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# **Elite Politics and State Capacity: The Transformation of the Kuomintang on Taiwan**

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## ELITE POLITICS AND STATE CAPACITY: THE TRANSFORMATION OF THE KUOMINTANG ON TAIWAN<sup>1</sup>

The objective of this article is straightforward: to analyse the Kuomintang's elite political climate and institutional capacity on Taiwan *ante* the provision of US state-oriented assistance in the mid-1950s.<sup>2</sup> It is this article's contention that the prevailing elite political dynamics within a regime strongly influence the "state of its state". Concretely, in conditions of elite cohesiveness, the state can exist as precisely as the collection of institutions designed to administer territory in a manner favourable to the survival of the authoritarian regime. However, if elite internal schisms are the modus vivendi, these will inevitably spill over into the domain of government, making those institutions a critical pawn in the wider elite political game – to the detriment of the state's capacity.

The chapter is divided into three subsections. We will review the extraordinary rapid transformation of Kuomintang elite conditions in the early 1950s from chronic factionalism and decades of supra-elite struggle to elite calm and cohesion – a remarkable break with the past. Subsequently, we will explore the foundations for a state institutional turn laid under – and made possible by – this newly established elite unity. This, in turn, facilitated the success of US state-oriented assistance from the mid-1950s onwards, though this is beyond the scope of the article.<sup>3</sup>

But first, we will open the chapter by tracing the narrative back to Republican China under the Kuomintang. This is for several reasons. First, as a classic 'settler state' (Weitzer 1990), the Kuomintang's key elite players, their (factional) relationships, and the party-state's institutional inadequacies all had a long pedigree, and with little exception these problems were directly inherited from the mainland era. Second, the experiences of Republican China immediately informed elite action on Taiwan. Most obviously, the loss of the mainland to the Chinese Communists implied 'sink or swim' for KMT elites; Taiwan was truly their last refuge. But more subtly, the shared mainland experiences crafted a collective understanding of *why* the loss had occurred, and most were determined not to repeat it. Lastly, Republican China is in itself a superb example of the negative-sum interaction between elite disunity and state capacity, and is therefore helpful in carving out the contrast with later developments on Taiwan.

### The Mainland Antecedent: Disunity and State Malcapacity

The defining political characteristics of Republican China (1928-1949) have been summarily described as "dictatorship and disunity" (Tucker 1983: 62). Indeed, even today Republican China serves as a historian's byword for factionalism and inefficiency. Before we scrutinise the far-reaching elite cohesion on Taiwan, it is important to understand that it was the *inverse*, namely elite disunity within the party-state, that created the socioeconomic and military conditions that brought the Kuomintang to the edge of oblivion in the first place. By examining Chiang Kai-shek's protracted fight to achieve an unassailable supra-elite position,

<sup>1</sup> Acknowledgements: The author would like to express his gratitude to the Government of Taiwan and the Taiwan MOFA Fellowship for the opportunity to conduct the research informing this article.

<sup>2</sup> This article is an original chapter from my PhD dissertation, provisionally titled 'Elite, State, and Foreign Assistance: Diverging Regime Durability in Authoritarian Asia'. Through comparative, primary-source driven research, the dissertation examines the intersection between elite politics, state infrastructural capacity, and foreign assistance in the survival of authoritarian regimes.

<sup>3</sup> Of course, elite unity is no guarantee that foreign state-oriented assistance attains optimum results – the degree of success is still conditional on the intricacies of the aid relationship itself – but elite disunity is doubtlessly a guarantee that foreign assistance will fail to strengthen the state.

the factionalist struggles playing out beneath and at the behest of Chiang, and elite distortions of military strength and administrative capacity, this section will open a window into the KMT's remarkable self-reinvention on Taiwan.

Prior to 1927, Chiang Kai-shek (CKS) ruled as one man in a triumvirate alongside KMT heavyweights Wang Jing-wei and Hu Han-min. Not content to acquiescence to a power-sharing structure, however, Chiang created several private political organisations known as 'cliques' to serve as instruments of his search for sole control of the Kuomintang party and government. These cliques were "multiplicities of alliances", to borrow Tucker's term, that operated inside and around the party-government to advance his ambitions (Tucker 1983: 64). Moreover, internally, they continually competed for Chiang's favour and influence.

Said cliques became a common theme in KMT politics for the next 20-some years. Yet they were double-edged swords casting long shadows over the KMT party-state. They were instrumental in Chiang's accrual of dictatorial power, facilitating his triumph over his closest rivals in the 1930s cut-throat intra-KMT contest for supreme leadership. Yet equally, they sowed division amongst KMT elites and rapidly became serious impediments to the conduct of government affairs, compromising the regime's survival prospects in face of administrative and military challenges.

So what were these cliques? Three took on exceptional importance: the militaristic Whampoa Clique, centred on a military academy Chiang personally led; the administratively-oriented Political Study Clique, and the most powerful, increasingly reactionary Central Club (CC) Clique. Maintaining patron-client relationships with all of them, Chiang succeeded at inserting "supporters into pivotal positions" within the party-state and exercising influence over party and government affairs even when not himself occupying a top post in either. Further, Chiang used his position as director of China's foremost military institute, the Whampoa Military Academy, and control of the state's military to carve out a Whampoa faction that occasionally helped arrange for 'misadventures' among party-government contenders for top office. As others found their advance thwarted or faded from the scene, Chiang "increasingly exercised a dominant role in national affairs" (Tucker 1983: 63).

The cliques were expert vehicles to deal with China's political environment of the 1920s and 30s. Aided by networks of allies, in 1938, Chiang first secured the top party spot of director-general of the Kuomintang, definitely outmanoeuvring fellow contenders Wang and Hu and gaining "recognition of his commanding, if not undisputed, status" (Tucker 1983: 63).<sup>4</sup> Through strategic placement of its members, the three cliques fed control over party affairs, the military and the bureaucracy back to Chiang Kai-shek himself. Steadily, he emerged as the supreme strongman, individually representing all of non-Communist China. Once in the top spot, this "constellation of competing groups" loyal to Chiang only made "his ouster difficult and his replacement impossible" (Tucker 1983: 64). Chiang himself stood above the web of cliques, "utilizing the talents first of one and then another [grouping], keeping them constantly off-balance, never allowing any one to be strong enough to dominate the others completely or depose him" (Tucker 1983: 64).<sup>5</sup> Thus, as Chiang

<sup>4</sup> See also Tien (1972: 45) on Chiang's struggle with Wang and Hu for KMT leadership, and Jin (2009) on Chiang's consolidation of power during the mainland era.

<sup>5</sup> Notably, Republican China's warlords were another constant concern for Chiang. Despite the nominal unification of China under the Nationalist banner in 1928, "warlordism was never eliminated" and "regionalism flourished" (Tucker 1983: 63). Politically, these semi-autonomous warlords and their private militaries presented the danger of opposition catalyst throughout much of the 1930s and into the 1940s. With Chiang unable to completely remove first Hu and Wang, then Li, from the political scene, regional military and political forces could establish alliances with them, their presence thus holding out "the possibility of an alternative to Chiang's leadership" (Tien 1972: 3). A number of such alliances were indeed forged in the 1920s and 1930s, and again in the late 1940s as Li Zongren used the Kwangsi Clique to establish a "temporary and unusually strong anti-Chiang alliance" (Tucker 1983: 64). Once formed, these coalitions posed "a constant threat to [Chiang's] position", "circumscribe[d] his political behavior on many occasions", and at times "compelled him to devote considerable energy to breaking up hostile coalitions" (Tien 1972: 3, 46). Thus, the unpalatable spectre of warlordism

concentrated power in himself, he relied on institutionalised 'chronic disunity' to stay in the saddle (Tucker 1983: 63).<sup>67</sup>

But while this factional balancing strategy safeguarded his pre-eminence, it also left Chiang beholden to the cliques' partisan schemes, which did not necessarily coincide with Chiang's wishes or the best interests of the nation. Arguably, much like in Rhee's South Korea, institutionalised disunity can be seen as the optimal solution to the elite problem given an apparent inability to 'decisively resolve' (Brownlee 2007) elite conflict by fully unifying Chinese elites behind the dictator, relegating the dissenting leadership rivals to the political wilderness, or a combination of both.<sup>8</sup> Yet with elite political prerogatives – the cliqueist balance of power – an overriding priority at all times, initiatives that might upset this balance were adversely impacted or cast by the wayside. A factional balancing strategy, then, directly undermined Chiang Kai-shek's ability to effect changes in the status quo and adopt an institutional focus *without* jeopardising his own position. Most egregiously, this included those initiatives that might otherwise have strengthened the capacity of the state administrative apparatus – both for control and performance – as well as the military's.

