

Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations during the Cold War

HSIAO-TING LIN*

Introduction

After the outbreak of the Korean War in June 1950, in order to contain the People's Republic of China (PRC) and prevent it from sending the "volunteer army" to fight on the Korean Peninsula, President Harry Truman approved of a secret plan to recruit intelligence veterans and Special operations experts and send them to Taiwan to cooperate with the Chinese Nationalists under the leadership of Chiang Kai-shek. Using the CIA-operated Western Enterprises Inc. as a front, seasoned American spies and agents began to flow into Taiwan, where they trained Nationalist guerrillas, planning and executing numerous coastal raids, infiltrations and intelligence gathering operations as a way to distract Beijing's attention and relieve pressure on the US in Korea. The program also marked the beginning of CIA's presence in Taiwan.¹

Defeat in the Chinese civil war in late 1949 forced the collapsing Chinese Nationalist government (KMT) to relocate to the island of Taiwan. In order to avoid a repeat of the failure on the Chinese mainland and to prevent the Chinese Communist Party (CCP) from subverting and infiltrating his last territorial base, Chiang Kai-shek entrusted his son Chiang Ching-kuo with the supervision and reorganization of the disintegrating secret intelligence and national security apparatus.² Chiang Ching-kuo's position as spymaster rendered engagement and interaction with the CIA. At the height of the Cold War, Taiwan was a staunch East Asian anti-communist ally of the US, with both sides sharing common military, diplomatic, security, and ideological goals. And yet, as this article demonstrates,

* Email: htlin@stanford.edu

¹ On the Western Enterprises and its secret operations during the Korean War, see Frank Holoher, *Raiders of the China Coast: CIA Covert Operations during the Korean War* (Annapolis, MD: Naval Institute Press, 1999).

² Jay Taylor, *The Generalissimo's Son: Chiang Ching-kuo and the Revolutions in China and Taiwan* (Cambridge, MA: Harvard University Press, 2000), pp. 192-199.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

Chiang Ching-kuo's complicated relationship with the CIA illustrates the distrust and enmity at work undermining the supposedly ideologically propelled trans-Pacific anti-communist alliance, presenting divergent leadership perceptions toward many key issues. It is hoped that the story of the CIA's interactions with Taiwan's spymaster will proffer fresh insights into the nature of bilateral relations and present a somewhat unfamiliar and revisionist view of arguably one of the strongest bilateral relationships throughout the Cold War.

Dealing with New "Friends"

In the spring of 1954, the CIA established the US Naval Auxiliary Communications Center (NACC) in Taipei, with William Duggan as its director and functionally the CIA's first Taipei station chief. Fully aware that Taiwan's espionage activities against the communists on the mainland desperately needed US support, Chiang Ching-kuo devoted a huge amount of time and energy to managing these spies. Chiang met frequently with NACC personnel to exchange views and build a rapport between the two sides, ensuring that dinners and other social activities were organized from time to time to cement a close friendship. The Generalissimo's son was particularly fond of Aristedes C. Lazarus, a member of Duggan's NACC staff, with whom he frequently met not only individually to discuss official business, but their families also often socialized. In April 1955, Chiang made an inspection visit to Wuqiu, a remote, bleak and isolated island garrison situated between Quemoy and Matsu, celebrating his birthday while there by inviting Lazarus along. A year later, before Lazarus was transferred back to Langley, to return the favor he organized a special party for Chiang at which US Ambassador Karl Rankin was an unexpected guest, delighting Chiang.³ Chiang was therefore pleasantly surprised when the CIA sent Lazarus back to Taipei five months later. The two men continued to maintain a close public and private relationship over the next two years, with this personal friendship enabling them to share confidential information.

The 1957 anti-American riot in Taipei illustrates a particularly delicate feature of Chiang Ching-kuo's relationship with his CIA "friends." In March that year, a KMT military

³ The Chiang Ching-kuo Diary, Hoover Institution Archives, Stanford University (hereafter CCKD), April 11 and 14, 1956, Box 8.

officer was killed by Sgt. Robert G. Reynolds, who had been serving in Taiwan for two years as a member of the US Military Assistance and Advisory Group on the island. Reynolds claimed that the KMT officer had been peeping through the bathroom window while his wife took a bath and that his action was in self-defense. On May 20, a US military court-martial convened in Taipei, acquitting Reynolds of all charges three days later and releasing the sergeant immediately. The verdict angered the Taiwanese, who viewed the trial as rigged and on the morning of May 24, the widow of the KMT officer arrived outside the American Embassy to protest, joined within hours by a group around 6,000 strong. Those assembled proceeded to enter the embassy causing severe damage, and also ransacked several other buildings, including those housing the US Information Service and the Taipei Municipal Police. The riot finally came to an end after Chiang Kai-shek ordered the military to arrest rioters and restore order.⁴

The Eisenhower administration pointed the finger at Chiang Ching-kuo, regarding him as the mastermind behind the scenes, since many protesters were subsequently identified as loyal members of the China Youth Corp, which was under his leadership. The CIA dispatched a team to Taipei, who humiliated Chiang with intrusive questioning, although he tolerated this stoically, cooperating patiently with the investigation. Chiang informed Lazarus that it was naive to accuse him of being anti-American simply because he had studied in Russia in his early years and married a Russian wife, observing bitterly that “not all Russians were Communists, after all”. Chiang did not deny having many enemies in Taiwanese political circles, but warned Lazarus that his foes were now using the incident to damage his relationship with the United States.⁵ Lazarus was sympathetic, but made it privately known to Chiang that following the riot, some in Washington were advocating “inviting” him to live in the United States for a period of time so that he would have the chance to learn about democracy, depressing Chiang. For a while in mid-1957, many foreign diplomats and intelligence officers on the island were speculating that the Generalissimo’s son would soon be forced to leave Taiwan as a result of the riot.⁶ In the event, Chiang Ching-

⁴ Stephen G. Craft, *American Justice in Taiwan: The 1957 Riots and Cold War Foreign Policy* (Lexington, KY: The University Press of Kentucky, 2016), pp. 75-117.

