

REPORTS ON THE SITUATION IN FORMOSA (TAIWAN),  
PARTICULARLY RESPECTING FORMOSAN DISSATIS-  
FACTION WITH ADMINISTRATIVE POLICIES OF THE  
CHINESE GOVERNMENT

Nanking Embassy Files, Lot F-79, 800 Formosa

*The Consul at Taipei (Blake) to the Ambassador in China (Stuart)*

No. 36

TAIPEI, January 10, 1947.

SIR: I have the honor to submit as of possible interest to the Embassy some observations upon the present uneasiness of the public mind in Taiwan which is increasingly disturbed by rumors concerning the activities, and affecting the prestige of, the United States.

The December 20 protests against American "injustice" toward Formosan Chinese in Japan so closely coincide with the current outcry against American behaviour in Peiping and elsewhere in China as to suggest possible common inspiration. No evidence has been discovered to date to establish a link, if it exists, but it is believed that further attempts to affect America's position in the eyes of the Formosan Chinese may be anticipated and should be understood in relation to the many rumors—often fantastic—now in circulation among the people of Taiwan.

Taiwan is alive with rumors that America and Russia are, or shortly will be, at war, that America is about to initiate a large scale military activities here and that the Government here is secretly preparing for military action on the island. It is alleged in another rumor that China has sold the island to the United States in return for a huge credit for military use.

The Magistrate of Hsin Chu-hsien indiscreetly ordered a revision (not the repeal) of air raid shelter construction decrees, which was immediately interpreted to mean that war was imminent. It is believed by many in Taipei that the residents of Keelung (18 miles distant) have been ordered to disperse to the hills unless their work is essential to public services and defense. It is widely believed that the Government has given secret orders that all Government factories must prepare air raid shelters and take measures in anticipation of bombing. Some even believe that Keelung has already been bombed, while there is belief by others that Nagoya, in Japan, has been bombed

by Russian forces and that Okinawa is being bombed by "unidentified planes".

The Chinese Air Force is now openly moving munitions into local dumps, which may seem further to confirm such stories.

The *Jen Min Tao Pao*, (consistently anti-American of recent months) on December 4 carried the following item, in full:

"According to information released by the American Consulate, a large section of the United States Air Force will be stationed in the province and the airfield near Taichung has been chosen as its base. The USAAF is also intending to build a B-29 factory at Taichung and is positively making all preparations, it is said."

A contract has been let to a Formosan firm to enlarge and repair an airfield and a factory near Taichung. It is, of course, assumed locally that in as much as China cannot produce airplanes, the United States Government is behind the contract. Two Taichung persons called at the Consulate December 28 to confirm this, in order to plan "business" in connection with the expected influx of Americans. It is widely believed that as many as 300,000 American troops are soon to arrive. Young Formosans who have served with United States forces in the Philippines and elsewhere are frequent visitors, seeking employment with the expected American troops. At one time 16 called in a body. No criticism has yet been heard of this anticipated influx of American forces. Some rumors allege that 1,600 men have already landed at the river port of Tamsui.

The current susceptibility to rumors and fears of a return of Japanese in force may spring from the widely circulated story that certain formerly prominent but unidentified Japanese, upon leaving Keelung for repatriation, boasted that in as much as Japan was not defeated by China but by America, the Japanese would be back in Formosa within twenty years. This gives local emphasis to the belief that America, disappointed in China's failure to achieve unity and economic recovery, is now prepared to support Japan's recovery as fully as possible.

It was commonly believed throughout 1946 that the United States Army and United States Army Air Forces intended to establish large bases on Taiwan. The continuing presence of ground forces here (successively the Formosa Repatriation Group of approximately 100 men, the Graves Registration and Search Detachment of approximately 10 men and the second Repatriation Team of five Americans), plus the recent brief aerial reconnaissance mission operating from the Ryukyu Islands Base Command, have added visual "confirmation" of public rumor.

The most extreme story is to the effect that the Generalissimo<sup>1</sup> came to Taiwan in October to have a secret meeting with General MacArthur,<sup>2</sup> at which time the sale of Taiwan to the United States was arranged in return for a huge sum which the Generalissimo needs for prosecution of war against the Communists. The story has persisted in circulation for two months and is now linked with the current repudiation of Communist charges that the Kuomintang has enormous sums at its disposal in the United States. None of the versions of this rumor heard so far have carried criticism of the alleged sale.

The recent "Shibuya Incident"<sup>3</sup> protest was the first attempt to organize, crystallize and direct Formosan opinion on an issue fundamentally Formosan versus an outside group. It failed because the Formosans themselves are not sure that they have a case. Political leadership is confused and immature, and was prompted in this instance to promote a "cause" of which very few people were wholly convinced. Some Formosans say that too many of themselves, repatriated from Japan in recent months, know how many rascals there are among Formosan Chinese now living by their wits in Japan. Speeches, broadcasts, pamphlets and conversations are full of realization that the Formosans at Shibuya "may have been one hundred per cent wrong," followed by an attempt to justify the protests on the grounds of identity with a "victor" nation. A news item appeared December 20 which states without comment or verification that the Taiwan Government General<sup>4</sup> has received a memorandum recently from SCAP<sup>5</sup> stating that during July, August and September the 300 cases of law violation (category unspecified) charges against Formosans are more than double the number recorded in the same time against Japanese.

Public uneasiness reflects the uncertainties of political and economic conditions both on the mainland and on Taiwan. The seeming imminence of large scale civil war on the mainland is felt here. The continuing influx to Taiwan of people of all classes from all coastal areas (with a rising percentage from the poorest levels) brings conflicting interpretations of conditions across the channel. The police

<sup>1</sup> Chiang Kai-shek, President of the National Government of the Republic of China.

<sup>2</sup> General of the Army Douglas A. MacArthur, Supreme Commander for the Allied Powers, Japan.

<sup>3</sup> Incident of July 19, 1946, in the vicinity of Tokyo's Shibuya Station, in which a dozen or so Formosans were fired upon by Tokyo police.

<sup>4</sup> The Government General of Taiwan was organized at the time of the Japanese military surrender and the occupation of the island by the Chinese on October 25, 1945; unlike other provinces of China, this was not a regular provincial government, as the Governor General, with an unusual relationship to the Chinese Executive Yuan, wielded almost autocratic powers.

<sup>5</sup> General MacArthur's command.

system does not improve. Large scale robberies continue to take place.

Representatives of a group of well educated men (with whom the Mayor of Taipei is said now to be associating himself) observe that in their discussions of Taiwan's problems they conclude that with any crisis on the mainland—either full scale war or collapse of the present economic structure—there will be a crisis on Taiwan, during which a struggle for control of Taiwan will ensue. They say among themselves that they have three things they would ask of the United States. They will ask that the United States refrain from transporting mainland troops to Taiwan as was done after the Japanese surrender. They will ask that America send technical and administrative advisors to Taiwan to help it through a crisis in which they are determined not to be engulfed in mainland chaos. And they will ask America to lend financial and material support in the rehabilitation of commerce and industry, which they feel could be hastened under a policy of free trade and enterprise emphasizing independent trade abroad rather than (as now) exclusively with the Government's Trading Bureau and other official agencies.

Respectfully yours,

RALPH J. BLAKE

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894A.00/3-147 : Telegram

*Minister-Counselor of Embassy in China (Butterworth) to the  
Secretary of State*

NANKING, March 1, 1947—6 p. m.

[Received 10 : 45 p. m.]

405. Following message received from American Consul, Taipei:

“Following shooting and killing last night of two Formosan girls by Taiwan Monopoly Bureau police while seizing untaxed cigarettes from street vendors, about 2,000 or 3,000 Formosans marched this morning in protest to Monopoly Bureau headquarters and various branch offices in downtown Taipei. Subject to later detailed confirmation, noon today 1 to 3 mainland Chinese police clubbed death and other mainlanders severely beaten. Crowds on streets greatly increased by early afternoon with ordinary police inactive. Military police have now appeared before some Government buildings, and at about 2 p. m. opened fire against crowds gathered before Government General, with some persons killed. Nearby Omea Hotel entered by mobs seeking mainlanders for purpose inflicting beating while other mainlanders fleeing in streets seeking safety. Monopoly Bureau branch office stocks being burned on street and some automobiles overturned and burned.”

Subsequent message states situation generally quiet though tense with only occasional burst of firing. Martial law still in force. Government confident it has situation in hand though rioters for brief period seized and held local radio station, broadcasting appeal for general uprising.

Embassy's information is that Chinese authorities either misinterpreted Shanghai financial crisis<sup>6</sup> or else used it as occasion to issue emergency decrees drastically to consolidate their monopoly control. These onerous regulations bore so heavily on the local population that trouble became almost inevitable.

BUTTERWORTH

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893.00/3-147: Telegram

*The Minister-Counselor of Embassy in China (Butterworth) to the Secretary of State*

NANKING, March 1, 1947—11 p. m.

[Received March 1—11:50 a. m.]

414. Blake reports from Taipei that firing died down at 6 p. m. February 28 with total deaths between 10 and 15 both mainlanders and Formosans. No American or foreign casualties known, mob violence being directed solely against mainlanders. Disorder has reportedly spread to Keelung<sup>7</sup> and train service south of Taipei suspended. Secretary General office reported situation under control with martial law declared.

Blake reported March 1, a. m., that 11 mainland Chi[nese], including 8 women and children, entered Consulate for refuge without his permission during his temporary absence from premises previous evening. Refugees had previously telephoned for permission but answer deferred pending Blake's return from urgent engagement. Permission to remain for night granted only after arrival of refugees, on basis possible imminent danger of mob violence in accordance section 3-4, Foreign Service regulations. Blake reported situation to Secretary General's office and induced 7 of the refugees to return to their homes.

Under date March 1, 3 p. m., Blake reports police fired on crowd in front of neighboring railway administration headquarters, killing 2 to 4 Formosans. Fifteen new unidentified members mainland families presently taking refuge in Consulate. Blake telephoned Governor General<sup>8</sup> twice to ask removal refugees from Consulate to

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<sup>6</sup> For correspondence on this subject, see pp. 1407 ff.

<sup>7</sup> Second largest city on Taiwan.

<sup>8</sup> Gen. Chen Yi, formerly Governor of Fukien Province, 1934-41.

place of safety. Later, 7 additional mainlanders climbed over Consulate wall and Formosans in street stoned Consulate once. Blake continues to urge Government to remove refugees.

Embassy is instructing Taipei to be strictly guided by Embassy's mimeographed circular No. 25, August 7 for CC 6, which set forth American policy regarding according of temporary refuge or asylum.<sup>9</sup> Blake informed that situation Taipei apparently involves large scale violence against masses of people which would not make feasible, even if desirable, discretionary sanctuary envisaged in Department's policy, and that in view of this situation he should, in future, refuse such asylum. He is instructed to impress vigorously upon local authorities their responsibility for removal of any refugees presently in Consulate with suitable safeguards as a measure of protection to the Consulate in the situation that exists.

BUTTERWORTH

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893.00/3-247: Telegram

*The Minister-Counselor of Embassy in China (Butterworth) to the Secretary of State*

NANKING, March 2, 1947—10 a. m.  
[Received March 2—2:22 a. m.]

416. Blake at Taipei reports March 2, 10 a. m. that Government removed refugees from Consulate Saturday night just after 10 o'clock without incident and that city appeared calm Sunday morning.

BUTTERWORTH

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893.00/3-347: Telegram

*The Minister-Counselor of Embassy in China (Butterworth) to the Secretary of State*

NANKING, March 3, 1947—1 a. m.  
[Received—3:13 a. m.]

424. Following from Taipei:

"March 2, 5 p. m. Light firing heard last night and throughout today, while situation remains tense.

"In radio speech this afternoon Governor General agreed to people's demands as enunciated by local PPC<sup>10</sup> member acting as spokesman that all Formosans seized during incident be released unconditionally

<sup>9</sup> Circular No. 25, to American Consular Offices in China, "Policy regarding accordance of temporary refuge or asylum", not printed.

<sup>10</sup> People's Political Council.

and that damages or medical treatment be given behalf those killed and wounded. No reference in speech to other demands that Monopoly and Trading Bureau systems be abolished.

"All Government departments and services inoperative both Taipei-Keelung. Island-wide disturbances reported."

BUTTERWORTH

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893.00/3-447 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 4, 1947—1 p. m.

[Received March 4—3:05 a. m.]

439. Following from Taipei:

"March 3, 3 p. m. City tense. Relatively little shooting but four Formosans known killed today. Govt and people representatives yesterday held public discussion of demands for reform, to be formulated by March 10, pending which terms for solving present armed crisis were agreed upon by both sides and announced. So far these are not implemented. Foreign community has no difficulties and continues to be cheered in street."

STUART

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893.00/3-547 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 5, 1947—1 p. m.

[Received March 5—5:42 a. m.]

448. Following is Taipei's 32, March 3:

"Newspaper extra issued this morning announced that 'committee for settling February 28 incident' decided following:

(1) Send delegates to Governor General to inquire to what extent terms accepted by Government have been executed.

(2) Executive Committee shall be formed and shall visit American Consul to request Consul to announce incident to entire world. At same time telegram will be sent Central Government to report truth of incident.

(3) Public Security Maintenance Committee will be organized.

Committee mentioned item (2) called on Consul this afternoon and was informed that it is not Consulate's function to act as news disseminating agency and that it is in position only to transmit communica-

tions for US Government to Embassy subject latter's decision regarding onward forwarding. Committee stated it would consult General Committee for which it is acting for purpose drawing up tomorrow written communication for information US Government.

Consul has today received petition addressed to General Marshall<sup>11</sup> containing 141 signatures in behalf of 807 persons stating in conclusion 'shortest way of reformation of Provincial Government (of Taiwan) is wholly to depend upon United Nations joint administration in Formosa and cut political and economic concern with China proper for years until Formosa becomes independent?'

Important message on general situation now being prepared. Blake."

STUART

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894A.00/3-547: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 5, 1947—2 p. m.

[Received March 5—5:05 a. m.]

