

INSTITUTE OF CURRENT WORLD AFFAIRS

GCD-1
Outline of Current U.S. China Policy

2604 36th Street, N.W.
Washington 7, D.C.
September 10, 1962

Mr. Richard H. Nolte
Institute of Current World Affairs
366 Madison Avenue, New York 17, New York

Dear Dick:

Before studying the China policies of other countries having an important relationship with China, it is necessary and instructive to examine and to summarize the China policy of the United States in August 1962. Our policy can then be used to measure and compare other people's China policy.

A statement of a foreign policy is incomplete without reference to its history, to the reasons and emotions behind it, and to its world strategic setting. Such background references are indispensable in discussing the foreign policy of another country. In the interest of brevity, and on the plea that there is widespread familiarity with the domestic political background, however, the following are set forth as the main underpinnings of American policy on China today, and rationale and criticism are omitted.

Current United States policies toward the Republic of China and Communist China were largely formulated during the Korean War for the reasons and with the emotions associated with that conflict. These policies became embedded in concrete as a result of the controversies over how to conduct the war and "who lost China" which embittered the Presidential campaign of 1952. Secretary Dulles's Far East policy statements of June 28, 1957 and December 4, 1958 are, therefore, equally good references under President Kennedy. Unless the Communist regime in China alters or is replaced, or unless there is some other big change in the world balance of power, it is unlikely that there will be much change in United States China policy.

Outline of United States Policy on China, August 1962

A. Political and Military Relations

1. Recognition of governments - The United States recognizes the Government of the Republic of China (which is located at Taipei on the island of Taiwan and controls that island) as the government of China. The United States refuses to recognize the Government of the People's Republic of China (which is located at Peking in East Asia and controls East Asia northward

from Laos, southward from the Soviet Union and eastward from Afghanistan to the ocean's edge) as the government of any place.

2. Status of Taiwan - Is Taiwan part of China? The United States avoids answering that question because the answer would tend to determine the rights of Communist China, Nationalist China and the 9.5 million Formosans (not counting the 1.5 million Chinese who fled there in 1949-50 and their children) with respect to some important unresolved political issues. Both the Communist and Nationalist regimes claim Taiwan as part of China. The island-born Formosans have not had a chance to state their case.

At Cairo in December 1943 Roosevelt, Churchill and Chiang K'ai-shek said it was their purpose that Formosa should be restored from Japan (which had ruled it since 1895) to China. The Soviet Union agreed at Potsdam in 1945. With the agreement of all concerned, except the Formosans, Chinese Nationalist troops took over the island in September 1945. The United States treated Formosa as part of China until the start of the Korean War in June 1950 when President Truman said that the status of Formosa would be settled in the future.

The United States now refers to Taiwan as "the seat of the Government of the Republic of China" and to its "administrative control" by the Republic of China.

3. Use of force across the Taiwan Straits - If Taiwan is part of China, then the seizure of Taiwan by Peking forces or the invasion of Communist-held East Asia by Taipei forces would be a continuation of the Chinese civil war and not international aggression condemned by the Charter of the United Nations. The Communists and Nationalists agree; each would like to be free to use force against the other; neither has renounced such right; and each devotes large expenditures to military preparations.

With respect to the use of force by the Nationalists the United States has said yes and no. During the Korean War President Truman interposed the Seventh Fleet between the two Chinese forces so that they could not fight. On taking office President Eisenhower said the Fleet would no longer "shield Communist China", but in 1954 the United States secured the promise of the Nationalists not to use force against the mainland without the agreement of the United States. In 1958 during the Quemoy crisis Dulles and Chiang agreed that the use of force would not be the "principal means" for freeing the mainland. Since 1955 in the ambassadorial negotiations with the Chinese Communists the United States has sought a mutual renunciation of force, except in self-defense, in the Taiwan Straits, but the Communists have refused. It has been reported in the American press, and not officially denied, that in July 1962 in the Ambassadors talks at Warsaw the United States assured the Chinese Communists (who had

made an allegedly defensive military buildup opposite Taiwan) that the United States would not approve and would not support an invasion of the continent by Chiang. Thus, unless the Communists renounce force in the Straits, the United States will attempt to preserve Chiang's right to use force across the Taiwan Straits but will restrain him from doing so.

