critics have charged that only favored correspondents or commentators are hired regularly. To escape such criticism, the CBC recently has tried to fill some spots with speakers known to be independent.

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Mr. Carter
16 FEB 1953

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EXTERNAL AFFAIRS

EXTERNAL AFFAIRS
1953 FEB 13 PM 12:57

1953 FEB 13 PM 2:03

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CANADIAN PRESS BACKS UP U. S. IN FORMOSA STAND

The Tribune is the only newspaper in the world to cover Canadian news fully and fairly.

BY EUGENE GRIFFIN
[Chicago Tribune Press Service]

MONTREAL, Feb. 6—America's right to refuse to have its hands tied too much in the Korean war by European "allies" has been recognized with unusual unanimity in Canadian newspapers this week, following President Eisenhower's announcement that Chinese nationalists will be free to attack the communist mainland from Formosa.

"Much stress is placed by some upon what is called 'opinion in Europe' or the 'opinion of America's allies,'" the Ottawa Journal said. "Do such people ever think of the opinion of Americans?"

The paper rapped "this obsession of some Canadians with not offending Red China—of people who talk as tho we could offend Americans to our heart's content, but never, never utter a word to hurt a Red Chinaman."

Cites U. S. Battle Losses

The Montreal Star asked critics of the United States, especially India, to "take into account the steady drain of American blood on the Korean battlefields."

"Without United States support of the United Nations," the Star said, "there would be today no United Nations at all; without American armed strength, the North Koreans would long ago have established themselves over the whole of that unhappy country."

The Toronto Star said: "It is doubtful that continued failure of the United Nations to bring the Korean war to a satisfactory con-

CHICAGO DAILY TRIBUNE
Saturday, February 7, 1953
F★ Part 1—Page 7

clusion would strengthen the prestige of the U. N. in Asia."

Dulles Wins Support

State Secretary Dulles' warning to Britain and Europeans that they must unite their defense forces has received some support in Canadian papers, with exceptions taken that Britain should not be pushed into a European union because of its "commonwealth association."

"The new free world alliance must be an alliance in fact," the Toronto Globe and Mail said. "Unless Europe can adopt that attitude, no outside power, no matter how strong, can possibly underwrite her future security."

Most Canadian papers have acknowledged that American sacrifice in Korea has entitled the United States to disregard its so-called allies when necessary for military reasons. Canada itself has only a token land and sea contribution in Korea.

Nervous About Chiang

One of the few papers to criticize President Eisenhower's Formosa policy was the Ottawa Citizen, which called it a "headstrong action."

Public officials in Ottawa reportedly are nervous about the possibility that Chiang Kai-shek may extend the Korean war.

The Ottawa correspondent of the Montreal Gazette reported that members of parliament, particularly those who belong to the government's Liberal party, are critical of the new United States policy. He wrote that this critical attitude was shared by Lester B. Pearson, secretary of state for external affairs. Pearson said that Canada would make its views known whenever the occasion so warrants.

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NEW DELHI

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4, Aurangzeb Road,
New Delhi, India.

February 9, 1953.

TOP SECRET

Dear Mr. Nehru,

I attach two copies of a statement made by Mr. Pearson in the House of Commons in Ottawa on February 5 last regarding Formosa and the disposition of the United States Seventh Fleet. I think you may find the statement of interest.

For your private information, we have been informed by Mr. Pearson that he has gathered sufficient from recent discussions in Washington to believe that there is little ground for apprehension that the United States is contemplating pressing, at the resumed session of the General Assembly, for stronger measures against China. Mr. Pearson has suggested that you might wish to know this and also to know that he is encouraging this cautious line in Washington whenever he has an opportunity.

His best information leads Mr. Pearson to believe that the recent announcement by President Eisenhower concerning Formosa and the Seventh Fleet was prompted primarily by domestic considerations; that it does not presage any substantial alteration in the situation in that area; and that it is not meant to indicate that the Americans will facilitate any operations from Formosa or elsewhere which would widen the sphere of hostilities in the Far East. Mr. Pearson would be grateful if you could pass this information on to the Prime Minister.

Yours sincerely,
Richard Pearson

H.K. Nehru, Esq.,
Foreign Secretary,
Ministry of External Affairs,
New Delhi, India.

High Commissioner.

Text of statement made by Mr.L.B.Fearson, Secretary of State for External Affairs for Canada, in the House of Commons, Ottawa on February 5, 1953 regarding Formosa.

Mr. Speaker, on Monday last the Honourable Member for Vancouver East (Mr. Innis) addressed a question to the Prime Minister on that part of President Eisenhower's address to Congress on the state of the union which concerned Formosa. In replying at that time the Prime Minister indicated that more information might be available later in the week when it was hoped that a discussion on External Affairs would take place. That discussion cannot, I think, now take place until next week and I would therefore like to give information supplementary to that which was given by the Prime Minister on Monday.

I have had an opportunity, as have Honourable Members since Monday, of studying the text of the statement by the President of the United States to which I have referred. In that statement, Honourable Members know, the President announced the modification of the Presidential order to the Seventh Fleet issued by his predecessor on June 27, 1950. That order which was given, as the House will recall, shortly after the aggressive attack on South Korea, was in the nature of an instruction to the United States Seventh Fleet both to prevent any attack upon Formosa from the mainland and also to ensure that Formosa should not be used as a base of operations against the Chinese Communist mainland.

The order was issued, of course, before the large scale intervention by Chinese Communist forces in Korea and its objective was to neutralize Formosa in order to limit the hostilities arising out of the aggression of June 25, 1950 on the Korean Peninsula.

As the Prime Minister indicated on Monday, the original order was an action taken on the sole responsibility of the United States Government, just as the recent action modifying it with respect to what the President has termed the employment of the Seventh Fleet to "shield Communist China", was taken on the sole responsibility of the United States Government.

That, however, does not make the matter one of little or merely indirect interest to other countries including Canada.

With respect to the position of the Canadian Government, while we remain resolved to carry out our United Nations obligations in Korea, we do not think that the defence of Formosa, which has not been assumed by the United Nations, should be confused with the defence of Korea. As I have mentioned on several occasions in the House, on May 15, 1951, on May 22, 1951 and on April 1, 1952 our consistent position has been that this island should be neutralized, so far as that is possible, while hostilities continue in Korea. Our view has been that the final disposition of Formosa should be a subject to be discussed at a conference on Far Eastern problems which should be held when the fighting ceases in Korea, and we strongly supported the statement of principles approved by the political committee of the 5th United Nations General Assembly which specifically provided for such a conference. In any decision regarding the future of Formosa, the wishes of the people there would naturally be a primary consideration.

In considering the possible effects of this recent action by the United States Government, I should emphasize that on Far Eastern issues, as on other questions in which we are both concerned, the fundamental and long term aims of Canada and the United States are similar, although naturally we may differ on occasions in our approach to specific issues and as to how these long term aims can best be achieved.

Canadians of course know President Eisenhower well. They feel a deep gratitude for the services he has already rendered the free world and have full confidence, I am sure, in his peaceful and constructive purposes, and I am convinced that one of these purposes - as it is the purpose of this Government and this Parliament and our country and the purpose of the other governments who are now engaged in Korea - is to end, and not to extend, the Korean war.

It should also be noted that in his statement President Eisenhower stated clearly that "this order implies no aggressive intent on our part", nor should we, I think, assume that because

of this order any large scale operations in the near future are likely to be undertaken by Chinese Nationalist forces on the mainland. The order does, however, rescind that part of the original order by which the United States Seventh Fleet would prevent any such operations.

The original order did give, I suppose, to the Communist forces in China, feeling of immunity from attack from Formosa and this has become increasingly unacceptable to the people of the United States as the Chinese Communists have continued their aggression in Korea and only recently rejected a resolution approved by the present United Nations General Assembly which could have ended the war there on acceptable terms. The United States Government has therefore found it necessary to take action to alter a situation which was considered to have no longer its original justification.

It is no doubt hoped that this change may keep more Chinese Communist forces in China and hence have an advantageous effect on United Nations operations in Korea.

It would of course be another matter, as Honourable Members will be aware, if Chinese Nationalist raiders or invading forces were escorted or protected in their operations by the armed forces of other United Nations Governments. We have no reason to believe however on the basis of any information available to us that any such development will take place, the consequences of which would be far reaching.

We are not of course committed by, though naturally we are concerned with, the action taken in Washington in connection with this matter. The Government will follow developments with the closest possible attention and take appropriate action to make our views known if and when the occasion so warrants. Meanwhile I think it would be unwise and premature to jump to dogmatic or critical conclusions concerning the step taken by the United States Government and announced in a statement by President Eisenhower which contained so much that was wise and heartening to us all.



File No. 24/3/5

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OFFICE OF THE HIGH COMMISSIONER
FOR NEW ZEALAND
OTTAWA, CANADA

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(This information is
9 February 1953.
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R. A. MacKay, Esq.,
Assistant Under-Secretary of State
for External Affairs,
Department of External Affairs,
Ottawa, Ontario.

Dear Bert:

We have just received by telegram
the texts of statements made today by the Prime
Minister of New Zealand, Right Hon. S. G. Holland,
and the Leader of the Opposition, Right Hon. W.
Nash. I enclose copies for your information. I
am sending copies under separate cover to Chester
Ronning.