449. Following telegram No. 30 dated Mar 3, 2 p. m. received from Taipei:

"Doctor owning small private hospital and one other Formosan today on own initiative exhibited conclusive evidence to Consulate of dum dum bullet fired from patrolling military truck into hospital premises yesterday and requested Consulate intercession with authorities to prevent future use such outlawed ammunition. Please instruct.

While unable prevent approaches being made, fully realize importance of not involving Consulate with either side in present struggle. For this reason have refused to permit dum dum bullet evidence being held by Consulate pending Embassy's instructions."

Embassy has informed Blake that it approves his action in refraining from involving Consulate in matter reported in above message as well as request by local committee to use Consulate to disseminate news of Taipei incident (reported Taipei's 32, Mar 3<sup>12</sup>). Consulate also instructed to continue to refrain from intercession either official or personal in such internal difficulties while reporting any further approaches of this character to Embassy.

STUART

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<sup>11</sup> General of the Army George C. Marshall, formerly President Truman's special representative in China, at this time Secretary of State.

<sup>12</sup> See telegram No. 448, *supra*.



893.00/3-547 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 5, 1947—9 p. m.

[Received March 6—4: 29 a. m.]

451. Following is Taipei's 34, March 4, 10 a. m. :

"In summary of present situation Government violated truce terms agreed upon with people's representatives to effect peaceful settlement of crisis. Such settlement was generally believed possible upon conditions accepted by Government which included gradual withdrawal of armed patrols firing wantonly in streets, release of all persons seized after February 27, slayings of Formosans by Government monopoly agents, resumption of rail traffic under chief of staff, guarantee that further troops will not enter city, cancellation of martial law at midnight March 1 and payment various indemnities. Formosans in turn agreed resume normal activities pending March 10 consideration people's demands for reform in Government.

Formosans, so far unarmed, have resorted only to clubs and fists in their savage attacks on mainlanders. Government appears to have temporized by promises while maneuvering troops toward city and increased roving irresponsible patrols. There is indication Government is unable exercise firm control over army forces. Mainlanders were reported evacuating city provided with small arms.

Formosans apparently fundamentally desire peaceful settlement but as result Government's action now fear repetition alleged Fukien massacres occurring under General Chen's rule there and believe if Government augments forces hereafter full resistance by any means will be only salvation. They are improvising defenses and arms and are reported successfully to have opposed troops in pitched battle in Chureki and Toen areas. Government concession early March 4 easing situation revokes martial law and withdraws patrols, believed forced through failure to move troops nearer Taipei. Populace believes Government now attempting secure further military support from headquarters mainland and attributes present partial fulfillment truce terms to public announcement of Formosa's representation to Consul March 3."

STUART

894A.00/3-547 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 5, 1947.

[Received March 5—7: 36 a. m.]

456. Ministry of Information regular weekly press conference March 5th on subject of riots at Taiwan as follows:

"Query: Please give all available details of recent uprising in Formosa. How many people were killed, wounded and imprisoned. What were the basic causes of the uprising and what steps has the Government taken to prevent further uprising. In how many places, that is what sections of Formosa, did the rioting spread. Did anyone go from China proper to investigate the uprising."

Answer follows: "The riots in Taiwan were caused by enforcement of regulations against unauthorized cigarette dealers. As you know, there is a tobacco monopoly in Taiwan, and the prevention of smuggling and bootlegging has caused repeated incidents, resulting in the riots of the last few days.

"The riots have subsided. The exact number of people killed and wounded are not yet known. According to the Central News Agency, up to March 3rd the number of Taiwan natives killed or wounded is by then 100, and that of other provinces amounts to about 400. Governor Chen Yi has promised to take a very lenient attitude."

Minister Peng Hsueh-pei added that majority of riots had taken place at Taipei, Kaohsiung, and Takao as well as minor disturbances at an unknown number of other places.

STUART

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893.00/3-647: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 6, 1947—6 p. m.

[Received 10:30 p. m.]

466. Following is Taipei's 35, March 4:

"Atmosphere of uneasy truce in city prevails pending consideration of people's demands for changes in Government. Daily sessions of committee for settlement of incident being held publicly with some Government representatives present. Mayor and city police chief are active and respected mediators with university organization assisting in maintaining public order. No further attacks on mainlanders reported in Taipei but disorders said to continue elsewhere on island.

Martial law in Taipei lifted midnight March 3 but roving patrols continue to be seen occasionally. However, posters announce people's committee is asking Government to complete patrol recall.

City food situation easing somewhat though rice is scarce. Trains not yet operating southward."

STUART

893.00/3-647 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 6, 1947—7 p. m.

[Received March 7—2: 50 a. m.]

468. Following is Taipei's 34, March 3, 10 a. m.:

"Section 2. Formosans strongly desire status as Chinese nationals but it is believed they will resist present Government if it seeks military revenue or fails to meet popular demands for reform to be discussed from March 10. They will continue to resist in varying degree all unrepresentative authoritarian governments imposed from mainland. Major economic dislocations appear inevitable and responsible elements fear continuing instability will bring communism.

Formosans stress American responsibility through Cairo decision<sup>13</sup> and have published intent to appeal for American help in seeking UN<sup>14</sup> intervention pending final transfer sovereignty to China. Responsible island-wide group preparing formal petition and has so advised Consulate. One such petition received addressed to General Marshall. Possibilities of interim administration under SCAP openly discussed.

After gravest consideration Consulate concludes only practicable solution would be immediate American intervention in its own right or on behalf of UN to prevent disastrous slaughter by Government forces if loosed on capital, which was imminent possibility March 3. American prestige high and intervention profoundly desired by Formosans who believe representations at Nanking and direct intervention here justifiable for UN under present Japanese *de jure* sovereignty status.

Then Government might yield to opportunity to be relieved of serious and continuing military liability during present mainland difficulties. China could feel assured that interim government by UN, with China represented, would terminate in Formosa's return to a responsible Chinese administration in which Formosans have large share. Formosans assume UN control would be predominantly American. They frequently express desire for democratic political

<sup>13</sup>The Communiqué of the Conference of President Franklin D. Roosevelt, Generalissimo Chiang Kai-shek, and British Prime Minister Winston S. Churchill as issued on December 1, 1943, announcing their intention to restore Formosa to the Republic of China; for text, see *Foreign Relations, The Conferences at Cairo and Tehran, 1943*, p. 448, or Department of State *Bulletin*, December 4, 1943, p. 393.

<sup>14</sup>United Nations.

training and desire ultimate government of Formosa by Formosans representing the island in Central Government. Civil war on Formosa is most probable alternative.”

STUART

893.00/3-647: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 6, 1947—8 p. m.

[Received March 7—3: 15 a. m.]

469. Following from Taipei:

“37, March 5, 9 p. m.

(1) Situation rapidly developing throughout island, including continuing reports imminent troop reinforcements from Fukien and secret evacuation high official families, strongly indicates we will be (unable) supply adequate background information without temporary coding help. If expected crisis develops it will come quickly and consider removal Consular families advisable while still feasible. Recommend Embassy send American plane to bring code clerk and necessary radio equipment (particularly generator mentioned USIS<sup>15</sup> plain message today) as well as mail. On return plane would evacuate families and take important despatches for Embassy. UNRRA<sup>16</sup> Taiwan has recommended evacuation greater portion its staff.

(2) Possible danger now Consulate anticipated not from Formosans but from reckless or unfriendly Government forces jealous of American popularity among people. For Embassy's consideration in light of political aspects involved, might suggest small United States armed military force quartered in Consulate would discourage any unfortunate incident from either side.

(3) Believe presence here of foreign press representative would provide impartial news coverage even though communication problem would be difficult unless USIS network use authorized in absence other facilities. External broadcasts received distort Consulate's position and general situation. Manila broadcast quotes alleged Nanking American Embassy spokesman to effect Consulate attacked, entered by Formosans and defended by mainland troops. Actually one stone hurled into grounds after fleeing mainlanders who scaled wall March 1. Only Government assistance to evacuate mainland refugees from Consulate not forthcoming until more than 8 hours after first request and after finally stating refugees jeopardized Consulate to extent request for American military protection would be necessary if not removed without further delay. Tokyo United States Army station report labor groups cause of trouble.”

Following is Embassy's instruction in reply:

“Embassy has given careful consideration to your 37, March 5 and is bringing to immediate attention highest Chinese authorities

<sup>15</sup> United States Information Service.

<sup>16</sup> United Nations Relief and Rehabilitation Administration.

desirability of affording fullest measure protection to Consulate and American nationals in situation, pointing out in this connection that previous request by you for local protection your establishment was forthcoming only after considerable delay.

At this critical time you should be most careful to avoid any external appearance of prejudging the merits of present dispute or becoming a participant in it in any manner whatsoever. You will also realize that in this situation American officials must only look to the constituted authority, whose responsibility it is to afford you adequate protection.

The Embassy is sympathetic to your desire for the immediate evacuation of Consular families and is prepared to set up special flight for this purpose. Within the next 24 hours, however, it is requested that you reassess the situation and inform Embassy whether you wish plane to be sent, bearing in mind the probability that other American and foreign nationals will request transportation on the same aircraft which will result in considerable publicity."

STUART

894A.00/3-747: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 7, 1947—4 p. m.

[Received March 8—1:12 a. m.]

479. Following is 36, Mar 5, from Taipei.

"Following is translated text of letter handed Consulate today by delegation of Political Reconstruction Promotion Assn of Taiwan, an established responsible organization, taking large part in mediation for settlement of present situation.

'March 5, 1947. The US Consulate Taipei, Taiwan.

'Sir: For the protection of the lives of the 6 million and more Formosans, we cordially request you to forward the enclosed letter to Ambassador Dr. Leighton Stuart for transmission to the National Govt of the Republic of China.

'From (chopped) the Political Reconstruction Promotion Assn of Taiwan.'

[“] Following is translated text of enclosure:

'To His Excellency, President Chiang of the National Govt of the Republic of China through the kindness of Ambassador Dr. Leighton Stuart of the American Embassy in Nanking:

'Your Excellency: This civil commotion in Taiwan Province is purely in protest against corrupt officialdom and a demand for political reformation with no other purposes whatsoever. We entreat you not to dispatch troops to Taiwan in order to avoid further provocation of the people. We also earnestly beg that you immediately send a high official to Taiwan to settle the incident for the sake of the nation.

'From (chopped) the Political Reconstruction Promotion Assn of Taiwan Province. March 5.'

"Consulate has agreed to forward this communication to American Embassy for its discretionary action."<sup>17</sup>

STUART

893.00/3-747: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 7, 1947—4 p. m.  
[Received March 8—1: 15 a. m.]

480. Following is 39, March 6, from Taipei:

"Quiet but expectant atmosphere prevails Taipei with continued meetings committee for settlement February 28 incident. Following is summary translation of draft of fundamental political reforms formulated by committee late yesterday:

- (1) Government will be responsible for incident.
- (2) Secretary General and Commissioners Civil Affairs, Finance, Industry and Mining, Agriculture and Forestry, Education and Police—more than half of top executive posts Taiwan Government—shall be Formosans.
- (3) All public enterprises shall be operated under Formosan direction.
- (4) Selection of magistrates and mayors by general election shall be instituted immediately.
- (5) Monopoly system shall be abolished except for tobacco, cigarettes, liquor and beverages.
- (6) Trading Bureau and Information Commission shall be abolished with commercial policy being handled by Industrial and Commercial Department presumably to be newly created.
- (7) People shall have freedom speech, publication and assembly.
- (8) People's lives, property shall be protected.

Insistent but unconfirmed reports indicate that Formosans either in ascendance or control in most important centers on island outside Taipei and Keelung, with Formosans in control at Topen, Taichu, Kagi and on east coast while street fighting in progress at Shinchiku, Tainan and Takao. At Taipei police and public utility functions in hands of Formosans and operating without apparent change.

Whether military reinforcements will be brought from mainland remains paramount question in public mind. Food situation eased with release Government rice stocks."

<sup>17</sup> Copy of this letter with its enclosure was handed to President Chiang Kai-shek "informally" by Ambassador Stuart on March 7.

Blake reports in his 40, March 6, that a radio broadcast at 4 p. m. in behalf settlement committee announced that Governor General had accepted in principle all 8 demands mentioned in above message and had requested committee to furnish further details.

STUART

894A.00/3-847 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 8, 1947—1 p. m.

[Received—9:35 p. m.]

491. Following Taipei telegram 43 to Embassy March 7, 5 p. m. "Evacuation unessential persons unnecessary with situation as of today.

Plane request was based on likelihood airfield will be inaccessible in event outbreak general fighting which was distinct possibility at time and could still be if troops brought in or if restive younger Formosan groups now obtaining arms precipitate crisis by endeavoring emulate Formosan successes elsewhere on island. However, Government's acceptance people's demands (Contel 40<sup>18</sup>) render latter development less likely or if it occurs possibility now exists fighting may be localized areas where mainlanders being progressively concentrated or Government forces located. Assessment future probabilities and possible evacuation desirability also dependent on question whether Central Government intends to send reinforcements, which Embassy may wish to ascertain."

STUART

894A.001/3-947 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 9, 1947—2 p. m.

[Received March 9—5:30 a. m.]

498. It is reported here that Supreme National Defense Council has decided to abolish the Office of Governor General of Taiwan, at present held by General Chen Yi. No announcement made of new Government structure or personnel.

STUART

<sup>18</sup> See telegram No. 480, *supra*.

894A.00/3-947 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 9, 1947.

[Received March 9—5 : 06 a. m.]

499. Following repeat Taipei number 45, March 9, 2 p. m.

“Heavy sustained firing broke out Taipei late last night which Govt representative informed Consulate this morning caused by Formosan attempt capture Govt arms stores. Scattered general firing throughout city continuing and still in progress. Martial law reinvoked Keelung-Taipei 6:30 this morning with streets almost deserted but frequent firing by sentries.

About 2000 troops (described by Govt representatives as gendarmes) landed Keelung dusk yesterday with total of 2 divisions expected from mainland south China aboard 5 additional ships reported presently en route.