The United States does not hedge its position on the forcible capture of Taiwan (or even the offshore islands) by the Chinese Communists: that would be uncivilized "aggression" and defiance of the "will of mankind for peace" and of "the basic principle upon which world order depends" according to the Eisenhower-Dulles statement of September 4, 1958.

4. Defense of Taiwan - When the Communists invaded South Korea in June 1950 President Truman undertook to defend Formosa because occupation of it by Communist forces "would be a direct threat to the security of the Pacific area and to United States forces". In 1954, after a Communist propaganda barrage against Taiwan and heavy shelling of Quemoy, the United States and the Republic of China made a Mutual Defense Treaty whereby the United States agreed to defend Taiwan and the Pescadores. This commitment was reinforced by the Joint Resolution of January 29, 1955 which authorized the President in advance to use American armed forces to defend Formosa and the Pescadores and such related positions (offshore islands) as he might judge to be required or appropriate in assuring the defense of the same. President Kennedy has made it clear that these promises remain among the highest military obligations of the United States.

To successfully invade Formosa (which is 90 miles from the mainland at the closest point) over the defenses which could be mustered by the United States and the Nationalist Chinese, would be an extraordinary military feat, and the Communist Chinese have never shown an intention to attempt it. Nevertheless, the United States has delivered slightly more than \$2,000,000,000 worth of defensive arms (including two U-2 aircraft) to the Nationalist Government on Formosa. Such tremendous military aid, therefore, has also served the important political purpose of keeping Chiang contented with the possibility of returning to the mainland.

5. The offshore islands - The United States has not said that there is any doubt about the six offshore island groups (including Quemoy and Matsu) now held by the Nationalists being part of China. The Communists hold all the rest of the hundreds of such islands, including the Tachen group which the Nationalists abandoned in 1956 at the urging of the United States.

The Communists have started major crises in 1954 and 1958 by shelling the offshore islands and by stating in floods of propaganda that the offshore islands and Taiwan must become part of Communist China, but in neither instance was any invasion

move made. In both cases the United States went as far as it was necessary to go in order to cause the Communists to back down; the island garrisons were kept supplied under shellfire and the world, including the Communists, was allowed to think that the United States would very likely respond with the necessary defensive power against any increase in the strength of the Communist attack. Eisenhower and Dulles went all-out verbally in 1958 to emphasize their willingness to use force, saying in effect that an attack on Quemoy alone would constitute international aggression. Kennedy was somewhat more restrained on June 27, 1962 (after the Fukien buildup near the offshore islands) when he said that the United States was "opposed to the use of force in this area" but said in effect that if an attack on Quemoy were part of an attack on Formosa "the United States will take the action necessary to assure the defense of Formosa and the Pescadores."

The United States has indicated, by saying that it wished Chiang would reduce his offshore island garrisons, that it deplors the serious danger of large-scale war which loomed during the two crises. It has been decided, however, that any attempt to make Chiang, against his will, withdraw from the offshore islands, would result in worse dangers: the Chinese Communists would be emboldened; belief by Chinese everywhere in the Nationalist Government as an alternative to the Communists would be weakened; United States prestige would suffer a serious defeat; and the possibility of Chiang's returning to the mainland would fade.

6. Return to the mainland - The degree of support for Chiang's views on this subject is the key indicator of United States policy on China. Almost every other question is related. Chiang's sole interest is in returning to the mainland and governing China; he opposes making an independent country out of Taiwan. The organization of his government, the economy of Taiwan, the placing of nearly half of his best forces on the offshore islands and his attitude on other matters are all geared to this goal.

