

The roots of the Taiwan conflict

Part Three: The Kuomintang retreat to Taiwan

Parts 1 and 2 of this series, in the AAS of 2 and 16 of November, documented the rise of China's Kuomintang Party (KMT) and its leader, Generalissimo Chiang Kai-shek, the future leader of Taiwan. After World War II, the USA extended military and economic support to the Kuomintang, backing the KMT's resumed civil war against the Communist Party of China. Part 3 debunks the simplistic "democracy vs. autocracy" characterisation of the PRC-Taiwan conflict that dominates modern reporting; while the depiction of the brutality of the KMT regime in this third article in this series is confronting, it is not sourced from Communist Party propaganda, but draws heavily on US government and media reports from the time.

When the Chinese Civil War (1927-49) resumed after the end of World War II, the USA extended military, economic and political assistance to the ruling Kuomintang Party (KMT), aiding the KMT's fight against its chief rival, the Communist Party of China (CPC). In December 1945 US President Harry S Truman dispatched the Army's former Chief of Staff, General George C. Marshall, to China, to attempt to negotiate a cease-fire between the CPC and KMT. Marshall was also tasked with mediating China's transition from a one-party state to a representative coalition government. However, the Marshall Mission, as it is called, ultimately failed. The USA officially announced the end of its mediation efforts in January 1947. By June 1947 most of the USA's forces, which had supported KMT leader Chiang Kai-shek against the Communists, had been withdrawn from China.

By 1948 the Kuomintang was experiencing regular military defeats by the Communist forces. Concurrently, China's economy was struggling under high inflation, a consequence of the KMT's money-printing, in order to fund its war against the CPC (see p. 12). This compounded the escalating loss of public confidence in the KMT's leadership, a phenomenon which had been identified by the US several years earlier.

In early 1948 the US government authorised a further \$338 million in aid (\$4.6 billion in today's terms) to the KMT, under the *China Aid Act*; in addition to another \$125 million (\$1.4 billion in today's terms) to be spent at Chiang's discretion. By 1949, the total amount of aid extended to the KMT after the end of World War II was \$2 billion in cash (\$23.1 billion in today's terms) and \$1 billion worth of surplus goods (\$11.5 billion in today's terms); which included combat materials, ships, airfields, food, and medicine. Surplus goods were sold to the KMT at around 20 per cent of procurement costs.

In a closed session of the US Committees on Foreign Affairs and Foreign Relations in November 1948, then-Secretary of State General George Marshall asserted that in order to defeat the Communists, the USA would have to "underwrite the Chinese Government's [KMT's] military effort, on a wide and probably constantly increasing scale, as well as the Chinese economy. The USA would have to be prepared virtually to take over the Chinese Government and administer its economic, military and governmental affairs. ... It would be impossible to estimate the final cost of a course of action of this magnitude." Marshall stated that this would be a long operation, from which it would be almost impossible for the USA to withdraw.



Chiang Kai-shek, centre, visits Taiwan in 1946, just three years before he fled there permanently. Photo: Wikimedia

Decline of the KMT's military

In the opening letter of the 1949 China White Paper, Dean Acheson, Marshall's successor as US Secretary of State, wrote that the decay of the KMT's regime "had fatally sapped the powers of resistance of the Kuomintang. Its leaders had proved incapable of meeting the crisis confronting them, its troops had lost the will to fight, and its Government had lost popular support". The KMT's armies "did not have to be defeated; they disintegrated".

In a 16 November 1948 report to the US Department of Army, US Major General David G. Barr, director of the Joint United States Military Advisory Group in China, described the "complete ineptness of [the KMT's] high military leaders and the widespread corruption and dishonesty throughout the armed forces". In Barr's opinion, the KMT's military debacles could "all be attributed to the world's worst leadership and many other morale-destroying factors that can lead to a complete loss of will to fight". General Barr stated that the defeats suffered by the KMT could not be attributed to a lack of military equipment. He was convinced that the military situation had "deteriorated to the point where only the active participation of United States troops could effect a remedy".

In addition to the corruption and ineptitude of its military leaders, the KMT's troops were horribly treated. During the eight years of war in China (from the onset of war with Japan in 1937 until the end of WWII in 1945), around 14 million soldiers were conscripted into the KMT's armies. Often these were peasants who had been abducted from their villages by press gangs, or who had been sold to human traffickers by their starving families.