Heavy firing Keelung streets yesterday afternoon and rumored Formosans attempted capture garrison headquarters there. Blake.”

STUART

894A.00/3-947 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 9, 1947—5 p. m.

[Received March 9—5 : 30 a. m.]

500. Special representative Gimo departed Nanking this morning by air for Taipei. (Reference Embassy's telegram 499, March 9.) Colonel F. J. Dau, Assistant Military Attaché, acting as Embassy courier, proceeded on same aircraft to observe situation.

Press currently reporting impending relief of General Chen Yi as Governor of Taiwan.

STUART

894A.00/3-1147 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 11, 1947—3 p. m.

[Received March 11—8 : 23 a. m.]

517. Taipei reports Colonel Dau arrived March 9. Following is Taipei's 47, March 10:

“Martial law still in force with firing less frequent by midday and relatively light during night. Suspected dissidents Taipei reportedly



being rounded up. Additional troops arriving from Keelung. Public street activity at minimum.

Governor's radio broadcast this morning stated officials causing incident arrested being tried; killed [and] wounded compensated and given medical treatment; people involved not prosecuted. Governor said he has promised Provincial Government status for Taiwan with as many Formosans as Department heads possible and that general election mayor's magistrates will begin July 1st. Reinvocation martial law necessary because 'gangsters, ruffians spreading rumor and sowing seeds dissension between Government [and?] people'. Following six points stressed in speech: Communications will be resumed, people should resume normal occupations, meetings [and] parades temporarily banned, propagandizing banned, commodity price increases banned and 'any other illegal acts forbidden'."

STUART

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894A.00/3-1147: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 11, 1947—5 p. m.

[Received March 11—6 a. m.]

520. It is reported here that "committee to settle February 28 incident" at Taipei on March 8 submitted to Governor Chen Yi 32 resolutions for acceptance, including: Enactment autonomous constitution; election by people of mayor and magistrates before June; right of assembly, freedom of press and right to strike; forbidding political arrests; provincehood for Taiwan; abolition Taiwan garrison headquarters; and pending approval Central Government, administrative bureau of settlement committee to undertake temporary reorganization Taiwan administration.

STUART

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894A.00/3-1247: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 12, 1947.

[Received March 11—11: 50 p. m.]

527. According to press reports, the Generalissimo at weekly memorial service March 10 discussed situation in Taiwan. He declared his confidence that order would shortly be restored since the Government has despatched regular troops to take up garrison duty there. He also said Government has sent a high official to assist Governor Chen Yi in reaching a settlement. He accused Communists of insti-

gating rebellion and added that settlement has been delayed since Taiwanese committee for the handling of the February 28 incident has made demands beyond the scope of the Provincial Government to grant and even beyond competence of the Central Government since many of them are unconstitutional.

Coincidentally, Governor Chen Yi announced dissolution of the committee for the handling of the February 28 incident on the grounds that the committee is contributing to public disorder.

STUART

894A.00/3-1247 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 12, 1947—1 p. m.

[Received March 12—4: 50 a. m.]

534. Reference my telegram 498, March 9. There is as yet no indication that General Chen Yi will be removed as Governor General of Taiwan, as press reports previously indicated.

STUART

894A.00/3-1347 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 13, 1947—9 a. m.

[Received March 13—6: 08 a. m.]

539. Col. Dau returned from Taipei (Embtel 500, Mar. 9) Mar. 11 and his view situation telegraphed War Department with request information be transmitted to State Department.<sup>19</sup>

Message from Taipei Mar. 11, 3 p. m. quotes reputable Formosan sources as stating systematic repression has started with arrests and executions. Embassy has taken steps indirectly to bring to attention Generalissimo substance information it has received on repression.

STUART

Marshall Mission Files, Lot 54-D270 : Telegram

*The Military Attaché in China (Soule) to the War Department  
General Staff Intelligence Division*

NANKING, 13 March 1947.

D 4080. Following are observations of Ass[istan]t M[ilitary] A[ttaché] Dau 9 to 11 March in Taipei, Taiwan. Embassy requests information to Far Eastern Desk, State Department.

<sup>19</sup> See telegram D 4080, *infra*.

"After incidents of 1 March, comparative quiet reigned from 3 to 7 March after Governor Chen Yi agreed to meet most demands of Formosans. With arrival of two Military Police Battalions commencing 7 March, followed by at least 21st Division from mainland, disturbances again renewed and characterized as show of force by foreign observers. Small arms fire prevalent over weekend, decreasing in intensity by 11 March. Chen Yi states caused by Formosan ruffians and Communists. However, only visible firing is by troops.

Estimate Chen Yi can maintain reasonable order in Taipei-Keelung area with present troops. However, present purge by military and signs of renegeing on promises indicate continued unrest and incidents. Believe only real political and economic reform can quiet Taiwan unless tremendous military effort is made with additional reinforcements from mainland.

Americans will remain with situation carefully followed in case evacuation becomes essential. No Americans injured but one American UNRRA employe's house riddled by small arms."

[Here follows a short statement to the Assistant Military Attaché at Shanghai, to whom this telegram was also relayed.]

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894A.00/3-1347: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 13, 1947.

[Received March 13—12: 55 a. m.]

541. At regular weekly press conference March 12 Minister of Information had following to say regarding Taiwan uprising:

"What is the present situation in Taiwan? Is General Pai Chung-hsi<sup>20</sup> going to Taiwan?"

Answer. The situation in Taiwan has been rapidly stabilized during the past 3 days. The incident will be closed very soon. The Govt is ready to carry out any legitimate reforms both in the political and economic fields, and to take a very lenient attitude toward the people involved in the riots, as President Chiang announced on March 11. But as the nation enters into a democratic and constitutional regime, our people should 'be responsible in their utterances and observe discipline in their actions' in accordance with the mottoes of the Gmo. It is time to avoid going to extremes. Such abusive requests as the abolition and disarmament of the Taiwan garrison, and the recruiting of Taiwan armed forces exclusively from natives of Taiwan, are obviously irresponsible and undisciplined. Setting out to establish democratic and constitutional government by such excessive methods would be, as Mencius said, 'climbing a tree to look for fish'. This is a matter the whole nation should take to heart."

<sup>20</sup> Chinese Minister of National Defense.

The Minister added that General Pai Chung-hsi is going to Taiwan very soon and that General Pai had said he would be too busy to take correspondents with him and that the Ministry of Information would not facilitate their going there independently since provincial officials are too busy to look after them. He said this did not constitute a prohibition on their going.

STUART

893.00/3-1847 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 18, 1947.

[Received March 18—4:35 a. m.]

579-A. General Pai Chung-hsi, Minister of National Defense, arrived Taipei 17th to investigate conditions there as "Government's special envoy". General Pai was accompanied from Nanking by party of 14 military and political leaders including Major General Chiang Ching-kuo, elder son of Gimo; General Leng Hsin, Deputy Chief of Staff of Chinese Army; and Ke Ching-en, Secretary General of Government. General Pai plans to visit Keelung, Kaohsiung and other areas of the island during his investigation.

STUART

894A.00/3-2047 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 20, 1947.

[Received March 20—6:46 a. m.]

613. Minister of Information, at regular weekly press conference March 19, stated as follows on Formosan uprising:

"There are no detailed statistics available on casualties in the Taiwan riots. It is now quiet throughout the island, and no further riots have occurred during the last few days. As for Communist inspiration, there were some Communists among the Taiwan people who returned from Hainan Island. This group have contributed in no small measure to the malignant character of the riots.

"The Government plan for administrative reforms was very clearly outlined by General Pai Chung-hsi on his arrival at Taiwan."

STUART

893.00/4-147 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, April 1, 1947—9 p. m.

[Received April 2—5:41 a. m.]

713. Taipei reported on March 28 that the *Ho Ping Jih Pao* suspended for reporting Central Executive Committee censure Chen Yi

and as only few copies distributed that development not generally known in Taipei. Consulate reports further:

“Government here realizes position would be further weakened by publication CEC criticism which might cause Formosan jubilation leading to more uprisings. Official feeling appears uncertain regarding future while other mainlanders openly apprehensive further trouble with general sentiment favoring their return to mainland for safety and because Formosan cooperation impossible for indefinite time.

Native reactions difficult assess since expression anti-Government opinion will lead to arrest but small informed segment feels changes if any will come after departure General Pai. Arrival troops resulted in cessation overt action by Formosans but General Pai's visit has not so far contributed to any noticeable betterment of basic situation. Pai's efforts publicly concentrated on supporting Chen Yi. Arrests still being made and evidence points to continued executions. Fresh bodies still being removed from Keelung harbor. Occasionally gun fire at night but may partly be looting. Two confirmed instances public shooting of soldiers by MP's assumably for looting.

Governor told American pressmen that Wang Tien-teng, principal liaison between Government and former settlement committee, shot dead ‘while resisting arrest.’”

STUART

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893.00/3-3147: Telegram

*The Acting Secretary of State to the Ambassador in the Soviet Union  
(Smith)*

WASHINGTON, April 2, 1947—7 p. m.

775. For the Secretary <sup>21</sup> from Acheson.<sup>22</sup> We suggest awaiting receipt of despatch 588 March 26 containing concrete proposals on Formosa (Nanking's 689 March 29) before preparing reply to Stuart (Kosmos 17).<sup>23</sup> In meantime we are studying available materials on subject. Assistance in economic development of Formosa appears sound in principle but at first blush we question practicability of sending technical advisers without reasonable prospect of supporting credits.

ACHESON

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<sup>21</sup> The Secretary of State was at this time attending the Moscow Conference of Foreign Ministers.

<sup>22</sup> Dean Acheson, Under Secretary of State.

<sup>23</sup> For Ambassador Stuart's despatch No. 588 and telegram No. 689, see pp. 84 and 89, respectively. Telegram Kosmos 17 (Moscow Embassy telegram No. 1109), March 31, 5 p. m., from the Secretary of State to Mr. Acheson, not printed (711.93/3-3147); in it the Secretary requested the Department's recommended reply to Dr. Stuart's request for guidance made in the above cited telegram No. 689. In telegram No. 444, April 17, 6 p. m., Mr. Acheson informed Dr. Stuart that his despatch No. 588 had been received “and is now being studied by appropriate officers of Dept.”.

893.00/4-1047: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, April 10, 1947—5 p. m.

[Received April 10—8:43 a. m.]

780. Following is Taipei's 66, April 8:

"In interview yesterday with Commissioner of Secretariat on other matter, I mentioned a recent Nanking broadcast that plans being pushed at Taipei for change to provincial government system with Formosans having Chinese advisers or vice versa filling principal posts. He said change-over plans already drawn up but was non-committal re extent of future Formosan share in important Government positions, referring only to statements of general principle that he will recommend employing as many qualified Formosans as possible. Decision on local government readjustments will not be made until Pai can report to Gimo on latter's return from present trip.

Government program of large scale seizures and executions apparently completed in urban areas. No evidences of any systematic campaign to round up Formosans who fled to mountains. Conditions outwardly calm but sentries remain important points. Basic situation marked by mutual resentment and mistrust which on Formosan side could give rise to further uprisings if troops withdrawn. Chen Yi has ordered mainland officials remain at posts and not quit Taiwan.

American UNRRA doctor just returned from trip along entire west coast compiled statistics indicating Government report of 1,000 mainlanders casualties probably greatly exaggerated. He reports Formosans he talked with pursuant his medical duties, while becoming resigned to idea of prolonged Chinese subjection, are reluctant to abandon hope of UN intervention and stated 'U. S. made mistake in handing over Taiwan to China'."

Embassy is forwarding by despatch General Pai's statement, with comment upon his Taiwan mission. His statement was characterized by use of enough known facts to give specious air of plausibility to his defense of Government action in Taiwan affair.

Embassy has taken occasion to acquaint numerous Chinese officials, including Foreign Minister,<sup>24</sup> with background of situation as known to us. Embassy has also prepared a lengthy factual memorandum on situation which together with Chinese text thereof will be handed to Gimo by me upon his return to Nanking, in order that he may have an unprejudiced account of whole affair.

STUART

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<sup>24</sup> Wang Shih-chieh.

894A.00/4-1547

*The Ambassador in China (Stuart) to the Secretary of State*

No. 637

NANKING, April 15, 1947.

[Received April 25.]

SIR: I have the honor to refer to the Embassy's telegram no. 780 of April 10, 1947 in regard to the situation in Taiwan, and to enclose a memorandum prepared by Vice Consul George H. Kerr, now on consultation at the Embassy, in regard to the recent mission of General Pai Chung-hsi, Minister of National Defense, to Taiwan. There is also enclosed a copy of a Central News Agency release of April 7, 1947<sup>25</sup> which gives the full text of the statement made by General Pai following his return to Nanking. As of related interest, there is enclosed a translation of an editorial which appeared in the Nanking *Hsin Chung Hua Jih Pao* of April 4, 1947,<sup>25</sup> which purports to give "inside" information concerning General Pai's mission; this newspaper is said to reflect the views of the Youth Party.

The memorandum prepared by Vice Consul Kerr was prepared at the Embassy's request as an analysis of the possible effects of General Pai's activity in the light of Mr. Kerr's knowledge of the Taiwan situation. Mr. Kerr's personal observation of the bloody events in Taipei and the subsequent brutal suppression of representative Taiwan elements perhaps make his comments appear highly keyed in tone and in certain instances categorical in content. However, with the continuation of Chen Yi's regime in power in Taiwan, there is coming to be less and less middle ground which can be occupied by coolly impartial opinion.

Respectfully yours,

For the Ambassador:  
W. WALTON BUTTERWORTH  
*Minister-Counselor of Embassy*

[Enclosure]

*Memorandum by the Vice Consul at Taipei (Kerr) to the Ambassador in China (Stuart)*

[NANKING,] April 10, 1947.

On March 17 General Pai Chung-hsi, Minister of National Defense arrived in Formosa for a 10-day (extended to three weeks) investigation of the uprisings then in progress. He conferred with General

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<sup>25</sup> Not printed.