⁵ President Chiang Ching-Kuo Collection, Academia Historica (Taipei) (hereafter PCCKC), no. 00501050300025003, Minutes of conversation between Chiang Ching-kuo and Aristedes C. Lazarus, May 27, 1957.

⁶ CCKD, June 13, 1957, Box 9; Foreign Office Records, British National Archives (London), 371/127472 CN10345/35, British Consulate in Tamsui to Foreign Office, June 17, 1957.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

kuo weathered the crisis and continued to dominate Taiwan's secret intelligence service thanks to the trust and support of his father.

The Real Test

It did not take long before Chiang Ching-kuo and Cline realized that when it came to national interests, there were always going to be difficult challenges that could not be overcome by their personal friendship. In March 1959, after revolt broke out in Tibet, the 14th Dalai Lama fled Lhasa with CIA help and went into exile in India. Washington and Taipei had each been in contact with Tibetan anti-communist forces in the years prior to the revolt, with the CIA air-dropping relief personnel, weapons and supplies into Tibet, as well as training Tibetan guerrillas in places such as Saipan and Colorado, while Taipei had liaised with different Tibetan guerrilla forces through intelligence personnel stationed in India. Shortly after Cline's arrival, a joint intelligence platform was created to coordinate these activities,⁷ and in early 1959, when the situation became unstable, Chiang Ching-kuo used this platform to propose Tibet as a priority. Taipei had trained dozens of ethnic minority guerrillas and Chiang now asked Cline to provide transport planes to drop these personnel into Tibet to establish clandestine strongholds. Believing that the CIA would welcome their proposals, Chiang and his staff were already busy working on other plans aimed at strengthening psychological warfare and anti-communist propaganda in the greater Tibetan area. The aim was that up to eight groups of personnel could be dropped in to establish secret radio units.⁸

The CIA had misgivings about these plans all along, and no specific actions were carried out until the revolt broke out in Lhasa. Chiang Kai-shek intended to take advantage of the global shock over the Lhasa revolt and exile of the Dalai Lama to trigger a new opportunity to retake the mainland. Chiang Ching-kuo was instructed to urge the CIA to expand its support for the Tibetans. At this point, Cline acknowledged to the Chiangs that the CIA had been secretly training Tibetan guerrillas to support them in their anti-

⁷ Mikel Dunham, *Buddha's Warriors: The Story of the CIA-backed Tibetan Freedom Fighters, the Chinese Invasion, and the Ultimate Fall of Tibet* (New York: Jeremy P. Tarcher/Penguin, 2004), pp. 197-223; Kenneth Conboy and James Morrison, *The CIA's Secret War in Tibet* (Lawrence, KS: University Press of Kansas, 2011), pp. 59-65.

⁸ PCCKC, no. 00501020600052004, "Proposal to reinforce underground activities in Sichuan, Gansu and Qinghai areas," February 18, 1959.

communist resistance officially informing father and son that the future anti-communist movement in Tibet would be under the sole control of the US government, and that Washington did not want Taipei to interfere. The Generalissimo was furious, castigating the “extremely clumsy American policy of monopolizing Tibet and not allowing others to intervene.”⁹ Equally agitated, Chiang Ching-kuo told Cline that his government would assist Tibetan resistance with or without CIA support. After allowing a few days for emotions to cool, Chiang and Cline engaged in a long but futile discussion. Besides expressing his disappointment at this lack of cooperation, Chiang realized once again that “between countries there was often only gain or loss, and no morality to speak of.”¹⁰

By the late 1950s, the KMT had created a guerrilla base on the border between Burma and Yunnan Province in southwest China, constructing a new airbase which Taipei hoped to use as a springboard for possible counterattacks. This ambition prompted Beijing to join forces with the Burmese government in launching a clean-up campaign against the guerrillas. Three fierce battles were fought in late 1960, with both sides suffering heavy losses.¹¹ On February 15, 1961, a Taiwanese PB4Y transport aircraft was shot down by the Burmese air force while undertaking an airdrop. A quantity of US equipment was captured, triggering large-scale anti-American demonstrations throughout Burma. The Burmese government brought its complaint to the United Nations, accusing Taiwan of violating its territorial sovereignty. Newly inaugurated President John F. Kennedy decided to put pressure on Taipei to immediately withdraw the guerrillas to minimize diplomatic fallout and to calm the angry Burmese. Cline was ordered to convey the message to Taipei, sparking a strong reaction from the Chiangs. For the Generalissimo, the guerrilla base on the Burmese-Yunnan border represented his last territorial foothold on the Asian continent, as well as any hope of a future counterattack.¹²

While experiencing the same emotions, Chiang Ching-kuo was more quickly persuaded by Cline’s analysis than his father. Cline explained that the isolated force could play little part in a counterattack, and that intelligence collected through the guerrillas was of limited value. Meanwhile, the guerrillas had been taking the opportunity afforded by their location

⁹ The Chiang Kai-shek Diary, Hoover Institution Archives, Stanford University (hereafter CKSD), April 4 and 8, 1959, Box 67.

¹⁰ CCKD, April 4, 8, 10, and May 12, 1959, Box 9.

¹¹ Richard M. Gibson and Wenhua Chen, *The Secret Army: Chiang Kai-shek and the Drug Warlords of the Golden Triangle* (Singapore: John Wiley & Sons, 2011), pp. 198-201.