Thunder Out Of China (1946), a book written by two journalists stationed at *Time's* bureau in Chongqing during WWII, described the nightmarish fate of conscripts, who were often bound and forced to march long distances to recruitment camps for training, usually without adequate food, water or medical attention. According to the February 1946 *American Field Artillery Journal*, around 30-40 per cent of conscripts were lost to desertion, or died of starvation or sickness before reaching the recruitment camps, which were barbarous

and disease-ridden. In some camps less than 20 per cent of recruits lived to see the front. Doctors stationed at a recruitment camp in Chengdu (Sichuan) compared it with Nazi concentration camps at Belsen and Buchenwald, Germany. Once in the field, conditions were similarly bleak. American military officers reported that KMT soldiers were unable to march even a short distance before many of them died of starvation; starving Chinese soldiers stole the American soldiers' pet dogs to eat. American troops were horrified at the cruelty meted out to Chinese troops by their officers. From 1937 to 1945, over half of the KMT's 14 million troops died from disease or wounds, or deserted. *Thunder Out of China* describes American training officers watching aghast as KMT officials ignored American instructions, thereby sending troops needlessly to their deaths: "No one who ever saw the Chinese soldier in the field doubts his valour, but it was expended so uselessly by the Chinese leadership that observers sickened at the sight."

The KMT's horrific treatment of conscripts was also documented in the third volume of the US Army's official historical account of the China-Burma-India Theatre in World War II, titled *Time Runs Out in CBI*.¹ According to this account, in August 1945, US General Wedemeyer, the commander of the American forces in the China-Burma-India theatre, received a report on the KMT's conscription, which he considered had been "carefully verified". In addition to documenting the brutal process of conscription, this report noted that KMT officers were financially incentivised to mistreat and starve their troops: "the conscripts' bodies have great value ... A Chinese conscript's pay can be pocketed and his rations can be sold. That makes him a valuable member of the Chinese Army and that is the basis of the demand for him. Because of this demand, his journey has no end. Being sick, he has to drag himself along ... Dysentery and typhoid are always with them. They carry cholera from place to place. Leaving behind them a wake of the sick and dying, they are still fulfilling the most important function of a citizen of Free China: to be a source of income for officials. ... If somebody dies his body is left behind. His name on the list is carried along. As long as his death is not reported he continues to be a source of income, increased by the fact that he has ceased to consume. His rice and his pay become a long-lasting token of memory in the pocket of his commanding officer. His family will have to forget him." *Thunder Out of China* documents that KMT divisions were supposed to have 10,000 men; by 1943 some had as few as 2,000: "the difference between the roster strength and the actual strength of any unit was the measure of how much a commander could pocket personally".

Fall of the KMT

In contrast to the endemic corruption and mismanagement of areas under the KMT's rule (p. 12), areas under the CPC's administration were run relatively fairly and with regard to the wellbeing of the citizenry. The first foreign journalists to visit CPC-controlled areas after the end of WWII waxed enthusiastic about the industrial and agrarian progress, healthy citizens and bountiful harvests. US foreign service officials were similarly impressed by the high morale of the people.² In his private writings, US General Joseph W. Stilwell, General Wedemeyer's predecessor, wrote that Chiang Kai-shek was "bewildered by the spread of Communist influence. He can't see that the mass of Chinese people welcome the Reds

as being the only visible hope of relief from crushing taxation, the abuses of the Army and Tai Lai's [the head of the KMT's secret police] gestapo".

From its beginnings as a small renegade force, the Communist army grew to three million by mid-1948. Many of the KMT's important generals and entire divisions defected to the CPC, bringing with them large quantities of military equipment and arms. The 1949 China White Paper estimated that by December 1948, 80 per cent of all US equipment supplied to the KMT, including arms, ammunition, air force material and ships, had been lost by capture or attrition to the CPC. It was estimated that between the fall of Tsinan (Jinan) in September 1948, to the fall of Peking (Beijing) in January 1949, a period of four months, the KMT lost approximately one million soldiers and 400,000 rifles. By the middle of 1948 the CPC had achieved a series of significant victories, taking city after city. In January 1949, Chiang "resigned" from office, a political stunt he had enacted several times before. Behind the scenes however, Chiang continued to control events as the KMT's leader in truth. Chiang's successor, Li Tsung-wen, intended to negotiate a peace settlement with the CPC, but was sabotaged by Chiang.