Before exploring the remarkable transformation in elite dynamics on Taiwan, we will devote some attention to reviewing how endemic disunity, characterised by both factionalism and the fight for supra-elite dictatorial position, adversely impacted the KMT's administrative and military capacities of state during the Republican period. Clearly discernable parallels exist with South Korea under Syngman Rhee, who, much like Chiang and his rivals, too encouraged factionalism as a stratagem in the fight for personalism – this to the general detriment of the state's functioning. Even so, we will revisit these themes, for two main reasons. First, the Kuomintang on Taiwan naturally operated within the context of its past – with continuity of staff to break continuity of practice. Second, mainland era experiences shaped Chiang Kai-shek's own awareness of the relationships between elite disunity, administrative and military malperformance, and regime collapse, which directly informed both his determination to eliminate elite infighting on Taiwan and the reforms he initiated to do so.

#### *A House Divided: Stifling the Developmental Undercurrent*

As Strauss (1997, 1998) and Bian (2005, 2010) have persuasively argued, the KMT in Republican China already evidenced the *intent* to improve the state's administrative capacity for purposes of national modernisation and winning popular allegiance. Despite formidable obstacles, Chiang's Nationalist government made "intense efforts" to generate

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fusing with anti-Chiang opposition was yet another factor that kept Chiang's eyes trained on elite politics at all times, narrowed Chiang's range of policy choices, and decreased his appetite for politically risky eco-administrative reforms.

<sup>6</sup> Taken together, then, this balancing strategy, both at the factional and individual level, mirrors strongly the tactics used by Syngman Rhee in South Korea to retain his personal pre-eminence. And much like in Rhee's South Korea, while effective in the medium run, the cost in state administrative terms was high.

<sup>7</sup> Both Chiang and Rhee relied on institutionalised factionalism – they actively capitalised on existing elite disunity, rather than vainly attempting to generate unity, to retain autocratic dominance as part of a veritable survival strategy. Note, however, that Chiang's 'cliques' were unquestioningly loyal to him, individually well-organised, structured, and persisting, whereas Rhee relied on more fluid and temporary alliances, often revolving around prominent individuals with independent following, to implement his divide-and-conquer tactics.

<sup>8</sup> Though usurping the top spot, CKS did not succeed in fully eliminating Wang and Hu from the KMT political arena. As a result, they were able to challenge his position from the side-lines. Writes Tien (1972: 3): Wang and Hu "played peripheral roles in decision making and policy implementation. Their primary importance was that their presence held out the possibility of an alternative to Chiang's leadership. Regional military and political forces could establish alliances with Wang or Hu against Chiang, thus posing a constant threat to his position. Indeed, a number of alliances like this were forged in the 1920's and 1930's."

"administrative centralization and rationalization of state institutions during the 1930s and 1940s" (Bian 2010: 10-11), with some hopeful results. Pockets of technocratic competence such as the National Resource Commission and the Ministry of Foreign Affairs functioned effectively throughout the 1930s, while reformers such as Gan Naiguang, pioneering a 'three-in-one' administrative system aimed at institutional rationalisation, were given space to improve the KMT's public administration systems (Bian 2005, 2010). To be sure, any and all administrative improvements were desperately needed. As an underdeveloped country, China's bureaucratic competence in the Weberian sense was quite low – Chiang himself in his diaries bemoaned the lack of talent in China (Lu and Lin 2008: 335).

Yet in spite of such performance intent, innovation in public administration was stymied by both the exigencies of war and especially the Kuomintang's "self-destructive fighting of its several factions" (Eastman 1984: 225). So long as elite battles raged, this undercurrent of government rationalisation and technocracy fought an uphill battle against pervasive factionalism among regime elites steering the bureaucracy in the other direction. Two particularly distinct forms of distortion stand out. The first we have also encountered in South Korea and South Vietnam: the elevation of personal loyalty to the dictator over competence in the filling of top, even mid-level, administrative (and military) posts. The second, while possessing potentially universal application, is more particular to Republican China's system of cliques and their factional interests, which compromised both policy-making and implementation.

The prevalence of loyalty appointments to the top and mid-levels of the KMT party-government reflected the severity of the supra-elite struggle. To preserve the fragile equilibrium, Chiang placed "excessive demands for loyalty" on fellow elites in return for servitude in the party-government. These loyalty appointments "rendered control of government policies a matter of personal relationship rather than official position" (Tucker 1983: 63). And in administrative terms, Chiang's 'loyal stooges' seldom espoused the "qualities of efficiency and ability" that sound administration required (Tien 1972: 3-4).

Second, Chiang's elite management system driven by institutionalised, chronic elite disunity meant that policy-setting often required unattainable compromise between rival factions. As noted earlier, Chiang aspired to at all times preserve a balance of power amongst his internally competing supporting factions. This ensured that no clique gained pre-eminence and produce understudies, while always requiring Chiang's support to prevail over opposition, making Chiang the indispensable, key decision-maker at the top of the hierarchy. But as Tucker (1983: 65) has put it, the resulting factional disputes made it "impossible to have a strong, efficient, and determined government", as "[p]olitical decisions were tied up in an endless need to reconcile a variety of interests in each and every policy determination." Indeed, KMT leadership proved "deeply divided as to basic orientations and goals" of government policy (Strauss 1997: 333). Thus, policy inertia caused the "rejecti[on] of major social reforms" which "put the regime in a precarious position" as the resulting lack of socio-economic progress fuelled mass discontent (Tien 1972: 4).

Elite political distortions of administrative quality worsened with the growing strength of Chinese Communist movement in the aftermath of the Sino-Japanese War (1937-1945). As the premium on loyalty rose in the face of Communist subversion, qualification criteria for government office all but disappeared. Moreover, Chiang's inclination to personally intervene in all areas of the policy process increased. If previously there had existed no guarantee that a locked-in policy would be carried out because of factional squabbling or unilateral overruling by Chiang's pulling his loyalty strings, this was now all but a certainty.

The context of ideological conflict strengthened the hand of the reactionary CC Clique, who advocated a vehemently non-compromising anti-Communist line. This antagonised other KMT factions that at least contemplated a diplomatic approach, dividing the party-government on this critical issue and paralysing its capacity to act (e.g. Dickson 1993: 59). On occasion the factional rifts ran so deep that the "lack of consensus among leading elites ... threatened to tear apart the ... shaky organization" Tien (1972: 27). By the mid-1940s, the CC Clique had become "so powerful that it threatened to divide the

Nationalist government, pitting the KMT party against the government bureaucracy and the military" (Myers and Lin 2007: 2). Careful arbitration by Chiang held the party-state together, but thus embroiled in internal turmoil, its capacity for effective government waned.

Importantly for our continuing story, Taiwan, too, was swept up in these dynamics. As Taiwan was returned to the Nationalists by Japan in 1945, each of the factions was determined "not to be cut out of what prizes were to be had on the island" (Finkelstein 1993: 58). The tastiest bounty were Taiwan's financial institutions, both state-owned and private. As one might expect, China's Central Bank assumed control of the Bank of Taiwan. However, administrative elites affiliated with the Political Study Clique seized the Bank of Communications, the Farmer's Bank, and a string of private financial institutions, while the island's Central Trust fell prey to the CC Clique. Unsurprisingly, the partition of financial institutions to bankroll cliques with separate agendas made "rational financial planning for the island all but impossible" (Finkelstein 1993: 58-9).

In the interim years until the full retreat of 1949, the raging CC-Political Study political contest on the mainland to "influenc[e] the shape of KMT policies and [find] favor with the Generalissimo" continued to spill over to Taiwan and compromise government administration (Finkelstein 1993: 59). The CC Clique, for instance, took "great pleasure" in publicly denouncing the Political Science Clique's administration of the island, hoping to "bring pressure on Chiang to relieve their rivals' man" (Finkelstein 1993: 59). On one extreme occasion, reports Finkelstein, the "CC faction was responsible for cutting off all scheduled air travel and communication between Taiwan and the mainland for a month ... as well as causing the government communications office in Shanghai to refuse all telegrams from Taipei for two weeks" (Finkelstein 1993: 59). Furthermore, the Governor of Taiwan during this time, Chen Yi, was a staunch Gimo loyalist who ran a clampdown administration on the island with little regard for eco-administrative affairs. As such, administrative quality on Taiwan suffered from both factional intrigue and inept leadership appointed on elite political motives, contributing to widespread public discontent that ultimately culminated in a violently repressed public uprising of February 1948. Neither the resolution of factional conflicts nor a focus on administrative quality appeared a bright prospect in the late 1940s.