¹² CKSD, February 23 and 24, 1961, Box 68.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

in the Golden triangle to cultivate and distribute opium via the Hong Kong underworld.¹³ Chiang Ching-kuo painfully acknowledged that although this would indicate the end of years of painstaking efforts at building the KMT's last stronghold on the Asian continent, the damage done to Taiwan's reputation by maintaining relations with the guerilla force would be too great. Under strong pressure from the Kennedy White House, Taipei had no choice but to withdraw the guerrillas, evacuating over 4,400 troops in the spring of 1961.¹⁴

Creating a Special Channel

Upon entering the White House, John F. Kennedy was determined to pursue a more creative China policy, actively seeking a flexible and conciliatory approach toward Beijing, resulting in a series of unpleasant disputes with the Nationalists in Taiwan. The US began deliberating over its strategy on Chinese representation at the United Nations, believing that the moratorium which Washington had applied for the past decade to preserve Taipei's membership would no longer be sustainable in the future. The Kennedy administration urged Taipei to be pragmatic, making the preservation of UN membership its highest strategic goal. As such, even if Taipei could no longer claim to represent the whole of China, it should still be accepted as long as Beijing's entry into the UN could be successfully blocked. The State Department, under Dean Rusk, then announced that if it could conclude that the Mongolian People's Republic (known as Outer Mongolia by the Chinese Nationalists) had the attributes of an independent nation, the US government would consider establishing diplomatic relations and supporting its application to join the UN. Almost simultaneously, the State Department decided that it would approve an entry visa for Thomas Liao, the Japan-based leader of the Taiwan Independence Movement, allowing him to conduct activities in the United States. These measures alerted senior figures in Taipei that the Kennedy administration was tilting toward the "Two Chinas" or the "One China, One Taiwan" policy that they could never tolerate.¹⁵

The fluctuations in the US-Taiwan relationship unexpectedly led to the creation of an

¹³ CCKD, February 27, 1961, Box 10; Ray S. Cline, *Chiang Ching-kuo Remembered: The Man and His Political Legacy* (Washington D.C.: United States Global Strategy Council, 1989), pp. 79-81.

¹⁴ John W. Garver, *The Sino-American Alliance: Nationalist China and American Cold War Strategy in Asia* (New York: M.E. Sharpe, 1997), pp. 160-164.

¹⁵ Richard C. Bush, *At Cross Purposes: U.S.-Taiwan Relations since 1942* (New York: M.E. Sharpe, 2004) pp. 67-74.

unprecedented special channel of communications at the highest level between Taipei and Washington, unique in their bilateral relations. In June 1961, Chiang Kai-shek informed Cline that in protest at a series of unfriendly moves from Washington, he had ordered the cancellation of his son's planned visit to the United States. Sensing the gravity of the situation, President Kennedy sent a personal message to the Generalissimo to assure him that American support for Taiwan remained unchanged. Chiang then decided to send his vice president Chen Cheng to Washington instead, with implied authority to resolve bilateral disputes on his behalf.¹⁶ In the midst of these diplomatic exchanges, Kennedy's national security advisor McGeorge Bundy proposed that Cline replace the State Department and act as the main channel of communication between Taipei and Washington. Bundy was convinced that the Rusk State Department was resentful of the leaders in Taipei, whereas Cline and the CIA done an excellent job in establishing mutual trust with the Chiangs,¹⁷ however, at this point Kennedy did not give Bundy's proposal serious consideration.

As Chen's visit failed to improve trans-Pacific relations, Kennedy's attitude began to change. While a guest at the White House, Chen was informed that the US government had decided not to establish diplomatic ties with Mongolia, however in exchange, Kennedy wanted Taipei to agree to a new strategy concerning Chinese representation at the UN. The US would jettison the moratorium and instead adopt the "important issue" strategy to keep Taipei's seat at the UN, in return for Taipei's promise not to veto Mongolia's application to the UN membership. This was necessary to avoid retaliation by the Communist Bloc against Mauritania's entry, which would in turn trigger a backlash from Francophone African members, from whom support for Taipei's seat was crucial.¹⁸ In the months which followed, however, Chiang Kai-shek preserved his tough stance on Mongolia, and his unwillingness to compromise was characterized by an extremely agitated Rusk as committing political suicide.¹⁹

¹⁶ PCCKC, no. 00501010000056006, Minutes of conversation between Vice President Chen Cheng and Ray S. Cline, July 25, 1961; CKSD, July 17, 18, and 19, 1961, Box 68.

¹⁷ Memorandum from McGeorge Bundy to President Kennedy, July 7, 1961, in Paul Kesaris and Robert E. Lester eds., *President John F. Kennedy's Office Files, 1961-1963* (Frederick, MD: University Publications of America, 1989) (hereafter *JFKOF*), microfilms, part 5, reel 5.

¹⁸ Note from President Kennedy to Vice President Chen Cheng, August 3, 1961, *JFKOF*, part 5, reel 4; Chen to Kennedy, August 4, 1961, *ibid*.

¹⁹ Secretary of State Dean Rusk to Ambassador Everett Drumright, September 17, 1961, in United States Department of State ed., *Foreign Relations of the United States, 1961-1963* (hereafter *FRUS, 1961-1963*), Vol. XXII: China, pp. 137-138.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

On October 8, 1961, less than two weeks before the UN Security Council vote on Mongolia and Mauritania, Chiang Kai-shek made it clear to Washington that if the US government could not understand his difficulties and prevent Beijing from entering the UN, Taipei would cast its veto against Mongolia. This prompted Kennedy to belatedly adopt Bundy's suggestion; to abandon State Department channels and instead let the White House National Security Council and the CIA oversee negotiations with Taiwan. On October 11, Bundy secretly cabled Cline, authorizing him to inquire whether the Chiangs would agree to a "private assurance" from Kennedy, promising that the US would use its veto power to protect Taipei's seat at the UN when necessary.²⁰ Meeting with Cline immediately after he received the message, Chiang Ching-kuo judged the eagerness of the Americans to resolve the dispute as an acknowledgment of the veto power Taiwan held in the Security Council, convincing him that Taipei would be able to stand its ground and use its veto to prevent Mongolia from joining without adversely affecting its position in the UN. His father, however, was satisfied with Kennedy's assurance and decided to compromise.²¹

Cline finally reached a secret agreement with the Chiangs on October 14: the US Government would publicly declare that the Nationalist administration in Taipei was the only legitimate government representing the whole of China, and would firmly oppose Beijing's entry into the UN. Kennedy would also secretly promise Chiang Kai-shek that the US would use its veto power when necessary to prevent Beijing from joining, and Taipei would in turn promise not to veto Mongolia's membership.²² With the resolution of the crisis over Mongolia, Chiang began to appreciate the use of Cline as a special channel for negotiating major issues with the US, enabling him to avoid the State Department, which he hated, and allowing direct communication with the White House on important issues, responsibility for which he gave to his son.²³

The relationship between Taiwan and the US was soon embroiled in fresh difficulties due to Chiang Kai-shek's active preparations for a military offensive against the mainland. Hoping to take advantage of the famine afflicting mainland China, and the suffering of its people, Taipei ramped up plans for a series of counterattacks. Chiang Kai-shek dramatically increased his preparations at the beginning of 1962, and Chiang Ching-kuo also began to

²⁰ McGeorge Bundy to Ray S. Cline, October 11, 1961, *FRUS, 1961-1963*, Vol. XXII: China, pp. 154-155.