Chen Yi and his government, granted interviews, issued public statements and made radio broadcasts, of which the principal one was in five languages in an effort to "correct" the world's misunderstanding of the government's policy in Taiwan. At Nanking on April 7 he issued a statement which is believed to reflect the Government's official attitude toward the affair, subject to the Generalissimo's review of General Pai's reports.

While in Formosa General Pai appears to have devoted his public efforts to strengthening General Chen Yi's position, to have accepted the Governor's explanation of the uprising and to have given full support to the measures taken to quell the disturbances. His radio address to the aborigines in the mountains, asking them to cooperate in driving out dissident elements seeking refuge there and his address to the students of Taiwan (at a University assembly) in which he gave his personal pledge that none should suffer harm, were among his less fruitful actions. In general terms he promised reforms in education (to root out Japanese influences), reorganizations in economic administration (to relieve unemployment) and changes in the administrative system to permit Formosan-Chinese to enjoy greater participation in government.

General Pai's public statements suggest that the Generalissimo had indicated broad policy toward the affair and had entrusted to him the task of making recommendations for change; General Pai indicated that he expected his reform measures would be adopted. His lengthy statement at Nanking, therefore, must be taken ad interim as a reflection of the Government's official attitude toward the situation on Formosa, and may be summarized as follows:

General Pai believes the Formosan-Chinese have been misled by long Japanese indoctrination which taught them to villify the Chinese Government, the people and the troops. Japanese educational influence will be eradicated. Ambitious local politicians and communists have plotted and led the uprisings. They are being eliminated. Students, being impressionable and hasty, followed these local leaders. Under stricter control they will now be led to understand the traditional Chinese virtues.

Unemployment is a most serious problem, for which there are various reasons such as the return of 100,000 able-bodied men from overseas service as labor conscriptees and the failure of industry to survive because of the lack of fertilizer for agricultural pursuits.

Formosans should have a larger share in government. The administrative structure will become that of a regular province, but with certain additional departments and bureaus and the provision of deputy department heads, by inference to be filled by Formosans. At



some time in the near future Formosans can elect their own mayors and magistrates.

Though the Monopoly and Trading Bureaus have been very profitable for the Government, it is recognized that their operation has restricted the activities of private enterprises. The Monopoly Bureau will be reduced and the Trading Bureau will be replaced by a Supply Bureau.

Public lands (which occupy 70 per cent of the island's area) will be opened to private agricultural use.

In order to stamp out corruption entirely, a special supervisory commission for Formosa within the Control Yuan will be recommended.

General Pai's recommendations are in themselves believed to be mainly superficial, and are presented by him with certain serious misrepresentation of fact.

As an ideological corrective, the measures he proposes hold implications that all leadership which has dared to criticise the government since 1945 must be wiped out and a new and properly trained leadership of local people must come into being. The sweeping condemnation of the Settlement Committee for the February 28 Incident leaves no other interpretation. General Pai made no public gesture toward limiting the seizures and executions in progress during his inspection of Taiwan, but on the contrary indicated his approval.

As a political corrective, the transformation of the Government will affect the titles and may affect the prerogatives of the Governor, who remains a Central Government appointee. The enlargement of the Governor's administrative staff and the creation of deputy posts which can be filled by Formosans is superficial; the one Formosan who heretofore held a Deputy Commission in the Department of Education (since seized and presumed killed) had resigned in February, charging that the mainland Commissioner and his subordinates ignored him, and bitterly charging the Governor (in a personal interview) with having condoned this as general policy toward Formosans. It must be observed, however, that capable Formosans admitted to deputy posts would in time acquire knowledge of executive office at that level, an opportunity (with this exception) so far nonexistent.

As an economic corrective for the fundamental difficulties on Formosa, General Pai's proposals foreshadow even less economic opportunity for the Formosans. In proposing the abolition of two of the old (Japanese established) Monopolies he chose two which have had least effect on the public economy, namely, Matches and Camphor. He ignored the virtual monopoly exercised by the Government in at least 32 fields of major economic activity in the Government's total

or partial control (shared with the National Resources Commission) over some 222 formerly independent enterprises in these fields. He does suggest that these government enterprises may be "adjusted".

In proposing that the present Trading Bureau be abolished and replaced by a Supply Bureau, he merely proposes a change in terminology and further proposes that this Supply Bureau may hereafter become the purchasing agent for private industries, which is a serious extension rather than a reduction of the monopoly on import and export enjoyed by the present Trading Bureau, run by a mainland clique.

General Pai avoids suggesting the release of seized (and well-developed) Japanese lands to the Formosan farmer but appears to allude only to the extremely rugged mountain territory of the aborigines and to public forest lands when he speaks of opening 70 per cent of the total acreage to farmers "in accordance with current local land regulations". This would mean further pressure on the aborigines without substantial gain to the agriculturalist, and suggests a serious threat to the long-cherished forest conservation and soil erosion controls instituted in 1898.

General Pai adheres to General Chen's misrepresentation of the incident as primarily an organized insurrection and rebellion, characterized by attacks on the Governor-General's office and the Garrison Headquarters and accompanied by demands that all national troops be disarmed. It may be that for public purposes, at least, a military government has to have a military reason for action against its own people. By alluding to the "slanders" which had been heaped on General Chen's government General Pai suggests the revenge motive which is believed to have much to do with the systematic killing or seizure of all who have criticised the local government in the past 18 months.

In referring to the "emotional shock" suffered by mainland civil servants (and their material losses) General Pai touches a problem which, it is believed, will become increasingly grave as mainland government employees and civilians abandon their work in Formosa to return to the comparative security of the familiar mainland. During the period in which Japanese technicians were retained to assist in the takeover only mainland Chinese were in a position to benefit by their instruction. General Pai realizes that the withdrawal of key civilians will further cripple the economy.

General Pai refuted assertions made in the *China Weekly Review* that about 5000 were killed or wounded during the incident, but in his own statements stressed only casualties suffered by mainlanders and dwelt upon military losses. An American newsman present at

the interview states that General Pai became confused and finally asked that casualty figures not be quoted. His assertion on April 7 that "about forty" dissidents had escaped to the hills is in conflict with his March 25 statement that approximately 1000 had escaped. It is believed that his attempt to appeal to the aborigines by radio (March 26) reflects a genuine concern that resistance will be organized in the mountain region.

General Pai declared that he did not know whether news censorship, imposed by the Garrison Headquarters, had been lifted or not.

That General Pai's tour is used as a political issue per se in Nanking is indicated by comments heard among influential Chinese and noted in the press. An article entitled "The Inside Story of General Pai Chung-hsi's Pacification Mission to Taiwan", which appeared in the *Hsin Chung Hua Jih Pao* April 4 is enclosed as an illustration.

In some aspects the conduct of General Pai's investigation and the presentation of his conclusions smacks of an attempt to recover an embarrassing political situation created when General Chen's military operations against the people of Taiwan and the revelations of his apparent incompetency there threatened to upset complicated negotiations in the contemplated changes of Government at Nanking. Members of the Central Executive Committee made forceful and public demands for the dismissal and punishment of General Chen Yi, a Political Science Group member and close associate of General Chang Chun.<sup>25a</sup> The Generalissimo spoke firmly in defense of General Chen Yi on March 10 and later before the Central Executive Committee plenary session. The issue was dropped in the press, which confined itself thereafter principally to reporting General Pai's trip and his public comments, which in themselves may suggest a preconceived solution to the Formosa problem. For example, a foreign reporter at Peiping stated (in the *China Daily Tribune* March 26) that "All newspapers [at Peiping] received instructions to cease publishing news of the Formosa fighting, speculation and causes since the situation has been officially declared stabilized". Vernacular newspaper comment on the Taiwan situation, which had been almost universally condemnatory of Chen Yi, virtually ceased in Shanghai and Nanking after the Generalissimo's attitude was made known; at the same time the only news stories appearing were those given out by the official agency.

It is concluded that General Pai's visit to Taiwan further alienated the people of Taiwan from the Central Government. Throughout the negotiations with Governor Chen from February 28 to March 8, responsible Formosan-Chinese, the stable elements of the community,

<sup>25a</sup> Former Governor of Szechwan.

encouraged themselves in the hope that if the Generalissimo were appraised of the true course of events on Taiwan and if he sent a high civil officer of government to investigate, he would of course take steps to remove General Chen, prevent a military occupation and revenge, and reorganize the Government in consonance with the reform program which the officially recognized Committee was proposing for discussion. This faith in the Generalissimo and high officers of the Central Government was the basis for the appeal made to the American Consulate to forward a message to the Generalissimo through the good offices of the American Ambassador.

General Pai's unfaltering support of General Chen Yi, his identification with the will of the Generalissimo, the character of his reform proposals and the fact that seizures and executions continued throughout his visit of inspection must all be calculated to have increased rather than to have modified the difficulties of the Government in regaining the allegiance and economic cooperation of the Formosan-Chinese People.

G[EORGE] H. K[ERR]

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894A.00/4-1747: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, April 17, 1947.

[Received April 17—3:11 a. m.]

830. At regular weekly Ministry of Information press conference April 16, when questioned as to whether or not President Chiang Kai-shek approved recommendations submitted by General Pai Chung-hsi on the reform of Taiwan, Minister Peng Hsueh-pei said that the recommendations of General Pai have been submitted to the President and are under consideration now. The Minister said he was sure most of the suggestions will be accepted and that prompt action will be taken to carry them out.

STUART

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893.00/4-2147

*The Ambassador in China (Stuart) to the Secretary of State*

No. 659

NANKING, April 21, 1947.

[Received May 6.]

SIR: I have the honor to refer to the Embassy's telegram no. 689 of March 29, 1947,<sup>26</sup> which stated that President Chiang had expressed interest in Ambassador Stuart's proffer of background information

<sup>26</sup> *Ante*, p. 89.

concerning the situation in Taiwan. A memorandum which recapitulated the events beginning in Taiwan on February 28 and which supplied suggestions for a possible amelioration of the situation there was prepared by Vice Consul George H. Kerr, who has been on consultation at the Embassy, in conjunction with the Political Section of the Embassy.

The English and Chinese texts of this memorandum, copies of which are enclosed for the Department's information, were handed to the Generalissimo by Ambassador Stuart on April 18. The Ambassador submitted the memorandum without comment and the Generalissimo indicated that he would personally read the Chinese text.

Respectfully yours,

For the Ambassador:  
W. WALTON BUTTERWORTH  
*Minister-Counselor of Embassy*

[Enclosure]

*Memorandum by the Vice Consul at Taipei (Kerr)*

MEMORANDUM FOR THE AMBASSADOR ON THE SITUATION IN TAIWAN

BACKGROUND

[Here follows review of developments.]

AFTERMATH AND SETTLEMENT

*Public opinion, Nationalism and Communism*

However bitter their criticism of local administrative policy before these uprisings, there can be no question that the Formosan-Chinese have felt loyalty to the Central Government and toward the Generalissimo. Fifty years under Japanese rule had sharpened their sense of Chinese nationality and race and in doing so developed a strong sense of island-wide social unity. Formosans have been ambitious to see Taiwan become a model province of China. From February 28 until March 9, while Formosans were in effective control of the island, the leaders in the Settlement Committee, leaders of the Youth Groups and editors of newspapers which have been most critical of the local government all took great pains to emphasize their fundamental desire to become a model province in China, proud of their race and nationality and proud to be taking part in the National Reconstruction.

(For specific reference, see editorials and speeches quoted in the *Chung Wai Jih Pao*, March 6; *Min Pao*, March 6; *Hsin Sheng Pao*, March 5; and other journals of that week.)

Reference has been made earlier to the intense distrust and fear

of communism which was fostered intensively by the Japanese. There are a few Formosans who have been suspected of interest in overseas communism but they have always been counted of little importance. Of direct external influence a few communist pamphlets of mainland origin were found in the autumn of 1946 but they were not especially designed for Taiwan. So long as the living standard remained at a relatively high level there was little danger of communist doctrine finding a reception on Formosa. A large number of Formosans who had been conscripted into Japanese army labor battalions were repatriated from Hainan Island in conditions of extreme poverty in 1946. They had not been treated as "liberated Chinese" but as defeated enemies after the surrender. Failure to find employment on Formosa in the months since has undoubtedly increased their discontent and made them susceptible to the arguments of any confirmed communists who may have come back with them.

It may therefore be said with a high degree of assurance that as of March 1, 1947, communism in any form was of most negligible importance on Taiwan.

However, a local form of communism is not only possible but is believed to be a highly probable development if economic organization collapses under the pressure of continued military occupation.

*The military commitment and possible economic consequences*

If the Central Government chooses to support a policy of suppression of all criticism of the government and to confirm the authority of present officials by establishment of military garrisons throughout the island, the cost will be very high and will not diminish. Firm control will necessitate the maintenance of troops at all large cities, at all important rail and highway junctions and in the vicinity of the power plants upon which the normal economy depends. The ports and harbors must be garrisoned. Almost 14,000 square miles will have to be policed by military force.

It was not possible before March 17 to assess the truth of some Formosan claims that large supplies of arms had been seized in the central part of the island and transported into hiding. The opportunity presented itself and was probably taken.

It is presumed that the Formosans, if oppression continues, will not attempt a resistance from fixed positions, but will continue to harry Government troops, creating a continuous drain upon men and supplies, and will use the mountainous hinterlands as cover. Perhaps no single province in China involved so little military expenditure as that needed for Formosa before March 1, 1947. It may now well become one of the most costly, if the economic losses in production and hampered transportation are added to outright military costs.

It is significant that throughout the trouble the local government has emphasized the fact that the Army represents the Central Government most directly. Thus, when it began to be clear that the word given by the highest ranking military officers was to be broken, Formosans began to lose faith in the Central Government as well.

With industry in such a precarious condition in February 1947, it must be presumed that the dislocations attendant upon the present trouble and a military occupation will hasten the disintegration of the industrial structure of Taiwan. China loses thereby an asset of immeasurable value. This established industrial structure (including the food processing units which make agriculture so profitable) has a substructure of semi-skilled local labor. UNRRA investigations have shown that young Formosans are no longer able to go into industrial schools or apprenticeships as in the past, but enter the common labor market as they see industry after industry shrivel up as capital investments dwindle and small industries close. Unemployment will increase with acceleration of this trend.