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Mr Ronning
11 FEB 1953

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Yours sincerely,

A. R. PERRY

Official Secretary.

Encls: 2

TEXT OF STATEMENT MADE ON 9 FEBRUARY 1953 BY THE
PRIME MINISTER OF NEW ZEALAND, RT. HON. S. G. HOLLAND

Mr. W. Nash, Leader of Opposition, has been good enough to consult with me about the statement he is making concerning the United States Government's decision in connection with Formosa. In turn, I have told Mr. Nash of the Government's attitude and I feel now that I should make it public.

The Government has given much thought to the position and has so far not made statements one way or the other because of its desire to avoid misunderstandings and creating controversy at a time when the new American administration is in its first few weeks of office.

In the absence of personal discussion with American statesmen our knowledge of what is behind the President's decision can only be gleaned from official communications.

The right of the United States Government to take the decision announced by the President is not questioned. All that requires to be said at this juncture is, I feel, that we hope that any fears that may be entertained lest the withdrawal of the 7th United States Fleet will directly or indirectly add to international complications or to the spread of the present Korean conflict or increase the danger of another world war, will prove to be unfounded.

Of one thing I am certain, and that is that nothing is further from the thoughts of the American President or his Government than any element of aggressive intent or any desire on their part to widen the area of conflict.

TEXT OF STATEMENT MADE ON 9 FEBRUARY 1953 BY THE
LEADER OF THE OPPOSITION, RT. HON. W. NASH

Whilst no one with any knowledge of the personality and work of President Eisenhower will question his sincerity or desire to maintain peace, there is justifiable concern regarding the decision to withdraw the United States fleet from their protective role between Formosa and China.

The United States must have the right to determine the role of its Navy, but when a decision affects the safety of the people of the nations and, in particular, a decision vitally related to the war between the United Nations and North Korea and China, it does appear that the nations concerned should have been consulted or advised before the decision was reached. No one understanding the whole position regarding the aggression against Southern Korea will question the correctness of the United States decision and the great contribution in lives and equipment of the United States with the support of the United Kingdom, New Zealand and other nations, but, major decisions that affect the United Nations and the supporting nations in Korea should not be taken without consultation. The action at present contemplated by the United States may set alight the fire which every lover of peace and freedom desires to avoid.

Far Eastern Div./H.H. Carter/mbm

February 9, 1953.

SECRET

MEMORANDUM FOR THE UNDER SECRETARY (Mr. MacKay to see)

Modification of Orders to U.S. Seventh Fleet - Australian View.

file on 50056-A-40
RBE

Attached is a copy of telegram No. 15 of February 7 from the Canadian High Commissioner, Canberra, which refers to a message from the Prime Minister of Australia to the Australian High Commissioner in London (repeated to Ottawa). We have received a copy of this latter message informally from a member of the Australian High Commissioner's Office, and I attach a copy of it. I think you will find this message of interest, as indicating some anxiety on the part of the Australian Government at the way in which their position regarding President Eisenhower's announcement has been interpreted by the Australian press. As outlined in this message from the Australian Prime Minister, their position seems, in fact, to be very similar to that adopted by our own Government and expressed in Mr. Pearson's statement on February 5 in the House of Commons.

*Noted
W*

2. I attach for your signature, if you concur, a short note to the Minister transmitting copies of these two telegrams to him.

*signed
W
sent
10-2-53*

H.H. Carter

Far Eastern Division.

- cc. ~~Minister's Office (Mr. Rae)~~
- ✓ Commonwealth Div.
- ✓ U.N. Division and Press Office,
- ✓ Washington,
- ✓ New York, London,
- ✓ New Delhi, Tokyo.

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February 9, 1953.

File 76
MRC

SECRET

MEMORANDUM FOR THE MINISTER

Modification of Orders to U.S. Seventh
Fleet - Australian View.

Attached is copy of telegram No. 15 of February 7, 1953, from our High Commissioner in Australia, which refers to a telegram sent by the Australian Prime Minister to the Australian High Commissioner in London. We have received a copy of this latter message from the Australian High Commissioner's Office here, and I attach a copy of it. I think you will find this message of interest, as indicating some anxiety on the part of the Australian Government at the manner in which their position regarding President Eisenhower's announcement has been interpreted by the Australian press. As outlined in this message from the Australian Prime Minister, their position seems, in fact, to be very similar to that expressed by you on February 5 in the House of Commons.

L.D.W.

L.D.W.

M
10-2-22(53)
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FILE COPY

February 9, 1953.

MEMORANDUM FOR HEADS OF DIVISIONS' MEETING

Mr. Carter.

Modification of Orders to the United States Seventh Fleet.

File to
50293-40
to
KBE

file 50056-A-40
KBE

On Monday, February 2, the Prime Minister made a short statement regarding President Eisenhower's announcement on this subject in his "State of the Union" message of the same date (see my Note for Heads of Divisions' meeting for Monday, February 2). The Prime Minister's statement stressed that both the original order to the Seventh Fleet of June 27, 1950, and the modification of that order announced by President Eisenhower, had been made "on the sole responsibility of the United States Government". He added that "the Canadian Embassy was informed about the forthcoming statement to be made by President Eisenhower, but it was not suggested that we should express our views about it." Later the Prime Minister indicated that a further statement would be made by the Secretary of State for External Affairs (who was not in Ottawa on February 2) when the Government had had more time to study President Eisenhower's announcement.

On Thursday, February 5, the Minister made a statement on this question in the House. The following are, perhaps, the most important excerpts from it:

"As the Prime Minister indicated Monday, the original order was an action taken on the sole responsibility of the United States Government, just as the recent action modifying it with respect to what the President has termed the employment of the Seventh Fleet to 'shield Communist China' was taken on the sole responsibility of the United States Government. That, however, does not make the matter one of little or merely indirect interest to other countries, including Canada.

"With respect to the position of the Canadian Government, while we remain resolved to carry out our United Nations obligations in Korea, we do not think that the defence of Formosa, which has not been assumed by the United Nations,

should be confused with the defence of Korea, which has. As I have mentioned on several occasions in the house... our consistent position has been that this island should be neutralized, so far as that is possible, while hostilities continue in Korea. Our view has been that the final disposition of Formosa should be a subject to be discussed at a conference on Far Eastern problems which should be held when the fighting ceases in Korea; and we strongly supported the Statement of Principles approved by the Political Committee of the fifth United Nations General Assembly which specifically provided for such a conference. In any decision regarding the future of Formosa, the wishes of the people there would naturally be a primary consideration....."

"We are not of course committed by, though naturally we are concerned with, the action taken in Washington in connection with this matter. The government will follow developments with the closest possible attention and take appropriate action to make our views known if and when the occasion warrants. Meanwhile, I think it would be unwise and premature to jump to dogmatic or critical conclusions concerning the step taken by the United States Government, and announced in a statement by President Eisenhower, which contained so much that was wise and heartening to us all."

On Tuesday, February 3, Mr. Eden made a short statement in the United Kingdom House of Commons terming the announcement by President Eisenhower "a unilateral decision by the new United States Administration to amend a unilateral decision taken by their predecessors." Mr. Eden added, "Her Majesty's Government were informed in advance by the United States Government and ^{we} made known their concern at this decision which they feared would have unfortunate political repercussions without compensating military advantages. This continues to be the view of Her Majesty's Government. It is important, however, to keep this matter in its correct proportion and perspective." (UNCLASSIFIED).

H. H. CARTER

Far Eastern Division.

COPY

MESSAGE FORM
INCOMING

File No.		

Security Classification
S E C R E T

FROM: THE HIGH COMMISSIONER FOR CANADA, CANBERRA, AUSTRALIA.
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

System CYPHER-O.T.P.	No. 15	Date: February 7, 1953.
Priority	<p><u>Reference:</u> Your telegram No. 15 of February 3.</p> <p><u>Subject:</u> Modification of Orders to the United States 7th Fleet.</p> <p>Prime Minister has sent cable to the Australian High Commissioner in London setting forth the Australian views on this subject. External Affairs Department suggest that you obtain copy from Forde to whom the message was repeated.</p> <p style="text-align: center;">-----</p>	
Departmental Circulation MINISTER UNDER/SEC D/UNDER/SEC A/UNDER/SEC'S		
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180 C

AIR BAG

HRH/JS

DUPLICATE

Original in 57293-48

OTTAWA FILE

No. ... *500567A-40*

77/77

SECURITY CLASSIFICATION

RESTRICTED

Despatch No. *332*

Date. February 7, 1953.

file 77

FROM: THE HIGH COMMISSIONER FOR CANADA, LONDON

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference. Our despatch No. 317 of February 6.

Subject: Formosa - press comment

It cannot be said that there has been any furor in the British press over the decision of the new United States Administration to amend the order to the Seventh Fleet.

2. The initial reaction of The Times has already been reported to you in our telegram No. 192 of February 3. Today The Times thought it necessary to make a strategic appreciation since Mr. Eisenhower's decision had so far been debated almost entirely in its political aspects. The Times thought that Mr. Eisenhower had probably puzzled the Chinese and that if the bulk of the United Nations forces in Korea had to fight their fiercest battle in the spring they would benefit from any cloud of mystery that could envelop Formosa.