Chiang believes and has stated in his 1957 "summing up" book that the only way to avoid world nuclear war is to substitute a local war in East Asia with conventional weapons. Chiang argues that the Communist Government is weak and that if his forces (with only moral and supplies assistance from outside) were landed on the mainland the Communist regime would quickly collapse. Since the United States does not share this estimate, and has not been willing to back such an invasion, a war over the offshore islands or a major uprising on the mainland are the only opportunities left for Chiang because the Communists cannot invade Taiwan under present circumstances. Thus, the maintenance of heavy forces on Quemoy and Matsu is crucial to Chiang's plans.

United States strategy is to support Chiang in his plans except for invasion or provocative actions against the mainland. In this way the possibility of forcible return to the mainland is

preserved; the Republic of China "will live on as a symbol and inspiration to all the Chinese people" (Dulles's phrase); Chiang cannot get the United States into a war; and time is allowed for the Chinese Communist Government to collapse or become peaceful. Chiang's Quemoy buildup is seen as unnecessarily provocative, but he is being given time to change his mind.

7. Diplomatic relations - Considering the fundamental clash of opinion on what to do about Communist China, relations between the United States and the Republic of China have been remarkably good. There was one riot in 1957 against the American Embassy in Taipei. The Nationalists have spent considerable money in the United States to influence opinion in favor of Chiang's views. There have been from time to time reports of a deal between Nationalist and Communist leaders. The Dulles and Chiang statements of September-October 1958 regarding the offshore islands conflicted. Vice President Ch'en sought immediate reassurance from newly elected President Kennedy. Aside from signs of strain like these now and then, communications have been coolly correct, official visits have been cordial and formal, the Congress has annually resolved to support the Nationalist Government, and economic and military aid has flowed profusely from the United States to Taiwan.

Since 1955 ambassadors of the United States have met fairly regularly in Geneva and Warsaw with ambassadors of Communist China and have talked about such restricted subjects as release of Americans from China, exchange of newsmen, and the use of force in the Taiwan Straits. The United States has made it clear that these discussions are not intended to lead to recognition and are being carried on because they cannot be avoided on certain subjects and because some minimum steady, medium-level contact is useful. Other meetings with representatives of Communist China have been unavoidable; the armistice negotiations at Panmunjom, the Indochina War settlement, and the Laos Neutrality Agreement. All encounters have been conducted with utmost formality. There has been virtually no give-and-take discussion such as has occurred now and then between American and Russian officials.

8. Representation in the United Nations - To summarize the situation, resolving some doubtful issues enroute. The question is not the admission of a new member, Communist China, but how Charter member, China, shall be represented. The Government of the Republic of China now represents China in all organs of the United Nations and the United States opposes any change. There is no veto in the General Assembly and, since the matter would likely be deemed procedural in the Security Council, an attempt to use a double veto would probably fail.

The issue has arisen each year since 1950 in the Assembly and the United States, with steadily dwindling support, until 1961 succeeded in keeping the subject off the agenda. In 1961 the Assembly decided that a two-thirds majority would be needed to make a change in the representation of China and defeated a

Communist bloc proposal to throw out Nationalist Chinese representatives and seat Communist Chinese. No nation proposed seating both representatives. Nationalist and Communist China have each rejected the idea of having its representative seated in the same organization with the other.

The United States has not said that it will never agree to the seating of Communist Chinese representatives. There is usually a paragraph in the annual statements in the General Assembly like the following from Ambassador Stevenson's address of December 1, 1961 which gives the conditions which Peking must meet: "Let those members who advocate Peking's admission seek to exert upon its rulers whatever benign influence they can, in the hope of persuading them to accept the standards of the community of nations. Let those rulers respond to these appeals; let them give up trying to impose their demands on this Organization; let them cease their aggression, direct and indirect, and their threats of aggression; let them show respect for the rights of others; let them recognize and accept the independence and diversity of culture and institutions among their neighbors."

The question of representation of China is inevitably linked with the question of enlarging the Security Council and the Economic and Social Council (on which the Asian and African countries are under-represented) because the Soviet Union has said it will veto any enlargement until Communist China is seated. So there is sentiment for seating Communist China irrespective of the familiar pro's and con's of the annual Chinese representation question.