The rice crisis in January indicated that in present circumstances Formosa may have no immediate food surpluses upon which to draw. The addition of large numbers of troops, feeding on the countryside, will further diminish available supplies. Rice and other foods will go into hiding. Sabotage and slow-down tactics may be anticipated.

The total losses of a military occupation are incalculable. Prominent Formosan-Chinese—conservative, liberal and extremists—and many young men have been killed or seized or are driven into hiding. The educational development of the island, especially in the technical schools of middle grade, will be greatly retarded at a time when China needs every trained man. Highly qualified mainland doctors and foreign medical personnel predict that the public health system may break down badly within the year, bringing on a larger scale the cholera epidemics which appeared in 1946.

A state of near anarchy is a distinct possibility for Formosa by the end of 1947 if drastic efforts to revise policy and effect governmental reforms (free of military pressure) are not undertaken speedily. Having known a relatively high standard of living under the Japanese regime, the Formosans are not going to lose what they have without a struggle directed against the forces which they hold responsible. If the Central Government meets increasing difficulties compounded of economic and military struggles of the mainland, the Formosans will be tempted to increase their resistance in proportion.

For eighteen months Formosan-Chinese blamed the provincial administration and at the same time assured themselves that if the Generalissimo were made fully aware of conditions he would reform

the system in effect on Taiwan. Later it was assumed that the application of the new Constitution would bring to Taiwan the measure of self-government needed to restore the total economy to its former high level of production, to the permanent benefit of China.

There may be a sullen peace achieved by military action, but it cannot be enforced. Further uprisings of far more serious proportions than these recent spontaneous outbursts may occur at a time when the over-all peace settlement in the Far East is underway, and problems are being reviewed for inclusion or exclusion in the conference agenda. Anyone who wishes to embarrass China will find good material in a revolutionary situation on Taiwan.

Formosa should be put to work earning foreign credit for China. Its peculiar character as an industrialized and technically developed province should be sheltered from the greater economic difficulties found on the mainland. Taiwan was returned to China as an outstanding economic asset, an example of the advanced technological economy toward which all other provinces of China are striving. Two years of concentrated rehabilitation effort in Formosa hereafter will produce permanent assets of two kinds. Raw materials and products such as fertilizers, cement, foodstuffs and industrial chemicals will become permanently available to China in increasing amounts. Others such as tea, camphor, sugar, industrial salt, pineapples, and light manufactures can be directed to overseas markets. A moderate share of the foreign credit so created must be returned to Formosa for rehabilitation and expansion of state-owned industries and the expansion of private enterprise. Formosan-Chinese must be admitted to greater participation in all aspects of economic administration and reasonable profit if the island is to prosper and to return to the high and constant level of production achieved in former years. Economic stability and expansion must be founded on a sound political and social administration. Now is the time to act. To encourage and ensure wholehearted effort the Formosan-Chinese must be allowed to take a larger part in government at all levels. Changes in personnel as well as in the structure of the administration must be thoroughgoing; it is felt that half-way measures and palliatives now will only postpone a larger repetition of the current protests against corruption, maladministration and autocracy in the provincial government. Formosa can be restored to its former high level of political allegiance and of economic production by prompt and fundamental reform.

The following developments have been reported as occurring during the end of March and the first part of April:

The continuing presence of fresh bodies in Keelung Harbor and other evidence indicate that the elimination of the informed opposition is continuing. The bodies of at least two men known to neutral



sources as having taken no part in any activities during the recent incidents have been identified. It is reported at Taipei that although shots and screams in the night have become less frequent, they continue, and that there is no palpable difference in the tense atmosphere of the city. Mainlanders generally are reported to be apprehensive of further trouble, and many of them are said to feel that Formosan cooperation under present circumstances will be difficult for an indefinite time in the future. Of serious import is the reported continued undermining of Taiwan's advanced economic structure.

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894A.001/4-2347: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, April 23, 1947.

[Received April 23—6: 55 a. m.]

880. Minister Peng Hsueh-pei, at regular MOI <sup>27</sup> press conference on April 23, answered following questions re Taiwan situation:

“Query: When will Dr. Wei Tao-ming <sup>28</sup> assume the governorship of Taiwan. Minister Peng's answer: No date has been chosen yet but Dr. Wei will proceed to his new post in a few days.

Query: When will other recommendations of General Pai Chung-hsi be carried out. Minister Peng's answer: General Pai's other recommendations will be put into execution one by one following the arrival of the new governor in Taiwan.”

STUART

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894A.00/5-3147

*Memorandum by the Vice Consul at Taipei (Kerr) to the Ambassador in China (Stuart)* <sup>29</sup>

Wei Tao-ming's prospects for success as civil Governor of Taiwan are conditioned by the influence he may be able to exercise over (a) the military, (b) the intricate and well entrenched bureaucracy developed under Chen Yi, and (c) the policies so far supported by the Central Government, which have led to this politico-economic crisis.

The major administrative problems within the next 6 months will probably center on food and commerce, military conscription of Formosan youth, and public health. The major external problems will be the task of convincing world opinion that genuine reforms

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<sup>27</sup> Ministry of Information.

<sup>28</sup> Chinese Ambassador in the United States, 1942-46.

<sup>29</sup> Prepared prior to Mr. Kerr's departure April 28 from Nanking to return to Washington; copy transmitted to the Department by the Ambassador in his despatch No. 771, May 31; received June 11.

are taking place and that Formosa should offer no cause for discussion at the projected peace settlement. Dr. Wei may be thought to be eminently suited to deal with any international problems involved in the projected transfer of the sovereignty of Taiwan from Japan to China.

#### THE MILITARY PROBLEMS

The new Governor must bring about the reduction of armed forces and army influence. The Chinese Army Headquarters at Nanking show unusual reluctance to reveal the extent of present military commitments on Taiwan. An Assistant Military Attaché (Colonel Dau) has made an informal and rough estimate that from 50,000 to 60,000 troops (sent in after March 7) may be engaged in "pacification".

The presence of such large numbers of troops is in effect the military occupation of a hostile area; its psychological effect will tend to negate the Governor's best efforts to win the confidence of Formosans and will stiffen opposition to mainland control of island affairs.

The economic pressure exerted by such a number will gravely affect economic revival. To the demands of the commissariat and the burden on transportation must be added a system of levies disguised as "gifts of food and other supplies offered by the citizens as tokens of their appreciation of the good conduct of the troops and the gendarmes during the quelling of the uprising." Organizations of leading citizens in several urban centers have been formed to gather and deliver such token gifts.

The developing rice crisis in February had caused General Chen Yi to appoint his Chief of Staff, General Ko Yuan-feng as Chairman of the Food Commission. General Ko created an organization based on military force, which was prepared to meet the popular charge that the Army was in large part responsible for an apparent stripping of the island of its rice supplies. The Government counter-charged civilian hoarding and smuggling.

The enlarging participation of the military in civil administration under guise of civil appointments must be checked. As an example, the newly appointed Magistrate of Hsin Chu Hsien (Chou Ching-chih), a Formosan Chinese (presumably a Hakka by birth) has been an Advisor to the Kwangtung and Kwangsi Military Command, a Counsellor in the Kwangtung Province Government and a Counsellor to General Chen Yi in Taiwan. The newly appointed Mayor of Taichung (Li Huei) is a former major-general, a graduate of the Japanese Military Academy and a cavalry officer. These appointments appear as civil appointments.

The proposed new military conscription of Formosan youths will

create one of the new Governor's most serious problems. The Army will demand the right to remove Formosan youths from the island; the public will continue hereafter to resist overseas conscription as it has in the past. A civil Governor will have to reconcile the issues.

#### ADMINISTRATIVE PROBLEMS

It is too early to know if Dr. Wei's services abroad—especially in the United States—will be played up locally to create an encouraging aura of liberalism. He will find it necessary in any case to convince people that he has a program broader and more informed than the one offered by General Pai on behalf of the Generalissimo. From the Formosan point of view the "inspections" of General Pai (on behalf of the Generalissimo) and of Commissioner Yang Liang-kung (on behalf of the Control Yuan) were not encouraging.

It is believed that the probabilities of Dr. Wei's success can be gauged by his first changes in administrative officers. The principal architects of the state monopoly system which is choking the economy of Taiwan, impoverishing the Taiwanese and enriching the officeholders, their aides and adherents must be removed. These certainly include the present Commissioners of Finance, of Mining and Industry, of Agriculture and Forestry and of Communications. The Director of Public Health Administration must go if the public health services are to be rehabilitated in time to prevent grave epidemics in 1947.

The new Governor must at once demonstrate his reluctance to continue General Chen's policy of protecting rascals from legal prosecution and of reinstating corrupt officials who had been impeached and in many instances convicted. Notorious examples were the release and reinstatement of Jen Wei-chun, former Director of the Monopoly Bureau and Yu Pai-chi, ex-Director of the Trading Bureau, both impeached by a special investigation commission sent from the mainland in 1946. (They are understood to have left the island, however, at the conclusion of the present disturbance.)

Personnel problems facing Dr. Wei include the disruption of organization through resignations of qualified mainlanders because of personal fear and sense of insecurity after the March riots. (A press campaign has been started to build up public tolerance for preferred treatment, salaries etc., for mainlanders in Government offices.) The Government payrolls must be freed of great numbers of salaries paid to mainland men on the books of enterprises operating far below former capacity or in actual suspension.

As for the creation of offices in Government to be occupied by Formosan Chinese, on paper it appears to have the advantage of admit-

ting Formosans to a period of tutelage, of familiarity with administrative procedures at the highest levels. In practice, however, the Governor will have to avoid the past abuse, whereby Formosans in posts of nominal importance were occasionally "consulted" but were usually in fact ignored. The new Governor's appointments will be scrutinized by the people for a clue to the sincerity of all reform efforts.

It must be assumed that those outstanding Formosans—men of practical private administrative or other experience—who have survived the purge of opposition which took place in March will be extremely reluctant to expose themselves to the mercies of a military-dominated Government which they mistrust or to the opprobrium of public association with it. It may be presumed that the Formosans who will step forward to take appointments, pending the time when widespread free elections are held, will be men with long and close past association with the mainland.

#### POLICY PROBLEMS

In the economic field the new Governor will be expected to modify the all-inclusive state monopolies which are at the heart of Taiwan's economic difficulties. Recent Taipei announcements appear to be intended to give the external impression that popular demands are being met. The publicized abolition of certain monopolies (including matches, camphor and liquor) appears designed merely to gloss over the real issue. These individual monopolies are not vital to the economy of the people, who have been demanding that the monopolistic policy of the Government be modified. The question is one of overall policy, not merely one of specific institutions.

The announced policy of tutelage in political and economic leadership will be watched closely to see if changes under Dr. Wei are substantial or merely formal extensions of unwanted, unwarranted and often inimical mainland management of local affairs.

#### DR. WEI'S EXTERNAL PROBLEMS

In considering the effect of the announcement of Dr. Wei's appointment in Washington, the authorities may well have considered his possible usefulness at the forthcoming conferences and peace settlement, at which time a man so well versed in international negotiation may be called upon to defend Chinese administration in Formosa. The impact of current American criticism may prepare the way for the Governor's presence at the Conference.

G[EORGE] H. K[ERR]

894A.00/4-2547 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, April 25, 1947—10 a. m.

[Received April 25—5 : 20 a. m.]

893. Civilian character of new Taiwan Govt, as indicated by first appointment, is a step forward as regards the susceptibilities of the Tiawanese. At same time, only effective means of handling present situation in island is believed to be a thorough-going reform, not only of the political structure but of economic policies and attitude of Chinese (in Nanking as well as Taipei) toward Taiwanese. Complementary to civilian rule will be the question of military structure, including importantly military personnel, which will be established. Appointment of Wei Tao-ming<sup>30</sup> as governor is probably designed for its effect on the American public. Although there is nothing to indicate his appointment was made at instance of T. V. Soong, who had refusal of post, Wei is on good terms with Soong (and incidentally with the Kungs<sup>31</sup>). Wei is, of course a protégé of Wang Chung-hui<sup>32</sup> and as such can be considered as not unsympathetic to the Political Science group, whose man he succeeds.

It is still too easy [*early?*] to estimate possible effect of political turn-over, but order just issued by Executive Yuan for the creation of positions of Deputy Commissioner in all provincial departments "to familiarize Taiwanese with the Chinese Governmental System", carries implication that political tutelage and economic subordination may be key to future Govt policy. Complete endorsement by the Generalissimo, as reported in press, of General Pai's recommendations (listed in Embdesp 637, April 15) is not on its face encouraging.

The fairly complete change of governmental structure in Taiwan as a direct consequence of the rebellion there may now be considered as official admission of the failure of the previous regime. Unfortunately, Chen Yi was given the opportunity to remove from the scene some of the ablest and soundest of the native elements and to create a situation which will confront his successor with manifold difficulties which might have been avoided had the National Government itself moved wisely and promptly in the first days of the incident.

Sent Dept; repeated Taipei 27, April 25, 10 a. m.

STUART

<sup>30</sup> Formerly President of the Chinese Executive Yuan.

<sup>31</sup> Dr. H. H. Kung, former Chinese Minister of Finance and Vice President of the Executive Yuan until 1945. His wife was the eldest sister of Madame Chiang Kai-shek, Madame Sun Yat-sen, and Dr. T. V. Soong.

<sup>32</sup> Former Chinese Minister for Foreign Affairs.

894A.50/4-2847

*Memorandum by Mr. Melville H. Walker, of the Division of Investment and Economic Development, to the Chief of the Division (Havlik)*

[WASHINGTON,] April 28, 1947.

Subject: Proposal for economic development of Formosa with U. S. supervisory assistance.