3. From this point onwards The Times appeared to entertain certain vague doubts about attacks from Formosa itself. It pointed out that Formosa would probably have fallen into Chinese Communist hands (as the American authorities had expected in 1949) had it not been for the war in Korea. The State and Defence Departments in Washington were now agreed that Formosa must in no circumstances fall into Communist hands. Although the Nationalist forces were better equipped and trained than in 1950 they would need to be replaced if they were expended yet replacements could not easily be found by General Clark.

4. The Economist of February 7 thought that any change in the Far Eastern situation was bound to cause inflated hopes in the United States and exaggerated fears in Europe. In fact, however, neither decisive operations nor mortal dangers were to be expected from the kind of pinpricks that the Chinese Nationalist forces would be able to make. Mr. Eisenhower's decision really left the military situation very much where it was for raids against the mainland had been going on for some time.

5. In view of the state of American opinion, apart perhaps from that of the American Chiefs of Staff, The Economist expressed relief at the little that President Eisenhower had suggested in the way of new action. As a piece of sabre rattling it could hardly be milder.

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No. AR. 204/1.....

Copy to:
New Delhi
Washington

Pool type

6. Where opinion in the United Kingdom and elsewhere in Europe is concerned, The Economist thought that Mr. Eisenhower's mistake in the eyes of moderate critics was to have done so soon the kind of thing that immoderate opinion had been saying the Republicans would do sooner or later. Many people in Europe and Britain had the curious conviction that to resist aggression in Korea was right but to be tough with Communist China was wrong. Much of the alarm in the House of Commons was caused by the realization that attempts to conciliate Peking had proved futile and that President Eisenhower now believed the Chinese would be brought to terms only if they were weakened and worried by the kind of cold war methods used by themselves.

7. Here, thought The Economist, was the root of the matter: would the President's action hasten or delay the end of the Korean war? It was impossible to be certain. If the Chinese took the threat from Formosa seriously there might be a diversion of Chinese troops, but the diversion would be important only if the United Nations Command were planning a decisive offensive in Korea itself. Either, therefore, the Americans intended to make a serious business of the Nationalist raids or they intended to leave the Nationalists to do what they could with their own limited resources. Neither course offered a clear military advantage and both had the disadvantage of causing such vocal and visible differences between the United States and its allies that the Chinese and the Russians might well be encouraged to be more stubborn. This was precisely the point that Mr. Eisenhower and Mr. Dulles seemed to be disregarding.

8. But, concluded The Economist, the principle of the united front in psychological warfare had to be remembered in London and Paris as well. The President had to do something and his decision would not be reversed. The British aim should now be to make the best of a bad job and the first thing was to convince American opinion that their allies in Korea are doing everything they can to combat Communism and are not resigned to perpetual stalemate. It was also important that the American effort in Asia should be shown in its true proportions in relation to the French and British efforts in Indo-China and Malaya. The lesson of this Formosa incident was that it would be less necessary for President Eisenhower to appease opinion at home if the allies of the United States did more to impress it.

(Signed) H. R. HORNE

High Commissioner

P
Y

FROM: External, Canberra PRIORITY
TO: Crotonate, London (repeated to Austcom, Ottawa)
DATE: 6th February, 1953.
NO. 353
SX SECRET

File to file on 56056-A-40
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MK

No. 353. SECRET. For High Commissioner from Prime Minister, Formosa.

Australian press has suggested that Government has welcomed Eisenhower's announcement in his State of the Union Message that the Seventh Fleet will no longer act as a shield for Communist China. Press alleges that this welcome has been due to our assessment that withdrawal of ban on Nationalist operations would cause Chinese Communists to redispense their forces. Press has also suggested that Government has criticized United Kingdom attitude.

2. In order to make clear our position, please inform United Kingdom Government as follows.

3. It was clear from timing and terms of the notice to our Embassy in Washington regarding President's intention that United States decision to modify its policy was unlikely to be affected by any representations which we or others might make. However, (in any event) withdrawal of the ban on Nationalist operations would not in itself lead to any immediate major operations from Formosa. It seemed to us that public controversy could achieve no useful purpose and might well damage mutual confidence, arising as it would out of one of Eisenhower's first policy actions. In their public statements the Prime Minister and Minister for External Affairs have therefore stressed fact that Seventh Fleet was not at disposal of United Nations but was under direct command of United States Government.

4. United Kingdom Government will have noted, however, that Prime Minister in his statement yesterday mentioned that if the practical effect of American action were to extend hostilities, we would have a very material interest. It was ~~was~~ longer range implications which we felt should be examined urgently with United States Government and before President's message was delivered we instructed Australian

Done
9 Feb
MK

Ambassador in Washington to seek from State Department fullest information as to various possibilities this new situation might hold for United States and for others. State Department informed Ambassador that since Chinese could not engage in any substantial activities against mainland of China without a great deal of assistance from United States, Chinese Nationalist Government would, in practice, have to get United States consent for any large scale attack on mainland. It was implied that such consent would not necessarily cover small raids but a senior State Department official gave as his personal view that United States Government would keep Nationalists from doing anything "exciting" and that Chiang Kai-Shek would not embark on any major venture without consulting United States.

5. We thus have some limited assurance that United States does not intend to encourage Nationalist Government to take kind of action which might result in extensive hostilities between Nationalists and Chinese Communist Government and into which United States might be drawn. We, ^{are} of course, concerned at reactions in India, Indonesia and elsewhere in Asia. We are also concerned at other related action which United States might take or propose, such as use of Chinese Nationalist forces in Korea. We are giving consideration to an approach to United States to discuss such related questions and would welcome views of United Kingdom.

Ext. 180 C

AIR BAG

HRH/js

DUPLICATE

Original on 50293-40

OTTAWA FILE

No. *50056-A-40*

Despatch No. *317*

Date *February 6, 1953*

SECURITY CLASSIFICATION

RESTRICTED

FROM: THE HIGH COMMISSIONER FOR CANADA, LONDON

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference... *Our telegram No. 202 of February 4*

Subject: *Formosa*

As foreshadowed in paragraph 3 of our telegram, the official Opposition in the Commons Debate on February 5 argued that there should and could have been consultation before the new orders to the Seventh Fleet of the United States Navy were decided upon and announced, and that Mr. Churchill may have discussed Formosa on his American visit or have had some reason to believe that Mr. Eisenhower and Mr. Dulles were contemplating some such policy.

2. Mr. Herbert Morrison, who presented the case of the official Opposition, was on the whole moderate and reasonable within the limits of his argument. He disavowed any desire to befuddle or endanger Anglo-American relations and stressed the great importance of firm, friendly and close co-operation between the United Kingdom and the United States in promoting the peace, security and well-being of the world. He also denied that the Opposition misunderstood American feelings or that they sympathized with Communist aggression. But President Eisenhower had said that mutual security meant mutual co-operation and this surely meant mutual consultation between active partners for the promotion of good policies. The method which had been pursued in the case of Formosa was hardly consistent with that declaration.

3. Mr. Morrison tried without success to coax Mr. Churchill into disclosing what had been said in New York. He argued that Mr. Churchill's visit must be regarded as official and that as a matter of Parliamentary decency and constitutional propriety Mr. Churchill should tell the House whether he had discussed Formosa with Mr. Eisenhower or Mr. Dulles or whether he had asked that there would be effective consultation with the United Kingdom Government before any change in Formosa policy was announced.

4. On the substance of Mr. Eisenhower's decision Mr. Morrison thought that there was an absence of recognition that there were large and complicated political issues and consequences implicit in Mr. Eisenhower's statement that any military solution to the Korean war would inevitably affect certain other areas. Nor was there any recognition that the effective Government of China in office could not permanently be unrecognized

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Washington

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by the nations of the world and kept outside the United Nations. Noting perhaps the inconsistency between the cool reception given by the Labour Government to Mr. Truman's original order for the Seventh Fleet and the present anxieties of the Labour Opposition about Mr. Eisenhower's decision, Mr. Morrison said that, although the late Government had had their doubts about Mr. Truman's policy, there was much to be said for his action as time went on: it had limited the possibility of trouble between the Chinese mainland and Formosa and had been a contribution to the maintenance of peace in the Far East. President Eisenhower had announced a vital change of policy with what appeared to be almost an incitement to Chiang Kai Shek to attack the mainland in strength with an implied undertaking that the United States Navy would not interfere. The Chinese Nationalist forces had received great assistance from the United States and there could be an attack upon the mainland in strength. The consequence of such an attack would be, first, the risk of spreading the war in Korea, on which there had been common policy between the Truman Administration and the United Kingdom Government, and secondly, there was the question of what the United States would do if the Chinese Nationalists got into difficulties or were defeated. If the United States became directly involved in warlike activities against the Chinese mainland or against Chinese naval forces it would be wrong for British forces to become likewise involved. The United Kingdom, moreover, could tolerate no interference with British shipping. //

5. As was also expected, the Labour left wing adduced rather wilder arguments than its own front bench. Mr. Crossman argued that the way in which this issue was handled would set the standard for Britain's relations with the new United States Administration. If it were handled with strength and determination the unfortunate attempt to act unilaterally might not be repeated, but if the Foreign Secretary weakened, the new Administration might well adopt the principle that the difference between itself and Mr. Truman's Administration was that they told their allies whereas the Truman Administration had asked their allies' advice. The United Kingdom should now announce that it opposed the presence of Chiang Kai Shek's representative on the Security Council. If the present policy were not resisted now the United States would be sending armed Japanese onto the Chinese mainland.)