The KMT's former seat of government, Nanking, surrendered without a fight in April 1949. In Shanghai's last weeks under KMT rule, Chiang's brutal henchmen enacted martial law, and KMT soldiers looted and robbed Shanghai's citizens. Many suspected communists and other scapegoats, mostly young students, were rounded up and executed without trial. In May 1949, Shanghai's businessmen brokered a deal with the CPC to provide food and medicines in exchange for the CPC's peaceful entrance to the city. Chiang's henchmen abandoned Shanghai, followed by most of the KMT's troops. Early on 25 May 1949, the Communist army, described by the American consulate in a telegram to the US Secretary of State as "well disciplined and behaved", entered the city unopposed.

In front of a crowd of 200,000 people in Beijing (then Peiping or Peking) on 1 October 1949, Mao Zedong, Chairman of the CPC, declared the formation of a new government, the People's Republic of China, inviting recognition by other nations. The new government included three Communist vice chairs and three non-Communist vice chairs, one of whom was Soong Ching-ling, the widow of China's revolutionary leader and founder of the KMT, Sun Yat-sen. Chiang Kai-shek and the Kuomintang forces retreated to the island of Taiwan.

KMT's post-WWII rule of Taiwan

The island of Taiwan is situated about 160 km off the south-eastern coast of China. In 1895 China's Qing Dynasty (1644-1912) was forced to cede Taiwan to Japan after experiencing a major defeat in the First Sino-Japanese War (1894-95). During WWII, the Cairo Declaration of November and December 1943 was signed by Chiang Kai-shek, US President Franklin Roosevelt and UK Prime Minister Winston Churchill. One of the stipulations in the agreement was that Taiwan had been stolen from China by Japan, and promised its eventual restoration.

When WWII ended in August 1945, the Allied powers required that Japan surrender its 170,000 forces stationed on Taiwan (also called Formosa) to Generalissimo Chiang Kai-shek. In September 1945, small teams of American intelligence officers began arriving on Taiwan, followed by larger contingents of American forces, which were directed to evacuate Allied prisoners of war and to assist KMT troops to repatriate Japanese soldiers and civilians.

1. Charles Romanus and Riley Sunderland, *Time Runs Out in CBI*, Office of the Chief of Military History, United States Army, 1959.

2. Barbara Tuchman, *Stilwell and the American Experience in China, 1911-45*, Bantam Books, 1971.

US General Wedemeyer was directed to arrange the post-war transfer of Taiwan to Chinese control. George Kerr, a US diplomat and consultant on Taiwan for the US Department of War, was based in Taiwan during this period as Assistant Naval Attaché. In his 1965 book *Formosa Betrayed*, Kerr described consternation in Washington when Chiang appointed Chen Yi, a notoriously corrupt and brutal provincial governor, as Chairman of the temporary committee which would plan the "Provisional Government of Taiwan Province". Chen was thereafter appointed Governor General of Taiwan.

Chen's administration was highly corrupt, and discriminated against native Taiwanese, who were subjected to arbitrary seizure of property and exclusion from political life. Tensions escalated in February 1947, when a police shooting of two cigarette vendors who resisted confiscation of their goods triggered island-wide anti-government protests. The protests were brutally suppressed by the KMT over the following weeks. An estimated 18,000-28,000 people were massacred and many others imprisoned. The 14 March 1947 *New York Times* reported that the native Taiwanese described a reign of terror by Chen's government. The 29 March 1947 *NYT* documented that foreigners returning to China from Taiwan corroborated reports which asserted that the unarmed and peaceful protestors had been slaughtered *en masse* by KMT troops and police. In the following days, reinforcement troops arrived from the Chinese mainland and subjected native Taiwanese to "indiscriminate killing and looting", rape and beheadings. Poorer sections of the cities were "littered with the dead" and corpses were mutilated. Foreign witnesses reported that leaflets signed with Chiang Kai-shek's name had been dropped from airplanes, promising leniency and urging those who had fled to return to the cities. However, many who then returned were imprisoned or executed; foreigners observed that there seemed to be a policy of "killing off all the best people". Foreign embassies in Nanking supported these reports. The 30 March 1947 *NYT* reported that the American publisher of the *China Weekly Review*, who had just returned from the island, described the KMT's actions as "almost unbelievable repression, enforced on a generally peaceful, unarmed populace".