The attached despatch from Ambassador Stuart<sup>33</sup> covers a wide range of possible American assistance to China, including military, railroads, currency stabilization, "productive development", and educational loans, but it most immediately requires a reply concerning a proposal for American assistance for economic development of Formosa. In Embtel 689, March 29,<sup>34</sup> Ambassador Stuart reported that in discussing with the Generalissimo the pressing need for better and cleaner government in Formosa, he (the Ambassador) broached the possibility that the great economic resources of the island be exploited with an adequate staff of American technical advisers; that this would require willing cooperation of the islanders; and that export profits might somehow be employed for repayment or guarantee for any future American loans. Ambassador Stuart said the Generalissimo was emphatic in his endorsement of this proposal and asked that the Ambassador proceed to work out concrete proposals (regarding which the Department was referred to subject despatch 588). The Ambassador said he suggested that something of the same sort might be worked out for Hainan and the Generalissimo showed himself equally ready to undertake it.

Nanking's message 689 was repeated to Secretary Marshall at Moscow. On April 2 a message was sent to the Secretary suggesting that the Department await receipt of despatch 588 before preparing a reply to Ambassador Stuart. Mr. Vincent informed the Secretary that materials available to the Department on Formosa were being studied, that "assistance in economic development of Formosa appears sound in principle but, at first blush, we question practicability of sending technical advisers without reasonable prospects of supporting credits."

On April 17 Ambassador Stuart was informed<sup>35</sup> that his despatch 588 of March 26 had been received and was now being studied by appropriate officers of the Department, and on this date there was repeated to him the text of the message sent to Secretary Marshall on April 2.

<sup>33</sup> No. 588, March 26, p. 84.

<sup>34</sup> *Ante*, p. 89.

<sup>35</sup> Department's telegram No. 444, not printed.

There follow my comments and reactions to several aspects of Ambassador Stuart's proposals regarding Formosa:

1. It would not appear desirable to accept in principle the idea of treating Formosa, or any other area in China, as a "special economic area" for development with assistance of American or other foreign advisers. To develop Formosa in this way, as Ambassador Stuart suggests "might be worked out either before or as a part of the peace treaty with Japan," would seem to open the way for fragmentation of China into zones of economic influence, a consequence which would not be consistent with our general policy toward China and which would weaken the basis for our opposition to Russian measures in Manchuria.

2. Ambassador Stuart stresses the "enormous economic resources of the island", and that proceeds of Formosan exports could be utilized to guarantee or liquidate American loans—without making clear whether he is thinking only in terms of loans for reconstruction in Formosa or has in mind loans for reconstruction elsewhere in China as well. Clarification on this point would appear desirable, since it is possible that the Generalissimo understood him to be thinking in terms of pledging proceeds of Formosan exports for general loans to China.

3. It is stated in despatch 588 that the annual overseas trade of Formosa under the Japanese was valued as high as US\$225 million. This figure is a total for exports and imports combined, and exaggerates the economic potentialities of Formosa as far as providing dollar exports to guarantee or liquidate loans from the U. S. Over 90 percent of Formosa's pre-war exports, which in 1937 amounted to yen transactions equivalent to US\$126,731,000, went to Japan and Korea; and over 85 percent of imports equal in total to US\$80,900,000 came from these same sources.

Exports to the U. S., consisting chiefly of tea, camphor and pineapple, amounted only to \$1,848,000 compared with imports from the U. S. totaling \$845,000.

Nearly 75 percent of the total value of all Formosan exports in 1937 consisted of sugar and rice. Formosa supplied 90 percent of the sugar imports into the rest of the Japanese Empire and about 6 percent of Japanese rice requirements, with smaller quantities of a number of semi-tropical fruits and other products.

Even if the island's production were restored to pre-war levels, principal Formosan exports are not of a character which can be exported directly to dollar areas. To the extent that it would free China from importing rice from Siam, for which sterling and dollars are now being called for, expansion in Formosa rice production would be beneficial to China's exchange position. The sugar situation, how-

ever, may require special consideration since the island's industry was developed on the basis of tariff protection, and in cost terms Formosa cannot compete with either Javanese or Indian sugar.

Aside from ship repair facilities, Formosa's principal industrial resource was the hydro-electric generating capacity which the Japanese installed beyond the island's immediate needs and which provided a basis for expanding activity in fields of industry in which availability of electric power was a primary consideration, e. g., aluminum refining in Takao and the newly developing artificial fertilizer industry. Such industrial units, however, are all dependent upon imports of crude materials. There was no important textile manufacturing on the island before the war or other important export manufacturing industries.

Formosa's mineral resources appear limited in both quantity and variety. Some gold is mined, and some bituminous coal, (around 2 million tons annually in pre-war years) but the only other mineral resources of importance are copper and salt, and the very small output from Formosa's "oil fields"—including carbon black—might be mentioned.

Thus the most careful analysis would be required to appraise Formosa's capacity for export into dollar areas in any substantial quantity. It should take into account destruction of facilities during the war, availability of technical and skilled personnel, needs for imported raw materials and equipment for Formosa's industries. From the standpoint of exports to United States, particular attention should be paid to the present market and supply situation regarding black tea and natural camphor. From the standpoint of relieving China of foreign exchange costs of imports, the rice situation should be closely studied. Under UNRRA some consideration has been given to cement and artificial fertilizer projects on the island. In pre-war years, these were essential Formosan imports, and I do not know whether these projects are intended to produce for Formosa's needs, or for export to China. Formosa was geared in pre-war years to sell to Japan, from which it received necessary imports, notably textiles, and other consumer goods, iron, iron manufactures, machinery and vehicles. Reconstruction and integration of Formosan economy with that of China, will require that China be in position to supply Formosa with essential products, both from standpoint of people's livelihood and for industrial reconstruction, and that China not continue to regard the island merely as a source of needed imports.

Ambassador Stuart, in his despatch 588, does not present specific projects, and such a concrete approach would be necessary for consideration of the magnitude of possible loans required and their repayment projects.



4. While in Nanking I met with several groups of American engineers who had been employed by the National Resources Commission to survey various aspects of the Formosan economy. One group worked especially on electric power resources; another, I believe, surveyed mineral possibilities; and the National Resources Commission has entered a contract with the Universal Oil Products Company, a California concern, to provide technical assistance for rehabilitation of the Takao petroleum refinery. On these established industries the Chinese Government already has had technical assistance or has arranged for it; and the problem as is true so generally, appears as one of carrying out in practice competent technical recommendations already made.

Apparently Ambassador Stuart's program envisages introducing American advisory personnel into actual policy determination and administrative activities of the island, and if so this underlines the political rather than the strictly economic phases of the measures contemplated. On the basis of experience, in recent years at least, it appears doubtful that such a program could be carried through without offense to the National Government leaders, even if substantial U. S. Credits were provided. Unless the U. S. administrators were given real policy-making responsibilities, and were successful with the Chinese Government in carrying them out, the net result of the program could easily be for the U. S. rather than the Chinese Government to be blamed for the island's subsequent economic and political deterioration.

5. The views of ED regarding loan assistance to China are as expressed in the attached memorandum of April 23, 1947,<sup>36</sup> and the principles enunciated therein, in my opinion, should apply to Formosa as well as to other parts of China.

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893.00/5-1047 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, May 10, 1947—7 p. m.

[Received April [May] 10—4: 47 a. m.]

1017. Following is Taipei's 78, May 8, to Nanking :

["] Some newly-appointed officials arranging to take over posts but opportunity observe new regime in action must await arrival Wei Tao-ming, date of which unannounced. Government activity at higher level presently at near standstill.

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<sup>36</sup> *Post*, p. 1105.

Atmosphere increasingly relaxed with populace hoping for early indications of nature and scope of reforms promised in general terms by central authorities.

Farewell broadcast by Chen Yi implying his imminent departure apparently refutes widely circulated rumors he would remain in military capacity. He emphasized in speech that Taiwan is China territory and warned that "ambitious elements" are eager to separate island and people from China in view of its rich resources and strategic location. Implication is obvious and is in line with previous veiled allegations by officials here of American designs on Taiwan and encouragement of Formosan dissidents."

STUART

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894A.00/5-1347: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, May 13, 1947.

[Received May 13—6: 28 a. m.]

1040. Central News Agency quotes Taiwan Governor-Designate Wei Tao-ming as stating main objectives for administrative policy will be democracy, economic stability and elevation standard of living. He declined to comment on economic plans, stating these must wait upon a thorough investigation of conditions in Taiwan. He stressed that administration will strictly follow Central Government instructions.

STUART

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893.00/5-1747: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, May 17, 1947—3 p. m.

[Received May 17—7: 30 a. m.]

1080. Minister-Counselor had long talk with Dr. Wei Tao-ming, Governor Designate of Formosa, prior to the latter's departure on May 13 from Nanking for Taipei. Since Dr. Wei initially volunteered that he knew but little about Formosa and its problems and would spend the first couple of months largely in orienting himself, the opportunity was taken to give him a suitable unvarnished account of past events (see Embassy's despatch 659, April 21) and possible future prospects. In particular he was warned of the necessity of ending the carpetbag era and insulating Formosa from being dragged

into the economic-financial mire which the civil war was creating in China proper. In this connection it was emphasized what benefits in due course would rebound to China if Formosan exports and other assets were for the time being used for rehabilitation of the island. Secondly, he was apprised of the extent to which the Central Government vis-à-vis Formosa was on trial in the eyes of the rest of the world, the manner in which the Government's case vis-à-vis the Communists was by implication involved and the dangers which were inherent in the Formosan situation. In this latter connection it was indicated that the current state of suspicious quietude which could no doubt extend for a few months should not mislead because if Formosans, according to Embassy's sources of information, were not given an enlightened share in that govt of the island, underground communist movement would thereby be inevitably created. Dr. Wei in word and attitude gave every appearance of being well-intentioned. Furthermore, he had taken the precaution of obtaining Generalissimo's consent to a diminution of the number of troops which he proposed to effect as soon as possible. . . . Dr. Wei indicated that after he had become conversant with the situation he would wish to discuss the question of American advisory aid.

In these circumstances Embassy would like to modify in the light of the above its recommendations contained in Embtel 943, May 1, 6 p. m.,<sup>37</sup> re sending a consul to relieve Blake by September at which time he will have completed three years' continuous service abroad. Embassy believes that the consulate at Taipei should be fully staffed at once and further recommends that there be appointed a high-ranking officer in charge, of broad experience, who would not be concerned with the routine work of the Consulate but who would be free to move about the island and whose main duty would be to consult informally and unofficially with the governor, opportunely to suggest steps and methods calculated to advance the political and economic welfare of the island and to prevent him from becoming a creature of this bureaucracy. The presence and helpful approach of such an officer would keep continually to the fore in China consciousness the American concern at the way island affairs have been going and its determination to be constructively helpful within the scope of our announced general foreign policy. Such an officer would find it useful to have the advice and assistance of a competent Japanese-speaking Far East officer of junior rank, preferably one with Chinese experience.

It seems important to attempt whenever possible to reverse the process now in train in China of encroachment of instability upon

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<sup>37</sup> Not printed.

stability which, if unchecked, will almost certainly encompass Formosa, despite the wealth of its resources and the abilities of its people. *A sine qua non* would be the presence in Taiwan of an American official of unusual breadth of mind and skill as well as the appropriate assertion of pressure here where the Government in its fight for existence will be more than tempted to exploit, regardless of ultimate consequences, that island. It seems to Embassy that the next dozen months will be crucial ones for Formosa and it recommends that such an official be sent out as ConGen forthwith. Embassy has in mind such a person as Coert du Bois who has had experience in the east and whose efforts in the Caribbean area would stand him in good stead and suggests that he might be willing to come out of retirement for such a job for say a year's period.

Regardless of persons named, it seems important, that such a ConGen should arrive in Taipei as soon as possible after the new governor so that he need speak from no less long experience than the latter. Blake wishes to go on statutory leave as soon as possible and Embassy recommends that he proceed when office is properly staffed.

STUART

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894A.00/5-2647

*Memorandum by Mr. George H. Kerr<sup>38</sup> to the Director of the Office of Far Eastern Affairs (Vincent)*

[WASHINGTON,] May 26, 1947.

Subject: Probability of Communist Penetration in Formosa

Under present Chinese policy it is believed probable that Formosa will succumb to communism in the near future.

A minimum development inimicable to American interests will be an inconclusive struggle between the populace and the Central Government and the denial of Formosa's wealth to the Far Eastern economy.

A maximum development will be the successful penetration of communist leadership, the elimination of Nanking's representatives and—if there is a political fragmentation of China—the establishment of a strong communist control over rich natural resources and light industry potential.

The recent massacres, military subjugation (an estimated 50,000 troops now there) and superficial gestures in answer to popular reform demands have estranged the Formosans from the mainland.

General Chen Yi adroitly placed the blame for his recent revengeful

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<sup>38</sup> Mr. Kerr, former Vice Consul at Taipei, had returned to Washington about May 20.

massacre upon the Central Government and carefully identified the United States with support of his policies. The use of United States military equipment by his troops appeared to lend visible support to his propaganda. Organized communism, in exploiting this, appeals to Formosa to abandon hope for democratic intervention. Formosa's coasts lie open to smuggled arms and agents.

Until mid-March responsible Formosans expressed the profound belief, here concurred in, that Formosa must pass under temporary United Nations or American supervisory control (with an all-Formosan Government having technical advisors) or become communist.

Before March 8 Formosans discussed the fact that sovereignty has not yet passed to China. The public refused to believe that America would permit the massacre to develop or the Chinese thereafter to remain in unlimited control.

If a formula could be found stipulating the investment of American aid in the existing economic structure of Formosa and requiring a joint management thereof (following withdrawal of troops), or if advantage could be taken of the *de jure* status of Formosa to insist on a supervisory body to reduce and check current excesses, the island might be reserved under temporary international control as a stable foothold for future liberal reconstruction efforts in China.<sup>39</sup>

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893.00/7-847 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, July 8, 1947—11 a. m.

[Received July 8—3 a. m.]