6. We should also add that Mr. Crossman made some attempt to understand American policy. He ascribed Mr. Eisenhower's decision to requirements of domestic policy and thought that the United Kingdom should be grateful that this was all the price that Mr. Eisenhower and Mr. Dulles had had to pay to settle with Senator McCarthy and the China Lobby. The United States had done something irresponsible but not mortally dangerous.

7. Mr. Eden in reply pointed out that Mr. Morrison had overlooked the fundamental difference between the circumstances of today and those when the original order to the United States Seventh Fleet had been made. Since that order had operated, China had become an aggressor in North Korea. The thought that the United States Navy was acting as a screen in protection of the Chinese People's Republic dominated American opinion and was an argument which could not be resisted whatever thoughts the House might have. ✓

8. Mr. Eden indicated that he had discussed this matter with Mr. Dulles in London and was convinced that Mr. Eisenhower's statement that the new order to the Seventh Fleet implied no aggressive intent on the part of the United States clearly stated the American attitude. The Government felt confident that they would develop the type of collaboration with the United States Administration which would make it impossible for any action which could have far reaching international reactions to be taken without having an opportunity of expressing views beforehand. He said he had chosen his words carefully and entirely on his own responsibility since no commitments could be entered into by Mr. Dulles on his present journey.

9. On the subject of Mr. Churchill's visit to the United States, Mr. Eden said that the Government had received an unofficial indication that the new Administration might at some time alter the orders to the Seventh Fleet. As a result of this the matter had been put in the notes given to Mr. Churchill before his departure. The results of Mr. Churchill's conversations had been reported to the Foreign Office but as Foreign Secretary he could not give any account of them since they were all private and confidential talks with people who had then no official position. All this did not affect the main issue which was that when the new Administration had stated what it proposed to do, the Government had made known its concern.

10. This debate was held on a Government motion for the adjournment and the Opposition did not divide the House.

for (Signed) H. R. HORNE
High Commissioner

Ext. 182 C

DUPLICATE

Original 50293-10

OTTAWA FILE
No. *50056-A-40*

77/77
SECURITY CLASSIFICATION
Confidential

Letter No. *259*.....

Date.. February 6, 1953.....

FROM: P. G. R. Campbell, Canadian Embassy, Washington, D.C.

TO: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference.. Attention: C. A. Ronning, Head of the Far Eastern Division.

Subject:... MODIFICATION TO PRESIDENTIAL ORDER TO THE 7TH FLEET
REGARDING FORMOSA.....

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Henry Brandon, Washington correspondent for the London Sunday Times, who has some reliable connections both at the State Department and the Pentagon, told me that the Joint Chiefs of Staff were not told about President Eisenhower's final decision regarding the new order to the 7th Fleet until Friday morning, January 30th, (the day when the decision was conveyed to Commonwealth embassies). According to Brandon the Joint Chiefs were rather disgruntled at this.

2. Presumably the matter was discussed by the National Security Council and the Joint Chiefs of Staff would have been aware of this. The reported manner of their learning the final decision, however, might lend weight to the belief that more significance was attached to the psychological aspects of the order than to the practical military results.

3. Tomlinson, of the British Embassy, told me that General Bradley, asked by one of the British military staff for his reaction to the Formosa decision, described it cryptically as "eyewash". This seems to give credence to Brandon's story, which I notice is also referred to by Marquis Childs in this morning's Washington Post. General Bradley's reported reaction anyway is in accord with his well-known views about the undesirability of becoming militarily involved in China (cf. his statement at the MacArthur hearings about the "wrong war in the wrong place at the wrong time").

P. G. R. Campbell.

*Under Secy W
We showed to the
Carpenter to help the
Australians informed
about our own
this subject P.M.*



*Mr. C. Fisher DUSSEA
Commonwealth Div.
Far Eastern Division
See Minister's
comments*

Noted
H.K.

OFFICE OF THE HIGH COMMISSIONER
FOR THE COMMONWEALTH OF AUSTRALIA,
OTTAWA.

SEEN
L.B. PEARSON
SECRET

6th February, 1953.

*file to please
50293-40 H.K.*

To	To
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Dear Mr. Pearson,

I am forwarding for your information a copy of a telegram dated 6th February, despatched by the Australian Prime Minister to the Australian High Commissioner in London. The telegram sets out the Australian Government's views, which have been misrepresented in some sections of the press, regarding President Eisenhower's announcement in his recent State of the Union Message that the United States Seventh Fleet would no longer restrain Nationalist Chinese assaults on the mainland of China.

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Yours sincerely,

P. M. Forde
(High Commissioner).

The Honourable L. B. Pearson, O.B.E.,
Secretary of State for External Affairs,
OTTAWA, Canada.

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EXTERNAL AFFAIRS

Statement by the Minister regarding Formosa, in the House
of Commons, February 5, 1953

On the orders of the day:

Hon. L.B. PEARSON (Secretary of State for External Affairs): Mr. Speaker, on Monday last the hon. member for Vancouver East (Mr. MacInnis) addressed a question to the Prime Minister on that part of President Eisenhower's address to congress on the state of the union which concerned Formosa. In replying at that time the Prime Minister indicated that more information might be available later in the week when it was hoped that a discussion on external affairs would take place. That discussion cannot I think now take place until next week, and I would therefore like to give information supplementary to that which was given by the Prime Minister on Monday.

I have had an opportunity, as have hon. members, since Monday of studying the text of the statement by the President of the United States to which I have referred. In that statement, as hon. members know, the President announced the modification of the presidential order to the seventh fleet issued by his predecessor on June 27, 1950. That order, which was given, as the house will recall, shortly after the aggressive attack on South Korea, was in the nature of an instruction to the United States seventh fleet both to prevent any attack upon Formosa from the mainland, and also to ensure that Formosa should not be used as a base of operations against the Chinese communist mainland.

The order was issued of course before the large-scale intervention by Chinese communist forces in Korea, and its objective was to neutralize Formosa in order to limit the hostilities arising out of the aggression of June 25, 1950 on the Korean peninsula.

As the Prime Minister indicated Monday, the original order was an action taken on the sole responsibility of the United States Government, just as the recent action modifying it with respect to what the president has termed the employment of the seventh fleet to "shield communist China" was taken on the sole responsibility of the United States Government. That, however, does not make the matter one of little or merely indirect interest to other countries, including Canada.

With respect to the position of the Canadian government, while we remain resolved to carry out our United Nations obligations in Korea, we do not think that the defence of Formosa, which has not been assumed by the United Nations, should be confused with the defence of Korea, which has. As I have mentioned on several occasions in the house, on May 15, 1951, on May 22, 1951, and on April 1, 1952,

our consistent position has been that this island should be neutralized, so far as that is possible, while hostilities continue in Korea. Our view has been that the final disposition of Formosa should be a subject to be discussed at a conference on Far Eastern problems which should be held when the fighting ceases in Korea; and we strongly supported the statement of principles approved by the political committee of the fifth United Nations general assembly which specifically provided for such a conference. In any decision regarding the future of Formosa, the wishes of the people there would naturally be a primary consideration.

In considering the possible effects of this recent action by the United States Government, I should emphasize that on Far Eastern issues, as on other questions in which we are both concerned, the fundamental and long-term aims of Canada and the United States are similar, although naturally we may differ on occasions in our approach to specific issues and as to how these long-term aims can best be achieved.

Canadians of course know President Eisenhower well. They feel a deep gratitude for the services he has already rendered the free world, and have full confidence, I am sure, in his peaceful and constructive purposes. And I am convinced that one of these purposes - as it is the purpose of this government and this parliament and our country, and the purpose of the other governments who are now engaged in Korea - is to end and not to extend the Korean war.

It should also be noted that in his statement President Eisenhower stated clearly that "This order implies no aggressive intent on our part." Nor should we, I think, assume that because of this order any large scale operations in the near future are likely to be undertaken by Chinese Nationalist forces on the mainland. The order does, however, rescind that part of the original order by which the United States seventh fleet would prevent any such operations.

The original order did give, I suppose, to the Communist forces in China a feeling of immunity from attack from Formosa, and this has become increasingly unacceptable to the people of the United States, as the Chinese Communists have continued their aggression in Korea and only recently rejected a resolution, approved by the present United Nations general assembly which could have ended the war there on acceptable terms. The United States Government has, therefore, found it necessary to take action to alter a situation which was considered to have no longer its original justification.

It is no doubt hoped that this change may keep more Chinese communist forces in China and hence have an advantageous effect on United Nations operations in Korea.

It would of course be another matter, as hon. members will be aware, if Chinese Nationalist raiders or invading forces were escorted or protected in their operations by the armed forces of other United Nations governments. We have no reason to believe, however, on the basis of any information available to us that any such development will take place, the consequences of which would be far-reaching.