A package plan pressed by an Afro-Asian group to enlarge the Councils, give the China Security Council seat to the Communists, and seat both the Nationalists and the Communists in the Assembly would be a hard one for the United States to beat. It would be far preferable, from the United States point of view, to a straight substitution of Communists for Nationalists, however, because ouster of his representatives from the United Nations would be a severe blow to Chiang's prestige and the political viability of Taiwan.

Another threat to the "no change" policy of the United States might be called creeping representation of Communist China, which may occur in such specialized agencies of the United Nations as the Universal Postal Union, the World Meteorological Organization, and the World Health Organization where Communist China's representation would bring practical benefits to other states.

The most likely thing to overturn United States opposition to the seating of Communist China in the United Nations will be the explosion of a nuclear bomb by the Chinese Communists. Disarmament has been one of the prime topics handled in the United Nations. High United States officials have said that Communist China must be a party to any effective arms control system and

that the United States will agree to the inclusion of Communist China in disarmament negotiations at an appropriate time. The latest appropriate time in the opinion of United Nations members would be when Communist China joins France, Great Britain, the Soviet Union and the United States in the possession of nuclear weapons. It is conceivable but improbable that Communist China would join disarmament negotiations under United Nations auspices without being represented in the United Nations.

When representatives of Communist China are seated in the United Nations, the United States will not withdraw from that organization even if United States opposition persists until that time.

9. The future of Formosa - Is the island a stepping stone back to the mainland for Chiang's army and national bureaucracy? Should Formosa be developed into a self-sufficient, prosperous unit whose government enjoys full popular support? United States policy and programs honor both these substantially conflicting concepts. The former explains \$2 billions assistance to the top-heavy military and administrative apparatus. The latter explains \$2 billions worth of non-military aid from this country. Both forms of aid could have been much reduced long ago if Chiang had adopted American recommendations for a better balance of priorities.

The difficulty is not simply that arms and officials eat up too much of the national income. If Taiwan is only a province of China, how can the island-born population be given a vote in shaping their destiny which is larger than their provincial share? Beyond this is Chiang's absolute dictatorship which is founded on his belief that his destiny and that of China are identical while he lives. United States policy and actions do not intrude into this esoteric realm. As one consequence, the political potential of the four out of five island-born and the degree of their dissidence are not well-known. Another consequence is the exclusion from the United States at Chiang's request of Thomas Liao, President of a "Provincial Government of the Republic of Formosa", whose adherents are exiled in Japan.

Well in the back of the mind of the thorough State Department planner is the haunting contingency reflected in the reputable London Observer report of August 12, 1962 that the Chiang K'ai-shek family and Chinese Communist leaders have secretly and amicably settled the future of Taiwan. Surely Chiang would not do such a thing; it would be inconsistent with all that he has said and done for the past thirteen years. Yet he has the power to do it, and frustration under American restraint, latent anti-Western prejudices, and the desire for peaceful certainty in his declining years conceivably could provide the motivations.

10. Relations between China and other countries - The United States urges other countries not to have dealings with Communist China and uses important leverage of all kinds to this end.

For instance, a big reason for Dulles's withdrawal of aid for the Aswan Dam was Nasser's immediately previous establishment of diplomatic relations with Communist China. This quarantine policy goes far beyond governmental dealings to encompass sporting events, and organizations, the Red Cross, private trade and travel, academic associations and gatherings and so forth. The aim of the quarantine is to hamper the spread of Chinese Communist influence, to eliminate the opportunities for subversion which go with diplomatic establishments, to keep the Peking regime in outlaw status, and to prevent orientation toward Peking of the overseas Chinese communities in Singapore, Malaya, British Borneo, Thailand, Indonesia and elsewhere.