#### *Political Concerns Prevail: the Stagnant Military*

If elite political dynamics greatly complicated the rationalisation of Republican China's public administration system, this equally applied to its war machine. This was highly unfortunate, for while the vast majority of KMT armies remained poorly trained, disorganised, and ill-equipped, the armies of its future foes – the Chinese Communists and Japanese – quickly expanded their capabilities. The absence of sufficient food, clothing and sometimes equipment exacted a toll on training fitness.<sup>9</sup> Poor training procedures resulted in "basic military errors".<sup>10</sup> And of course, speaking in the hyperbole of an American officer, Nationalist troops had "the world's worst leadership".<sup>11</sup> With adequate attention and investment of resources, these fundamental problems could have been addressed. However, Chiang's unresolved struggle for autocratic supremacy, coupled with residual warlordism, merely perpetuated – if not aggravated – pre-existing Nationalists military deficiencies.

This section will briefly explore the elite political obstacles that made reformation of KMT armies into an efficient fighting machine impossible during the mainland era – a core puzzle piece in explaining the Nationalists' demise at the hands of the Chinese Communists. It also forms an explicit contrast with comparatively enlightened military policies in KMT

<sup>9</sup> To illustrate, troops that eventually withdrew to Taiwan were outfitted with "grass sandals, palm leaf hats, very brief shorts, and old [World] War I Springfield rifles" (Chase 1975: 170).

<sup>10</sup> US-MAAG, History of Army Section, MAAG, Taiwan, 1945-1955 (1956: Part I, 6-7), following Romanus and Sunderland [United States Army in World War II, China-Burma-India Theater, Stillwell's Mission to China, Washington DC, Gov Printing Office, 1953].

<sup>11</sup> General Barr, JUSMAG Chief, cited in: US-MAAG, History of Army Section, MAAG, Taiwan, 1945-1955 (1956: Part I, 15), following Romanus and Sunderland, 1953), p.358

Taiwan post-withdrawal, facilitated by a newfound elite cohesion and aided and abetted by the United States.

Chiang's struggle for unassailable autocratic supremacy formed a powerful brake on the rationalisation of the armed forces. Insecure in his dictatorial position, Chiang was concerned first and foremost with attaining the absolute loyalty of military commanders (so they would not forsake or back a coup d'état), and only secondarily with their skill on the battlefield. As such, the Generalissimo appointed members of his trusted Whampoa Clique to senior military positions, 'and their loyalty to him took precedence over their military ability and their integrity' (Tucker 1983: 65-66).<sup>12</sup> Indeed, '[i]nept and unqualified commanders were appointed or retained in key positions because of their political affiliations', even when engaging in widespread, flagrant corruption.<sup>13</sup> In turn owing their positions to the Generalissimo rather than merit, these commanders were afraid to take on-the-spot decisions that might incur the displeasure of Chiang. Moreover, they facilitated Chiang's routine intervention in military decision-making that undermined the chain of command, thus reinforcing pre-existing incompetence, compromising inter-service coordination and cooperation,<sup>14</sup> and enfeebling the military further. Exasperated, US military advisors to the KMT military in the late 1940s bemoaned the "complete ineptness of high military leaders and ... widespread corruption and dishonesty throughout the Armed Forces".<sup>15</sup>

The Whampoa-led portions of the KMT military existed side-by-side with the assimilated forces of allied former warlords. Often these were still under the ex-warlord's personal command. The party-state's military, then, was in fact a composite; an eclectic collection of men under arms representing the product of Chiang's political success in mixing 'peaceful negotiations with military force to deal with the various military factions' in the late 1920s (Lu & Lin 2008: 335). The KMT's military machine was large, but fragmented, poorly integrated and had only tenuous loyalty to the political centre. Yet tightening central control of these forces proved a political impossibility as it risked incurring revolt against the unifying KMT banner. While military ineptitude hardly helped Nanjing's cause against the Communists, fratricidal conflict would unnecessarily heighten the regime's vulnerability. Caught between a rock and a hard place, Chiang opted to ignore "[d]emands to reform, retrain and streamline the military ... because they would have come at the expense of regional military commanders, thus upsetting the delicate political balance Chiang had so carefully constructed" (Dickson 1993: 57). While this strategy of elite disunity management in the military was adequate to sustain KMT superiority of force vis-à-vis the fledgling Communist movement in the 1920s and 30s, it became fateful in the 1940s when, even with extensive US assistance, Nationalist forces failed to suppress the so-called Red peril.

In conclusion, the subjugation of military affairs to the intra-elite struggle relegated the armed forces, too, to an object of political tug-of-war. This detracted from its defence capabilities, and prevented the collective design and implementation of working solutions to plain-to-see military operational and logistical problems. With the focus on military loyalty rather than ability, the armed forces were permitted to persist as an unwieldy, poorly organised and poorly led branch of the party-state. Without a doubt, this long history of poor capacity is a remarkable backdrop for the military transformation of the 1950s, when emerging elite cohesion paved the way for rationalisation and capacity-upgrading in the armed forces, aided in these goals by US assistance.

<sup>12</sup> The deactivation report by the Army Ground Forces Division of JUSMAG noted that "each [military] decision was not based primarily on military consideration alone but was influenced to a considerable degree by political and 'personnel' considerations"; US-MAAG, History of Army Section, MAAG, Taiwan, 1945-1955 (1956: 15-16), following Romanus and Sunderland, 1953, p.347-8.

<sup>13</sup> US-MAAG, History of Army Section, MAAG, Taiwan, 1945-1955 (1956: Part I, 18).

<sup>14</sup> 'Cooperation and coordination between the air and ground forces was unsatisfactory throughout.' (Part I, p18) US-MAAG, History of Army Section, MAAG, Taiwan, 1945-1955 (1956),

<sup>15</sup> General David Barr, head of the Joint United States Military Assistance Group (JUSMAG), November 1948, from: China White Paper, quoted in Eastman 1984: 212.

### *The Kuomintang is Dead; Long Live the Kuomintang*

By the late 1940s, the Kuomintang party-state was politically and institutionally bankrupt. Its administrative apparatus had been unsuccessful at generating the broadly desired societal change and developmental advancement. Worse, the party-state's want of administrative reach had failed to subdue the expanding Communist movement thriving off mass discontent. Equally, the nascent Communist military had survived by virtue of the Nationalists' underperforming military machine. As popular support for the Nationalists waned, inversely, the persuasiveness of China's Communists grew (e.g. Pepper 1991). Now, having benefited from a decade of incubation in territories beyond the writ of the KMT party-state, Communist armed forces struck with unexpected vehemence in the late 1940s.

What followed was a gradual implosion of the party-state that fuelled US scholarly debate on 'who lost China' for the next two decades. Rather than closing ranks and banding together, the KMT factionalist house of cards buckled under the pressure. The elite divisions that had so long bedevilled the KMT raptured and burst into the open. And as institutionalised disunity became uncontrolled disunity, Chiang's erstwhile supra-elite position, too, came under attack. Li Zongren,<sup>16</sup> Chiang's long-time rival for the top spot, re-emerged as prime contender for the highest office by gathering the support of members of the Political Study Clique, as well as that of his own Kwangsi faction and certain left-leaning elements within the Kuomintang. Going against supreme leader Chiang's wishes, this alliance of convenience inserted Li into the vice-presidency in 1948 over Chiang's chosen candidate.

Faced with military calamity, administrative collapse, and intra-party challenge, Chiang resigned from the presidency in January 1949. However, rather than definitively relinquish his political power, Chiang began pulling loyalty strings, rerouting troops and administrators to Taiwan for a last stand as the civil war on the mainland unravelled. As is intimately evident from Chiang's well-preserved personal diaries,<sup>17</sup> the Generalissimo conducted considerable introspection at this juncture, concluding that the KMT's collapse on the mainland had been attributable to elite political struggles and a concomitant loss of revolutionary zeal. Resolving to break with the past, Chiang vowed to eradicate the elite political scourges – clique factionalism and warlordism – that had stymied both his governmental and power accruement agendas on the mainland.

In its place, Chiang resolved to amass an executive inner circle composed of the impeccably loyal-yet-capable, supplemented by high officials free of personal political ambitions. In that manner, he satisfy three demands at once. First, he would attain an unassailable position of personal supremacy over the Nationalist organisation. Second, rebuilding around a tight-knit core would rid the KMT of elite political divisions, crafting a unitary party-government for the first time since its inception. And third, as an immediate corollary of elite 'togetherness', Chiang and his able lieutenants could concentrate their available resources on building up the capacity of the state and keep the KMT in the saddle in the face of grassroots discontent (CH2) and external military threat (CH3). With these targets in mind, Chiang began reshaping the KMT on Taiwan.