We are not of course committed by, though naturally we are concerned with, the action taken in Washington in connection with this matter. The government will follow developments with the closest possible attention and take appropriate action to make our views known if and when the occasion so warrants. Meanwhile, I think it would be unwise and premature to jump to dogmatic or critical conclusions concerning the step taken by the United States Government, and announced in a statement by President Eisenhower, which contained so much that was wise and heartening to us all.

Mr. MacINNIS: May I ask a supplementary question. First, can the Secretary of State for External Affairs tell the house when a debate on this subject will be undertaken, whether the government was kept informed of this contemplated action on the part of the United States, and whether the government has been informed of any other action, in addition to this, in the same area?

Mr. PEARSON: So far as the first question is concerned, it is hoped that a discussion on external affairs may take place in the early part of next week, perhaps Monday or Tuesday. Replying to the second question, as the Prime Minister (Mr. St. Laurent) indicated last Monday, we were informed as a matter of courtesy about this United States unilateral action before it took place. We were informed on Friday last that this paragraph had been prepared for the President's message. We have no information about any possibility or likelihood of any subsequent action being taken by the United States Government.

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FROM: THE HIGH COMMISSIONER FOR CANADA, LONDON, ENGLAND
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

System CYPHER-AUTO	No. 202	Date: February 4, 1953.
Priority	Reference: Our telegram No. 197 of February 3.	
Departmental Circulation	Subject: Formosa.	
MINISTER UNDER/SEC D/UNDER/SEC A/UNDER/SEC'S	<p>Mr. Eden's statement that the government had made known its concern in Washington received the full support of the House and drew much of the sting from opposition criticism. The opposition had alleged that the American decision had created a new situation in the Far East. In the House their questions revolved chiefly around the issue of consultation. They suggested that the government's representatives in Washington had been made by a junior officer and in the absence of Mr. Dulles. They pressed Mr. Churchill to give any information about what had taken place in this matter during his recent visit to the United States. Finally, they pressed Mr. Eden to discuss the matter with Mr. Dulles who arrived in London yesterday.</p> <p>2. Churchill declined to disclose the substance of what he called his private and confidential talks in the United States. Eden agreed to discuss with Dulles what action, if any, would follow from the American decision.</p> <p>3. The government finally agreed to a debate on February 5. Judging from what has happened, the opposition line may be (a) that the United States Government has created a new situation without undertaking adequate consultation with its allies (b) that Mr. Churchill may have got wind of the change last month and had either agreed to it or let it go by default. The Labour Left Wing may also raise the ghost of what the new statesman called "McCarthy-McArthurism". Mr. Gaitskell indeed suggested yesterday that one of the most regrettable features of the matter was the harm that might be done to Anglo-American relations.</p>	
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Date		
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OFFICE OF THE HIGH COMMISSIONER
FOR NEW ZEALAND
OTTAWA, CANADA

SECRET

3 February 1953

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PBE

Dear Bert:

As promised yesterday, I set out the terms of the New Zealand comment on the decision of President Eisenhower that the Seventh United States Fleet will no longer shield the Chinese mainland from Nationalist attacks:

Our preliminary reaction to this change of policy is one of misgiving since we fear the effect may be to broaden rather than restrict the area of conflict with China. In return for a very doubtful military advantage it will, in our view, increase Chinese hostility and very probably Chinese resistance so that the United Nations objective of an early settlement in Korea will be retarded rather than expedited. Moreover, the Chinese may feel disposed to retaliate by intervention in Hong Kong. Our present feeling is that we should record regret at the decision on the grounds that it will prove prejudicial to the United Nations aims in Korea and to the early attainment of a final settlement in the Far East.

I should perhaps add that I interpret this as a preliminary statement of the New Zealand Government's views and the action which the Government takes will no doubt be guided by the attitude of other Commonwealth governments. I will let you know of any developments and would very much appreciate information from you if Mr. Pearson decides to make any representations to the United States.

Yours sincerely,

Ray Perry
Official Secretary.

R. A. MacKay, Esq.,
Assistant Under-Secretary of State
for External Affairs,
Department of External Affairs,
O t t a w a.

I gave Mr Perry a copy of the statement put forward for the Prime Minister, and said it was unlikely that the Govt. would make any representation to the U.S.

noted thanks with W

RAM

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MESSAGE FORM
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CONFIDENTIAL		

file 76.

*file on 50056-A-40
 RBE*

FROM: THE HIGH COMMISSIONER FOR CANADA, LONDON, ENGLAND
 TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

System CYpher - AUTO	No. 196	Date: February 3, 1953
Priority MOST IMMEDIATE	Reference: Your telegram No. 151 of February 2.	
Departmental Circulation MINISTER UNDER/SEC D/UNDER/SEC A/UNDER/SEC'S	Subject: Mr. Eden's Statement on Formosa.	
Done _____ Date _____	<p>We were on the point of sending you an advance text when, owing to last minute misgivings in the Foreign Office, a hurried conference was held at the House just before Mr. Eden was due to speak. Since this meant that Mr. Eden might make some changes, the Foreign Office have made it pretty clear to us that they would prefer the advance text to be checked against delivery.</p> <p>2. The general line of the advance text was that, on being informed in advance of President Eisenhower's decision, the United Kingdom Government had expressed their concern that the political repercussions would be without compensating military advantages. Mr. Truman's neutralization of Formosa had, however, been a unilateral act before Chinese intervention in Korea.</p>	
References	-----	
Done _____ Date _____		

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ORIGINAL

MESSAGE FORM
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W. Carter

File No.		
<i>50293-40</i>		
<i>77</i>	<i>77</i>	

Security Classification
CONFIDENTIAL

8 FEB 1953

FROM: THE HIGH COMMISSIONER FOR CANADA, LONDON, ENGLAND

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

file on 50056-A-40 RBE

System CYPHER - AUTO	No. 191	Date: Febraury 3, 1953
Priority IMMEDIATE	<u>Reference:</u> Your telegram No. 151 of February 2. <u>Subject:</u> Mr. Eden's statement on Formosa.	
Departmental Circulation MINISTER UNDER/SEC D/UNDER/SEC A/UNDER/SEC'S <i>Done JHS</i>	Mr. Eden returns to London from Scotland this morning and no statement has yet been drafted. We expect to have word the moment when a draft is approved.	
<i>Refer</i> <i>SSEA (TW Ror)</i> <i>USSEA</i> Done _____ Date _____ <i>PR's Office</i> <i>UN Div</i>	-----	
<i>Done Feb 3/53</i> <i>Bm</i> References <i>Mr. MacKay</i> <i>Mr. Rowling</i> <i>Commonwealth</i> <i>Press office</i> <i>MC</i>		
Done _____		
Date _____		

MESSAGE FORM OUTGOING

File No. <u>50293-110</u>	
<u>76</u>	<u>76</u>

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE CANADIAN EMBASSY, WASHINGTON, D. C.

file on 50056-A-40 RBE

Message To Be Sent		Date	For Communications Section Only
AIR CYPHER	No. <u>EX-184</u>	February 3, 1953	SENT -- FEB 3 1953
EN CLAIR			
CODE			
CYPHER			
Priority	REFERENCE: Your telegrams Nos. WA. 252, WA. 259 and WA. 260 of January 30 and February 2, respectively.		
IMPORTANT <i>R</i>	SUBJECT: Modification of Orders to the United States 7th Fleet.		
ORIGINATOR	COMMUNICATIONS PLEASE REPEAT THIS TELEGRAM TO THE FOLLOWING:		
(Signature)	LONDON No. <u>157</u> , NEW YORK No. <u>56</u> , TOKYO No. <u>18</u>		
H. H. Carter / MB	NEW DELHI No. <u>32</u> , KARACHI No. <u>23</u> , CANBERRA, No. <u>15</u>		
(Name Typed)	WELLINGTON No. <u>18</u> , PARIS No. <u>56</u>		
Div. Far Eastern	Following from the Under-Secretary. BEGINS.		
Local Tel. 7859	Yesterday (February 2) the Prime Minister made the following statement on this subject in the House. Text Begins:		
APPROVED BY	It will be appreciated that the government have not had an opportunity to study the text of President Eisenhower's announcement regarding the modification of the order to the seventh fleet, as this announcement was made only about an hour ago. I may say, however, that the presidential order to the seventh fleet, issued on June 27, 1950, was made on the sole responsibility of the United States government. The modification of the order announced today by President Eisenhower is also made on the sole responsibility of the United States government. Late Friday last, the Canadian embassy was informed about the forthcoming statement to be made by President Eisenhower, but it was not suggested that we should express our views about it. The Canadian Ambassador, Mr. Wrong, arrived in Ottawa this morning. He is here on a		
(Signature)			
G. A. Ronning			
(Name Typed)			
Internal Distribution:			
S.S.E.A. U.S.S.E.A.			
United Nations Div.			
American Div.			
Defence Liaison I			
Done			
Date: Feb 5/53			
Copies Referred To:			
Chairman, Chiefs of Staff			
Sec. to Cabinet			
Prime Minister's Office			
DMI			
DAI			
DNI			
Press Office			
Done			
Date: Feb 5/53			
Ext. 97 (Rev. 1/52)			

- 2 -

visit which had been arranged before this incident occurred. Advantage will be taken of his presence to discuss this matter and its background more fully. Text Ends. MESSAGE ENDS.