Until the last year or so the attitudes of Peking and Taipei made it necessary for other countries to have diplomatic relations with one or the other, but not both. That pattern has now been broken by Senegal and, briefly, by Laos. Communist China is now recognized by a little less than half the countries of the world and has official or unofficial relations with almost all countries. The degree of influence which Peking can have will depend largely upon its internal success or failure, its ability to continue its trade, aid and cultural penetration and its apparent military power. Quarantine efforts will be of small importance.

Another device instigated by the United States for containing Communist China is the Southeast Asia Collective Defense Treaty (SEATO). If it all had to be done over again, an appraisal of the advantages and liabilities which have come from this venture might well cause a different conclusion to be reached.

The Sino-Soviet dispute can hardly help benefitting the United States, but American China policy did not cause the split and can have little effect on future relations. Aside from a brief interlude when Secretary Herter toyed with the idea of trying to hold the Russians responsible for Chinese actions, the United States has kept out of the way of Communist quarrels.

B. Economic Relations

1. Trade - Taiwan-United States trade is about a quarter of the total for Taiwan but is a negligible factor for the United States.

Trade with Communist China is proscribed by several laws of the United States and by Presidential action pursuant to law. Presidential Proclamation 2914 of December 16, 1950 declaring Communist China to be an enemy is still in effect, and the underlying Trading With the Enemy Act (50 U.S.C. App. 5(b)) as administered by the Treasury halts all transfers. If this were not so, the Export Control Act of 1949 as administered by the Commerce Department would prevent a would-be trader with Peking from obtaining the required license. If that hurdle were not in the way, the Mutual

Defense Assistance Control Act of 1951 (Battle Act) has established the policy of embargoing arms and strategic items to Communist bloc countries and of denying American aid to nations which do not follow suit. The United States has placed a total embargo on shipments to Communist China, and our allies did the same during the Korean war, but now the same control list used for the Soviet Union is applied to China by the United States allies. P.L. 480, the Agricultural Trade and Assistance Act of 1954, forbids the sale or barter by the Agriculture Department of surplus agricultural commodities to Communist China.

2. Aid - Massive American aid to Taiwan has already been mentioned. The island's military and bureaucratic burden subtracts from its economic development efforts needed to catch up with population growth, but United States assistance has made up the difference and real per capita income has increased 3.5% annually for the last five years.

In the present policy framework American aid to Communist China is conceivable only if starvation became widespread and if the Peking regime made a formal request. In such circumstances the President's lawyers could find him an opening in Title II of P.L. 480 but he would probably not provide famine relief without a new Congressional authorization. Chen Yi, the Chinese Communist Foreign Minister, has said that his country will not ask for American help.

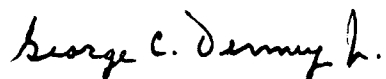
C. Cultural Relations

Cultural relations between Taiwan and the United States are largely on a government-to-government basis. American government agencies spend about half a million dollars a year on radio scripts, libraries, motion pictures, performing artists and exchanges of persons for the purpose of explaining United States policies to the Government of the Republic of China and the people of Taiwan. The Chiang regime does much less than other free Far East countries to encourage tourism. Chiang resents and advises against any cultural contacts or negotiations between the United States and the Communist bloc.

Chiang has little to worry about on this last account. United States passports are not validated for travel to Communist China. Under pressure on the Department of State from the American press, there have been periodic negotiations on exchanging newsmen. The Kennedy Administration - unlike the previous Administration - desires the negotiations to succeed, but now the Chinese have changed their minds and are asking conditions hard for the United States to meet. The United States Government has not encouraged contacts of any other kind between Americans and Chinese on the mainland.

End of outline. Sometimes it is helpful, in explaining what nations are doing and in predicting what they will do, to examine their professed hopes and expectations. To the extent that the stated hopes and expectations are close together and approach reality they are useful in analysis and prediction. For this purpose, such statements by Communist China, Nationalist China and the United States must be viewed sceptically. Dogma, dreaming and wishful thinking are prevalent. It is better to look at what each nation is actually doing and to predict no farther than reasonable extrapolation of current actions.

Cordially,



George C. Denney, Jr.

Received in New York September 14, 1962.