In March 1948, the KMT's National Assembly met in Nanking and passed a constitutional amendment, *Temporary Provisions against the Communist Rebellion*, which altered the KMT's new constitution which had only been in effect for three months. This amendment became the legal basis for the imposition of martial law and suspension of the constitution in Taiwan in May 1949, ostensibly to prevent a communist uprising. This began the period of the so-called White Terror in Taiwan. Martial law provisions, which the KMT maintained for the next 38 years, denied the rights of freedom of speech and free assembly, outlawed the formation of political parties, and permitted the arrest and imprisonment of critics of the KMT government. The KMT infiltrated civil society and was able to monitor and suppress political opposition, and native Taiwanese were largely excluded from positions of influence

The KMT's retreat to Taiwan

The Generalissimo's Son (2000) documents that with defeat by the CPC looming in 1949, Chiang Kai-shek "refused to accept that he no longer possessed the mandate of heaven". Chiang believed that "if he could retreat and survive, world events would eventually turn to his advantage". Chiang had begun preparing for retreat to Taiwan in late 1948 to early 1949. Chiang took up residence in Taiwan in June 1949 and by November had been joined by almost two million KMT military and civilian personnel. The KMT took with

them China's art treasures; an estimated four million taels (or 150 tonnes) of gold, silver bullion and foreign currency reserves from China's central bank; and a cache of confiscated jewels. The vast amount of gold appropriated by Chiang backed a new Taiwanese currency which was issued in June 1949. In December 1949 Chiang declared that Taipei, a city on Taiwan, was the temporary capital of the Republic of China (ROC). Chiang officially resumed the presidency in March 1950 and consolidated political power.

When the KMT retreated from mainland China, a huge influx of its intelligence forces and secret police (described by US General Stilwell as a "gestapo") followed the KMT to Taiwan. In their wake, there were an estimated 10,000 arrests of native Taiwanese for interrogation during 1949. Many were sentenced to long jail sentences by military courts and over 1,000 were executed. A *New York Times* correspondent described the "indiscriminate ferocity" of the KMT's campaign. The US embassy in Taipei reported on the violence critically to Washington, and the US State Department issued a diplomatic rebuke to the KMT. In the first half of 1950, these agencies uncovered 300 alleged Communist spy rings, which purportedly involved 3,000 people.

In mid-1950 the US Navy was deployed into the Taiwan Strait to protect Taiwan in response to the outbreak of the Korean War. Subsequently, the KMT shifted focus from uncovering alleged communist infiltration, to suppressing native Taiwanese who were suspected of pro-independence or anti-KMT leanings. The American *chargé d'affaires* reported that even mild criticism of the KMT could result in disappearances and arrests. A senior CIA official stationed in Taipei described hearing executions in the stadium, stating that Chiang's son, Ching-kuo, who was head of the intelligence agencies and secret police, "got all the Communists, but he also got a lot of others".

The KMT maintained martial law in Taiwan from 1949 until 1987. The official figure for arrests during this period is 29,407. Unofficial figures have estimated the total at 70,000.³ According to Wang Sheng, a key member of the KMT's regime who played a leading role in the 1950s crackdown in Taiwan, about 15 per cent of the people arrested were executed (between 4,500 to 10,000 people), however the files on the executions were destroyed.

Next—The China Lobby

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- Research from this article draws from reporting in the *New York Times* between March 1947 and October 1949, which can be accessed via the *NYT's* archives at www.nytimes.com

3. Paul Monk, 'An elegy for Green Island', *Australian Financial Review*, 8 Feb. 2002.

The KMT's corruption

The KMT's policies, corruption and incompetence caused terrible suffering for millions of Chinese people. US General Joseph Stilwell, commander of the American forces in the China-Burma-India region, wrote in his private writings that under Chiang Kai-shek, the Chinese people "may expect greed, corruption, favouritism, more taxes, a ruined currency, terrible waste of life, [and] callous disregard for all rights of men". Similarly, in his 1967 book *Origins of the Chinese Revolution, 1915-1949*, French historian and Sinologist Lucien Bianco observed that throughout rural China, "poverty, abuse, and early death were the only prospects for nearly half a billion people".

The total number of civilians who died as a result of KMT policies between 1927 (the year that the Chinese Civil War began) and 1949 has been estimated in the order of 17 million people. This figure includes fatalities caused by the KMT's suppression of political dissent and uprisings, including massacres and extermination campaigns against the Communists, which caused large-scale displacement of whole populations. Famine was exacerbated by the KMT's grain hoarding and speculation, the KMT army's seizure of food from peasants, economic blockades against the Communists, and high taxes on starving people. Peasants' rent was often equal to 45 per cent of their harvest and they paid heavy taxes, which were levied on land and other items such as cooking pots, windows and doors. To pay the high taxes, peasants were forced to borrow from usurers, often at annual interest rates of 30-100 per cent. These usurers often doubled as the rent or tax collector. Regions afflicted by famine saw no relief in tax requirements. Before and after the war, the KMT blew up dikes for military advantage, which caused widespread flooding. In one example, the KMT blew up the dikes of the Yellow River in 1938 to slow down the advance of Japanese forces. The flooding killed between 500,000 and 900,000 people and turned millions more into refugees. Although the floods destroyed vast tracts of fertile agricultural land, the KMT provided no relief from taxes in these regions. Similarly, the KMT utilised scorched-earth tactics in cities it was unable to defend, such as in Changsha (Hunan), which Chiang Kai-shek was unwilling to defend against the Japanese in 1938. The KMT set fire to the city at 2:00 AM with no warning to Changsha's residents. Varying estimates of between 2,000 to 20,000 people died and 500,000 were made homeless.