### **Breaking With the Past: the Path to Unity**

Between the years 1949-1955, Chiang Kai-shek rapidly became the undisputed autocrat on Taiwan – the party-state supreme leader endowed with extensive routine and extraordinary emergency powers. Erstwhile rival Li Zongren was cast from the political arena for good. The power of the old cliques and warlords was broken. Divorced from mainland constituencies, these elites were forced into retirement, side-tracked into sinecures, banished outright from the island, or, on rare occasions, reincorporated into KMT on the basis of personal ties to CKS. In its place arose a new executive team, an eclectic mix of dyed-in-the-wool Whampoa

<sup>16</sup> Li Zongren had been Chiang's (primary) rival for top leadership posts since as early as 1932. See: Lu and Lin (2008: 336).

<sup>17</sup> Chiang Diaries, Hoover Institution Archives, Stanford University.

loyalists, anti-Communist zealots and politically naive technocrats. Under Chiang's undisputed leadership, an enduring cohesiveness was formed that resulted in exceptional stability throughout successive decades. And so, in the exceptionally brief timeframe of five years, Chiang achieved what in 20-some years of tenuous factionalised elite politics on mainland had eluded him: a cohesive circle of high officials, free from factionalism, that subscribed to both his personal, clearly dictatorial position *and* national ambitions.<sup>18</sup> These sections detail, in brief, how Chiang got there.

### *The Seeds of Unity*

From the viewpoint of crafting a unitary government, the Kuomintang's retreat to Taiwan constituted a blessing in disguise. Chiang established an 'alternate' KMT government on Taiwan in August 1949, which acted as a magnet to his supporters, and a deterrent to those not firmly in the Chiang camp. Faced with the decision to cast in their lot with Chiang Kai-shek or risk punishment at Communist hands, many prominent officials chose to simply emigrate. Most notable among them was Vice-President Li Zongren, who departed for the United States and never set foot on Taiwan.<sup>19</sup> Taiwan's relative isolation thus strengthened Chiang's hand vis-à-vis other elites: retreating officials had to come join *him* in the last Nationalist bastion, even if he wasn't – yet – formally in charge.

Tsang (1995: 59) observed that the KMT's Taiwan-bound, self-selected KMT high officials were broadly divisible into three groups. First, anti-Communist zealots who hoped to combat, if not roll back, their foes' mainland gains. Second, KMT ideologues or believers therein, who were anxious that the party should construct on Taiwan the model-state it had long envisioned for the mainland. And third, strong personal supporters of Chiang's. These were individuals with very diverse backgrounds and differing political outlooks (Tsang 1995: 59), ranging from clamp-down security conservatism with a focus on authoritarian tutelage, to a strong preference for liberal, democratic-leaning organisation of government with tolerance for political opposition. Normally, we might not have expected these groups to gel; rather, we might expect them to fight amongst themselves.

But crucially, all three groups were determined to not to repeat the failings of the mainland and making the KMT on Taiwan a success (even if the definition of 'success' varied between them). And all were loyal to Chiang Kai-shek – or at least prepared to accept his leadership. Yet for the latent possibility of elite unity, this prospect was initially still buried under thick layers of 'same old'. Despite the self-selective thinning of the KMT organisation, Taiwan of 1949 presented a messy political environment. KMT factions continued their internecine struggles, imported from the mainland. And Chiang's supremacy was by no means foregone conclusion, as rivals jockeyed for top spot in his absence. Indeed, the US consulate, observing the surrounding political chaos, took a representative dim view of the political situation when it reported in January 1950 that "[Taiwan] is slowly approaching [a] stage from which recovery cannot be achieved. Unity, intelligent leadership, sensible use of resources, all of which is essential, still seem unattainable".<sup>20</sup>

### *Li Zongren – A Rival Eliminated*

Particularly harmful to the Nationalist cause was the all-consuming, on-going tussle between Chiang loyalists and supporters of KMT Vice President Li Zongren over control of the party, state, and resources. Even though Li opted for exile in the United States over refuge on Taiwan, his close associates Premier Yan Hsi-shan and Pai Chung-hsi, the "formidable

<sup>18</sup> The formation of this alliance was aided, of course, by fact that Communist threat was now truly existential. Indeed, it is a well-established argument that existential threat binds (e.g. Tilly 1975). If Taiwan fell, there would be nowhere left to retreat to.

<sup>19</sup> Of the former triumvirate with Hu Hanmin and Wang Jingwei, only Chiang remained, since both Hu and Wang had passed away in the interim.

<sup>20</sup> Confidential U.S. State Department Central Files: Formosa, Republic of China, 1950-1954 (Internal Affairs) [microfilm collection] (1986), Reel 2, p.825, Taipei to State, Joint Taipei Weeka Number 5, January 30 1950. Hereafter: Formosa Central Files (FCF) 1950-54.

military strategist and commander" (Tsang 1995: 55-56), were on the island, butting heads with Chiang lieutenants such as Chen Cheng, and, for a while, Sun Li-ren. As distinguished party veterans, both Yan and Pai commanded respect in elite circles and, by virtue of their generalships, significant military backing. To mend the rift in the KMT under his undisputed leadership, Chiang sought to subdue these challengers.

While in retirement, Chiang laid the foundations for anti-Li action. Throughout 1949, Chiang's propaganda machine lambasted Li, Yan and Pai for their failure to retain the mainland, and singled out Li in particular for his "cowardish" decision to seek exile in the US.<sup>21</sup> This argument found a receptive audience among the self-selected three elite groups, and over the course of 1949, intra-KMT support for Li and Pai diminished. As the political clout of the Kwangsi Clique waned, calls for Chiang's return to office became louder.<sup>22</sup>

Chiang duly returned as KMT president in March 1950. US sources immediately reported that a full-blown purge of Li's remaining allies within the party-state had been set in motion. The armed forces were targeted first: some 36 generals allegedly sympathetic to Li were arrested. The US consulate cynically reported that their 'crime' of supporting Li now seemed to "rank equally with being [a] Communist and advocating Formosan independence".<sup>23</sup> Their military influence thus removed, Chiang next targeted Li's right-hand men. Yan Hsi-shan, Li's Premier, was eased out of power and subsequently kept out of politics (Tsang 1995: 55-56). Similarly, General Pai was persuaded to resign from high office, and for some time, Chiang's "secret service agents ke[pt] a vigilant watch over his house night and day".<sup>24</sup> When Pai was rehabilitated in 1951, he resurfaced in a decidedly emasculated role as head of the China Muslim League.

In one fell swoop, then, Chiang had disbanded what remained of top-spot rival Li's support base on Taiwan. With Li himself in exile (and decidedly unwelcome on Taiwan), chief henchmen Pai and Yan marginalised, and their lingering military influence eradicated, Chiang had effectively purged those loyal to another would-be supreme leader, and thereby taken an essential step towards the creation of elite unity under himself as the uncontested, *primus 'supra' pares*.<sup>25</sup> With that, Chiang was sufficiently confident to launch far-reaching reform of the KMT organisation that would decisively entrench himself in power, while also establishing a united executive party-state.

#### *The Central Reform Committee – Towards A New Order*

Chiang's anti-Li action removed the Kwangsi Clique from the political equation. But even so, all branches of the KMT party-state – from executive to legislative, from party to state organs – remained suffused with carry-over factional loyalties relating to CC, Political Study, and Whampoa Cliques. Equally, transplanted warlords retained close ties to KMT divisions, treating the troops under their command as personal property rather than the nation's (as embodied by Chiang's leadership). Clearly, sweeping change was needed to craft cohesion in elite circles, and harness the power of the state's institutions to effectuate regime survival and prevent the 'divided we fall'-scenario so feared by American observers.

In August 1950, Chiang capitalised on his recent victory over rival Li to launch sweeping reforms in the institutions and leadership of the Kuomintang. His chosen vehicle was the Central Reform Committee (CRC), an ad hoc body comprised of 16 *handpicked* men mandated to lead the party-state during the period of its existence, and overhaul the KMT's routine institutions into a new format. This constituted a radical break with the past: a 50-man, unwieldy and factionalist-prone Central Standing Committee (CSC) had led the

<sup>21</sup> FCF 1950-54, Reel 2, p.828, Taipei to State, Joint Taipei Weeka 6, February 4 1950".

<sup>22</sup> FCF 1950-54, Reel 2, p.833, Weeka 6 (7 crossed out), February 11 1950.

<sup>23</sup> FCF 1950-54, Reel 1, p.192, Taipei to State, March 7 1950.

<sup>24</sup> FCF 1950-54, Reel 1, Kan Chieh-Hou to Spouse (Director for Chinese Affairs, Department of State), June 26 1950.