²¹ CCKD, October 13, 14, and 15, 1961, Box 10.

²² Cline to Bundy, October 14, 1961, *FRUS, 1961-1963*, Vol. XXII: China, p. 156.

²³ CKSD, October 16, 17, and 19, 1961, Box 68.

draft material for talks on a counterattack with Cline.²⁴ The Generalissimo summoned Cline on January 24 to ask him whether the time was ripe for Taiwan and the United States to hold consultations on a counterattack. After the meeting, Cline reported urgently to the White House Situation Room, pointing out that Chiang Kai-shek was not just posturing, observing that Chiang was under heavy pressure at home and abroad and that failure to make use of the poor situation on the mainland would undermine the legitimacy of the Nationalist government.²⁵

Washington was alarmed by the seriousness of the situation. Beginning in February that year, first William Bundy, Deputy Assistant Secretary of Defense, representing the US military, and then W. Averell Harriman, Assistant Secretary for East Asia, representing the State Department, visited Taipei to reason with Chiang Kai-shek, seeking to dissuade him from his proposed course of action, but Chiang resolutely refused to halt his preparations. As a result of the deadlock, the channel of communication between Chiang Ching-kuo and Cline was reactivated. The two met on the morning of March 21, after which Cline reported to the White House that Chiang was asking the US to provide three secret assurances to Taiwan - continued support for the Nationalist government on Taiwan, continued secret support for the Nationalists' insurgency operations on the mainland, and support for a military counterattack "when the time was right."²⁶

While in Washington, Cline did his best to persuade President Kennedy and the key decision-makers of his belief that the US should not categorically reject Chiang Kai-shek's request at this time, lest he take some desperate course and drag the US down with him. Cline recommended a deliberately vague approach, and for Washington to continue dealing with Taipei to buy time. Cline's proposed "strategic vagueness" was opposed by high-level officials including Rusk, but received a key vote of support from Harriman, upon whom Kennedy relied heavily. The White House eventually agreed with Cline's suggestion, giving a moderate response to Chiang's counter-offensive plan: to provide the C-123 transport

²⁴ PCCKC, no. 00501020200085003, Proposals to create military headquarters in South China after the launch of counterattack, 1961.

²⁵ PCCKC, no. 00501020500001007, Draft outlines for discussing with the Americans about the counterattack, ca. 1962; CCKD, January 5 and 6, 1962, Box 11; CIA Telegram Information Report, Subject: Chiang Kai-shek's View on the Advisability of GRC Action against the China Mainland, January 26, 1962, CIA Freedom of Information Act Electronic Reading Room (hereafter CIA/FOIA), no. 0000107415.

²⁶ State Department Memorandum for W. Averell Harriman, Subject: Recommendation for Meeting between You and Ray Cline of CIA, March 28, 1962, *FRUS, 1961-1963*, Vol. XXII: China, p. 200.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

aircraft that Taipei had eagerly requested, equipped with advanced electronic detection equipment, and to train Taiwanese Air Force crews in exchange for Chiang's agreement to negotiate the feasibility of a counterattack with the US in advance, thus delaying him and postponing the point at which he might have felt compelled to act rashly. After the meeting, McGeorge Bundy handed Cline a memorandum signed by Kennedy, listing Washington's principles for a counterattack, and asked him to take it back to Taipei and personally hand it to the two Chiangs.²⁷ Although Cline had deterred the Kennedy administration from forcefully rejecting Chiang Kai-shek's counterattack plan, the price he paid was the loss of his special role as a secret communication channel as the CIA station chief in Taipei. While in Washington, Cline was told he was being transferred to the post of CIA Deputy Director for Intelligence. In the future, communicating over important issues between Taiwan and the US would be back in the hands of the State Department and the US Embassy in Taipei.²⁸

Cline immediately met with the two Chiangs to deliver Kennedy's points upon his returned to Taipei on April 3. Chiang Kai-shek was disappointed that the US was being evasive and deliberately delaying the counterattack, but still wanted to believe that Washington was not totally opposed to his plan. In the end, he reluctantly agreed to postpone the operation for six months, rescheduling the launch date of the air attack on the provinces of southern China for October 1, 1962, in exchange for building tighter communication mechanisms support the execution of military operations.²⁹ Chiang Ching-kuo made use of Cline's last two weeks in Taiwan to keep communicating with him about the counterattack, but the gap between their positions was too great. Their intensive last-minute talks were suffused with a mixture of sadness at parting, differences of opinion and mutual regret.

Before Chiang Ching-kuo accompanied Cline to say goodbye to Chiang Kai-shek on April 19, the two had a final consultation and agreed to set up the 420 Committee, later renamed the Blue Lion Committee, to jointly evaluate the suitability of airborne attacks in southern China. Chiang Ching-kuo also told Cline that his father had agreed to accept the points proposed by Kennedy as the basis for discussions. Cline knew, at this point, that he had successfully completed his task. In his final classified cable to the White House, he said

²⁷ Memorandum by Bundy to Cline, March 31, 1962, *FRUS, 1961-1963*, Vol. XXII: China, pp. 206-207; CIA Memorandum for the United States Intelligence Board, Subject: Probable Consequences of Chinese Nationalist Military Operations on the China Mainland, March 26, 1962, CIA/FOIA, no. 0000824362.