UNDER-SECRETARY OF STATE
FOR EXTERNAL AFFAIRS.

Ext. 182 C

DUPLICATE

Original on 50293-60

OTTAWA FILE

No. 50056-A-60

77/77

SECURITY CLASSIFICATION

Unclassified

Letter No. 225.....

Date February 3, 1953.....

FROM: P. G. R. Campbell, Canadian Embassy, Washington, D.C.

TO: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference.....Attention: G. A. Roming, Head of the Far Eastern Division

Subject:.....MODIFICATION TO THE INSTRUCTIONS TO THE 7th FLEET.....
regarding Formosa

You may be interested in the enclosed articles from the Washington Post editions of February 2nd and 3rd. In general press reaction to the Formosa decision has been calm and appears to accept the Administration's contention that no major military results are likely to flow from it in the near future.

P. G. R. Campbell.

Copies Referred
To.....
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3rd Draft
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file on 50056-A
February 3, 1953.

STATEMENT ON FORMOSA
FOR USE IN THE HOUSE OF COMMONS

file 76	
50293-40	AK
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I have had the opportunity of studying the text of the statement made by President Eisenhower concerning Formosa in the course of his State of the Union message delivered yesterday, in which the President announced the modification of the Presidential order to the Seventh Fleet issued by his predecessor on June 27, 1950. That order, which was given, as the House will recall, shortly after the aggressive attack on South Korea and was in the nature of an instruction to the United States Seventh Fleet both to prevent any attack upon Formosa from the mainland, and also to ensure that Formosa should not be used as a base of operations against the Chinese Communist mainland. ~~President Truman issued the order in the following announcement:~~ In issuing the original order, President Truman made the following announcement:

"...The occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area. Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action, I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done..."

This order was issued before the large-scale intervention by Chinese Communist forces in Korea and its objective was to neutralize Formosa in order to limit the hostilities arising out of the aggression of June 25, 1950 to the Korean peninsula.

...

As the Prime Minister indicated yesterday, the original order was an action taken on the sole responsibility of the United States Government, just as the recent action modifying it with respect to what the President has termed the employment of the Seventh Fleet to "shield Communist China" was taken on the sole responsibility of the United States Government.

With respect to the position of the Canadian Government, it should be emphasized that we are concerned solely with carrying out our United Nations obligations in Korea. We must not confuse the defence of Formosa, which has not been assumed by the United Nations, with the defence of Korea, which has. As I have mentioned on several occasions, the Canadian Government has assumed no special obligation for the defence of Formosa, and our consistent position has been that this Island should be neutralized, so far as that is possible, while hostilities continue in Korea. Our view has been that the final disposition of Formosa should be a subject to be discussed at a conference on Far Eastern problems which should be held when the fighting ceases in Korea; and we strongly supported the Statement of Principles approved by the Political Committee of the United Nations General Assembly, which specifically provided for such a conference. Wishes of people of Formosa important.

...

3.

In considering the possible effects of this decision of the United States Government, I should emphasize that on Far Eastern issues, as on other questions in which we are both concerned, the fundamental and long-term aims of Canada and the United States are similar, although naturally we may differ on occasions in our approach to specific issues and as to how these long-term aims can best be achieved.

We know President Eisenhower well and we have full confidence in his purposes. I am convinced that it is the aim of the United States Government, as it is the aim of this Government and of the other Governments who are now engaged in Korea to end and not to extend the Korean war. The House will recall that in making his statement yesterday, the President stated clearly that "this order implies no aggressive intent on our part". (Quote message - WA-260, February 2).

No reason to believe that this means any particular operation, certainly any large scale operation in the near future likely to be undertaken by Nationalist forces.

It does remove the order to U.S. fleet preventing any such operation - issued in 1950 - circumstances different then.

Since Chinese Communists refused to stop aggressive action - latest evidence in U.N. Resolution on POW's.

...

4.

This prohibition gave, I suppose, certain security to Communists in China - a state of affairs increasingly unacceptable to people of U.S., and hence U.S. Government has taken action to alter situation.

No reason to believe actual situation likely to change, but removal of this prohibition may keep more Chinese forces in China and hence effect U.N. operations in Korea.

Would be another matter if Chinese Nationalist raiders were escorted or assisted by other U.N. governments.

No reason to believe that this would happen; certainly Canadian Government would not participate in or recommend such action in present circumstances, as it might obviously extend the war to the continent of Asia, and would certainly be intervention in civil war on that continent.

However, it is too soon to foresee the advantages or disadvantages or even the implications of this action by the United States Government. The views of the Canadian Government on the objectives of the Korean war have in no way changed; nor have we abandoned the hope that the Indian resolution which might have made possible an armistice in Korea may not at some stage become the basis of a Korean settlement. We are not, of course, committed by, though naturally we are interested in, the recent decision which modifies the original Presidential order with respect to Formosa. We shall

5.

follow developments with the closest possible attention and take appropriate action to make our views known whenever the occasion so warrants.

Far Eastern/H.H. Carter/nbm

February 3, 1953.

FILE COPY

MEMORANDUM FOR MR. RAE, MINISTER'S OFFICE

Status of Formosa.

File 77
50056-A-40
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RBE

The statement issued by the Big Three at the Cairo Conference on December 1, 1945, stated that, "...all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China."

2. The Potsdam Proclamation of July 26, 1945, stated (Article 8): "The terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine."

3. Under Article 2 of the Treaty of Peace with Japan, which Canada has ratified, Japan renounced "all right, title and claim" to Formosa; but the Peace Treaty did not specify to whom sovereignty over Formosa should be transferred. (The difficulty, of course, arises from the claims of the two rival governments of China).

4. On April 1, 1952, in the House of Commons, the Minister discussed this matter:

"...At the moment we in the United Nations are pledged at least to try to make peace with Communist China over Korea; and negotiations for the first stage of making peace, the armistice stage, are now under way. That is what we are trying to do. Then if we are successful in the first stage we are pledged to discuss other Far Eastern questions. We have taken that pledge in the United Nations. Should we now say that we will never allow Formosa to go back to Peking, if they do not throw out their present government in China? Should we say that, especially when we have subscribed to international agreements recognizing Formosa as part of China, and when we recognize that now sovereignty legally resides in China? I suggest that that would be rigid, dead-end diplomacy, and not very wise diplomacy to follow at this time in this matter.?

"...Ultimately, of course, Formosa must be a question of international discussion and decision, preferably through the United Nations, as the Secretary of State for the United States has already intimated.

...2

"In such a discussion, which I suppose must come ultimately, there are certain factors which should be taken into consideration by those responsible. The first--and possibly the most important factor of all, though it is very often overlooked--in our discussion of this matter is that the views of the Formosan people themselves should be taken into consideration. They are a people who have not known national freedom, who are in many ways quite separate from the Japanese and Chinese and who have ruled over them. Second, consideration should be given to the character and policies of the government or governments of China which may be in power at that time. Fourth, of course, we cannot overlook the fact I have just mentioned, that legally Formosa is part of China. Both Chinese governments insist on that. It is about the only matter on which they are united. The dispute is over which government shall control Formosa."

5. On May 22, 51, the Minister made an important statement on Formosa in the Standing Committee on External Affairs of the House of Commons:

"...The Formosan problem--I suppose we can call it that--is a very real one. The Declaration of Cairo which was drawn up in 1943 said that Formosa should, as a part of the peace settlement, be returned to China. Those countries which signed the Declaration of Cairo, and those who gave acceptance to it afterwards--we indicated at that time in Canada our approval of that declaration, again because of facts as they were in 1943--said that Formosa should become a part of China in the peace settlement...

"At the beginning of the North Korea attack the United States Government said that in order to protect the flank of the United Nations forces against the aggressors, Formosa would have to be neutralized in this conflict. Therefore they extended the protection of the United States Seventh Fleet to the waters around Formosa and they also--I am not sure in what form it was done--tried to make sure that the Nationalist army in Formosa would not provoke a new struggle by action against continental China.

"As the hostility of the Chinese communist government to United Nations action in Korea became more implacable and more aggressive and expressed itself in military action, so the position of certain other states in regard to the disposition of Formosa began to harden; and it is now felt in some quarters that Formosa cannot be returned to any Chinese government as a result of any settlement, if that Chinese government is unfriendly and hostile to the free democracies.

"I think, without going into the merits of the case one way or the other, Mr. Chairman, it is correct to say that our policy as a government has been to avoid any action, even from Formosa, which would extend the conflict into China but at the same time, to realize that while the Chinese communists are taking aggressive military action in Korea, it is not possible even to consider turning over of Formosa to them.

"I am not prepared to say anything about the eventual solution at this time. I hope possibly in that eventual solution some people who are now overlooked in this matter, I mean the people of Formosa themselves, might be given some consideration. I do not know what they would decide if they were asked what they wanted to do. I suspect, however, that their decision might be a surprising one."