1479. Following is substance of Taipei's 113, July 5, 5 p. m. to Embassy:

"Resurgent but less open criticism of Chinese control displacing 'wait and see' attitude of Formosans following removal Ch'en Yi. Many persons seized during incident still missing and some new 'disappearances' reported; appeals of relatives to new government re whereabouts fruitless. Secret police activities increasing. Military arrests in central Taiwan probably largely for private gain since persons arrested usually released on payment money or goods. Arbitrary actions by outlying military civilian officials contrary orders promulgated Taipei frequently reported. Impression spreading that new civilian government powerless to control military or is giving it free

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<sup>39</sup> In a memorandum of June 9, the Chief of the Division of Chinese Affairs (Ringwalt) invited the attention of the Secretary of State to Mr. Kerr's memorandum, and it was subsequently initialed by the Secretary.

hand. Formosan circles presently agitated by insistent reports that new lists political suspects to be arrested now under preparation.

"Consul informed increasingly gloomy outlook under Nationalist regime is providing willing listeners to Chinese Communist agents, some of whom are now reliably reported active on island. Several Soviet 'business men' have arrived for indefinite stay.

"Some sources claim negotiations progressing for transfer Taiwan to United States control in return for new loan to China while rumors of impending United States troop landings increasing. Such reports may doubtless be product of basic unrest but at same time add to discontent of Formosans who feel some major political development pending. Blake."

Embassy has requested Taipei for further information with regard arrival Taiwan of Soviet "business men".

STUART

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894A.00/11-447: Airgram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, November 5, 1947.

[Received November 14—10:55 a. m.]

A-233. Following article was published in Central News Agency's *English Bulletin* of October 28, 1947:

"President of the Executive Yuan, Chang Chun, returned to the capital at 2:50 this afternoon from Taiwan, after having taken off from Pingtung, Taiwan at 10:40 in the morning. He issued the following statement:

"I have just come back from Taiwan, where I attended the second anniversary of the island's restoration to China, brought the Government's greetings to the local people, and also looked into conditions there. Though my visit was a brief one, I have formed some impressions.

"First, as 97 percent of the Taiwan population were immigrants from Fukien and Kwangtung, they have a good foundation in Chinese culture. Throughout the Japanese rule they made every effort to preserve their Chinese mode of living, habits and beliefs. Their common ethical outlook is Confucius while the guiding spirit in their enterprises is inspired by Cheng Cheng-kung,<sup>40</sup> a national hero of China, who fought the invading Manchus from Fukien and later from Taiwan following the fall of the Ming Dynasty in 1644. There is at Taipei a magnificent Confucian temple and an even older one to the memory of the sage at Taiwan. The local people there are now raising funds to make repairs. The sage's birthday is annually celebrated with ancient dancing and music.

"The people of Taiwan adhered to their own customs and language

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<sup>40</sup> Known also as "Koxinga".

during the 51 years of Japanese occupation. In that long period only 20 Taiwan girls had married Japanese. During the 2 years after Taiwan's restoration there have already been more than 2,000 marriages between the Taiwan people and Chinese from the mainland. This shows that Japan's 51 years of rule of Taiwan was successful only politically, but not spiritually.

"Such spirit on the part of our Taiwan compatriots, therefore, commands our admiration. And the good behavior of youths and primary school children as well as their seriousness in quest of knowledge are likewise praiseworthy.

"Second, Japan's reconstruction of Taiwan, though colonial in character, has laid a fairly solid foundation for the island. The Taiwanese were, of course, not allowed to take part in politics at the high level, but there is a framework for local self-government. While the Taiwan people had no opportunities for college education, education from secondary schools down was accessible to all. In Taiwan, more than 85 percent of the entire population have received primary education.

"Despite the fact that economically Taiwan was an off-shoot of Japan, agriculture and industries for the production of civilian goods were plentiful. Meanwhile, communications and transportation have been highly developed. Consequently, the people have known stability in livelihood, and unemployment was scant.

"In the development of Taiwan, Japan can be said to have fully utilized the island's conditions. She applied human efforts at places where natural conditions were meager. Take the power plant at the famed Sun and Moon Lake and the irrigation works at Tachuan for instance. The natural conditions at both places are by no means superb. At the lake, the Japanese went so far as to generate power by water conducted through a 10-kilometer long tunnel so as to make electricity available to the whole island. By the construction of irrigation works at Tachuan, large spans of wasteland were reclaimed. These characteristics in the reconstruction of Taiwan deserve our careful attention.

"Third, now that Taiwan has been restored, we should make use of the existing foundations in our reconstruction efforts. For example, Taiwan has a sound base for local self-government, census, land and police administration. This will facilitate our work of establishing domestic government there.

"Likewise, we should take full advantage of Taiwan's existing educational system and well-equipped schools to put higher education within the reach of more young people in the province.

"Furthermore, on Taiwan's agriculture and basic industries for manufacturing civilian goods, we should try to make good the imperfections the island's erstwhile subordinate role in economic affairs. The fullest use should be made of Taiwan's products to guide the island's economy into a new coordinate relationship with that of the mainland.

"Thus in a short time, Taiwan will be able to make normal and steady progress in political, educational, and economic fields, and thereby serve as a model province in China's over-all reconstruction program.

“In the past, Taiwan’s administration and educational facilities as well as economic reconstruction had evolved their own forms and coordinated relations. These forms and relations must be understood. And in attempting any change and reform, therefore, we must give due regard to its affect on such inter-dependent relations. The provincial government has given careful thoughts and taken well-thought-out measures. Meanwhile, people’s representative organs have also been working hand in hand with the local government.

“Visiting various parts of the island, I received a number of people, including representatives from the tribes-people who live in the hills. They all frankly and sincerely expressed their wish to make their contributions toward Taiwan’s reconstruction under the Central Government’s leadership. With hardly any exception, the views they set forth and the requests they made, are all matter-of-fact and reasonable. Problems which could be solved on the spot by myself were duly solved. I have brought with me to the Capital other problems which call for consultation with competent departments in the Central Government, or which need further discussions in meetings.’”

STUART

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894A.00/11-1747: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, November 17, 1947—3 p. m.

[Received 7:10 p. m.]

2248. As further evidence that situation has become so critical Gimo may be willing to act, was conversation I had with him regarding Formosa (our 2241, November 15, 8 a. m.<sup>41</sup>) News from Formosa continues to indicate maladministration, smouldering discontent and organization of revolutionary activities under capable leadership with objective of virtual autonomy. Gimo was aware of situation and expressed hearty endorsement in principle of some form joint Chinese-American administration of Formosa for a limited period of years with the emphasis on economic rehabilitation.

Since the Secretary’s statement regarding relief to China<sup>42</sup> I have received frequent requests for details. I shall therefore greatly appreciate any advance information Department may be able to give.

STUART

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<sup>41</sup> *Post*, p. 1219.

<sup>42</sup> Reference apparently is to Secretary of State Marshall’s statement made before a joint session of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs on November 10, 1947; Department of State *Bulletin*, November 23, 1947, p. 967. Although this statement dealt almost wholly with aid to Europe, the Secretary did make an important, though very brief, reference to aid to China.



894A.00/12-547: Telegram

*The Acting Secretary of State to the Consul General at Shanghai*  
(Davis)

WASHINGTON, December 5, 1947.

2080. Associated Press Shanghai Dec 3 sent following:

"The independent newspaper *Sin Min Wan Pao* accused the United States today of attempting to wrest Formosa (Taiwan) from China and charged that the Island already has 'fallen under American control'.

A dispatch from the newspaper's correspondent on Formosa said a separatist movement was gaining momentum and accused the United States of fostering public opinion favoring trusteeship for the Island. It said the United States contended that 'since the Chinese Government is incompetent even to rule China, naturally it cannot rule Taiwan successfully'.

The correspondent quoted 'the director of the U. S. Information Service' as saying 'The United States intends to apply the Atlantic Charter<sup>43</sup> to Taiwan. Then Taiwanese can decide freely for themselves to whom they owe allegiance.' The official was not named.

The American Army is setting up a military training center on Formosa for the Chinese Army. The Island, for years under Japanese rule, has been the scene of unrest and outbreaks since China resumed administration.

The *Sin Min Wan Pao* correspondent declared that the American Air Force had taken over airfields and put an airplane assembly plant in operation, while the Army was building bases and bringing in large quantities of ammunition."

ConGen Taipei should report immediately facts concerning reference to USIS Director and any other comments.

ConGen Shanghai should cable full text *Sin Min Wan Pao* story.

Sent Shanghai, for action 2080; repeated Taipei, for action 27; repeated Nanking, for information 1469.

LOVETT

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894A.00/12-747: Telegram

*The Consul at Shanghai (Pilcher) to the Secretary of State*

SHANGHAI, December 7, 1947.

[Received December 10—11:44 p.m.]

2788. ReDeptel 2080, December 5 (27 to Taipei and 469 to Nanking). Full text of story by Tung Ching entitled "What has the

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<sup>43</sup> Joint declaration by President Roosevelt and British Prime Minister Winston Churchill on August 14, 1941; *Foreign Relations*, 1941, vol. 1, p. 367.

United States done in Taiwan" which appeared in November 27 issue *Sin Min Wan Pao* under dateline Taiwan October 31 follows:

Taiwan which returned to the bosom of the mother country just 2 years ago after half a century of Japanese domination has again become the coveted objective of all. The American run Manila *Bulletin* actually advocated openly the placing of Taiwan under trusteeship. Judging from recent American activities in Taiwan the plea for trusteeship serves only to expose some kind of underlying intrigues.

Remember that when General Wedemeyer visited China<sup>44</sup> he also took a trip to Taiwan. There he made a careful inspection of the harbors, bases, as well as oil refineries, sugar and cement factories thus showing the concern which the United States has for Taiwan. He seemed very cautious. For fear of arousing any suspicion he particularly stated that the United States has no territorial ambition. However the facts of today are exactly contrary to the guarantee given by Wedemeyer and moreover Sino-American friendship is being seriously impaired. It is heart-rending to say that the Taiwan of today has in reality fallen under American control, since the visit to Taiwan of General Wedemeyer who declared the United States has no territorial design.

GI driven jeeps have frequently appeared on the streets and military planes with the star insignia also have often been seen overhead. This eye-shaped island has become the new Garden of Eden for American troops; it is said that large numbers of American Air Force personnel have already taken up quarters at various airfields everywhere on the island. The Sungshan airfield of Taipei city has become the base of the 13th USAAF. The American Air Force is also using the airfields of Taichung, Tainan, Kangshan and Pingting. The American Forces have put the Taichung airplane factory in operation again and they are currently beginning to assemble a great number of planes (note the said factory is incapable of manufacturing planes but airplane parts are being imported from the US and assembled there). The US Army is undertaking large-scale engineering projects for constructing military bases in Keelung, Kaoshun, Taipei, Taichung and Tainan. Of late large quantities of munitions are being shipped to Taiwan daily and they are hidden away at once so that the Taiwanese know nothing about them. This is naturally something of a secret nature.

It is rumored that in Wedemeyer's report for aid to China he has suggested to designate Taiwan as military base for China and the United States. The US attempt to further tighten hold on Taiwan is therefore quite obvious but the Americans will not be satisfied. They are just preparing a greater plan. They want to dominate Taiwan altogether turning it completely into a new colony of theirs. The ambitious American elements are utilizing the disappointment and discontent of the Taiwanese toward the mother country as well as the fissure brought about by the February 28 bloody incident to launch a movement of alienating Taiwan from China. Moreover they have also created a lot of public opinion favoring the placing of Taiwan

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<sup>44</sup> See pp. 635 ff.

under trusteeship saying that since the Chinese Government was incompetent even to rule China proper naturally it can not rule Taiwan successfully.

The *St. Louis Post* in America played the same tune suggesting that the best thing to do was to let the Americans take over.

The absurd views of the *Manila Bulletin* represented another type of public opinion:

The strange views of a major (sub-head): Not long ago an American major told a certain city councillor something will inevitably happen to the Nanking Government in the not distant future. You Taiwanese must give your future some thought, he added. It is not convenient for me to discuss with you the Taiwan problem in detail. If you have the intention to bring order and improvement to Taiwan and feel that you need help from the United States you can go and talk over the matter with the director of the United States Information Service. Later on this city councillor through the introduction of a certain Taiwanese employed by a certain Consulate, not American Consulate, had an interview with the Director of the USIS with whom he held a 2-hour secret talk. The interpreter unintentionally disclosed the views of the Director of the USIS were:

(1) Although the Cairo Conference declaration,<sup>45</sup> the Potsdam declaration,<sup>46</sup> and the Yalta pact<sup>47</sup> defined the ownership of Taiwan yet prior to the conclusion of the Sino-Japanese peace treaty the ownership of Taiwan cannot be formally established.

(2) The United States intends to apply the Atlantic Charter to Taiwan, then the Taiwanese can decide freely for themselves to whom they owe allegiance.

(3) At present Taiwan is under General MacArthur's control. If there is anything the Taiwanese want they can address their petition to MacArthur.

(4) If the Taiwanese want to free themselves from Chinese domination the United States can help them.

(5) If the Taiwanese wish to place themselves under American trusteeship they can set forth the terms they hope for as well as the period of trusteeship.

(6) The United States will exert its utmost to assist Taiwan in her economic reconstruction and in reviving various industries so as to solve the problem of unemployment.

(7) After Taiwan is placed under American trusteeship all those arrested in connection with February 26th civil commotion as well as all political prisoners can be released immediately and all such political measures as conscription and collection of land tax in kind can be immediately abolished.

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<sup>45</sup> The communiqué issued December 1, 1943; for text, see *Foreign Relations, The Conferences at Cairo and Tehran, 1943*, p. 448, or Department of State *Bulletin*, December 4, 1943, p. 393.

<sup>46</sup> "Proclamation Defining Terms for Japanese Surrender" issued July 26, 1945; for text, see Department of State *Bulletin*, July 29, 1945, p. 137, or *Foreign Relations, The Conference of Berlin (The Potsdam Conference)*, vol. II, p. 1474.

<sup>47</sup> Signed February 11, 1945; for text, see *Foreign Relations, The Conferences at Malta and Yalta, 1945*, p. 984.

The city councillor in question did not express any views then and there but said that he would further discuss the matter in detail after having solicited opinions from other prominent members of the gentry. But in the past few days this city councillor had already begun to be very active. He together with one prominent member of the gentry in Peitou and Saoshan frequently contacted and held talks with American quarters. As for what they were talking about nobody as yet knows anything about it.