²⁸ State Department Memorandum, Subject: White House Meeting on GRC Plans, March 31, 1962, *FRUS, 1961-1963*, Vol. XXII: China, p. 205.

²⁹ CKSD, April 8, 9, and 10, 1962, Box 69.

that the “tense situation” had been brought under control, while warning that if Washington lost its “sympathetic understanding” with Taipei, there was no guarantee that mutual trust would not collapse again.³⁰

With Cline’s departure, the Chiangs lost an important communication channel with the White House, and responsibility for the handling of disputes was returned to the diplomatic bureaucrats. At the same time, Kennedy appointed retired Navy Admiral Alan Kirk as the new Ambassador to Taipei. That the White House had recruited a man with a military background, of the same generation as Chiang Kai-shek and proficient in military strategy to station in Taipei indicates that the US had decided to abandon the policy of vagueness and take the clear position of opposition to any military action that had no chance of success. In late June 1962, a large buildup of People’s Liberation Army forces in Fujian in response to a possible military offensive by the Nationalists accelerated Washington’s transition from “strategic ambiguity” to “strategic clarity.” The idea of using the famine in mainland China to launch a counterattack had gradually become an impossible dream.³¹

Nelson and Ford: The Weakened Station Chiefs in Taipei

Chiang Ching-kuo was never able to achieve the same degree of interaction and mutual trust with his successors as he had enjoyed with Cline. William Nelson, the new head of the CIA’s Taipei station, arrived to take up his post in late May 1962 at a time when Washington’s attitude toward Taipei’s plans for counterattack were shifting from ambiguity to clarity. Disputes inevitably arose, and Nelson unfortunately bore the brunt of the Nationalist leadership’s emotional venting. When the Americans obtained intelligence of the Chinese troop buildup in Fujian in late June, they immediately informed Beijing via the Warsaw ambassadorial channel that the US had no intention whatsoever of supporting the Nationalists. Unwilling to admit to Taipei that it had given secret assurances to Beijing, Washington instead allowed Beijing to unilaterally disclose the American position unchallenged. Senior officials in Taiwan were kept on tenterhooks, unable to guess what was being discussed in Warsaw and in the dark regarding US intentions.³² Unable to maintain

³⁰ Cline to White House Situation Room, top secret, April 19, 1962, CIA/FOIA, no. 0000608252.

³¹ Jay Taylor, *The Generalissimo: Chiang Kai-shek and the Struggle for Modern China* (Cambridge, MA: Harvard University Press, 2009), pp. 514-516.

³² Memorandum for President Kennedy, June 24, 1962, *JFKOF*, part 5, reel 4; PCKKC, no. 00501010000102005, Analytical report submitted by the National Security Bureau, July 17, 1962.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

his composure, Chiang confronted William Nelson on June 11, bitterly criticizing the “vacillation and hesitation” of US policy and its practice of “appeasing its enemies and restraining its allies.” The Generalissimo’s son warned the CIA station chief that his government’s patience had its limits, arguing that Taiwan had to counterattack in order to survive. “Even if my father was able to accept the lack of enthusiasm of the US government, he could not guarantee that 600,000 Nationalist forces and the people of Taiwan will keep tolerating it,” threatened Chiang.³³

One key factor influencing Chiang Ching-kuo’s dislike of Nelson was that within three months of his arrival in Taiwan, Nelson had privately contacted several high-ranking Nationalist military intelligence officers, including Air Force Deputy Chief of Staff for Intelligence Yi Fuen. Taiwan’s spymaster was horrified that the CIA brazen enough to seek information from his senior subordinates.³⁴ Negotiations between Taiwan and the US over the promised C-123 transport aircraft became another catalyst for the deterioration in the relationship between Chiang and Nelson. When Cline had made a strong plea for five C-123 transport planes to be delivered, there was doubt in Washington about the need for five and a belief that only two should be provided. President Kennedy was hesitant, only mentioning in his private message to Chiang Kai-shek that Washington would provide transport planes, but not specifying the quantity. Taipei nevertheless believed that the US had committed to five, despite the State Department’s subsequent insistence that no more than two transport planes would be provided to Taiwan.³⁵ By late 1962, when Nelson’s confirmation that only two C-123s rather than five would arrive in Taiwan in early 1963 enraged Chiang Ching-kuo to the point that a joint meeting between the two nearly descended into a physical confrontation.³⁶

In his defense, Nelson had not been directly involved in decision-making related to the C-123 delivery and his remit was only to convey information from the US side. Following this extremely unpleasant meeting, he rushed back to Washington for a consultation, returning to Taipei in February 1963 with good news for the Nationalists: the US government had decided to provide five C-123 transport aircraft after all as a gesture of friendship.³⁷ By this point, however, Chiang Ching-kuo already harbored a deep-seated prejudice against Nelson

³³ CCKD, July 21, 1962, Box 11.

³⁴ CCKD, August 6, 1962, Box 11.

³⁵ Memorandum for President Kennedy by Harriman, August 8, 1962, *JFKOF*, part 3, reel 23.

³⁶ CCKD, December 21, 22, and 29, 1962, Box 11.

³⁷ CCKD, February 28, 1963, Box 11.

which proved difficult to overcome. The CIA personnel stationed in Taipei witnessed Chiang's strong antipathy toward their boss compared with his attitude to Cline, and they were not above developing grievances against Taiwan's spymaster on Nelson's behalf. When Chiang's national security staff reported that some Americans had private complaints about his treatment of Nelson, Chiang prided himself on the achievement. "This is natural, and I am happy to hear it because it proves that I am on solid ground," he confided in his diary. "If these foreigners praise me behind my back, then I must have done something terribly wrong."³⁸