<sup>25</sup> Li himself was impeached by KMT legislators in 1954 for dereliction of duty and expelled from the party, removing his name from play for good.

KMT since the 1920s.<sup>26</sup> That Chiang was able to abolish the CSC at will, thereby side-lining the KMT's most senior figures in favour of sixteen personally selected men, is testimony to Chiang's expanding despotic power at this juncture.

In elite political terms, two interrelated goals are commonly ascribed to the CRC era, which spanned 1950-1952 (Taylor 2009, Lin and Myers 2007, Tsang 1995, Dickson 1993). The first, publicly touted objective was to eliminate factionalism, especially in the executive branch. But simultaneously, Chiang sought to irreversibly entrench his dominant, supra-elite position within the party-state. The CRC was designed to kill two birds with one stone as a means of crafting an interim unitary circle of top officials directly answerable to Chiang that could further both objectives.

The CRC new wind is perhaps best illustrated by considering the KMT heavyweights that were purposely left out of the committee. Chen Li-fu, leader of the CC Clique, did not get a seat. Chang Tao-fan, legislative leader of CC affiliation, was also absent. There was no Yan Hsi-shan, Pai Chung-hsi, Sun Li-ren,<sup>27</sup> or (representatives of) the warlords. And despite an army several hundred thousand strong, only two military officials were on the committee. The first was Chen Cheng, a life-long Chiang loyalist, who, in the words of US diplomat Krentz, "could be depended upon to stick with the Generalissimo to the last ditch..."<sup>28</sup> The second was Chiang Ching-kuo, the elder Chiang's own son, devoted to his father and the KMT cause.<sup>30</sup>

Importantly, despite their history of influential positions, both Chen and Chiang Ching-kuo were reliably free from independent agendas that might clash with the Generalissimo's autocratic ambitions. Moreover, their unquestioning loyalty put their own support networks at CKS' fingertips. Chen was of the Whampoa stream, with deep ties to the KMT divisions he had headed on the mainland. And with his father's blessing, CCK had been cultivating his own fiefdom within military-security sector ever since the 1940s, through him also Chiang's to command. Their inclusion as military representatives foreshadowed the binary Chen-Chiang Jr system that would soon emerge as the party-state's new core.

Denied representation on the CRC, faction leadership – including top dogs of the CC and Political Study cliques – was instead side-tracked onto the Central Advisory Committee (CAC). The CAC advised Chiang directly, and appointment thereto was sufficient to honour the party veterans. Importantly, however, CAC membership also effectively marginalised them, since the CAC had no *formal* powers with the party-state's hierarchy and its membership was therefore prevented from destabilising the new Chen-CCK core (Myers and Lin 2007: 6). With these successive moves, the power of the cliques in the executive was broken. Only in the less significant representative organs did CC-led obstructionism survive in diluted form, and while this placed party-wide cohesion under intermittent strain, it did not succeed at driving a wedge in the CCK-Whampoa alliance, nor did it successfully challenge Chiang's supra-authoritarian position.<sup>31</sup>

<sup>26</sup> Backed up by an utterly ineffectual 223-man Central Executive Committee (CEC).

<sup>27</sup> Who had trained and commanded KMT divisions on Taiwan since the late 1940s.

<sup>28</sup> Foreign Relations of the United States (FRUS), 1949, Vol. IX, p.268.

<sup>29</sup> As Finkelstein (1993: 127) observed: "Chen Cheng had been a loyal subordinate of Chiang Kai-shek's since 1924 when he served as an instructor at the Whampoa Military Academy. In the years that followed he served the Gimo faithfully as a staff officer and commander. Chiang's enemies were Chen's enemies. ... Chiang could always count upon Chen's political reliability and talent."

<sup>30</sup> Somewhat surprising. Early 1950s, US observers refer to CCK as 'mystery man', since the decade he spent in Soviet Russia in the 1930s made him an enigma insofar as ideological views were concerned, and his nebulous role in KMT hierarchy as 'security czar' equally did little to persuade Americans of his integrity.

<sup>31</sup> As Dickson (1993: 60-61) has noted, throughout the 1950s and early 1960s, "C.C. Clique members of these organs tried to oppose personnel appointments, laws and policy initiatives of the former Youth Corps leaders who now controlled the Party and government." The most notable spat came in 1958, when both Control and Legislative Yuan restiveness coincided. The Control Yuan impeached technocratic Premier O.K. Yui, ultimately leading to his resignation and replacement by Chen Cheng,

The CC Clique's seat at the table was taken up by fresh-faced technocrats.<sup>32</sup> When all CRC positions were filled, it had an average age of 47.<sup>33</sup> All members had college degrees (or an equivalent thereof), nine had studied abroad, and two were American PhDs (Myers and Lin 2007: 6).<sup>34</sup> This profile was fully antithetical to the erstwhile mainland leadership, which had combined a lack of formal education with excessive seniority. All subscribed to the importance of state governance-oriented objectives on Taiwan. Moreover, all looked to Chiang Kai-shek as their leader.

### *Routinising Unity*

As the Seventh KMT Party Congress rolled around in August 1952, the CRC period concluded. The Congress faced the major task of institutionalising the party-state's newfound cohesive elite core in permanent – rather than ad hoc – governing bodies without triggering a new round of internal discord. Initially dubious, US observers were relieved to report that the Congress appeared "to have been conducted in [an] atmosphere of party solidarity."<sup>35</sup> The Gimo's star was clearly approaching its zenith, his position "unchallenged, if not enhanced by [the] Congress" in evidence of "increasing personal popularity."<sup>36</sup> And the Congress passed the test of strife-free routinisation with flying colours, leaving the party "to [a] large extent cleared ... of [the] extreme factionalism which existed on [the] mainland"<sup>37</sup> and succeeding in its "basic purpose" of replacing the "unmanageable, clique-ridden SIXTH CEC [sic] with [a] compact[,] well-integrated body capable [of] assuming unified control in [the] anti-Com[munist] struggle."<sup>38</sup>

This new body was to be a reinstated Central Executive Committee, its maximum membership now totalling 32 rather than 223. This constituted an 85% size reduction compared to the mainland, reflective of Chiang's desire for "tighter control through [a] small body [compared] to [the] unwieldy size [of the] former CEC."<sup>39</sup> Significantly, each member was pre-approved by Chiang himself, as the Congress elected its headcount from a "long list submitted by [the] Gimo".<sup>40</sup> The CRC trend towards youthful membership continued, as 9 out of its 16 members carried over. There was also a lot of "new blood" in the form of CCK men,

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who "carefully approached the Legislative and Control Yuans on all matters of interest to them and appeared to have restored ... cordial and cooperative relations with the legislators" (National Archives Records Administration (NARA), RG59, Central Decimal Files, 1950-1963 (CDF 1950-63), China - 894A (1950-54), Box 3928, 'Political Review, July-October 1958', December 4 1958). As for the LY, much to the annoyance of the executive branch, it took a habit of repeatedly interpellating the cabinet, donning the mantle of obstructionist in-house opposition. Despite resultant LY-EY friction, this did "not threaten... governmental stability or jeopardis[e] basic policies", and the LY impulse weakened over time (NARA, CDF 1950-63, Box 3923 'KMT Considers Remedies for Slack Discipline in Legislative Branch', April 7 1958). The LY's obstinacy sparked little concern or interest outside of government circles. The "slack" in party discipline of 1958-59, then, was much an internal skirmish kept internal; executive unity was not endangered; and LY-EY cohesion challenged but did not break (see also: Box 3922, 'The Recalcitrant Yuans: Legislative Tyranny, or Ray of Hope?', January 31 1958). The matter was decisively put to rest when in early 1960s the KMT took steps against this by disciplining individual C.C. Clique members [in the LY and CY] and weakening the institutional power of the representative organs (Dickson 1993: 60-61).

<sup>32</sup> Note that many US-trained technocrats were close to the Americanised Song Mei-ling, Chiang's wife, and could thus also be expected to be loyal.

<sup>33</sup> The sixteen members were Chen Cheng, Chiang Ching-kuo, Zhang Qiyun, Zhang Daofan, Gu Zhenggang, Zhen Yanfen, Chen Xueping, Hu Jianzhong, Yuan Shouqian, Cui Shuqin, Gu Fengxiang, Zeng Shubai, Xiao Zicheng, Shen Changhuan, Guo Zheng, and Lian Zhendong. Quoted in Lin and Myers (2007: 5, fn15).

<sup>34</sup> For good measure, five hailed from Chiang's home province of Zhejiang.

<sup>35</sup> FCF 1950-54, Reel 3, p.401-2, Weeka 43, October 24 1952.