According to a report by Associated Press reporter, those leaders of the Taiwan separatist movement directed by American ambitious elements will shortly make a formal demand for permission to attend the peace conference on Japan and will also demand that a plebiscite be held to decide whether Taiwan should still belong to China or break away from her. A certain leader wrote to his friend saying 99% of the Taiwanese people are willing to break away from China. We are asking help from the United States. But the regrettable thing is that under the current situation the United States cannot help much. I know we have a ray of hope now. We must take part in the peace conference on Japan and make public our public opinion. We must win a seat in the peace conference. He further stated my American friends urged me to consult you. It is still not known who these American friends are. The letter concluded Taiwan's fate depends entirely on the peace conference. If we lose this opportunity we are doomed to suffer for a long time to come.

From the above fact we can plainly see the attempts of the American ambitious elements. They are availing themselves of the critical war situation in China to carry out their design of positively winning over gentry in Taiwan to promote the movement of placing Taiwan under trusteeship.

Sent Dept, repeated Taipei as 92, Nanking as 1850.

PILCHER

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894A.00/12-947 : Telegram

*The Consul General at Taipei (Krentz) to the Secretary of State*

TAIPEI, [December 9, 1947.]

[Received December 9—3: 58 a. m.]

44. Reference to USIS Director has no basis in fact. A comprehensive report on the background of the AP despatch quoted in Deptel 27 <sup>47a</sup> received December 6 is being prepared and will be telegraphed few days.

Sent Dept as 44, repeated Embassy as 193, Shanghai as 100.

KRENTZ

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<sup>47a</sup> Same as telegram No. 2080, p. 471.

894A.00/12-1647: Telegram

*The Consul General at Taipei (Krentz) to the Secretary of State*TAIPEI, December 16, 1947—7 p. m.  
[Received December 18—8:40 a. m.]

51. ReDeptel 27, December 5 to Taipei, Associated Press article. The *Sin Min Wan Pao* article seems repetition article which originally appeared the *New Taiwan* magazine Hong Kong October 5. This magazine labelled Communist here but strong indications it actually has Kmt<sup>48</sup> backing. The repetition Shanghai and subsequent appearances press here seems follow definite campaign pattern whether origin here or Nanking instigated hard say. Although the propagation ideas voiced would seem stupid policy making aware whatever part Formosan population which has not already had similar ideas seems to me only motive can be attempt force our hand on Cairo declaration. Confirming this in my mind I consented receive some 30 representatives local press after request by CNA<sup>49</sup> and leading papers indicating interest in establishment of Consulate General here. Written questions were required which I answered with almost verbatim quotes from public Dept statements. I also gave the reporters a one-paragraph statement containing usual banalities and a few remarks closely following Department's statements but relating them Taiwan i. e., that prosperity of Taiwan could be of immense help to China, that the recovery of China and other war ravaged countries was important to US welfare, that US was giving constant thought to means whereby it could properly assist this process, that I was sure from what little I had seen that progress was being made here and had high hopes for the prosperity of Taiwan.

A few impertinent questions were asked along lines of the *Sin Min* article obviously designed draw me into indiscreet remarks, which I brushed off sticking to the written questions.

Despite all the alleged interest not one word of the interview was printed in any paper as what I said obviously did not fit the campaign and tended to refute the articles.

Although Catto<sup>50</sup> USIS has numerous Formosan acquaintances made before the incident and who attempt constantly to plague him and tell their stories, he states categorically and I cannot doubt him in the slightest that he has said nothing in any way inconsistent official ConGen position.

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<sup>48</sup> Kuomintang.

<sup>49</sup> Central News Agency.

<sup>50</sup> Robert J. Catto, assistant public relations officer in the Taipei Consulate General.

Shortly before original Hong Kong article appeared Catto was insistently invited by a high officer of the Garrison Command which is the remnant of Chen Yi regime to an outing at which appeared numerous unrelated Chinese unknown to Catto one of whom may have been the councillor to which his alleged remarks are hooked up in articles. Just before the reappearance of the articles Catto was again insistently invited by same officer to a similar affair but declined the invitation.

What appears to be a part of the same pattern is a mistranslation by *Ta Kung Pao* Shanghai in a form which can only be deliberate of a highly critical article in *Kansas City Star* which appeared in November 22 USIS news file (reported in detail despatch of December 3 to Embassy <sup>51</sup>); this mistranslation made the article read that govt in Taiwan was only provisionally entrusted to China where original had no such implication. No local papers printed news file item but editorialized bitterly on it quoting excerpts from distorted version. Provincial information service now admits it is obvious mistranslation and that press here had the correct text.

Mytels 49 <sup>52</sup> and 50 <sup>51</sup> giving text Wei Tao-ming's speech convocation PPC and Garrison Commander Peng's speech closing ceremonies PPC should be read in light of above.

Wei now in Shanghai; when he returns I propose intimate to him that "I find, as I know you must, this pattern of things very disturbing" and to try draw him out on subject.

Repeated Nanking 204; Shanghai 109.

KRENTZ

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893.032/12-1747: Telegram

*The Consul General at Taipei (Krentz) to the Secretary of State*

TAIPEI, December 17, 1947.

[Received December 17—2: 32 p. m.]

49. Following is the full text except for certain omissions after text quoted of Governor Wei Tao-ming's speech at the convocation of the PPC session here last week. Translated from release by Provincial Information Office as published by all local press:

"Rumors concerning this province are numerous and they come to our attention one after another. They are not accidental at all but are purposely directed. They touch upon myself as well as my family, the Provincial Administration as well as the entire people of Taiwan. They charge us with all the current bad things chargeable to a man. Let us take for instance two specific cases: Some people say that

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<sup>51</sup> Not printed.

<sup>52</sup> *Infra.*

Chen Yi is a tiger and I am a hyena and that I am more greedy and cunning than Governor Chen. They say the Provincial Government is incompetent, all industries on the island are at a standstill and conditions are worse and more unstable than they were before the February 21 incident. At the same time, other people say that my wife is doing business on Taiwan; monopolizing the market; that more than 100,000 soldiers are stationed on the island, and that people are living at the point of bayonets. They also say that people are starving to death every day and therefore all the Taiwanese entertain the thought of breaking away from China and wish to be governed by either a certain nation or Japan, or be placed under trusteeship.

These are only two examples. They may differ with other rumors in detail but are representative in all the essential points. I do not wish to make any comments on the rumors concerning myself. As to whether Governor Chen is a tiger and I am a hyena, you gentlemen have your own ideas and I do not want to make any explanation at this time. We do not know whether a hyena is greedier and fiercer than a tiger and must leave the question to the zoologists to study and decide. But as to exploitation and graft, whom have I exploited and what have I grafted? If I have done one such thing, I shall naturally be subject to the law. Even if my wife has undertaken any business herself, I shall be willing to accept the punishment of the law. As to the saying that all industries on Taiwan are at a standstill; men are starving to death everywhere; 100,000 soldiers are stationed on the island; et cetera; you gentlemen can judge whether such rumors are based on facts since you all come from the various places on the island.

I think all these rumors can be answered by facts, our comments being superfluous. Nevertheless, I cannot remain silent to the false accusation that the people of Taiwan wish to break away from their Fatherland and would like to be governed by a foreign country. I consider it a grave insult to the people of Taiwan; a grave insult not only to the people of Taiwan but also the entire population of China.

The Chinese nation has a glorious culture of 5,000 years. Once in the past, due to our misfortune, we were subject to the military might of imperialism which caused our Taiwanese compatriots to come under Japanese control depriving them of their freedom for over 50 years. However, during the 50 years, the people of Taiwan never for one moment ceased their struggle. Their 40 odd uprisings during the 50 years were a sufficient proof of their strong national spirit. If we will only recollect their voices of despair and appeal and compare them with their joy and enthusiasm displayed at the restoration of the Island, we can easily know to whom they express allegiance. All the purpose by directed false accusations we have heard are a matter of the greatest sorrow to the people of Taiwan who think that even a denial is shameful. If we have the slightest doubt in them, we are giving them the greatest insult. In view of their falsehood and inaccuracy, all these rumors, groundless as they are, are definitely not proper and friends' criticism but malignant attacks. One who deliberately makes statements like these against own conscience [makes them] with a definite purpose, otherwise he would not cheat the people and himself.

These types of rumors have been coming to our ears ever since the

restoration of Taiwan. Their sources are easily traced. Generally, they are partly from the Communist publications and partly from foreign publications. Tracing these publications and their articles, we can clearly find out their purposes. They are a sort of international intrigue. Their aim is to partition Taiwan and sever it from its Fatherland. The original ideas of the Communists may differ from those of the foreign ambitious elements or they may collaborate with each other to some extent, but their ultimate aim is the same. Believing that Taiwan is newly liberated and returned to the embrace of its Fatherland after the war, and that many questions in the Far East resulting from the second world war must wait for solution at the Peace Conference with Japan, they all intend to take the opportunity to sever Taiwan from China again and put it under their own control. Their intention is very obvious. Their plot is to accuse the people of Taiwan of being willing to be governed by foreigners. They attribute such willingness on the part of the Taiwanese to a bad government. They attribute the bad government to the fault of the chief administrator. They make those who do not realize the actual conditions on Taiwan believe that the fault of the chief administrator is responsible for the bad government which is in turn responsible for the suffering of the people and the growing sense of the detachment felt by the people. Their technique is well calculated. But those who understand the actual conditions of Taiwan will not be fooled by them, because they are greatly at variance with the truth. Nevertheless, before their cable is disclosed, those who pay no attention to, and are not acquainted with, the conditions of Taiwan will inevitably fall into their trap. Since the general public in foreign countries as well as the people in other parts of China are not well acquainted with the conditions of Taiwan, the Communists and ambitious foreign elements are able to make use of their rumors to fool the world with a certain degree of success. This may explain why such rumors are found more prevalent without than within the Island.

I can solemnly inform you, gentlemen, that their intention is entirely fantastic. There may be some questions in the Far East awaiting settlement at the Peace Conference with Japan [as a] result of the World War but the question of Taiwan has long been decided. The Cairo statement has clearly pointed out "Japan must be made to return to China all territories such as Manchuria, Taiwan, Pescadores, etc., which she has stolen from China." Logically speaking, a thing lost must be returned to its owner. Taiwan is a Chinese territory which was stolen by Japan and therefore should be returned to China. Sentimentally speaking, the restoration of Taiwan was realized through the bloodshed of millions of soldiers and people of China during the war. These millions of war dead have already decided the restoration of Taiwan. Furthermore, the will of the 6,000,000 people of Taiwan has also determined that Taiwan is one of the provinces of China.

In view of the reasons outlined in the previous paragraph, Taiwan definitely cannot become a question in the Peace Conference with Japan. If it ever becomes a question, it will be an incident for which



not only the 6,000,000 Taiwanese but also the 450,000,000 people on the China mainland will be prepared to shed their blood.

The Communists, brutal and inhuman, who destroy peace wherever they go have become the public enemy of the world. But they can fool no one once their intrigue is known. As to the foreign ambitious elements, they constitute only a minority in their own countries and therefore will not be able to do anything in the world of today in which aggression and force is opposed, and freedom upheld. Nevertheless, we must realize at this time that such rumors will continue to spread with growing severity until the Peace Treaty with Japan is concluded. Their methods are various and are frequently changed. Today they say I am a greedy and fierce hyena. If the people do not believe in such stories, they will declare that I am a weak and feeble lamb. Later on, they may say I am a lion, hundreds of times more fearful than a tiger or a hyena. In spite of the varieties of rumor, they will eventually be discredited if we show no excitement at their appearance.

I have spent too much time here on this subject because of the importance we attached to the rumors which are so numerous. I believe that there are good people among the rumor spreaders. They may not be collaborating with the Communists or the ambitious foreign elements but are simply influenced by them without knowing it. I hope these people will pay more attention to the actual conditions of Taiwan and make fewer empty statements in order that they may not unintentionally become henchmen of the treacherous elements. On the other hand, if they spread the rumors with a special purpose, then they are not worth our consideration.

Without rumors, political administration of Taiwan can be considered fairly simple, the self-respect and law-abiding spirit of people is chiefly responsible for stable and good social order on island. Only police and gendarmes are employed for maintenance of public security. There are no troops, 205th Division of Youth Army being stationed here for training purpose only. Satisfactory result in general election also served to show profound civic conscience of local people.

Center of gravity of our present problems is on economic rather than political side. Regarding economic situation of Taiwan, people usually believe we have no difficulty in solving our economic problems, with impression that we have already a sound agricultural and industrial foundation on island. However, we must realize that problems are not so simple. We must know that economy of a colony has many setbacks. The industry of a colony is dependent on that of controlling country. The natural resources of a colony do not serve local people, but people of controlling country. Taiwan suffered this fate during Japanese occupation. Except for a handful of big landlords, all Taiwanese lead difficult life. They worked hard but only to keep their soul and body together. Taiwan was prosperous but only to Japanese. Such an economic condition requires a thorough readjustment or people of Taiwan will never be able to get rich.

In order to solve our complicated and exceedingly difficult problems under these circumstances we must resume former industrial production of Taiwan. At the same time, we must free the people from the

exploitation policy of the Japanese and seek to enrich their livelihood. Above all, we must endeavor to attain economic stability which is the first requirement of all industrial progress.

Economic stability cannot be easily attained. Our chance of attainment depends entirely on our financial background. As we know from the general government estimates for the current year, our total income can only cover our total administrative expenses, leaving nothing for our industrial operational funds. Even if we contract our administrative expenditure, we can hardly improve the situation.

Since we must progress in our industrial program, we can only rely on the Central Government for assistance in our quest for economic stability.

As before, the Central Government will continue to extend its help to us. The Provincial Government is now drafting measures for coordinating the Central Government with our financial and economic program. Once a perfect coordination is attained local economic stability can be ensured."

Sent Nanking 202, December 15, repeated Department 49.

KRENTZ