With the departure of Cline, the role of CIA station chief in Taipei was weakened, no longer functioning as the highest-level intermediary between Taiwan and the United States. As a result, Washington occasionally still had to ask Cline to step in when necessary to play a special role in bilateral negotiations. In early 1964, the CIA obtained intelligence that French President Charles de Gaulle would soon switch diplomatic recognition from Taipei to Beijing. The CIA also learned that de Gaulle was unwilling to take the lead in cutting ties with Taipei, preferring instead to provoke Chiang Kai-shek into initiating the severing of relations. President Lyndon Johnson was furious at what he considered unilateral action and disregard for US global interests from de Gaulle. To counter the display of Gaullism, Washington sent Cline to Taipei in an attempt to persuade the stubborn Generalissimo to demonstrate flexibility by not breaking off relations with Paris once de Gaulle declared French recognition of the PRC. It was President Johnson's hope that Taipei's refusal to sever diplomatic relations with France would deter Beijing from dispatching its own ambassador to Paris.³⁹

The Chiangs knew very well that the Americans were "making demands" based on their own interests rather than considering Taiwan's position, but in the end, they reluctantly agreed to follow Cline's advice. It therefore came as a huge surprise to de Gaulle when Taipei did not break ties with Paris immediately following France's formal recognition of the PRC on January 27. The dual recognition lasted for two weeks, until on February 10 Paris informed Taipei that it would recognize the new PRC ambassador as the sole representative of China upon his arrival. Believing he had conformed to President Johnson's expectations, Chiang Kai-shek then broke off diplomatic relations with Gaullist France. In

³⁸ CCKD, April 10, 1963, Box 11.

³⁹ H. W. Brands, *The Wages of Globalism: Lyndon Johnson and the Limits of American Power* (Oxford: Oxford University Press, 1995), pp. 88-92.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

Washington's view, Cline had done a superb job of forcing a recalcitrant de Gaulle to demonstrate that he had sacrificed his former World War II ally in order to establish relations with the Chinese Communists.⁴⁰

When Chiang Ching-kuo took over as Taiwan's minister of national defense in 1965, the Navy Auxiliary Communications Center had been reorganized as the US Army Technical Group (USATG). In all aspects, the scope of the CIA's Taipei station had shrunk from the 1950s and the early 1960s, when Duggan and Cline had been in charge. This became even more obvious during the tenure of Nelson's successor, Harold P. Ford, who served as station chief between 1965 and 1968, as the US was increasingly mired in the Vietnam War, and its ability to offer military resources to Taiwan was unavoidably reduced. In early 1966, the Johnson administration turned down Taipei's request to provide much-needed logistics to launch an airborne operation against the five southwest Chinese provinces.⁴¹ Later, in the fall of that year, the CIA without warning suspended low-altitude reconnaissance cooperation with the Taiwanese Air Force. Taipei had been conducting airdrops, infiltrations, surveillance and other special operations on the mainland since 1952, with CIA funding, equipment and technology. The "Black Bat Squadron," created to operate on the mainland and in Indochina, had executed more than eight hundred perilous missions between 1952 and 1966, in which over a hundred and twenty Taiwanese officers were killed in the line of duty.⁴² However, for the sake of allocating more resources to the Vietnam War, Washington decided to suspend the program without prior consultation with Taiwan.

On October 28, 1966, Ford was instructed to inform Chiang Ching-kuo of the decision to terminate the low-altitude reconnaissance program and withdraw the P2V fleet accordingly. Chiang, totally unprepared, was furious and emotional, blurting out that "Americans are really terrible," and angrily closing the meeting, embarrassing and frightening Ford. Making matters worse, that day happened to be Chiang Kai-shek's 80th birthday, which should have been a cheerful event for the entire country, but Chiang Ching-kuo admitted that he had been greatly disturbed the whole day by Ford's "disrespectful and

⁴⁰ CKSD, February 10, 1964, Box 70; Memorandum from Ray Cline to John McCone, March 2, 1964, CIA/FOIA, no. 0000864573.

⁴¹ Hsiao-ting Lin, *Taiwan, the United States, and the Hidden History of the Cold War in Asia: Divided Allies* (London: Routledge, 2022), pp. 166-171.

⁴² I. C. Smith and Nigel West, *Historical Dictionary of Chinese Intelligence* (Lanham, MD: The Scarecrow Press, Inc., 2012), pp. 34-35.

unreasonable demands.”⁴³ Over the following few weeks, Ford and his team repeatedly asked to meet and discuss removal of the P2V fleet from Taiwan, but Chiang refused to see them. When Ford offered to arrange a briefing on the PRC’s development of nuclear weapons, a subject in which Chiang was most interested, the Generalissimo’s son brushed him off.⁴⁴

To resolve the deadlock, CIA Deputy Director William Colby flew to Taiwan to meet with Chiang Ching-kuo. On December 13, the two had a two-hour frank conversation which failed to placate Chiang, who made clear that he could not accept unilateral discontinuation of the Black Bat Squadron by the US. Colby suggested that they jointly review the effectiveness of the program, but Chiang categorically refused, arguing that some 120 personnel had been lost since its inception, and after sacrificing so many precious lives he really did not know how to explain to the military that the program had to come to an end so abruptly. Chiang even told Colby that, as Minister of National Defense, he was likely to lose the respect and support of the Air Force if the program stopped, and might have difficulty commanding many of the senior officers in the military. The meeting broke up and the two parted on bad terms,⁴⁵ Chiang criticized the CIA in his diary that night for being “deceptive and conspiratorial.” As the Black Bat Squadron was forced to stand down, he became more vigilant toward the Americans. On the other hand, the CIA’s patience was also wearing thin; in early 1967, the entire P2V fleet was withdrawn from Taiwan without the approval of the KMT authorities.⁴⁶

Walter P. McConaughy: Ambassador-cum-spy?

There is no denying the reach of the CIA in overall intelligence gathering in Taiwan. For example, when Chiang Ching-kuo had a health checkup on July 22, 1964, and found that his blood sugar index had soared to 160, it never occurred to him that this personal medical information would be known by the CIA staff in Taipei. When Chiang undertook another checkup on February 7, 1966, and learned that his blood sugar had soared again, at his father’s insistence he quietly left Taipei for a mountain resort in central Taiwan to

⁴³ CCKD, October 28 and 29, 1966, Box 13.