<sup>36</sup> FCF 1950-54, Reel 3, p.408-9, Weeka 44, November 1 1952.

<sup>37</sup> FCF 1950-54, Reel 2, p.470, Taipei (Rankin) to State, Telegram 982, March 20 1953.

<sup>38</sup> FCF 1950-54, Reel 3, p.408-9, Weeka 44, November 1 1952.

<sup>39</sup> FCF 1950-54, Reel 3, p.395, Weeka 41, October 9 1952.

<sup>40</sup> FCF 1950-54, Reel 3, p.401-2, Weeka 43, October 24 1952.

who took up seats alongside a sizeable Whampoa presence, hinting at the CCK-Whampoa binary core. Ten officials were bundled into a Central Standing Committee (CSC), including Chen Cheng and CCK. The CSC would remain the highest agenda-setting, decision-making organ of the party state for the next several decades, issuing the broad directives within the administrative and military systems were to build their capacity.

The membership of these supreme policy bodies evolved with time, but they retained their unitary spirit. Indeed, now that the dust had settled, cohesiveness became the new normal within the executive. US officials reported positively on this break with the past, speaking of a newfound “unity of purpose of key officials on Taiwan”.<sup>41</sup> A National Intelligence Estimate (NIE) agreed, noting that “intraparty factions” were now “unlikely to become a serious threat to party unity or governmental stability”.<sup>42</sup> Furthermore, Chiang seemed entirely secure in the position of undisputed autocrat. He was effortlessly re-elected KMT president in 1954 by the party’s legislative organs, winning a 97% majority (1507 votes to 52). And to underscore the extent of Chiang’s discretion, his chosen right-hand man, Chen Cheng, was confirmed in the post of Vice President in March 1954 with similar ease (92.5% of the vote; 1417 to 107).<sup>43</sup> US ambassadorial reporting on KMT elite political strife dried up completely late 1950s, suggesting that this long-standing headache had ceased to be a problem entirely. The KMT had, for a significant period of time, ‘solved’ the puzzle of elite politics.

As a consequence of the KMT’s closing ranks, all external political space was squeezed from existence. The KMT became “pretty much synonymous with the Government”<sup>44</sup> as party politics ground to a “standstill”.<sup>45</sup> Besides two officially sanctioned satellite parties, no form of independent organisation was permitted.<sup>46</sup> Would-be opposition leaders, including CC Clique malcontents, were posed with the choice between acquiescence and the ‘political wilderness’.<sup>47</sup> In the words of one US report: “[P]art of the strength of the KMT continues to be [the] inability of those in opposition [within legislative organs] to organise other parties.”<sup>48</sup> And since independent action meant braving the party-state’s security apparatus with its impressive monitoring and punitive capacity, aspiring independent party leaders quickly concluded that “opposition is a luxury they, from the viewpoint of personal security, cannot afford.”<sup>49</sup> And so the unitary Whampoa-CCK stream under Chiang’s leadership effectively suppressed what little internal critics it had, preserving the unitary momentum.<sup>50</sup>

By late 1952, then, two out of three goals that Chiang had set during his introspection of 1949 had been attained. A “unitary (*yiyuanhua*) leadership under Chiang” had emerged for the first time in KMT history (Tsang 1995: 56). Factions were largely eradicated; henceforth, “[i]ntra-party struggles within the re-organised Kuomintang were centred around

<sup>41</sup> RG59, CDF1950-63, China 894A (1950-54), Box 3917, ‘Comments on Intelligence Report “Chinese Nationalist Prospects, 1955-56”’, May 3 1955.

<sup>42</sup> Foreign Relations of the United States (FRUS) 1951, Vol. VII, p.642-643, NIE-43-54, ‘Probable Developments in Taiwan Through Mid-1956’, September 14 1954.

<sup>43</sup> RG59, CDF 1950-63, China 793 (1950-54), Box 4218, March 22 1954.

<sup>44</sup> RG59, CDF 1950-63, Box 3917, ‘Free China in 1954 - A Political Review’, June 16 1955.

<sup>45</sup> RG59, CDF 1950-63, Box 3918, ‘Free China - First Two Quarters of 1955 - A Political Review’, July 26 1955.

<sup>46</sup> At the local level existed formally sanctioned, heavily monitored, and occasionally rigged local elections. However, only pre-vetted KMT candidates and select independents were permitted to run, and there was no equivalent at the provincial or national level.

<sup>47</sup> In a liberal take on Louis XIV, the KMT could rightfully say: *l’etat, c’est nous*.

<sup>48</sup> RG59, CDF1950-63, Box 3917, ‘Free China in 1954 - A Political Review’, June 16 1955.

<sup>49</sup> *Ibid.*

<sup>50</sup> Of course, what applied to internal to KMT circles naturally also applied to the smattering of elites that existed on its fringes, as well as would-be opposition emanating from society. These dynamics, and the role of the state’s coercive capacity in suppressing this problem of grassroots organisation is detailed in the next chapter.

personalities" – a far more benign form of political intrigue<sup>51</sup> – rather than cliques (Tsang 1995: 57).<sup>52</sup> Moreover, Chiang had acquired "unprecedented control" over the party-state (Myers and Lin 2007). This equated to a far-reaching despotic power that he could exercise to cut short the careers and prevent the rise of potential challengers. Chiang exercised this option several times during the 1950s,<sup>53</sup> and as such, no fellow elite attempted to contest his personal leadership as long as he lived. Only the third, statist objective remained unfulfilled. But that would soon begin to change, for now that elite calm prevailed, the KMT reoriented its focus towards pressing deficiencies in institutional performance and take the foundational steps to addressing them.

### **The Party-State Reoriented: Foundations for an Institutional Turn**

The newfound elite political quietude sent forth a positive ripple effect spreading towards governmental and military affairs. Now only minimal resources and attention were to be spent on holding the ship together. In other words, facilitated by the resolution of the elite political problem, the party-state could now concentrate on the statist dimensions of regime survival: to soothe simmering mass discontent and build capacity for external defence. State-oriented assistance by the United States contributed strongly at this critical juncture of institutional capacity-building, as we shall see in the next chapter. Before making this jump, however, we will mimic the opening sections of this chapter and examine the positive effect of newfound elite cohesion on the dimension of state capacity. This will help us understand, in implicit comparison to South Korea, the contrasting political conditions that US assistance was inserted into.

#### *Elite Calm and Administrative Renaissance*

As we have seen, the KMT party-state on the mainland experienced elite political distortions of administrative capacity highly similar to those of Rhee's South Korea. To recap by way of splendid quotes from Tien (1972:4), during that period, "the reliance on particularistic relationships ... alienate[d] many capable and influential elites whose services would have greatly strengthened the government's institutional ability." Instead, the "use [of] client groups [instead] crippled the party-government's ability to develop the network of institutions necessary to govern..." The contrast with the revivified KMT on Taiwan could not have been greater. On the island, the newfound elite cohesion under Chiang's undisputed guidance facilitated the embrace of a clear-cut administrative agenda. Indeed, once this focus had taken hold, it became a hallmark of the KMT throughout its authoritarian period.

This favourable political climate translated to three foundational developments in the administrative domain. First, able, well-educated men found their way to high office, either as direct appointees of Chiang's, as nominees by his immediate subordinates at the top levels of government, or recruited through routine examinations and other meritocratic procedures. In turn, these individuals were entrusted with the executive authority to govern – free from politically-motivated interference – within the broad parameters outlined by the Central Executive Committee. And finally, the routinisation of personnel appointments on competence criteria shaped a better administrative climate characterised by stability and

<sup>51</sup> Lest present too idyllic a picture, politics remained politics. As in any regime, a certain jockeying for high positions occurred. Subordinates curried favour with superiors; superiors took protégés that were fast-tracked to positions of responsibility. However, to reiterate, such competition for position took place *under* the undisputed leadership of Chiang and his closest, equally untouchable associates such as Chen Cheng, Chiang Ching-kuo and Chou Chih-jou, who in turn evidenced unquestionable loyalty to the Gimo.

<sup>52</sup> This is not to say that no leadership disagreements existed over the course to be taken. Liberal-progressive and military-conservative elements competed on specific issues, resulting in a see-saw back-and-forth pattern within the Chiang-set outlines, but were never permitted to pursue their own agenda to the detriment of the fulfilment of the rival ideological group's mandate. In short, factionalism in the executive branch was neither tolerated nor manifest.

<sup>53</sup> Most notably versus Wang Shih-chieh (Presidential Secretary General) in 1953, K.C. Wu in 1954, and Sun Li-ren in 1955.

continuity of staff. Combined, these three factors brought about a rapid increase in both the immediate and potential administrative capacity of the KMT party-state.