6. The Minister has on several occasions expressed the Canadian view that the final disposition of Formosa should be the subject of an international conference on Far Eastern problems, to be held when the fighting ceases in Korea. For example, he stated in the House on May 15, 1951:

"The policy of the Government of Canada in regard to these matters has been made clear more than once in this House, outside this House and at the United Nations...I would repeat...because I think it describes in a nutshell our policies in regard to these matters--the last paragraph of the statement of principles adopted by fifty-two members of the United Nations, including the United States of America. It deals with the Far East problem in general, Formosa and recognition in particular. We are bound by this paragraph because we accepted this statement of principles. The last paragraph read as follows:

'As soon as agreement has been reached on a cease-fire, the General Assembly -

That is, the General Assembly of the United Nations -

- shall set up an appropriate body which shall include representatives of the Governments of the United Kingdom, the United States of America, the Union of Soviet Socialist Republics, and the People's Republic of China, with a view to the achievement of a settlement, in conformity with existing international obligations and the provisions

- 4 -

of the United Nations Charter, of Far Eastern problems, including among others those of Formosa (Taiwan) and of representation of China in the United Nations.' "

Far Eastern Division.

Far Eastern/H.H. Carter/mbm

February 3, 1953.

SECRET

MEMORANDUM FOR MR. MACKAY

Documents for Cabinet.

Modification of Orders to the United States Seventh Fleet.

50067-40
For File to
50293-40
to
JMC
file on 50056-A-40
RBE

In his "State of the Union" message on February 2, President Eisenhower announced the decision of the United States Government to modify the Order to the Seventh Fleet issued by President Truman on June 27, 1950, which had instructed that fleet to prevent both an attack on Formosa and operations by the Chinese Nationalist forces against the mainland. The effect of this new decision by the United States is to remove the previous interdiction against operations by the Chinese Nationalist forces. President Eisenhower said that the Seventh Fleet should no longer be employed to "shield" Communist China in view of that government's intervention in the Korean war and its repeated rejections of proposals to compromise the prisoners of war issue - including the one sponsored by India at the recent session of the U.N. General Assembly. He emphasized, however, that this new decision by the United States did not imply any aggressive intentions on the part of that Government. Our understanding from our Embassy in Washington, which was given advance information on this subject on Friday, January 30, is that the Seventh Fleet's instructions to prevent an attack upon Formosa will continue to stand (although this was not made precisely clear in President Eisenhower's announcement). The United States Government has acted unilaterally in this matter as it did when President Truman issued his Order of June 27, 1950. (Documents No. _____, No. _____ and No. _____).

References: WA-252, of Jan. 30
WA-259, of Feb. 2
WA-260 of Feb. 2,
all from Canadian
Embassy, Washington.

C. H. Rowing
Far Eastern Division.

Eden

File 50293-40
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file on 50056-A-40
RBE

Spot 5/53

Information Office,
British Embassy,
Washington D.C.
February 3, 1953.

FORMOSA - THE SEVENTH FLEET.

The following is the text of a statement by Mr. Eden in the House of Commons on February 3rd 1953, on the proposed de-neutralization of Formosa.

The President of the United States announced yesterday in a State of the Union message that the United States 7th Fleet, which has been enforcing the neutralisation of Formosa since the outbreak of the Korean war, would no longer be employed to prevent Chinese Nationalist attacks against the mainland of China. Her Majesty's Government were informed in advance by the United States Government and at once made known their concern at this decision which they feared would have unfortunate political repercussions without compensating military advantages.

This continues to be the view of Her Majesty's Government. It is important, however, to keep this matter in its correct proportion and perspective. The neutralisation of Formosa was a unilateral act of policy with which Her Majesty's Government were not associated. It was made before Chinese intervention in the Korean war. President Eisenhower has now decided that "There is no longer any logic or sense in a condition that required the United States Navy to assume defensive responsibilities on behalf of the Chinese Communists". He has therefore issued instructions "that the 7th Fleet no longer be employed to shield Communist China". "This order," Mr. Eisenhower went on to say, "implies no aggressive intent on our part".

The step announced is in consequence a unilateral decision by the new United States Administration to amend a unilateral decision taken by their predecessors.

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RBEFile 27
50243-40
HRMESSAGE FORM
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File No. 50243-40		
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Security Classification		
RESTRICTED		

FROM: THE CANADIAN AMBASSADOR TO THE UNITED STATES
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

System CYPHER - AUTO	No. WA - 260	Date: February 2, 1953
Priority IMMEDIATE	<u>Reference:</u>	
Departmental Circulation MINISTER UNDER/SEC D/UNDER/SEC A/UNDER/SEC'S	<u>Subject:</u> Message of the President on the State of the Union - Reference to Korea and Formosa.	
Done _____ Date _____	<p>Following is extract from the advance text, which has not been checked against delivery and which, as you are aware, must be held in strict confidence until delivery has begun. Delivery is expected to start at 12:30 p.m. today.</p> <p>Begins:</p> <p>In this general discussion of our foreign policy, I must make special mention of the war in Korea.</p> <p>This war is, for Americans, the most painful phase of Communist aggression throughout the world. It is clearly a part of the same calculated assault that the aggressor is simultaneously pressing in Indo-China and in Malaya, and of the strategic situation that manifestly embraces the Island of Formosa and the Chinese Nationalist forces there. The working out of any military solution to the Korean war will inevitably affect all these areas.</p> <p>The Administration is giving immediate increased attention to the development of additional Republic of Korea forces. The citizens of that country have proved their capacity as fighting men and their eagerness to take a greater share in the defense of their homeland. Organization, equipment, and training will allow them to do so. Increased assistance to Korea for this purpose conforms fully to our global policies.</p> <p>In June 1950, following the aggressive attack on the Republic of Korea, the United States Seventh Fleet was instructed both to prevent attack upon Formosa and also to insure that Formosa should not be used as a base of operations against the Chinese Communist mainland.</p> <p>This has meant, in effect, that the United States</p>	
References		
Done _____		
Date _____		

Navy was required to serve as a defensive arm of Communist China. Regardless of the situation in 1950, since the date of that order the Chinese Communists have invaded Korea to attack the United Nations forces there. They have consistently rejected the proposals of the United Nations Command for an armistice. They recently joined with Soviet Russia in rejecting the armistice proposal sponsored in the United Nations by the Government of India. This proposal had been accepted by the United States and fifty-three other nations.

Consequently there is no longer any logic or sense in a condition that required the United States Navy to assume defensive responsibilities on behalf of the Chinese Communists, thus permitting those Communists, with greater impunity, to kill our soldiers and those of our United Nations Allies, in Korea.

I am, therefore, issuing instructions that the Seventh Fleet no longer be employed to shield Communist China. This order implies no aggressive intent on our part. But we certainly have no obligation to protect a nation fighting us in Korea.
Ends.

ORIGINAL

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MESSAGE FORM
INCOMING

File No.	
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Security Classification:	
SECRET	

Mr. Carter
21 FEB 1953

FROM: THE CANADIAN AMBASSADOR TO THE UNITED STATES
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

file on 50056-A-40
Tosca RPE
[Handwritten signatures]

System CYPHER-AUTO	No. WA-259	Date: February 2, 1953.
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Priority
IMMEDIATE

Departmental
Circulation
MINISTER
UNDR/SEC
D/UNDR/SEC
A/UNDR/SEC'S.

Done

Reference: WA-252 of January 30.

Subject: Modification to Presidential Order to the 7th Fleet Regarding Formosa

As requested we made enquiries of the State Department yesterday about the implications of the new instructions to the 7th Fleet. This was done through Allison, Assistant Secretary of State for Far Eastern Affairs, at his home. Explaining that you would in all probability be questioned in Parliament on Monday, we observed that anything he could add to the exposition he had given us and other Commonwealth embassies on Friday would be appreciated. We asked whether any particular significance relating to the new order to the 7th Fleet should be attached to the publicized visits to Washington at this time of Admirals Leahy and Radford. We also indicated concern lest United States units might become involved in Chinese Nationalist raids.

2. Allison assured us that no particular operation was being planned here - that would be up to the Chinese Nationalists to decide in accordance with their capacity. The United States was merely taking the administrative action necessary to lift the present restrictions on the movements of the Nationalist forces. Admiral Radford's presence in Washington at this time was coincidental, since he was on a regular routine visit planned some time ago. The suggestion that United States units might be involved in Chinese Nationalist raids he described as "most unlikely".

3. Allison repeated some of the things he had said on Friday: that spectacular operations against the mainland of China are not foreseen now; that the actual situation is not likely to be greatly affected by the new instructions; that the two main motivating factors in the decision have been:

(1) The Government's desire to put an end to a state of affairs which it did not consider to be acceptable to the people;

References

Refer *Unsent* *X*

ANND *Art's Office* *X*

American Div *SSEA* *Cabinet* *X*

Chama *405 - General* *X*

CASE *Mr. Claxton* *X*

Mr. Rutledge *Mr. Flattin* *X*

Mr. MacKay *Dep LC (1)*

Mr. Raming *Dep LC (2)*

Commander *DW* *London* *X*

Consular *Tokyo* *X*

Pres Office *New Delhi* *X*

DML, DNI, DPL, Paris *Parachi* *X*

California *Wellington* *X*

CP, UN, New York *X*

Done

Date

20M-50-P-794 Done Feb 3/53

B.M.