⁴⁴ Walter P. McConaughy to William Bundy, November 24, 1966, National Security Archives (Washington D.C.), Collection: US Intelligence and China: Collection, Analysis, and Covert Action, no. CI01776.

⁴⁵ Memorandum of regular CIA-EA meeting, January 3, 1967, *ibid.*, no. CI01785.

⁴⁶ CCKD, December 13, 1966, and January 20, 1967, Box 13.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

recuperate. The CIA's Taipei station, which paid close attention to the internal dynamics of KMT politics, were soon aware of this and quickly reported it to Washington.⁴⁷ When Daniel C. Arnold succeeded Ford as station chief in the summer of 1968, he strove to increase the CIA's intelligence-gathering capability across the island. Chiang noted in his diary that as soon as Arnold arrived in Taipei, he did all he could to influence or buy off senior generals in the Taiwanese military. Chiang deemed this behavior reprehensible, portraying Arnold as "disgusting and annoying."⁴⁸

After 1966, the US Embassy in Taipei had a larger say than the CIA station chief on intelligence discussions with the KMT authorities, mainly because the new Ambassador to Taiwan, Walter P. McCaughy, himself had a CIA background. During his eight years' tenure on the island, it was McCaughy, not Ford or Arnold, who took the lead role in discussing key intelligence issues with Chiang Ching-kuo. It was also during McCaughy's ambassadorship that the US government gradually changed its China policy and reduced its commitments to military aid and defense for Taiwan. Many unfavorable decisions from Washington were communicated and executed through McCaughy. For Chiang, who was succeeding his ailing father and taking over state affairs, dealing with McCaughy became inevitably painful, dissatisfying, and full of frustration.

Out of an instinct developed while serving as Taiwan's spymaster for decades, Chiang Ching-kuo maintained a high degree of vigilance toward McCaughy from the moment he was assigned to Taiwan. In Chiang's eyes, McCaughy was a scheming diplomat who was good at inducing coups and creating trouble. Chiang was well aware that, while serving as consul general in Hong Kong in the 1950s, McCaughy was the architect behind the so-called Third Force Movement, which aimed to replace Chiang's father with other anti-communist KMT figures to lead "Free China". While Ambassador to Burma, McCaughy was the man behind General Ne Win, who staged a coup to overthrow Prime Minister U Nu. During McCaughy's tenure as Ambassador to South Korea, President Syngman Rhee was forced into exile following domestic turmoil. It was clear to Chiang that wherever McCaughy went, coups, assassinations or other subversive activities ensued. Unsurprisingly, Chiang ordered security staff disguised as

⁴⁷ CIA Intelligence Memorandum entitled "The Succession to Chiang Kai-shek," April 8, 1966, in Robert E. Lester ed., *The Lyndon B. Johnson National Security Files, Asia and the Pacific: National Security Files, 1963-1969* (Frederick, MD: University Publications of America, 1987) (hereafter *LBJ 1963-1969*), microfilm reel 4.

⁴⁸ CCKD, December 29, 1968, Box 14.

servants placed in McConaughy's household to monitor his every move in Taiwan.⁴⁹

In April 1970, on the eve of Chiang Ching-kuo's departure for the United States as President Richard Nixon's special guest, McConaughy informed Chiang that he needed to return to Washington in advance in order to make "proper arrangements" for his visit. In the event, there was a major breach of security when Chiang arrived in New York City; a supporter of the Taiwanese independence movement attempted to assassinate him by firing a pistol at him as he was being escorted into the Plaza Hotel for a speech and luncheon.⁵⁰ The coincidence was so great that Chiang suspected the hand of the "evil-looking" McConaughy was working behind the scenes, recalling years later, that the CIA "hosted me, sent Taiwan independence demonstrators against me, and then sent people to assassinate me. It was utterly ridiculous."⁵¹

In mid-February 1968, an enthusiastic Chiang Ching-kuo invited the ambassador for a long conversation, sharing with McConaughy that the intelligence he had gathered indicated that anti-Mao Zedong elements were active in southern China. Using KMT infiltrators concentrated in northern Guangdong Province, Chiang planned to amplify the chaos by instigating local anti-Mao movements. McConaughy became nervous when he heard this, telling Chiang that it would constitute a provocation against Beijing and cause tension across the Taiwan Strait. Chiang clarified that his intelligence staff would only take action in the name of participating in the Cultural Revolution, and that there was no plan to establish any anti-communist territorial foothold. Chiang emphasized that he understood US concerns, and did not want to cause trouble for Washington while the Vietnam War situation was so dire,⁵² but in his diary that day, Chiang bitterly criticized McConaughy's timidity, noting that when it came to the situation on the mainland, Ambassador "is afraid anything we do will look bad."⁵³

On July 2, 1969, without prior consultation with the United States, Taipei launched a raid from Matsu to the banks of the Min River, near the city of Fuzhou, destroying three PLA ships and capturing several soldiers. Two days later, a distraught McConaughy requested an

⁴⁹ CCKD, April 5, 1974, Box 16; Hsiao-ting Lin, *Jiang Jingguo di Taiwan Shidai: Zhonghu Minguo yu Lengzhan xia di Taiwan* [The Chiang Ching-kuo era: The Republic of China on Taiwan in the Cold War] (Taipei: Walkers Cultural Enterprises, Ltd, 2021), pp. 117-118.

⁵⁰ Taylor, *The Generalissimo's Son*, pp. 298-299.

⁵¹ CCKD, June 12, 1970, Box 14; September 25, 1974, Box 16.

⁵² Memorandum of conversation between McConaughy and Chiang Ching-kuo, February 23, 1968, National Security Archives, Collection: US Intelligence and China: Collection, Analysis, and Covert Action, no. CI01855.