One of Chiang's first acts upon his resumption of the presidency in March 1950 was to appoint a new cabinet. Freed from the existential struggle for autocratic supremacy with Li Zongren, Chiang elected to fill "key positions in his Government, including the cabinet [with] Western-educated, comparatively young and highly competent individuals."<sup>54</sup> At the cabinet's head stood now Premier Chen Cheng, "honest, sincere, hard-working and able to stand up to [the] Generalissimo...,"<sup>55</sup> who from his first days in office "show[ed] himself able [to] conduct government and delegat[e] authority."<sup>56</sup> Especially notable were the "good men as Minister[s of] Economic Affairs and Finance,"<sup>57</sup> and US officials espied a concomitant "growing influence of economic officials."<sup>58</sup> Soon after the cabinet's inauguration, the US embassy telegraphed Washington with guarded optimism on this apparent break with the past, relaying that the "new Government is making serious efforts toward improvement" even if things were still "not so rosy."<sup>59</sup> Two years later, however, all doubts had been dispelled. Reported the US Embassy: "The cabinet under the premiership of General Chen Cheng has been generally considered to be the most efficient, honest and responsible Executive Yuan in Chinese history."<sup>60</sup>

At the same time, CKS entrusted Chen and his ministers with extensive administrative responsibility. In this context, it is worth reiterating that in the mainland's elite political climate, "[a] viewpoint at variance with Chiang's ... was interpreted as a direct challenge to this authority and could not be dealt with as just an alternative solution for a complex problem" (Tucker 1983: 65). As such, Chiang routinely interfered in administrative affairs, imposing suboptimal staff and decisions on the apparatus. On Taiwan, however, the removal of overriding political imperatives made it possible for Premier Chen and Governor of Taiwan Province K.C. Wu to more effectively execute their mandate and push back to Chiang concerning critical administrative problems.<sup>61</sup><sup>62</sup> Secure in his supra-elite position, Chiang delegated authority (compare: Rhee) and developed a preparedness to "admit errors and listen to others."<sup>63</sup> Utilising this newly-obtained freedom, the Chen cabinet's "highly able, intelligent, hard-working and honest" officials constructed "an upright, relatively efficient and effective modern administration" (Tsang 1995: 59).<sup>64</sup> Indeed, as Tsang (1995: 59) has noted, the Kuomintang's "notable earlier successes in the early 1950s w[ere] due to Chiang's willingness to let some of his more competent cadres have a relatively free hand."

With elite political calm also came stability and continuity of staff. The 1950 Chen

<sup>54</sup> FCF 1950-54, Reel 2, p.297, Taipei (Rankin) to State (Perkins), June 23 1952.

<sup>55</sup> FCF 1950-54, Reel 4, Taipei (Strong) to State, Telegram 380, March 9 1950.

<sup>56</sup> FCF 1950-54, Reel 1, p.207, Taipei to State, March 22 1950.

<sup>57</sup> FCF 1950-54, Reel 2, p.855, Weeka 12, March 19 1950.

<sup>58</sup> FCF 1950-54, Reel 2, p.931-4, Weeka 35, August 26 1950.

<sup>59</sup> FCF 1950-54, Reel 1, p.216, Embassy Taipei (Strong) to State (Spouse), March 29 1950.

<sup>60</sup> FCF 1950-54, Reel 6, 'Biographic Data: Premier Ch'en's Proteges and Close Supporters', enclosure: 'Premier Ch'en Ch'eng's "Brain Trust"', April 30 1952.

<sup>61</sup> See, for instance, FRUS 1950, Vol. VI, p.526, 'Memorandum of Conversation by Magill of the Office of Chinese Affairs', October 11 1950. To be sure, K.C. Wu enjoyed a strained relationship with Chiang that broke down completely in 1954. However, during Wu's time in office, he considerably improved working ties between the various levels of the party-state and, with Chiang's reluctant blessing, did much to promote badly-needed reforms to make regional government more effective.

<sup>62</sup> Commenting on an OIR report, Ambassador Strong noted that Chiang "is able to receive criticism and suggestions from his trusted associates of long standing, whose loyalty to him might well be described as "unquestioned" but could scarcely be called "unquestioning"" (FCF 1950-54, Reel 2, p.104, Taipei to State, 'Comment on "The Current Situation on Taiwan"', August 28 1950). This willingness to hear and accept critique, incidentally, prevented the flagrant "yesman-ism" that Rhee consciously promoted in South Korea and that so undermined its administrative capacity of state.

<sup>63</sup> FCF 1950-54, Reel 2, p.854, Weeka 12, March 19 1950.

<sup>64</sup> Tsang 1995: 59, footnote 79. Quote from: UK Archives, Kew, FO371/127452, A.A.E. Franklin to Lloyd, Dispatch 84, December 2 1957.

cabinet and its subordinate provincial government stayed in office for four years and three years respectively, "with only minor personnel or policy changes."<sup>65</sup> Indeed, as new national cabinets were formed in 1954, 1958, and 1963, a four-year tenure became the norm. Such endorsement from the top and the relative security of term this implied enabled high officials to engage fully with policy matters without fear of politically-inspired reprisals. And of course, stability at the top translated to continuity at the mid-level, paving the way for rationalisation and streamlining of the administrative apparatus.

All of these trends – competence-based appointments, effective delegation of authority, and bureaucratic stability – which laid the foundation for sounder administration and effective engagement with the US assistance mission continued into the late 1950s and beyond. The new cabinet that took office in 1954 under Premier O.K. Yui was considered a "competent level-headed group"<sup>66</sup> that "was widely praised for its predominantly civilian character, moderate outlook, and expert knowledge in the financial and economic field."<sup>67</sup> When US Secretary of State Dulles visited Taiwan in 1958 during the second Chen Cheng cabinet, he found himself "impressed by the caliber of the men in the Chinese Nationalist Government..." He added that "[t]he Vice President [Chen Cheng] and others whom I met are men of real ability and character..." As if surprised by the degree of authority invested in Chiang's subordinates, Dulles surmised that "they were fully consulted by President Chiang during the course of our talks here."<sup>68</sup> And finally, after Chen Cheng's resignation as premier in 1963, Chiang appointed C.K. Yen, an "accomplished technocrat" who was "widely regarded as competent, intelligent, and honest" to replace him (Taylor 2000: 270). Indeed, as time went by, the technocrats' freedom expanded – when Chen Cheng passed away in 1965, C.K. Yen was given the go-ahead "to manage the economy pretty much as he and his pragmatic, market-oriented associates wished" (Taylor 2000: 272).

The steady stream of intellectuals entering high office was far from coincidental. Throughout the 1950s and 60s, the KMT continued to actively identify and recruit men of a high calibre to succeed the first generation of technocrats (Myers and Lin 2007: 8; Taylor 2000: 256-7). Personal calls to duty by the Chiangs were often decisive in the recruitment of these young prospects. Men so enlisted included, for example, Tsiang Yien-Si, Chief of the JCRR<sup>69</sup> from 1961 onwards and later Secretary General of the Executive Yuan, and Sun Yun-suan, Minister of Economic Affairs from 1969 to 1978 and subsequent Premier. In turn, these men promoted the careers of younger technocrats, bringing them into government service and fuelling the meritocratic bent of the administrative machine (Taylor 2000: 256).

In this manner, an extended period of internal political quiet put in place the foundations for a strong focus on administrative affairs instrumental in the expansion of government capacity throughout the 1950s and beyond. In turn, this enabled government institutions to engage effectively with US administrative assistance, accelerating gains in the quality of government and meeting the challenge of extant popular discontent. However, the leap from elite unity to improved administrative capacity was an arduous one, in which targeted aid, advice and assistance as rendered by US missions on the ground were, at a minimum, a catalyst, if not wholly indispensable.

### *The Military United: Road to Rationalisation*

Alongside the administrative renaissance, rectification of long-standing military deficiencies

<sup>65</sup> FCF 1950-54, Reel 2, p.470, Taipei (Rankin) to State, Telegram 982, March 20 1953.

<sup>66</sup> FCF 1950-54, Reel 3, p.904, Weeka 22, May 29 1954.

<sup>67</sup> FCF 1950-54, Reel 4, p.651-9, Taipei to State, 'Rumor of Possible Cabinet Changes', October 20 1954. One such financial expert was K.Y. Yin, Chen's "brilliant" Minister of Economic Affairs who left a strong mark on the successful fiscal and economic policies of the 1950s (Tucker 2001: 135). Words of Grant, Economic Officer at the Taipei Embassy in the late 1950s.

<sup>68</sup> FRUS 1958-60, Vol. XIX, p.469, Memorandum by Secretary of State Dulles, October 29 1958.