(2) There would be some military advantages. The potential threat from Formosa should keep the Communists "off balance" and should pin down a considerable body of their forces in Central China. It would be a contributing factor towards inducing them to a willingness to stop the war in Korea.

4. Allison appeared to hint, and this impression is shared by the British Embassy, that no other major moves in Far Eastern policy are on the cards at this time.

5. You may be interested to know that it is now generally accepted here that the leak to the press about the new order to the 7th Fleet emanated from Senator Taft, to the annoyance of the Administration.

7 Feb 76
149

Security **CONFIDENTIAL**

MESSAGE FORM OUTGOING

File No.	
50293-40	
76	✓

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA
 TO: CANADIAN HIGH COMMISSIONER,
 LONDON.

file on 50056-A-46
RBE

Message To Be Sent	No. 151	Date February 2, 1953	For Communications Section Only SENT -- FEB 2 1953
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AIR CYPHER
 EN CLAIR
 CODE
 CYPHER AUTO

REFERENCE:

Priority
 IMMEDIATE *AMC*

SUBJECT:

ORIGINATOR
AMC
 (Signature)
 S. F. RAE:AMC
 (Name Typed)
 SSEA
 Div.....
 5074
 Local Tel.....

Grateful if you could send us soonest advance text Mr. Eden's proposed statement re Formosa.

APPROVED BY

 (Signature)

 (Name Typed)

Internal Distribution:
 S. S. E. A. - U. S. S. E. A. ✓

Done.....
 Date *Feb 4/53*

Copies Referred To:
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 Date.....
 Ext. 97 (Rev. 1/52)

File 77
50793-00
February 2, 1955.
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file on 50056-A-40
RBE

MEMORANDUM FOR THE PRIME MINISTER

President Eisenhower's Statement about Formosa

Should a question arise in the House to-day about President Eisenhower's statement on Formosa, you may think it desirable to answer rather than wait for Mr. Pearson's return to-morrow. Mr. Pearson was consulted by telephone Saturday evening and again this morning and I think he would agree with the following line:

In the absence of the Secretary of State for External Affairs until to-morrow, I might answer the question.

It will be appreciated that the Government have not had an opportunity to study the text of President Eisenhower's announcement regarding the modification of the order to the 7th Fleet, as this announcement was only made at *about* o'clock to-day. I may say, however, that the Presidential order to the 7th Fleet, issued on June 27, 1950, was made on the sole responsibility of the United States. The modification of the order announced to-day by President Eisenhower is

- 2 -

also made on the sole responsibility of the United States. Late Friday last, the Canadian Embassy was informed about the forthcoming statement by President Eisenhower but we were not asked for our views.

The Canadian Ambassador, Mr. Wrong, has arrived in Ottawa this morning on a visit which has been planned for some time. Advantage will be taken of his presence to discuss the matter fully.

L.D.W.

FILE COPY

February 2, 1953.

*For R. R. [unclear]
to see & return to me please*

*file on 50056-A-40
RBE*
File 27
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MEMORANDUM FOR HEADS OF DIVISIONS' MEETING

Mr. Carter

Modification of Presidential Order to the United States Seventh Fleet.

Today, at 12:⁴⁵~~30~~ p.m., in his "State of the Union" message, President Eisenhower announced the decision of the United States Government to modify the Order to the Seventh Fleet issued by President Truman on June 27, 1950, which had instructed the fleet to prevent both an attack on Formosa and operations by the Chinese Nationalist forces against the mainland. The effect of this new decision by the United States is to remove the previous interdiction against operations by the Chinese Nationalist forces. President Eisenhower said that the Seventh Fleet should no longer be employed to "shield" Communist China in view of that government's intervention in the Korean war, and its repeated rejections of proposals to compromise the prisoner-of-war issue - including the one sponsored by India at the recent session of the General Assembly. He emphasized, however, that this new decision by the United States did not imply any aggressive intentions on the part of that government.

SECRET

Our understanding, from our Embassy in Washington, which was given advance information on this subject on Friday, January 30, is that the Seventh Fleet's instructions to prevent an attack upon Formosa will continue to stand (although this was not made precisely clear in President Eisenhower's statement). The United States Government has acted unilaterally in this matter, as it did when President Truman issued his order of June 27, 1950. Meanwhile, the implications of this new decision by the United States are being closely studied in the Department.

H. H. CARTER

for

Far Eastern Division.

Far Eastern Div./H.H. Carter/mbm

February 2, 1953.

File 77
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1st Draft
Revised
3 Feb
mbm

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MEMORANDUM FOR MR. MACKAY

file on 5056-A-40
RBE

With reference to our meeting this morning, I attach a re-draft of a possible reply by the Minister in the House of Commons, regarding an anticipated question on the United States Seventh Fleet.

H.H. Carter
for Far Eastern Division.

cc. Mr. Ritchie
Mr. Rae
Press Office

February 2, 1953.

SECRET

SECOND DRAFT

POSSIBLE REPLY BY THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS IN
THE HOUSE OF COMMONS REGARDING PRESIDENT EISENHOWER'S REVISION OF
ORDERS TO THE SEVENTH FLEET.

Question:

Does the Minister wish to comment on the statement made by President Eisenhower in his "State of the Union" message on Monday, February 2, to the effect that new orders have been issued to the United States Seventh Fleet modifying President Truman's orders of June 27, 1950?

Answer:

Yes, I would like to make a short statement on this subject. On January 30, 1953, our Embassy in Washington received some advance information on this matter. Subsequently we made further investigations in Washington and came to the conclusion that it was not a subject on which this Government would wish to make representations to the United States Government. I would like to emphasize at the outset that President Eisenhower's statement represents unilateral action taken by the United States Government on its own responsibility. The views of the Canadian Government were not sought before this action was taken, nor were they sought before President Truman issued his original order to the Seventh Fleet on June 27, 1950. On that date, President Truman made the following announcement:

"...The occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area. Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action, I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done..."

On August 31, 1950, in the House of Commons, I made the following reference to this statement by President Truman:

"We understand the reasons for the action of the President of the United States - who has acted so boldly and wisely, if I may say so, throughout this Korean crisis - in ordering the United States fleet to prevent any attack on Formosa, and in calling upon the Chinese Nationalist Government in Formosa to cease all air and sea operations against the mainland. This action seemed to us designed simply to prevent the extension of the conflict in Korea. It was a strategic defensive decision and had, as we understood it, no political implications. We have, however, been disturbed, as I have no doubt others have been disturbed, by reports of preventive military measures taken by the Nationalist Government of China against communist concentrations along the mainland coast, as well as by statements reported to have been made by Generalissimo Chiang Kai-shek concerning United States-Chinese 'military co-operation'. We have also been disturbed by statements that seem in our minds to confuse the defence of Korea, which has been assumed by the United Nations, with the defence of Formosa, which has not; statements that have even implied - somewhat mistakenly I think - that those who wish to draw at this time a distinction between the two operations are defeatists and appeasers. So far as this government is concerned, we are concerned solely with carrying out our United Nations obligations in Korea or elsewhere. These obligations do not, as I understand them at the present time, include anything that can be interpreted as the restoration of the Nationalist Chinese Government to the mainland of China; or an intervention in Formosa."

In subsequent statements in this House I have repeatedly indicated that we welcomed the action taken by the United States Government to neutralize Formosa in the manner mentioned above, for the duration of the Korean war. For example, I referred to this question on May 7, 1951, and on March 21, 1952, in the House. I have also repeatedly made it clear that the Canadian Government has no special obligation regarding the defence of Formosa. For instance, in the Standing Committee on External Affairs, on April 29, 1952, I said: "We do not feel that we have any special obligations in Canada for the defence of Formosa, and we have undertaken no such obligation."

Regarding this latest development, I wish to emphasize that the Canadian Government was not asked to express an opinion regarding President Eisenhower's intention to modify the orders to the U.S. Seventh Fleet. I think it is still too early to say what the effect of this

United States decision will be. Accordingly, I would not wish my statement today to be interpreted as expressing either approval or disapproval of this decision. I would, however, like to conclude by reassuring the House that it remains a fundamental principle of this Government that we should do everything possible to restrict the present hostilities to the Korean peninsula and to avoid action which might risk an extension of the war. On this particular problem of Formosa, my Government stands by the statement ~~was~~ made by me on August 31, 1950, which I have just quoted.

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Despatch No. *48*.....
 Date..... **February 2, 1953.**

FROM: The High Commissioner for Canada, Cape Town, South Africa.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference.....

Subject:..... **Announcement of the withdrawal of the Seventh Fleet from Formosa.**

A despatch from Washington in tonight's paper reports that all nations with troops in Korea were informed of the President's decision on Formosa before the delivery of his speech yesterday.

2. Officials of the Department of External Affairs have expressed some concern about the action of the President, more particularly its unilateral character, and tell me that they understand that Canada is even more disturbed. However that may be, they say that although they received word that the announcement of the decision would be made public the following evening, "Die Burger" here carried a sub-leader on the decision on the following morning, from their point of view a disquieting comment on the effectiveness of American security arrangements. There has been some editorial comment on the American announcement but so far it has been confined to the strategic implications of the new move.

T. W. L. MacDERMOY

High Commissioner

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Additio
nal Information : International status of Formosa - Policy of the Western powers after 1945. Email page

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