After World War II there was widespread starvation in China. The KMT controlled the distribution of post-war aid supplied by the United Nations Relief and Rehabilitation Administration (UNRRA, a post-war relief agency) and used it as a political weapon against Chinese citizens living in Communist-controlled regions. By December 1946, 1,310,837 tonnes of UNRRA aid supplies had arrived in China, of which only 2.76 per cent had reached Communist areas, although these regions constituted 41.6 per cent of China's total population. American UNRRA employees based in China reported that in addition to passively blocking aid supplies to these areas, the KMT also bombed relief truck convoys and UNRRA hospitals. Additionally, only a fraction of aid supplies from both the UNRRA and the US reached the intended recipients, as the KMT auctioned or sold the majority of goods on the black market.

Nazi collaborators

In the years following WWII there were large numbers

of Nazis at large in China, which the US State Department considered "might constitute the basis for a resuscitation of Nazi power in the Far East". In June 1946, the US provided a list of 1,500 names of "dangerous and objectionable" Nazis in China for rounding up, drafted after a long investigation. However, the KMT removed 400 names from the list after accepting bribes of between \$15,000 and \$75,000 or 20 to 100 gold bars, and KMT officials intervened on behalf of Nazis who were employed in the government or private enterprise. Some anti-Nazi Germans were substituted for Nazis who had bribed the KMT. Numerous Nazis enjoyed a longstanding intimacy with high-profile KMT officials. Many were appointed to advisory roles and other positions within the KMT government, including one who served as Chiang Kai-shek's bodyguard; others were employed in private enterprise. The 9 September 1946 *New York Times* reported that Adelbert Schulze, chief of the Nazi's Gestapo in Japanese-occupied Peiping (Beijing) and former Nazi leader in Manchuria, was employed by the KMT's intelligence division. When US planes were scheduled to fly Schulze and other Nazi leaders to Shanghai for repatriation in August 1947, their names were removed from the repatriation list. KMT officials claimed that Schulze had escaped, however the US consulate was advised he was being held by the KMT's Ministry of National Defence; a prominent member of the German community stated that Schulze was being shielded by his employers in the Chinese military.

Poor economic management

The KMT allotted 80 per cent of its budget to the military. The remaining 20 per cent was insufficient to meet China's other needs, so the KMT recklessly printed paper currency to make up the shortfall, both before and during the war. By 1945, the amount of currency in circulation was 1,000 times that of 1937. As a consequence, by the end of 1946, China's cost of living index was 1,000 times higher than in 1937; in Shanghai, it was 6,000 times higher. By mid-1947 the USA was shipping about one tonne per day of Chinese paper currency to keep up with the rampant inflation. One \$5,000 Chinese bill was equal to 9c in American money. Shopkeepers were updating their prices several times per day.

In early 1947 the KMT implemented a ban on the hoarding of gold and American dollars, which was aggressively policed by the KMT's intelligence operatives and secret police. The KMT fixed the gold price at 25 per cent below market value, requiring citizens to redeem it to the government at the new conversion rates. To try to curb hyperinflation, wartime controls were reinstated, which included the prohibition of speculation, strikes and hoarding, under threat of severe penalties; tight supervision of credit; and salary and price fixing.

Despite these controls, inflation escalated. By late 1948 Shanghai's price index was 33,000 times higher than it had been in 1936. In 1948 the KMT made a last-ditch attempt to replace the currency with a gold yuan, which was pegged to four American dollars. Gold, silver and foreign currency had to be surrendered to the central bank in exchange for the new currency, under pain of death. Chiang Kai-shek's son, Ching-kuo, led a large force of spies and secret police into Shanghai to terrorise citizens into compliance. However, not long afterwards the gold yuan collapsed and became worthless. Many shopkeepers and small businesses were ruined by the KMT's brutal reforms.