<sup>69</sup> The Joint Commission on Rural Reconstruction (JCRR) has been described as the de facto joint US-ROC Ministry of Agriculture throughout its existence, responsible for the far-sighted agricultural policies that generated a platform of rural popular support for the KMT.

also emerged as a top agenda item. As in the civilian domain, unifying elites by rooting out factionalism was an essential prerequisite for the reorientation towards capacity-building. However, achieving intra-military cohesion required separate, highly delicate intervention. Indeed, as the reader will remember, during the mainland era, Chiang was never politically strong enough to dispense with far-reaching military politicisation – even as it undermined the Nationalists' defence capabilities, and by extension, their survival prospects.

On Taiwan, the process to eliminate factional allegiance in the military kicked off in 1949. As discussed previously, the 'self-selection' of Chiang supporters facilitated a swift clean-out of ex-warlords as well as the relatively smooth elimination of Li Zongren adherents from the army. But even so, per 1950, webs of personal loyalties still pervaded the military, particularly in relation to influential army generals such Chen Cheng, Tang En-po, and Sun Li-ren. All three had commanded combat divisions for extended periods of time, crafting individual ties to troops and officers sufficiently tight-knit that one US report dubbed them "cliques".<sup>70</sup> Not only were deviant partisan loyalties a direct threat to Chiang's supreme authority, but additionally, the four-way fragmentation of the military into Chen, Tang, Sun and Chiang blocks also elevated loyalty concerns over competence as an appointment criterion – mimicking the unenviable conditions of the mainland. Indeed, US consul MacDonald reported that in Taiwan of 1950, once again, military factions were playing politics "while Rome burns".<sup>71</sup>

In sharp contrast to how the mainland scenario played out, Chiang's moves to unify the military were ultimately quite clinical and devoid of significant outward destabilisation. Chen Cheng was easily persuaded to part with his military posts. Exercising his leverage with a long-standing ally, Chiang demanded that Chen accept a nomination as Premier and simultaneously relinquish all military titles, including his overarching command of the South East Area Military Group. Finance Commissioner Jen, an early-day technocrat, confided to US observers that Chiang's proposal was "intended [to] weaken his [Chen's] military power by kicking him upstairs out of immediate military control", "fear[ing] that certain of Chen's troops may attempt seize power".<sup>72</sup> By all accounts, Chen was distraught by his unceremonious dismissal, but acquiesced nonetheless. Tang En-po suffered a similar divorce from his troops when he was suddenly appointed presidential advisor – a post in which he reported directly to Chiang, who kept a close eye on him. Tang's supporters in the military thus found themselves leaderless, emasculating that clique.

The most contentious loyalty shake-up involved Sun Li-ren. Capable, distinguished, and fluent in English, Sun commanded the respect of both the KMT's divisions and the Washington bureaucracy.<sup>73</sup> Rather than straight-up relieving Sun as he had done with Chen and Tang, however, Chiang elected to gradually chip away at Sun's authority over a five-year period. First, in March 1950, Sun was replaced as Army C-in-C, and appointed Taiwan Defense Commander instead. Then later that year, Chiang favourite General Lo Yu-lun supplanted Sun as concurrent head of the Army Training Center, "further lessen[ing]" Sun's influence.<sup>74</sup> Finally, in Summer 1954, Sun was made personal Chief of Staff to the President, an honorary "kick upstairs" that appeared respectable on paper but was in actuality devoid of authority, since the "[p]robability of Sun exerting any real influence with Generalissimo" was considered "exceedingly small".<sup>75</sup> The series of demotions came to an abrupt conclusion in 1955, when Sun was placed under life-long house arrest following, rather incredibly, charges of involvement in a Communist plot. And so, with Chen, Tang, and Sun removed from the

<sup>70</sup> FCF 1950-54, Reel 1, p.891, Weeka 23, June 3 1950.

<sup>71</sup> Quoted in Finkelstein 1993: 170-1.

<sup>72</sup> FCF 1950-54, Reel 4, Taipei (Strong) to State, Telegram 395, March 10 1950.

<sup>73</sup> Chiang, with good reason, feared a US-backed coup d'état. Hypotheticals to that effect floated around the State Department in 1949-50, and there may or may not have been contact with Sun on this matter. See also Cumings 1990: 531-544.

<sup>74</sup> FCF 1950-54, Reel 2, p.987, Weeka 49, December 2 1950.

<sup>75</sup> Words of US embassy official. Sun himself considered the appointment a "two year vacation" (FCF 1950-54, Reel 3, p.932, Weeka 27, July 2 1954).

military picture, four competing cliques were reduced to a singular vector of allegiance – which pointed directly towards Chang Kai-shek himself.

As loyalty concerns trended down, competence concerns trended up. Among Chiang's military stalwarts, the ablest were retained, while lesser men were steadily replaced by those of greater ability. Simultaneously, legislation explicitly designed to prevent future military cliqueism was adopted. By the Spring of 1952, a two-year tour of duty limit was implemented for the Chief of Staff and Commanders in Chief of the Army, Navy, Air Force, and Combined Service Force.<sup>76</sup> Furthermore, for the first time in KMT history, commanders were expressly forbidden from carrying over old staff onto new appointments. US advisors greeted these developments with profound enthusiasm, declaring a "sharp break with previous Chinese personnel practice" that heralded a "step forward in modernization" of the Nationalist army.<sup>77</sup>

Routinisation of military appointments both at the top and mid-level, increasingly along meritocratic lines, replaced the erstwhile politically informed staff shuffles. For instance, when commanding generals were reshuffled in Summer 1953, these changes were considered "merely routine".<sup>78</sup> Similarly, a top brass reshuffle in 1954, including the Chief of General Staff and Commanders of the Army, Navy, and Air Force, was viewed as non-contentious and keeping with constitutional term limits.<sup>79</sup> Finally, when the Office of Chief of General Staff was filled with a new Acting Chief and four new Deputy and Assistant Chiefs in summer 1954, the US embassy rated three of out of five appointees highly.<sup>80</sup> None were viewed as decidedly political appointments. Indeed, by 1955, US observers concluded that "[a]lmost all other key positions from the General Staff level up are now manned by officers who are younger, more aggressive and professionally competent than formerly".<sup>81</sup>

In parallel, Chiang scaled back his established tendency to interfere in the military chain of command. Instead, large powers of coordination and oversight were entrusted to civilian Defence Minister Yu Ta-wei. This, too, was a first. The head of the US Military Assistance Advisory Group to Taiwan, General Chase, considered Yu a "strong, forceful man, competent ... frank and open". Under Yu, "[n]o longer [wa]s he [the Minister of Defence] a figurehead, but a real and potent factor in activities of the military".<sup>82</sup> In a stunning feat of continuity – testimony to the newfound elite stability – Yu, appointed in 1954, continued to hold that office until 1965.

Collectively, then, these trends towards routinisation, meritocracy, and stability comprised a revolution in the Nationalist approach to military management. As in the administrative domain, *elite cohesion* under Chiang Kai-shek was the silent facilitator. In turn, this new modus operandi formed an necessary precondition for the embrace of an institutional, capacity-oriented focus. Lastly, and most crucially for the continued development of Nationalist military capabilities, it also opened the door to sincere engagement with a US assistance mission determined to craft an effective Free Chinese force capable of resisting the Communist military threat to the regime.

<sup>76</sup> The Combined Service Force (CSF) was a separate branch of the military bearing responsibility for logistics. It was a tangle of inefficiency and a prime target of US military advisors in their push for reforms.

<sup>77</sup> FCF 1950-54, Reel 3, p.252, Weeka 7, February 17 1952. Although Chiang, consistent with his despotic power, retained the prerogative to appoint high military officials.

<sup>78</sup> FCF 1950-54, Reel 3, p.679-680, Weeka 35, August 29 1953.

<sup>79</sup> FCF 1950-54, Reel 3, p.925, Weeka 26, June 26 1954.

<sup>80</sup> Ruthless but "efficient" (Peng Meng-chi), "very loyal [and] quite competent" (Hsu Pei-kan), and of "natural tact and intelligence" (Lai Ming-tang). No thoughts were offered on Ma Chi-chuang. RG59, CDF1950-63, Box 4219, Taipei to State, Despatch 53, 'Current Aspects of the Chinese Military Establishment Reorganization', August 3 1954.

<sup>81</sup> RG84, Taipei, Top Secret General Records, 1949-1958, Box 2, Despatch 354, Taipei to State, 'Significant Military Subjects Discussed During the Visit of Admiral Radford, December 30, 1954', January 18 1955.

<sup>82</sup> Ibid.

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