⁵³ CCKD, February 14, 1968, Box 13.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

urgent meeting with Chiang Ching-kuo, to express his strong concerns and lodge a formal protest. The Nixon White House was actively seeking to improve relations with Beijing and the last thing McConaughy wanted was to see incidents occurring across the Taiwan Strait. Chiang explained that the raid was a “small-scale exploratory operation” with the purposes of testing the PLA's coastal defense capability, collecting intelligence and boosting Nationalist army morale, and that there was no plan to attempt a full counterattack.⁵⁴ The unhappy Ambassador asked Chiang to commit to first obtaining American permission for such operations in future, regardless of their scale, to which Chiang reluctantly acquiesced, but privately once again criticized the Americans for being “ignorant and naïve.”⁵⁵

In the summer of 1971, Nixon's national security adviser, Henry Kissinger, paid a secret visit to Beijing, the subsequent revelation of which shocked the world. Kissinger also arranged for Nixon's own visit to China the following year. Once normalization of relations between the United States and the PRC had been established as US policy, the CIA turned its attention to the implications for Taiwan. In an internal document, the upper echelons at Langley could not rule out the possibility that Taipei might use its intelligence staff in the mainland to conduct sabotage during Nixon's forthcoming historic visit. The CIA equally could not rule out the possibility that, operating under “extreme emotions”, especially patriotic KMT pilots might be tempted to use their fighter jets to intercept Air Force One as it crossed into PRC airspace.⁵⁶ Based on these hypothetical scenarios envisaged by the CIA, McConaughy went so far as to request an urgent meeting with Chiang Ching-kuo, demanding that Taiwan ensure nothing dramatic would happen during Nixon's visit, predictably infuriating Chiang.⁵⁷ As the mutual trust between Taiwan and the United States rapidly eroded, and as Taipei's alliance with Washington now served as the major obstacle to the normalization of relations between the United States and the PRC, the decades-long love-hate entanglement between Chiang Ching-kuo and the CIA had also passed the point of no return.

⁵⁴ The President's Daily Brief, top secret, July 5, 1969, CIA/FOIA, no. CIA-RDP79T00936A007300050001-1; McConaughy to William Rogers, July 22, 1969, National Archives and Records Administration (Washington D.C.), RG 59, Records of the Department of State, Subject-Numeric Files, 1967-1969, Box 1969.

⁵⁵ CCKD, July 5, 1969, Box 14.

⁵⁶ CIA Special National Intelligence Estimate, “Security Condition in China,” February 10, 1972, CIA/FOIA, no. 0000745661.

⁵⁷ CCKD, February 12, 1972, Box 15.

Concluding Remarks

Perhaps one way to evaluate the nature of Chiang Ching-kuo's relations with and perceptions toward the US intelligence establishment is to examine how he viewed his "good friend" Ray S. Cline in the 1970s. Cline left the CIA in early 1973 and became an executive director of the Center for Strategic and International Studies at Georgetown University. Out of a personal affinity for Taiwan, Cline went to great lengths to advocate that Washington should not seek to normalize its relations with Beijing at the expense of Taiwan. As a scholar rather than a CIA official, he innovatively proposed the "Two Germanys" model as a possible solution to Taiwan's growing international isolation. In the 1970s, he returned to Taiwan several times, engaging in intensive discussions with local politicians and scholars, including Chiang Ching-kuo, now Taiwan's de facto ruler. To show his support for Taiwan, Cline spoke on behalf of Taiwan's national interest multiple times at congressional hearings and other public events.⁵⁸

But what did Chiang Ching-kuo think of such an old friend who had demonstrated his firm support for Taiwan? Cline returned to Taiwan for the first time as a private scholar in spring 1973. Chiang, who had not seen him for many years, fulfilled his role as friendly host by taking him to vacation at a mountain retreat in central Taiwan. When they spoke, Cline mused openly regarding America's ambassadorial personnel in Taiwan, and the trilateral relationship between the US, China, and Taiwan, even speaking of inviting Chiang to visit Washington again. However, Chiang confided in his diary: "When talking to an American intelligence officer and a minor politician, I should be extra cautious, listen more and talk less so nothing would go wrong. I think I was doing ok, except that my criticism of Henry Kissinger seemed too intense."⁵⁹ Outwardly, Chiang received Cline and his wife warmly when they again made the trip to Taiwan the following year, but privately, Chiang remained guarded. Considering Cline's intelligence background, "words are not deeds. You can listen to them but not trust them," Chiang noted. The more time they spent together, the more Chiang's negative inclination toward Cline intensified: "I have been interacting with him as a 'friend' for more than a decade, but now I feel he is a prevaricating politician. It will be

⁵⁸ Ray S. Cline, "Toward a Two-Chinas Policy," *Asian Affairs*, 3:5 (1976), pp. 281-286; Tim Weiner, "Ray S. Cline, Chief CIA Analyst, Is Dead at 77," (obituary) *New York Times*, p. 49.

⁵⁹ CCKD, May 7 and 9, 1973, Box 16.

LIN Chiang Ching-kuo's Intelligence Activities and U.S.-Taiwan Relations

better to keep him at a distance, so as not to be taken in by him.”⁶⁰

When Cline visited Taiwan in subsequent years, due to the deteriorating relationship between the United States and Taiwan, Chiang Ching-kuo never had anything good to say about him privately. A reading of Chiang's personal diaries does not offer an inkling that a deep public and private friendship had ever existed between the two. When Cline completed yet another trip to Taiwan in the fall of 1976, Chiang observed: “Cline came to Taiwan for a three-day visit last week. I didn't know what his aim or purpose was. I just know that CIA people are not to be trusted. Nevertheless, I still treated him as an ‘honored guest’ in order not to create another enemy.”⁶¹

Looking at Chiang Ching-kuo's later views on the man who had been his close counterpart and personal friend for many years, we cannot help but ask, was it Cline who changed, or Chiang? One thing always uppermost in Chiang's mind was that his country's interests were paramount. Ever since the precarious arrival of the Chinese Nationalist government in Taiwan in 1949, many of Chiang's dealings with US intelligence had been nothing but an essential means of maximizing his country's policy options. The love-hate relationship between Chiang and the CIA illustrated in this article is a perfect reflection of the intricate nature of this Cold War alliance across the Pacific Ocean.

⁶⁰ CCKD, November 20 and 27, 1974, Box 16.

⁶¹ CCKD, September 24, 1976, Box 17.